

YOUR ROADMAP TO SUCCESS

WE ARE CERTAIN OF IT



How Important Are Satisfied Borrowers To Growing Your Business?



Measuring the borrower experience

SEVEN RULES TO DELIVER AN OUTSTANDING LOAN EXPERIENCE

As a loan officer, how many times have you reached the end of a deal, had a successful closing where everyone smiled and shook hands, and then you waited... and waited...for referrals that never came? If this has happened to you, you're not alone. It's a theme that we see often at STRATMOR Group, as we consult with mortgage lenders across the country. Loan officers get positive feedback from borrowers, even online testimonials, but not referrals.

What these loan officers fail to understand is that referrals and repeat business are driven by creating a delightful experience for the borrower from start to finish. Consider this: you go to a nice restaurant and you



**MONITORING AND IMPROVING
KEY AREAS OF THE LOAN
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UPSET CUSTOMERS INTO
PROMOTERS**

have a fantastic waiter, but the food is an hour late, your steak is overcooked and you find a hair in your salad. No matter how nice or apologetic your waiter was, you're not likely to recommend that restaurant to your friends and family. The loan process is the same way for borrowers. One major error, even if it had nothing to do with the loan officer, can sour the whole experience and take your borrower from delighted to disgruntled. This is not a borrower who will sing your praises. According to data from STRATMOR Group's MortgageSAT Borrower Satisfaction Program that measures the loan experience for more than 100,000 borrowers annually, monitoring and improving key areas of the loan process can start turning upset customers (who are highly likely to criticize you) into promoters (who are highly likely to sing your praises) at an impressive rate. This goodwill translates to actual loans — loan officers of MortgageSAT clients produce an average of one extra loan per month versus peers (5.4 vs. 4.4).

There are two ways borrower feedback can directly help loan officers: 1) Testimonials gathered and shared on social media, which drive new business, and 2) Deeper insights about the borrower experience that loan officers can use to fix problems and delight more borrowers, driving repeat and referral business. Let's look at each one a little more closely:

TESTIMONIALS

When we ask lenders which they believe will have greater impact on their future revenue growth, testimonials or process changes, nearly everyone chooses testimonials. Consumer purchasing has certainly gone the way of Five-Star Reviews — in 2006, social media didn't even really exist, and now (according to a Forbes magazine survey):



Percent of consumers read an online review before visiting a business.



Percent of purchasing decisions are being impacted by online reviews.



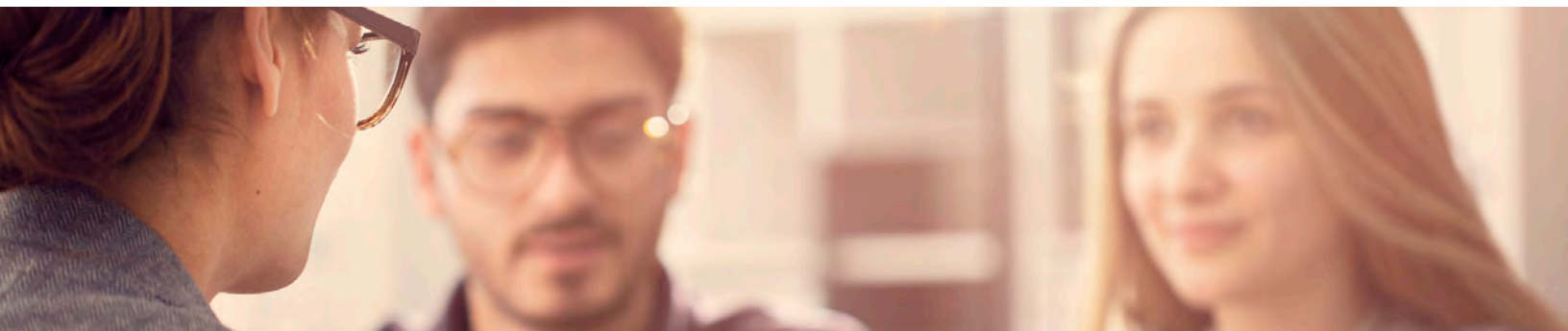
Percent of people say they trust online reviews as much as a personal recommendation.

