

Streamlining the Homeownership Journey



Introduction

Consumers have an earnest need for guidance from lenders throughout the homebuying journey. About half of all borrowers identified as being somewhat or not at all familiar with the process of taking out a mortgage when they started the process, according to a recent survey. Worse, that number increases to around 70% when isolating first-time homeowners.¹ By entering the market with such a knowledge deficit, consumers often wind up on a homebuying journey that is non-linear and inefficient, diminishing their overall satisfaction with the home loan process and reducing the likelihood they will refer friends and family to their lender.

The belief that borrower engagement starts at application is flawed. Waiting until that point to engage prospects is a risk that can result in lost business, as more than half of all borrowers seriously consider more than one lender before deciding where to apply for their home purchase mortgage. By reaching consumers earlier in the process and providing value right away, lenders will be in a better position to lock in prospects who aren't inclined to shop around and convert those who are.

To differentiate themselves before the application stage, lenders need an effective strategy that ties all the homebuying stages together and the right tools to support the process.

This white paper explores ways to engage borrowers earlier, how to use SimpleNexus to streamline the homeownership journey and best practices for maintaining a positive borrower-lender relationship post-close.





Engaging Borrowers Earlier

It's important to equip borrowers with tools that provide value at each stage in the homebuying process. There are three areas of opportunity where an integrated digital mortgage platform can help lenders provide value before the application stage.

Understanding Affordability

First, lenders can help homebuyers accurately answer the question "How much house can I afford?" by empowering them with interactive, self-service tools. Besides being practical, mortgage calculators are educational tools, providing insight into the variables that affect the overall calculation. Borrowers can explore different loan scenarios on their own while the loan officer (LO) plays the more valuable role of advisor by answering questions, monitoring market conditions and suggesting products that meet the borrower's specific financial situation and objectives.

The Home Search

Once armed with information about their buying power, consumers can browse listings more confidently. Although they'll interact more with a real estate agent at this stage, it's important for the LO to stay connected. A comprehensive digital mortgage platform can facilitate this with an integrated home search tool that connects all three parties. This will allow loan officers to answer early-stage questions and work in tandem with real estate partners.

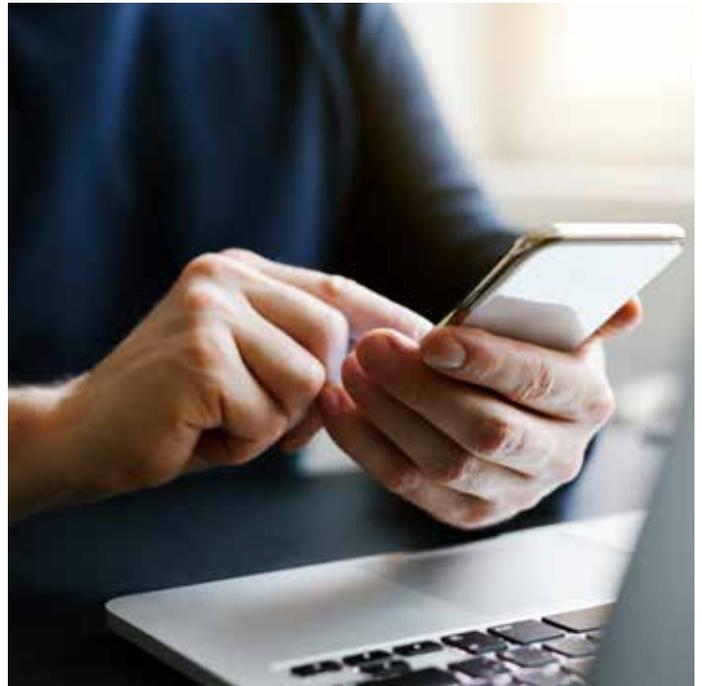
“ Once armed with information about their buying power, consumers can browse listings more confidently.”

Streamlining Communication

Every loan officer and borrower will enter the relationship with their own communication preferences. Employing multiple communication methods, whether across borrowers or for the same borrower, breeds disorganization for both parties. Instead, LOs can streamline and centralize communication by directing borrowers to use an in-app instant chat feature. This is also more effective in helping LOs manage borrower engagement at scale.

Whichever communication method is ultimately used, LOs can provide the best possible experience by considering these consumer expectations:

- **Inclusion.** Borrowers who feel as though they are part of the transaction will remain engaged.
- **Convenience.** A native mobile component reduces friction points by allowing borrowers to quickly check in anytime, anywhere.
- **Transparency.** Visible status updates and quick-access communication methods inside a centralized portal inspire confidence.
- **Mobile accessibility.** Proactive mobile communication improves satisfaction. The Net Promoter Score (NPS) from borrowers who receive digital updates continues to rise each year.²



An effective engagement strategy will prioritize these preferences. If the process doesn't feel smooth and efficient for consumers, then they will seek a lender who meets their expectations. First-time buyers even highlight an exceptional customer experience as being just as important as getting the best rate when choosing a lender, according to a 2019 survey conducted by McKinsey & Company.³ This finding indicates an unmistakable opportunity for lenders to differentiate themselves by offering a streamlined homebuying journey.

