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BLOG COMING SOON: We're excited to offer insights and share industry news in the new year with our new MSA Recruiting blog on our website, www.msarecruiting.com. Receiving industry solutions just got easier.

Happy Holidays from all of us at MSA! We hope you all enjoy a relaxing time with families and friends.

During this time, many people reflect on where they are with their careers and where they want to go. Lenders are evaluating their C Team and making changes or upgrades. The New Year is the perfect time to launch new objectives and determine the best path. Let's make it happen in 2024!

New Year...New Opportunities?

The holidays are a busy time of year for recruiting. In fact, November, December, and January are historically our busiest months of the year. Many lenders consider the upcoming new year a time to evaluate their Executive team, especially in a challenging market. Upgrades, replacements, and new roles are created in these months more than in any other.

Similarly, candidate also are reflecting....is their current employer the one they want to call home for the foreseeable future, or is it in their best interest to consider a change?

A few things can stall this process from both a candidate's and an employer's perspectives. In this article, we will talk about the things we see the most often that can derail the process for an Employer.

After a thorough search, you have identified the candidate you want to fill a pivotal role in your company. However, as many lenders know, it's not always as simple as presenting an offer that upgrades comp or responsibility to the candidate. There are a few common reasons the process can go south:

Comfort Zone Syndrome: This is something we see all the time. Candidates with the same lender for many years fall into a comfortable state of mind regarding their career. They drive to the same office every day, fly to the same cities every month / attend the same meetings at corporate, talk to the same people every day, and generally fall into a very predictable routine. Relationships are formed within the organization, which can also feel very comforting. Everything is going great....until the candidate realizes they are really not growing, not being promoted, not learning anything new, and often (which we are hearing now more than ever), they find that the company culture has changed... and not for the better. This is the logical part of their brain that tells them this. They cautiously look around on LinkedIn, maybe even reaching out to a few Recruiters to see what's happening in the industry.

Speaking from experience, we have talked to these candidates multiple times. After identifying their pain points and what they are looking for in a new role, we discuss current opportunities; they indicate which one(s) they would like to pursue. Introductory phone calls are scheduled, followed by an in-person meeting with our client company.

It's around this time that the candidate starts to get nervous. This is all feeling too "real." They voiced concern about their current company learning from their interviews and felt remorse over



leaving their team (relationships). Sometimes we can talk them off the ledge, sometimes not. When the offer is presented (which generally includes all the elements they stated were important to them), their nervousness can escalate to panic. They pick the offer apart, identifying things that “just won’t work.”

This is classic *Comfort Zone Syndrome* and the fear of the unknown. They know logically that this is the right move but emotionally, they are invested in their company. It’s the Devil they know. We can again discuss why they contacted us in the first place, why this is a great opportunity for them (which often includes a resume bump), and why it makes sense – but sometimes they just stall at making that final leap. So how can you, as a company, deal with a candidate stuck in the Comfort Zone Syndrome and get over the finish line with an accepted offer?

- **Be Patient** – first and foremost, be patient. Recognize that this is a big decision for the candidate and that you ask them to jump into the unknown in many ways. This is especially true if the offer includes a relocation. We advise against issuing Offer Deadlines to these candidates unless time becomes critical. We don’t endorse dragging out the process indefinitely. However, a short time window may spook these candidates.
- **Engage** – Continue to showcase your organization as an inviting workplace. Stay engaged with the candidate, letting them know about perks that may stand out, growth plans for the company, or a favorable news item. Get to know them on a personal level beyond the basic interview process. How old are their kids? What is their favorite sports team? Equally important, let them get to know *you*. A big part of the dilemma with candidates in the Comfort Zone surrounds leaving behind solid relationships they have formed at their current company. Develop a good rapport with the candidate, allowing them to see that new working relationships are possible and healthy. Ask for their opinions on current market conditions or a specific situation that lets them know you value their opinion. In short, stay engaged on a personal level as well as a professional one.
- **Analysis Paralysis:** We see this a lot. candidate in the Comfort Zone may want to endlessly discuss your offer, focusing on various aspects of it. Again, be patient in answering questions and providing feedback. Understand that the candidate is likely also discussing offer points with his or her spouse and maybe even a mentor. Having said this, there is a time when you may have to cut off additional meetings if it becomes excessive and you feel as if the candidate is over-analyzing it. There are effective ways to handle this, not to offend the candidate but also to let him or her know that the time has come for a decision.