Before you drop everything and focus all of your attention and resources on gathering and sharing testimonials, consider this data from MortgageSAT, which measures the loan experience of more than 100,000 borrowers annually:

- Only two percent of borrowers say they chose their lender based on reading online reviews.
- By contrast, 95 percent cite existing relationships or referrals. Reviews are certainly important, but mostly as a way to confirm referrals that have already been made.

If 95 percent of your borrowers are choosing you because someone they know was delighted with your process, then creating more of these "raving fans" should be your top priority. Boosting referrals requires delighting the borrower each step of the way.

Which brings us to the second way feedback directly helps loan officers get more business: Deeper insights about the customer experience gathered and shared with loan officers help them fix problems and delight more customers, driving more referrals.



GROW A HEALTHY BUSINESS

For many borrowers, the loan process is like being asked to walk barefoot across a lawn that is spotted with prickly thistle weeds. They may make it across unscathed, but if they're unlucky enough to step on a weed, it absolutely ruins their day. It doesn't matter how quickly the loan officer helped them hobble the rest of the way across, or how many apologies they get. Their day was still ruined.

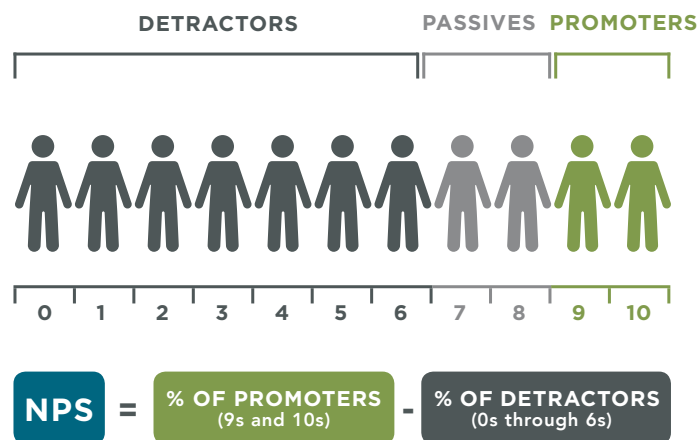
The point of gathering deeper insights about process and personnel is not to help your borrowers navigate around the weeds, but to remove the weeds altogether. You don't need to bake your borrowers cookies or send them housewarming plants to delight them (though it certainly can't do any harm). You simply need to remove the weeds.

To help grow each loan officer's business, Certainty utilizes MortgageSAT, the most elite borrower satisfaction management tool in the industry to gather deep insights about the borrower's experience throughout the loan process. Weed removal is easy when you know where to look.

Net Promoter Score

The easiest way to measure how delighted your borrowers are is to have them answer a simple question at the end of the loan process: "How likely (1-10) are you to recommend us to your friends and family?" This Net Promoter survey question is often called "The Ultimate Question" because it can be used to predict that customer's future behavior. The "net" part of the Net Promoter Score is derived by taking the percentage

of people answering nine or ten minus the percentage that give a one to six. The former group is highly likely to recommend you and the latter is more likely to criticize you. It looks like this:



Certainty has become a best-in-class lender in NPS nationally by helping loan officers measure and improve the customer experience. Additionally by using MortgageSAT and by following The Seven Commandments for Achieving Borrower Satisfaction, Certainty has in place processes that help identify and resolve problems for the borrower that most affect a borrower's likelihood to recommend Certainty to other borrowers.



THE SEVEN COMMANDMENTS FOR ACHIEVING BORROWER SATISFACTION

The Seven Commandments are the seven most impactful aspects of the loan process that can make or break a borrower's likelihood to refer business your way. Most of them can be addressed by loan officers proactively, and a couple require immediate response and mitigation of damage. Breaking just one of the commandments can be enough to move a borrower from 'delighted' to 'disgruntled'. Here's a closer look at each of the commandments and how you can get out ahead of them.

