



# Engage. Collaborate. Accelerate. Creating a Smoother Path to Mortgage Closings.

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## Introduction

Diving into a list of industry challenges may seem counterintuitive at a time when origination volume and profitability are both very high and rising. Mortgage loan volume in the second quarter of 2020 more than doubled from the year prior, growing 130 percent year-over-year. Low interest rates have led to the highest level of refinancing since the same time in 2013.

And this followed a first quarter that saw 105 percent growth from the prior year. As this paper is going to press at the end of the third quarter, anecdotal evidence suggests that the third quarter numbers could be even stronger.

Consequently, increased application volume has led to a surge in loan closings, which resulted in record revenues. The Mortgage Bankers Association (MBA) reported that independent mortgage banks and mortgage subsidiaries of chartered banks logged a net gain of \$4,548 on

each loan they originated in the second quarter of 2020, up from \$1,600 in the first quarter.

With results like these, it's easy to see why mortgage lenders are optimistic. CNBC reported that nearly half of lenders (48 percent) said they believe profit margins will increase from the prior quarter, with 37 percent saying margins would remain the same. Only 15 percent of lenders expect profits to decline.

And yet, there are still problems to be solved, many of them long-standing. In fact, with mortgage volumes this high, some of these challenges are only growing more noticeable.

Fortunately, a solution for one of these challenges has been unveiled by WFG Lender Services ("WFG"), a Williston Financial Group company with a reputation for leveraging superior technology and closing processes to take time and cost out of the mortgage lending transaction.

## THE REAL RISKS THE MORTGAGE INDUSTRY FACES TODAY

In a recent survey of WFG Lender Services clients, mortgage lenders identified staffing and capacity issues as the most common challenges they currently experience. Lenders don't have the staff to keep up but are stretching to increase their capacity to handle historic loan volumes.

Lenders are investing heavily in digital technologies to become more competitive and stave off the threat of Fintech firms, digitally advanced nonbanks, and alternative lenders that have disrupted the mortgage process by transforming the application process and, to an extent, digitizing and automating underwriting and closing.

Despite these investments, lenders are still finding it difficult to meet the expectations of borrowers, who

crave a digital process, but easily become dissatisfied if their questions during the process are not answered quickly. If lenders can't find a way to keep borrowers satisfied, they will lose out to competitors who do.

The industry saw this very clearly one year ago when the 2019 Primary Mortgage Origination Satisfaction Study was released by J.D. Power & Associates. As reported in HousingWire at the time:

**"Overall borrower satisfaction fell from 869 (on a 1,000-point scale) in the first quarter [2019] to 853 in the second quarter. At the same time, mortgage originations rose 54 percent from the first quarter to the second quarter. So, as mortgage originations went up, borrower satisfaction went down."**

This is one of the most serious risks mortgage originators face today.

But it is also one of the industry's greatest opportunities. When McKinsey & Company studied customer satisfaction, the company found that maximizing customer satisfaction has the potential to lift revenue by as much as 15 percent, at the same time it lowers the cost of servicing customers by as much as 20 percent. That's a significant benefit.

## MOVING THE LEVER ON BORROWER SATISFACTION

So what does it take to really increase customer satisfaction in the mortgage lending business? In WFG's experience, and in survey results provided by their customers, they have found that the back and forth between the lender and the title company as they work to move a flood of deals to the closing table is leaving borrowers uncertain and dissatisfied. It is also draining the time and attention of loan officers and assistants (not to mention real estate agents and escrow officers) – time that could be spent winning new business or pushing existing transactions forward to closing.



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*McKinsey & Company 2014 Customer Satisfaction Study*

The industry needs a better method to communicate the changing status of a pending mortgage loan to its partners and other involved parties. Borrowers are demanding better understanding of what's happening with their loan transaction and how changes will impact their closing. When borrowers get answers quickly, their satisfaction increases.

But in an environment where loan volumes are rising so rapidly, how can lenders and their settlement services partners efficiently gather and process all of the information required to keep the loan moving smoothly to close and still keep borrowers in the loop?

This is a challenge for purchase money lenders who must please both their borrowers and their business referral partners. But keeping a deal on track can be an even bigger challenge for refinance transactions, which don't include a real estate sales partner to apply pressure.

