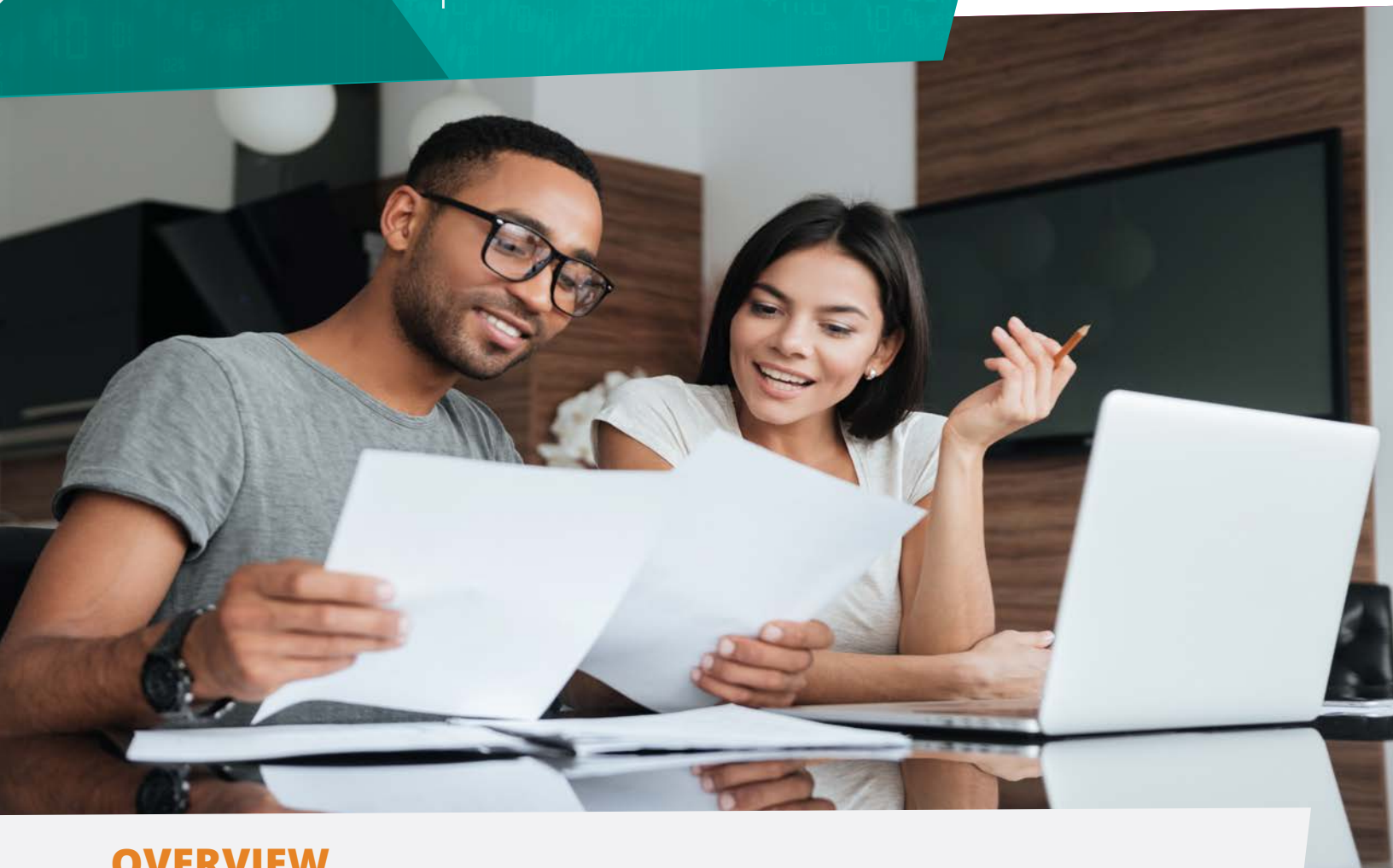


The Borrower Satisfaction

BREACHING THE SEVEN COMMANDMENTS

AN EXCERPT FROM
STRATMOR
INSIGHTS

The Borrower Experience



OVERVIEW

In “The Seven Commandments for Achieving Borrower Satisfaction,” Senior Partner Garth Graham identifies the key components of the borrower experience which, if not done well by the lender, result in a sharp drop in borrower satisfaction.

The loan officer carries the primary responsibility in fulfilling the commandments, which are:

COMMANDMENT 1: Provide the borrower with an upfront checklist of the information they will need to provide.

COMMANDMENT 2: Contact the borrower well before the closing.