Provide The Borrower With An Upfront Checklist Of The Information They Will Need To Provide.

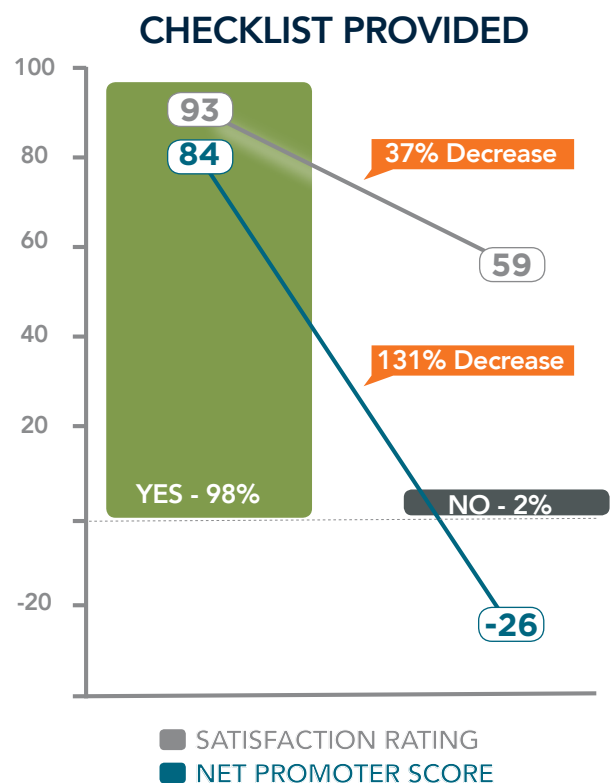
~ COMMANDMENT 1 -

First impressions are lasting, and the provision of an initial checklist of needed documents is your first chance to set proper expectations with the borrower. Helping them feel comfortable, reassured, and safe is paramount to giving them a delightful experience. When you provide the borrower with a checklist of the information they will need to provide, the borrower's Net Promoter Score, which measures their likelihood of recommending you, is a very high 84. On the other hand, borrowers who do not receive an upfront checklist quickly get confused and frustrated, with NPS plummeting to -26. While this only happens two percent of the time nationally, it means the difference between a borrower who will promote you to friends and family and to one who will criticize you.

"I provide a checklist to every customer at application. If it is face to face, I provide it then and tell them I will also email a copy. I also provide the Do's and Don'ts list to every customer so they don't buy a car or make other large purchases before closing."

Rhonda Faulk
Niceville, FL
Customer Satisfaction Score: 100

“ I PROVIDE A CHECKLIST TO EVERY
CUSTOMER AT APPLICATION. ”



Contact The Borrower Well Before The Closing. Borrowers Are Delighted When They Are Confident Of The Closing Numbers Well In Advance Of The Closing.

~ COMMANDMENT 2 -

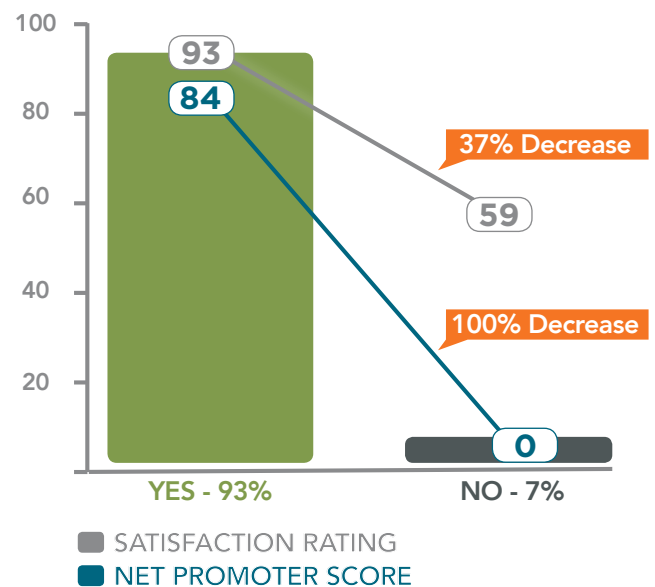
Calling the borrower to discuss closing numbers shows consideration for the borrower's time and appreciation of the juggling of their schedule and prior commitments that may have been required. When you give the borrower adequate notice of the closing and the numbers to expect, you are rewarded with an average NPS of 84, which nearly guarantees the borrower will promote you. When you don't, NPS falls to zero, which means there are equal numbers of borrowers promoting you and criticizing you.