There are currently 19 million borrowers who could refinance their loans today, but there is no way lenders can keep up. The industry just doesn't have that type of capacity without some sort of help.

## IN SEARCH OF A BETTER SOLUTION FOR INDUSTRY COMMUNICATION

Since its founding in 2010, WFG has partnered with mortgage lenders of all sizes nationwide; providing title, closing and settlement services and finding new ways to take time and cost out of the transaction. They have witnessed the challenges that lenders and consumers face when it comes to effective communication.

WFG also knows the high cost of ineffective communication and its negative impacts on the cost to originate, borrower satisfaction, and ability to close the loan on time. Their clients have regularly lamented the amount of time and energy their consumer-facing staff have devoted to repeatedly answering variations of one simple question: "What's the status of my loan?"

Careful analysis of the problem resulted in a set of requirements for a solution. The answer would not be a pure technology solution, but would necessarily include technology and a process to connect the various parties. Ultimately, the right solution would offer:

- **Easy and accurate communication between all parties.**

All transaction-related information, including information provided by the borrowers, should be saved in a centralized database, providing access to all parties. Borrowers should never have to search for the information they want, and the system should automatically update the transaction's status.

- **A simple and intuitive user interface.**  
Lenders and borrowers alike, at the heart of it, desire a solution that is simple, rich, easy-to-use, and easy-to-access.
- **It must be a tech-agnostic solution.**  
It couldn't be hard-coded into another piece of technology that would limit its use by other parties, and thus restrict the functionality available to the consumer. To provide the most value, it would be essential to distribute and brand the offering to many third parties that could offer additional reach to consumers and industry participants.
- **It must be capable of taking time and cost out of the transaction.**  
Without the ability to actually help lenders increase their lending capacity, lower their costs, and decrease the time to close, lenders would not embrace the solution. To accomplish this, the solution must be capable of collecting data required to close the loan from the borrower with minimum intervention.

## A NEW SOLUTION: INTRODUCING WFG'S MYHOME® EXCHANGE

**WFG's MyHome®** is a web-based application delivering pre- and post-closing home information that provides contact information and enables the borrower to upload required documentation.

**MyHome Exchange** even enables borrowers to easily upload documents necessary to close the mortgage. This virtually eliminates the unending phone or email chase of documents and data that often adds days or even weeks to the typical mortgage process.

Perhaps best of all, **MyHome** provides lenders with real-time updates through email and SMS upon completion of key milestones. In doing so, **MyHome**

brings participants in the mortgage transaction together within a single, easy-to-use ecosystem, enhancing communication, transparency, and the borrower experience.

**MyHome** was designed to streamline the loan process and enhance throughput by eliminating duplicate touchpoints, enabling proactive communication, and facilitating data and document collection, storage, and sharing. This significantly improves the consumer experience by providing a convenient, secure, and intuitive self-service ecosystem for enhanced transparency.

At the same time, **MyHome** increases operational capacity by collecting and delivering documentation and information in a secure repository, enabling the processing and closing of more loans and allowing personnel to focus their attention on complex issues, rather than simply repeating variations of status updates. The elimination of operational waste improves lender throughput, resulting in reduced application-to-close turn-times and an improved customer experience.

*With **MyHome**, borrowers are able to provide information required to move their loan to closing at their convenience via a secure portal. They can also access that information at any time in the future and contact their escrow officer with any questions. This provides buyers and borrowers with a level of insight they never enjoyed before.*

**MyHome** works for purchase money, refinance, and home equity loan transactions.

## WHAT MAKES THE SOLUTION WORK

**MyHome** is not the first borrower-facing portal conceived and deployed for the mortgage lending industry. However, it is the first to address borrowers' essential need to streamline an exceedingly complex transaction process – simply and elegantly.

When it comes to technology, WFG has a few baseline requirements for any technology they produce. It must serve WFG clients by addressing their challenges in the way they need it provided. And it must help take time and cost out of the mortgage transaction.

At WFG, everything they develop must make it easier for those they serve, provide more security for their data and provide a better experience for their customers and the borrowers they serve.

