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**Inside Mortgage  
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# How Real Estate Agents View Relationships With Mortgage Providers

## Summary Report

*Sponsored By*  
**Inside Mortgage Finance  
Publications, Inc.**

*Survey Design By*  
**Geosegment Systems Corporation**

*Conducted By*  
**Campbell Communications, Inc.**

## July 2005

# How Real Estate Agents View Relationships With Mortgage Providers

## Summary Report

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# Introduction

During the month of May 2005, Campbell Communications conducted a survey of real estate agents and broker-owners to determine attitudes toward mortgage providers, including both direct lenders and mortgage brokers. Our survey is second in an annual series that tracks agents' attitudes on mortgage issues. The survey was sponsored by Inside Mortgage Finance, a publication subscribed to by many large mortgage lenders and other major industry players.

When we refer to "mortgage providers," we mean this term to cover all distribution channels for mortgages, including national lenders, mortgage brokers, local banks, credit unions, and lenders partnered with real estate brokerages. When we refer to "direct lenders," we mean this term to include all lenders that provide mortgages to homebuyers without an intermediary such as a mortgage broker.

Our survey covered topics such as:

- Agent control and influence over mortgage provider selection
- Partnerships between real estate brokerages and mortgage providers
- Significant issues that real estate agents have with mortgage providers
- Agent perceptions of mortgage pre-approval practices
- Reasons for recommending direct lenders
- Rankings of preferred direct lenders
- Ratings of specific direct lenders

While the survey was directed primarily at real estate agents, it was also permissible for broker-owners and brokerage office managers to respond to the survey, as they also have close and familiar dealings with mortgage providers. Approximately 2% of survey respondents did not fall into these groups and were eliminated from the survey sample. From this point on, when we refer to "real estate agents" or "agents" we are referring to all validated survey respondents, including broker-owners and office managers.

Real estate agents are well-situated to observe the performance of mortgage lenders. While consumers obtain home purchase mortgages relatively infrequently, real estate agents participate in large numbers of home purchase transactions each year. Agents can relate their own experience in home purchase closings, as well as the experience of their colleagues. Finally, agents have a vested interest in the home purchase transaction going smoothly, as well as interest in continuing good relations with homebuyers, mortgage providers, title agents, appraisers, and other providers of mortgage-related services.

When we refer to "transactions," or "home purchase transactions," or "closings" in the survey, we are referring to transactions in which a real estate agent is involved. Agent-assisted transactions represent the vast majority of residential real estate transactions in the United States. However, because of survey methodology, our statistics do not cover For Sale By Owner (FSBO) transactions.

We believe that the survey obtained a representative sample of real estate agents. More than 200,000 agents were asked with email solicitations to fill out the survey. The responses of 1,717 real estate agents were analyzed, yielding a margin of error on most general questions of 3-4%, depending on the exact number of responses to a specific question. For most survey statistics, we present the number of responses used in tabulating results.

For segmented questions and lender-specific ratings, margins of error are higher; however, we believe these results still contain directionally correct and actionable data.

# Executive Summary

The survey yielded actionable data both for direct mortgage lenders and for wholesalers who compete through mortgage brokers. Key results from the survey include:

- We estimate that real estate agents control or influence the selection of mortgage provider in approximately 37% of all home purchase transactions
- Seventy-nine percent of agents indicate that they recommend multiple mortgage providers to homebuyers for a single transaction
- Sixty-three percent of responding agents said that their real estate brokerage has a preferred partnership with one or more mortgage providers
- For brokerages with mortgage partnerships, a solid majority, 71%, have an exclusive arrangement with only one partner
- At firms with exclusive mortgage partnerships, 78% of the time responding agents make a recommendation of multiple mortgage providers.
- When agents recommend one or more mortgage providers, homebuyers use one of the agent recommendations 62% of the time
- When agents do not recommend a mortgage provider, the most common reason is "Homebuyer has existing relationship with mortgage provider," with 80% of responding agents selecting this reason; 70% of agents selected "Homebuyer was already pre-approved"
- Responding agents indicated, on average, that 38% of homebuyers come to their first meeting with the agent pre-approved
- Between 9% and 39% of pre-approval letters turn out to be invalid, depending on the type of mortgage provider
- Mortgage partners provide the most reliable pre-approval letters; Internet lenders provide the least reliable, according to responding agents
- The most significant issue that agents have with mortgage providers is "HUD-1 statement not available one day before closing"; 55% of responding agents found this to be a significant issue
- The second most significant issue agents have with mortgage providers is "Pre-approval letters not reliable"; 51% of responding agents found this to be a significant issue
- If a national organization developed a standard form for pre-approval letters, 40% of agents would be "Much more likely to recommend" mortgage providers using this standard form; an additional 40% would be "Somewhat more likely to recommend"
- For brokerage firms with mortgage partners, the capture rate averages approximately 24%; brokerages without franchisor affiliations and with informal partnerships tend to have higher capture rates, making this average higher than it otherwise would be
- Controlling access to agents by non-partnered loan officers appears to have only a moderate effect on the capture rate; making a single mortgage recommendation may have a much greater effect
- When recommending lenders, real estate agents direct homebuyers to prime lenders, Alt A lenders and subprime lenders, depending on credit status

# Survey Highlights

## Real Estate Agent Issues with Mortgage Providers

We asked, “In your experience, what are the most significant issues with direct lenders, mortgage affiliates, mortgage brokers, and other types of mortgage providers? (check all that apply). Agents were asked to check boxes corresponding to the following potential issues. To minimize bias, issues were ordered alphabetically.

1. Appraisals scheduled at last minute
2. Cannot schedule prompt closing date
3. Centralized call centers give poor service
4. Closing costs higher than expected
5. Closing dates missed
6. Employment and income verifications at last minute
7. HUD-1 statement not available one day before closing
8. Inflexible underwriting
9. Mortgage providers without local representatives give poor service
10. Loan officers not well trained
11. Mortgage provider will not return phone calls & emails
12. Mortgage provider does not communicate loan status
13. Mortgage brokers switch lenders shortly before closing
14. Non-local mortgage providers don't know our laws and customs
15. Rate changes and/or rate lock expirations
16. Pre-approval letters not reliable
17. Prepayment penalties on prior mortgage not anticipated
18. Poor service by local loan officers
19. Unethical behavior
20. Other

Here are the top 5 issues by number of responses:

### Top 5 Issues Real Estate Agents Have with Mortgage Providers

	Responses	Percent of Responding Agents
HUD-1 statement not available one day before closing	844	55%
Pre-approval letters not reliable	780	51%
Mortgage provider does not communicate loan status	693	45%
Closing costs higher than expected	633	41%
Closing dates missed	631	41%

## **Real Estate Agent Reasons for Recommending a Direct Lender**

We asked agents to rate the reasons for recommending a direct lender (not a mortgage broker) on a scale of 1 to 10, with 1 being “Not Important” and 10 being “Very Important.”

Here are the 24 reasons we asked to be rated:

1. Good relationship with loan officer
2. Has local loan officer
3. Returns phone calls & emails
4. Available most anytime, including evenings and weekends
5. Knows local laws and customs
6. Partnership with my firm
7. Shares office space with my firm
8. Reliable in meeting closing date
9. Financial compensation to homebuyer for missed closing date
10. Homeowners know and trust lender brand
11. Quick pre-approval letters
12. Reliable pre-approval letters
13. Prompt underwriting and closing dates
14. Grants underwriting exceptions
15. Can easily check status of underwriting
16. Works well with appraisers
17. HUD-1 provided one day in advance of closing
18. Competitive rates
19. Low closing costs
20. Guaranteed closing costs
21. Loans for homebuyers with good credit
22. Loans for homebuyers with credit problems
23. Loans for homebuyers unable to document income
24. Loan programs to fit nearly any homebuyer



We averaged the ratings across responding agents and ranked the averages. According to responding agents, here are the top 5 reasons to recommend a direct lender:

### **Top 5 Reasons for Real Estate Agents to Recommend a Direct Lender (not a mortgage broker)**

Rank Reason for Recommending	Avg Rating	Responses
1 Reliable pre-approval letters	9.55	1,336
2 Prompt underwriting and closing dates	9.43	1,326
3 Returns phone calls & emails	9.42	1,312
4 Reliable in meeting closing date	9.22	1,325
5 Loan programs to fit nearly any homebuyer	9.21	1,328

It is notable that “Reliable pre-approval letters” was the No. 1 reason for real estate agents to recommend a direct lender. “Guaranteed closing costs” and “HUD-1 provided one day in advance of closing” ranked near the middle of the list of 24 reasons.

# Pre-Approval Letter Findings

## Number of Homebuyers Pre-Approved

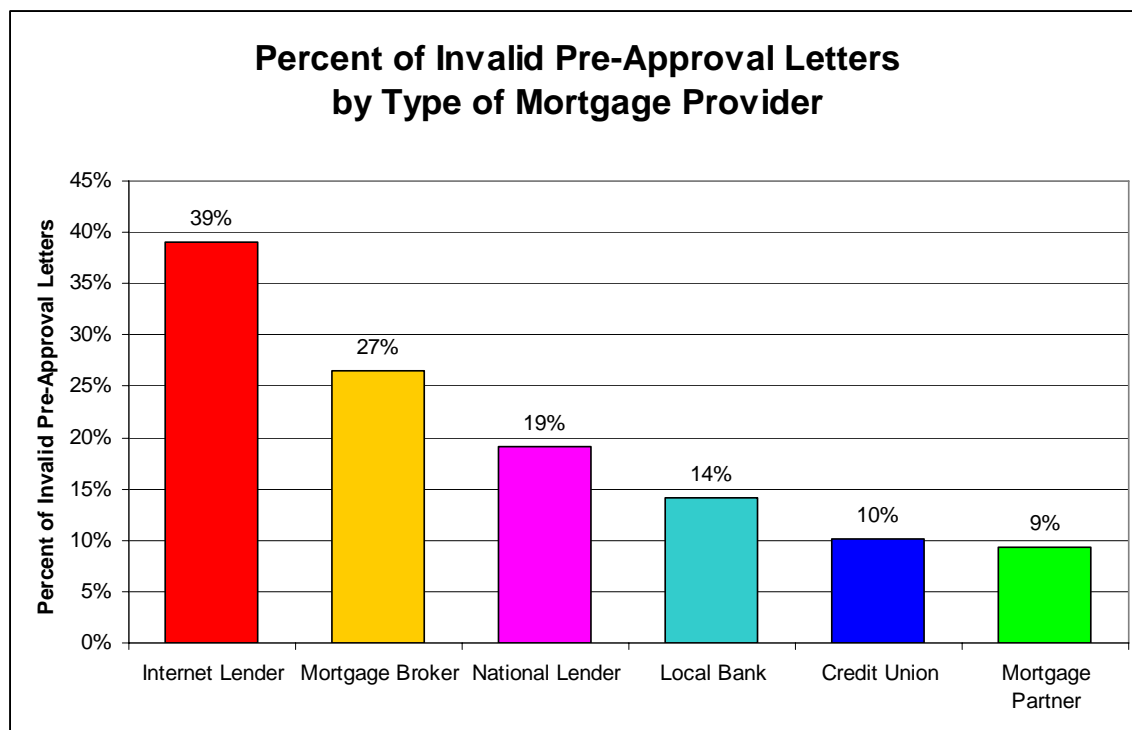
We asked real estate agents, "What percent of your homebuyers are already pre-approved for a mortgage when you first meet them?"

According to survey responses, on average, 38% of homebuyers were pre-approved at their first meeting with a real estate agent.

## Percent of Invalid Pre-Approval Letters

We asked, "For each of the following types of mortgage providers, please select, in your experience, the approximate percent of pre-approval letters that turn out to be invalid because homebuyer income, credit, or assets were not correctly verified: (If no experience with a category, please leave blank.)" The survey form specified the provider types of "Credit Union," "Internet lender," "Local bank," "Mortgage broker (represents multiple lenders)," "Mortgage Partner of my firm," and "National lender not partnered with my firm."

We averaged the responses by provider type across all responding agents.



One reason that mortgage brokers have higher reported percentages of invalid approval letters may be their greater use for subprime and low documentation loans, which have inherently more challenging underwriting processes. Thirty-five percent of responding

agents indicated that a mortgage broker would be their most likely recommendation for a homebuyer with good credit; 67% of agents indicated a mortgage broker for homebuyers with credit problems, and 61% of agents indicated a mortgage broker for homebuyers unable to document income. Still, textual comments from survey respondents indicate that mortgage brokers may provide less reliable pre-approval letters than other types of mortgage providers.

## **Standard Pre-Approval Letters**

We asked real estate agents, “If a national organization, such as a trade group, developed a standard form for pre-approval letters, showing which conditions have been examined and which conditions are still outstanding, would you be more or less likely to recommend mortgage providers using this standard pre-approval form?”

### **Prospective Change in Recommendation of Mortgage Providers Using Standard Form for Pre-Approval Letters**

	<b>Responses</b>	<b>Percent</b>
Somewhat more likely to recommend	604	40%
Much more likely to recommend	603	40%
No change in recommendations	258	17%
Less likely to recommend	27	2%
Much less likely to recommend	16	1%
Total	1,508	100%

## **Comments Regarding Pre-Approval Letters**

We received a large number of textual comments regarding pre-approval letters. For the second year in a row, “pre-approvals not worth the paper they are printed on” was a common comment. Real estate agents recognize that many pre-approvals are not reliable because income or credit has not been verified. Agents have two principal problems with unreliable pre-approval letters: (1) real estate transactions are delayed when an alternative lender must be found and (2) the terms in the pre-approval letter can change shortly before closing, resulting in higher rates and/or closing costs. Textual comments indicate that mortgage brokers provide less reliable pre-approvals, a finding supported by quantitative survey data. Finally, some agents propose standardized pre-approval letters and/or government regulation to solve the pre-approval problem.

### ***Many Pre-Approvals Are “Not Worth the Paper They Are Printed On”***

*“Finding more and more pre-approval letters that are not worth the paper they are written on. Lenders coming in at the last minute telling selling/listing agent the buyers cannot buy home...Buyers approaching agents with ‘Internet Approvals’ that do not say that all information was “stated” and not verified.”*

*“...so-called pre-approval letters are not worth the paper they are written on so MANY times...”*

*“I’ve had pre-qual letters that were LITERALLY not worth the paper they were printed on. Misleading if not unethical...”*

### ***Confusion between Pre-Approval and Pre-Qualification***

*“Pre-approval letters are now all but useless. They are today’s version of the old pre-qualification letter.”*

*“I want a Pre-Approval Letter with no Contingencies except Appraisal. Anything else is a Pre-Qual Letter...”*

### ***Pre-Approval/Pre-Qualification Letters Are Not Reliable Because Income and Credit Have Not Been Verified***

*“...Pre-approval letters are useless-most mortgage providers give them without seeing any of the W-2’s or bank statements and then—surprise—nothing is right”*

*“Prequal letters are “made up” and have little value because credit worthiness and loan approval process has not begun. Loans ‘fall apart’ near closing and mortgage commitments are most difficult to get prior to closing.”*

*“Pre-qualification letters are not reliable. Many times they have been provided but then when buyers find a home, apply for the loan, they are denied credit for various reasons. I feel that lenders should always provide a pre-approval letter and be absolutely sure that there are no unfound reasons for buyers not to receive their loan.”*

***“...I HATE WHEN THEY SAY WHAT YOU WANT TO HEAR. DON'T TELL ME THAT YOU CAN GET SOMEONE FINANCED IF YOU AREN'T POSITIVE THAT YOU CAN!!!! DON'T TELL ME THAT YOU HAVE AN APPRAISER IN YOUR HIP POCKET THAT WILL STRETCH IT TO COVER!!!!”***

### ***Faulty Pre-Approval Letters Interrupt Real Estate Transactions***

*“It seems that a pre-approval letter means very little. You still have to worry about the buyer being able to close even a day before closing. When I'm dealing with a buyer's agent and I get a call from them a few days before closing I usually find the buyer had a problem that they didn't know about. The deal could fall through or the seller needs to give more concessions. Today was supposed to be a closing day for me. The mortgage broker just called and said the buyer needs over three thousand dollars more to close as the lender was requiring 3% from the broker. This transaction is going nowhere.”*

*“Pre-approval letters are issued prior to applicant ever making application and providing required documentation, thereby not being worth the paper they are written on, as sometimes they never follow through and a property may have been taken off the market based on a bogus pre-approval letter.”*

*“The Hampton Roads market in VA is flooded with lenders who write poor approval letters. They give good confirmation on the phone and once the offer is accepted the lenders cause a lot of problems and in a lot of cases, the deals do not close...”*

### ***Misleading Pre-Approval Letters Followed By Unexpected Closing Costs***

*“Weeks after the client has made mortgage application, it is found the client is not qualified. The client has to either pay higher fees or go somewhere else. What does pre-approval mean anyway to these people?”*

*“With the exception of HMAF (Howard Hanna Financial Services) I do not believe any mortgage companies pre-approval letters. False promises to potential buyers who simply should not or can not afford to purchase a home. On-line lenders are the worst! They charge astronomical fees the buyers aren't aware of until the HUD-1 statement is shown, by then it's just too late for the buyer to back out.”*

*“Predatory lenders and those who cannot meet closing dates on time, overcharge over what was stated originally, and don't give reliable approval lenders are usually one and the same. I am glad that there are processes in the works to stop these companies from preying on unsuspecting homebuyers.”*

### ***Problems with Mortgage Broker Pre-Approvals***

*“There needs to be a legal way to require mortgage brokers to get reliable loan underwriting pre-approval for buyers before they begin the home search process and stop the business of shopping loan underwriters right up to the time of closing. Otherwise as far as I am concerned these mortgage brokers might as well go out of*

*business and many other real estate agents are starting to feel the same way. It is a waste of time and money for everyone involved..."*

*"Mortgage Brokers will give you "approval" but have so many loopholes the letter is meaningless...The mortgage bankers are honest."*

### **Need Standardized Pre-Approval Letters and/or More Regulation**

*"THE NEED FOR PREQUAL/APPROVAL LETTERS SHOULD BE STANDARDIZED. WHEN A PERSON APPLIES FOR A LOAN THE ONLY THING THAT NEEDS TO BE QUALIFIED SHOULD BE THE HOUSE (VIA APPRAISAL) THE BORROWER SHOULD KNOW WITH IN 72HRS HOW MUCH HOUSE THEY CAN BUY AND WHEN THEY CAN CLOSE. EVERYTHING DEALING WITH THAT PERSON'S CREDIT SHOULD BE ADDRESSED NOT AT UNDERWRITING AND 24HRS BEFORE CLOSING."*

*"There should be state/federal laws which compel lenders to give final, unconditional approval much earlier in the escrow period. Too often, lenders issue last-minute conditions, or worse, disapprove the loan just a few days before scheduled closing. In California, enforcement of licensing of loan industry reps is a joke."*

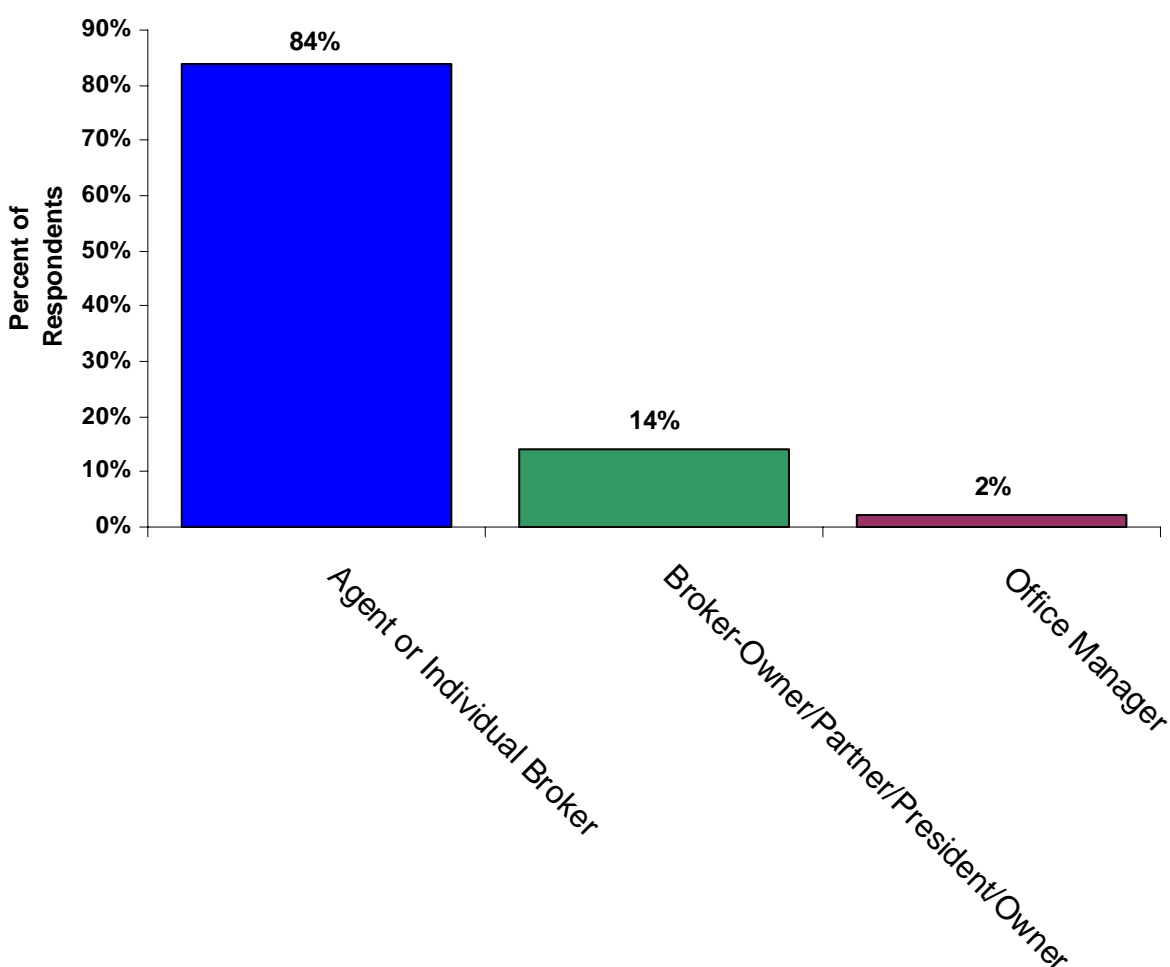
*"... There should be legal constraint on lenders to issue final approval within a contractual amount of time. The idea everybody else has to perform according to contracts, but the lender is free to disapprove up to the last minute, for previously unmentioned reasons, is wrong."*

*"THERE NEEDS TO BE MORE ACCOUNTABILITY WITHIN THE INDUSTRY IN OUR STATE. IN AN ACTIVE MARKET REAL ESTATE AGENTS DON'T HAVE THE TIME TO INVESTIGATE EVERY PRE-APPROVAL LETTER THEY SEE YET WE ARE CALLED UPON TO COUNSEL OUR SELLERS AS TO THE BEST QUALIFIED BUYER."*

## Demographics of Respondents

The respondent base for this survey reflects a broad spectrum of real estate agents and broker-owners. Every major geographic area of the country is represented. Most respondents have multiple years of experience as real estate agents and therefore should be well-aware of mortgage issues. Respondents, for the most part, work a substantial number of hours at their firm's offices. Both buy-side and listing agents are represented, including agents that produce a high number of transactions in both categories. Finally, a wide spectrum of franchisors and firm sizes is represented.

### Position of Respondent



The vast majority of respondents, 84%, classified themselves as agents or individual brokers. Fourteen percent indicated that they are principals in their firm—broker-owners, partners, president, or owner. Two percent classified themselves as office managers.

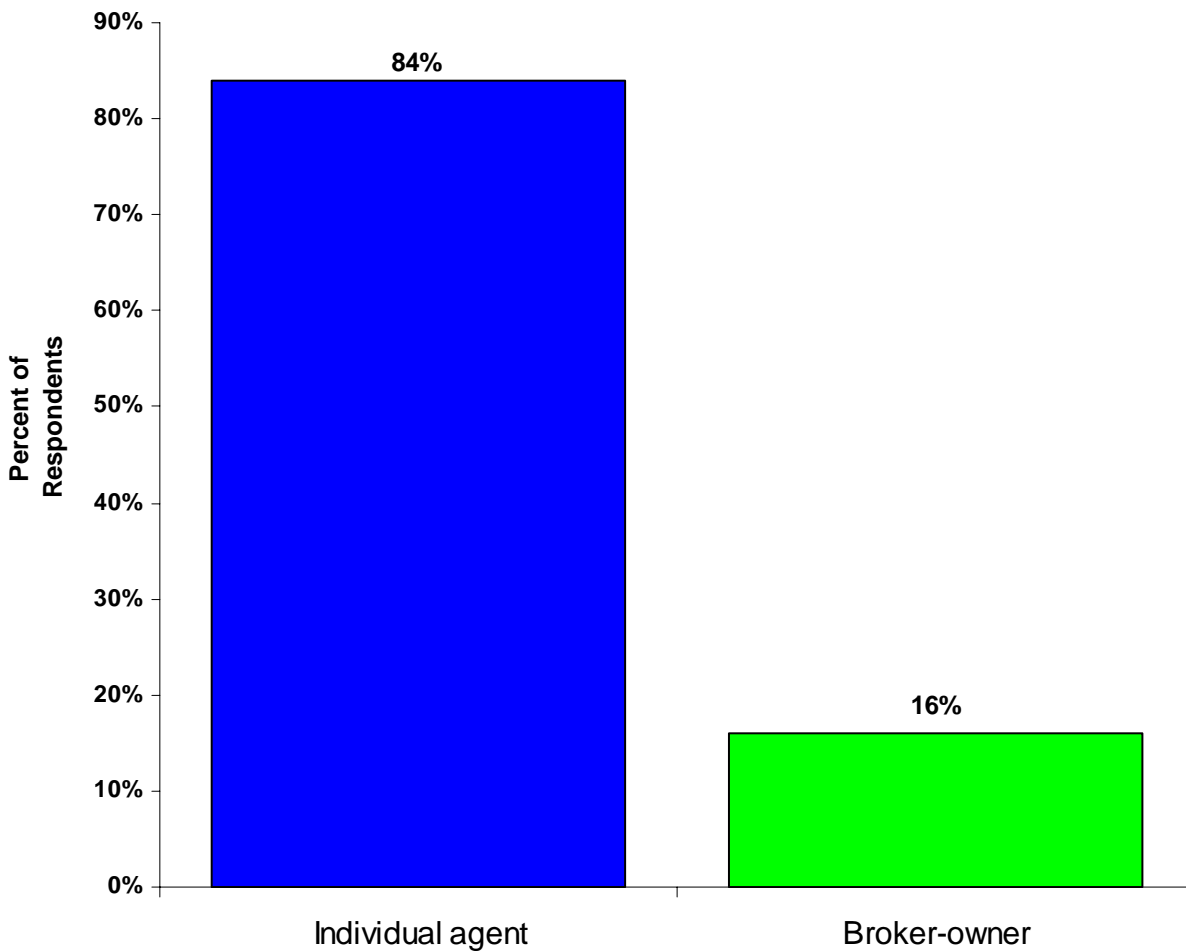
# Geographic Distribution of Responding Agents

	Responses	Percent
California	159	11.6%
Florida	100	7.3%
North Carolina	79	5.8%
Illinois	73	5.3%
Missouri	62	4.5%
Texas	60	4.4%
New York	60	4.4%
Georgia	55	4.0%
Virginia	53	3.9%
Minnesota	51	3.7%
Connecticut	42	3.1%
Pennsylvania	39	2.9%
Ohio	38	2.8%
Michigan	36	2.6%
Indiana	34	2.5%
Wisconsin	31	2.3%
South Carolina	23	1.7%
Washington	22	1.6%
New Hampshire	22	1.6%
Oklahoma	21	1.5%
Kentucky	20	1.5%
Colorado	19	1.4%
Tennessee	19	1.4%
New Jersey	18	1.3%
Iowa	17	1.2%
Nevada	16	1.2%
New Mexico	15	1.1%
Louisiana	15	1.1%
Oregon	14	1.0%
Maine	14	1.0%
Maryland	13	1.0%
Arizona	12	0.9%
Massachusetts	12	0.9%
Nebraska	12	0.9%
Kansas	11	0.8%
Hawaii	10	0.7%
Delaware	10	0.7%
Mississippi	10	0.7%
Utah	8	0.6%
Alabama	8	0.6%
Arkansas	6	0.4%
Montana	6	0.4%
Idaho	5	0.4%
Vermont	4	0.3%
Alaska	4	0.3%
South Dakota	3	0.2%
Rhode Island	3	0.2%
Wyoming	2	0.1%
West Virginia	1	0.1%
Total	1,367	100%

Responding agents were distributed throughout all major regions of the country, with particular concentrations in states with high numbers of real estate transactions, such as California and Florida.

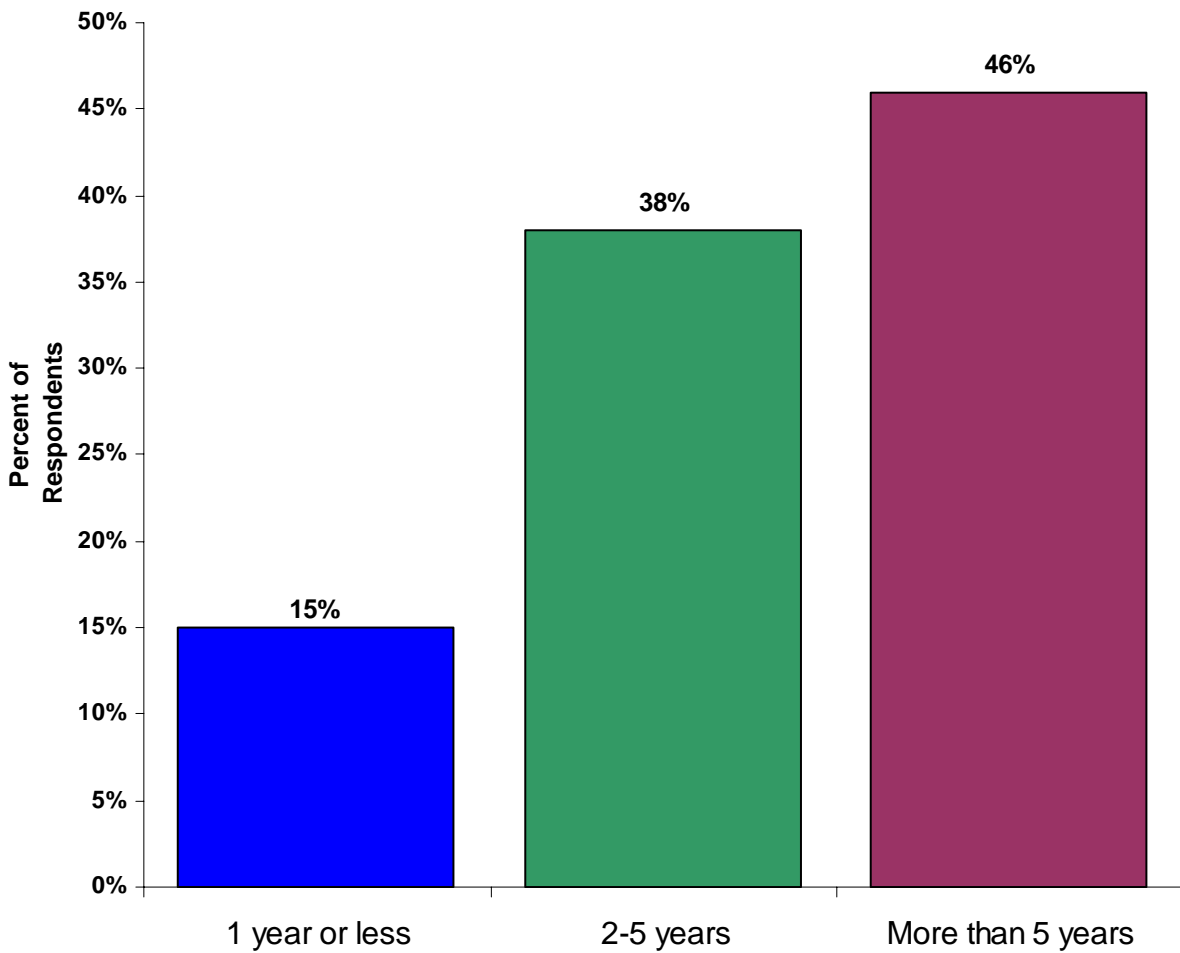


## Individual Agent vs. Broker-Owner



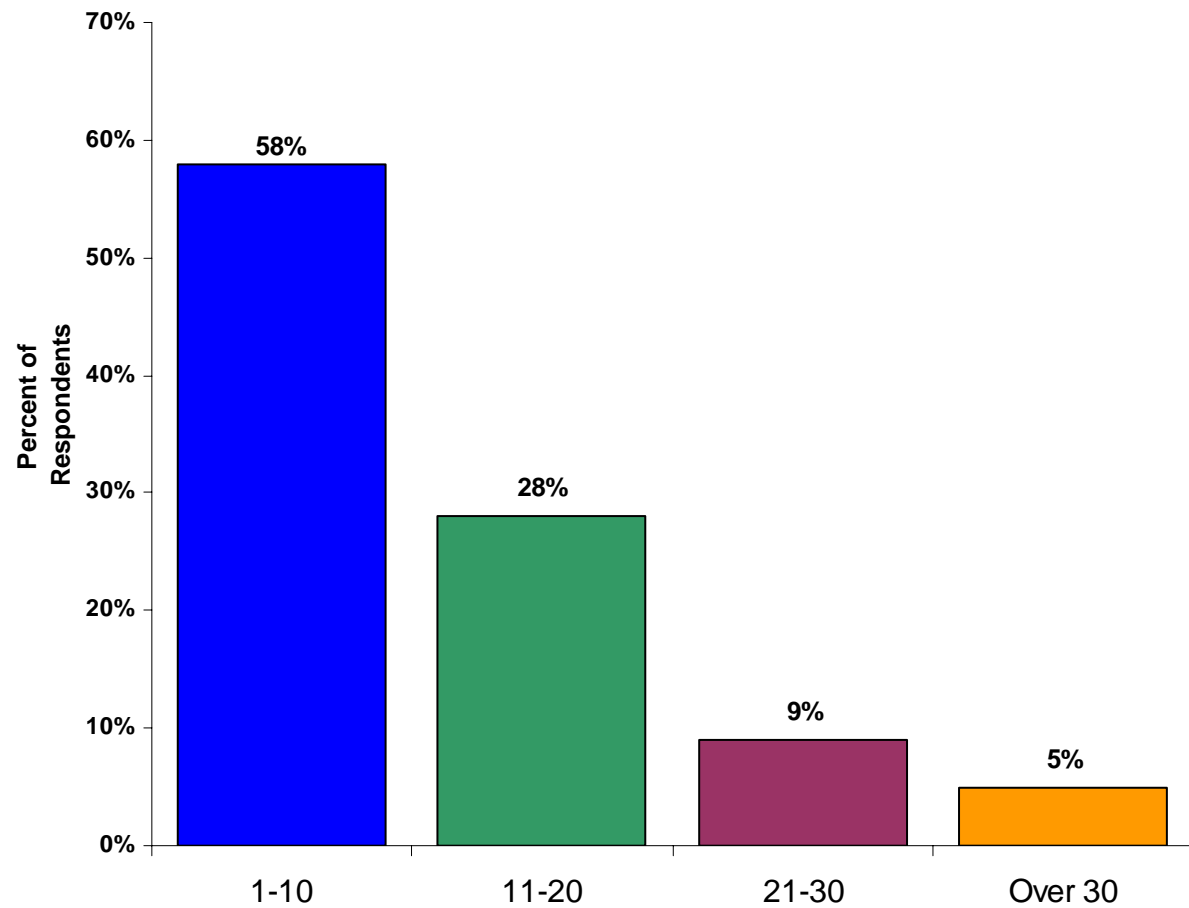
Consistent with the previous question, most respondents, 84%, classified themselves as individual agents. Only 16% classified themselves as broker-owners.

## Tenure as Licensed Agent or Broker



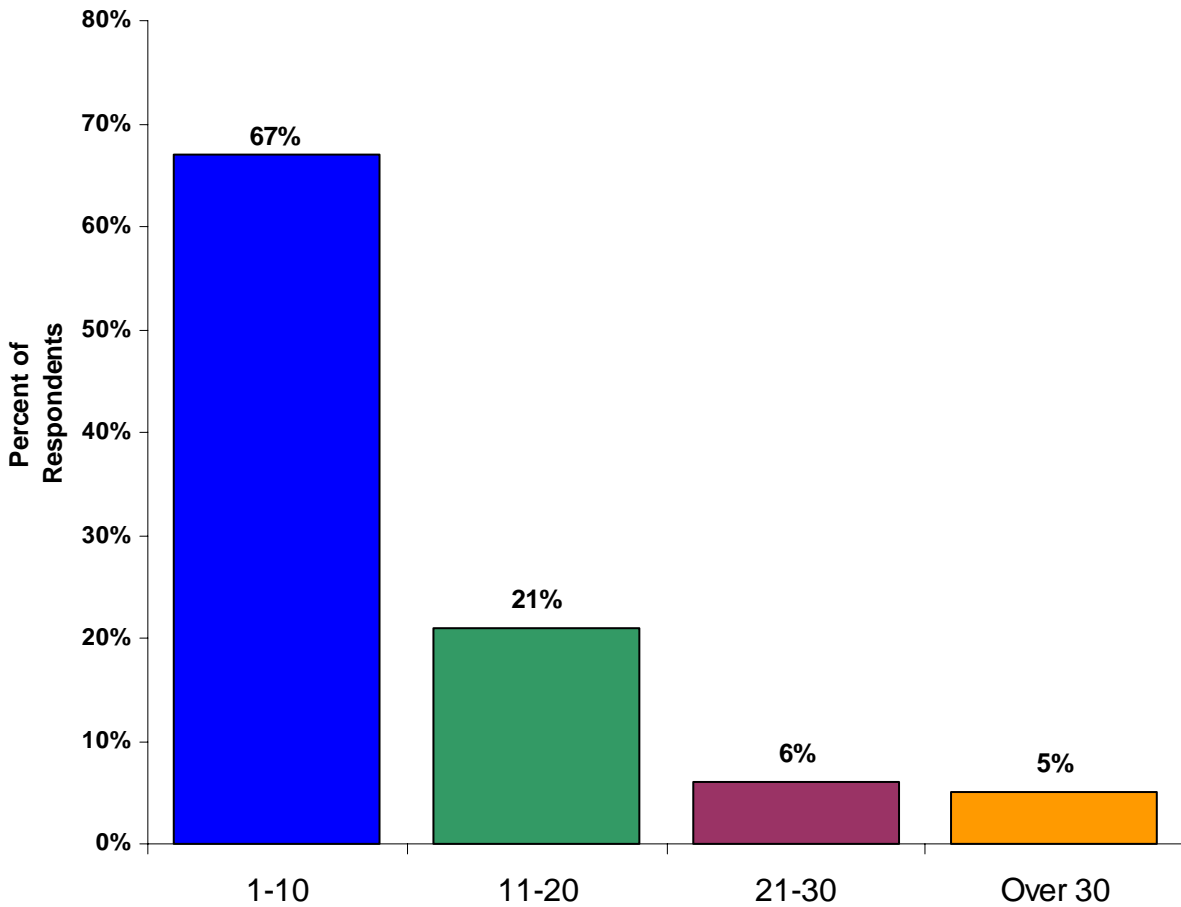
Only 15% of agents had tenure of one year or less. Thirty-eight percent had tenure of 2-5 years; 46% had tenure of more than 5 years.

## Agents by Number of Buy-Side Transactions in Past Year



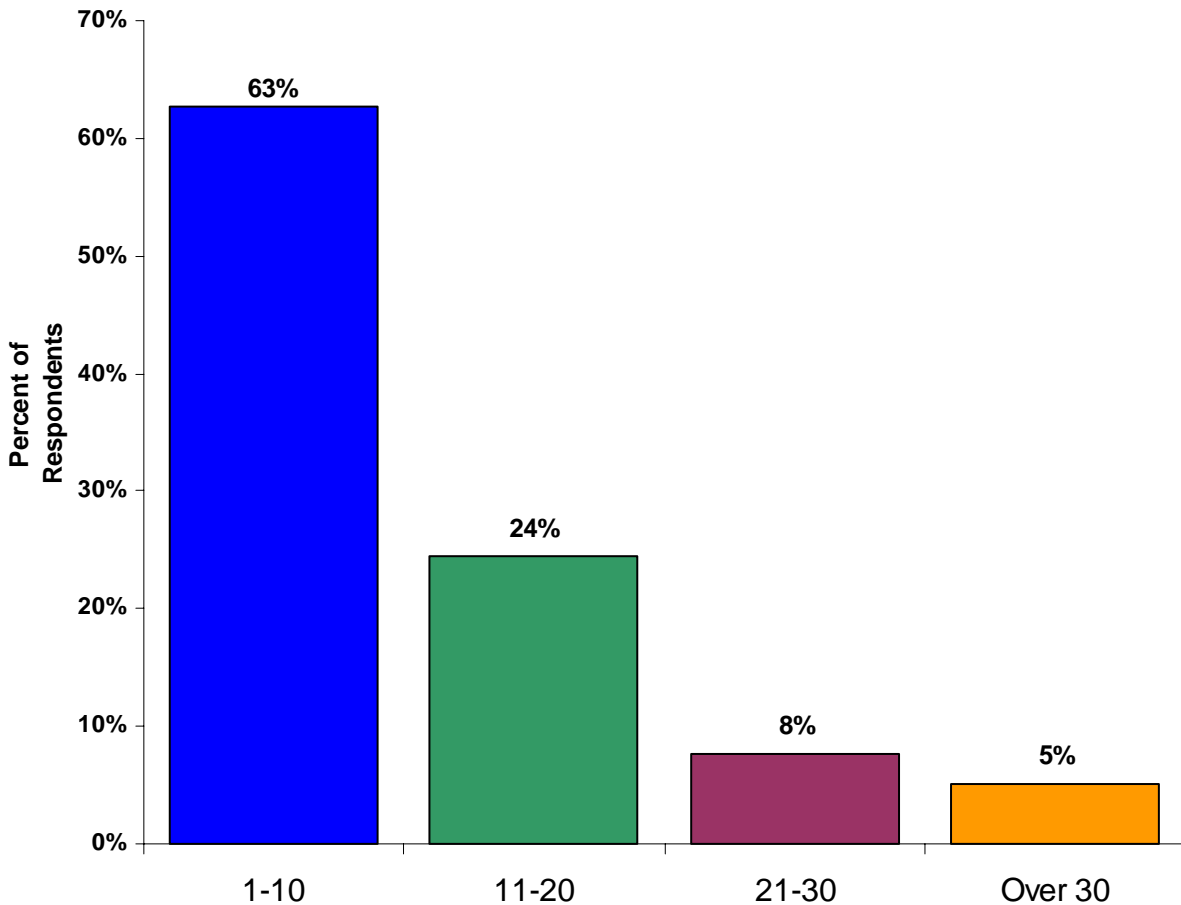
Fifty-eight percent of responding agents participated in 1-10 buy-side transactions in the past year; 5% participated in over 30.

