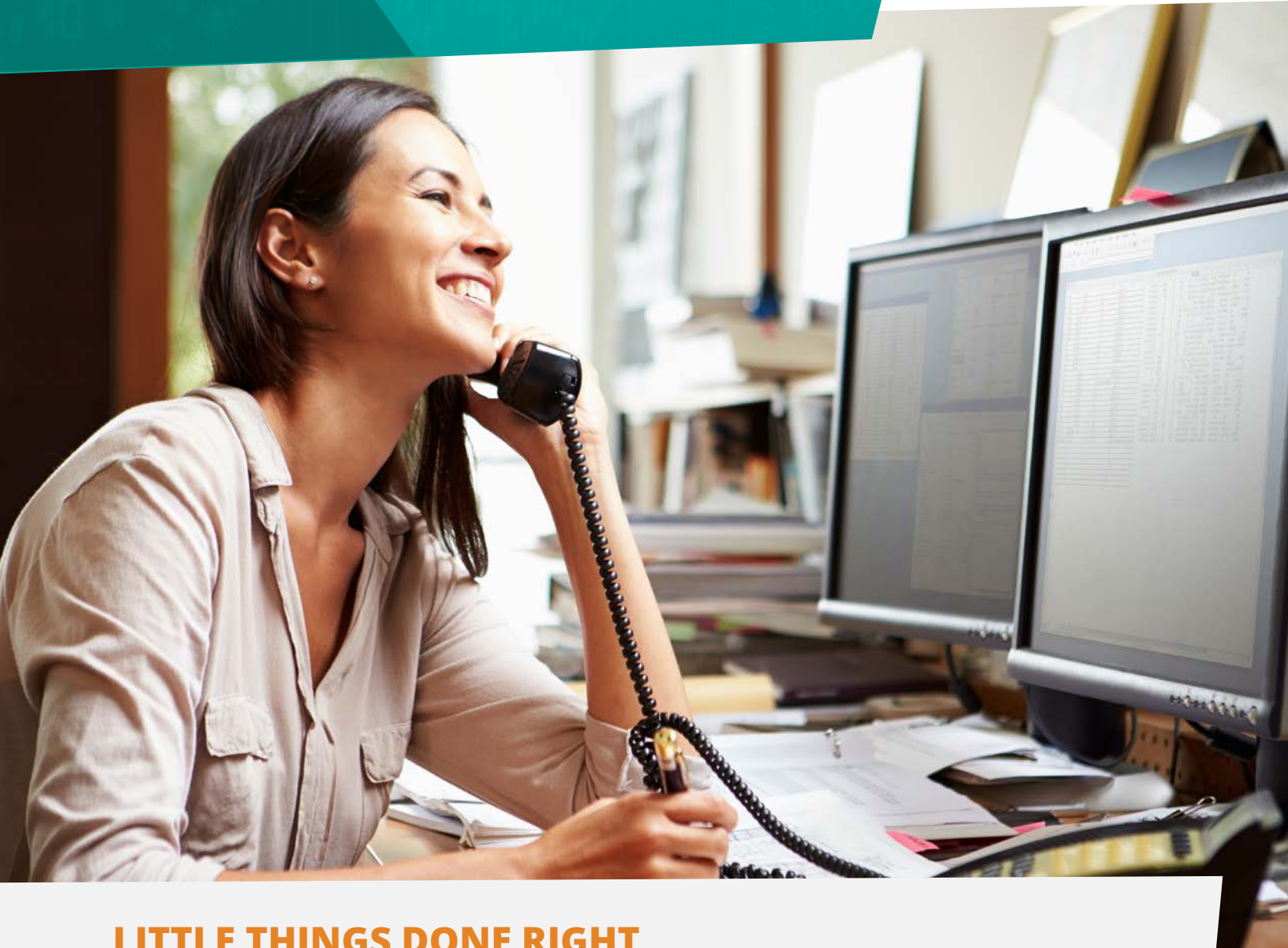


The Borrower Experience

LITTLE THINGS DONE RIGHT

AN EXCERPT FROM
STRATMOR
INSIGHTS

The Borrower Experience



LITTLE THINGS DONE RIGHT

By and large, getting the little things right is how mortgage lenders can assure a happy borrower experience, which is why, “Little Things Done Right” is one of the basic tenets of STRATMOR’s “Seven Commandments for Achieving Borrower Satisfaction.” This month, our focus is on the Commandment *Contact the Borrower Before the Closing*.

Borrowers don’t want surprises at the closing table. If the numbers have changed, they want to know about it. If they have to write a check, they want to know how much. Imagine, how upsetting it can be for a borrower when they are first informed about these matters at the closing.