**MyHome** achieves this goal by providing an easy-to-use information portal that stores and delivers the information the various parties require in a safe and secure manner.

In addition to these essential requirements, **MyHome** offers the industry and consumers many other important benefits.

## HOW DRIVING CUSTOMER SATISFACTION LEADS TO HIGHER PROFITS

The most significant benefit this new technology delivers is an improved borrower experience. As McKinsey & Company research revealed, this will have a positive impact on the lender's bottom line. It will also increase the likelihood that the borrower will return to the lender and refer them to others.

For decades, lenders have operated under the assumption that borrower loyalty could not be won,

but **MyHome** has the potential to change that. After the loan is closed, the portal remains available for borrowers, and continues to provide information and access to an ecosystem that the borrower can use for years to come.

Should the borrower decide to refinance, take out a home equity loan or sell their property, all of their loan documents will be there for them in **MyHome**.

The second important benefit offered by the **MyHome** portal is a reduction in redundant steps, phone calls, and emails that typically go into the loan processing and closing process. This provides a measurable increase in the speed to close and a reduction in costs, as every day the loan sits in the pipeline costs lenders more and more money. **MyHome** accomplishes this by providing that central repository of information and documentation – no more emails, no more phone calls, no more confusion, and no more frustration.

Valuable time and resources can also be directed more efficiently through the use of **MyHome Exchange**, which can be used to submit personal information in a secure web environment. The result is a secure, efficient exchange of data and documents (e.g., a bank statement or driver's license) in a fraction of the time it would otherwise take to chase down the borrower to provide the same information.

**MyHome** also assists lender personnel with some of the more rudimentary borrower service functions. For example, it can be used to host educational content with helpful consumer advice, such as what to bring to the closing or what to expect when they arrive. For purchase transactions, it even provides consumers with turn-by-turn directions and maps to the site of closing, as well as access to online resources that can assist them with the onerous chores associated with moving, such as change of address notifications or locating a good moving company.

Finally, **MyHome** is easy for consumers to use, which reduces the need for the lender or the title company to teach them to use it. Logging into the system is

simple, and a borrower dashboard anticipates virtually every consumer question.

Purchase money borrowers can access their dashboard to learn when they are scheduled to close, who their closing agent is, and how the closing will take place (traditional, hybrid or electronic closing with remote online notarization).

**MyHome** is not an app that requires any additional download and can be accessed on any device the user carries that can be connected to the Internet, including mobile phones.

Taken together, these advantages increase the capacity of the lenders offering **MyHome** to their borrowers, allowing them to close more loans and earn more profit on each one, all while satisfying the consumers they serve.

To learn more about MyHome, visit <https://wfgls.com/products-and-services/myhome-exchange>, email us at [about@wfgls.com](mailto:about@wfgls.com), or call 877-274-3850.

## SOURCES

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### About Williston Financial Group

Williston Financial Group (WFG) is the Portland, Oregon-based parent company of several national title insurance and settlement services providers, including WFG Lender Services and WFG National Title Insurance Company, and national appraisal management company Valustrust Solutions. One of only six national underwriters, WFG achieved a national footprint faster than any title insurance provider in history. The WFG family of companies offers full-service title insurance and settlement services for use in residential and commercial mortgage and real estate transactions nationwide.

For more information, visit [www.WFGNationalTitle.com](http://www.WFGNationalTitle.com).

### About WFG Lender Services

A Williston Financial Group company, WFG Lender Services is a national settlement services provider that leverages superior technology and closing processes to take time and cost out of the mortgage lending transaction. Rated "World Class" with an annual Net Promoter Score of 77, WFG Lender Services employs a consultative approach and adapts its services to meet the needs of each customer in order to help them increase efficiency, reduce risk and enhance overall customer satisfaction.

For more information, visit [www.wfgls.com](http://www.wfgls.com).

### About WEST, a Williston Financial Group company

WEST, a Williston Financial Group company, provides technology, data security, and marketing services to the real estate and mortgage industries. Our technology solutions and programs streamline the real estate process, increase transparency, and reduce costs for real estate agents, brokerages, title companies, lenders and the consumers they serve.