## Agents by Number of Listing Transactions in Past Year



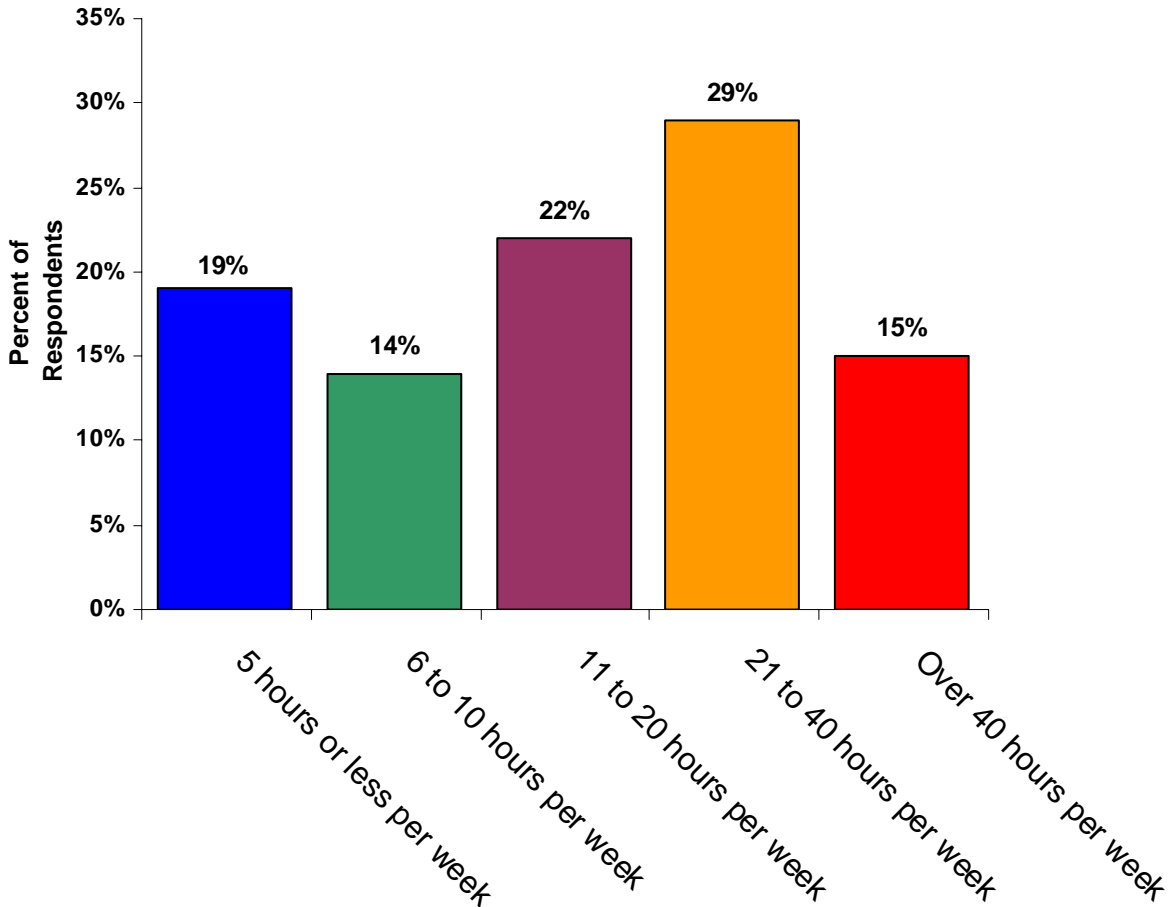
Sixty-seven percent of responding agents had 1-10 listing transactions in the past year; 5% had over 30.

## Agents by Number of Total Transactions in Past Year



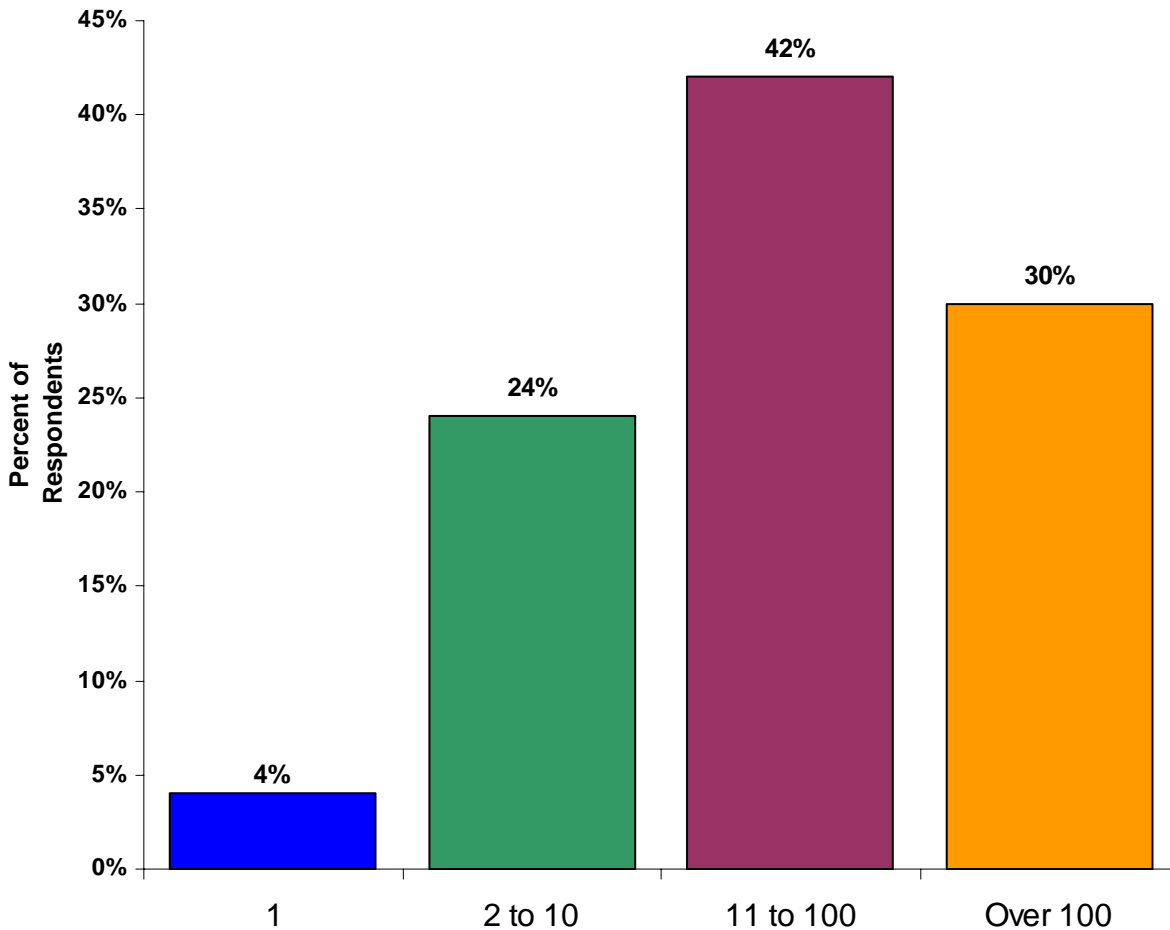
When we examined the total number of transactions, both buy-side and listing, that responding agents personally participated in the past year, we found that 63% of responding agents had 1-10 transactions. Five percent were high-producers, doing more than 30 transactions per year.

## Hours Per Week Spent Working in Brokerage Offices



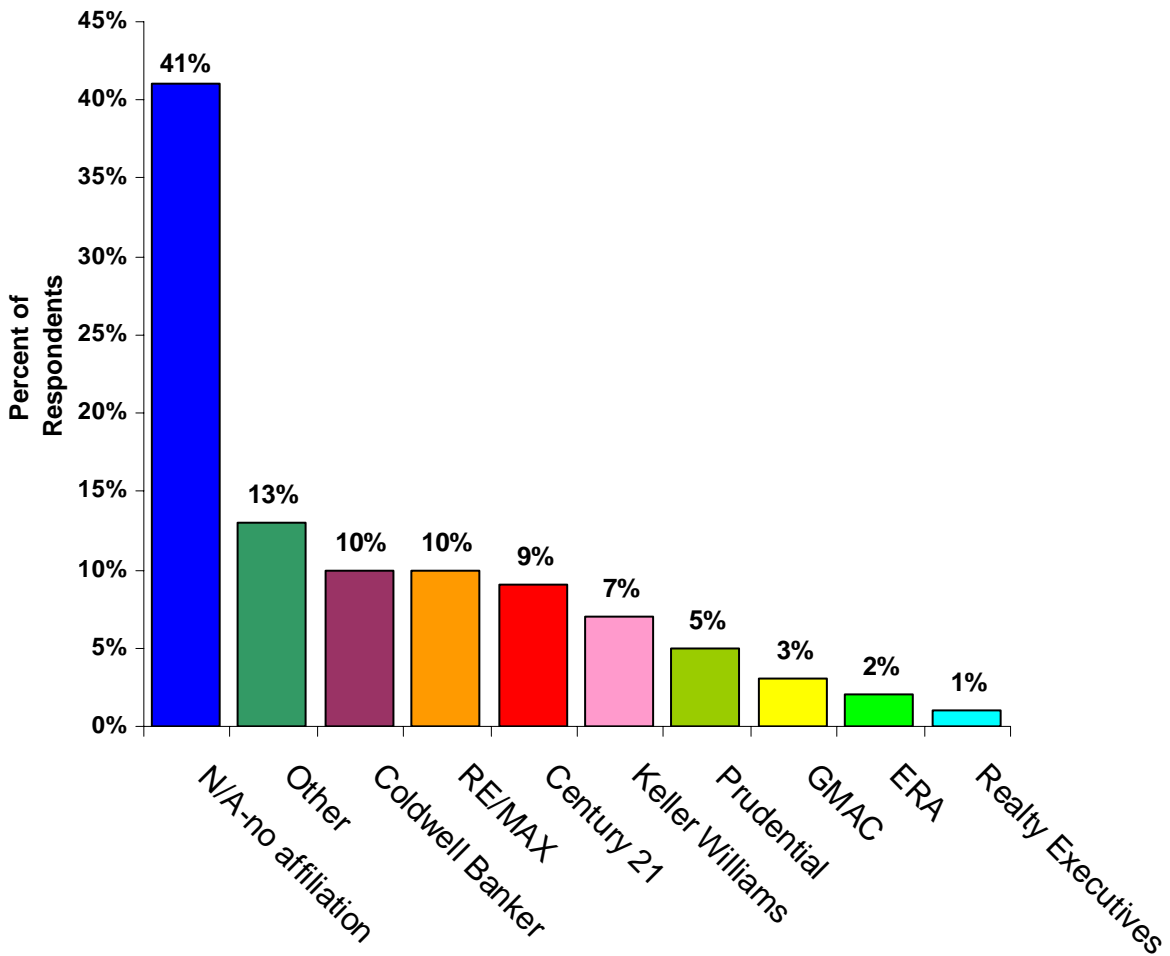
We asked, “Apart from time spent conducting showings, attending closings, working from home, and other out-of-the-office activities, how many hours per week do you typically spend working in your real estate brokerage’s offices?” A plurality of responding agents, 29%, spends between 21 and 40 hours per week working in the brokerage offices. Most agents, 55%, spend 20 hours or less in the office each week.

## Number of Agents at Respondent Firm



Most responding agents work at relatively large firms. Forty-two percent work at firms with 11 to 100 agents; 30% work at firms with more than 100 agents. Still, 24% of responding agents work at firms with only 2 to 10 agents; 4% work at firms with only one agent.

## Franchisor Affiliation of Respondent's Firm



A plurality of responding agents, 41%, has no franchisor affiliation. Among named franchisors, Coldwell Banker and RE/MAX each had 10% of responding agents. Century 21, Keller Williams, and Prudential were also well-represented.



# Survey Instrument



## Annual Real Estate Agent Survey On Mortgage Lending

### Respondent Information

Your Name\*

E-mail Address\*

\* Confidential but required for return of summary survey results

What is your position?

If other

### Respondent Information

Are you an individual agent or a broker-owner?

☐ Individual agent

☐ Broker-owner

How long have you been a licensed agent or broker?

☐ 1 year or less

☐ 2-5 years

☐ More than 5 years

☐ 10 or more

How many real estate transactions did you personally participate in during the past year?

Listing agent:	<input type="text"/>
Buyer's side:	<input type="text"/>

**Apart from time spent conducting showings, attending closings, working from home, and other out-of-the-office activities, how many hours per week do you typically spend working in your real estate brokerage's offices?**

- ☐ 5 hours or less per week
- ☐ 6 to 10 hours per week
- ☐ 11 to 20 hours per week
- ☐ 21 to 40 hours per week
- ☐ Over 40 hours per week

### **Company Information**

**State where your office is located:**

Select State



**Approximately how many agents does your firm have?**

- ☐ 1
- ☐ 2 to 10
- ☐ 11 to 100
- ☐ Over 100

**What is your firm's franchisor affiliation, if any?**

- ☐ N/A-no affiliation
- ☐ Century 21
- ☐ Coldwell Banker
- ☐ ERA
- ☐ GMAC
- ☐ Keller Williams
- ☐ Prudential
- ☐ Realty Executives
- ☐ RE/MAX
- ☐ Other

## Issues with Mortgage Providers

In your experience, what are the most significant issues with direct lenders, mortgage affiliates, mortgage brokers, and other types of mortgage providers? (check all that apply)

- ☐ Appraisals scheduled at last minute
- ☐ Cannot schedule prompt closing date
- ☐ Centralized call centers give poor service
- ☐ Closing costs higher than expected
- ☐ Closing dates missed
- ☐ Employment and income verifications at last minute
- ☐ HUD-1 statement not available one day before closing
- ☐ Inflexible underwriting
- ☐ Mortgage providers without local representatives give poor service
- ☐ Loan officers not well trained
- ☐ Mortgage provider will not return phone calls & emails
- ☐ Mortgage provider does not communicate loan status
- ☐ Mortgage brokers switch lenders shortly before closing
- ☐ Non-local mortgage providers don't know our laws and customs
- ☐ Rate changes and/or rate lock expirations
- ☐ Pre-approval letters not reliable
- ☐ Prepayment penalties on prior mortgage not anticipated
- ☐ Poor service by local loan officers
- ☐ Unethical behavior
- ☐ Other (please explain below)

Comments on issues with mortgage providers:



## Pre-Approval Letters

What percent of your homebuyers are already pre-approved for a mortgage when you first meet them?

- ☐ 0%
- ☐ 10%
- ☐ 20%
- ☐ 30%
- ☐ 40%
- ☐ 50%
- ☐ 60%
- ☐ 70%
- ☐ 80%
- ☐ 90%
- ☐ 100%

For each of the following types of mortgage providers, please select, in your experience, the approximate percent of pre-approval letters that turn out to be invalid because homebuyer income, credit, or assets were not correctly verified: (If no experience with a category, please leave blank.)

	0%	5%	10%	25%	50%	75%	100%
<b>Credit union:</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Internet lender:</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Local bank:</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Mortgage broker (represents multiple lenders):</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Mortgage partner of my firm:</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>National lender not partnered with my firm:</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If a national organization, such as a trade group, developed a standard form for pre-approval letters, showing which conditions have been examined and which conditions are still outstanding, would you be more or less likely to recommend mortgage providers using this standard pre-approval form?

- ☐ Much more likely to recommend
- ☐ Somewhat more likely to recommend
- ☐ No change in recommendations
- ☐ Less likely to recommend
- ☐ Much less likely to recommend

## **Mortgage Partnerships**

**Does your real estate brokerage have preferred partnerships with one or more mortgage providers?**

- ☐ **Yes**
- ☐ **No**

**If you answered yes to the preceding question, which arrangement best describes your firm's mortgage partnership?**

- ☐ **Mortgage company wholly-owned by our firm**
- ☐ **Mortgage company wholly-owned by our franchisor**
- ☐ **Desk or office rental**
- ☐ **Joint venture**
- ☐ **Formal marketing alliance**
- ☐ **Informal arrangement blessed by firm management**
- ☐ **Don't know**
- ☐ **Not applicable—we have no preferred mortgage partner**

**How many preferred mortgage partners does your firm have?**

- ☐ **None**
- ☐ **1**
- ☐ **2**
- ☐ **3**
- ☐ **4 or more**

**Does at least one preferred mortgage partner operate out of your company's offices?**

- ☐ **Yes**
- ☐ **No**

## Access of Mortgage Loan Officers

How often do partnered loan officers attend your company's internal meetings, such as weekly sales meetings?

- ☐ Frequently
- ☐ Sometimes
- ☐ Never

How often do non-partnered loan officers attend your company's internal meetings, such as weekly sales meetings?

- ☐ Frequently
- ☐ Sometimes
- ☐ Never

Are loan officers of non-partnered mortgage providers allowed to make sales calls within your company's offices?

- ☐ Yes
- ☐ No

Are loan officers of non-partnered mortgage providers allowed to use your company's mailboxes to distribute rate sheets and other promotional materials?

- ☐ Yes
- ☐ No

What is the most common way that non-partnered loan officers make contact with you?

- ☐ Mailed or dropped-off rate sheets
- ☐ Office visits
- ☐ Open houses
- ☐ Unsolicited phone calls
- ☐ Other (please specify)

## Mortgage Provider Recommendation

For what percent of your transactions do you recommend specific mortgage provider(s) to the homebuyer?

- ☐ 10% or less
- ☐ 25%
- ☐ 50%
- ☐ 75%
- ☐ 90% or more

How many mortgage providers do you usually recommend for a single transaction to a homebuyer?

- ☐ n/a—I do not recommend mortgage providers
- ☐ 1
- ☐ 2
- ☐ 3
- ☐ 4 or more

When you do not recommend any mortgage provider to a homebuyer, what are your significant reasons? (check all that apply)

- ☐ Homebuyer was already pre-approved
- ☐ Homebuyer has existing relationship with mortgage provider
- ☐ When a listing agent, I do not recommend mortgage providers
- ☐ Don't want to be responsible for mortgage problems
- ☐ Don't want to get in RESPA trouble
- ☐ Consider it a conflict of interest
- ☐ Not knowledgeable about mortgage providers
- ☐ Other (please specify)

## Reasons for Recommending Mortgage Partner

In your estimation, what percent of your transactions have a mortgage provided by a mortgage partner of your firm?

- ☐ 0% -- No preferred mortgage partners
- ☐ 1-5%
- ☐ 6-10%
- ☐ 11-25%
- ☐ 26-50%
- ☐ Over 50%

When you recommend a mortgage partner of your firm, what are the significant reasons? (check all that apply)

- ☐ n/a—No preferred mortgage partners
- ☐ Loan officer is located in my office
- ☐ Good relationship with loan officer
- ☐ Good service
- ☐ Good rates
- ☐ Dependable with closing dates
- ☐ Loan products to fit this homebuyer
- ☐ I trust mortgage partner selected by my firm
- ☐ Using our mortgage partner helps my firm be flexible on commission splits
- ☐ I am evaluated by firm management on referrals to our mortgage partner
- ☐ Other (please specify)

Apart from times when the homebuyer has already found another mortgage provider, when you do not recommend a mortgage partner of your firm, what are the significant reasons? (check all that apply)

- ☐ n/a—No preferred mortgage partners
- ☐ Better relationship with another loan officer
- ☐ Past experience with poor service from mortgage partner
- ☐ Better rates available from another mortgage provider
- ☐ Undependable with closing dates
- ☐ Homebuyer may not get approved with partner and/or has credit problems
- ☐ Mortgage partner uses centralized call center
- ☐ I consider it a conflict of interest to recommend mortgage partner
- ☐ Other (please specify)



## Homebuyer Acceptance of Mortgage Recommendations

What percent of the time does the homebuyer actually use one of the mortgage provider(s) you recommended?




- ☐ 10% or less
- ☐ 25%
- ☐ 50%
- ☐ 75%
- ☐ 90% or more

When a homebuyer does not use a mortgage provider that you recommend, what are the significant reasons? (check all that apply)




- ☐ Already had pre-approval letter
- ☐ Homebuyer used another lender referred by family or friend
- ☐ Existing banking relationship
- ☐ Homebuyer found lender on internet
- ☐ Better rate & terms at another mortgage provider
- ☐ Could not get approved by recommended mortgage provider
- ☐ Recommended mortgage provider could not meet closing date
- ☐ Other (please specify)

## Specific Mortgage Recommendations

For homebuyers with these situations, which type of mortgage provider would you most likely recommend?

<b>Good credit:</b>	Select one 
<b>Credit problems:</b>	Select one 
<b>Unable to document income:</b>	Select one 

For homebuyers with these situations, which direct lender (not a mortgage broker) would you most likely recommend?

<b>Good credit:</b>	Select Lender 
<b>Credit problems:</b>	Select Lender 
<b>Unable to document income:</b>	Select Lender 

## Reasons for Recommending a Direct Lender

When you recommend a direct lender (not a mortgage broker), please rate the importance of the following reasons on a scale of 1 to 10:

### Customer Service & Reputation

1 = Not Important 10=Very Important

	1	2	3	4	5	6	7	8	9	10
Good relationship with loan officer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Has local loan officer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Returns phone calls & emails	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Available most anytime, including evenings and weekends	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Knows local laws and customs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Partnership with my firm	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Shares office space with my firm	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reliable in meeting closing date	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financial compensation to homebuyer for missed closing date	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Homebuyers know and trust lender brand	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Underwriting & Processing

1 = Not Important 10=Very Important

	1	2	3	4	5	6	7	8	9	10
Quick pre-approval letters	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reliable pre-approval letters	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Prompt underwriting and closing dates	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grants underwriting exceptions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Can easily check status of underwriting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Works well with appraisers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
HUD-1 provided one day in advance of closing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Rates & Closing Costs

1 = Not Important 10=Very Important

	1	2	3	4	5	6	7	8	9	10
Competitive rates	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Low closing costs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Guaranteed closing costs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Loan Programs

1 = Not Important 10=Very Important

	1	2	3	4	5	6	7	8	9	10
Loans for homebuyers with <u>good credit</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Loans for homebuyers with <u>credit problems</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Loans for homebuyers <u>unable to document income</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Loan programs to fit nearly any homebuyer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Rating of Direct Lender

Please select a direct lender (not a mortgage broker) from this list that you would recommend for homebuyers:

Select Lender ▼

Please rate this lender on the following factors:

### Customer Service & Reputation

1 = Poor 10=Excellent

	1	2	3	4	5	6	7	8	9	10
Good relationship with loan officer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Has local loan officer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Returns phone calls & emails	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Available most anytime, including evenings and weekends	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Knows local laws and customs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Partnership with my firm	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Shares office space with my firm	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reliable in meeting closing date	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financial compensation to homebuyer for missed closing date	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Homebuyers know and trust lender brand	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Underwriting & Processing

1 = Poor 10=Excellent

	1	2	3	4	5	6	7	8	9	10
Quick pre-approval letters	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reliable pre-approval letters	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Prompt underwriting and closing dates	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grants underwriting exceptions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Can easily check status of underwriting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Works well with appraisers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
HUD-1 provided one day in advance of closing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Rates & Closing Costs

1 = Poor 10=Excellent

	1	2	3	4	5	6	7	8	9	10
Competitive rates	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Low closing costs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Guaranteed closing costs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

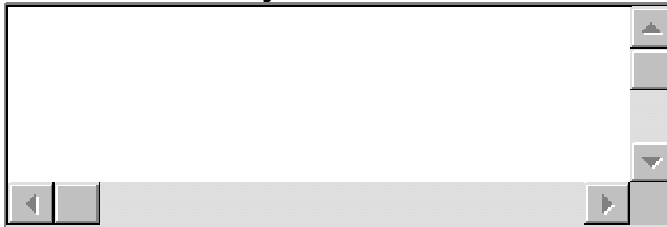
## Loan Programs

1 = Poor 10=Excellent

	1	2	3	4	5	6	7	8	9	10
Loans for homebuyers with <u>good credit</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Loans for homebuyers with <u>credit problems</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Loans for homebuyers <u>unable to document income</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Loan programs to fit nearly any homebuyer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Other Optional Comments

Other optional comments about mortgage providers, the mortgage process, and/or this survey:



*Thanks for completing this survey.*

## Industry View



The following section contains recent reports from Inside Mortgage Finance.



# Nontraditional Mortgage Products Continue Propping Up New Production; Countrywide Extends Lead

The big surge of nontraditional mortgage lending that dominated the market in 2004 continued to flavor a cooling home loan business early this year, according to a new market analysis and ranking by *Inside Mortgage Finance*.

Total mortgage originations declined slightly in the first quarter of 2005, dropping 6.5 percent from the final three months of last year to an estimated \$645.0 billion. That was still about 4.0 percent more business than was produced a year ago in the first quarter of 2004.

Importantly, a number of indicators point to a continuing boom in subprime, Alternative A and home-equity lending as this year takes shape. New issuance of prime jumbo MBS and Alt A securities jumped 5.7 percent from already high levels in the fourth quarter of 2004, according to *Inside MBS & ABS*, an affiliated newsletter, and reached a record \$125.08 billion in the first three months of this year. Jumbo and Alt A MBS production in the first quarter was up nearly double the level reached during the same period of 2004.

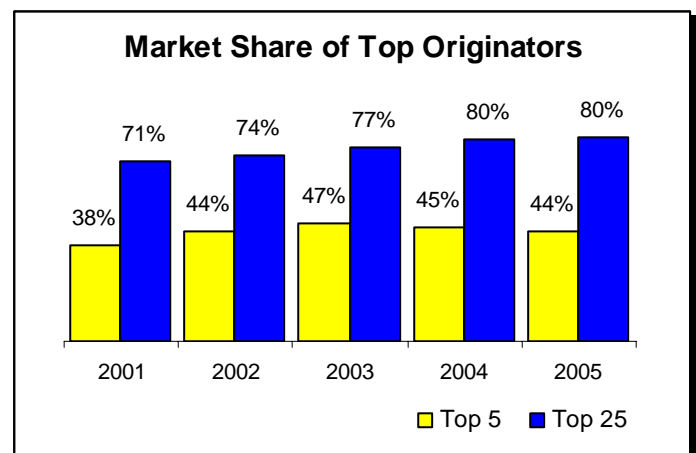
Subprime MBS activity also remains at historically high levels. Although the \$102.9 billion of subprime mortgages securitized in the first three months represented a 6.3 percent decline from the previous period – and the second quarterly decline in a row – it was still the third best quarter ever for the subprime MBS market.

A perusal of the top 40 lenders shows a large number of firms growing from their expertise in nontraditional mortgage products. In fact, 10 of the top 25 originators focus heavily on the subprime and Alt A markets, and most of the others have strong nontraditional mortgage programs.

## **Traditional Product Slump**

Meanwhile, the so-called agency market continued to lose momentum in the first quarter of this year. VA and FHA originations sagged 4.9 percent and 12.2 percent, respectively, from the fourth quarter of 2004, and business was down more than 45 percent from year-ago levels.

New business volume at Fannie Mae and Freddie Mac was down 13.1 percent from the fourth quarter to the first three months of 2005, and trailed year-ago levels by a similar amount. Included in the estimated \$239.8 billion of new business by the two government-sponsored enterprises are subprime and Alt A purchases made indirectly through the non-agency MBS market. According to *Inside MBS & ABS* data, a total of \$64.37 billion of subprime, Alt A and nontraditional prime securities were tailored for sale to the GSEs, just in the first quarter.



# Mortgage Origination Indicators

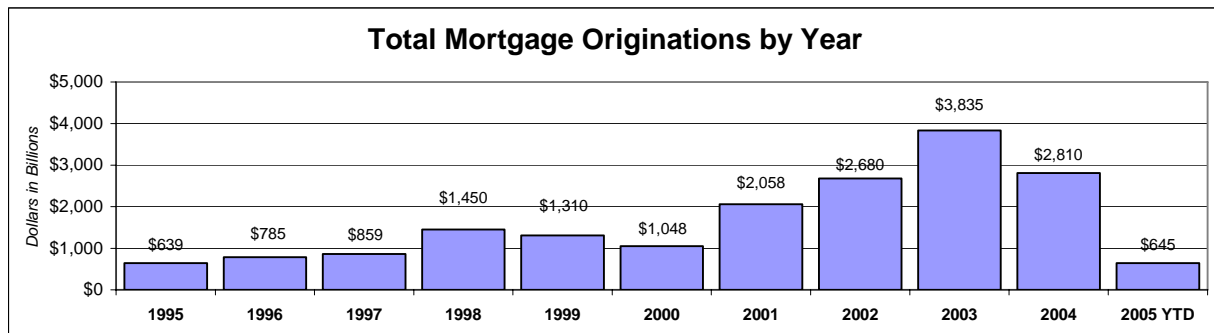
(Dollars in Billions)

Year/ Quarter	VA Orig- inations	FHA End- orsements	Fannie/Freddie New Business	New Priv. MI Volume	Originations Top 25 Lenders	Jumbo/Alt A MBS Issues	B&C MBS Issuance	Total Originations
90-Year	\$18.80	\$51.86	\$190.33	\$38.96	\$130.08	\$24.43	n.a.	\$458.44
91-Year	\$15.45	\$46.99	\$242.90	\$53.97	\$150.51	\$39.77	n.a.	\$562.07
92-Year	\$25.21	\$48.32	\$452.26	\$101.05	\$272.09	\$74.49	n.a.	\$893.67
93-Year	\$41.59	\$79.13	\$524.77	\$136.77	\$372.96	\$97.33	n.a.	\$1,019.86
94-Year	\$49.49	\$91.62	\$288.27	\$131.40	\$258.53	\$62.86	\$11.05	\$773.12
95-Year	\$23.94	\$45.31	\$230.99	\$109.62	\$252.17	\$34.93	\$18.47	\$639.43
96-Year	\$31.54	\$71.66	\$300.36	\$126.97	\$317.29	\$38.44	\$35.21	\$785.33
97-Year	\$26.87	\$74.30	\$290.26	\$120.90	\$383.46	\$63.47	\$62.31	\$859.12
98-Year	\$42.57	\$103.16	\$657.39	\$187.31	\$779.54	\$133.49	\$82.58	\$1,450.00
99-Year	\$49.55	\$122.28	\$640.82	\$188.88	\$732.33	\$92.86	\$60.64	\$1,310.00
00-Year	\$22.21	\$93.12	\$467.27	\$163.14	\$636.65	\$70.29	\$55.94	\$1,048.00
01-I	\$6.21	\$26.19	\$186.12	\$50.99	\$255.60	\$26.70	\$16.57	\$389.00
01-II	\$9.17	\$31.46	\$291.75	\$73.27	\$381.66	\$31.13	\$16.35	\$540.00
01-III	\$9.96	\$35.20	\$284.30	\$76.68	\$360.03	\$41.93	\$19.29	\$495.00
01-IV	\$10.09	\$38.39	\$327.71	\$81.98	\$460.61	\$52.82	\$43.47	\$634.00
01-Year	\$35.43	\$131.24	\$1,089.88	\$282.92	\$1,457.90	\$152.58	\$95.68	\$2,058.00
02-I	\$11.72	\$40.90	\$349.25	\$76.72	\$406.08	\$45.40	\$26.69	\$565.00
02-II	\$9.05	\$36.28	\$274.51	\$86.82	\$365.36	\$47.26	\$24.14	\$500.00
02-III	\$9.27	\$33.43	\$323.84	\$77.74	\$501.52	\$62.74	\$31.33	\$685.00
02-IV	\$11.91	\$34.44	\$543.71	\$95.82	\$697.52	\$67.25	\$39.52	\$930.00
02-Year	\$41.95	\$145.05	\$1,491.30	\$337.10	\$1,970.48	\$222.65	\$121.68	\$2,680.00
03-I	\$14.81	\$39.45	\$508.64	\$97.09	\$687.21	\$73.40	\$38.34	\$879.00
03-II	\$16.65	\$41.82	\$627.50	\$102.72	\$829.89	\$77.18	\$48.99	\$1,080.00
03-III	\$19.88	\$44.47	\$698.18	\$118.48	\$902.41	\$83.48	\$51.48	\$1,202.00
03-IV	\$14.81	\$39.60	\$415.17	\$86.00	\$502.93	\$77.54	\$63.70	\$674.00
03-Year	\$66.15	\$165.33	\$2,249.48	\$404.29	\$2,922.44	\$311.61	\$202.52	\$3,835.00
04-I	\$10.82	\$27.87	\$276.79	\$59.20	\$485.58	\$62.95	\$72.74	\$620.00
04-II	\$10.60	\$26.71	\$378.29	\$72.01	\$660.68	\$102.58	\$92.95	\$820.00
04-III	\$7.90	\$21.79	\$288.83	\$67.65	\$539.60	\$109.67	\$125.98	\$680.00
04-IV	\$5.99	\$17.30	\$276.06	\$65.97	\$553.48	\$118.29	\$109.80	\$690.00
04-Year	\$35.31	\$93.66	\$1,219.97	\$264.83	\$2,239.36	\$393.49	\$401.46	\$2,810.00
05-I	\$5.69	\$15.19	\$242.21	\$53.25	\$518.05	\$125.08	\$102.89	\$645.00

## Change:

4Q04-1Q05	-4.9%	-12.2%	-12.3%	-19.3%	-6.4%	5.7%	-6.3%	-6.5%
1Q04-1Q05	-47.4%	-45.5%	-12.5%	-10.1%	6.7%	98.7%	41.5%	4.0%

[Notes: Numbers in italics are Inside Mortgage Finance estimates.]



Sources: VA, FHA, HUD, Fannie Mae, Freddie Mac, MICA, Inside Mortgage Finance

# Top 40 Mortgage Originators in 2005

(For 3 Months - Dollars in Billions)

Rank	Lender	2005		2004		2004 Rank
		Volume	Mkt. Share	Volume	% Change	
1	Countrywide Financial, CA	\$91.46	14.2%	\$76.20	20.0%	1
2	Wells Fargo Home Mortgage, IA	\$64.79	10.0%	\$64.74	0.1%	2
3	Washington Mutual, WA	\$54.14	8.4%	\$54.14	0.0%	3
4	Chase Home Finance, NJ	\$38.52	6.0%	\$42.22	-8.8%	4
5	Bank of America Mtg. & Affiliates, NC	\$32.83	5.1%	\$30.14	8.9%	5
6	CitiMortgage Inc., MO	\$27.24	4.2%	\$22.53	20.9%	6
7	GMAC Mortgage Corp., PA	\$22.30	3.5%	\$17.69	26.1%	7
8	Ameriquest Mortgage Co., CA	\$21.00	3.3%	\$17.11	22.7%	8
9	National City Mortgage Co., OH	\$14.97	2.3%	\$15.02	-0.3%	10
10	GMAC-RFC, MN	\$13.59	2.1%	\$13.73	-1.0%	12
11	Aurora Loan Servicing, CO	\$12.93	2.0%	\$15.25	-15.2%	9
12	IndyMac, CA	\$11.98	1.9%	\$6.90	73.5%	21
13	Golden West Financial, CA (World Savings)	\$11.20	1.7%	\$9.40	19.1%	15
14	ABN AMRO Mortgage Group, MI	\$10.41	1.6%	\$14.68	-29.1%	11
15	New Century Financial Corp., CA	\$10.20	1.6%	\$8.40	21.4%	16
16	GreenPoint Mortgage Funding Inc., CA	\$10.02	1.6%	\$8.21	22.0%	17
17	PHH Mortgage, NJ	\$9.41	1.5%	\$11.25	-16.4%	13
18	First Horizon Home Loans, TX	\$9.18	1.4%	\$7.83	17.2%	18
19	Wachovia Bank, NC	\$9.17	1.4%	\$7.26	26.3%	19
20	SunTrust Mortgage Inc., VA	\$8.65	1.3%	\$6.45	34.1%	22
21	Flagstar Bank, MI	\$7.42	1.2%	\$9.52	-22.1%	14
22	American Home Mortgage Corp., NY	\$7.26	1.1%	\$4.41	64.6%	29
23	Option One Mortgage, CA	\$7.00	1.1%	\$5.59	25.2%	25
24	Fremont General Corp., CA	\$6.40	1.0%	\$5.09	25.7%	26
25	HSBC Finance, IL	\$6.25	1.0%	\$7.00	-10.7%	24
26	WMC Mortgage Corp., CA	\$6.12	0.9%	\$2.89	111.8%	40
27	First Franklin Financial, CA	\$5.57	0.9%	\$5.64	-1.2%	23
28	Wachovia Mortgage, NC	\$4.75	0.7%	\$3.39	40.1%	36
29	Impac Mortgage Holdings, CA	\$4.55	0.7%	\$3.47	31.2%	35
30	US Bank Home Mortgage, MN	\$4.50	0.7%	\$3.73	20.6%	33
31	HSBC Mortgage Corp., NY	\$4.41	0.7%	\$5.64	-21.8%	24
32	Ohio Savings Bank, OH	\$4.40	0.7%	\$4.05	8.7%	30
33	Downey Savings, CA	\$3.87	0.6%	\$2.65	46.0%	43
34	CitiFinancial, NY	\$3.67	0.6%	\$4.85	-24.3%	27
35	Quicken Loans Inc., MI	\$3.30	0.5%	\$2.34	41.0%	46
36	Provident Funding, CA	\$3.28	0.5%	\$4.00	-18.0%	31
37	Accredited Home Lenders, CA	\$3.23	0.5%	\$2.38	35.7%	45
38	First Magnus Financial, AZ	\$3.15	0.5%	\$3.50	-10.0%	34
39	RBC Mortgage Co., IL	\$2.97	0.5%	\$3.94	-24.6%	32
40	Guaranty Bank, TX	\$2.90	0.4%	\$3.24	-10.5%	38
<b>Total Top 40 Mortgage Originations:</b>		<b>\$579.0</b>	<b>89.8%</b>	<b>\$536.5</b>	<b>7.9%</b>	
<b>Total Mortgage Originations:</b>		<b>\$645.0</b>	<b>100.0%</b>	<b>\$620.0</b>	<b>4.0%</b>	

Note: Based on lender surveys covering 1-4 family residential mortgage originations, including all product types and production channels. Estimates by Inside Mortgage Finance are in italics, and are based on securities disclosures, call reports, HMDA data and other sources.

[Notice: Inside Mortgage Finance's top originator ranking is copyrighted material. Any reference to the ranking in news releases, SEC filings, internal documents, etc. should cite Inside Mortgage Finance as the source.]

Source: Inside Mortgage Finance

Given the strong presence of nontraditional product specialists in the top tier of lenders, it's not surprising that the originations business continued to become more concentrated. The top 25 lenders accounted for a record 80.3 percent of total originations during the first quarter, up from 79.6 percent for all of 2004.

As was the case last year, most of the gain came among lenders below the top five level, where most of the nontraditional product specialists are. The combined market share of the top five lenders dropped from the all-time peak of 46.7 percent in 2003 to 44.8 percent last year and just 43.7 percent in the first quarter of 2005.

### ***Countrywide Builds its Lead***

Countrywide Financial continued to pull away from the rest of the industry in terms of new originations. The company reported a total of \$91.46 billion in first quarter production, a 20 percent increase over its year-ago volume. While that was down 4.0 percent from Countrywide's fourth quarter originations of \$95.32 billion, the company's market share edged up to 14.3 percent from 12.9 percent for all of 2004.

Wells Fargo remained in second place, but fell well behind Countrywide in total originations. Wells reported \$64.79 billion in first quarter production, a decline of 6.3 percent from the end of 2004 and about even with its volume in the first three months of last year. Washington Mutual stayed in third place, although its \$54.14 billion in new originations was down 8.2 percent from the fourth quarter.

Fourth-place Chase Home Finance had one of the bigger quarterly declines, as its originations fell 13.3 percent from the fourth quarter of 2004 to \$38.52 billion in early 2005. Bank of America rounded out the top five and reported a 5.0 percent drop from the previous quarter, to \$32.83 billion.

Not many top 40 lenders managed to increase their production levels from the end of last year. Sixth-ranked CitiMortgage reported \$27.24 billion in first quarter production, up 4.6 percent from the previous period, and GMAC Residential Funding Corp. posted an 11.4 percent quarterly increase, to \$13.59 billion. Aurora Loan Servicing, a Lehman Brothers subsidiary specializing in Alt A lending, and IndyMac – another Alt A specialist – showed modest quarter-to-quarter increases in new production. ♦

# Top 20 Purchase-Money Lenders in 2005

(For 3 Months - Dollars in Billions)

Rank	Lender	Purchase Activity		Total Originations	
		Volume	Mkt Share	Volume	Purchase Share
1	Countrywide Financial, CA	\$41.22	13.7%	\$91.46	45.1%
2	Wells Fargo Home Mortgage, IA	\$34.74	11.6%	\$64.79	53.6%
3	Bank of America Mtg. & Affiliates, NC	\$23.33	7.8%	\$32.83	71.1%
4	Chase Home Finance, NJ	\$17.33	5.8%	\$38.52	45.0%
5	Washington Mutual, WA	\$16.50	5.5%	\$54.14	30.5%
6	CitiMortgage Inc., MO	\$13.63	4.5%	\$27.24	50.0%
7	GMAC Mortgage Corp., PA	\$8.70	2.9%	\$22.30	39.0%
8	Aurora Loan Servicing, CO	\$7.18	2.4%	\$12.93	55.5%
9	National City Mortgage Co., OH	\$6.38	2.1%	\$14.97	42.6%
10	PHH Mortgage, NJ	\$6.16	2.1%	\$9.41	65.5%
11	GMAC-RFC, MN	\$5.90	2.0%	\$12.56	47.0%
12	GreenPoint Mortgage Funding Inc., CA	\$4.90	1.6%	\$10.02	48.9%
13	IndyMac, CA	\$4.90	1.6%	\$11.60	42.2%
14	SunTrust Mortgage Inc., VA	\$4.86	1.6%	\$8.65	56.2%
15	Ameriquest Mortgage Co., CA	<i>\$4.79</i>	1.6%	<i>\$20.13</i>	23.8%
16	First Horizon Home Loans, TX	\$4.44	1.5%	\$9.18	48.3%
17	Flagstar Bank, MI	\$4.28	1.4%	\$7.42	57.7%
18	American Home Mortgage Corp., NY	\$3.78	1.3%	\$7.26	52.1%
19	New Century Financial Corp., CA	\$3.62	1.2%	\$10.25	35.3%
20	ABN AMRO Mortgage Group, MI	\$3.53	1.2%	\$10.41	33.9%
<b>Estimated Totals for All Lenders:</b>		<b>\$300.0</b>	<b>100.0%</b>	<b>\$645.0</b>	<b>46.5%</b>

[Notes: Ranking of top Home Purchase mortgage originators is derived from surveys completed by 60 lenders who supply information for Inside Mortgage Finance's top 40 originator ranking. Estimates are in italics.]

Source: Inside Mortgage Finance, Copyright 2005

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# **How Real Estate Agents View Relationships With Mortgage Providers**

## **Summary Report**

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*Strategic research for the mortgage industry*

July 2005

Dear Customer:

Here is your copy of our new report, **How Real Estate Agents View Relationships With Mortgage Providers**, which contains findings from the 2005 national survey of real estate agents and brokers, second in an ongoing annual series.

This study addresses strategic topics and issues important to national retail mortgage lenders and other major players in today's home loan marketplace.

Among the issues covered in our survey:

- Agent control and influence over mortgage provider selection
- Partnerships between real estate brokerages and mortgage providers
- Significant issues that real estate agents have with mortgage providers
- Agent perceptions of mortgage pre-approval practices
- Reasons for recommending direct lenders
- Rankings of preferred mortgage providers
- Ratings of specific direct lenders

With our analysis of the responses of more than 1,700 real estate agents nationwide, we believe the resulting findings furnish actionable information for management of most retail lending companies in the mortgage industry.

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We appreciate your support for our continuing research in this challenging and changing industry.

Sincerely,

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Inside Mortgage Finance Publications, Inc.