COMMANDMENT 3: Avoid asking the borrower to provide a document already provided.

COMMANDMENT 4: Be proactive about keeping borrowers informed about status.

COMMANDMENT 5: Close loans in the expected time frame.

COMMANDMENT 6: When problems arise, make every possible effort to resolve them.

COMMANDMENT 7: Start the closing on time.

Chart 1 below, for example, illustrates the big hit to borrower satisfaction that results if the LO fails just Commandment 1.

Chart 1

Satisfaction vs Providing an Upfront Information Checklist



MortgageSAT, February 2018 ©STRATMOR Group, 2018.

But what happens if the loan officer fails multiple commandments?

Using full-year 2017 MortgageSAT data, Chart 2 illustrates what happens to the aggregate Overall Satisfaction (on a scale of 1 to 100) and the Net Promoter Score (NPS) as the number of commandments breached increases, starting from zero and running up to six breaches in the order listed above (but excluding Commandment 6).

Chart 2

Satisfaction/NPS vs. Number of Failed Commandments



MortgageSAT, February 2018 ©STRATMOR Group, 2018.

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Table 1 below further breaks down Overall Satisfaction and NPS scores as the number of failed commandments increases. In this chart, when normalized to 100 borrowers, the NPS score equals the number of borrowers registering an individual Overall Satisfaction score of 9-10 on a 1 to 10 scale — “promoters” — minus the number of borrowers registering an individual Overall Satisfaction score of 1-6 — “detractors.”

Table 1

# Commandments Failed/Breached	Individual Satisfaction 1 - 6	Individual Satisfaction 7 - 8	Individual Satisfaction 9 - 10	NPS	Overall Satisfaction
0	6	9	84	78	90
1	48	22	30	(18)	53
2	59	21	20	(40)	44
3	82	12	6	(76)	25
4	88	9	3	(85)	20
5	94	5	2	(92)	13
6	94	4	2	(92)	11

MortgageSAT, February 2018 ©STRATMOR Group, 2018.

What the Numbers Show

As commandments are breached, both Overall Satisfaction and NPS drop sharply.

When no commandments are breached:

- Overall Satisfaction = 90
- NPS = 78 (84 minus 6)

When just one commandment is breached:

The number of borrowers out of 100 who register a Satisfaction Score of 9-10 falls from 84 to 30, and the number who register a Satisfaction Score of 1-6 increases from 6 to 48, resulting in an NPS score of negative (18) — 30 minus 48.

In effect, out of every 100 borrowers, only 30 can now be expected to sing your praises while 48 will give you a “thumbs down.”

When two commandments are breached:

- The number of borrowers out of 100 who register a Satisfaction Score of 9-10 falls from 30 to 20 and the number who register a Satisfaction Score of 1-6 increases from 48 to 59, resulting in an NPS score of (40) — approximately 20 minus 59.

When more than two commandments are breached:

- Scores continue to decline, with Overall Satisfaction and NPS reaching plus 11 and (92) respectively when six commandments are failed. Note that at this extreme, 94 out of 100 borrowers are detractors, a horrible situation.

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Particularly startling in these results is how sharply NPS drops after just one breach, dropping from plus 78 to negative (18). Where purchase loans are involved, real estate agents look for happy customers, and it doesn't take too many unhappy purchase borrowers to "sour the well" of real estate agent referrals for an LO and the lender. A single breach may be one breach too many.

What's a Lender to Do?

The performance or behavior of the LO is common to each commandment and, likely, an LO who consistently fails to provide the borrower with something as basic as an upfront checklist is more likely to fail one or more of the other commandments. Consider the following for improving the borrower's experience with your team:

- **Pay attention to the borrower's feedback.** Many lenders do borrower satisfaction surveys but fail to effectively use the information gathered, or don't ask the types of questions that could help them better manage the people, processes and technology involved. STRATMOR MortgageSAT lenders have real time access to borrower reviews and scores at the individual

employee level and can react quickly to negative comments and scores. Consider adding MortgageSAT to your toolkit, and if you use a survey service to gather borrower feedback, use it as a management tool, not just as a source of good PR.

- **Be proactive** — train and train again. Set up your loan officers and back office personnel with the right training and tools that will help them provide outstanding service to the borrower. Provide ongoing training for all on improving the borrower's experience and individual training for LOs struggling with specific service issues.
- **Be brave, be kind, and say goodbye.** Some people are just not cut out to be loan officers, and you may have one that is not attuned to providing exceptional customer service. If you cannot correct poor service behavior, releasing the individuals involved may be the best path to help maintain your team's high service standards and your company's reputation.

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 ■