Keeping Everything Connected

Interconnectedness is the backbone of a successful customer engagement strategy. An integrated digital mortgage platform must connect the dots between each stage in the homebuying journey, each stakeholder involved in the mortgage process and all the tools those stakeholders use along the way.

Loan Officers

An integrated platform will unite a loan officer's tech stack so they can work anywhere from a single sign-on. Giving LOs easy access to their tools will enable quicker responses to the borrower for a more efficient experience. Response time matters when it comes to customer satisfaction. "Customers move fast and expect institutions to be nimble enough to keep up with them," according to McKinsey & Company's report.⁴

Borrowers

To truly streamline the homebuying journey, LOs must provide borrowers with an engagement platform that keeps them connected to each stage of the journey via a single log-in. Multiple log-ins to numerous systems create a fractured experience and cause friction. Within one platform, borrowers should be able to easily search for homes, submit a loan application, upload documents, and receive real-time progress information.

Other Stakeholders

As buyers move through each stage of the home-buying journey, they also need to be able to collaborate with other stakeholders, such as their real estate agent and settlement agent. The engagement platform will act as a central hub that supports all communication and workflows, making it easier for everyone to complete their tasks. This helps stakeholders better manage their relationship with consumers and facilitates smooth handoffs at each stage of the journey. This streamlined experience will make satisfied customers eager to provide post-close referrals, helping to grow the LO's network.

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Simplifying the Journey

SimpleNexus was designed to address the challenge of bringing each stage of the homeownership journey into a single, device-agnostic platform. Loan officers can customize and brand their version of the portal and then share it with their borrowers. The home search starts inside SimpleNexus through an integration that showcases available properties and gives the LO insight into borrowers' search activity. Consumers can run their own payment scenarios through built-in mortgage calculators and easily reach out to LOs with questions.

Once they're ready to fill out a loan application, borrowers are able to start on a laptop, continue on mobile, or vice versa. This flexibility is important to make sure they don't completely abandon the process. Ellie Mae's 2019 Borrower Insights Survey revealed that almost half of those who apply for a mortgage online have required multiple sessions to finish.⁵ Document collection is simplified, as borrowers can use their smartphone's camera to snap a photo and securely submit required documents.

SimpleNexus keeps borrowers abreast of developments with push notification status updates and real-time access to loan progress information. Consumers care about this level of transparency throughout the loan process. The proof is in the data: The J.D. Power 2019 U.S. Primary Mortgage Origination Satisfaction Study found that "overall satisfaction scores are 140 points higher, on average, when mortgage customers are provided—and use—real-time access to the status of their loan via an online portal than when no such access is provided."⁶

From the same platform that borrowers used to complete each of the aforementioned activities, they can also review home insurance options and eSign disclosures and the closing packages.

The process is completely streamlined from the start of the homebuying journey to the closing table, although an LO's engagement with borrowers shouldn't stop there.

Looking Beyond the Closing

One of the primary reasons borrowers choose a specific lender is having an existing lender relationship or receiving a personal referral, according to the McKinsey & Company survey.⁷ For consumers who do already have a lender relationship, PwC discovered that the mere existence of that relationship isn't always enough for the lender to win repeat business. Personal touch matters—a lot—when it comes to strengthening loyalty. A simple post-closing check-in call has the power to vitalize the relationship and curtail any dissatisfaction. Of borrowers surveyed who received a check-in call, 52 percent said they were very likely to work with the lender again for their next loan. Of those who didn't receive a call, only 23 percent said they would reuse their lender.⁸



For these reasons, it's important that lenders invest in maintaining and reinforcing the lender-borrower relationship after the close.

There are many low-cost ways to accomplish this, from handwritten thank you notes to a seasonal e-newsletter. With the SimpleNexus native app on the borrower's phone, it's easy for loan officers to send a quick but thoughtful push notification to check in after the closing. LOs can also nudge borrowers to refer friends and family from inside the app. In 2019, SimpleNexus lenders received 191,000 in-app referrals from current and prior borrowers.

Conclusion

Consumers look to lenders to learn about the mortgage process. There is an opportunity for lenders to gain market share by providing education early in the homebuying journey and an exceptional customer experience throughout the process. SimpleNexus gives loan officers an integrated toolset to efficiently manage the origination process and drive deeper engagement with the borrower at each stage in the homeownership process. The convenience, speed, and transparency of using a single portal helps streamline and improve the borrower's experience. Higher satisfaction coupled with an easy referral mechanism will help fill loan officers' pipelines, especially for those who are able to stay top of mind long after the close by maintaining and reinforcing the lender-borrower relationship.

Sources

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