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# How Real Estate Agents View Relationships With Mortgage Providers

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## July 2005



# How Real Estate Agents View Relationships With Mortgage Providers

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# Introduction

During the month of May 2005, Campbell Communications conducted a survey of real estate agents and broker-owners to determine attitudes toward mortgage providers, including both direct lenders and mortgage brokers. Our survey is second in an annual series that tracks agents' attitudes on mortgage issues. The survey was sponsored by Inside Mortgage Finance, a publication subscribed to by many large mortgage lenders and other major industry players.

When we refer to "mortgage providers," we mean this term to cover all distribution channels for mortgages, including national lenders, mortgage brokers, local banks, credit unions, and lenders partnered with real estate brokerages. When we refer to "direct lenders," we mean this term to include all lenders that provide mortgages to homebuyers without an intermediary such as a mortgage broker.

Our survey covered topics such as:

- Agent control and influence over mortgage provider selection
- Partnerships between real estate brokerages and mortgage providers
- Significant issues that real estate agents have with mortgage providers
- Agent perceptions of mortgage pre-approval practices
- Reasons for recommending direct lenders
- Rankings of preferred direct lenders
- Ratings of specific direct lenders

While the survey was directed primarily at real estate agents, it was also permissible for broker-owners and brokerage office managers to respond to the survey, as they also have close and familiar dealings with mortgage providers. Approximately 2% of survey respondents did not fall into these groups and were eliminated from the survey sample. From this point on, when we refer to "real estate agents" or "agents" we are referring to all validated survey respondents, including broker-owners and office managers.

Real estate agents are well-situated to observe the performance of mortgage lenders. While consumers obtain home purchase mortgages relatively infrequently, real estate agents participate in large numbers of home purchase transactions each year. Agents can relate their own experience in home purchase closings, as well as the experience of their colleagues. Finally, agents have a vested interest in the home purchase transaction going smoothly, as well as interest in continuing good relations with homebuyers, mortgage providers, title agents, appraisers, and other providers of mortgage-related services.

When we refer to "transactions," or "home purchase transactions," or "closings" in the survey, we are referring to transactions in which a real estate agent is involved. Agent-assisted transactions represent the vast majority of residential real estate transactions in the United States. However, because of survey methodology, our statistics do not cover For Sale By Owner (FSBO) transactions.

We believe that the survey obtained a representative sample of real estate agents. More than 200,000 agents were asked with email solicitations to fill out the survey. The responses of 1,717 real estate agents were analyzed, yielding a margin of error on most general questions of 3-4%, depending on the exact number of responses to a specific question. For most survey statistics, we present the number of responses used in tabulating results.

For segmented questions and lender-specific ratings, margins of error are higher; however, we believe these results still contain directionally correct and actionable data.

# Executive Summary

The survey yielded actionable data both for direct mortgage lenders and for wholesalers who compete through mortgage brokers. Key results from the survey include:

- We estimate that real estate agents control or influence the selection of mortgage provider in approximately 37% of all home purchase transactions
- Seventy-nine percent of agents indicate that they recommend multiple mortgage providers to homebuyers for a single transaction
- Sixty-three percent of responding agents said that their real estate brokerage has a preferred partnership with one or more mortgage providers
- For brokerages with mortgage partnerships, a solid majority, 71%, have an exclusive arrangement with only one partner
- At firms with exclusive mortgage partnerships, 78% of the time responding agents make a recommendation of multiple mortgage providers.
- When agents recommend one or more mortgage providers, homebuyers use one of the agent recommendations 62% of the time
- When agents do not recommend a mortgage provider, the most common reason is “Homebuyer has existing relationship with mortgage provider,” with 80% of responding agents selecting this reason; 70% of agents selected “Homebuyer was already pre-approved”
- Responding agents indicated, on average, that 38% of homebuyers come to their first meeting with the agent pre-approved
- Between 9% and 39% of pre-approval letters turn out to be invalid, depending on the type of mortgage provider
- Mortgage partners provide the most reliable pre-approval letters; Internet lenders provide the least reliable, according to responding agents
- The most significant issue that agents have with mortgage providers is “HUD-1 statement not available one day before closing”; 55% of responding agents found this to be a significant issue
- The second most significant issue agents have with mortgage providers is “Pre-approval letters not reliable”; 51% of responding agents found this to be a significant issue
- If a national organization developed a standard form for pre-approval letters, 40% of agents would be “Much more likely to recommend” mortgage providers using this standard form; an additional 40% would be “Somewhat more likely to recommend”
- For brokerage firms with mortgage partners, the capture rate averages approximately 24%; brokerages without franchisor affiliations and with informal partnerships tend to have higher capture rates, making this average higher than it otherwise would be
- Controlling access to agents by non-partnered loan officers appears to have only a moderate effect on the capture rate; making a single mortgage recommendation may have a much greater effect
- When recommending lenders, real estate agents direct homebuyers to prime lenders, Alt A lenders and subprime lenders, depending on credit status

# Principal Findings

Principal findings from the survey are:

## **Real Estate Agents Continue To Have Some Influence Over the Selection of Home Purchase Mortgage Providers**

On average, real estate agents recommend at least one mortgage provider in 59% of their transactions. Survey results indicate that for approximately 62% of transactions in which one or more mortgage providers are recommended, the homebuyer uses one of the recommendations. Combining transactions where a provider is recommended with transactions where the recommendation is followed, we estimate that real estate agents control or influence the selection of mortgage provider by the homebuyer in approximately 37% of all transactions. Interestingly, the findings from last year's survey indicated that real estate agents controlled or influenced selection of a mortgage provider in approximately 41% of all transactions. Looking at these statistics in the inverse, one can also conclude that real estate agents do not control or influence the choice of mortgage provider in more than 60% of transactions.

## **Pre-Existing Relationships Reduce the Influence of Real Estate Agents**

When homebuyers do not use a recommended mortgage provider, the most common reason is "Homebuyer used another lender referred by family or friend (73% of responding agents) followed by "Existing banking relationship" (69% of responding agents).

## **Widespread and Often Invalid Pre-Approval Letters Also Reduce the Influence of Real Estate Agents**

Responding agents indicated that 38% of homebuyers come to their first meeting pre-approved. When asked why agents do not recommend a mortgage provider, 70% selected "Homebuyer was already pre-approved" as a significant reason. When asked why homebuyers do not use a recommended lender, 66% of agents selected "Already had pre-approval letter." However, many of these pre-approval letters ultimately turn out to be invalid because homebuyer credit, income, or assets have not been verified; when asked to approximate the percent of invalid pre-approval letters by type of lender, responding agents indicated that 9 to 39% of pre-approval letters turn out to be invalid, depending on the type of mortgage provider.

## **Late HUD-1 Statements and Invalid Pre-Approval Letters Are the Most Significant Issues Real Estate Agents Have With Mortgage Providers**

Fifty-five percent of responding agents indicated that "HUD-1 statement not available one day before closing" is a significant issue with mortgage providers; 51% indicated that "Pre-approval letters not reliable" is a significant issue. More extensive textual comments were received regarding unreliable pre-approval issues than any other issue. In an agent ranking of important factors in selecting a direct lender, "Reliable pre-approval letters" came in No. 1 out of 24 factors.

## **When Comparing Validity of Pre-Approval Letters, Distinct and Quantifiable Differences Exist Between Types of Mortgage Providers**

Responding agents indicated that 39% of pre-approval letters from Internet lenders turn out to be invalid; 27% percent of pre-approval letters from mortgage brokers turn out to be invalid. Textual comments regarding pre-approval letters from Internet lenders and mortgage brokers buttress this finding. Interestingly, responding agents indicated that mortgage partners have the most reliable pre-approval letters, with only 9% turning out to be invalid.

## **The Majority of Real Estate Brokerages Have Partnered With One or More Mortgage Providers**

For 63% of responding agents, their firms have partnered with one or more mortgage providers. However, in at least 16% of these arrangements, the relationship is informal, albeit blessed by firm management. Responding agents indicated that 71% of partnerships are exclusive for the mortgage provider; however, in 29% of partnerships, two or more mortgage providers are “partners” of the real estate brokerage, indicating that these partnerships may not be as strong.

## **Most Real Estate Agents Recommend Multiple Mortgage Providers, Even When Their Firm Is Partnered With a Single Provider**

The survey found that while agents may dutifully recommend a partnered mortgage provider, this recommendation is often part of a list of both partnered and unpartnered mortgage providers. At firms with exclusive mortgage partnerships, 78% of responding agents make a recommendation of multiple mortgage providers.

## **Partnered Mortgage Providers Have Substantial Access Advantages Over Non-Partnered Providers**

Survey results showed that partnered mortgage providers enjoy substantial access advantages by operating out of brokerage firm offices and attending internal company meetings. Sixty-four percent of responding agents with a partnered mortgage provider have a partnered loan officer operating out of their firm’s offices. Fifty percent of partnered loan officers frequently attend company internal meetings, while only 5% of non-partnered loan officers frequently attend. Additionally, some brokerage firms actively restrict access of non-partnered loan officers; thirty-four percent of brokerages with a mortgage partner prevent non-partnered loan officers from making sales calls on company premises; 23% restrict use of company mailboxes.

## **Most Real Estate Agents Do Not Recommend Mortgage Providers Simply Because They Are Partnered With Their Brokerage Firm**

Responding agents indicate that a mortgage partnership is not a primary consideration in recommending a mortgage provider; instead, real estate agents indicate that the principal reasons they recommend a mortgage provider are “Good service”, “Dependable with closing dates”, and “Good relationship with loan officer” rather than “Loan officer is located in my office” or “I trust mortgage partner selected by my firm.” In an agent ranking of important factors in recommending a direct lender, “Partnership with my firm” and “Shares office space with my firm” came in dead last at No. 23 and No. 24, respectively, out of 24 factors.

## **Despite Access Advantages, Partnered Mortgage Providers Have Relatively Low Capture Rates at Most Real Estate Brokerages**

Using data from responding agents, we estimate that the capture rate for most mortgage provider partnerships ranges from 19% to 29%, despite the substantial access advantages that partnered loan officers enjoy. When capture rates are compared across firms that do and do not provide access advantages to mortgage partners, the rates are nearly the same.

## **The Most Significant Factor Reducing Capture Rates Is Pre-Existing Homebuyer Relationships With Mortgage Providers, Combined With Aggressive Use of Pre-Approval Letters**

Principally because of pre-existing relationships with mortgage providers and aggressive use of pre-approval letters, real estate agents do not control or influence the choice of mortgage provider in over 60% of transactions. For the transactions that agents do influence, we estimate that the partnered mortgage provider is used for approximately 50-75% of transactions. While this percentage might be increased, there is a practical limit due to the independent nature of real estate agents.

## **For Broker-Owners, Making a Single Mortgage Recommendation May Be a Principal Factor Behind Their Higher Reported Capture Rates**

At firms with mortgage partnerships, we found that broker-owners report a much higher capture rate for their transactions than individual agents. In fact, broker-owners report a capture rate of 38% for their transactions, which is nearly identical to our estimate of 37% of transactions where the mortgage provider is controlled or influenced by the real estate agent. It is interesting to note that these broker-owners report making a single mortgage recommendation more often than individual agents (35% for broker-owners vs. 16% for individual agents). While this does not conclusively prove that making a single mortgage recommendation (presumably for the partnered mortgage provider) increases capture rates, we find this relationship to be powerful evidence that a single mortgage recommendation carries more weight with homebuyers.

## **Asking Agents to Examine Pre-Approval Letters May Be Another Way of Increasing Capture Rates**

Survey results indicate that 38% of homebuyers come to the agent pre-approved and between 9% and 39% of pre-approval letters turn out to be invalid. These invalid pre-approval letters are part of a process that results in homebuyers using non-partnered mortgage providers for approximately three-quarters of all transactions. Survey results indicate that partnered mortgage providers have the most reliable pre-approval letters, with only 9% of their pre-approvals turning out to be invalid. By asking agents to examine pre-approval letters and, when appropriate, suggest an additional pre-approval from a partnered mortgage provider, capture rates might be increased. We plan to address this issue in more detail in next year's survey.

## **The Vast Majority of Real Estate Agents Would Respond Positively to a Standardized Pre-Approval Form**

Overall survey results, including textual comments, show that unreliable pre-approval letters are the most significant issue that real estate agents have with mortgage providers. (Late HUD-1s are also a significant issue, but these are often prepared by title agents and closing attorneys using lender-provided information) Survey results also show that reliable pre-approval letters are the No. 1 factor in recommending a direct lender. In textual comments, several agents wrote about the need for standardized pre-approval letters and/or more government regulation. When asked if a national group, such as a trade organization, were to develop a standard form for pre-approval letters, 40% of responding agents indicated that they would be "Much more likely to recommend" a mortgage provider using a standard form; another 40% indicated that they would be "Somewhat more likely to recommend" a mortgage provider using a standard form.



## **The Most Significant Reasons Real Estate Agents Recommend Direct Lenders Are Service-Related; Rates and Closing Costs Are Less Important**

When asked the important factors in recommending a direct lender, the service-related factors of “Reliable pre-approval letters”, “Prompt underwriting and closing dates”, and “Returns phone calls and emails” were No. 1, 2, and 3, respectively. The pricing related-factors of “Competitive rates”, “Low closing costs”, and “Guaranteed closing costs” were No. 6, 12, and 14, respectively, out of 24 factors.

## **Real Estate Agents Distinguish Among Mortgage Providers in Making Recommendations for Homebuyers with Good Credit, Credit Problems, and Those Unable To Document Income**

When asked to select direct lenders for homebuyers with good credit, credit problems, and those unable to document income, real estate agents gave significantly different responses. Share Ratio rankings (share for a loan product niche compared to share for homebuyers with good credit) show that leading Alt A lenders are frequently recommended for homebuyers unable to document income; subprime lenders are frequently recommended for homebuyers with credit problems. Additionally, when asked why a mortgage partner is sometimes not recommended, a significant minority of agents selected “Homebuyer may not get approved and/or has credit problems.” Quantitative data and textual comments both indicated that mortgage brokers are more often used for homebuyers with credit problems; local banks are less often used.

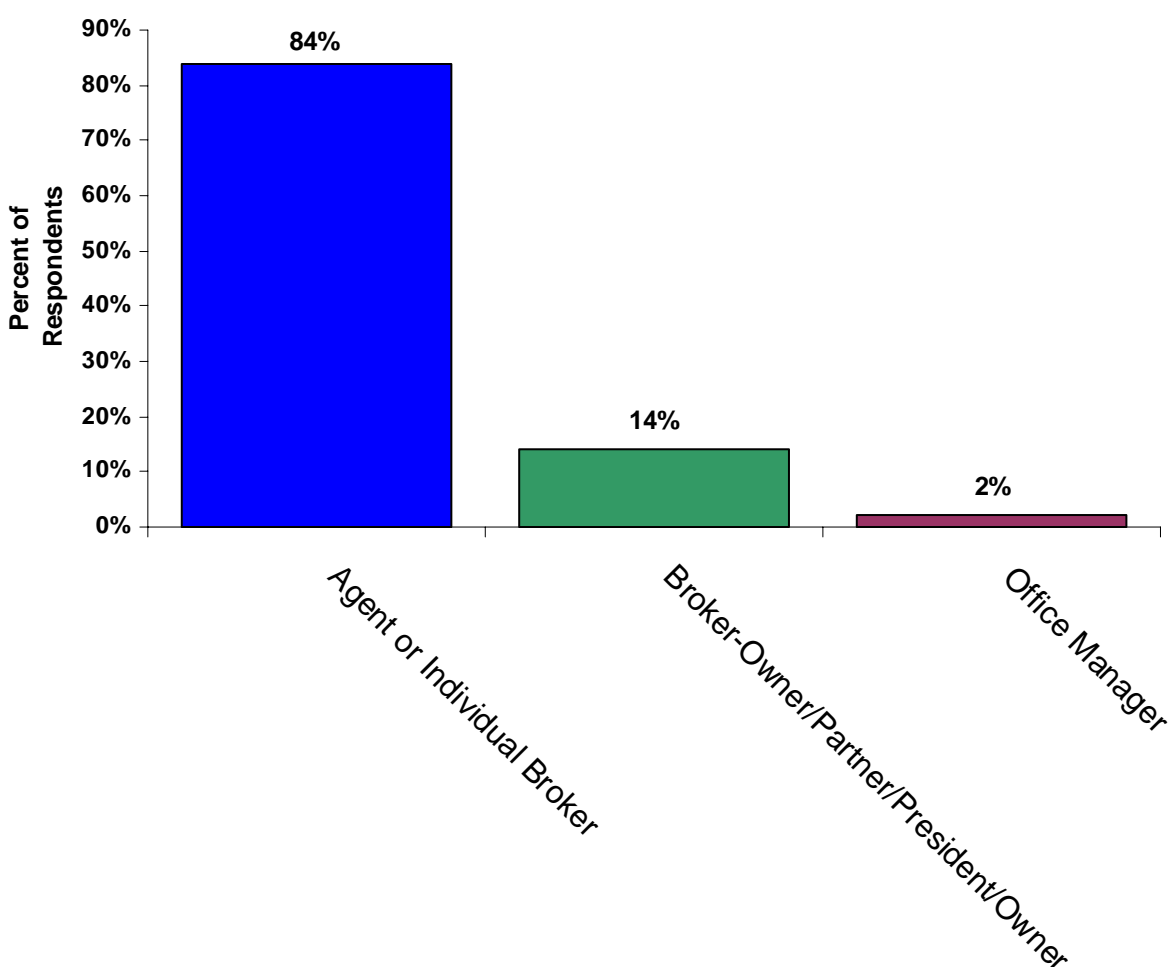
## **A Broad Range of Loan Programs Is an Important Factor in Real Estate Agents Recommending a Mortgage Provider**

When asked the important factors in recommending a direct lender, the factor of “Loan programs to fit nearly any homebuyer” ranked No. 5 out of 24 factors. Quantitative survey results show that Countrywide and Wells Fargo, two national lenders, are consistently recommended by real estate agents, regardless of homebuyers’ credit and income documentation status. However, textual comments indicated that when local banks do not have an appropriate loan program, homebuyers are often referred to mortgage brokers, who generally provide a wider range of loan programs. Quantitative results show that for homebuyers with good credit, agents recommend a wide variety of types of mortgage providers, but for homebuyers with credit problems or homebuyers unable to document income, agents prefer mortgage brokers (67% and 61% of responding agents, respectively)

## Demographics of Respondents

The respondent base for this survey reflects a broad spectrum of real estate agents and broker-owners. Every major geographic area of the country is represented. Most respondents have multiple years of experience as real estate agents and therefore should be well-aware of mortgage issues. Respondents, for the most part, work a substantial number of hours at their firm's offices. Both buy-side and listing agents are represented, including agents that produce a high number of transactions in both categories. Finally, a wide spectrum of franchisors and firm sizes is represented.

### Position of Respondent



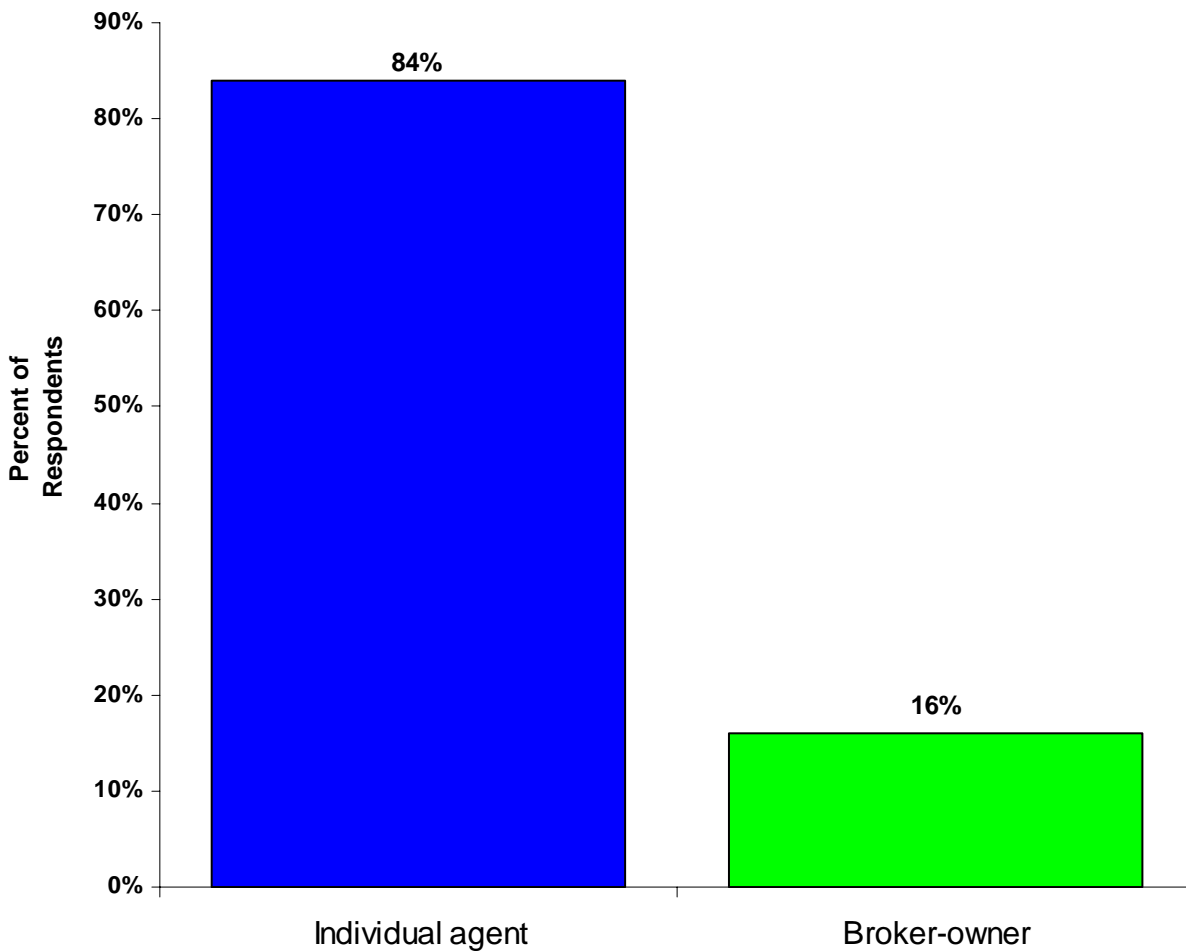
The vast majority of respondents, 84%, classified themselves as agents or individual brokers. Fourteen percent indicated that they are principals in their firm—broker-owners, partners, president, or owner. Two percent classified themselves as office managers.

# Geographic Distribution of Responding Agents

	Responses	Percent
California	159	11.6%
Florida	100	7.3%
North Carolina	79	5.8%
Illinois	73	5.3%
Missouri	62	4.5%
Texas	60	4.4%
New York	60	4.4%
Georgia	55	4.0%
Virginia	53	3.9%
Minnesota	51	3.7%
Connecticut	42	3.1%
Pennsylvania	39	2.9%
Ohio	38	2.8%
Michigan	36	2.6%
Indiana	34	2.5%
Wisconsin	31	2.3%
South Carolina	23	1.7%
Washington	22	1.6%
New Hampshire	22	1.6%
Oklahoma	21	1.5%
Kentucky	20	1.5%
Colorado	19	1.4%
Tennessee	19	1.4%
New Jersey	18	1.3%
Iowa	17	1.2%
Nevada	16	1.2%
New Mexico	15	1.1%
Louisiana	15	1.1%
Oregon	14	1.0%
Maine	14	1.0%
Maryland	13	1.0%
Arizona	12	0.9%
Massachusetts	12	0.9%
Nebraska	12	0.9%
Kansas	11	0.8%
Hawaii	10	0.7%
Delaware	10	0.7%
Mississippi	10	0.7%
Utah	8	0.6%
Alabama	8	0.6%
Arkansas	6	0.4%
Montana	6	0.4%
Idaho	5	0.4%
Vermont	4	0.3%
Alaska	4	0.3%
South Dakota	3	0.2%
Rhode Island	3	0.2%
Wyoming	2	0.1%
West Virginia	1	0.1%
Total	1,367	100%

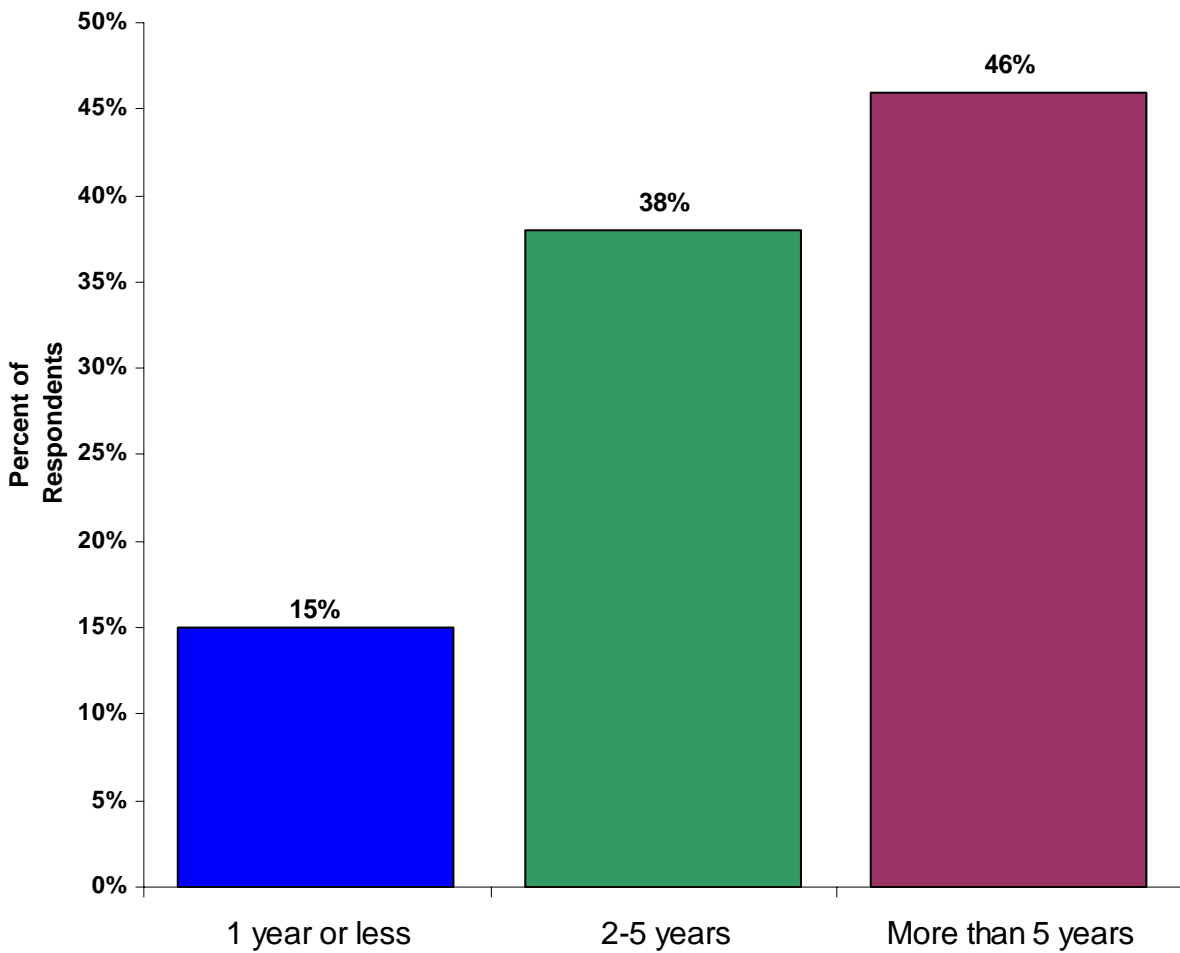
Responding agents were distributed throughout all major regions of the country, with particular concentrations in states with high numbers of real estate transactions, such as California and Florida.

## Individual Agent vs. Broker-Owner



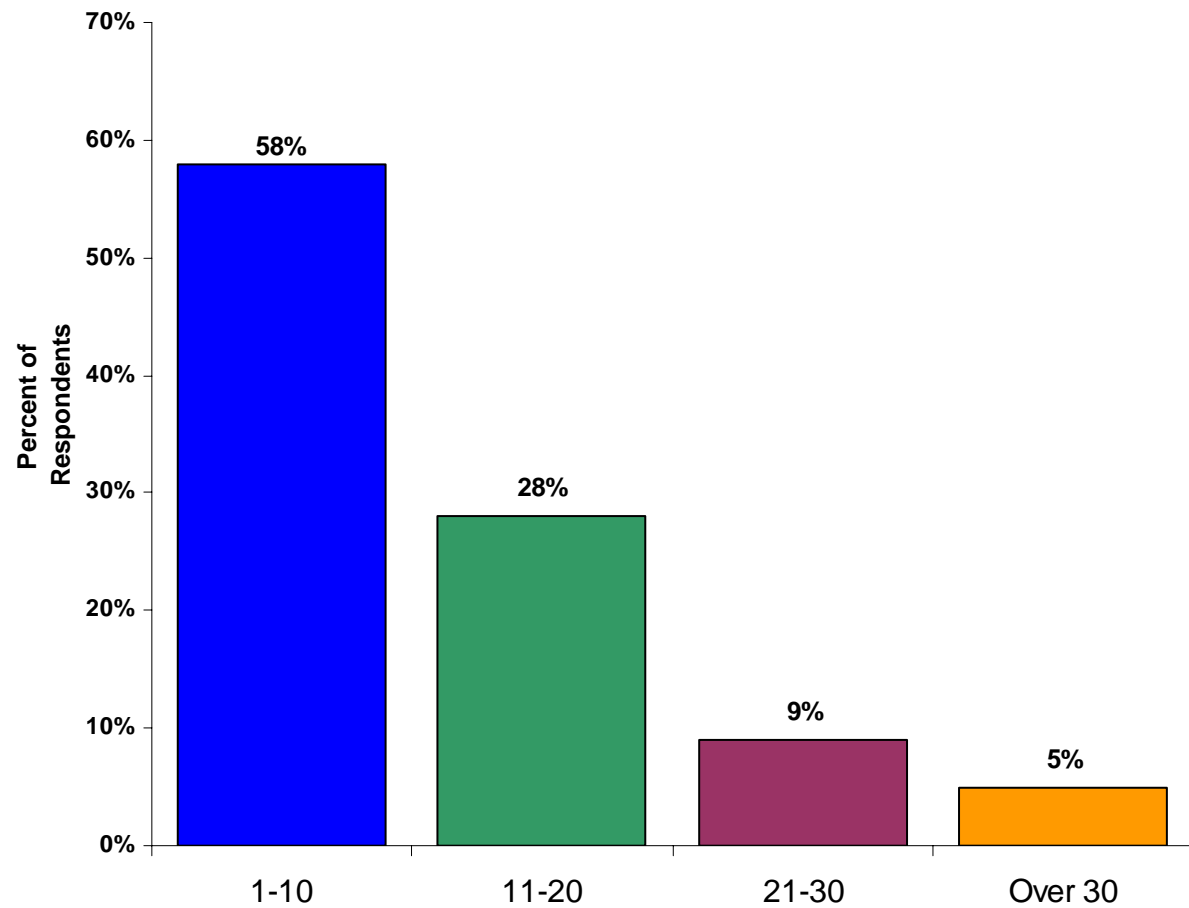
Consistent with the previous question, most respondents, 84%, classified themselves as individual agents. Only 16% classified themselves as broker-owners.

## Tenure as Licensed Agent or Broker



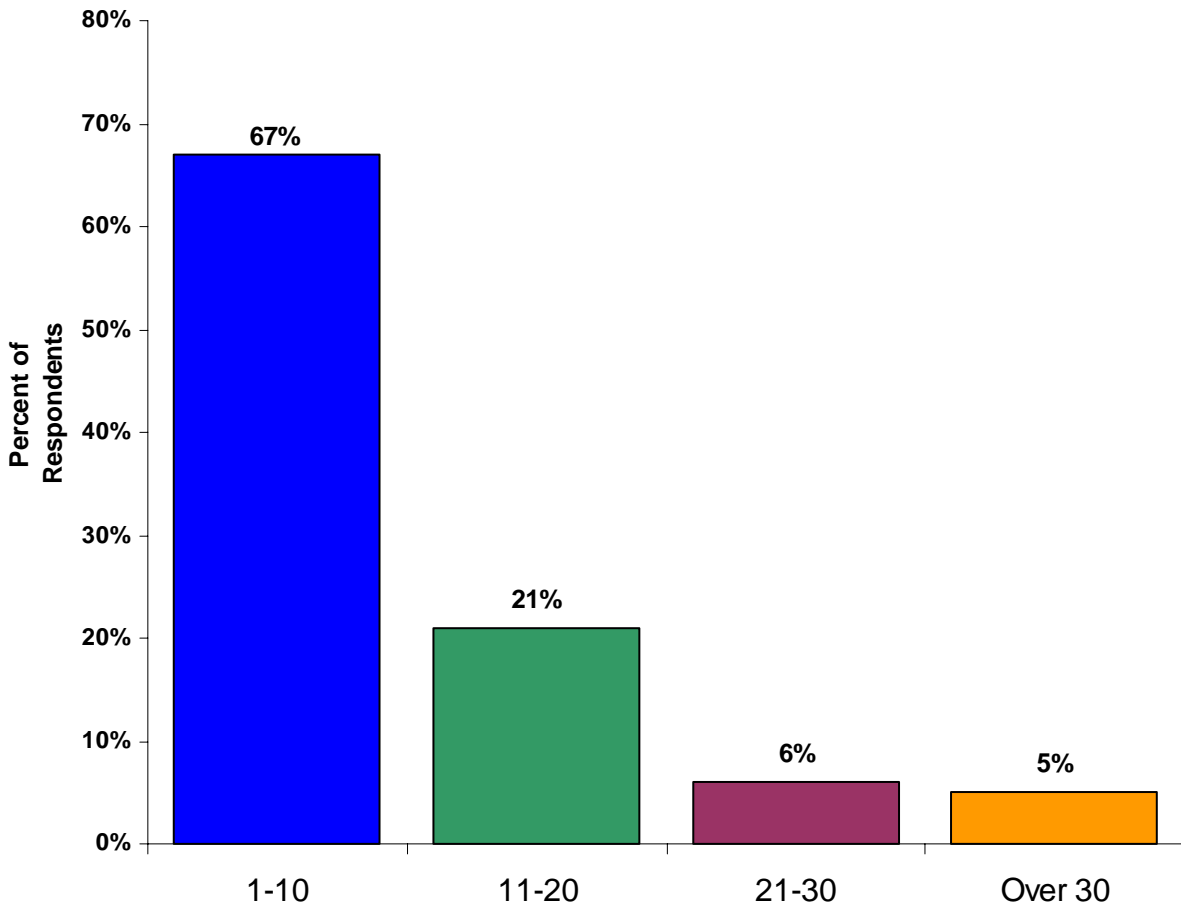
Only 15% of agents had tenure of one year or less. Thirty-eight percent had tenure of 2-5 years; 46% had tenure of more than 5 years.

## Agents by Number of Buy-Side Transactions in Past Year



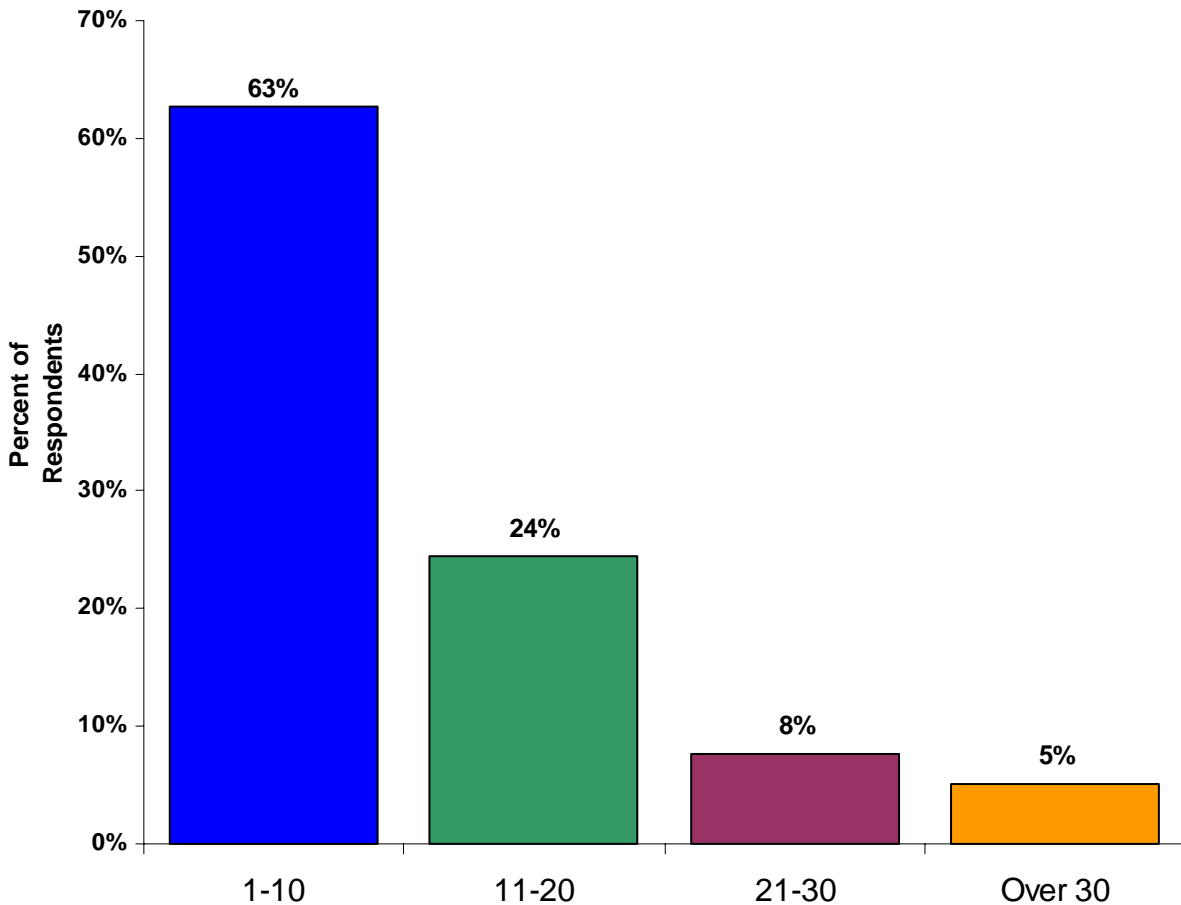
Fifty-eight percent of responding agents participated in 1-10 buy-side transactions in the past year; 5% participated in over 30.

## Agents by Number of Listing Transactions in Past Year



Sixty-seven percent of responding agents had 1-10 listing transactions in the past year; 5% had over 30.

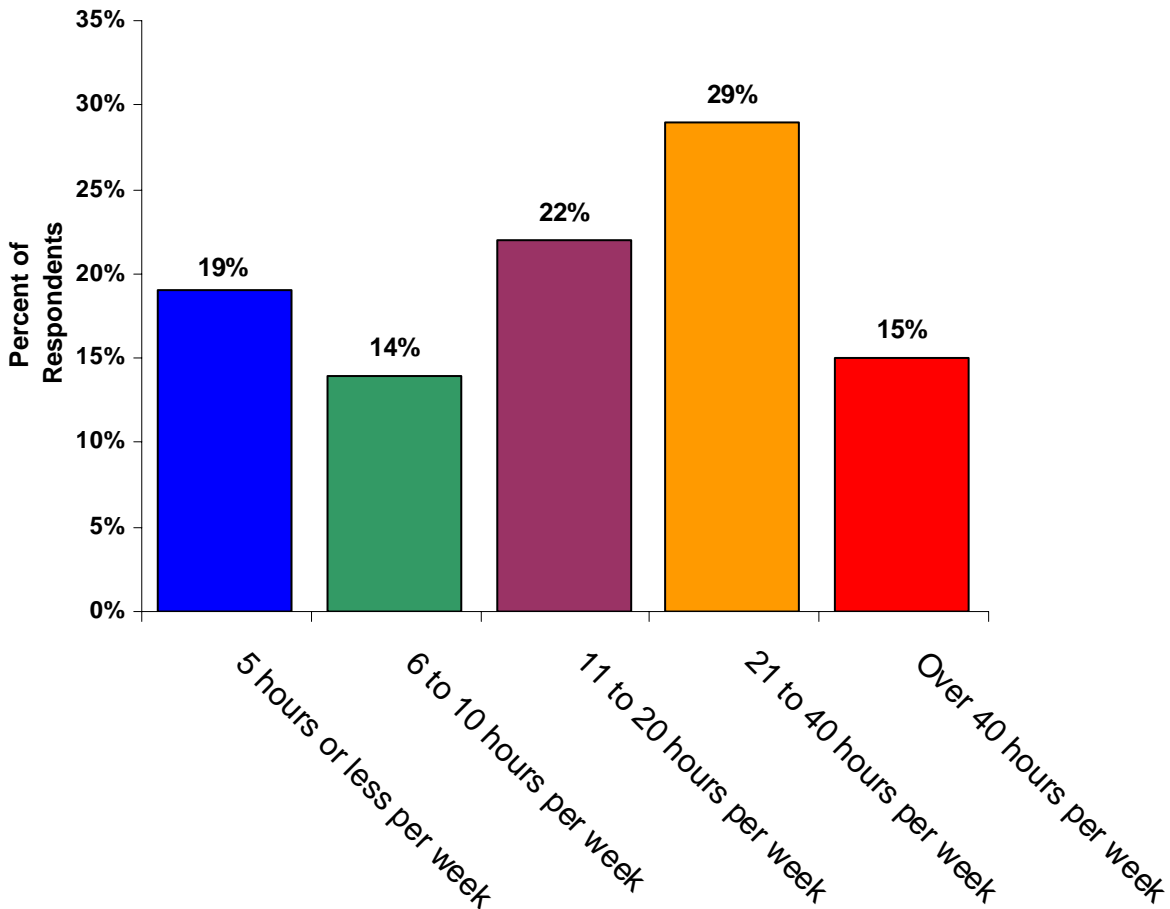
## Agents by Number of Total Transactions in Past Year



When we examined the total number of transactions, both buy-side and listing, that responding agents personally participated in the past year, we found that 63% of responding agents had 1-10 transactions. Five percent were high-producers, doing more than 30 transactions per year.