"We send out an email to introduce the team to each client and let them know who will be working on their mortgage. We also utilize Certainty's CRM to automatically alert the listing agent, buyer's agent, and client when we reach each phase of the loan process. I also leverage the CRM to send out a personal video message to all parties in the transaction on Mondays to let them know where we are in the process and that if any questions come up they can give me a call."

John Davis
Atlanta, GA
Customer Satisfaction Score: 97

“ WE SEND OUT AN EMAIL TO INTRODUCE THE TEAM TO EACH CLIENT AND LET THEM KNOW WHO WILL BE WORKING ON THEIR MORTGAGE. ”

CONTACTED PRIOR TO CLOSING



Avoid Asking Multiple Times for the Same Document.

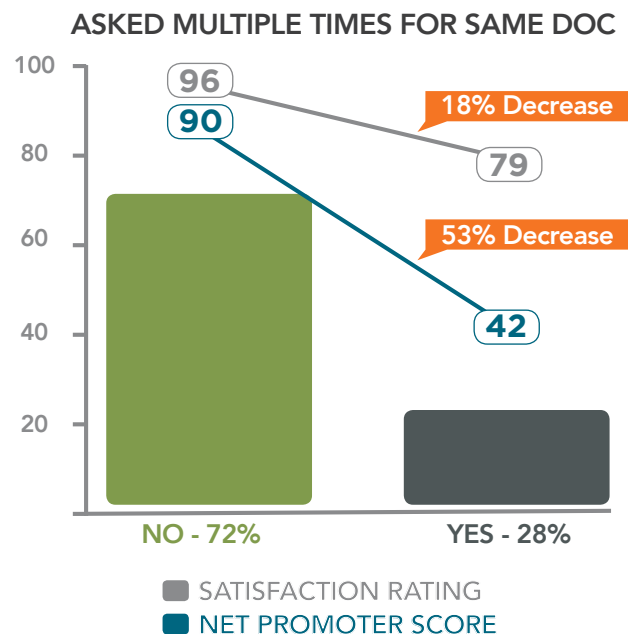
~ COMMANDMENT 3 ~

Assembling the documents and other information required by the lender — tax returns, bank statements, etc. — can be stressful and burdensome. This is an area where “removing the weed” can create a delightful experience. When you save the borrower from having to say, “I already gave you what you asked for. Why can’t you keep track of things?”, you’re saving them from annoyance and frustration. When you get this right, NPS soars to 90, but when it’s missed, NPS drops to 42. Being able to monitor and correct this problem with a system like MortgageSAT has been one of the keys to Certainty’s rise to best-in-class NPS nationally.

“First, our loan officer assistant reviews all the documents and identifies anything missing before the file goes to processing. I then review and make any necessary updates before asking the borrower. Once our processor has the file and reviews the documents, they provide a needs list and reviews with our team to ensure a document isn’t already in-house or on the way. We keep in constant communication with processing during document collection to eliminate multiple requests. It comes down to having a defined process, great communication between the team, and utilizing our technology to ensure a good flow of information.”

