

Speaking Borrower Satisfaction

**NATIONAL SATISFACTION INDEX PLUS
TOPIC OF THE MONTH — CHANNEL
USAGE AND SATISFACTION BY AGE**

AN EXCERPT FROM
**STRATMOR
INSIGHTS**

Speaking Borrower Satisfaction



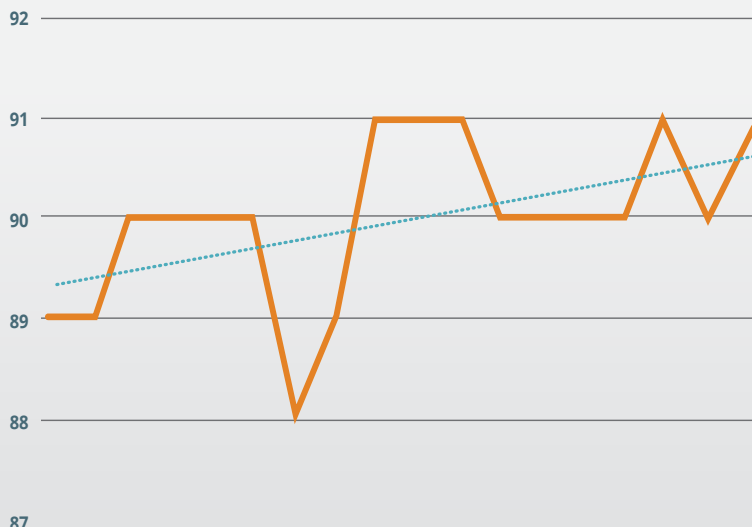
OVERVIEW

Each month's edition of *STRATMOR Insights* includes a *Speaking Borrower Satisfaction* section containing a National Borrower Satisfaction Index plus a Topic of The Month based on data collected by STRATMOR's *MortgageSAT Borrower Satisfaction Program*.

National Borrower Satisfaction Index

The National Borrower Satisfaction Index Chart below displays the Total Borrower Satisfaction Score for MortgageSAT participating lenders over an 18-month period from June 2016 through November 2017.

18-Month Satisfaction History



MortgageSAT, November 2017 ©STRATMOR Group, 2017.

Borrower Satisfaction Dips Slightly in Late October

This month's chart shows a satisfaction score of 90 for October 2017, down one point from October's score of 91 reported in last month's issue of *STRATMOR Insights*. This change results from surveys covering October closings that are not received until November.

Since February 2017, borrower satisfaction has hovered between 90 and 91, including the peak-demand periods of the Spring and Summer months. We have speculated in the past about a possible borrower satisfaction wall or peak score beyond which it will be very difficult for any lender to achieve. The thinking here is that no matter how excellent a lender's service is, there will always be a percentage of borrowers who will be unhappy with their experience because they didn't qualify for the rate and term they expected, were annoyed by a request for additional information (even

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justifiable requests) or experienced one or more of the seven deadly lender sins¹ that “Just happen.”

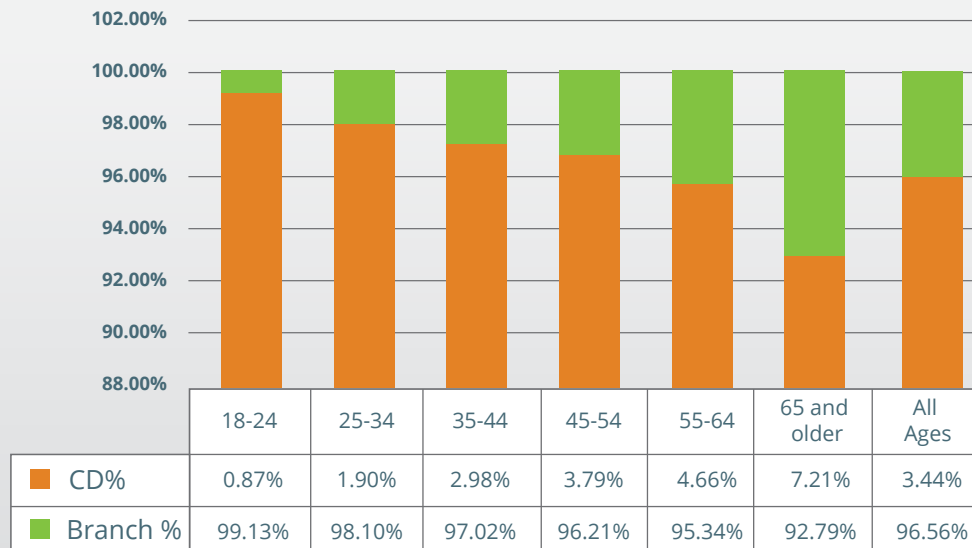
It will be interesting to see if the new wave of digital technology — embodied in the so-called “Digital Mortgage” — allows lenders to break through this possible satisfaction wall.