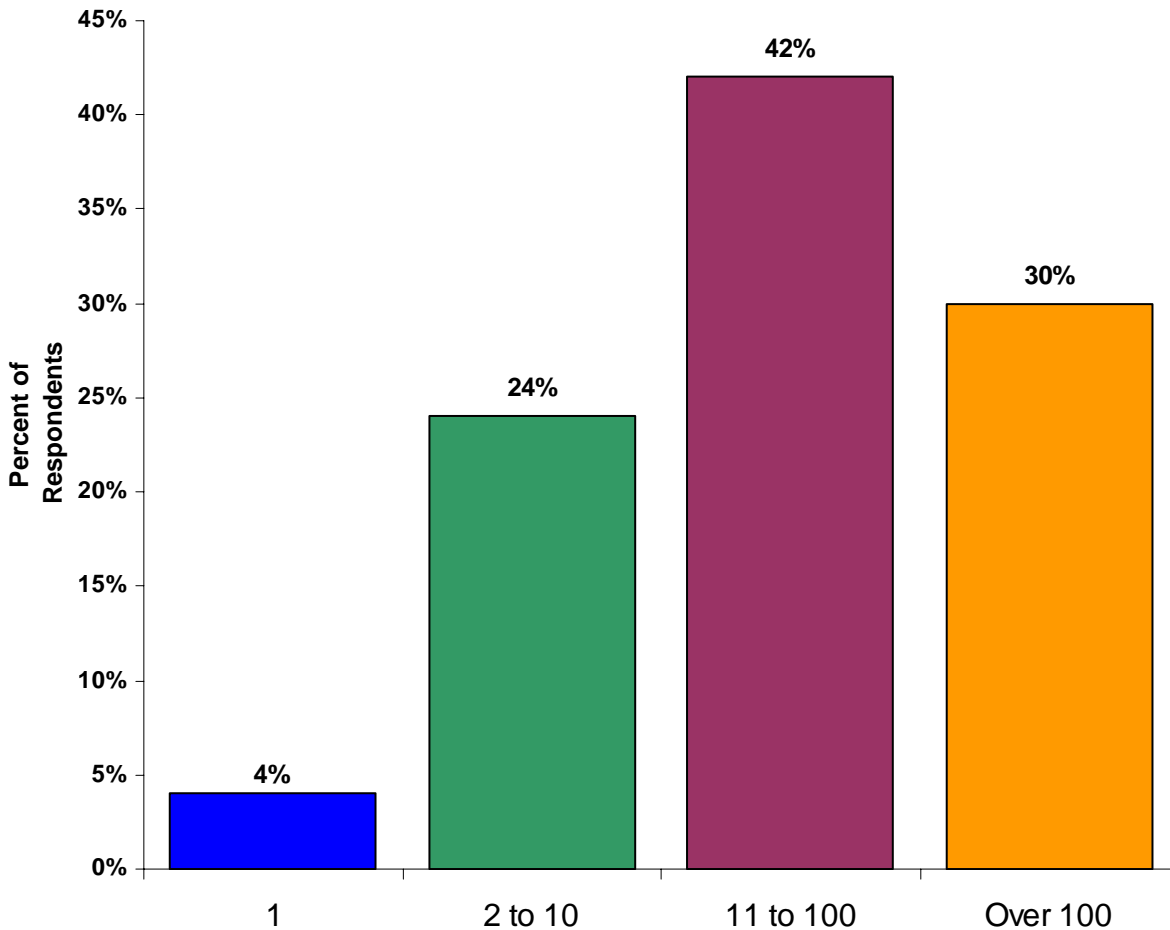


## Hours Per Week Spent Working in Brokerage Offices



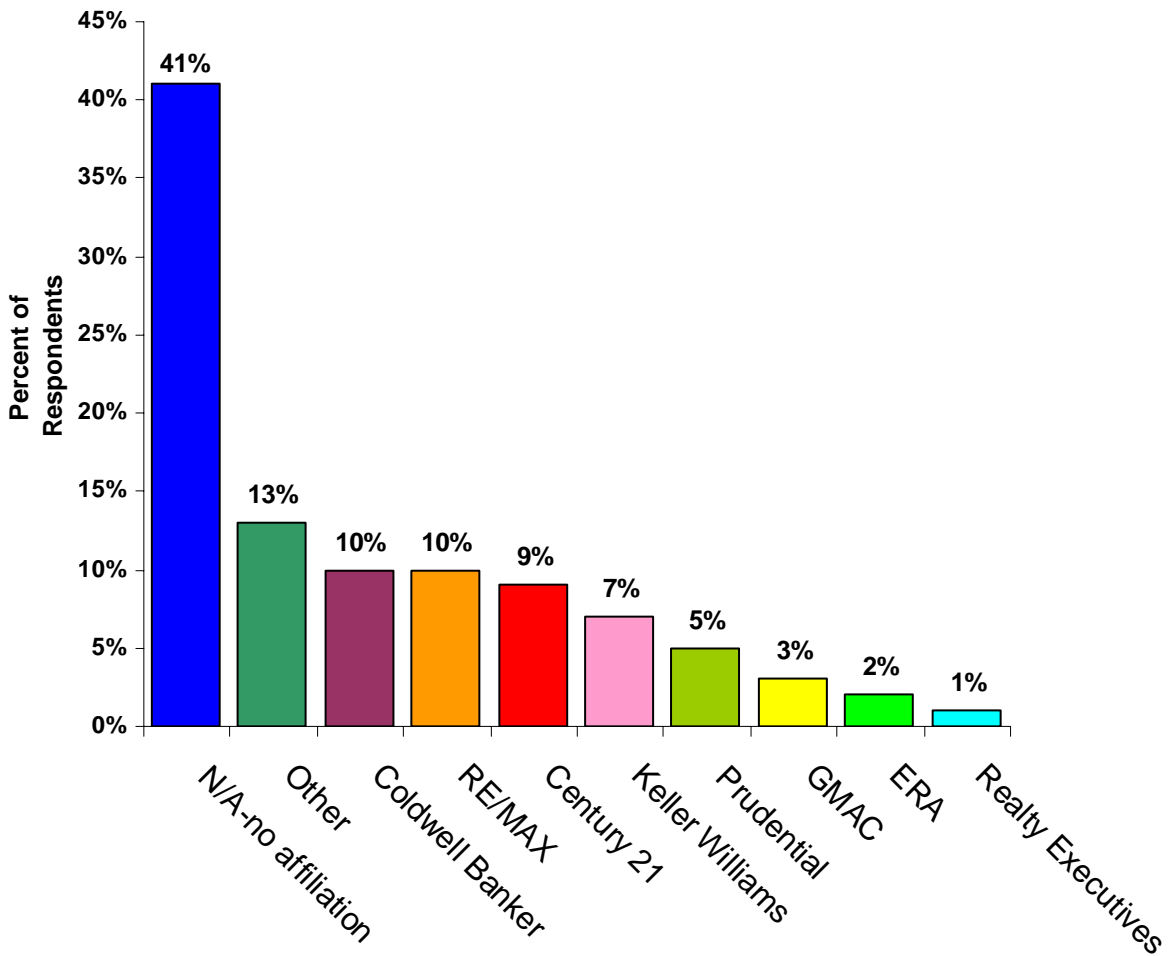
We asked, “Apart from time spent conducting showings, attending closings, working from home, and other out-of-the-office activities, how many hours per week do you typically spend working in your real estate brokerage’s offices?” A plurality of responding agents, 29%, spends between 21 and 40 hours per week working in the brokerage offices. Most agents, 55%, spend 20 hours or less in the office each week.

## Number of Agents at Respondent Firm



Most responding agents work at relatively large firms. Forty-two percent work at firms with 11 to 100 agents; 30% work at firms with more than 100 agents. Still, 24% of responding agents work at firms with only 2 to 10 agents; 4% work at firms with only one agent.

## Franchisor Affiliation of Respondent's Firm



A plurality of responding agents, 41%, has no franchisor affiliation. Among named franchisors, Coldwell Banker and RE/MAX each had 10% of responding agents. Century 21, Keller Williams, and Prudential were also well-represented.

## **Agent Control and/or Influence Over Mortgage Provider Selection**

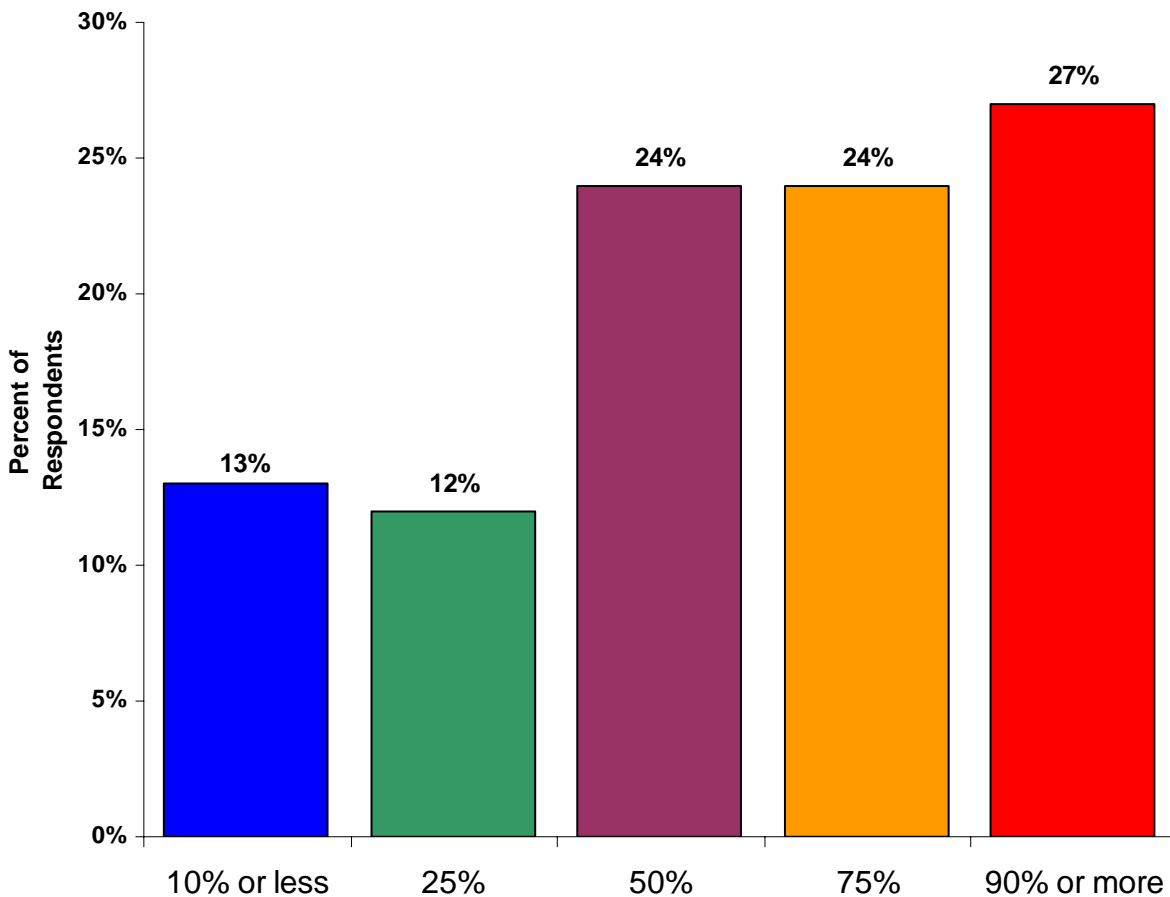
To what degree do real estate agents control the selection of mortgage provider for homebuyers? This is a critical question for major lenders investing substantial resources in developing and maintaining relationships with real estate agents and their associated brokerage firms. In past years, real estate agents strongly controlled the selection of mortgage providers. With the emergence of distribution channels such as mortgage brokers and Internet lenders, and increasing competition in the mortgage market, agents have lost influence.

Survey results show that real estate agents continue to recommend mortgage providers to homebuyers. However, the results also show that multiple mortgage providers are often recommended for a single transaction, indicating agent influence rather than direct control. Additionally, responding agents admit that in many cases their recommendations are not followed.

When a homebuyer does not follow a recommendation, the survey results clearly show the principal reasons: pre-existing relationships with mortgage providers, combined with aggressive use of pre-approval letters by mortgage providers. Responding agents indicate that better rates elsewhere are rarely a reason that an agent recommendation is not followed.

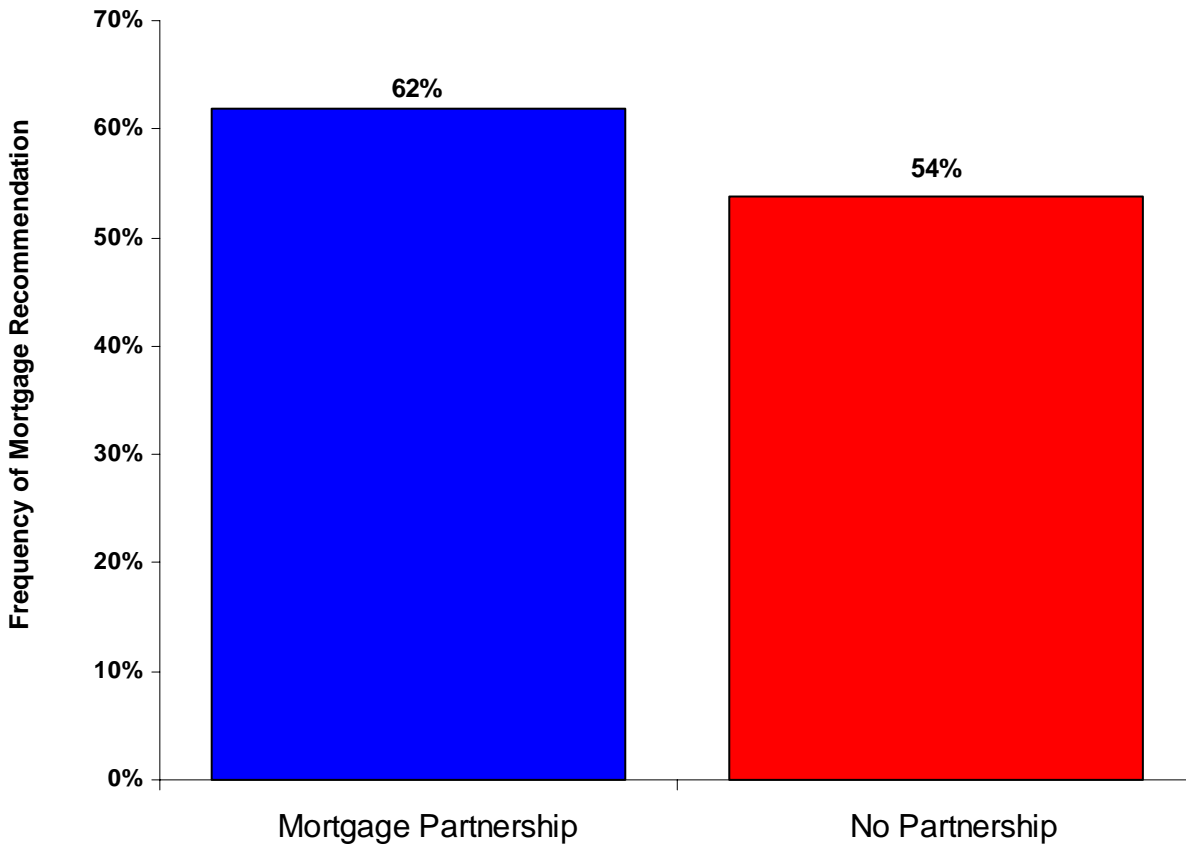
## Frequency of Mortgage Recommendations

### Percent of Transactions Where Specific Mortgage Provider Is Recommended



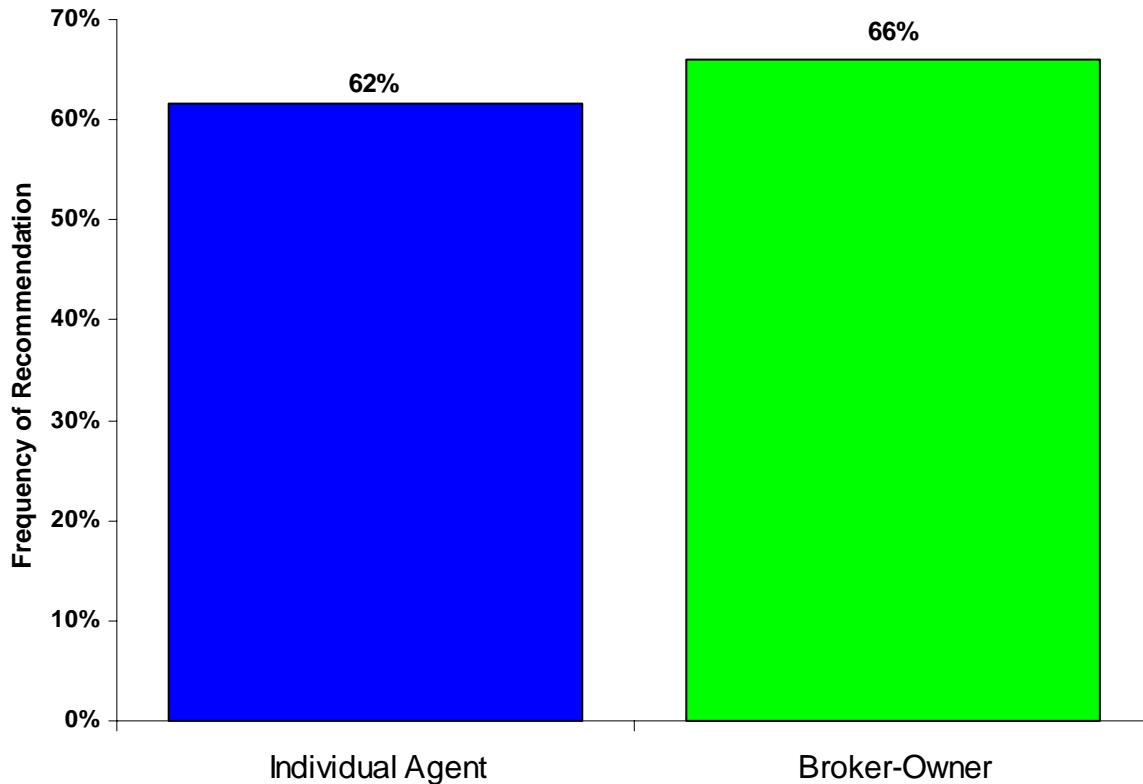
We asked, “For what percent of your transactions do you recommend specific mortgage provider(s) to the homebuyer?” We found a wide variance in the percentage of transactions where agents recommend a mortgage provider, with a weighted average of 59% of transactions. Significantly, 24% of responding agents recommend mortgage provider(s) in 75% of their transactions; 27% of responding agents recommend mortgage providers in 90% or more of their transactions.

## Frequency of Recommendation to Homebuyers by Mortgage Partnership Status



We found that agents at brokerages with mortgage partnerships recommend mortgage providers only slightly more often. Responding agents whose firms have mortgage partnerships recommend mortgage providers for 62% of their transactions; responding agents whose firms do not have mortgage partnerships recommend mortgage providers for 54% of their transactions.

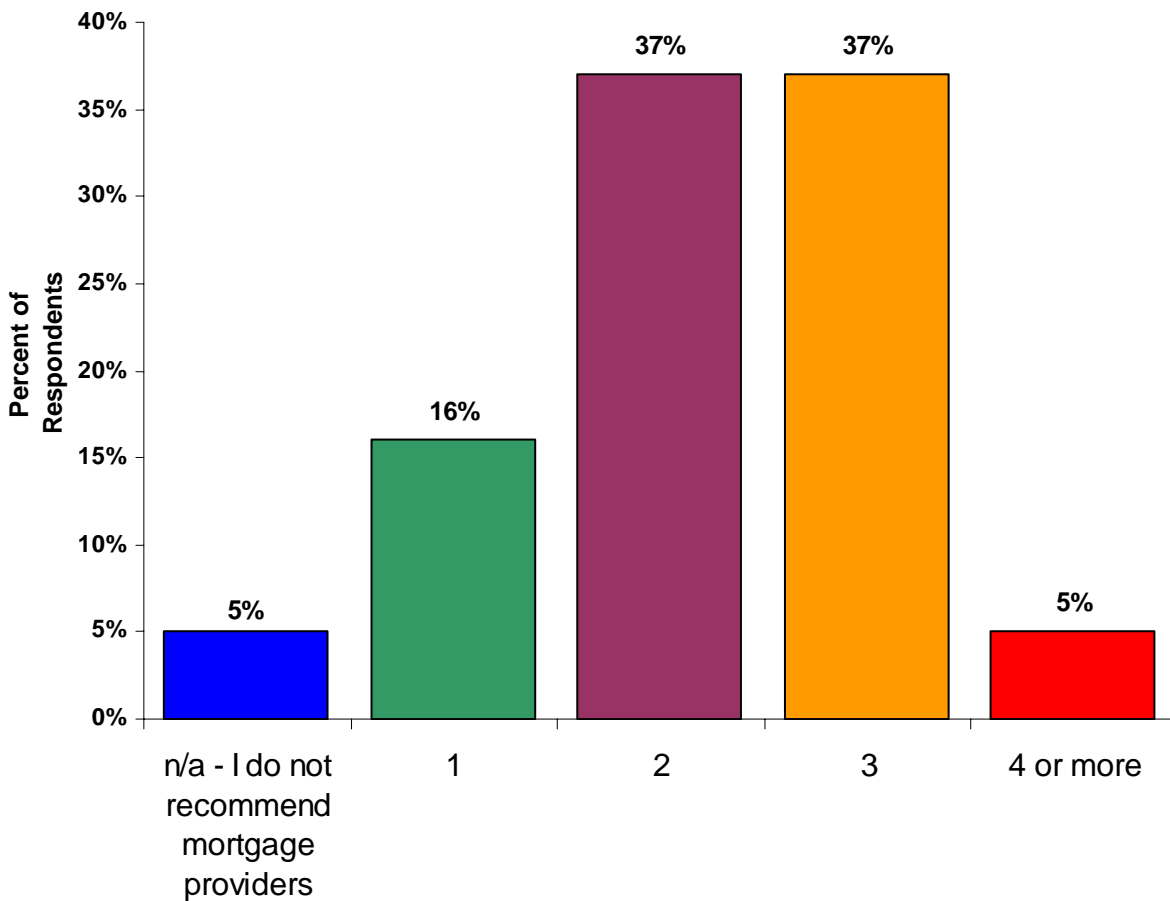
## Frequency of Mortgage Provider Recommendation by Respondent Position



We found that broker-owners at firms with mortgage partnerships make mortgage recommendations only slightly more than individual agents do. On average, individual agents make mortgage recommendations for 62% of their transactions while broker-owners make mortgage recommendations for 66% of their transactions.

## Number of Mortgage Provider Recommendations

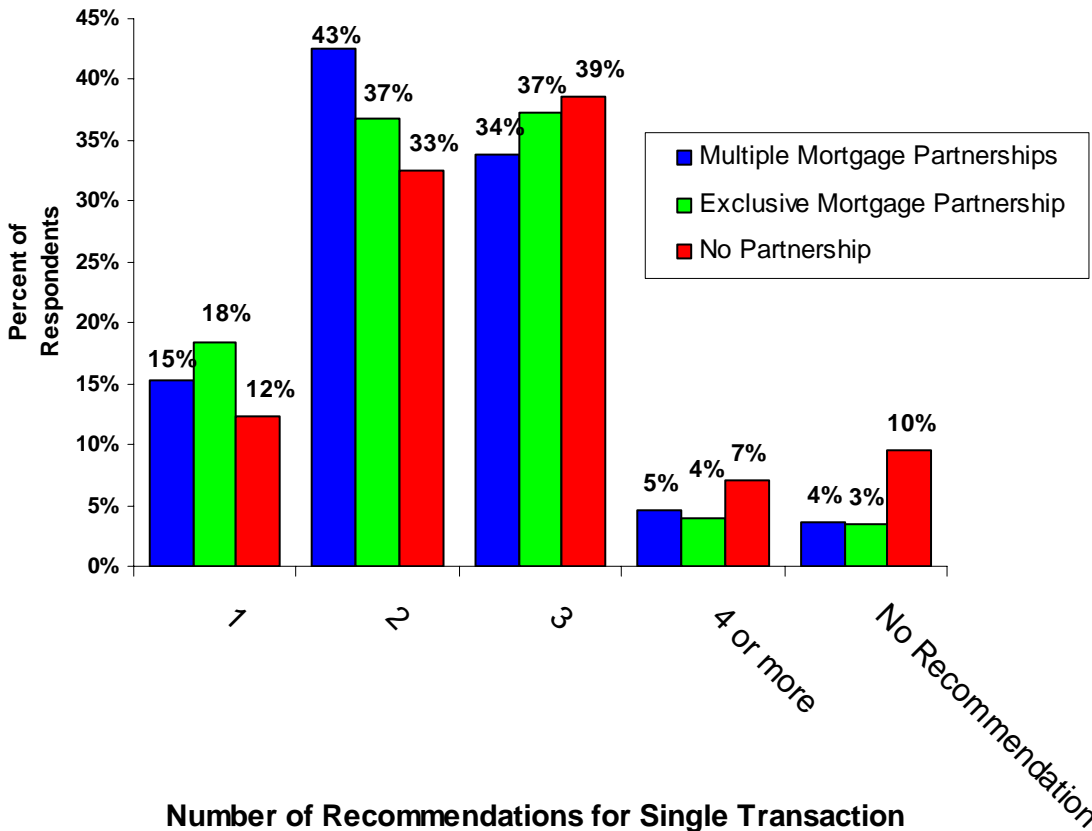
### Number of Mortgage Providers Recommended for Single Transaction



We asked, “How many mortgage providers do you usually recommend for a single transaction to a homebuyer?” We found that for most transactions, 2 or 3 mortgage providers are recommended. Only 16% of agents responded that they recommend a single mortgage provider.



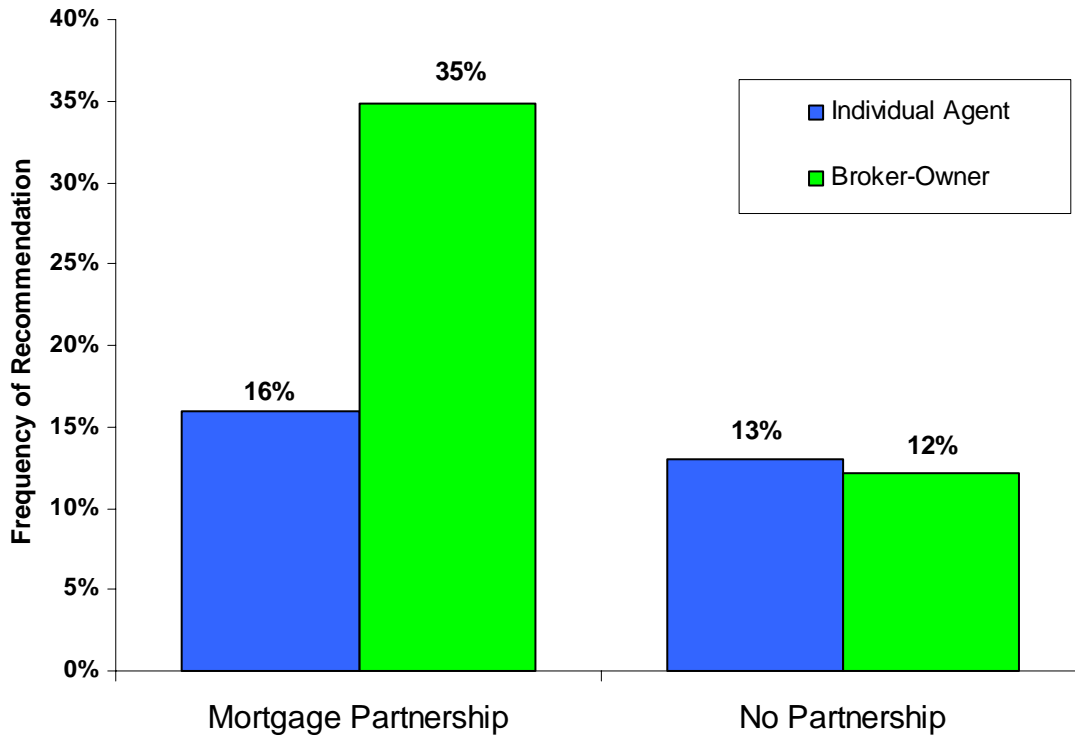
## Number of Mortgage Recommendations by Partnership Status



We found that agents are more likely to give a single mortgage recommendation to homebuyers when their firm has a partnership; this effect is more pronounced when the mortgage partnership is exclusive. In the “No Recommendation” category we found agents whose firms have no mortgage partner are much more likely to refrain from giving any recommendation to homebuyers. Agents whose firms have mortgage partnerships are much more likely to give just one or two mortgage recommendations.

At firms with exclusive mortgage partnerships, 78% of responding agents make a recommendation of multiple mortgage providers. Because these firms have only one mortgage partner, this implies that agents are actively recommending mortgage providers that are not partnered with their brokerage firm.

## Frequency of Mortgage Provider Recommendation by Partnership Status and Respondent Position



We found that broker-owners at firms with mortgage partnerships are much more likely to make a single mortgage recommendation. In contrast, we found that agents at firms with mortgage partnerships are only slightly more likely to make a single mortgage recommendation.

## Comments About Recommendations

Textual comments regarding mortgage provider recommendations were consistent with quantitative survey results indicating that some real estate agents provide a strong recommendation of a single mortgage provider, while others recommend or suggest multiple providers.

### ***Provide a Strong Recommendation***

*“I always recommend a specific lender.”*

*“I always recommend even if pre-qualified.”*

*“If my buyer does not have a lender I always recommend them to at least call and speak with the individual mortgage broker I have worked with for many years. If they chose to work with her, I KNOW that everything will go well. If not, I cringe...”*

*“I trust only mortgage providers that I have previously worked with and had good experiences with. I warn all Buyers and Sellers if we are not working with someone I know that the loan is the part of the transaction that will most likely make a transaction fall out of escrow or delay closing and that this is not under my control but theirs in choosing which lender to go with. I find so many mortgage providers that are totally unethical, usually quoting rates that are unavailable and/or only possible with certain restrictions but not explaining the restrictions and then changing the rate/terms.”*

### ***Suggest but Don't Recommend***

*“I suggest lenders, I do not recommend.”*

*“I give names but not recommendations.”*

*“I don't ever recommend; I only supply when customer asks for name.”*

### ***Provide a List of Multiple Lenders***

*“I tell my customers that I cannot recommend any mortgage providers, but I can provide a list of those who have performed well in the past for me.”*

*“My practice is to encourage buyers to shop rates, even when approved by a lender. I typically recommend three lenders, one of which is our on-site Plaza Mortgage firm that is affiliated with Wells Fargo, but I have experience with several other banks and mortgage companies with who I have a solid relationship and trust based on excellent experiences/rates/service for my buyers. Relationships are important, but competitive rates, good service and accountability are the criteria for my recommendations. If the buyer has a solid relationship with a lender, I do not interfere with that.”*

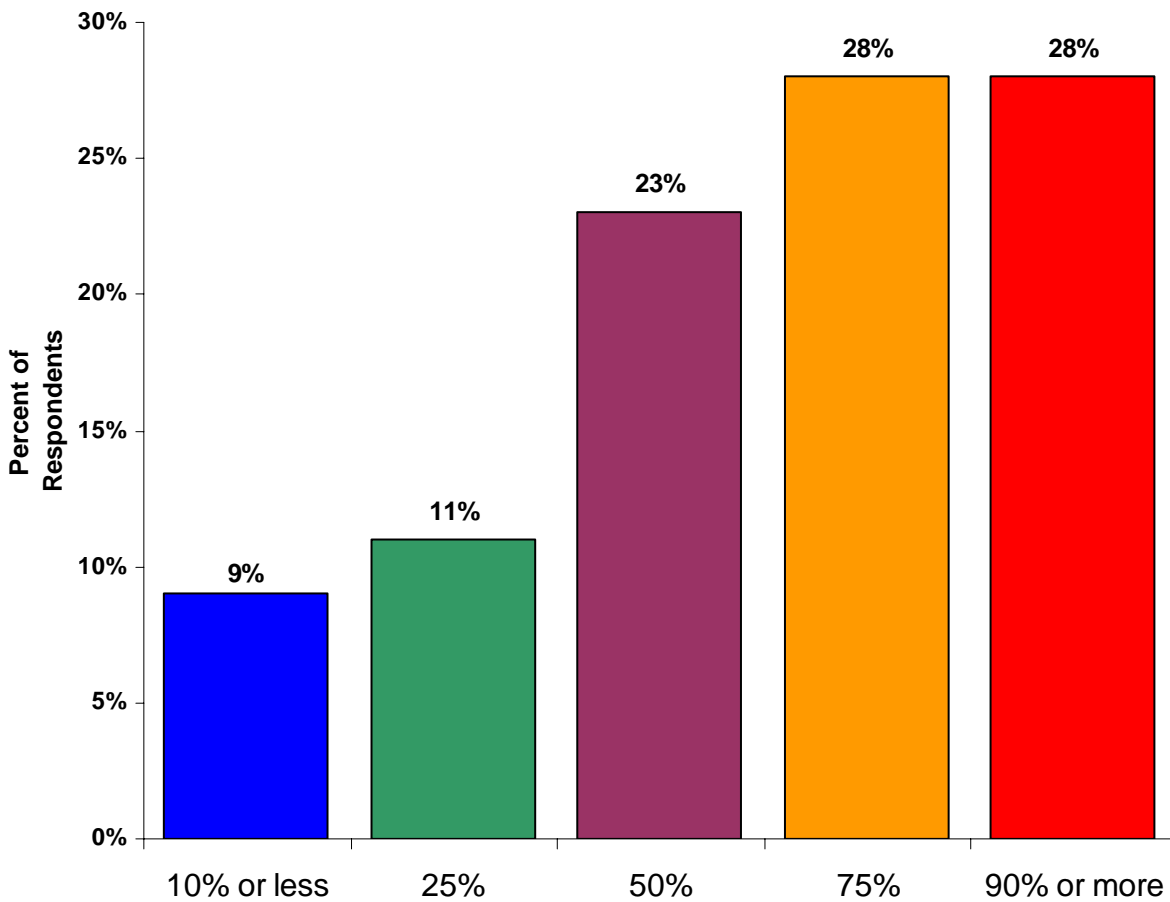
*“I am from the ‘old school’ of realtors who do not believe in the one-stop shopping due to the litigious nature of our business and our clients. I would much rather recommend a few various names and let the purchaser make the final decision as to whom to use.”*

*“Because of RESPA, I try not to push people in any one direction, but give them a list & let them know that they may choose from the individuals on the list as they are ones that have worked well with other clients of mine. Most people tend to go off of that...”*

### ***Recommend Not Using Lender***

*“If they have a reputation for junk fees, not meeting closing dates, high interest rates, officers who haven't a clue what they are doing, not meeting loan commitment dates, etc, I highly recommend to my clients that they not to use them.”*

## Homebuyer Use of Recommended Mortgage Provider



We asked, “What percent of the time does the homebuyer actually use one of the mortgage provider(s) you recommended?” A substantial minority of responding agents, 28%, believes that homebuyers use a recommended mortgage provider 90% or more of the time. On average, we found that homebuyers use a recommended mortgage provider 62% of the time.

In interpreting these statistics, one must keep in mind that most agents recommend more than one mortgage provider for a single transaction.

## Significant Reasons for Homebuyer Not Using Recommended Mortgage Provider

	Responses	Percent
Homebuyer used another lender referred by family or friend	1,037	73%
Existing banking relationship	984	69%
Already had pre-approval letter	937	66%
Better rate & terms at another mortgage provider	456	32%
Homebuyer found lender on internet	256	18%
Could not get approved by recommended mortgage provider	242	17%
Other	23	2%
Recommended mortgage provider could not meet closing date	22	2%

We asked, “When a homebuyer does not use a mortgage provider that you recommend, what are the significant reasons?” Respondents were allowed to select multiple reasons. Previous relationships are important, evidenced by 73% of responding agents selecting “Homebuyer used referral from friend” and 69% selecting the related reason of “Existing banking relationship.” Consistent with other parts of the survey results, “Already had pre-approval letter” was the third-most frequently chosen reason.

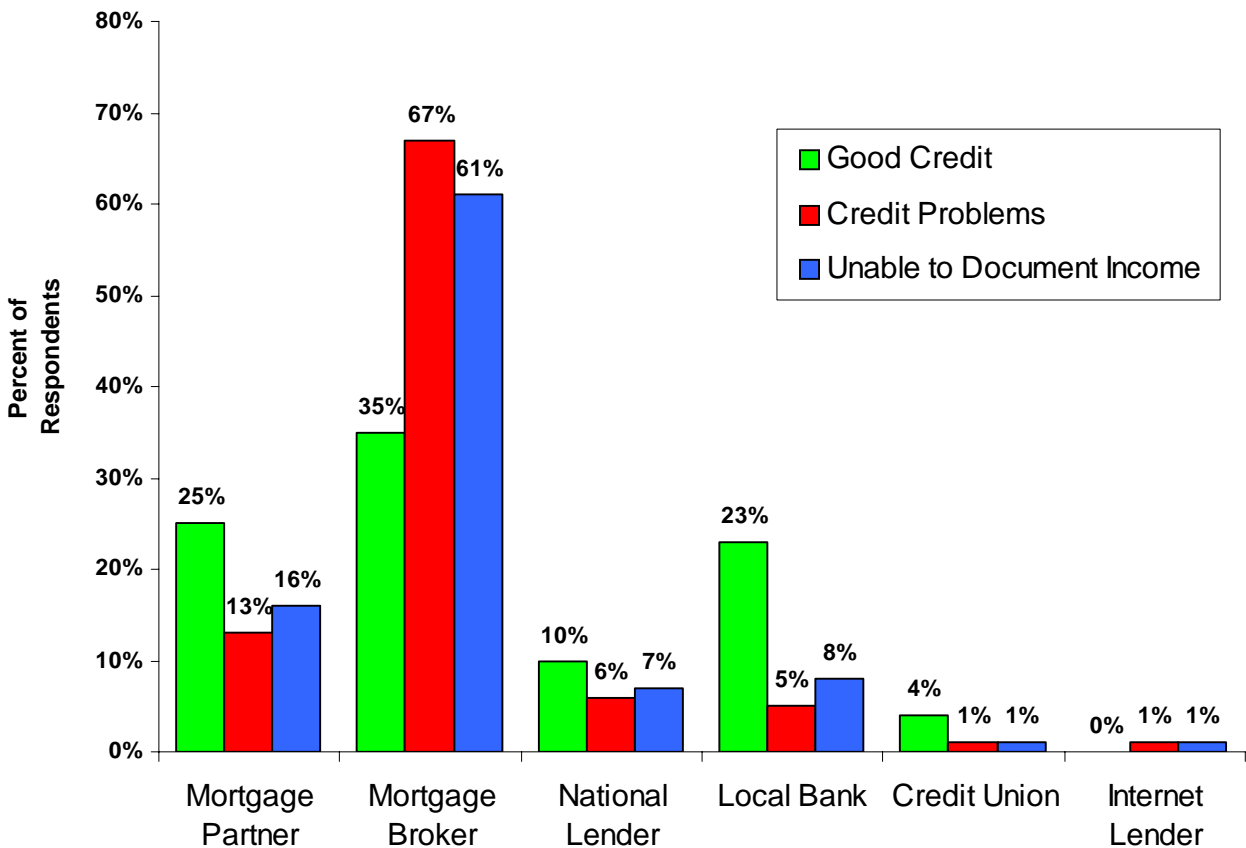
## Significant Reasons for Not Recommending a Mortgage Provider

	<b>Responses</b>	<b>Percent</b>
Homebuyer has existing relationship with mortgage provider	1,147	80%
Homebuyer was already pre-approved	1,012	70%
When a listing agent, I do not recommend mortgage providers	326	23%
Don't want to be responsible for mortgage problems	103	7%
Don't want to get in RESPA trouble	92	6%
Consider it a conflict of interest	77	5%
Other (please specify)	54	4%
Not knowledgeable about mortgage providers	30	2%

We asked, "When you do not make a mortgage recommendation to a homebuyer, what are your significant reasons?" Respondents were allowed to select multiple reasons. Pre-existing relationships with mortgage providers, combined with extensive use of pre-approval letters by these providers, was the principal reason that responding agents did not make a recommendation. Responsibility for mortgage problems, RESPA issues, and concerns about conflict of interest were minor factors.

# Agent Preferences Among Mortgage Providers

## Mortgage Provider Recommendations by Type



We asked, “For homebuyers with these situations—good credit, credit problems, unable to document income—which type of mortgage provider would you most likely recommend?” Mortgage brokers were the most frequently chosen type of provider, especially for homebuyers with credit problems and those unable to document income. The reverse was true for local banks and credit unions—these appear to be recommended for homebuyers with prime credit, but are infrequently recommended for homebuyers with potential approval problems. Consistent with last year’s survey and textual comments, Internet lenders are an unpopular choice for almost all responding agents. It is interesting to note that “National Lender” was chosen relatively infrequently; however, many national lenders also fall into the “Mortgage Partner” category.

The above graph illustrates that mortgage brokers are the principal competition for mortgage partners, especially for loans to homebuyers with credit and documentation issues. To a lesser extent, local banks compete for loans to homebuyers with good credit.



## **Mortgage Partners**

It is notable that few responding agents took the time to give extensive comments regarding mortgage partners. Perhaps this is because they ambivalent feelings about mortgage partners. The following comments are representative.

*“always use lender partner”*

*“I don't recommend the lender partner of our firm.”*

## **Mortgage Brokers**

Extensive textual comments indicate that real estate agents have strongly positive and strongly negative feelings regarding mortgage brokers. Some real estate agents prefer mortgage brokers because they can have lower rates and a broader line of loan products, especially for subprime borrowers. However, other comments indicated that mortgage brokers have less regulatory supervision, provide less reliable pre-approvals, and sometimes engage in bait and switch tactics. Most comments about the need for more regulation referred specifically to mortgage brokers.

### ***Prefer Mortgage Brokers***

*“I always recommend a mortgage broker. Have had better results and fewer delays.”*

*“Local mortgage brokers always work best for me - lower rates, better service.”*

*“I have a very good relationship with our mortgage broker. When I do not use this broker, it is because the client already has a solid relationship with a lender...”*

*“I have one mortgage broker that I HIGHLY recommend because they are ethical AND reliable. Haven't found another like them yet.”*

### ***Mortgage Brokers for Subprime loans***

*“...I rarely use a mortgage broker. Maybe if someone's credit is questionable...”*

### ***Unreliable Pre-Approvals***

*“Mortgage brokers should be overseen by some organization. Too many times they lie to customers and provide pre-approval letters that are not worth the paper they are written on. They should be held accountable.”*

*“Mortgage brokers (are) being evasive, dishonest about fees, rates, especially with first-time home buyers. Promises failed. Pre-qualification (is) given off-handedly...”*

*“This past year we have had problems with mortgage brokers not giving a reliable pre-approval, not meeting closing date, not giving good communication. We watch more closely when we are negotiating contracts on our listings as to who the mortgage broker is.”*

### ***Bait & Switch***

*“Mortgage Brokers tell you they can do a loan with a borrower that has some credit issues and then can’t deliver what they said they could do...they will increase rates the day before closing, then buyer feels trapped. I dislike mortgage brokers.”*

*“Many ‘mortgage brokers’ do not disclose FULL costs of obtaining loans. When asked about closing costs, they are given minimal amounts, but at closing, costs are astronomical.”*

*“I have only met one mortgage broker that I would forward clients to. All others I have worked with do not realize that a lot of buyers need to be educated on the process from them as well as from me. I have had many clients that end up going to closings hating their mortgage broker because they were not informed enough or further in advance of certain things and end up with running around last minute when the HUD statement finally roles in. In turn the clients have actually turned on their Real Estate Agent as well and (it) makes for an uncomfortable closing...”*

### ***Questionable Ethics***

*“A large number of mortgage brokers are unethical and will not deal honestly with the buyer/borrower or the other professionals in a transaction. Many of these people are new to the business, but some have been working in mortgage for several years. Training and professionalism are far below minimal standards from people just looking for the next dollar. The California Department of Real Estate should do far more than is currently done to remove bad service providers from our industry, punish them severely, and publicize the facts for the education of the public...”*

*“Loan fraud is now a major issue because of the secondary lenders. Many mortgage brokers will allow ‘out of closing’ money transfers which are illegal. There are many ways to have items on the HUD to accomplish the same goal and make it legal. Mortgage brokers want the easy way, not the creative and legal way.”*

*“Mortgage brokers tend to have high fees which are not adequately disclosed. They are difficult to deal with because they don’t understand local customs/processes - particularly when it comes to abstracts (Iowa does not have title insurance like other states). They also tend to come up with last minute surprises and almost never get loan commitment letters on a timely basis.”*

### ***Better Mortgage Broker Supervision Required***

*“I think that a majority of the mortgage brokers that I have had to deal with are highway robbers. The fees are totally unrealistic, and out of bounds. I think that something should be done to monitor them.”*

*“State and federal laws do not require adequate training for mortgage brokers - no clear code of ethics.”*

*“More strenuous standards should be required for Mortgage Brokers, other than to be able to fog a mirror when they breathe.”*

## **National Lenders**

Responding agents had mixed comments regarding national lenders. The following comments are representative.