Meredith Poggi
Atlanta, GA
Customer Satisfaction Score: 96

“ WE KEEP IN CONSTANT COMMUNICATION WITH PROCESSING DURING DOCUMENT COLLECTION TO ELIMINATE MULTIPLE REQUESTS. ”



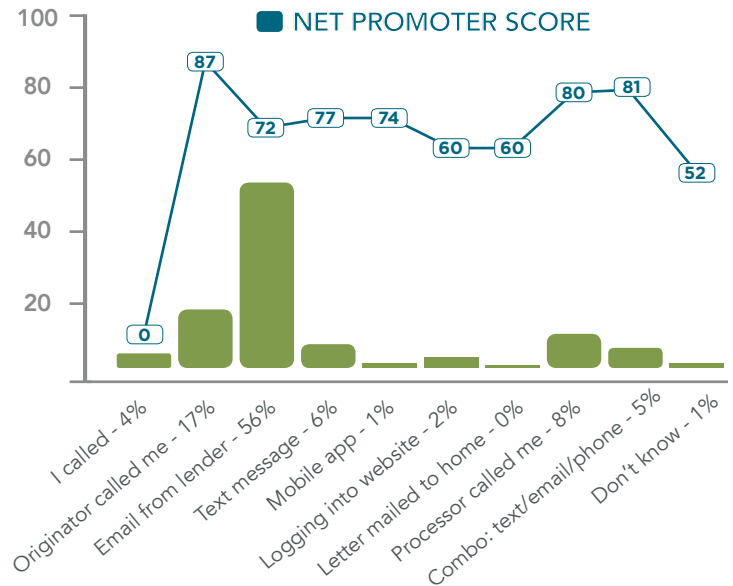
Be Proactive About Keeping Borrowers Informed About Status.

~ COMMANDMENT 4 ~

Borrowers want their lender to take the lead in keeping them informed about the status of their loan. Whether this is accomplished by email, a text message or by a call from the loan originator or processor makes relatively little difference and results in average NPS between 72 and 81. But, if the borrower has to take the initiative, which often requires leaving a message and waiting for a call-back, NPS drops to 0. According to MortgageSAT Director, Mike Seminari, "On every loan, the loan officer should make it their goal to have zero calls from the borrower requesting a status update." Having automated systems to proactively inform the borrower of status changes and next steps is key to delighting the borrower in this area, and Certainty's Argos system does exactly that.

“THE MILESTONE EMAILS DO A GOOD JOB OF KEEPING THE BORROWERS AND AGENTS INFORMED SO THAT WE SELDOM RECEIVE A CALL ASKING FOR A STATUS UPDATE.”

"Like building a house, if you start off with a good foundation, everything you build upwards from that point will progress better. If your foundation is poor, you are constantly dealing with imperfections as you build the house – to the point that it might collapse. For that reason, we make significant efforts to invest a little more time at the start of the loan process to establish that good foundation, set expectations and give clear instructions. A lot of my applications are taken face-to-face, so at the conclusion of that initial application meeting, we print off and sign all required wet signature documents so we can get that out of the way. At that point, I bring my loan officer assistant into the meeting and, together with the buyer, we review a checklist to insure that we cover all pertinent



documentation with the buyer. The borrower leaves with a clear and concise understanding of what documentation they need to get for us and what we will be doing next in the loan process. Once we have established that foundation, we let the Certainty Home Loans CRM Argos take over. The milestone emails do a good job of keeping the borrowers and agents informed so that we seldom receive a call asking for a status update. The magic recipe that brings all of this together is our proactive approach to managing our pipeline – staying on top of the items we need and following up with those sources in an appropriate timeframe. By staying on or ahead of schedule, we meet deadlines and close out our loans without creating frustration for the many people involved."

Tom Thuss
Lenoir, NC
Customer Satisfaction Score: 98



Close Loans In The Expected Timeframe.

