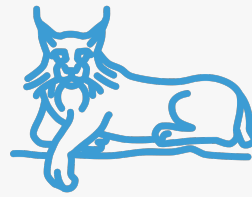


Mortgage companies seek cost savings during down cycle

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/EINPresswire.com/ -- As mortgage interest rates continue to rise and the housing market cools down, many mortgage lenders are downsizing or even closing. Lenders such as loanDepot have recently announced that they are laying off employees while others such as Sprout Mortgage

are shutting down. In this environment, mortgage lenders and brokers must take even greater care to reduce expenses, especially their largest business expenses such as wages, benefits, and rents.



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“As the mortgage industry continues to face strong headwinds in 2022, smart leaders are leveraging service companies like [Lynx Licensing](#). These companies can quickly scale their services, and therefore their costs, up and down to meet clients’ actual needs. This stands in stark contrast to paying fixed salaries and benefit costs, regardless of demand. It’s more critical than ever to both ensure that high performing employees are fully engaged with work and seek more cost-effective alternatives such as on-demand services providers,” said Ryan Kerian, Chief Executive Officer of [Lynx Licensing](#), a financial services and licensing consulting firm. “As an example, a typical mortgage licensing specialist is paid between \$55,000 to \$85,000 a year without even considering benefits.

Depending on company size and needs, it may be time to explore paying for these services only when you truly need them. Mortgage broker and lending licensing is a natural fit for this pay-on-demand model as it is largely project based with a measurable goal,” said Kerian.

Slowing home sales, rate increases, and housing supply challenges are creating the perfect storm for mortgage lenders, many of whom had record setting revenues in 2021. Lenders and brokers ramped up hiring and pay over the course of 2020-2021 to meet high mortgage demand. Kerian is sympathetic to these challenges in the mortgage industry. “While I think any smart leadership team predicted less mortgage demand in 2022, it was nearly impossible to predict this sharp drop of a decline. As a result, we’re seeing many companies that were caught flat-

footed and are now struggling to move in the exact opposite direction in terms of their staffing and headcount,” he said.

As the country continues to face economic uncertainty and rising inflation, along with a decrease in housing affordability, signs are increasing that the housing and mortgage markets may continue to slow. According to the National Association of Realtors, existing-home sales declined between February and May. This coincides with increased interest rates, which started the year around two full percentage points lower than they are today. It is possible, perhaps likely, that more mortgage companies will layoff employees or close their doors in the coming months. Yet, industry leaders such as Kerian remain hopeful. Kerian says that “the mortgage industry is cyclical and the companies that are well run will emerge stronger and more capable than they were coming into 2022. It’s time to run really lean and leverage outside companies like Lynx Licensing where they make sense. Saving on unnecessary costs today will have a big impact on a mortgage company’s ability to withstand these market challenges into 2023 and beyond.”

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