*“I have dealt with Washington Mutual and Countrywide and Chase Manhattan but all of these companies were already dealing with my clients. Washington Mutual was the best of these three in my experience with them.”*

*“Stay away from Washington Mutual - they were the company that caused the problems for my buyers. They have the worst customer service in the business and everyone you speak with promises you something, but they never deliver.”*

*“When really large companies like Cendant take over the industry, I have found service, quality of products and control get very poor quickly. It's like the Wal-Mart mentality has hit this industry - meaning ‘we are the largest so deal with it...’”*

*“First Horizon always goes above and beyond what my customers and I ever expect. I have never had an unsatisfied customer with First Horizon and do not expect to any time soon. With the addition of their newest loan officer, Stephanie (last name redacted), they are above and beyond the rest.”*

*“I do not have experience with all those providers to give a fair opinion. I only know I will never again trust a deal with the well-known, nationally-advertised lender that I just dealt with! I consider them to be a predator of the worst bait and switch I have ever seen. Even though it did go through at the right terms, never again for my clients!”*

## **Local Banks**

Textual comments indicate that many real estate agents are fans of local banks. However, they realize that local banks often cannot provide a full range of loan products, particularly subprime and low-documentation loans. In these cases, agents may refer homebuyers to mortgage brokers.

*“When possible I recommend a bank, particularly a bank with a local representative...”*

*“BANKS ARE MORE RELIABLE AND MUCH BETTER THAN MORTGAGE BROKERS TO DEAL WITH FROM A REALTOR STAND POINT.”*

*“I use a lender from a local bank and I am very happy with her. If I had to choose one thing that is not as good as it can be I would have to say that banks often cannot or do not offer the competitive services that mortgage brokers can and do offer”*

*“We do not partner with any particular institut(ion), but I will first ask buyers to see any one of three local banks, and then if that is not good, then I will refer them to 3 good mortgage brokers.”*

## **Internet Lenders/Non-Local Lenders**

Textual comments and quantitative survey results indicate that few real estate agents want to use non-local lenders. Many believe that these lenders are less responsive when problems arise and provide less reliable appraisals. Both textual comments and quantitative survey results indicate that real estate agents are nearly universal in their distaste for Internet lenders.

### ***Internet Lenders***

*“Internet companies are the majority offenders.”*

*“Most of the trouble I have is when I have the listing and the buyer uses an internet broker.”*

*“The only time I have had problems with a lender is on internet sources. Now I hold the client responsible for any problems caused by their lender if they were internet- generated. I make them aware of the potential problems that internet lenders can sometimes cause. For the most part, clients will often then seek out a local lender...”*

*“I find that when buyers go to an internet lender and find a ‘super rate’, often times there is some hidden cost or thing about the proposed mortgage that only makes the deal look good. Often times, local lenders and banks can actually beat these deals by explaining these pitfalls. Also, I find that dealing with internet lenders is a ‘grand pain in the neck!’”*

*“The mortgage people that I recommend are very competent. I have only had problems with internet mortgage companies.”*

*“I would rate internet mortgage companies the lowest. I’ve had terrible luck with their reliability.”*

*“I found the internet providers to not be reliable and in fact reported one to our State Banking Commission.”*

*“Internet lenders need to be better regulated overall. Too many unfilled promises, changes, etc...”*

### ***Non-Local Lenders in General***

*“Having a local contact is essential. I hate more than words (can say), dealing with someone that I can’t get face-to-face with if something goes wrong. I don’t like it when someone tries to make a miracle out of a loan app. If it can’t be done, tell me immediately.”*

*“The best thing in my opinion is to have a local representative that stays in contact with the REALTOR and the client. It’s nice to send someone to talk with someone face-to-face rather than*

*over the phone where they will get someone different every time they call to check on the status of their loan”*

*“It seems to be that we are at the mercy of some lenders/ loan brokers that do not communicate well. They are not here locally for us to meet with to discuss any issues. They make us nervous with their poor response time. They dance around issues and then we find out at the last minute that there is ‘one more thing’ that they need to verify. It is very frustrating because no matter how many times we try to reassure our buyers and sellers that we are staying on top of the lender, it still reflects on us...”*

*“I think the loan process needs to be kept relatively local. The lenders need to know their processors/underwriters and have very good working relationship with them. Even if a company is national, they need to have enough franchises so the customer/lender know who they are dealing with and do not feel like they are calling someone from across the country who doesn't know or care about them. This also goes for large banks that have both 800 numbers for people to get a mortgage and local lenders in local branches...”*

*“I find that lenders from out of the area do not have a stake in making sure everything goes well on a transaction. If a local agent messes up then they will get a bad rep in the area and lose business. Out-of-the-area lenders are only in it for this one deal. I also hate it when the lender tells the client ‘not to worry about the closing costs’ the real estate agent will take care of it, then they are surprised when there are closing costs. Or the lender just expects us to raise the price and include the closing costs.”*

*“Out-of-state lenders have no idea of how we do business in NH. A closing date on our Purchase and Sales Agreement means that is the date - and we all rely on that date. That date seems to mean nothing to lenders.”*

### ***Problems with Appraisals***

*“Generally when working with local mortgage banks, service is stellar; in-house mortgages have more flexibility. Out-of-state lenders, although licensed in VT, do not fully understand, in my opinion, the laws; they frequently do not understand 'rural' communities rather than city/suburban neighborhoods which plays a large part in appraisals and BPO's. It can also be frustrating not being able to work with just ‘one specific’ person with a mortgage provider.”*

*Most non-local lenders, especially the .com group, use appraisers from out-of-town, totally lacking knowledge of the attractiveness [location, location, location] of the area of the to be appraised property...”*

## Brokerage Partnerships With Mortgage Providers

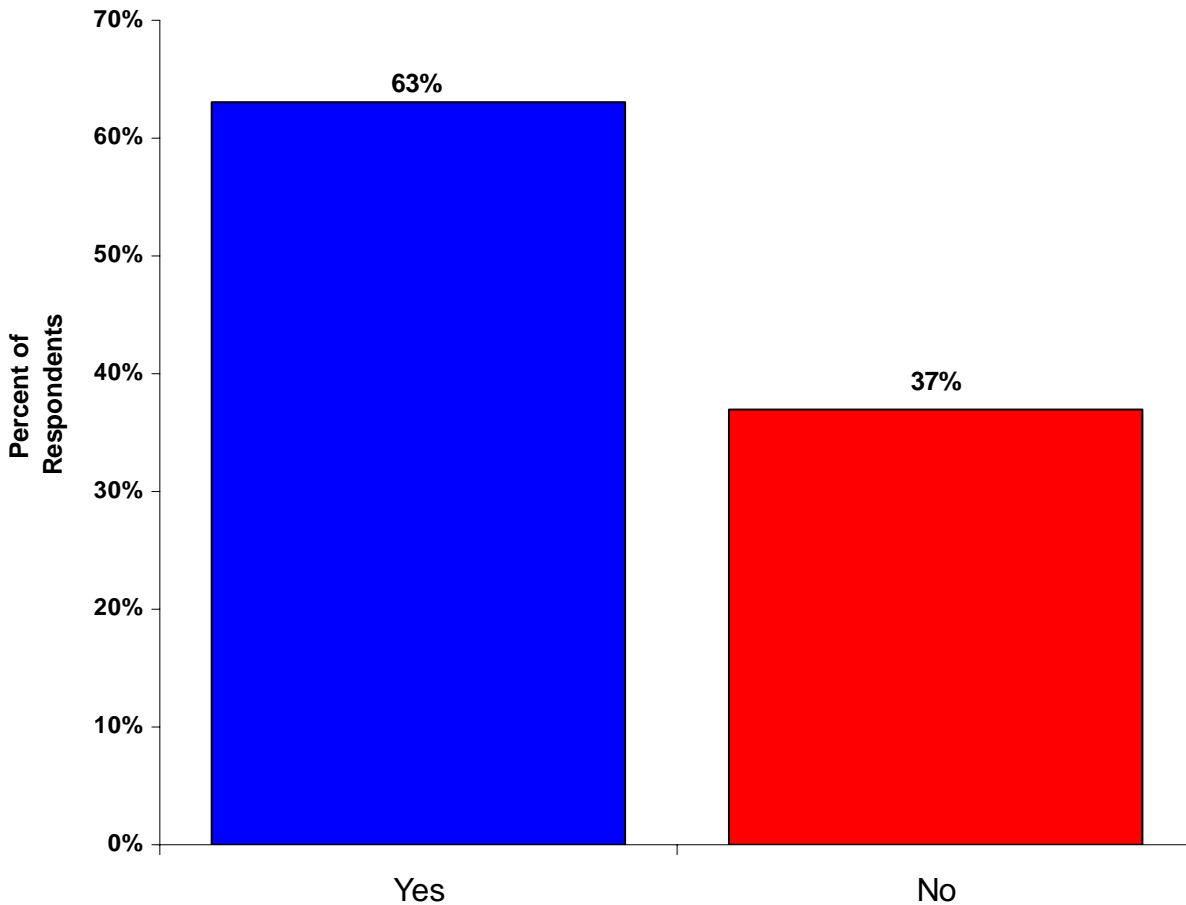
When a mortgage provider invests substantial resources in developing a joint venture, desk rental, marketing alliance, or other partnership with a real estate brokerage, managers must judge the likelihood of a corresponding payback. In designing the survey instrument, we sought to determine the prevalence of partnerships, frequency of different partnership types, the exclusivity of partnerships, what access advantages partnerships might bring and, ultimately, what capture ratios—partnership mortgages as a percent of total transactions—can be expected.

In general, we found that most brokerage firms have partnerships with one or more mortgage providers and that most of these partnerships are exclusive, i.e., there is only one preferred partner. In a majority of cases, loan officers for the mortgage partner operate out of the brokerage office and enjoy substantial access advantages over non-partnered loan officers.

Despite these access advantages, we found capture rates of 19-29%, depending on the structure of the partnership with the mortgage provider. What are the reasons for these relatively low capture rates? First, as a previous section of the survey report has shown, most agents influence rather than control the selection of mortgage provider. Second, as multiple sections of this report show, many homebuyers come to the agent pre-approved or with existing mortgage provider relationships. Third, and perhaps most important, many agents do not recommend mortgage providers or, alternatively, recommend a list of mortgage providers.

## Prevalence of Mortgage Provider Partnerships

### Respondent's Firm Has Preferred Mortgage Partner



We asked, “Does your real estate brokerage have preferred partnerships with one or more mortgage providers?” Sixty-three percent of responding agents answered “Yes,” nearly two-thirds of all agents.

We used the responses to this question to segment the respondent pool for other questions pertaining only to agents with partnered mortgage providers.

## Types of Mortgage Provider Partnerships

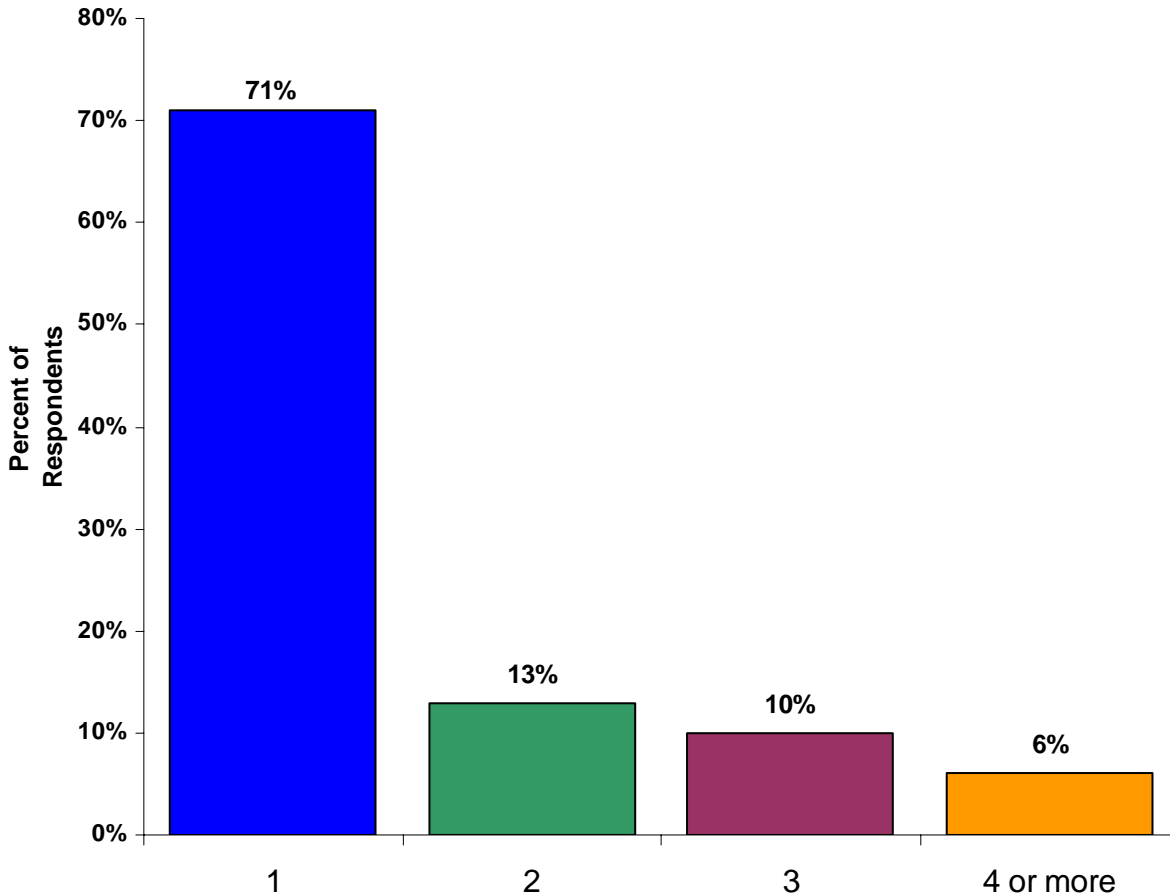
	Responses	Percent
Mortgage company wholly-owned by our firm	211	22%
Informal arrangement blessed by firm management	155	16%
Mortgage company wholly-owned by our franchisor	134	14%
Joint venture	124	13%
Desk or office rental	117	12%
Don't know	111	12%
Formal marketing alliance	93	10%
Total	945	100%

We asked, “If you answered yes to the preceding question (about mortgage partnership status), which arrangement best describes your firm’s mortgage partnership?” Survey results show there is a wide range of partnership arrangements, but the most common is “Mortgage company wholly-owned by our firm.” Other types of partnerships are well-represented among the respondent base.



## Exclusivity of Mortgage Provider Partnerships

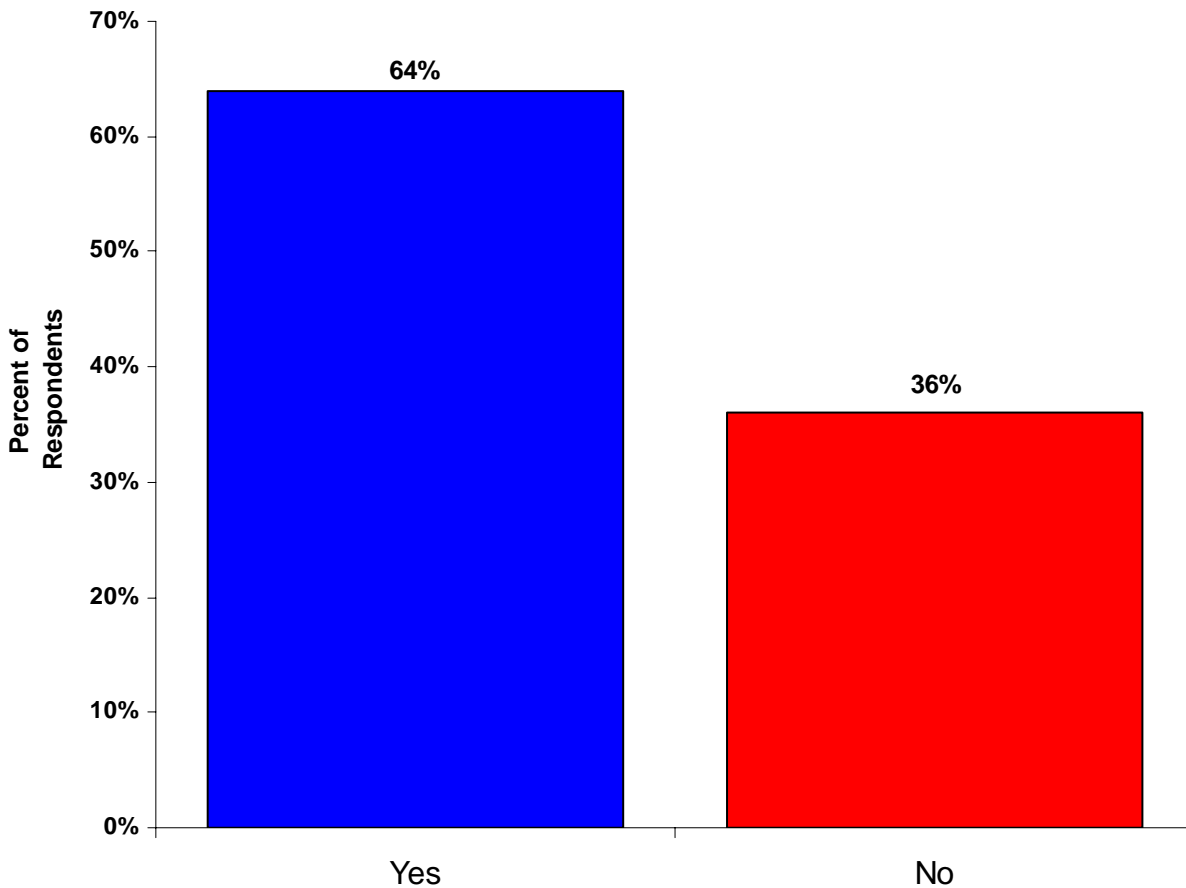
### Number of Preferred Mortgage Partners at Respondent Firm



For agents whose firms have at least one partnered mortgage provider, we asked, “How many preferred mortgage partners does your firm have?” A majority of responding agents had only one preferred mortgage partner at their firm. Surprisingly, 29% of firms with a mortgage partner had had more than one. In these cases, the “partnerships” may be of a less formal nature, instead of a joint venture or wholly-owned arrangement.

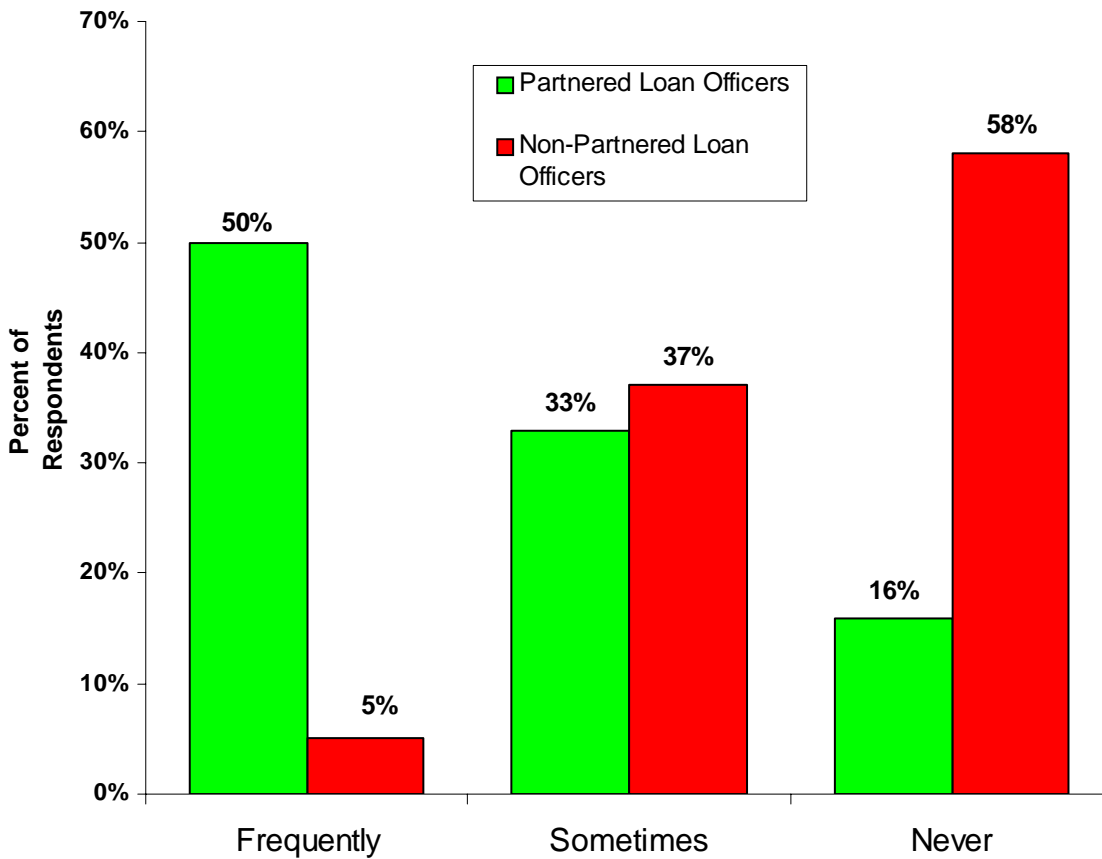
## Access of Partnered and Non-Partnered Loan Officers

### Preferred Mortgage Partner Operates Out of Respondent Firm's Office



We asked, “Does at least one preferred mortgage partner operate out of your company’s offices?” and tabulated the responses only for agents whose firms have a mortgage provider partnership. Sixty-four percent of the responding agents have at least one partner operating out of the firm’s offices.

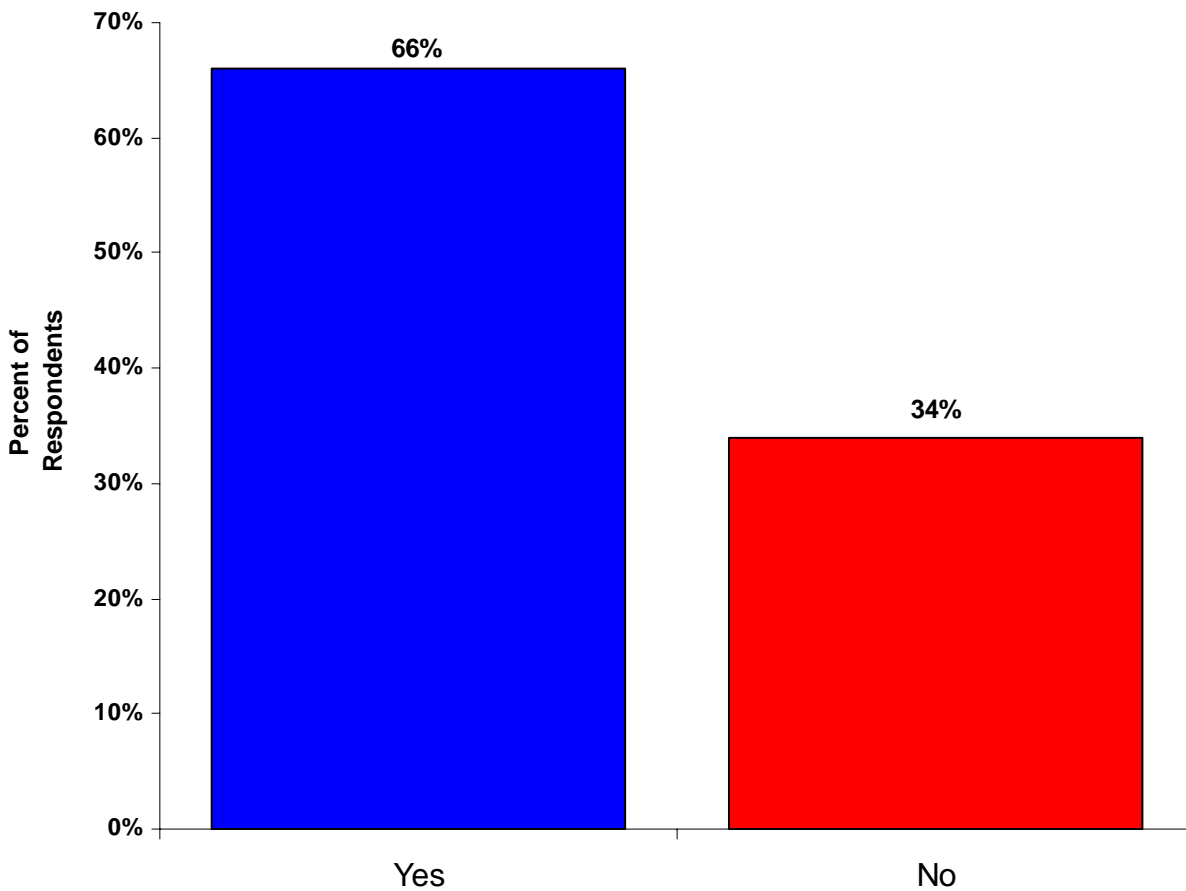
## Attendance at Internal Meetings



We asked, “Does a partnered loan officer attend your company’s internal meetings, such as weekly sales meetings?” and “Does a non-partnered loan officer attend your company’s internal meetings, such as weekly sales meetings?” We tabulated the responses only for agents whose firms have a mortgage provider partnership.

We found that partnered loan officers are significantly more likely to be frequent attendees to company internal meetings; 50% of partnered loan officers are frequent attendees vs. only 5% of non-partnered loan officers.

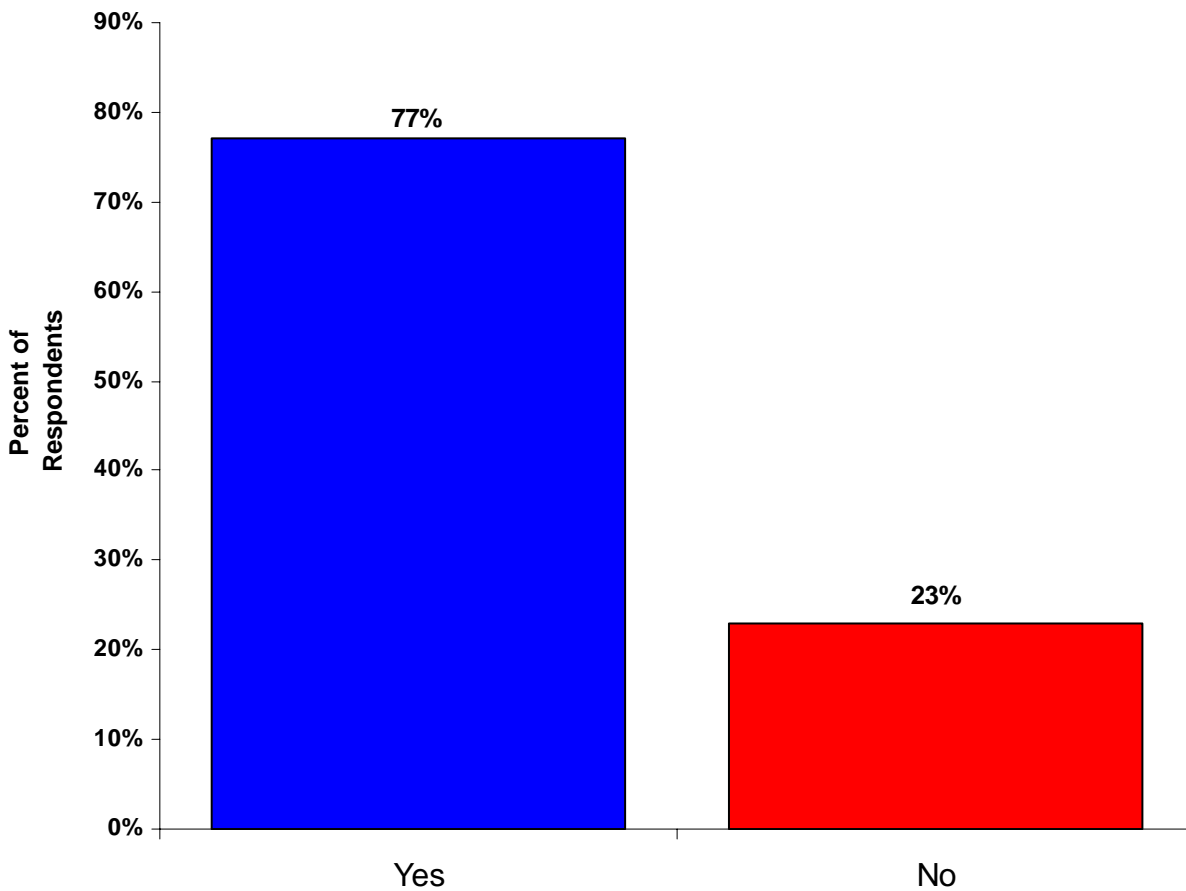
## Non-Partnered Loan Officers Allowed To Make Sales Calls Within Company Offices



We asked, “Are loan officers of non-partnered mortgage providers allowed to make sales calls within your company’s offices?” We tabulated the responses only for agents whose firms have a mortgage provider partnership.

Sixty-six percent of responding agents said that non-partnered loan officers are allowed to make sales calls within company offices.

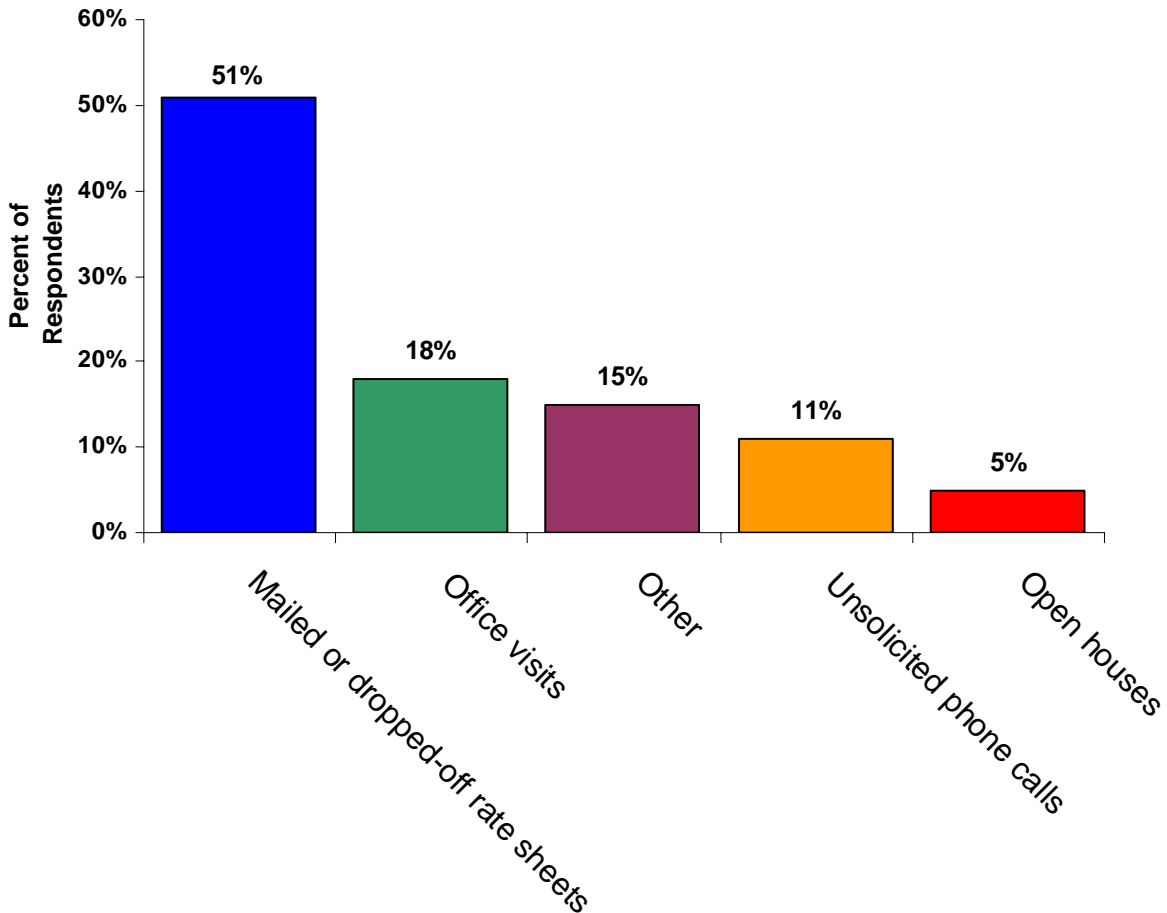
## Non-Partnered Loan Officers Allowed To Use Company Mailboxes



We asked, “Are loan officers of non-partnered mortgage providers allowed to use your company’s mailboxes to distribute rate sheets and other promotional materials?” We tabulated the responses only for agents whose firms have a mortgage provider partnership.

The vast majority of non-partnered loan officers, 77%, are allowed to use company mailboxes.

## Ways Non-Partnered Loan Officers Make Contact



We asked, “What is the most common way that non-partnered loan officers make contact with you?” We tabulated the responses only for agents whose firms have a mortgage provider partnership.

The most common ways that non-partnered loan officers make contact is “Mailed or dropped-off rate sheets,” followed by “Office visits.” A significant number of responding agents selected “Other” and specified the method of contact. Frequent responses for the Other category were “email”, “fax”, and “personal referral.”

## Agents That Recommend Mortgage Partners

### Significant Reasons for Recommending a Mortgage Partner

	Responses	Percent
Good service	588	66%
Dependable with closing dates	485	54%
Good relationship with loan officer	483	54%
Loan products to fit this homebuyer	439	49%
Good rates	438	49%
Loan officer is located in my office	318	36%
I trust mortgage partner selected by my firm	281	31%
Other	93	10%
I am evaluated by firm management on referrals to our mortgage partner	50	6%
Using our mortgage partner helps my firm be flexible on commission splits	29	3%

We asked, “When you recommend a mortgage partner of your firm, what are the significant reasons?” Respondents were allowed to select multiple reasons. “Good service” topped the list of significant reasons, followed by “Good relationship with loan officer” and “Dependable with closing dates.”

Textual comments regarding agents recommending mortgage partners were consistent with quantitative data showing moderate capture rates for most agents. A few agents commented that their mortgage partner does not have a full range of loan programs, which is consistent with quantitative results that show mortgage partners are less preferred sources for subprime and low-documentation homebuyers. Finally, some agents stated that they have established their own mortgage “partnerships,” either because their brokerage firm does not have a formal partner or they have found a better “partner.”

***Strong Recommendation of Mortgage Partner***

*“I always recommend the mortgage partner of our firm.”*

***Include Mortgage Partner in List of Recommendations***

*“I always recommend our guy & 2 local lenders...”*

*“Always give buyer three firms, including partner firm.”*

*“Give three firms, including partner firm, if appropriate.”*

*“I generally recommend at least 3, one being mortgage partner.”*

*“I always recommend our partner as 1 option.”*



## Agents Against Mortgage Partners

### Significant Reasons for Not Recommending a Mortgage Partner

	Responses	Percent
Better relationship with another loan officer	338	40%
Better rates available from another mortgage provider	321	38%
Homebuyer may not get approved with partner and/or has credit problems	276	33%
Past experience with poor service from mortgage partner	159	19%
Other	79	9%
Undependable with closing dates	56	7%
I consider it a conflict of interest to recommend mortgage partner	33	4%
Mortgage partner uses centralized call center	27	3%

We asked, “Apart from times when the homebuyer has already found another mortgage provider, when you do not recommend a mortgage partner of your firm, what are the significant reasons?” Respondents were allowed to select multiple reasons. “Better relationship with another loan officer” topped the list of significant reasons, followed by “Better rates available from another mortgage provider” and “Homebuyer may not get approved with partner and/or has credit problems.”

Textual comments buttress the quantitative findings regarding reasons for not recommending a mortgage partner. In many cases, the agent has a better relationship with another loan officer; in some cases the partnered mortgage provider does not provide a full range of loan products. A few agents have their own “partners.”

### ***Better Relationship with another Loan Officer***

*“For agents, it's all in the relationship with the originator. I would use Brenda (last name redacted) with GMAC Mortgage up here even if she worked for ‘Fred's Bank’.”*

*“I have a loan officer that I depend on greatly. He is very competent, caring, easy to reach, efficient, flexible...all the things that matter to me. I usually recommend two or three...Countywide, Wells Fargo, or Regions. I develop relationships with the people and they have to have a good company behind them. I don't use the CB 1-800 service at this time, but it's because I know these lenders depend on my business just like I have depended on their service for many years.” (from a Coldwell Banker Agent)*

*“I recommend PEOPLE, not companies. I have long-standing relationships with mtg. loan officers. I do not care what company they choose to work for. I've never lost a deal because of financing when my client uses my recommendation. My mtg. people are ‘tried & true’. I would NOT want mtg. people having space in my office. I would NOT use them and feel they would be ‘in the way’.”*

*“I have been working with this loan originator for over 25 years, wherever she was. I know what she can do and if she or her office screws up I can find them. I work with other local lenders with whom I have a long standing relationship whom I also refer. I won't make decisions for my clients but I do try to give them a selection of the best and most reliable.”*

*“On the whole I have very positive experiences with loan officers, but when given the choice I only use local loan officers with whom I have a personal relationship.”*

*“I use and recommend loan officers, not companies, based on services they provide including the ability to do there (sic) own closings. The processors are just as important to the transaction as the LO. It is also very important that the pre-approval be at a competitive rate and close to the income limit of the borrower. Lastly, I do not limit the loan officer but do keep a line on lenders and title companies that may be suspect to protect my clients' interest.”*

*“Most lenders have access to the same varieties of mortgages, and a customer with good credit can get a loan anywhere, easily. Clean customers, however, are not in the majority. There is usually some problem or circumstance that must be resolved in most mortgage applications. I'm not just talking about a credit or other financial problem, but also such circumstances as a transferee who is staying in a particular location for 2 or 3 years; a 5/1 ARM might be very interesting to that customer. Thus, the most important factor in the whole mortgage process is the mortgage officer or representative.”*

***Homebuyer May Not Get Approved with Partner***

*“(Homebuyers need) different programs which our 'partner' does not handle.”*

*“Better program for client not available with in-house partner.”*

***Individual Agent Has Mortgage “Partnership”***

*“Our office doesn't partner up with specific lender but we as individual agents have lenders that we work closely with.”*

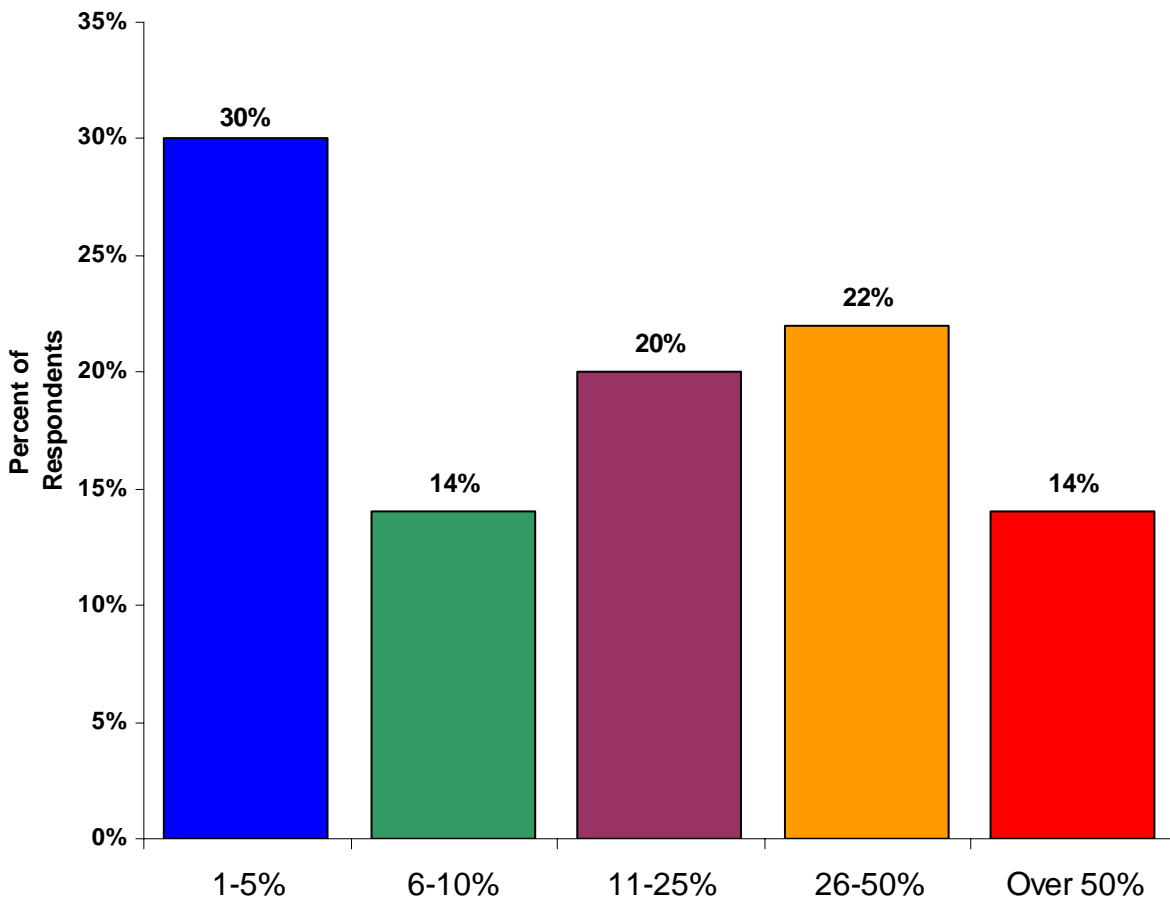
*“I have a partnership with a lender but my firm does not.”*

*“I have my own preferred partners & do not use the company's”*

*“Outside partners more attentive and work harder!”*

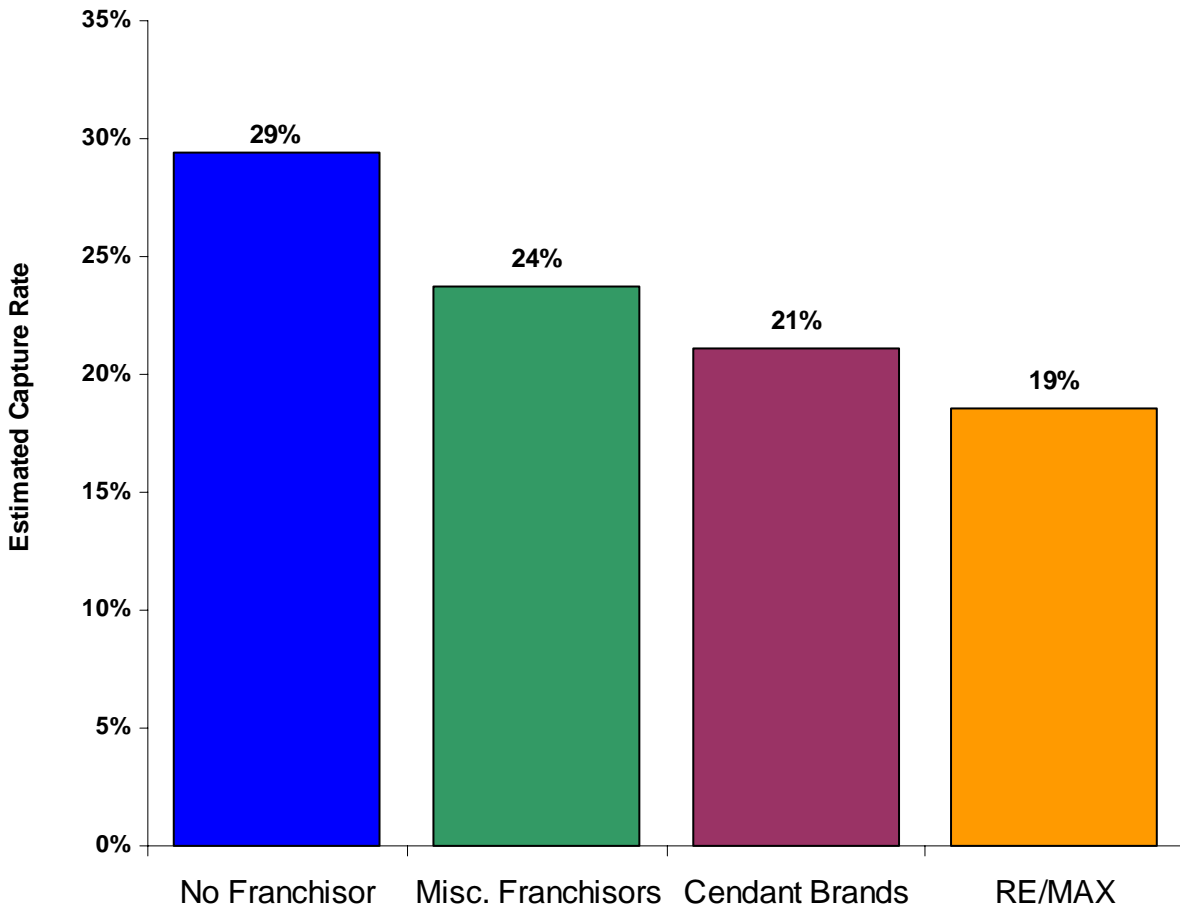
## Capture Rate of Mortgage Partnerships

### Percent of Transactions Captured by Mortgage Partner



We asked, “In your estimation, what percent of your transactions have a mortgage provided by a mortgage partner of your firm?” According to responding agents, most mortgage partners capture relatively few transactions; only 14% of responding agents thought that over 50% of transactions were captured by their firm’s mortgage partner. Calculating a weighted average of the response percentages, we found that, on average, mortgage partners capture 24% of responding agents’ transactions.