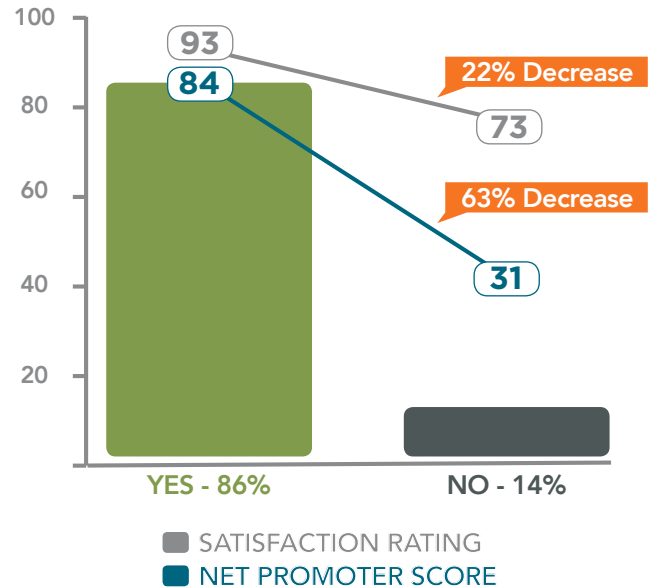
~ COMMANDMENT 5 -

Borrowers expect their loan to close within the timeframe indicated by the lender. It's often the first promise made by a loan officer once a purchase agreement has been signed and handed over. In certain hot markets, meeting a contract deadline can protect the borrower from having other buyers swoop in and make a higher offer. In nearly all cases, getting a timely clear-to-close will save the borrower a lot of stress. Closing a loan in the expected timeframe results in highly-satisfied borrowers who are very likely to recommend, with NPS at 84. Missing the closing date drops NPS to just 31. While some delays in the closing date may be unavoidable and are often not the fault of the lender or the loan officer, what is important is managing borrower expectations. In STRATMOR's experience, borrowers who experience last-minute changes give much lower scores than those who were prepared ahead of time by a proactive loan officer.

"We always detail the expected closing date to clients throughout the process. Of course we go over the CD with them and notify them if there are any changes prior to closing. Part of our success in the Turk/Rippetoe Team is that we have different personalities. We both took a personality assessment (DISC) so we better understand our styles and can match those with our customers and referral sources. Now we are better prepared to set expectations and communicate effectively with our clients."

Mike Turk
Arlington, TX
Customer Satisfaction Score: 96

CLOSED AT EXPECTED TIMEFRAME



“ WE ALWAYS DETAIL THE EXPECTED CLOSING DATE TO CLIENTS THROUGHOUT THE PROCESS. ”



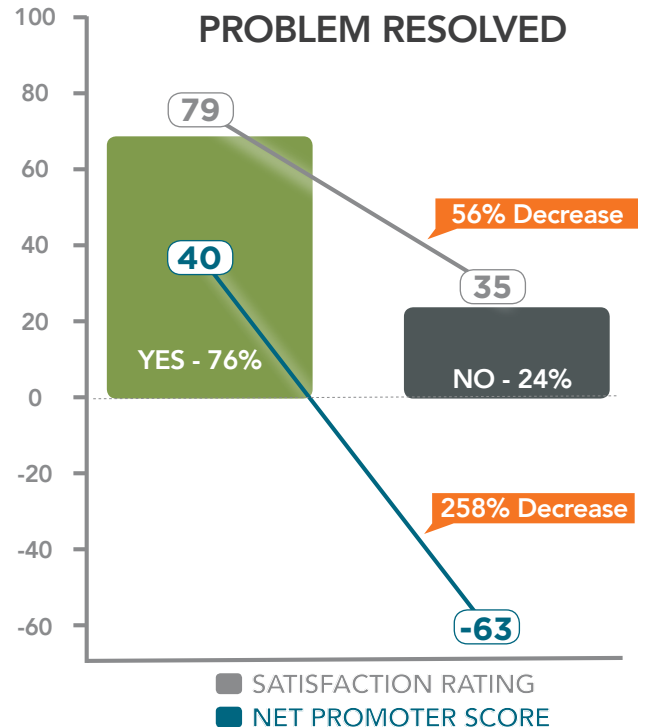
When Problems Arise, Make Every Possible Effort To Resolve Them.