Counter Offers: The other thing we see with candidates emotionally invested in their companies is those who fall for counter offers. This is a common scenario: A candidate has accepted an offer from NewCo and submits their resignation. The company responds by telling them how valuable they are to the organization and probes to discover their reasons for leaving. Compensation and feeling stagnant are often key in their decision-making process.

Cue the Counter Offer. The company immediately steps up and offers the employee an immediate raise and sometimes a promotion or promise in the near future. All the issues they have can magically be fixed! Wonderful, right? Nope. Having been in recruiting for over 30 years, we rarely see a counteroffer that works long-term. Although this is rarely (if ever) voiced, the candidate becomes un-loyal to the company, is not a team player, and cannot be fully



trusted. They are on the shortlist regarding downsizing and future layoffs. Resigning to receive what you're worth and earned should be offensive to the candidate.

What We're Seeing

Rates are stabilizing, but it is still a very volatile market. Lenders are still growing but being more selective in hiring decisions. The difficulty in evaluating production leadership candidates is that the current market is not normal, and the last two years weren't exactly normal either. Most candidates have robust W2s/Production Reports from 2020 and 2021 before the downward spiral started. The standard evaluation of a candidate's last two years is no longer relevant. We encourage lenders to look at the overall candidate, not just the recent numbers. Have they been significant contributors to their Employers for most of their careers? Can they discuss deep relationships that they can count on regarding growth? What do they feel is realistic in the next 6-9 months?

We have said this before, the smart lenders are preparing for the market turn, which will happen. Those lenders hiring strong leadership now will be ahead of the game when things improve. We've already seen small signs. Putting a freeze on hiring/expenses now is understandable but will not serve you well in the long run. Preparation is key.

An Early Christmas Present from The Feds?

The Fed holds rates steady and expects three rate cuts in 2024. According to a December article in [HousingWire](#), the Fed's decision marks the fourth pause in 2023 after hiking rates 11 times since March 2022. Federal Reserve Chairman [Jerome Powell](#) said that while inflation remains 'elevated,' the Fed anticipates making three 25 basis point rate cuts in 2024. Additional rate hikes no longer appear to be part of the conversation.

"It is all about the pace of cuts from here," says Mike Fratantoni, the chief economist of the [Mortgage Bankers Association](#).

He continues, "This is good news for the housing and mortgage markets. We expect that this path for monetary policy should support further declines in mortgage rates, just in time for the spring housing market. We are forecasting modest growth in new and existing home sales in 2024, supporting growth in purchase originations, following an extraordinarily slow 2023."

Despite a stronger-than-expected November [jobs report](#), the slowing growth pace of new jobs, the slowing of wage growth and the modest rise in the unemployment rate suggest a cooling of the economy in the coming year said Selma Hepp, [chief economist at CoreLogic](#), in early December.

Meanwhile, overall [inflation](#) slowed in November, but core inflation remained stubbornly high. Many economists say the current Fed policy is restrictive enough, if not too restrictive.

While conditions have improved, mortgage rates remain high. Prospective homebuyers bear the brunt of the lack of affordability while home sellers continue to cling to their historically low rate, pandemic-era mortgages. No industry has been harder hit by the Fed's monetary policy in 2023 than mortgage banking.



MORTGAGE SEARCH & ACQUISITION

According to [TransUnion](#), mortgage originations are down nearly 37% year-over-year, from 1.9 million in Q2 2022 to 1.2 million in Q2 2023. Dozens of lenders have gone out of business or been forced to merge in 2023. Economists in the housing space see better days ahead.

“The Fed’s projections for 2024 will continue to anticipate a normalization in monetary policy in the year ahead,” says Danielle Hale, Realtor.com chief economist.

Hale has forecast mortgage rates to ease further in 2024 as inflation improves and Fed rate cuts draw closer.

“Mortgage rates could near 6.5% by the end of the year, a key factor in starting to provide affordability relief to homebuyers,” Hale says.

Source: *HousingWire*



A gold-colored rectangular card with a dark background featuring geometric patterns. The card contains contact information for four MSA recruiting professionals. At the bottom, there are icons for a phone and a website.

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