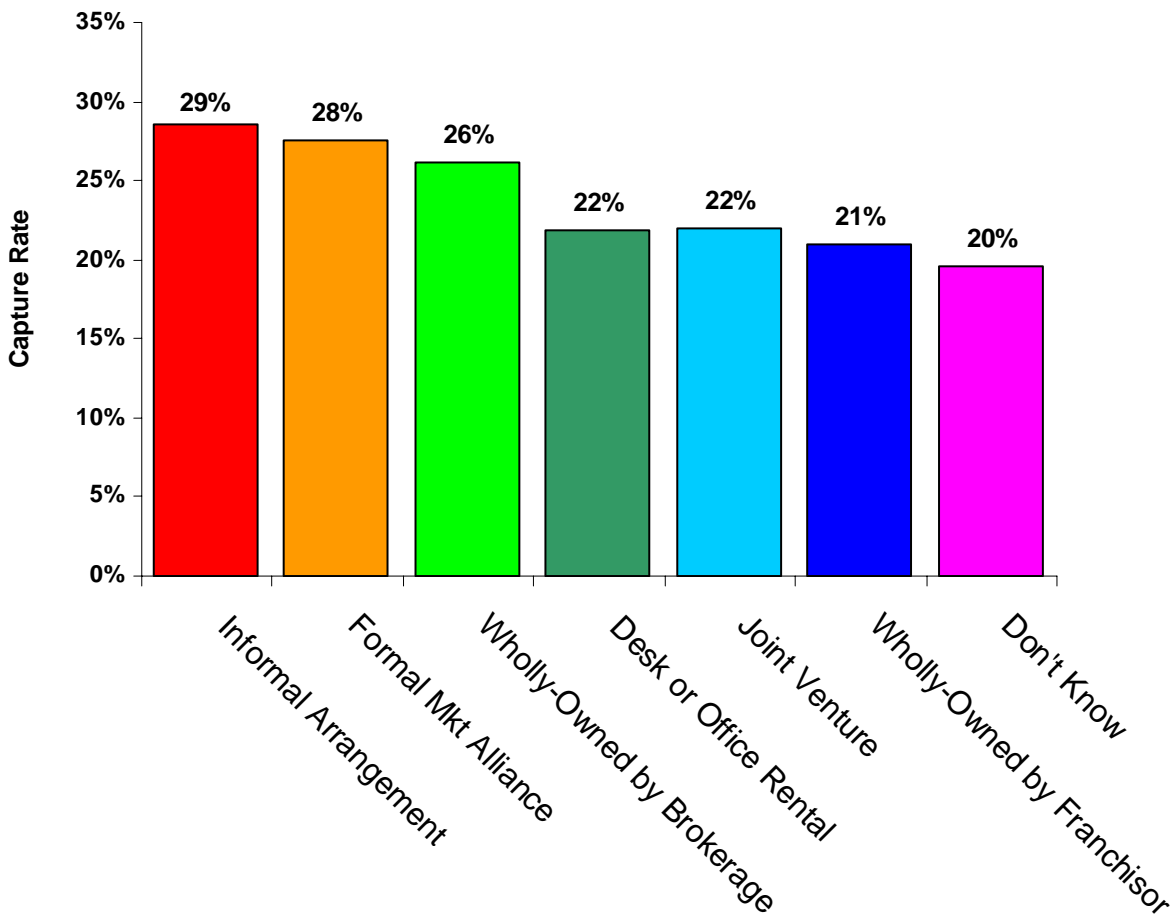
## Agent-Estimated Capture Rates by Franchisor Status



We examined capture rates by franchisor status. For smaller franchisors, we did not have sufficient responses to present the data for individual franchisors; instead, we combined this data into a category of “Misc. Franchisors.” Likewise, we combined the Cendant brands—Century 21, Coldwell Banker, and ERA—into one category. We found that brokerages with no franchisor reported the highest capture rates; agents working at RE/MAX franchisees reported the lowest capture rates.

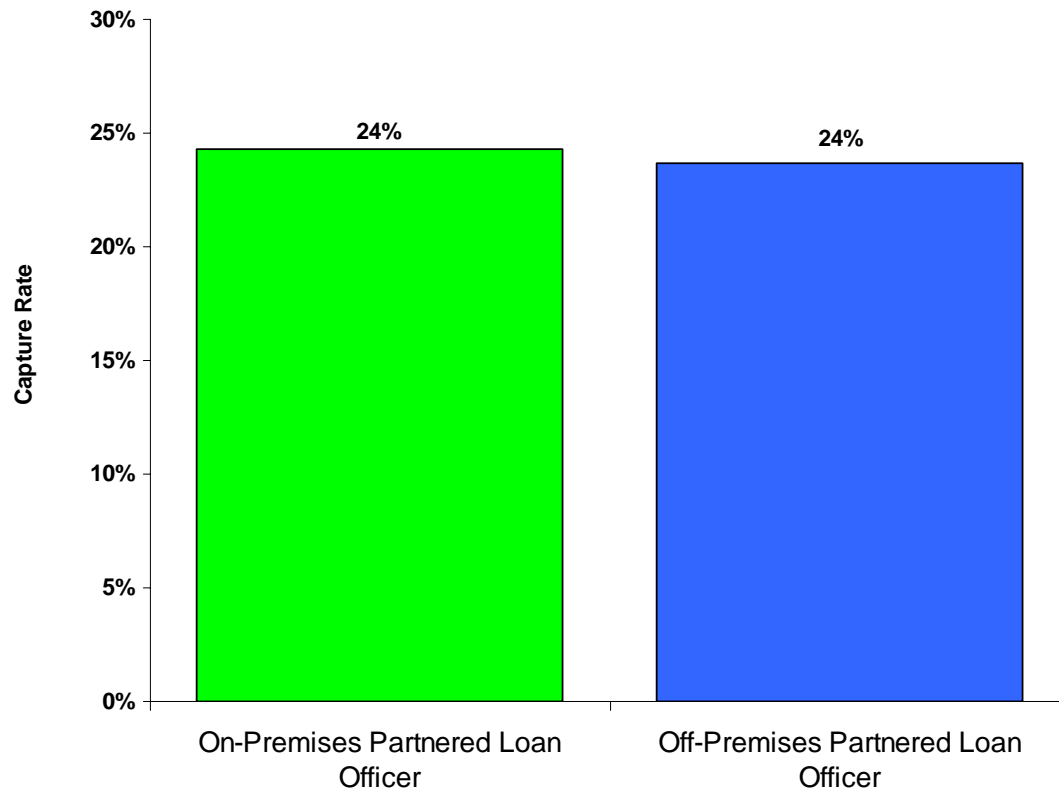
RE/MAX franchisees have an unusual relationship with agents; agents keep 100% of commission from transactions and instead pay an administration fee to franchisees. Anecdotally, we have heard that these agents are “high-producers” and difficult to control or influence. Accordingly, it makes sense that capture rates for RE/MAX franchisees would be lower.

## Agent-Estimated Capture Rates by Partnership Type



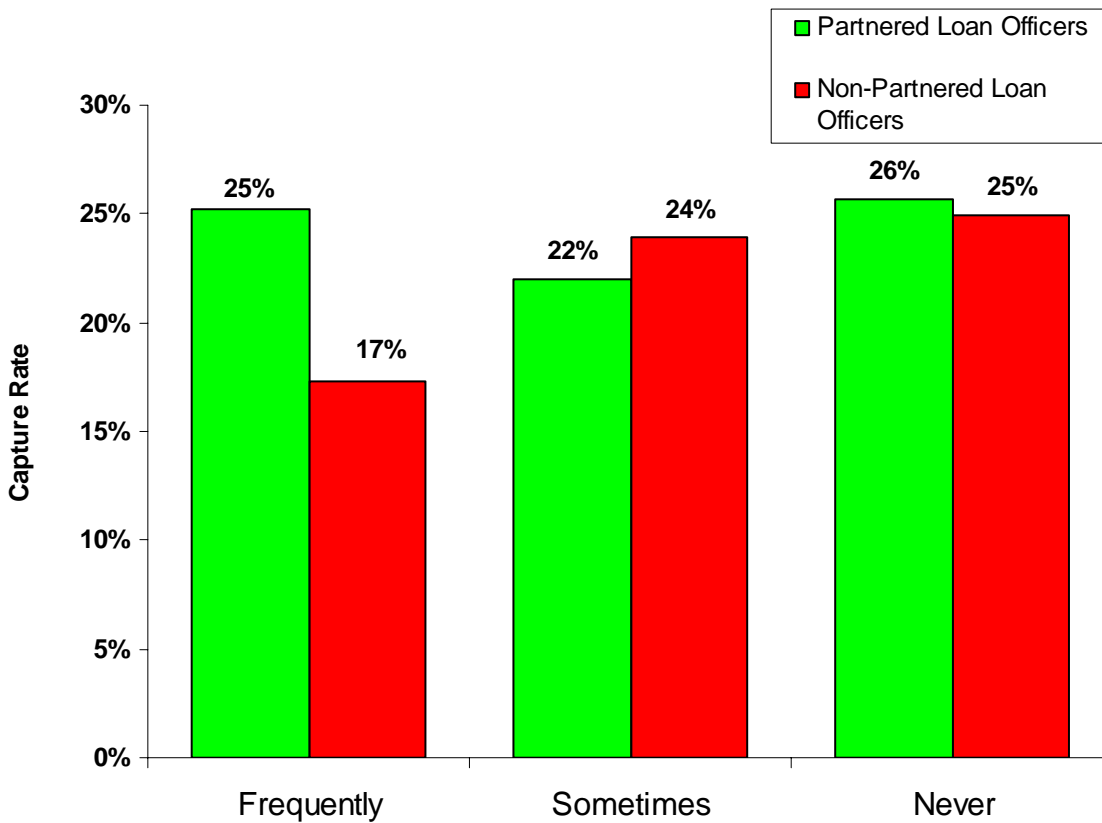
We calculated agent-estimated capture rates by type of mortgage provider partnership. We found that joint ventures and mortgage partners wholly-owned by the franchisor tend to have lower capture rates; informal partnerships tend to have higher capture rates. To the extent that informal partnerships provide no direct monetary benefit to brokerages, their service level needs to be excellent. Where a monetary benefit is the primary rationale for a partnership, capture rates may be lower if agents perceive that other mortgage providers have better service and loan products. In particular, when the monetary benefit accrues to the franchisor rather than the brokerage, capture rates appear to be the lowest of all.

## Capture Rates by Location of Loan Officer



We examined capture rates at firms with an on-premises partnered loan officer vs. firms that have a mortgage partner, but the partner's loan officers work at another location. We found nearly identical capture rates for these two arrangements.

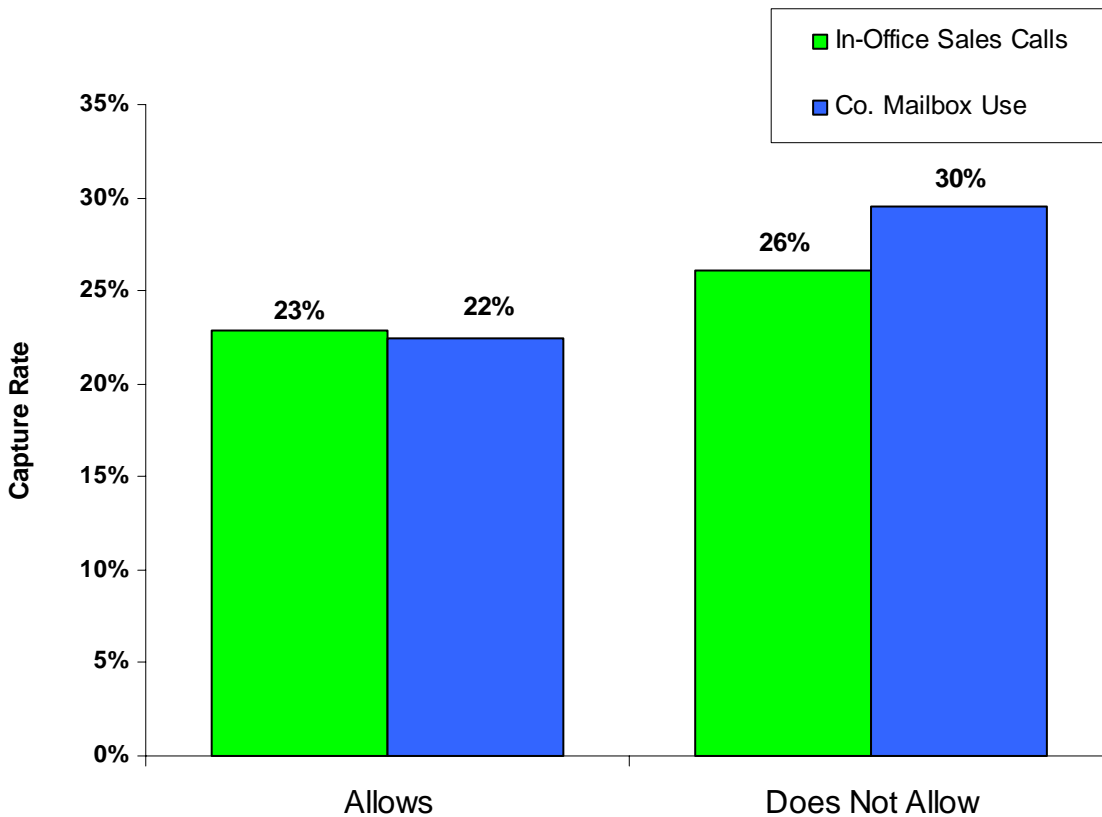
## Capture Rates by Loan Officer Attendance at Company Internal Meetings



We found that when non-partnered loan officers attend internal company meetings, capture rates are lower. Interestingly, the attendance of partnered loan officers at company meetings did not affect capture rates as much.

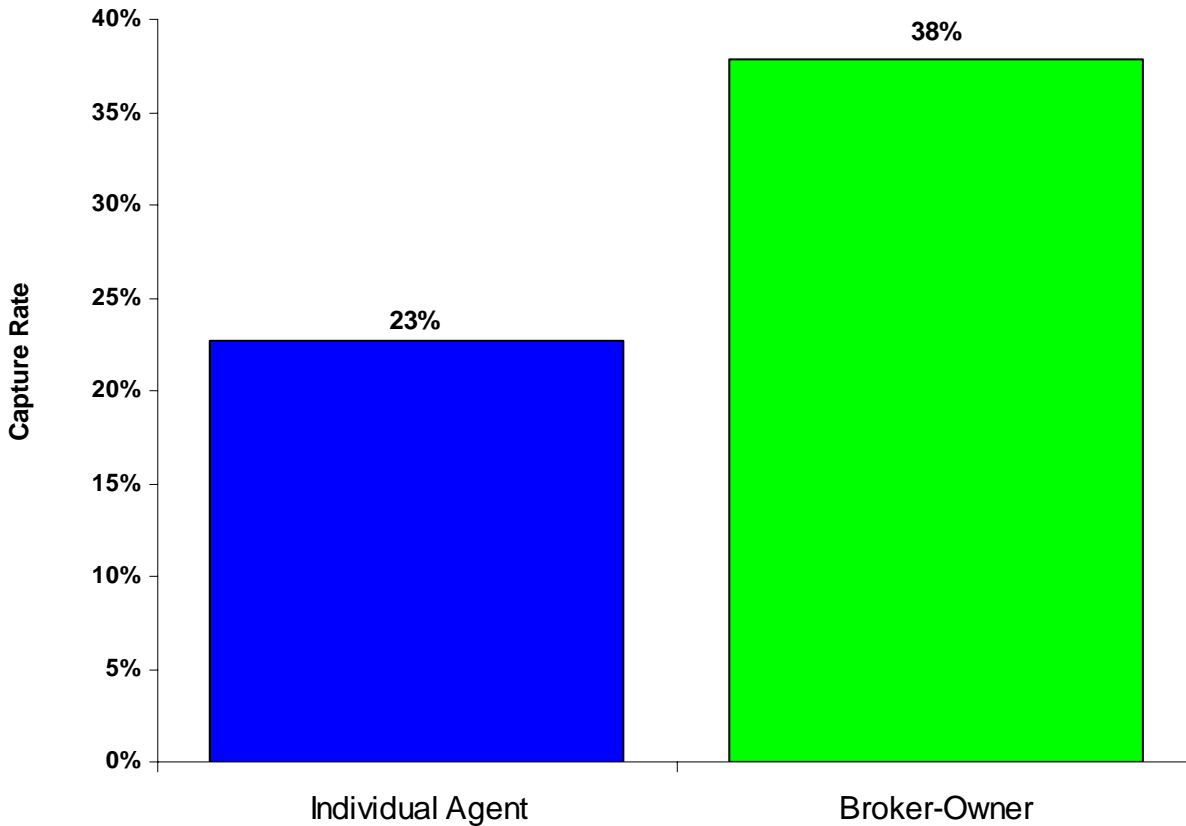


## Capture Rates by Type of Non-Partnered Loan Officer Access to Brokerage Firm Offices



We found that when non-partnered loan officers are given access to brokerage offices, capture rates are moderately lower. Interestingly, this effect is more pronounced for mailbox use than for allowance of on-premises sales calls.

## Capture Rates by Respondent Position



At firms with mortgage partnerships, we found that broker-owners report a much higher capture rate for their transactions than individual agents. It is interesting to note that these same broker-owners report making a single mortgage recommendation more often than individual agents—35% vs. 16%, respectively. While this does not conclusively prove that making a single mortgage recommendation (presumably for the partnered mortgage provider) increases capture rates, we find this relationship to be powerful evidence that a single mortgage recommendation carries more weight with homebuyers.

Making a single mortgage recommendation, when appropriate to the homebuyer's credit status, may be an effective way of increasing capture rates, along with improved loan products and service from the mortgage partner. Alternatively, making a recommendation of the partnered mortgage provider plus one alternative may also increase capture rates. We plan to address these issues specifically in next year's survey.

## **Agent Issues With Mortgage Providers**

Previous surveys conducted by Campbell Communications have shown that real estate agents complain mightily about mortgage providers. This survey was no exception.

Executives at mortgage providers should ask whether these complaints are actionable. Can mortgage providers do something differently to resolve the complaints and increase recommendations from real estate agents? Or are the complaints of a general nature that would occur regardless of the quality of service and product offerings?

## Most Frequently Cited Mortgage Provider Issues

We asked, “In your experience, what are the most significant issues with direct lenders, mortgage affiliates, mortgage brokers, and other types of mortgage providers (check all that apply)?” Respondents were then asked to select from a list of 24 issues with mortgage providers that we commonly heard during survey development. Respondents were allowed to select multiple issues. To minimize bias, we ordered the issues alphabetically on the survey instrument. However, in the below presentation, we have ranked the issues by the number of responses received.

### Significant Issues with Mortgage Providers

	Responses	Percent
HUD-1 statement not available one day before closing	844	55%
Pre-approval letters not reliable	780	51%
Mortgage provider does not communicate loan status	693	45%
Closing costs higher than expected	633	41%
Closing dates missed	631	41%
Mortgage providers without local representatives give poor service	536	35%
Mortgage provider will not return phone calls & emails	536	35%
Appraisals scheduled at last minute	535	35%
Cannot schedule prompt closing date	531	35%
Inflexible underwriting	510	33%
Non-local mortgage providers don't know our laws and customs	431	28%
Employment and income verifications at last minute	407	27%
Loan officers not well trained	397	26%
Mortgage brokers switch lenders shortly before closing	347	23%
Centralized call centers give poor service	341	22%
Unethical behavior	301	20%
Rate changes and/or rate lock expirations	299	19%
Poor service by local loan officers	244	16%
Prepayment penalties on prior mortgage not anticipated	177	12%
Other	74	5%

More responding agents found “HUD-1 statement not available one day before closing” to be significant than any other issue, with 55% of agents selecting this item. Another significant issue was “Pre-approval letters not reliable,” with 51% of respondents. Other areas of frustration were “Closing costs higher than expected” and “Closing dates missed.”

It is interesting to note that “Rate changes and/or rate lock expirations” and “Poor service by local loan officers” were selected as significant reasons less frequently, showing that agents are not uniformly dissatisfied with mortgage providers. It is also interesting that “Unethical behavior” was selected by 20% of agents, ranking it near the bottom of the list; it appears that agents can and do distinguish between simple service shortfalls versus outright dishonesty.

In many areas of the country, HUD-1s are prepared by title agents or closing attorneys. As a result, their timing is only partially within the control of the mortgage provider. This leaves “Unreliable pre-approval letters” as the most significant issue largely within the control of mortgage providers. Because of the importance of this issue, the next major section of this report is devoted entirely to pre-approval letter issues.

## Comments Regarding HUD-1 Statements

While many agents specified late HUD-1's being an issue with mortgage providers, few took the time to write a textual comment about this issue.

*"My biggest complaint is not receiving the HUD-1 statement at least one day prior to closing. Receiving it the day of closing makes it very difficult to correct any problems."*

*"Our closing dates are sometimes totally not taken as being important. It seems closing attorneys are so busy that we are not getting the HUD the day before, often it is the day of."*

## Comments Regarding Late Funding

Late funding was not an issue specifically covered in the survey instrument. However, several agents commented that this is their No. 1 issue with mortgage providers.

*“With mortgage brokers and out-of-state lenders; failure to fund on time is the biggest problem.”*

*“The number one problem we have with mortgage providers is not having money at the closing table! This problem is increasing as non-local lenders play games with the float to get the money in interest. We have even had problems with lenders not releasing funds for transfer until the closing documents have been signed! This is totally unacceptable...”*

*“Our biggest problem is non-funded (dry) closings. By state law the lender must provide funds at closings, but some out-of-state lenders don't fund until hours or days later.”*

*“LATE, LATE, LATE Funds not available at closing.”*

*“I can't emphasize enough that the reason we recommend local banks and mortgage lenders is trust in ability to perform as promised - especially regarding having money at the closing table WHEN IT IS SUPPOSED TO BE THERE.”*

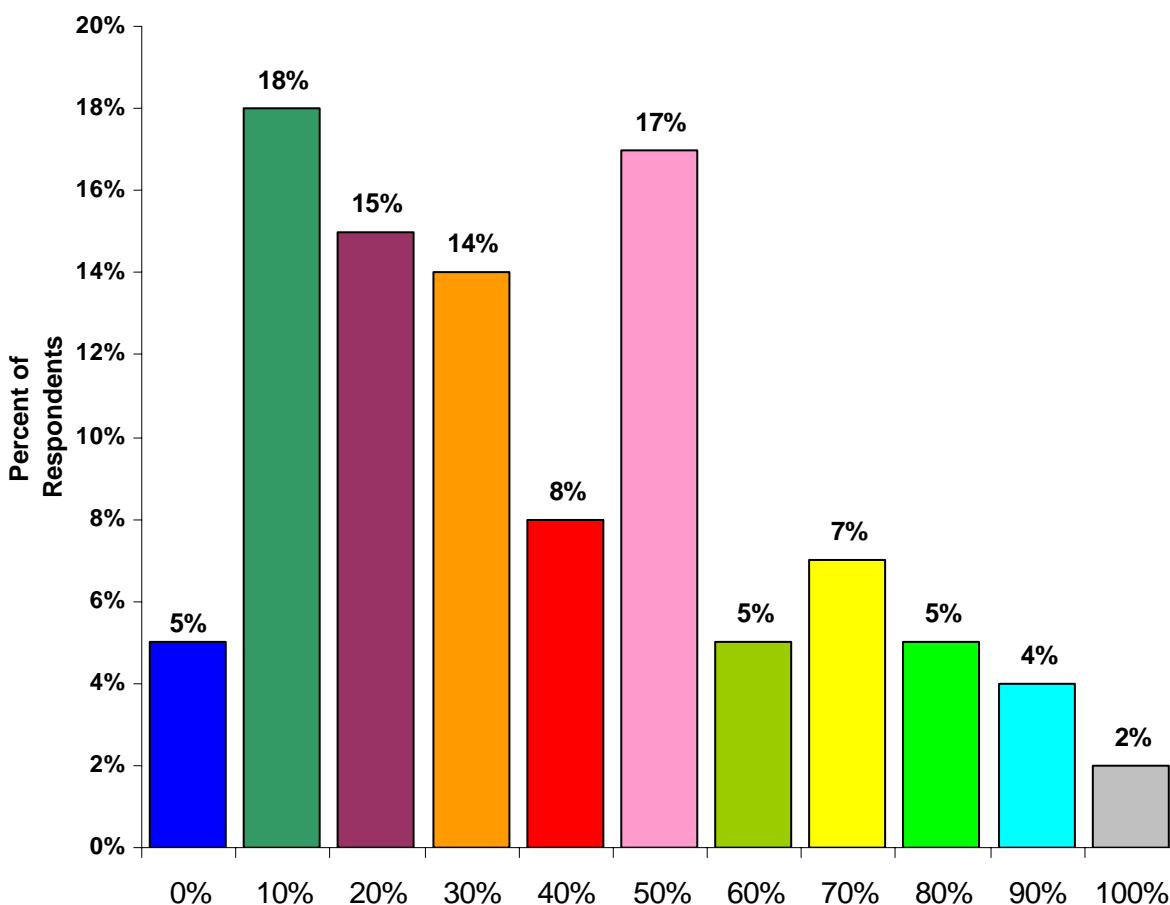
## **Mortgage Pre-Approval Letters**

Next to delayed HUD-1 statements, unreliable pre-approval letters are the most significant complaint that real estate agents have with mortgage providers. For lenders investing in partnerships with real estate brokerages, this is a particularly important issue, because widespread pre-approval letters reduce the influence of agents on selection of mortgage provider. One can conjecture that unreliable pre-approval letters are an important consumer issue as well, as home purchase transactions are delayed or lost when alternative mortgage providers must be found.



## Frequency of Homebuyer Pre-Approval

### Percent of Homebuyers Already Pre-Approved at First Meeting

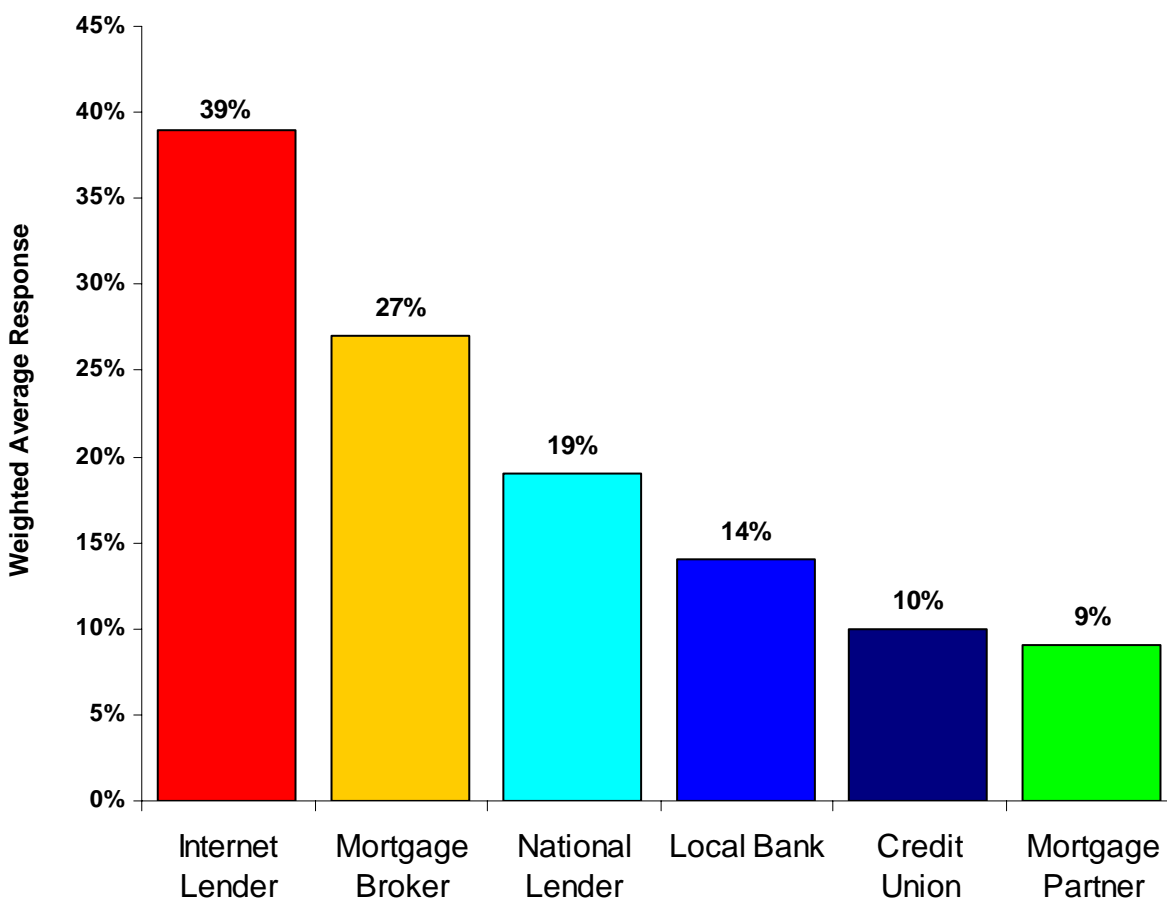


We asked, “What percent of your homebuyers are already pre-approved for a mortgage when you first meet them?” Respondents were allowed to select from 11 approximate percentage buckets.

As expected, few responding agents stated that 0% or 100% of their homebuyers were already pre-approved. Ten percent and 50% were high observations. Taking a weighted average of all percentage buckets, we found that approximately 38% of all homebuyers are pre-approved at the first meeting, according to responding agents.

## Reliability of Pre-Approval Letters

### Approximate Percent of Invalid Pre-Approval Letters



We asked, “For each of the following types of mortgage providers, please select, in your experience, the approximate percent of pre-approval letters that turn out to be invalid because homebuyer income, credit, or assets were not correctly verified.” Respondents were given seven approximate percentages as response options, ranging from 0% to 100%. We then calculated weighted averages of the responses, tabulated by various types of mortgage providers.

We found that responding agents viewed Internet lenders as having the greatest percent of invalid pre-approval letters, followed by mortgage brokers. Interestingly, mortgage partners of responding agent brokerages were reported to have the lowest percentage of invalid pre-approval letters. Credit unions nearly matched the performance of mortgage partners.

One reason that mortgage brokers have higher reported percentages of invalid approval letters may be their greater use for subprime and low documentation loans, which have inherently more challenging underwriting processes. Thirty-five percent of responding agents indicated that a mortgage broker would be their most likely recommendation for a homebuyer with good credit; 67% of agents indicated a mortgage broker for homebuyers with credit problems, and 61% of agents indicated a mortgage broker for homebuyers unable to document income. Still, textual comments from survey respondents indicate that mortgage brokers may provide less reliable pre-approval letters than other types of mortgage providers.

## Agent Desire for Standard Pre-Approval Letters

### Prospective Change in Mortgage Provider Recommendation with Standard Form for Pre-Approval Letters

	<b>Responses</b>	<b>Percent</b>
Much more likely to recommend	603	40%
Somewhat more likely to recommend	604	40%
No change in recommendations	258	17%
Less likely to recommend	27	2%
Much less likely to recommend	16	1%
Total	1,508	100%

We asked, “If a national organization, such as a trade group, developed a standard form for pre-approval letters, showing which conditions have been examined and which conditions are still outstanding, would you be more or less likely to recommend mortgage providers using this standard pre-approval form?” A very strong majority of responding agents, 80%, were much more likely or somewhat more likely to recommend mortgage providers that would use a standard form for pre-approval letters. Very few agents were less likely to recommend mortgage providers that would use a standard form.

## Comments Regarding Pre-Approval Letters

We received a large number of textual comments regarding pre-approval letters. For the second year in a row, “pre-approvals not worth the paper they are printed on” was a common comment. Real estate agents recognize that many pre-approvals are not reliable because income or credit has not been verified. Agents have two principal problems with unreliable pre-approval letters: (1) real estate transactions are delayed when an alternative lender must be found and (2) the terms in the pre-approval letter can change shortly before closing, resulting in higher rates and/or closing costs. Textual comments indicate that mortgage brokers provide less reliable pre-approvals, a finding supported by quantitative survey data. Finally, some agents propose standardized pre-approval letters and/or government regulation to solve the pre-approval problem.

### ***Many Pre-Approvals Are “Not Worth the Paper They Are Printed On”***

*“Finding more and more pre-approval letters that are not worth the paper they are written on. Lenders coming in at the last minute telling selling/listing agent the buyers cannot buy home...Buyers approaching agents with ‘Internet Approvals’ that do not say that all information was “stated” and not verified.”*

*“...so-called pre-approval letters are not worth the paper they are written on so MANY times...”*

*“I’ve had pre-qual letters that were LITERALLY not worth the paper they were printed on. Misleading if not unethical...”*

### ***Confusion between Pre-Approval and Pre-Qualification***

*“Pre-approval letters are now all but useless. They are today’s version of the old pre-qualification letter.”*

*“I want a Pre-Approval Letter with no Contingencies except Appraisal. Anything else is a Pre-Qual Letter...”*

### ***Pre-Approval/Pre-Qualification Letters Are Not Reliable Because Income and Credit Have Not Been Verified***

*“...Pre-approval letters are useless—most mortgage providers give them without seeing any of the W-2’s or bank statements and then—surprise—nothing is right”*

*“Prequal letters are “made up” and have little value because credit worthiness and loan approval process has not begun. Loans ‘fall apart’ near closing and mortgage commitments are most difficult to get prior to closing.”*

*“Pre-qualification letters are not reliable. Many times they have been provided but then when buyers find a home, apply for the loan, they are denied credit for various reasons. I feel that lenders should always provide a pre-approval letter and be absolutely sure that there are no unfound reasons for buyers not to receive their loan.”*

*"...I HATE WHEN THEY SAY WHAT YOU WANT TO HEAR. DON'T TELL ME THAT YOU CAN GET SOMEONE FINANCED IF YOU AREN'T POSITIVE THAT YOU CAN!!!! DON'T TELL ME THAT YOU HAVE AN APPRAISER IN YOUR HIP POCKET THAT WILL STRETCH IT TO COVER!!!!"*

### ***Faulty Pre-Approval Letters Interrupt Real Estate Transactions***

*"It seems that a pre-approval letter means very little. You still have to worry about the buyer being able to close even a day before closing. When I'm dealing with a buyer's agent and I get a call from them a few days before closing I usually find the buyer had a problem that they didn't know about. The deal could fall through or the seller needs to give more concessions. Today was supposed to be a closing day for me. The mortgage broker just called and said the buyer needs over three thousand dollars more to close as the lender was requiring 3% from the broker. This transaction is going nowhere."*

*"Pre-approval letters are issued prior to applicant ever making application and providing required documentation, thereby not being worth the paper they are written on, as sometimes they never follow through and a property may have been taken off the market based on a bogus pre-approval letter."*

*"The Hampton Roads market in VA is flooded with lenders who write poor approval letters. They give good confirmation on the phone and once the offer is accepted the lenders cause a lot of problems and in a lot of cases, the deals do not close..."*

### ***Misleading Pre-Approval Letters Followed By Unexpected Closing Costs***

*"Weeks after the client has made mortgage application, it is found the client is not qualified. The client has to either pay higher fees or go somewhere else. What does pre-approval mean anyway to these people?"*

*"With the exception of HMAC (Howard Hanna Financial Services) I do not believe any mortgage companies pre-approval letters. False promises to potential buyers who simply should not or can not afford to purchase a home. On-line lenders are the worst! They charge astronomical fees the buyers aren't aware of until the HUD-1 statement is shown, by then it's just too late for the buyer to back out."*

*"Predatory lenders and those who cannot meet closing dates on time, overcharge over what was stated originally, and don't give reliable approval lenders are usually one and the same. I am glad that there are processes in the works to stop these companies from preying on unsuspecting homebuyers."*

### ***Problems with Mortgage Broker Pre-Approvals***

*"There needs to be a legal way to require mortgage brokers to get reliable loan underwriting pre-approval for buyers before they begin the home search process and stop the business of shopping loan underwriters right up to the time of closing. Otherwise as far as I am concerned these mortgage brokers might as well go out of business and many other real estate agents are starting to feel the same way. It is a waste of time and money for everyone involved..."*

*“Mortgage Brokers will give you "approval" but have so many loopholes the letter is meaningless...The mortgage bankers are honest.”*

***Need Standardized Pre-Approval Letters and/or More Regulation***

***“THE NEED FOR PREQUAL/APPROVAL LETTERS SHOULD BE STANDARDIZED. WHEN A PERSON APPLIES FOR A LOAN THE ONLY THING THAT NEEDS TO BE QUALIFIED SHOULD BE THE HOUSE (VIA APPRAISAL) THE BORROWER SHOULD KNOW WITH IN 72HRS HOW MUCH HOUSE THEY CAN BUY AND WHEN THEY CAN CLOSE. EVERYTHING DEALING WITH THAT PERSON'S CREDIT SHOULD BE ADDRESSED NOT AT UNDERWRITING AND 24HRS BEFORE CLOSING.”***

*“There should be state/federal laws which compel lenders to give final, unconditional approval much earlier in the escrow period. Too often, lenders issue last-minute conditions, or worse, disapprove the loan just a few days before scheduled closing. In California, enforcement of licensing of loan industry reps is a joke.”*

*“...There should be legal constraint on lenders to issue final approval within a contractual amount of time. The idea everybody else has to perform according to contracts, but the lender is free to disapprove up to the last minute, for previously unmentioned reasons, is wrong.”*

***“THERE NEEDS TO BE MORE ACCOUNTABILITY WITHIN THE INDUSTRY IN OUR STATE. IN AN ACTIVE MARKET REAL ESTATE AGENTS DON'T HAVE THE TIME TO INVESTIGATE EVERY PRE-APPROVAL LETTER THEY SEE YET WE ARE CALLED UPON TO COUNSEL OUR SELLERS AS TO THE BEST QUALIFIED BUYER.”***

# **Direct Lender Results**

## **Reasons for Recommending a Direct Lender**

We asked agents to rate the reasons for recommending a direct lender (not a mortgage broker) on a scale of 1 to 10, with 1 being “Not Important” and 10 being “Very Important.” We then averaged the ratings across responding agents and ranked the averages.

We found that “Reliable pre-approval letters”, “Prompt underwriting and closing dates”, and “Returns phone calls and emails” were the most important reasons. Interestingly, the pricing related reasons of “Competitive rates,” “Low closing costs,” and “Guaranteed closing costs” were less important. “Partnership with my firm” and “Shares office with my firm” were the least important reasons.



## Ranked Importance of Reasons for Recommending Direct Lender for All Responding Agents

Rank	Rated Reason	Avg Rating	Responses
1	Reliable pre-approval letters	9.55	1,336
2	Prompt underwriting and closing dates	9.43	1,326
3	Returns phone calls & emails	9.42	1,312
4	Reliable in meeting closing date	9.22	1,325
5	Loan programs to fit nearly any homebuyer	9.21	1,328
6	Competitive rates	9.18	1,292
7	Can easily check status of underwriting	9.15	1,330
8	Loans for homebuyers with credit problems	9.02	1,319
9	Works well with appraisers	8.99	1,332
10	Loans for homebuyers with good credit	8.99	1,327
11	Quick pre-approval letters	8.97	1,338
12	Low closing costs	8.96	1,291
13	Knows local laws and customs	8.96	1,318
14	Guaranteed closing costs	8.90	1,289
15	HUD-1 provided one day in advance of closing	8.87	1,320
16	Loans for homebuyers unable to document income	8.84	1,319
17	Has local loan officer	8.62	1,318
18	Grants underwriting exceptions	8.60	1,313
19	Good relationship with loan officer	8.53	1,326
20	Available most anytime, including evenings and weekends	8.31	1,333
21	Homeowners know and trust lender brand	7.47	1,309
22	Financial compensation to homebuyer for missed closing date	5.59	1,249
23	Partnership with my firm	3.31	1,260
24	Shares office space with my firm	2.53	1,246

We were fascinated by the data indicating that mortgage partnerships and shared office space were the least important factors in recommending a direct lender. To confirm this finding, we re-ran the preceding table but only for agents whose firm has a mortgage partnership. The resulting ranking was nearly identical to the ranking for all responding agents, with “Partnership with my firm” and “Shares office space with my firm” again at the bottom of the ranking.

## Ranked Importance of Reasons for Recommending Direct Lender for Agents Whose Firms Have Mortgage Partnerships

Rank	Rated Reason	Avg Rating	Responses
1	Reliable pre-approval letters	9.61	839
2	Prompt underwriting and closing dates	9.45	833
3	Returns phone calls & emails	9.37	818
4	Reliable in meeting closing date	9.22	828
5	Can easily check status of underwriting	9.17	836
6	Loan programs to fit nearly any homebuyer	9.17	837
7	Competitive rates	9.15	814
8	Quick pre-approval letters	9.03	840
9	Loans for homebuyers with credit problems	9.00	829
10	Works well with appraisers	8.95	839
11	Loans for homebuyers with good credit	8.94	834
12	Knows local laws and customs	8.93	820
13	Guaranteed closing costs	8.90	815
14	Low closing costs	8.89	814
15	Loans for homebuyers unable to document income	8.85	829
16	HUD-1 provided one day in advance of closing	8.85	829
17	Has local loan officer	8.59	821
18	Grants underwriting exceptions	8.58	827
19	Good relationship with loan officer	8.49	826
20	Available most anytime, including evenings and weekends	8.40	834
21	Homeowners know and trust lender brand	7.40	824
22	Financial compensation to homebuyer for missed closing date	5.71	790
23	Partnership with my firm	3.97	802
24	Shares office space with my firm	2.94	793

## Comments Regarding Direct Lenders

Textual comments indicate that some real estate agents prefer direct lenders because they have more control over the underwriting and closing process. In contrast, others recognize that mortgage brokers have more loan options than direct lenders.