~ COMMANDMENT 6 ~

Roughly one in every six loans will experience a problem in the course of origination. Problems with the appraisal, title, verifications or a change in circumstances can all present unanticipated problems that may cause delays, changes in the interest rate and/or the down payment, etc. Many problems can be resolved to the relative satisfaction of the borrower, and the sooner the better. MortgageSAT research shows that NPS is still 40 when a problem is resolved, versus -63 when it is not. And even when there may be no way to resolve a problem, STRATMOR's experience has shown that a post-closing call to the borrower from a high-placed lender executive — a call that shows concern about the borrower's unhappiness — can turn borrowers from highly likely to criticize, to highly likely to be repeat customers. One best-practice behavior that has helped Certainty in this area is to set proper expectations with the borrower early in the process, letting them know that the loan process is pretty complex and that experiencing a few bumps along the way is totally normal and to be expected.

"If a problem occurs I call the borrower immediately. The sooner you can address the problem, the sooner you can come to a resolution. Since you are working on a deadline, time is not on your side and you cannot procrastinate or hide behind email. When there is a problem the situation is best handled with a phone call."

Padraic Robertson
Savannah, GA
Customer Satisfaction Score: 98



“ WHEN THERE IS A PROBLEM THE SITUATION IS BEST HANDLED WITH A PHONE CALL. ”



Start The Closing On Time.

~ COMMANDMENT 7 -

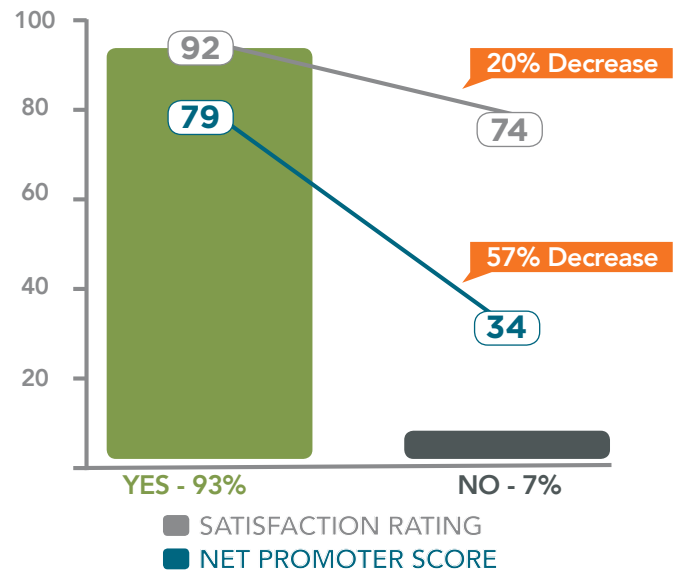
When the big day comes for the closing, borrowers are already crossing their fingers that everything will go smoothly, so making sure the closing starts on time can have a big impact on a delightful finish to the loan process. The borrowers make an effort to show up for the closing at the appointed time — possibly taking time off from work, hiring a sitter, etc. — so it's important not to make them wait around for a lawyer or closing person to show. When the closing starts on time, borrowers reward you with a healthy NPS of 79, versus 34 for closings that do not start on time. While some late starts are unavoidable, many of Certainty's loan officers make a point to attend closing, so any unsettled feelings can be smoothed over in person.

“ IT IS IMPERATIVE TO START ON TIME AND I ALMOST ALWAYS ATTEND THE CLOSING. ”

“It is imperative to start on time and I almost always attend the closing. Leveraging our systems, processes, and best-in-class fulfillment help ensure my closings begin on time. At the closing I make sure to bring a bottle of champagne for the new homeowner as congratulations and snap a few pictures for social media. It also allows me to meet a new agent face to face, and to keep in contact with my repeat agents as well.”

Vik Sasser
Savannah GA
Customer Satisfaction Score: 99

CLOSING STARTED ON TIME



CONCLUSION

The Seven Commandments for Achieving Borrower Satisfaction contain common sense rules for treating the borrower right and should not come as much of a surprise to anyone. What is surprising, however, is how great an impact each one can have in the borrowers' likelihood to recommend you to their friends and family (as measured by NPS). In a world where information about the borrower experience provided by a lender is readily accessible to potential borrowers— and is increasingly important in their choice of a lender— it behooves lenders and loan officers alike to be intensely focused on keeping these commandments. Doing so could easily mean an extra two or three 'windfall' loans each month referred by delighted customers.





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