

Mortgage crisis claims 325 jobs in October

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The mortgage meltdown has claimed the jobs of at least 300 people in the East Bay this month, an indication that the housing recession has yet to run its course.

Diablo Funding Group, BNC Mortgage LLC and Option One Mortgage Corp. are cutting a combined 325 jobs in the East Bay.

Executives with San Ramon-based Diablo Funding Group confirmed this week that the mortgage company will close its doors within a few days. Diablo Funding has 22 branch offices and operates in four states, according to its Web site.

"We are closing down," said Anthony Battagello, Diablo Funding's chief executive officer. "It's because of the credit crisis."

The banking division closed down Monday, Battagello said. The retail mortgage group is expected to close by the end of the week.

The housing-related job cuts during October are significant and affect multiple East Bay communities:

- Diablo Funding said it would eliminate 100 jobs because of its shutdown.
- BNC Mortgage is cutting 175 jobs in Concord.
- Option One Mortgage has jettisoned 50 jobs in Pleasanton.

The demise of Diablo Funding stunned some local realty executives. Founded in 1992, Diablo Funding was one of Northern California's biggest independent mortgage companies.

"That was a surprise to me," said Don Morton, a real estate consultant with Danville-based Empire Realty Associates. "That was a little scary. Diablo Funding has been around for a long time, and they seemed to be pretty successful."

The shutdown of Diablo's operations also was described as unexpected by some key executives at the firm.

"This caught me by surprise," said John Hollinger, an executive vice president who joined the Diablo team in 1994. "I was told that I don't have a job effective immediately. I was told I'm a free agent."

The shutdown is also a reminder that the housing market's collapse will ripple through a wide portion of the East Bay economy. Battagello said that the company was a staunch supporter of charities in the area. Diablo's donations included support for a real estate industry fund for college scholarships, the YMCA and

a variety of cancer organizations.

Despite the latest events affecting the local housing market, some industry insiders, such as Morton, say not every section of the East Bay is in turmoil.

"There are still some strong pockets in the local housing market," Morton said.

What's more, Morton said he believes housing is poised for a turnaround, perhaps sooner than later.

"We are seeing a lot of investors out there buying houses as an investment," Morton said. "That indicates that somebody thinks this market has bottomed out. Nobody will ring a bell when this hits bottom. This market could turn around quickly."

Yet a number of economists who track the California housing market, including analysts with Beacon Economics, said they believe the Bay Area housing market will not end its nose dive until at least the end of 2008.

And along the same lines, Battagello said he believes the current slump is unprecedented.

"By far, this is the worst downturn I've seen," Battagello said. "It is just a difficult economic environment. It is very sad what has happened to this industry. I don't see starting any mortgage companies in the near future."

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