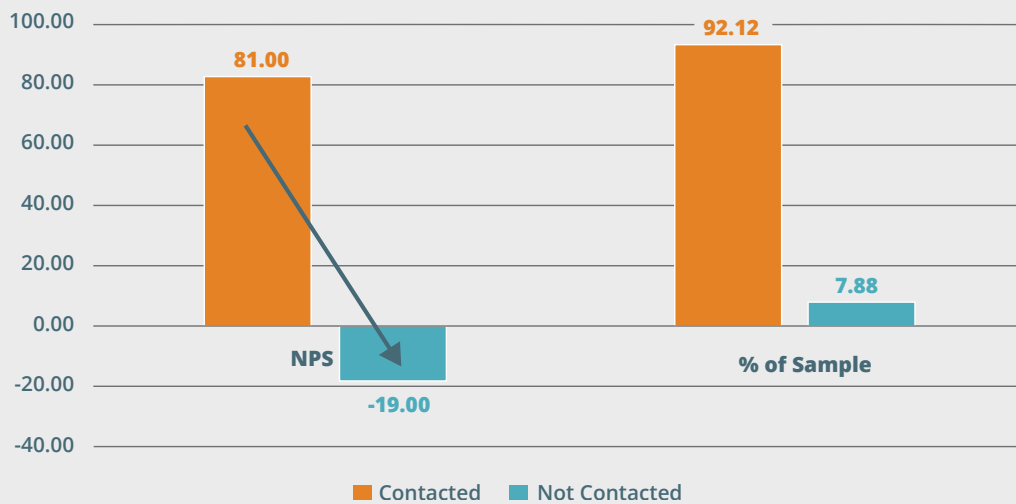
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Figure 1 shows the impact to the Net Promoter Score (NPS)¹ of not contacting your borrower before the closing. This data is drawn from more than 80,000 borrower reviews captured YTD 2018 through the MortgageSAT Borrower Satisfaction Program.

Figure 1

NPS Impact of Not Contacting the Borrower Before the Closing



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When lenders contact the borrower, their NPS score is a very good 81. But if they fail to do so, their NPS score drops like a brick, from 81 to -19, an enormous swing of 100 points. From having a net of 81 promoters, simply failing to contact the borrower before the closing puts you, the lender, in a position where most borrowers will “poor mouth” you rather than say something nice.

The price for this misstep is paid in the currency of fewer referrals from friends and relatives, a loss of repeat business from “detractor” borrowers and, perhaps worst of all, fewer referrals from real estate agents (particularly painful in a purchase market such as we are currently in) who are likely to have received an unflattering earful about their experience with you.

¹ NPS is defined as the number of borrowers out of 100 who rate their borrowing experience a 9 or 10 on a 10-point scale (so-called “promoters”) less the number of borrowers who rate their experience a 1 to 6 (so-called “detractors”).

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For 2018 YTD, 92.12 percent of borrowers were called in advance of their closing and 7.88 percent — one out of every thirteen borrowers — were not called. When the failure rate is coupled with a highly negative impact on NPS, the overall negative impact can be even higher, especially with real estate agents, who traditionally have a low tolerance for a lender or LO who does not reliably provide good service.

What's a Lender to Do?

Lenders should have zero tolerance for failing to inform the borrower in advance of the closing. It just shouldn't happen! Here are some of the things a lender should do to reach a goal of zero failures:

1. **When it comes to the closing, call the borrower.** While emails, text messages and other communications methods are fine for providing loan status updates, we believe that a lender representative — typically the processor or closer — should call the borrower in advance of the closing to verify the time and place, go over the process and the numbers and answer any questions the borrower may have. For most borrowers, getting a mortgage is a big event.
2. **Create organizational consistency around the process.** Whose job is it to contact the borrower— the LO, the processor or the closer? When should the call be made? What exactly should be discussed on the call? Document the process and provide scripts to those involved, as needed.
3. **Measure results and follow-up on all failures to contact a borrower prior to closing.** At the end of the loan process, make sure your post-close survey is asking the following questions: "Were you contacted in advance of the closing?" "Did you receive all the information you needed?" Programs like MortgageSAT can make sure these questions are asked on every closed loan so that you can ultimately identify and remedy the causes of the "No" responses.
4. **Build Borrower Experience into the variable compensation of processors and closers.** While there are many ways to do this, one way that STRATMOR supports is to have customer service, as measured by NPS, drive the size of an incentive compensation pool shared by processors and closers. While this pool would not single-out any specific failures or successes, processors and closers should know that virtually every component of the Borrower Experience, including the percentage of borrowers who were not called in advance of their closing, will impact the amount of money contributed to the incentive pool in which they share.

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