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Reverse Mortgage Loan Officers Adjust to ‘New Normal’ from Coronavirus

By **Chris Clow** | April 8, 2020

Reverse mortgage loan officers on the proverbial front lines of the business have had to contend with a number of issues stemming from the broad impact of the COVID-19 coronavirus pandemic, leading to sometimes uncomfortable conversations being had about how to adjust to a “new normal” in light of the pandemic.

While an outside observer may not think that the reverse mortgage industry could be adversely affected by the current crisis in ways that other businesses are, measures being taken in an effort to mitigate the spread of the virus can have a major impact on an originator’s ability to meet with clients, while larger economic anxieties can certainly impact the scope at which a reverse mortgage business operates.

RMD checked in with several loan officers in different parts of the country to paint a picture concerning how reverse mortgage operations are being affected by current events.

Borrower anxiety, finding the right balance

Since reverse mortgage professionals exclusively serve senior clientele, there is understandable a heightened level of concern among reverse mortgage clients when it comes to coming into contact with other people during the pandemic. According to the Centers for Disease Control and Prevention (CDC), COVID-19 – the illness that can result from the coronavirus – has a tendency to cause older patients to develop more serious symptoms than their younger counterparts.

Dealing with those sensitivities with clients has had to become a part of the new normal, according to Steven Sless, reverse mortgage division manager at Primary Residential Mortgage, Inc. (PRMI) in Owings Mills, Md.

“I think our industry is affected a little bit more severely than the traditional mortgage space, because seniors aren’t as inclined to be comfortable with things like DocuSign, email or even Zoom meetings or FaceTime,” Sless says. “There is a real fear that our clients have, even for things like settlements and appraisals. We have settlements that are occurring right now, and the borrowers are fearful of having anybody in their home. We totally get that, and are trying to be mindful and respectful of that.”

At the same time, though, a balance needs to be found between that respect and hearing the concerns of clients while also making sure that the business moves along so that their loan can close.

“We’re trying to instill a sense of kind urgency. Doing that and still being respectful and mindful can be challenging. So, I think it’s just trying to find that right balance,” he says. That balance can sometimes come from meeting an anxious client where they are, and going about business a little differently to make them feel more comfortable. This is according to John Luddy, SVP of reverse mortgage lending at Norcom Mortgage in Avon, Ct.

“I’ve had some clients where I mail them a package, I number the important pages, and let them know they can call me when they have it so we can go through it page by page,” Luddy says. “I’m dropping off packages at people’s front door for them to sign, and then having them overnight it back to me. So, you know, I guess you have to be flexible with each individual client and what they’re comfortable with, and with what you’re comfortable with.”

Referral partnerships, more inbound calls

The business impact has also manifested in other ways, including business slowing down at previous referral partners who have often been a main source of reverse mortgage business for some originators. Steve Broaddus, director of the reverse mortgage division at First Alliance Home Mortgage in Feasterville, Penn., has primarily seen new business from personal referrals that come from professional business connections. Those referrals are still coming, but they have noticeably slowed.

"In a lot of cases, a lot of [referrals'] business is suffering due to lack of the ability for face-to-face interaction with customers," Broaddus says. "So, there have been less referrals from some of those sources because their business has come to a grinding halt. I think some of the opportunities have been from previous referrals where maybe the time wasn't right before."

That has resulted in Broaddus making more outbound calls to previous connections and referrals he's received, and more inbound discussion from seniors who have seen their financial circumstances change based on what's happened in the financial markets. He has also been receiving more inquiries from his online presence, like his website. It's also led him into more steady conversations with financial planners who have their eyes on helping their clients get through the potentially choppy waters ahead.

"I've had more discussions proactively with financial advisors recently, just to discuss the advantages of housing wealth being a bridge there in the down market," Broaddus says. "I've also received referrals from some other lending institutions which don't offer reverse mortgages, [which are also seeing] less face-to-face interactions."

Luddy has seen an uptick in business recently, but does not attribute it to the current crisis, he says. However, he's preparing for the possibility of more reverse business stemming from seniors' finances tightening in the near future.

Rolling with the punches

While this current crisis has been difficult for reverse mortgage professionals in some cases, the ability for the business to adapt to harsh new circumstances is something that will ultimately help the industry weather this storm, according to Steven Sless. "We've been through the storms before," he says. We've proven that when we do ride them out, yes, we have to make some tough decisions along the way. It really stinks to have to lay off somebody or to cut TV or radio campaigns, but we figure it out. We adjust, we pivot on the fly. I think we're nimble enough to be able to turn things on and off pretty easily. We've just had experience in getting through these sorts of things. So, this too will pass."