*“I prefer working with direct lenders - they have much more control over and knowledge of the process and status than independent mortgage brokers. They are more dependable on closing and closing costs as well.”*

*“Most direct lenders are not flexible enough to be reliable in today’s fast moving market. They do not deliver pre-approval letters quick enough or have enough options to be able to hold deals together when problems arise.”*

## **Frequently Recommended Direct Lenders**

We asked, “For homebuyers with these situations (good credit, credit problems, unable to document income) which direct lender (not a mortgage broker) would you most likely recommend? Responding agents then selected from a pick list of major lenders, including national lenders, regional banks, Internet lenders, subprime lenders, Alt A lenders, and credit unions. “Other Mortgage Company,” “Other Bank” and “Other Credit Union” were also included in the pick lists.

## **Direct Lender Rankings by Loan Programs**

The categories of “Good credit,” “Credit problems,” and “Unable to document income,” were designed to correspond to prime, subprime, and Alt A loan programs, respectively. We aggregated responses and ranked the top direct lenders in each category. Only lenders that received 10 or more responses are explicitly ranked; however, all responses were used in computing the share statistics.

It is notable that Countrywide and Wells Fargo, two national lenders, came up as No. 1, No. 2, or No. 3 in all three share rankings.

## Recommended Lenders for Homebuyers With Good Credit

Rank	Lender Name	Responses	Share
1	Countrywide Home Loans	187	14.27 %
2	Other Mortgage Company	184	14.05 %
3	Wells Fargo	171	13.05 %
4	Other Bank	128	9.77 %
5	Bank of America	96	7.33 %
6	Washington Mutual	81	6.18 %
7	Chase Manhattan Mtg	58	4.43 %
8	GMAC Mortgage	47	3.59 %
9	First Horizon Home Loan	30	2.29 %
10	HomeBanc Mortgage	25	1.91 %
11	ABN AMRO Mortgage (mortgage.com)	22	1.68 %
12	SunTrust Banks	22	1.68 %
13	Wachovia Bank	21	1.60 %
14	BB&T	20	1.53 %
15	Other Credit Union	19	1.45 %
16	National City	18	1.37 %
17	Fifth Third Mortgage	17	1.30 %
18	American Home Mortgage	16	1.22 %
19	US Bank	15	1.15 %
20	PHH Mortgage (Cendant)	15	1.15 %
21	World Savings Bank	15	1.15 %
22	CitiFinancial Mortgage	11	0.84 %
23	Flagstar Bank	11	0.84 %
24	CTX Mortgage	10	0.76 %
	Total	1,310	100.00 %

## Recommended Lenders for Homebuyers With Credit Problems

Rank	Lender Name	Responses	Share
1	Other Mortgage Company	339	26.69 %
2	Countrywide Home Loans	200	15.75 %
3	Wells Fargo	137	10.79 %
4	Other Bank	75	5.91 %
5	Ameriquist Mortgage	43	3.39 %
6	Washington Mutual	39	3.07 %
7	First Horizon Home Loan	35	2.76 %
8	American Home Mortgage	28	2.20 %
9	GMAC Mortgage	27	2.13 %
10	Chase Manhattan Mtg	27	2.13 %
11	CTX Mortgage	25	1.97 %
12	HomeBanc Mortgage	23	1.81 %
13	Bank of America	19	1.50 %
14	Full Spectrum Lending	17	1.34 %
15	National City	16	1.26 %
16	IndyMac Bank	15	1.18 %
17	E-LOAN	14	1.10 %
18	Other Credit Union	12	0.94 %
19	SunTrust Banks	12	0.94 %
20	GreenPoint Mortgage	12	0.94 %
21	PHH Mortgage (Cendant)	11	0.87 %
22	CitiFinancial Mortgage	11	0.87 %
23	Ditech.com	10	0.79 %
24	New Century Mortgage	10	0.79 %
25	Homecomings Financial Network	10	0.79 %
	Total	1,270	100.00 %

## Recommended Lenders for Homebuyers Unable to Document Income

Rank	Lender Name	Responses	Share
1	Other Mortgage Company	375	29.83 %
2	Countrywide Home Loans	174	13.84 %
3	Wells Fargo	121	9.63 %
4	Other Bank	82	6.52 %
5	Washington Mutual	37	2.94 %
6	First Horizon Home Loan	35	2.78 %
7	American Home Mortgage	28	2.23 %
8	GMAC Mortgage	28	2.23 %
9	Bank of America	27	2.15 %
10	HomeBanc Mortgage	23	1.83 %
11	Ameriquist Mortgage	22	1.75 %
12	Chase Manhattan Mtg	22	1.75 %
13	World Savings Bank	20	1.59 %
14	National City	17	1.35 %
15	SunTrust Banks	15	1.19 %
16	E-LOAN	15	1.19 %
17	CTX Mortgage	15	1.19 %
18	CitiFinancial Mortgage	15	1.19 %
19	IndyMac Bank	14	1.11 %
20	GreenPoint Mortgage	14	1.11 %
21	PHH Mortgage (Cendant)	13	1.03 %
22	Other Credit Union	12	0.95 %
23	Flagstar Bank	12	0.95 %
24	Homecomings Financial Network	10	0.80 %
	Total	1,257	100.00 %



## **Share Ratios for Specialty Loan Programs**

For the specialty loan categories of subprime and Alt A (good credit and credit problems, respectively), we computed a Share Ratio for all lenders receiving 10 or more responses. The Share Ratio is the lender's share of responses for the category divided by the lender's share for the "Good credit" responses.

When ranked by Share Ratio, it is notable that prominent subprime lenders appear near the top of the "Credit Problems" ranking and that prominent Alt A lenders appear near the top of the "Unable to document income" ranking. For example, Full Spectrum, Ameriquest, and New Century are No. 1, No. 3, and No. 4 in the "Credit Problems" ranking. Likewise, Homecomings Financial Network, GreenPoint, and IndyMac are No. 1, No. 3, and No. 4 in the "Unable to Document Income" ranking.

The Share Ratio rankings are strong evidence that real estate agents distinguish among mortgage providers in making recommendations for homebuyers with good credit, credit problems, and those unable to document income.

## Share Ratio Ranking of Lenders for Homebuyers With Credit Problems

Rank	Lender Name	Share Ratio	Segment Share	Good Credit Share
1	Full Spectrum Lending	17.54	1.34 %	0.08 %
2	Homecomings Financial Network	10.31	0.79 %	0.08 %
3	Ameriquest Mortgage	6.34	3.39 %	0.53 %
4	New Century Mortgage	5.16	0.79 %	0.15 %
5	E-LOAN	4.81	1.10 %	0.23 %
6	GreenPoint Mortgage	4.13	0.94 %	0.23 %
7	IndyMac Bank	3.87	1.18 %	0.31 %
8	Ditech.com	2.58	0.79 %	0.31 %
9	CTX Mortgage	2.58	1.97 %	0.76 %
10	Other Mortgage Company	1.90	26.69 %	14.05 %
11	American Home Mortgage	1.81	2.20 %	1.22 %
12	First Horizon Home Loan	1.20	2.76 %	2.29 %
13	Countrywide Home Loans	1.10	15.75 %	14.27 %
14	CitiFinancial Mortgage	1.03	0.87 %	0.84 %
15	HomeBanc Mortgage	0.95	1.81 %	1.91 %
16	National City	0.92	1.26 %	1.37 %
17	Wells Fargo	0.83	10.79 %	13.05 %
18	PHH Mortgage (Cendant)	0.76	0.87 %	1.15 %
19	Other Credit Union	0.65	0.94 %	1.45 %
20	Other Bank	0.60	5.91 %	9.77 %
21	GMAC Mortgage	0.59	2.13 %	3.59 %
22	SunTrust Banks	0.56	0.94 %	1.68 %
23	Washington Mutual	0.50	3.07 %	6.18 %
24	Chase Manhattan Mtg	0.48	2.13 %	4.43 %
25	Bank of America	0.20	1.50 %	7.33 %

## Share Ratio Ranking of Lenders for Homebuyers Unable to Document Income

Rank	Lender Name	Share Ratio	Segment Share	Good Credit Share
1	Homecomings Financial Network	10.42	0.80 %	0.08 %
2	E-LOAN	5.21	1.19 %	0.23 %
3	GreenPoint Mortgage	4.86	1.11 %	0.23 %
4	IndyMac Bank	3.65	1.11 %	0.31 %
5	Ameriquest Mortgage	3.28	1.75 %	0.53 %
6	Other Mortgage Company	2.12	29.83 %	14.05 %
7	American Home Mortgage	1.82	2.23 %	1.22 %
8	CTX Mortgage	1.56	1.19 %	0.76 %
9	CitiFinancial Mortgage	1.42	1.19 %	0.84 %
10	World Savings Bank	1.39	1.59 %	1.15 %
11	First Horizon Home Loan	1.22	2.78 %	2.29 %
12	Flagstar Bank	1.14	0.95 %	0.84 %
13	National City	0.98	1.35 %	1.37 %
14	Countrywide Home Loans	0.97	13.84 %	14.27 %
15	HomeBanc Mortgage	0.96	1.83 %	1.91 %
16	PHH Mortgage (Cendant)	0.90	1.03 %	1.15 %
17	Wells Fargo	0.74	9.63 %	13.05 %
18	SunTrust Banks	0.71	1.19 %	1.68 %
19	Other Bank	0.67	6.52 %	9.77 %
20	Other Credit Union	0.66	0.95 %	1.45 %
21	GMAC Mortgage	0.62	2.23 %	3.59 %
22	Washington Mutual	0.48	2.94 %	6.18 %
23	Chase Manhattan Mtg	0.40	1.75 %	4.43 %
24	Bank of America	0.29	2.15 %	7.33 %

## **Direct Lender Ratings**

We asked agents to select a direct lender that they would recommend to homebuyers and then to rate this lender on 24 factors that were identical in wording to the 24 previous survey reasons for selecting a direct lender. For approximately 20 lenders, we received 10 or more responses, allowing us to present their average ratings individually.

### **Lender Rankings by Average Rating**

In this section of the report we present rankings of lenders for each of the 24 rating factors, with lenders in the top quartile coded in green and lenders in the bottom quartile coded in red.

## Ranking of Recommended Lenders by Average Rating

Factor: Good relationship with loan officer

Top Quartile—Green; Bottom Quartile—Red

Rank	Lender Name	Average Rating	Responses
1	SunTrust Banks	9.44	27
2	American Home Mortgage	9.41	17
3	Other Mortgage Company	9.32	139
4	National City	9.19	21
5	First Horizon Home Loan	9.14	37
6	Other Bank	8.97	87
7	Wells Fargo	8.90	178
8	PHH Mortgage (Cendant)	8.89	18
9	Chase Manhattan Mtg	8.84	37
10	HomeBanc Mortgage	8.79	28
11	Wachovia Bank	8.62	21
12	GMAC Mortgage	8.47	36
13	World Savings Bank	8.40	15
14	US Bank	8.36	25
15	Washington Mutual	8.35	75
16	Countrywide Home Loans	8.33	203
17	Bank of America	8.28	69
18	Fifth Third Mortgage	8.00	12
19	BB&T	7.87	15
20	ABN AMRO Mortgage (mortgage.com)	7.27	11

## Ranking of Recommended Lenders by Average Rating

Factor: Has local loan officer

Top Quartile—Green; Bottom Quartile—Red

Rank	Lender Name	Average Rating	Responses
1	Other Bank	9.29	85
2	SunTrust Banks	9.26	27
3	Wachovia Bank	9.24	21
4	HomeBanc Mortgage	9.19	27
5	First Horizon Home Loan	9.16	37
6	Other Mortgage Company	9.15	139
7	Chase Manhattan Mtg	9.08	36
8	American Home Mortgage	9.06	17
9	Wells Fargo	9.04	178
10	National City	9.00	21
11	US Bank	8.96	25
12	Bank of America	8.94	69
13	GMAC Mortgage	8.86	36
14	Washington Mutual	8.85	75
15	Fifth Third Mortgage	8.83	12
16	Countrywide Home Loans	8.68	204
17	BB&T	8.67	15
18	World Savings Bank	8.40	15
19	PHH Mortgage (Cendant)	7.83	18
20	ABN AMRO Mortgage (mortgage.com)	6.91	11

## Ranking of Recommended Lenders by Average Rating

Factor: Returns phone calls & emails

Top Quartile—Green; Bottom Quartile—Red

Rank	Lender Name	Average Rating	Responses
1	American Home Mortgage	9.53	17
3	Other Bank	9.49	85
2	Other Mortgage Company	9.49	135
4	SunTrust Banks	9.46	26
5	Wachovia Bank	9.40	20
6	National City	9.35	20
7	PHH Mortgage (Cendant)	9.28	18
8	Wells Fargo	9.21	175
9	Chase Manhattan Mtg	9.17	35
10	US Bank	9.16	25
11	Countrywide Home Loans	9.00	201
12	First Horizon Home Loan	8.97	37
13	GMAC Mortgage	8.97	35
15	Bank of America	8.91	67
14	Washington Mutual	8.91	74
16	HomeBanc Mortgage	8.75	28
17	Fifth Third Mortgage	8.67	12
18	World Savings Bank	8.50	14
19	BB&T	8.50	14
20	ABN AMRO Mortgage (mortgage.com)	7.82	11

## Ranking of Recommended Lenders by Average Rating

Factor: Available most anytime, including evenings and weekends

Top Quartile—Green; Bottom Quartile—Red

Rank	Lender Name	Average Rating	Responses
1	American Home Mortgage	9.18	17
2	National City	8.90	21
3	Chase Manhattan Mtg	8.78	37
4	First Horizon Home Loan	8.76	37
5	HomeBanc Mortgage	8.75	28
6	SunTrust Banks	8.70	27
7	PHH Mortgage (Cendant)	8.67	18
8	Other Mortgage Company	8.66	138
9	GMAC Mortgage	8.57	35
10	Other Bank	8.40	85
11	US Bank	8.21	24
12	Wells Fargo	8.13	178
13	Countrywide Home Loans	8.03	203
14	Wachovia Bank	8.00	21
15	Washington Mutual	7.88	75
16	Bank of America	7.78	69
17	BB&T	7.60	15
18	ABN AMRO Mortgage (mortgage.com)	7.00	11
19	Fifth Third Mortgage	6.92	12
20	World Savings Bank	6.20	15



## Ranking of Recommended Lenders by Average Rating

Factor: Knows local laws and customs

Top Quartile—Green; Bottom Quartile—Red

Rank	Lender Name	Average Rating	Responses
1	Wachovia Bank	9.30	20
2	Chase Manhattan Mtg	9.29	35
3	US Bank	9.28	25
4	Other Mortgage Company	9.26	136
5	American Home Mortgage	9.24	17
6	SunTrust Banks	9.22	27
7	Other Bank	9.21	80
8	First Horizon Home Loan	9.16	37
9	GMAC Mortgage	9.14	36
10	Wells Fargo	9.03	177
11	National City	8.90	21
12	HomeBanc Mortgage	8.86	28
13	Washington Mutual	8.82	72
14	Countrywide Home Loans	8.82	201
15	Bank of America	8.79	68
16	Fifth Third Mortgage	8.75	12
17	BB&T	8.71	14
18	PHH Mortgage (Cendant)	8.61	18
19	World Savings Bank	8.57	14

## Ranking of Recommended Lenders by Average Rating

Factor: Partnership with my firm

Top Quartile—Green; Bottom Quartile—Red

Rank	Lender Name	Average Rating	Responses
1	PHH Mortgage (Cendant)	8.18	17
2	HomeBanc Mortgage	5.61	28
3	Chase Manhattan Mtg	4.62	34
4	GMAC Mortgage	4.06	31
5	Other Mortgage Company	4.02	132
6	National City	3.74	19
7	American Home Mortgage	3.64	14
8	Wells Fargo	3.56	171
9	Bank of America	3.48	64
10	US Bank	3.43	23
11	SunTrust Banks	3.40	25
12	First Horizon Home Loan	3.11	36
13	Other Bank	3.03	78
14	World Savings Bank	2.93	14
15	Countrywide Home Loans	2.75	186
16	Washington Mutual	2.69	71
17	Fifth Third Mortgage	2.64	11
18	BB&T	2.15	13
19	Wachovia Bank	1.95	20

## Ranking of Recommended Lenders by Average Rating

Factor: Shares office space with my firm

Top Quartile—Green; Bottom Quartile—Red

Rank	Lender Name	Average Rating	Responses
1	HomeBanc Mortgage	5.63	27
2	Chase Manhattan Mtg	4.33	33
3	American Home Mortgage	3.60	15
4	Other Mortgage Company	3.47	131
5	PHH Mortgage (Cendant)	3.33	18
6	GMAC Mortgage	3.32	31
7	Wells Fargo	3.11	167
8	Bank of America	2.94	62
9	National City	2.89	19
10	World Savings Bank	2.79	14
11	US Bank	2.64	22
12	First Horizon Home Loan	2.54	35
13	Other Bank	2.47	77
14	SunTrust Banks	2.38	24
15	Countrywide Home Loans	2.17	180
16	Washington Mutual	1.97	70
17	Wachovia Bank	1.65	20
18	Fifth Third Mortgage	1.36	11
19	BB&T	1.09	11

## Ranking of Recommended Lenders by Average Rating

Factor: Reliable in meeting closing date

Top Quartile—Green; Bottom Quartile—Red

Rank	Lender Name	Average Rating	Responses
1	PHH Mortgage (Cendant)	9.67	18
2	National City	9.48	21
3	Wachovia Bank	9.48	21
4	SunTrust Banks	9.44	27
5	Other Mortgage Company	9.18	136
6	Chase Manhattan Mtg	9.11	36
7	Other Bank	9.09	86
8	American Home Mortgage	9.06	16
9	First Horizon Home Loan	9.03	37
10	GMAC Mortgage	8.94	36
11	Wells Fargo	8.94	177
12	Countrywide Home Loans	8.92	203
13	HomeBanc Mortgage	8.89	28
14	Bank of America	8.81	67
15	World Savings Bank	8.77	13
16	US Bank	8.76	25
17	Washington Mutual	8.75	73
18	Fifth Third Mortgage	8.64	11
19	BB&T	8.47	15

## Ranking of Recommended Lenders by Average Rating

Factor: Financial compensation to homebuyer for missed closing date

Top Quartile—Green; Bottom Quartile—Red

Rank	Lender Name	Average Rating	Responses
1	PHH Mortgage (Cendant)	7.82	17
2	Other Mortgage Company	5.80	128
3	SunTrust Banks	5.76	25
4	Wachovia Bank	5.67	21
5	Chase Manhattan Mtg	5.52	33
6	Bank of America	5.50	64
7	US Bank	5.48	23
8	Other Bank	5.38	79
9	HomeBanc Mortgage	5.30	23
10	Wells Fargo	5.16	161
11	GMAC Mortgage	4.81	31
12	Washington Mutual	4.75	69
13	Countrywide Home Loans	4.61	176
14	National City	4.30	20
15	First Horizon Home Loan	4.17	36
16	American Home Mortgage	4.14	14
17	World Savings Bank	3.42	12
18	Fifth Third Mortgage	3.36	11
19	BB&T	3.27	11

## Ranking of Recommended Lenders by Average Rating

Factor: Homeowners know and trust lender brand

Top Quartile—Green; Bottom Quartile—Red

Rank	Lender Name	Average Rating	Responses
1	Wachovia Bank	9.24	21
2	Chase Manhattan Mtg	9.06	36
3	Bank of America	8.77	66
4	US Bank	8.72	25
5	SunTrust Banks	8.70	27
6	Wells Fargo	8.68	178
7	Washington Mutual	8.61	72
8	Countrywide Home Loans	8.40	201
9	PHH Mortgage (Cendant)	8.39	18
10	GMAC Mortgage	8.25	36
11	HomeBanc Mortgage	8.15	27
12	Other Bank	7.96	84
13	World Savings Bank	7.93	14
14	National City	7.89	19
15	Fifth Third Mortgage	7.75	12
16	BB&T	7.60	15
17	Other Mortgage Company	7.59	135
18	First Horizon Home Loan	7.41	37
19	American Home Mortgage	7.25	16
20	ABN AMRO Mortgage (mortgage.com)	7.00	11

## Ranking of Recommended Lenders by Average Rating

Factor: Quick pre-approval letters

Top Quartile—Green; Bottom Quartile—Red

Rank	Lender Name	Average Rating	Responses
1	PHH Mortgage (Cendant)	10.00	15
2	American Home Mortgage	9.80	15
3	Wachovia Bank	9.47	19
4	SunTrust Banks	9.41	27
5	Other Mortgage Company	9.23	129
6	First Horizon Home Loan	9.08	36
7	Chase Manhattan Mtg	9.06	36
8	Wells Fargo	9.01	170
9	World Savings Bank	9.00	13
10	National City	9.00	20
11	Other Bank	8.96	80
12	HomeBanc Mortgage	8.88	24
13	Bank of America	8.86	66
14	Countrywide Home Loans	8.85	191
15	Washington Mutual	8.84	70
16	GMAC Mortgage	8.74	34
17	BB&T	8.69	13
18	US Bank	8.65	26
19	Fifth Third Mortgage	8.58	12

## Ranking of Recommended Lenders by Average Rating

Factor: Reliable pre-approval letters

Top Quartile—Green; Bottom Quartile—Red

Rank	Lender Name	Average Rating	Responses
1	PHH Mortgage (Cendant)	9.80	15
2	SunTrust Banks	9.70	27
3	American Home Mortgage	9.69	16
4	Other Mortgage Company	9.55	129
5	Wachovia Bank	9.53	19
6	Other Bank	9.41	81
7	National City	9.25	20
8	Wells Fargo	9.23	170
9	Chase Manhattan Mtg	9.11	37
10	Fifth Third Mortgage	9.08	12
11	GMAC Mortgage	9.06	33
12	Countrywide Home Loans	9.02	190
13	Washington Mutual	9.01	68
14	BB&T	9.00	13
15	HomeBanc Mortgage	8.96	23
16	First Horizon Home Loan	8.94	36
17	World Savings Bank	8.92	13
18	Bank of America	8.85	66
19	US Bank	8.69	26



## Ranking of Recommended Lenders by Average Rating

Factor: Prompt underwriting and closing dates

Top Quartile—Green; Bottom Quartile—Red

Rank	Lender Name	Average Rating	Responses
1	PHH Mortgage (Cendant)	9.50	16
2	American Home Mortgage	9.47	15
3	Wachovia Bank	9.39	18
4	SunTrust Banks	9.26	27
5	Other Bank	9.22	80
6	Other Mortgage Company	9.20	128
7	Wells Fargo	9.10	171
8	HomeBanc Mortgage	9.04	23
9	GMAC Mortgage	9.00	33
10	Fifth Third Mortgage	9.00	12
11	BB&T	9.00	13
12	National City	9.00	19
13	Chase Manhattan Mtg	9.00	35
15	US Bank	8.92	26
14	First Horizon Home Loan	8.92	36
16	Countrywide Home Loans	8.82	183
17	Bank of America	8.77	64
18	Washington Mutual	8.70	70
19	World Savings Bank	8.62	13

## Ranking of Recommended Lenders by Average Rating

Factor: Grants underwriting exceptions

Top Quartile—Green; Bottom Quartile—Red

Rank	Lender Name	Average Rating	Responses
1	Wachovia Bank	9.05	19
2	American Home Mortgage	8.93	15
3	National City	8.84	19
4	Other Mortgage Company	8.53	124
5	SunTrust Banks	8.48	27
6	Chase Manhattan Mtg	8.46	35
7	First Horizon Home Loan	8.40	35
8	HomeBanc Mortgage	8.22	23
9	Other Bank	8.19	74
10	World Savings Bank	8.15	13
11	Countrywide Home Loans	8.08	184
12	PHH Mortgage (Cendant)	8.00	15
13	Wells Fargo	7.96	160
14	US Bank	7.96	26
15	GMAC Mortgage	7.88	33
17	BB&T	7.83	12
16	Bank of America	7.83	65
18	Washington Mutual	7.71	68
19	Fifth Third Mortgage	7.33	12

## Ranking of Recommended Lenders by Average Rating

Factor: Can easily check status of underwriting

Top Quartile—Green; Bottom Quartile—Red

Rank	Lender Name	Average Rating	Responses
1	Wachovia Bank	9.26	19
2	American Home Mortgage	9.20	15
3	PHH Mortgage (Cendant)	9.19	16
4	National City	9.05	21
5	SunTrust Banks	9.00	27
6	Chase Manhattan Mtg	9.00	35
7	Other Mortgage Company	8.96	125
8	Other Bank	8.94	79
9	HomeBanc Mortgage	8.91	23
10	World Savings Bank	8.77	13
11	US Bank	8.73	26
12	Wells Fargo	8.69	165
13	First Horizon Home Loan	8.58	36
14	Countrywide Home Loans	8.54	188
15	BB&T	8.38	13
16	Washington Mutual	8.26	68
17	GMAC Mortgage	8.18	34
18	Fifth Third Mortgage	8.17	12
19	Bank of America	8.02	65

## Ranking of Recommended Lenders by Average Rating

Factor: Works well with appraisers

Top Quartile—Green; Bottom Quartile—Red

Rank	Lender Name	Average Rating	Responses
1	SunTrust Banks	9.30	27
2	Wachovia Bank	9.26	19
3	American Home Mortgage	9.13	15
4	First Horizon Home Loan	9.11	36
5	National City	9.10	20
6	Other Mortgage Company	9.09	128
7	Wells Fargo	8.95	164
8	Other Bank	8.90	79
9	PHH Mortgage (Cendant)	8.88	16
10	Chase Manhattan Mtg	8.76	38
12	US Bank	8.73	26
11	HomeBanc Mortgage	8.73	22
13	Washington Mutual	8.66	67
14	Countrywide Home Loans	8.65	187
15	GMAC Mortgage	8.58	33
16	Fifth Third Mortgage	8.50	12
17	Bank of America	8.48	65
18	World Savings Bank	8.29	14
19	BB&T	8.23	13

## Ranking of Recommended Lenders by Average Rating

Factor: HUD-1 provided one day in advance of closing

Top Quartile—Green; Bottom Quartile—Red

Rank	Lender Name	Average Rating	Responses
1	Wachovia Bank	9.06	18
2	Other Bank	9.00	79
4	SunTrust Banks	8.81	27
3	US Bank	8.81	26
5	PHH Mortgage (Cendant)	8.75	16
6	Other Mortgage Company	8.73	126
7	First Horizon Home Loan	8.67	36
8	BB&T	8.67	12
9	HomeBanc Mortgage	8.57	23
10	American Home Mortgage	8.56	16
12	Wells Fargo	8.45	166
11	Bank of America	8.45	62
13	GMAC Mortgage	8.44	32
14	Fifth Third Mortgage	8.36	11
15	Countrywide Home Loans	8.24	188
16	Chase Manhattan Mtg	8.08	37
17	Washington Mutual	7.87	68
18	World Savings Bank	7.86	14
19	National City	6.58	19

## Ranking of Recommended Lenders by Average Rating

Factor: Competitive rates

Top Quartile—Green; Bottom Quartile—Red

Rank	Lender Name	Average Rating	Responses
1	PHH Mortgage (Cendant)	9.50	18
2	SunTrust Banks	9.30	27
3	American Home Mortgage	9.29	17
4	World Savings Bank	9.29	14
5	Wachovia Bank	9.29	21
6	Other Mortgage Company	9.20	138
7	National City	9.10	20
8	Other Bank	9.09	85
9	Washington Mutual	9.03	75
10	Countrywide Home Loans	8.93	199
12	US Bank	8.88	25
11	Wells Fargo	8.88	176
13	First Horizon Home Loan	8.83	36
14	GMAC Mortgage	8.78	36
15	Bank of America	8.68	63
16	Chase Manhattan Mtg	8.63	35
17	Fifth Third Mortgage	8.50	12
18	HomeBanc Mortgage	8.44	27
19	BB&T	8.27	15

## Ranking of Recommended Lenders by Average Rating

Factor: Low closing costs

Top Quartile—Green; Bottom Quartile—Red

Rank	Lender Name	Average Rating	Responses
1	PHH Mortgage (Cendant)	9.39	18
2	American Home Mortgage	9.24	17
3	Wachovia Bank	8.90	21
4	First Horizon Home Loan	8.89	36
5	Other Bank	8.83	86
7	SunTrust Banks	8.81	27
6	US Bank	8.81	26
8	Other Mortgage Company	8.68	139
9	Washington Mutual	8.61	75
11	Countrywide Home Loans	8.38	202
10	National City	8.38	21
12	Wells Fargo	8.23	175
14	Bank of America	8.18	65
13	GMAC Mortgage	8.18	34
15	Chase Manhattan Mtg	8.17	36
16	HomeBanc Mortgage	8.15	26
17	World Savings Bank	8.14	14
18	BB&T	7.93	15
19	Fifth Third Mortgage	7.75	12

## Ranking of Recommended Lenders by Average Rating

Factor:Guaranteed closing costs

Top Quartile—Green; Bottom Quartile—Red

Rank	Lender Name	Average Rating	Responses
1	PHH Mortgage (Cendant)	9.06	18
2	Other Bank	8.72	83
3	Other Mortgage Company	8.69	137
4	SunTrust Banks	8.58	26
5	Bank of America	8.44	62
6	Washington Mutual	8.35	74
7	American Home Mortgage	8.29	17
8	HomeBanc Mortgage	8.27	26
9	Wachovia Bank	8.24	21
10	First Horizon Home Loan	8.22	36
11	Wells Fargo	8.22	168
12	US Bank	8.04	26
13	Fifth Third Mortgage	8.00	12
14	Countrywide Home Loans	7.90	197
15	Chase Manhattan Mtg	7.78	36
16	GMAC Mortgage	7.57	35
17	World Savings Bank	7.38	13
18	National City	7.25	20
19	BB&T	6.69	13



## Ranking of Recommended Lenders by Average Rating

Factor: Loans for homebuyers with good credit

Top Quartile—Green; Bottom Quartile—Red

Rank	Lender Name	Average Rating	Responses
1	PHH Mortgage (Cendant)	9.94	18
2	SunTrust Banks	9.58	26
3	First Horizon Home Loan	9.51	37
4	Wells Fargo	9.48	180
5	Washington Mutual	9.43	76
6	Wachovia Bank	9.43	21
7	Other Bank	9.42	84
9	Other Mortgage Company	9.41	138
8	American Home Mortgage	9.41	17
10	National City	9.40	20
11	Chase Manhattan Mtg	9.33	39
12	Countrywide Home Loans	9.24	203
13	Bank of America	9.18	67
14	GMAC Mortgage	9.11	35
15	World Savings Bank	9.07	14
16	US Bank	9.00	25
17	HomeBanc Mortgage	8.93	28
18	Fifth Third Mortgage	8.73	11
19	BB&T	8.50	14

## Ranking of Recommended Lenders by Average Rating

Factor: Loans for homebuyers with credit problems

Top Quartile—Green; Bottom Quartile—Red

Rank	Lender Name	Average Rating	Responses
1	Other Mortgage Company	8.92	139
2	American Home Mortgage	8.65	17
3	National City	8.55	20
4	First Horizon Home Loan	8.49	37
5	SunTrust Banks	8.46	26
6	Wells Fargo	8.23	180
7	Other Bank	8.05	85
8	US Bank	8.04	26
9	Countrywide Home Loans	8.03	200
10	Fifth Third Mortgage	7.91	11
11	HomeBanc Mortgage	7.89	28
12	Wachovia Bank	7.81	21
13	Washington Mutual	7.75	75
14	Chase Manhattan Mtg	7.65	37
15	GMAC Mortgage	7.56	36
16	PHH Mortgage (Cendant)	7.53	17
17	Bank of America	7.27	67
18	BB&T	7.00	13
19	World Savings Bank	6.85	13

## Ranking of Recommended Lenders by Average Rating

Factor: Loans for homebuyers unable to document income

Top Quartile—Green; Bottom Quartile—Red

Rank	Lender Name	Average Rating	Responses
1	American Home Mortgage	9.29	17
2	Other Mortgage Company	8.81	138
3	SunTrust Banks	8.54	26
4	First Horizon Home Loan	8.43	37
5	Wells Fargo	8.30	175
6	HomeBanc Mortgage	8.25	28
7	Countrywide Home Loans	8.21	198
8	PHH Mortgage (Cendant)	8.18	17
9	National City	8.05	20
11	Other Bank	7.96	83
10	US Bank	7.96	26
12	GMAC Mortgage	7.82	34
13	Wachovia Bank	7.81	21
14	Chase Manhattan Mtg	7.81	36
15	Washington Mutual	7.62	74
16	World Savings Bank	7.43	14
17	Bank of America	7.13	64
18	Fifth Third Mortgage	7.00	11
19	BB&T	6.46	13

## Ranking of Recommended Lenders by Average Rating

Factor: Loan programs to fit nearly any homebuyer

Top Quartile—Green; Bottom Quartile—Red

Rank	Lender Name	Average Rating	Responses
1	American Home Mortgage	9.06	17
2	Other Mortgage Company	8.95	136
3	National City	8.79	19
4	SunTrust Banks	8.77	26
5	First Horizon Home Loan	8.54	37
6	Wells Fargo	8.38	178
8	Other Bank	8.35	82
7	US Bank	8.35	26
9	PHH Mortgage (Cendant)	8.28	18
10	Countrywide Home Loans	8.22	198
11	HomeBanc Mortgage	8.21	28
12	GMAC Mortgage	8.09	34
13	Chase Manhattan Mtg	8.00	36
14	Fifth Third Mortgage	7.82	11
15	Wachovia Bank	7.74	19
16	World Savings Bank	7.64	14
17	Washington Mutual	7.62	74
18	Bank of America	7.54	68
19	BB&T	6.77	13

## **Lender Report Cards**

In this section of the report we summarize the previous rankings by lender, retaining the red and green color coding for top and bottom quartiles, respectively.

## ABN AMRO Mortgage (mortgage.com)

Top Rating Quartile—Green; Bottom Rating Quartile—Red

### Customer Service & Reputation

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Good relationship with loan officer	7.27	8.69	-1.41	11
Has local loan officer	6.91	8.78	-1.87	11
Returns phone calls & emails	7.82	9.12	-1.30	11
Available most anytime, including evenings and weekends	7.00	8.20	-1.20	11
Knows local laws and customs	8.30	8.94	-0.64	10
Partnership with my firm	2.90	3.45	-0.55	10
Shares office space with my firm	2.50	2.82	-0.32	10
Reliable in meeting closing date	9.30	8.96	0.34	10
Financial compensation to homebuyer for missed closing date	4.20	5.19	-0.99	10
Homeowners know and trust lender brand	7.00	8.21	-1.21	11

### Underwriting & Processing

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Quick pre-approval letters	8.40	8.96	-0.56	10
Reliable pre-approval letters	8.60	9.17	-0.57	10
Prompt underwriting and closing dates	9.44	8.99	0.45	9
Grants underwriting exceptions	8.11	8.15	-0.04	9
Can easily check status of underwriting	9.22	8.65	0.57	9
Works well with appraisers	8.40	8.78	-0.38	10
HUD-1 provided one day in advance of closing	7.40	8.41	-1.01	10

## ABN AMRO Mortgage (mortgage.com)

Top Rating Quartile—Green; Bottom Rating Quartile—Red

### Rates & Closing Costs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Competitive rates	9.50	8.99	0.51	10
Low closing costs	8.80	8.52	0.28	10
Guaranteed closing costs	6.67	8.24	-1.58	9

### Loan Programs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Loans for homebuyers with good credit	9.90	9.33	0.57	10
Loans for homebuyers with credit problems	7.67	8.14	-0.47	9
Loans for homebuyers unable to document income	8.60	8.19	0.41	10
Loan programs to fit nearly any homebuyer	7.78	8.32	-0.55	9

## American Home Mortgage

Top Rating Quartile—Green; Bottom Rating Quartile—Red

### Customer Service & Reputation

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Good relationship with loan officer	9.41	8.69	0.73	17
Has local loan officer	9.06	8.78	0.28	17
Returns phone calls & emails	9.53	9.12	0.41	17
Available most anytime, including evenings and weekends	9.18	8.20	0.97	17
Knows local laws and customs	9.24	8.94	0.29	17
Partnership with my firm	3.64	3.45	0.19	14
Shares office space with my firm	3.60	2.82	0.78	15
Reliable in meeting closing date	9.06	8.96	0.11	16
Financial compensation to homebuyer for missed closing date	4.14	5.19	-1.05	14
Homeowners know and trust lender brand	7.25	8.21	-0.96	16

### Underwriting & Processing

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Quick pre-approval letters	9.80	8.96	0.84	15
Reliable pre-approval letters	9.69	9.17	0.52	16
Prompt underwriting and closing dates	9.47	8.99	0.47	15
Grants underwriting exceptions	8.93	8.15	0.78	15
Can easily check status of underwriting	9.20	8.65	0.55	15
Works well with appraisers	9.13	8.78	0.35	15
HUD-1 provided one day in advance of closing	8.56	8.41	0.15	16



## American Home Mortgage

Top Rating Quartile—Green; Bottom Rating Quartile—Red

### Rates & Closing Costs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Competitive rates	9.29	8.99	0.30	17
Low closing costs	9.24	8.52	0.72	17
Guaranteed closing costs	8.29	8.24	0.05	17

### Loan Programs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Loans for homebuyers with good credit	9.41	9.33	0.08	17
Loans for homebuyers with credit problems	8.65	8.14	0.51	17
Loans for homebuyers unable to document income	9.29	8.19	1.10	17
Loan programs to fit nearly any homebuyer	9.06	8.32	0.74	17

## Ameriquest Mortgage

Top Rating Quartile—Green; Bottom Rating Quartile—Red

### Customer Service & Reputation

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Good relationship with loan officer	6.50	8.69	-2.19	10
Has local loan officer	5.50	8.78	-3.28	10
Returns phone calls & emails	8.40	9.12	-0.72	10
Available most anytime, including evenings and weekends	7.50	8.20	-0.70	10
Knows local laws and customs	7.80	8.94	-1.14	10
Partnership with my firm	1.90	3.45	-1.55	10
Shares office space with my firm	1.70	2.82	-1.12	10
Reliable in meeting closing date	8.10	8.96	-0.86	10
Financial compensation to homebuyer for missed closing date	4.50	5.19	-0.69	10
Homeowners know and trust lender brand	7.80	8.21	-0.41	10

### Underwriting & Processing

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Quick pre-approval letters	8.80	8.96	-0.16	10
Reliable pre-approval letters	8.70	9.17	-0.47	10
Prompt underwriting and closing dates	8.70	8.99	-0.29	10
Grants underwriting exceptions	8.60	8.15	0.45	10
Can easily check status of underwriting	8.60	8.65	-0.05	10
Works well with appraisers	8.70	8.78	-0.08	10
HUD-1 provided one day in advance of closing	8.40	8.41	-0.01	10

## Ameriquest Mortgage

Top Rating Quartile—Green; Bottom Rating Quartile—Red

### Rates & Closing Costs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Competitive rates	8.50	8.99	-0.49	10
Low closing costs	8.00	8.52	-0.52	10
Guaranteed closing costs	8.70	8.24	0.46	10

### Loan Programs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Loans for homebuyers with good credit	9.10	9.33	-0.23	10
Loans for homebuyers with credit problems	8.30	8.14	0.16	10
Loans for homebuyers unable to document income	8.10	8.19	-0.09	10
Loan programs to fit nearly any homebuyer	8.30	8.32	-0.02	10

## Bank of America

Top Rating Quartile—Green; Bottom Rating Quartile—Red

### Customer Service & Reputation

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Good relationship with loan officer	8.28	8.69	-0.41	69
Has local loan officer	8.94	8.78	0.16	69
Returns phone calls & emails	8.91	9.12	-0.21	67
Available most anytime, including evenings and weekends	7.78	8.20	-0.42	69
Knows local laws and customs	8.79	8.94	-0.15	68
Partnership with my firm	3.48	3.45	0.03	64
Shares office space with my firm	2.94	2.82	0.11	62
Reliable in meeting closing date	8.81	8.96	-0.15	67
Financial compensation to homebuyer for missed closing date	5.50	5.19	0.31	64
Homeowners know and trust lender brand	8.77	8.21	0.56	66

### Underwriting & Processing

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Quick pre-approval letters	8.86	8.96	-0.09	66
Reliable pre-approval letters	8.85	9.17	-0.32	66
Prompt underwriting and closing dates	8.77	8.99	-0.23	64
Grants underwriting exceptions	7.83	8.15	-0.32	65
Can easily check status of underwriting	8.02	8.65	-0.64	65
Works well with appraisers	8.48	8.78	-0.31	65
HUD-1 provided one day in advance of closing	8.45	8.41	0.04	62

## Bank of America

Top Rating Quartile—Green; Bottom Rating Quartile—Red

### Rates & Closing Costs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Competitive rates	8.68	8.99	-0.31	63
Low closing costs	8.18	8.52	-0.33	65
Guaranteed closing costs	8.44	8.24	0.19	62

### Loan Programs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Loans for homebuyers with good credit	9.18	9.33	-0.15	67
Loans for homebuyers with credit problems	7.27	8.14	-0.87	67
Loans for homebuyers unable to document income	7.13	8.19	-1.07	64
Loan programs to fit nearly any homebuyer	7.54	8.32	-0.78	68

## BB&T

Top Rating Quartile—Green; Bottom Rating Quartile—Red  
Customer Service & Reputation

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Good relationship with loan officer	7.87	8.69	-0.82	15
Has local loan officer	8.67	8.78	-0.11	15
Returns phone calls & emails	8.50	9.12	-0.62	14
Available most anytime, including evenings and weekends	7.60	8.20	-0.60	15
Knows local laws and customs	8.71	8.94	-0.23	14
Partnership with my firm	2.15	3.45	-1.30	13
Shares office space with my firm	1.09	2.82	-1.73	11
Reliable in meeting closing date	8.47	8.96	-0.49	15
Financial compensation to homebuyer for missed closing date	3.27	5.19	-1.92	11
Homeowners know and trust lender brand	7.60	8.21	-0.61	15

## Underwriting & Processing

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Quick pre-approval letters	8.69	8.96	-0.27	13
Reliable pre-approval letters	9.00	9.17	-0.17	13
Prompt underwriting and closing dates	9.00	8.99	0.01	13
Grants underwriting exceptions	7.83	8.15	-0.32	12
Can easily check status of underwriting	8.38	8.65	-0.27	13
Works well with appraisers	8.23	8.78	-0.55	13
HUD-1 provided one day in advance of closing	8.67	8.41	0.25	12

## BB&T

Top Rating Quartile—Green; Bottom Rating Quartile—Red

### Rates & Closing Costs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Competitive rates	8.27	8.99	-0.73	15
Low closing costs	7.93	8.52	-0.58	15
Guaranteed closing costs	6.69	8.24	-1.55	13

### Loan Programs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Loans for homebuyers with good credit	8.50	9.33	-0.83	14
Loans for homebuyers with credit problems	7.00	8.14	-1.14	13
Loans for homebuyers unable to document income	6.46	8.19	-1.73	13
Loan programs to fit nearly any homebuyer	6.77	8.32	-1.55	13