TOPIC OF THE MONTH — CHANNEL USAGE AND SATISFACTION BY AGE

Adding fuel to the question of whether younger borrower segments prefer LOs their own age, this month’s Topic of the Month looks at usage of retail branches versus consumer direct call centers by borrowers in different age segments using 2017 year-to-date MortgageSAT data.

The chart below compares the proportion of MortgageSAT borrowers who originate their loan through a retail branch versus a consumer direct call center (CD). First, it should be said that the overall split in the chart below — 3.44 percent for CD, 96.56 percent retail branch — reflects the heavily retail branch orientation of MortgageSAT lenders and hence, is much lower than the CD share of the industry as a whole.

Channel Usage by Borrower Age Segment



MortgageSAT, November 2017 ©STRATMOR Group, 2017.

Nonetheless, it is clear that use of CD within the family of MortgageSAT lenders increases with borrower age, seemingly defying the expectation that older borrowers prefer the more personal relationship inherent in dealing with a retail branch LO. In fairness, it should be said that many retail LOs, like call center LOs, deal with borrowers by phone, never meeting face-to-face until possibly the closing if the LO chooses to show up. So too, the idea that younger borrower segments, for example, Millennials, prefer dealing with LOs their own age and transacting in a higher-tech way, is also brought into question.

In terms of borrower satisfaction, MortgageSAT data clearly shows little variance in satisfaction by age within a channel, except for 18- to 24-year-olds and 65 and older borrowers getting their loan via Consumer Direct.

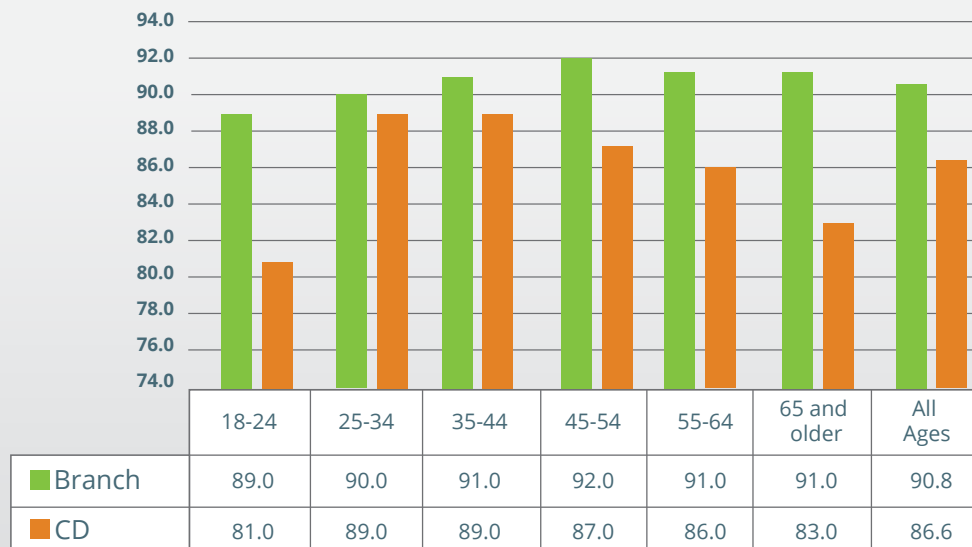
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This suggests that first-time homebuyers (18 to 24-year-olds) have a higher satisfaction rating when they are in direct contact, and under the guidance of the originator, to help them through the process. Similarly, older borrowers also seem to prefer a more personal interaction with their originator versus a less personal on-line experience.

Satisfaction by Channel and Age



MortgageSAT, November 2017 ©STRATMOR Group, 2017.

The consistently lower satisfaction scores of the CD channel versus traditional retail branches — about a five-point difference on average across all age groups — is largely a result, we think, of the fact that call center LOs attend closings only four percent of the time. In fact, when a call center LO does attend a closing, the average borrower satisfaction score increases to 93.

Because call centers usually serve a widely dispersed geographic market, call center LOs will typically not be able to attend a closing. For local retail LOs, especially in a purchase loan environment, attending the closing is very important as they depend on Realtor referrals for leads; and Realtors are quite sensitive to the satisfaction of their clients with the lender to whom they have referred their client.

¹See [“The Seven Commandments for Achieving Borrower Satisfaction”](#) in the June 2017 issue of the Insights report. ■

If you are interested in learning more about STRATMOR’s *MortgageSAT Borrower Satisfaction Program*, [click here](#). Or reach out directly to Mike Seminari, Director of MortgageSAT, at 614.284.4030 or mike.seminari@stratmorgroup.com ■