

Commercial Real Estate

Reverse mortgage lender Steven Sless encounters turbulence from COVID-19 crisis



Steven J. Sless is manager of Steven J. Sless Group of Primary Residential Mortgage Inc.

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Apr 3, 2020, 7:00am EDT **Updated** 8 hours ago

Work days last month for Owings Mills mortgage expert [Steven J. Sless](#) boomeranged from crazy busy to unease, and then layoffs.

The frenetic pace occurred in tandem with fear over the spread of the novel coronavirus. Appraisals and settlements were scheduled to the ups and downs in the stock market, which saw its worst month since 2008 amid a stunning 12.5% drop in the S&P index.

Housing industry authorities like Sless attempted to get a handle on how to react and continue to function amid the breakneck pace of fallout from the COVID-19 pandemic. Each day was an adjustment — and in the end, Sless says what started out as a whirlwind of business ended up with the furlough of two employees.

"It's all a world of unknown now," said Sless, manager of the [Steven J. Sless](#) Group of Primary Residential Mortgage Inc. "The impacts are going to be felt until the end of 2020, and we may feel the social impact for years."

Sless' group is focused on reverse mortgages, which allow a borrower to use unencumbered property value to secure a loan.

The product at one time was sold mainly to older homeowners who needed to cash out a real estate asset — with no monthly repayments required. But Sless said the roller coaster market in March prompted a new wave of reverse mortgage applications from stock investors over 60 who were dinged by stock losses and wanted to pivot with another asset.

"It's not a loan of last resort anymore," he said.

Most reverse mortgages are bundled and sold to investors, but as the madness of the market wore on, those investors became skittish to take a chance, Sless said. What the future will hold is anyone's guess.

"Usually, there are seven or nine big Wall Street firms that buy them, and there is only one right now," Sless said. "And that one isn't going to bid against itself, so the yield spread has dropped by 80% to 90% in the past six days. Our profitability has decreased 80% over the six-day period, too."

If that is the eye of the storm, Sless says he is bracing for the next hit.

"We're trying to be proactive, but we are making some uncomfortable decisions," he said. "We had to lay off the two people out of necessity and we cutback our marketing budget by 80% until all this blows over."

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