## Chase Manhattan Mtg

Top Rating Quartile—Green; Bottom Rating Quartile—Red

### Customer Service & Reputation

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Good relationship with loan officer	8.84	8.69	0.15	37
Has local loan officer	9.08	8.78	0.30	36
Returns phone calls & emails	9.17	9.12	0.05	35
Available most anytime, including evenings and weekends	8.78	8.20	0.58	37
Knows local laws and customs	9.29	8.94	0.34	35
Partnership with my firm	4.62	3.45	1.17	34
Shares office space with my firm	4.33	2.82	1.51	33
Reliable in meeting closing date	9.11	8.96	0.15	36
Financial compensation to homebuyer for missed closing date	5.52	5.19	0.33	33
Homeowners know and trust lender brand	9.06	8.21	0.84	36

### Underwriting & Processing

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Quick pre-approval letters	9.06	8.96	0.10	36
Reliable pre-approval letters	9.11	9.17	-0.06	37
Prompt underwriting and closing dates	9.00	8.99	0.01	35
Grants underwriting exceptions	8.46	8.15	0.31	35
Can easily check status of underwriting	9.00	8.65	0.35	35
Works well with appraisers	8.76	8.78	-0.02	38
HUD-1 provided one day in advance of closing	8.08	8.41	-0.33	37



## Chase Manhattan Mtg

Top Rating Quartile—Green; Bottom Rating Quartile—Red

### Rates & Closing Costs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Competitive rates	8.63	8.99	-0.36	35
Low closing costs	8.17	8.52	-0.35	36
Guaranteed closing costs	7.78	8.24	-0.47	36

### Loan Programs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Loans for homebuyers with good credit	9.33	9.33	0.00	39
Loans for homebuyers with credit problems	7.65	8.14	-0.49	37
Loans for homebuyers unable to document income	7.81	8.19	-0.39	36
Loan programs to fit nearly any homebuyer	8.00	8.32	-0.32	36

## Countrywide Home Loans

Top Rating Quartile—Green; Bottom Rating Quartile—Red

### Customer Service & Reputation

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Good relationship with loan officer	8.33	8.69	-0.36	203
Has local loan officer	8.68	8.78	-0.10	204
Returns phone calls & emails	9.00	9.12	-0.12	201
Available most anytime, including evenings and weekends	8.03	8.20	-0.17	203
Knows local laws and customs	8.82	8.94	-0.13	201
Partnership with my firm	2.75	3.45	-0.70	186
Shares office space with my firm	2.17	2.82	-0.65	180
Reliable in meeting closing date	8.92	8.96	-0.04	203
Financial compensation to homebuyer for missed closing date	4.61	5.19	-0.58	176
Homeowners know and trust lender brand	8.40	8.21	0.19	201

### Underwriting & Processing

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Quick pre-approval letters	8.85	8.96	-0.11	191
Reliable pre-approval letters	9.02	9.17	-0.15	190
Prompt underwriting and closing dates	8.82	8.99	-0.18	183
Grants underwriting exceptions	8.08	8.15	-0.07	184
Can easily check status of underwriting	8.54	8.65	-0.12	188
Works well with appraisers	8.65	8.78	-0.13	187
HUD-1 provided one day in advance of closing	8.24	8.41	-0.17	188

## Countrywide Home Loans

Top Rating Quartile—Green; Bottom Rating Quartile—Red

### Rates & Closing Costs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Competitive rates	8.93	8.99	-0.06	199
Low closing costs	8.38	8.52	-0.13	202
Guaranteed closing costs	7.90	8.24	-0.34	197

### Loan Programs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Loans for homebuyers with good credit	9.24	9.33	-0.09	203
Loans for homebuyers with credit problems	8.03	8.14	-0.11	200
Loans for homebuyers unable to document income	8.21	8.19	0.02	198
Loan programs to fit nearly any homebuyer	8.22	8.32	-0.10	198

## Fifth Third Mortgage

Top Rating Quartile—Green; Bottom Rating Quartile—Red

### Customer Service & Reputation

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Good relationship with loan officer	8.00	8.69	-0.69	12
Has local loan officer	8.83	8.78	0.05	12
Returns phone calls & emails	8.67	9.12	-0.45	12
Available most anytime, including evenings and weekends	6.92	8.20	-1.29	12
Knows local laws and customs	8.75	8.94	-0.19	12
Partnership with my firm	2.64	3.45	-0.81	11
Shares office space with my firm	1.36	2.82	-1.46	11
Reliable in meeting closing date	8.64	8.96	-0.32	11
Financial compensation to homebuyer for missed closing date	3.36	5.19	-1.83	11
Homeowners know and trust lender brand	7.75	8.21	-0.46	12

### Underwriting & Processing

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Quick pre-approval letters	8.58	8.96	-0.37	12
Reliable pre-approval letters	9.08	9.17	-0.08	12
Prompt underwriting and closing dates	9.00	8.99	0.01	12
Grants underwriting exceptions	7.33	8.15	-0.82	12
Can easily check status of underwriting	8.17	8.65	-0.49	12
Works well with appraisers	8.50	8.78	-0.28	12
HUD-1 provided one day in advance of closing	8.36	8.41	-0.05	11

## Fifth Third Mortgage

Top Rating Quartile—Green; Bottom Rating Quartile—Red

### Rates & Closing Costs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Competitive rates	8.50	8.99	-0.49	12
Low closing costs	7.75	8.52	-0.77	12
Guaranteed closing costs	8.00	8.24	-0.24	12

### Loan Programs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Loans for homebuyers with good credit	8.73	9.33	-0.60	11
Loans for homebuyers with credit problems	7.91	8.14	-0.23	11
Loans for homebuyers unable to document income	7.00	8.19	-1.19	11
Loan programs to fit nearly any homebuyer	7.82	8.32	-0.51	11

## First Horizon Home Loan

Top Rating Quartile—Green; Bottom Rating Quartile—Red

### Customer Service & Reputation

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Good relationship with loan officer	9.14	8.69	0.45	37
Has local loan officer	9.16	8.78	0.38	37
Returns phone calls & emails	8.97	9.12	-0.15	37
Available most anytime, including evenings and weekends	8.76	8.20	0.55	37
Knows local laws and customs	9.16	8.94	0.22	37
Partnership with my firm	3.11	3.45	-0.34	36
Shares office space with my firm	2.54	2.82	-0.28	35
Reliable in meeting closing date	9.03	8.96	0.07	37
Financial compensation to homebuyer for missed closing date	4.17	5.19	-1.02	36
Homeowners know and trust lender brand	7.41	8.21	-0.81	37

### Underwriting & Processing

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Quick pre-approval letters	9.08	8.96	0.13	36
Reliable pre-approval letters	8.94	9.17	-0.22	36
Prompt underwriting and closing dates	8.92	8.99	-0.08	36
Grants underwriting exceptions	8.40	8.15	0.25	35
Can easily check status of underwriting	8.58	8.65	-0.07	36
Works well with appraisers	9.11	8.78	0.33	36
HUD-1 provided one day in advance of closing	8.67	8.41	0.25	36

## First Horizon Home Loan

Top Rating Quartile—Green; Bottom Rating Quartile—Red

### Rates & Closing Costs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Competitive rates	8.83	8.99	-0.16	36
Low closing costs	8.89	8.52	0.37	36
Guaranteed closing costs	8.22	8.24	-0.02	36

### Loan Programs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Loans for homebuyers with good credit	9.51	9.33	0.19	37
Loans for homebuyers with credit problems	8.49	8.14	0.35	37
Loans for homebuyers unable to document income	8.43	8.19	0.24	37
Loan programs to fit nearly any homebuyer	8.54	8.32	0.22	37

## GMAC Mortgage

Top Rating Quartile—Green; Bottom Rating Quartile—Red

### Customer Service & Reputation

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Good relationship with loan officer	8.47	8.69	-0.21	36
Has local loan officer	8.86	8.78	0.08	36
Returns phone calls & emails	8.97	9.12	-0.15	35
Available most anytime, including evenings and weekends	8.57	8.20	0.37	35
Knows local laws and customs	9.14	8.94	0.19	36
Partnership with my firm	4.06	3.45	0.61	31
Shares office space with my firm	3.32	2.82	0.50	31
Reliable in meeting closing date	8.94	8.96	-0.01	36
Financial compensation to homebuyer for missed closing date	4.81	5.19	-0.38	31
Homeowners know and trust lender brand	8.25	8.21	0.04	36

### Underwriting & Processing

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Quick pre-approval letters	8.74	8.96	-0.22	34
Reliable pre-approval letters	9.06	9.17	-0.11	33
Prompt underwriting and closing dates	9.00	8.99	0.01	33
Grants underwriting exceptions	7.88	8.15	-0.27	33
Can easily check status of underwriting	8.18	8.65	-0.48	34
Works well with appraisers	8.58	8.78	-0.21	33
HUD-1 provided one day in advance of closing	8.44	8.41	0.03	32



## GMAC Mortgage

Top Rating Quartile—Green; Bottom Rating Quartile—Red

### Rates & Closing Costs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Competitive rates	8.78	8.99	-0.21	36
Low closing costs	8.18	8.52	-0.34	34
Guaranteed closing costs	7.57	8.24	-0.67	35

### Loan Programs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Loans for homebuyers with good credit	9.11	9.33	-0.21	35
Loans for homebuyers with credit problems	7.56	8.14	-0.59	36
Loans for homebuyers unable to document income	7.82	8.19	-0.37	34
Loan programs to fit nearly any homebuyer	8.09	8.32	-0.24	34

## HomeBanc Mortgage

Top Rating Quartile—Green; Bottom Rating Quartile—Red

### Customer Service & Reputation

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Good relationship with loan officer	8.79	8.69	0.10	28
Has local loan officer	9.19	8.78	0.41	27
Returns phone calls & emails	8.75	9.12	-0.37	28
Available most anytime, including evenings and weekends	8.75	8.20	0.55	28
Knows local laws and customs	8.86	8.94	-0.09	28
Partnership with my firm	5.61	3.45	2.16	28
Shares office space with my firm	5.63	2.82	2.81	27
Reliable in meeting closing date	8.89	8.96	-0.06	28
Financial compensation to homebuyer for missed closing date	5.30	5.19	0.12	23
Homeowners know and trust lender brand	8.15	8.21	-0.06	27

### Underwriting & Processing

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Quick pre-approval letters	8.88	8.96	-0.08	24
Reliable pre-approval letters	8.96	9.17	-0.21	23
Prompt underwriting and closing dates	9.04	8.99	0.05	23
Grants underwriting exceptions	8.22	8.15	0.07	23
Can easily check status of underwriting	8.91	8.65	0.26	23
Works well with appraisers	8.73	8.78	-0.06	22
HUD-1 provided one day in advance of closing	8.57	8.41	0.15	23

## HomeBanc Mortgage

Top Rating Quartile—Green; Bottom Rating Quartile—Red

### Rates & Closing Costs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Competitive rates	8.44	8.99	-0.55	27
Low closing costs	8.15	8.52	-0.36	26
Guaranteed closing costs	8.27	8.24	0.03	26

### Loan Programs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Loans for homebuyers with good credit	8.93	9.33	-0.40	28
Loans for homebuyers with credit problems	7.89	8.14	-0.25	28
Loans for homebuyers unable to document income	8.25	8.19	0.06	28
Loan programs to fit nearly any homebuyer	8.21	8.32	-0.11	28

## National City

Top Rating Quartile—Green; Bottom Rating Quartile—Red

### Customer Service & Reputation

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Good relationship with loan officer	9.19	8.69	0.51	21
Has local loan officer	9.00	8.78	0.22	21
Returns phone calls & emails	9.35	9.12	0.23	20
Available most anytime, including evenings and weekends	8.90	8.20	0.70	21
Knows local laws and customs	8.90	8.94	-0.04	21
Partnership with my firm	3.74	3.45	0.29	19
Shares office space with my firm	2.89	2.82	0.07	19
Reliable in meeting closing date	9.48	8.96	0.52	21
Financial compensation to homebuyer for missed closing date	4.30	5.19	-0.89	20
Homeowners know and trust lender brand	7.89	8.21	-0.32	19

### Underwriting & Processing

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Quick pre-approval letters	9.00	8.96	0.04	20
Reliable pre-approval letters	9.25	9.17	0.08	20
Prompt underwriting and closing dates	9.00	8.99	0.01	19
Grants underwriting exceptions	8.84	8.15	0.69	19
Can easily check status of underwriting	9.05	8.65	0.40	21
Works well with appraisers	9.10	8.78	0.32	20
HUD-1 provided one day in advance of closing	6.58	8.41	-1.83	19

## National City

Top Rating Quartile—Green; Bottom Rating Quartile—Red

### Rates & Closing Costs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Competitive rates	9.10	8.99	0.11	20
Low closing costs	8.38	8.52	-0.13	21
Guaranteed closing costs	7.25	8.24	-0.99	20

### Loan Programs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Loans for homebuyers with good credit	9.40	9.33	0.07	20
Loans for homebuyers with credit problems	8.55	8.14	0.41	20
Loans for homebuyers unable to document income	8.05	8.19	-0.14	20
Loan programs to fit nearly any homebuyer	8.79	8.32	0.47	19

## PHH Mortgage (Cendant)

Top Rating Quartile—Green; Bottom Rating Quartile—Red

### Customer Service & Reputation

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Good relationship with loan officer	8.89	8.69	0.20	18
Has local loan officer	7.83	8.78	-0.95	18
Returns phone calls & emails	9.28	9.12	0.16	18
Available most anytime, including evenings and weekends	8.67	8.20	0.46	18
Knows local laws and customs	8.61	8.94	-0.33	18
Partnership with my firm	8.18	3.45	4.73	17
Shares office space with my firm	3.33	2.82	0.51	18
Reliable in meeting closing date	9.67	8.96	0.71	18
Financial compensation to homebuyer for missed closing date	7.82	5.19	2.63	17
Homeowners know and trust lender brand	8.39	8.21	0.18	18

### Underwriting & Processing

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Quick pre-approval letters	10.00	8.96	1.04	15
Reliable pre-approval letters	9.80	9.17	0.63	15
Prompt underwriting and closing dates	9.50	8.99	0.51	16
Grants underwriting exceptions	8.00	8.15	-0.15	15
Can easily check status of underwriting	9.19	8.65	0.54	16
Works well with appraisers	8.88	8.78	0.09	16
HUD-1 provided one day in advance of closing	8.75	8.41	0.34	16

## PHH Mortgage (Cendant)

Top Rating Quartile—Green; Bottom Rating Quartile—Red

### Rates & Closing Costs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Competitive rates	9.50	8.99	0.51	18
Low closing costs	9.39	8.52	0.87	18
Guaranteed closing costs	9.06	8.24	0.81	18

### Loan Programs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Loans for homebuyers with good credit	9.94	9.33	0.62	18
Loans for homebuyers with credit problems	7.53	8.14	-0.61	17
Loans for homebuyers unable to document income	8.18	8.19	-0.02	17
Loan programs to fit nearly any homebuyer	8.28	8.32	-0.05	18

## SunTrust Banks

Top Rating Quartile—Green; Bottom Rating Quartile—Red  
Customer Service & Reputation

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Good relationship with loan officer	9.44	8.69	0.76	27
Has local loan officer	9.26	8.78	0.48	27
Returns phone calls & emails	9.46	9.12	0.34	26
Available most anytime, including evenings and weekends	8.70	8.20	0.50	27
Knows local laws and customs	9.22	8.94	0.28	27
Partnership with my firm	3.40	3.45	-0.05	25
Shares office space with my firm	2.38	2.82	-0.45	24
Reliable in meeting closing date	9.44	8.96	0.49	27
Financial compensation to homebuyer for missed closing date	5.76	5.19	0.57	25
Homeowners know and trust lender brand	8.70	8.21	0.49	27

## Underwriting & Processing

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Quick pre-approval letters	9.41	8.96	0.45	27
Reliable pre-approval letters	9.70	9.17	0.54	27
Prompt underwriting and closing dates	9.26	8.99	0.26	27
Grants underwriting exceptions	8.48	8.15	0.33	27
Can easily check status of underwriting	9.00	8.65	0.35	27
Works well with appraisers	9.30	8.78	0.51	27
HUD-1 provided one day in advance of closing	8.81	8.41	0.40	27



## SunTrust Banks

Top Rating Quartile—Green; Bottom Rating Quartile—Red

### Rates & Closing Costs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Competitive rates	9.30	8.99	0.30	27
Low closing costs	8.81	8.52	0.30	27
Guaranteed closing costs	8.58	8.24	0.33	26

### Loan Programs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Loans for homebuyers with good credit	9.58	9.33	0.25	26
Loans for homebuyers with credit problems	8.46	8.14	0.32	26
Loans for homebuyers unable to document income	8.54	8.19	0.35	26
Loan programs to fit nearly any homebuyer	8.77	8.32	0.45	26

## US Bank

Top Rating Quartile—Green; Bottom Rating Quartile—Red

### Customer Service & Reputation

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Good relationship with loan officer	8.36	8.69	-0.33	25
Has local loan officer	8.96	8.78	0.18	25
Returns phone calls & emails	9.16	9.12	0.04	25
Available most anytime, including evenings and weekends	8.21	8.20	0.00	24
Knows local laws and customs	9.28	8.94	0.34	25
Partnership with my firm	3.43	3.45	-0.02	23
Shares office space with my firm	2.64	2.82	-0.18	22
Reliable in meeting closing date	8.76	8.96	-0.20	25
Financial compensation to homebuyer for missed closing date	5.48	5.19	0.29	23
Homeowners know and trust lender brand	8.72	8.21	0.51	25

### Underwriting & Processing

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Quick pre-approval letters	8.65	8.96	-0.30	26
Reliable pre-approval letters	8.69	9.17	-0.47	26
Prompt underwriting and closing dates	8.92	8.99	-0.07	26
Grants underwriting exceptions	7.96	8.15	-0.19	26
Can easily check status of underwriting	8.73	8.65	0.08	26
Works well with appraisers	8.73	8.78	-0.05	26
HUD-1 provided one day in advance of closing	8.81	8.41	0.40	26

## US Bank

Top Rating Quartile—Green; Bottom Rating Quartile—Red

### Rates & Closing Costs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Competitive rates	8.88	8.99	-0.11	25
Low closing costs	8.81	8.52	0.29	26
Guaranteed closing costs	8.04	8.24	-0.20	26

### Loan Programs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Loans for homebuyers with good credit	9.00	9.33	-0.33	25
Loans for homebuyers with credit problems	8.04	8.14	-0.10	26
Loans for homebuyers unable to document income	7.96	8.19	-0.23	26
Loan programs to fit nearly any homebuyer	8.35	8.32	0.02	26

## Wachovia Bank

Top Rating Quartile—Green; Bottom Rating Quartile—Red

### Customer Service & Reputation

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Good relationship with loan officer	8.62	8.69	-0.07	21
Has local loan officer	9.24	8.78	0.46	21
Returns phone calls & emails	9.40	9.12	0.28	20
Available most anytime, including evenings and weekends	8.00	8.20	-0.20	21
Knows local laws and customs	9.30	8.94	0.36	20
Partnership with my firm	1.95	3.45	-1.50	20
Shares office space with my firm	1.65	2.82	-1.17	20
Reliable in meeting closing date	9.48	8.96	0.52	21
Financial compensation to homebuyer for missed closing date	5.67	5.19	0.48	21
Homeowners know and trust lender brand	9.24	8.21	1.03	21

### Underwriting & Processing

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Quick pre-approval letters	9.47	8.96	0.52	19
Reliable pre-approval letters	9.53	9.17	0.36	19
Prompt underwriting and closing dates	9.39	8.99	0.39	18
Grants underwriting exceptions	9.05	8.15	0.90	19
Can easily check status of underwriting	9.26	8.65	0.61	19
Works well with appraisers	9.26	8.78	0.48	19
HUD-1 provided one day in advance of closing	9.06	8.41	0.64	18

## Wachovia Bank

Top Rating Quartile—Green; Bottom Rating Quartile—Red

### Rates & Closing Costs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Competitive rates	9.29	8.99	0.29	21
Low closing costs	8.90	8.52	0.39	21
Guaranteed closing costs	8.24	8.24	-0.01	21

### Loan Programs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Loans for homebuyers with good credit	9.43	9.33	0.10	21
Loans for homebuyers with credit problems	7.81	8.14	-0.33	21
Loans for homebuyers unable to document income	7.81	8.19	-0.38	21
Loan programs to fit nearly any homebuyer	7.74	8.32	-0.59	19

## Washington Mutual

Top Rating Quartile—Green; Bottom Rating Quartile—Red

### Customer Service & Reputation

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Good relationship with loan officer	8.35	8.69	-0.34	75
Has local loan officer	8.85	8.78	0.07	75
Returns phone calls & emails	8.91	9.12	-0.22	74
Available most anytime, including evenings and weekends	7.88	8.20	-0.32	75
Knows local laws and customs	8.82	8.94	-0.12	72
Partnership with my firm	2.69	3.45	-0.76	71
Shares office space with my firm	1.97	2.82	-0.85	70
Reliable in meeting closing date	8.75	8.96	-0.20	73
Financial compensation to homebuyer for missed closing date	4.75	5.19	-0.44	69
Homeowners know and trust lender brand	8.61	8.21	0.40	72

### Underwriting & Processing

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Quick pre-approval letters	8.84	8.96	-0.12	70
Reliable pre-approval letters	9.01	9.17	-0.15	68
Prompt underwriting and closing dates	8.70	8.99	-0.29	70
Grants underwriting exceptions	7.71	8.15	-0.44	68
Can easily check status of underwriting	8.26	8.65	-0.39	68
Works well with appraisers	8.66	8.78	-0.13	67
HUD-1 provided one day in advance of closing	7.87	8.41	-0.54	68

## Washington Mutual

Top Rating Quartile—Green; Bottom Rating Quartile—Red

### Rates & Closing Costs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Competitive rates	9.03	8.99	0.03	75
Low closing costs	8.61	8.52	0.10	75
Guaranteed closing costs	8.35	8.24	0.11	74

### Loan Programs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Loans for homebuyers with good credit	9.43	9.33	0.11	76
Loans for homebuyers with credit problems	7.75	8.14	-0.39	75
Loans for homebuyers unable to document income	7.62	8.19	-0.57	74
Loan programs to fit nearly any homebuyer	7.62	8.32	-0.70	74

## Wells Fargo

Top Rating Quartile—Green; Bottom Rating Quartile—Red

### Customer Service & Reputation

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Good relationship with loan officer	8.90	8.69	0.21	178
Has local loan officer	9.04	8.78	0.27	178
Returns phone calls & emails	9.21	9.12	0.09	175
Available most anytime, including evenings and weekends	8.13	8.20	-0.07	178
Knows local laws and customs	9.03	8.94	0.08	177
Partnership with my firm	3.56	3.45	0.10	171
Shares office space with my firm	3.11	2.82	0.29	167
Reliable in meeting closing date	8.94	8.96	-0.01	177
Financial compensation to homebuyer for missed closing date	5.16	5.19	-0.03	161
Homeowners know and trust lender brand	8.68	8.21	0.47	178

### Underwriting & Processing

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Quick pre-approval letters	9.01	8.96	0.05	170
Reliable pre-approval letters	9.23	9.17	0.06	170
Prompt underwriting and closing dates	9.10	8.99	0.10	171
Grants underwriting exceptions	7.96	8.15	-0.19	160
Can easily check status of underwriting	8.69	8.65	0.04	165
Works well with appraisers	8.95	8.78	0.16	164
HUD-1 provided one day in advance of closing	8.45	8.41	0.04	166



## Wells Fargo

Top Rating Quartile—Green; Bottom Rating Quartile—Red

### Rates & Closing Costs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Competitive rates	8.88	8.99	-0.12	176
Low closing costs	8.23	8.52	-0.29	175
Guaranteed closing costs	8.22	8.24	-0.02	168

### Loan Programs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Loans for homebuyers with good credit	9.48	9.33	0.15	180
Loans for homebuyers with credit problems	8.23	8.14	0.09	180
Loans for homebuyers unable to document income	8.30	8.19	0.10	175
Loan programs to fit nearly any homebuyer	8.38	8.32	0.06	178

## World Savings Bank

Top Rating Quartile—Green; Bottom Rating Quartile—Red

### Customer Service & Reputation

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Good relationship with loan officer	8.40	8.69	-0.29	15
Has local loan officer	8.40	8.78	-0.38	15
Returns phone calls & emails	8.50	9.12	-0.62	14
Available most anytime, including evenings and weekends	6.20	8.20	-2.00	15
Knows local laws and customs	8.57	8.94	-0.37	14
Partnership with my firm	2.93	3.45	-0.52	14
Shares office space with my firm	2.79	2.82	-0.03	14
Reliable in meeting closing date	8.77	8.96	-0.19	13
Financial compensation to homebuyer for missed closing date	3.42	5.19	-1.77	12
Homeowners know and trust lender brand	7.93	8.21	-0.28	14

### Underwriting & Processing

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Quick pre-approval letters	9.00	8.96	0.04	13
Reliable pre-approval letters	8.92	9.17	-0.24	13
Prompt underwriting and closing dates	8.62	8.99	-0.38	13
Grants underwriting exceptions	8.15	8.15	0.00	13
Can easily check status of underwriting	8.77	8.65	0.12	13
Works well with appraisers	8.29	8.78	-0.50	14
HUD-1 provided one day in advance of closing	7.86	8.41	-0.55	14

## World Savings Bank

Top Rating Quartile—Green; Bottom Rating Quartile—Red

### Rates & Closing Costs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Competitive rates	9.29	8.99	0.29	14
Low closing costs	8.14	8.52	-0.37	14
Guaranteed closing costs	7.38	8.24	-0.86	13

### Loan Programs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Loans for homebuyers with good credit	9.07	9.33	-0.26	14
Loans for homebuyers with credit problems	6.85	8.14	-1.30	13
Loans for homebuyers unable to document income	7.43	8.19	-0.76	14
Loan programs to fit nearly any homebuyer	7.64	8.32	-0.68	14

## Other Bank

Top Rating Quartile—Green; Bottom Rating Quartile—Red

### Customer Service & Reputation

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Good relationship with loan officer	8.97	8.69	0.28	87
Has local loan officer	9.29	8.78	0.51	85
Returns phone calls & emails	9.49	9.12	0.37	85
Available most anytime, including evenings and weekends	8.40	8.20	0.20	85
Knows local laws and customs	9.21	8.94	0.27	80
Partnership with my firm	3.03	3.45	-0.43	78
Shares office space with my firm	2.47	2.82	-0.35	77
Reliable in meeting closing date	9.09	8.96	0.14	86
Financial compensation to homebuyer for missed closing date	5.38	5.19	0.19	79
Homeowners know and trust lender brand	7.96	8.21	-0.25	84

### Underwriting & Processing

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Quick pre-approval letters	8.96	8.96	0.00	80
Reliable pre-approval letters	9.41	9.17	0.24	81
Prompt underwriting and closing dates	9.22	8.99	0.23	80
Grants underwriting exceptions	8.19	8.15	0.04	74
Can easily check status of underwriting	8.94	8.65	0.28	79
Works well with appraisers	8.90	8.78	0.11	79
HUD-1 provided one day in advance of closing	9.00	8.41	0.59	79

## Other Bank

Top Rating Quartile—Green; Bottom Rating Quartile—Red

### Rates & Closing Costs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Competitive rates	9.09	8.99	0.10	85
Low closing costs	8.83	8.52	0.31	86
Guaranteed closing costs	8.72	8.24	0.48	83

## Loan Programs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Loans for homebuyers with good credit	9.42	9.33	0.09	84
Loans for homebuyers with credit problems	8.05	8.14	-0.09	85
Loans for homebuyers unable to document income	7.96	8.19	-0.23	83
Loan programs to fit nearly any homebuyer	8.35	8.32	0.03	82

## Other Mortgage Company

Top Rating Quartile—Green; Bottom Rating Quartile—Red

### Customer Service & Reputation

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Good relationship with loan officer	9.32	8.69	0.64	139
Has local loan officer	9.15	8.78	0.37	139
Returns phone calls & emails	9.49	9.12	0.37	135
Available most anytime, including evenings and weekends	8.66	8.20	0.46	138
Knows local laws and customs	9.26	8.94	0.31	136
Partnership with my firm	4.02	3.45	0.56	132
Shares office space with my firm	3.47	2.82	0.65	131
Reliable in meeting closing date	9.18	8.96	0.23	136
Financial compensation to homebuyer for missed closing date	5.80	5.19	0.62	128
Homeowners know and trust lender brand	7.59	8.21	-0.63	135

### Underwriting & Processing

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Quick pre-approval letters	9.23	8.96	0.27	129
Reliable pre-approval letters	9.55	9.17	0.38	129
Prompt underwriting and closing dates	9.20	8.99	0.21	128
Grants underwriting exceptions	8.53	8.15	0.38	124
Can easily check status of underwriting	8.96	8.65	0.31	125
Works well with appraisers	9.09	8.78	0.30	128
HUD-1 provided one day in advance of closing	8.73	8.41	0.32	126

## Other Mortgage Company

Top Rating Quartile—Green; Bottom Rating Quartile—Red

### Rates & Closing Costs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Competitive rates	9.20	8.99	0.21	138
Low closing costs	8.68	8.52	0.16	139
Guaranteed closing costs	8.69	8.24	0.45	137

## Loan Programs

Rating Factor	Average Rating	All Lender Average	Difference	Responses
Loans for homebuyers with good credit	9.41	9.33	0.08	138
Loans for homebuyers with credit problems	8.92	8.14	0.78	139
Loans for homebuyers unable to document income	8.81	8.19	0.62	138
Loan programs to fit nearly any homebuyer	8.95	8.32	0.62	136

# Survey Instrument



## Annual Real Estate Agent Survey On Mortgage Lending

### Respondent Information

Your Name\*

E-mail Address\*

\* Confidential but required for return of summary survey results

What is your position?

If other

### Respondent Information

Are you an individual agent or a broker-owner?

- ☐ Individual agent
- ☐ Broker-owner

How long have you been a licensed agent or broker?

- ☐ 1 year or less
- ☐ 2-5 years
- ☐ More than 5 years
- ☐ 10 or more

How many real estate transactions did you personally participate in during the past year?

Listing agent:	<input type="text"/>
Buyer's side:	<input type="text"/>



**Apart from time spent conducting showings, attending closings, working from home, and other out-of-the-office activities, how many hours per week do you typically spend working in your real estate brokerage's offices?**

- ☐ 5 hours or less per week
- ☐ 6 to 10 hours per week
- ☐ 11 to 20 hours per week
- ☐ 21 to 40 hours per week
- ☐ Over 40 hours per week

### **Company Information**

**State where your office is located:**

**Approximately how many agents does your firm have?**

- ☐ 1
- ☐ 2 to 10
- ☐ 11 to 100
- ☐ Over 100

**What is your firm's franchisor affiliation, if any?**

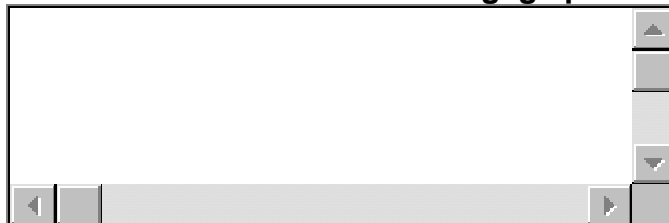
- ☐ N/A-no affiliation
- ☐ Century 21
- ☐ Coldwell Banker
- ☐ ERA
- ☐ GMAC
- ☐ Keller Williams
- ☐ Prudential
- ☐ Realty Executives
- ☐ RE/MAX
- ☐ Other

## Issues with Mortgage Providers

In your experience, what are the most significant issues with direct lenders, mortgage affiliates, mortgage brokers, and other types of mortgage providers? (check all that apply)

- ☐ Appraisals scheduled at last minute
- ☐ Cannot schedule prompt closing date
- ☐ Centralized call centers give poor service
- ☐ Closing costs higher than expected
- ☐ Closing dates missed
- ☐ Employment and income verifications at last minute
- ☐ HUD-1 statement not available one day before closing
- ☐ Inflexible underwriting
- ☐ Mortgage providers without local representatives give poor service
- ☐ Loan officers not well trained
- ☐ Mortgage provider will not return phone calls & emails
- ☐ Mortgage provider does not communicate loan status
- ☐ Mortgage brokers switch lenders shortly before closing
- ☐ Non-local mortgage providers don't know our laws and customs
- ☐ Rate changes and/or rate lock expirations
- ☐ Pre-approval letters not reliable
- ☐ Prepayment penalties on prior mortgage not anticipated
- ☐ Poor service by local loan officers
- ☐ Unethical behavior
- ☐ Other (please explain below)

Comments on issues with mortgage providers:

A rectangular text input field with a light gray border. On the right side, there is a vertical scroll bar with a small upward-pointing arrow at the top and a downward-pointing arrow at the bottom. At the bottom left corner, there is a small left-pointing arrow. The interior of the box is empty, indicating it is a text area for user input.

## Pre-Approval Letters

What percent of your homebuyers are already pre-approved for a mortgage when you first meet them?

- ☐ 0%
- ☐ 10%
- ☐ 20%
- ☐ 30%
- ☐ 40%
- ☐ 50%
- ☐ 60%
- ☐ 70%
- ☐ 80%
- ☐ 90%
- ☐ 100%

For each of the following types of mortgage providers, please select, in your experience, the approximate percent of pre-approval letters that turn out to be invalid because homebuyer income, credit, or assets were not correctly verified: (If no experience with a category, please leave blank.)

	0%	5%	10%	25%	50%	75%	100%
<b>Credit union:</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Internet lender:</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Local bank:</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Mortgage broker (represents multiple lenders):</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Mortgage partner of my firm:</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>National lender not partnered with my firm:</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If a national organization, such as a trade group, developed a standard form for pre-approval letters, showing which conditions have been examined and which conditions are still outstanding, would you be more or less likely to recommend mortgage providers using this standard pre-approval form?

- ☐ Much more likely to recommend
- ☐ Somewhat more likely to recommend
- ☐ No change in recommendations
- ☐ Less likely to recommend
- ☐ Much less likely to recommend

## **Mortgage Partnerships**

**Does your real estate brokerage have preferred partnerships with one or more mortgage providers?**

- ☐ **Yes**
- ☐ **No**

**If you answered yes to the preceding question, which arrangement best describes your firm's mortgage partnership?**

- ☐ **Mortgage company wholly-owned by our firm**
- ☐ **Mortgage company wholly-owned by our franchisor**
- ☐ **Desk or office rental**
- ☐ **Joint venture**
- ☐ **Formal marketing alliance**
- ☐ **Informal arrangement blessed by firm management**
- ☐ **Don't know**
- ☐ **Not applicable—we have no preferred mortgage partner**

**How many preferred mortgage partners does your firm have?**

- ☐ **None**
- ☐ **1**
- ☐ **2**
- ☐ **3**
- ☐ **4 or more**

**Does at least one preferred mortgage partner operate out of your company's offices?**

- ☐ **Yes**
- ☐ **No**

## Access of Mortgage Loan Officers

How often do partnered loan officers attend your company's internal meetings, such as weekly sales meetings?

- ☐ Frequently
- ☐ Sometimes
- ☐ Never

How often do non-partnered loan officers attend your company's internal meetings, such as weekly sales meetings?

- ☐ Frequently
- ☐ Sometimes
- ☐ Never

Are loan officers of non-partnered mortgage providers allowed to make sales calls within your company's offices?

- ☐ Yes
- ☐ No

Are loan officers of non-partnered mortgage providers allowed to use your company's mailboxes to distribute rate sheets and other promotional materials?

- ☐ Yes
- ☐ No

What is the most common way that non-partnered loan officers make contact with you?

- ☐ Mailed or dropped-off rate sheets
- ☐ Office visits
- ☐ Open houses
- ☐ Unsolicited phone calls
- ☐ Other (please specify)

## Mortgage Provider Recommendation

For what percent of your transactions do you recommend specific mortgage provider(s) to the homebuyer?

- ☐ 10% or less
- ☐ 25%
- ☐ 50%
- ☐ 75%
- ☐ 90% or more

How many mortgage providers do you usually recommend for a single transaction to a homebuyer?

- ☐ n/a—I do not recommend mortgage providers
- ☐ 1
- ☐ 2
- ☐ 3
- ☐ 4 or more

When you do not recommend any mortgage provider to a homebuyer, what are your significant reasons? (check all that apply)

- ☐ Homebuyer was already pre-approved
- ☐ Homebuyer has existing relationship with mortgage provider
- ☐ When a listing agent, I do not recommend mortgage providers
- ☐ Don't want to be responsible for mortgage problems
- ☐ Don't want to get in RESPA trouble
- ☐ Consider it a conflict of interest
- ☐ Not knowledgeable about mortgage providers
- ☐ Other (please specify)

## Reasons for Recommending Mortgage Partner

In your estimation, what percent of your transactions have a mortgage provided by a mortgage partner of your firm?

- ☐ 0% -- No preferred mortgage partners
- ☐ 1-5%
- ☐ 6-10%
- ☐ 11-25%
- ☐ 26-50%
- ☐ Over 50%

When you recommend a mortgage partner of your firm, what are the significant reasons? (check all that apply)

- ☐ n/a—No preferred mortgage partners
- ☐ Loan officer is located in my office
- ☐ Good relationship with loan officer
- ☐ Good service
- ☐ Good rates
- ☐ Dependable with closing dates
- ☐ Loan products to fit this homebuyer
- ☐ I trust mortgage partner selected by my firm
- ☐ Using our mortgage partner helps my firm be flexible on commission splits
- ☐ I am evaluated by firm management on referrals to our mortgage partner
- ☐ Other (please specify)

Apart from times when the homebuyer has already found another mortgage provider, when you do not recommend a mortgage partner of your firm, what are the significant reasons? (check all that apply)

- ☐ n/a—No preferred mortgage partners
- ☐ Better relationship with another loan officer
- ☐ Past experience with poor service from mortgage partner
- ☐ Better rates available from another mortgage provider
- ☐ Undependable with closing dates
- ☐ Homebuyer may not get approved with partner and/or has credit problems
- ☐ Mortgage partner uses centralized call center
- ☐ I consider it a conflict of interest to recommend mortgage partner
- ☐ Other (please specify)

## Homebuyer Acceptance of Mortgage Recommendations

What percent of the time does the homebuyer actually use one of the mortgage provider(s) you recommended?

- ☐ 10% or less
- ☐ 25%
- ☐ 50%
- ☐ 75%
- ☐ 90% or more




When a homebuyer does not use a mortgage provider that you recommend, what are the significant reasons? (check all that apply)

- ☐ Already had pre-approval letter
- ☐ Homebuyer used another lender referred by family or friend
- ☐ Existing banking relationship
- ☐ Homebuyer found lender on internet
- ☐ Better rate & terms at another mortgage provider
- ☐ Could not get approved by recommended mortgage provider
- ☐ Recommended mortgage provider could not meet closing date
- ☐ Other (please specify)






## Specific Mortgage Recommendations

For homebuyers with these situations, which type of mortgage provider would you most likely recommend?

<b>Good credit:</b>	Select one 
<b>Credit problems:</b>	Select one 
<b>Unable to document income:</b>	Select one 

For homebuyers with these situations, which direct lender (not a mortgage broker) would you most likely recommend?

<b>Good credit:</b>	Select Lender 
<b>Credit problems:</b>	Select Lender 
<b>Unable to document income:</b>	Select Lender 

## Reasons for Recommending a Direct Lender

When you recommend a direct lender (not a mortgage broker), please rate the importance of the following reasons on a scale of 1 to 10:

### Customer Service & Reputation

1 = Not Important 10=Very Important

	1	2	3	4	5	6	7	8	9	10
Good relationship with loan officer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Has local loan officer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Returns phone calls & emails	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Available most anytime, including evenings and weekends	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Knows local laws and customs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Partnership with my firm	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Shares office space with my firm	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reliable in meeting closing date	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financial compensation to homebuyer for missed closing date	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Homebuyers know and trust lender brand	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Underwriting & Processing

1 = Not Important 10=Very Important

	1	2	3	4	5	6	7	8	9	10
Quick pre-approval letters	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reliable pre-approval letters	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Prompt underwriting and closing dates	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grants underwriting exceptions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Can easily check status of underwriting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Works well with appraisers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
HUD-1 provided one day in advance of closing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Rates & Closing Costs

1 = Not Important 10=Very Important

	1	2	3	4	5	6	7	8	9	10
Competitive rates	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Low closing costs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Guaranteed closing costs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Loan Programs

1 = Not Important 10=Very Important

	1	2	3	4	5	6	7	8	9	10
Loans for homebuyers with <u>good credit</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Loans for homebuyers with <u>credit problems</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Loans for homebuyers <u>unable to document income</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Loan programs to fit nearly any homebuyer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Rating of Direct Lender

Please select a direct lender (not a mortgage broker) from this list that you would recommend for homebuyers:

Select Lender ▼

Please rate this lender on the following factors:

### Customer Service & Reputation

1 = Poor 10=Excellent

	1	2	3	4	5	6	7	8	9	10
Good relationship with loan officer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Has local loan officer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Returns phone calls & emails	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Available most anytime, including evenings and weekends	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Knows local laws and customs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Partnership with my firm	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Shares office space with my firm	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reliable in meeting closing date	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financial compensation to homebuyer for missed closing date	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Homebuyers know and trust lender brand	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Underwriting & Processing

1 = Poor 10=Excellent

	1	2	3	4	5	6	7	8	9	10
Quick pre-approval letters	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reliable pre-approval letters	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Prompt underwriting and closing dates	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grants underwriting exceptions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Can easily check status of underwriting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Works well with appraisers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
HUD-1 provided one day in advance of closing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Rates & Closing Costs

1 = Poor 10=Excellent

	1	2	3	4	5	6	7	8	9	10
Competitive rates	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Low closing costs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Guaranteed closing costs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

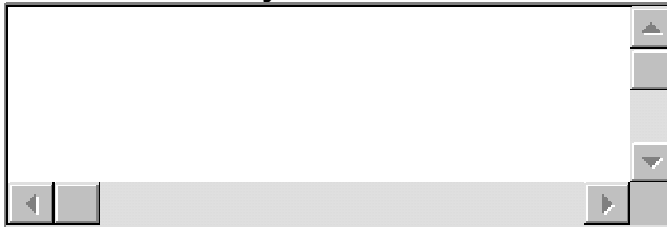
## Loan Programs

1 = Poor 10=Excellent

	1	2	3	4	5	6	7	8	9	10
Loans for homebuyers with <u>good credit</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Loans for homebuyers with <u>credit problems</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Loans for homebuyers <u>unable to document income</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Loan programs to fit nearly any homebuyer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Other Optional Comments

Other optional comments about mortgage providers, the mortgage process, and/or this survey:



*Thanks for completing this survey.*

## Industry View



The following section contains recent reports from Inside Mortgage Finance.

# Nontraditional Mortgage Products Continue Propping Up New Production; Countrywide Extends Lead

The big surge of nontraditional mortgage lending that dominated the market in 2004 continued to flavor a cooling home loan business early this year, according to a new market analysis and ranking by *Inside Mortgage Finance*.

Total mortgage originations declined slightly in the first quarter of 2005, dropping 6.5 percent from the final three months of last year to an estimated \$645.0 billion. That was still about 4.0 percent more business than was produced a year ago in the first quarter of 2004.

Importantly, a number of indicators point to a continuing boom in subprime, Alternative A and home-equity lending as this year takes shape. New issuance of prime jumbo MBS and Alt A securities jumped 5.7 percent from already high levels in the fourth quarter of 2004, according to *Inside MBS & ABS*, an affiliated newsletter, and reached a record \$125.08 billion in the first three months of this year. Jumbo and Alt A MBS production in the first quarter was up nearly double the level reached during the same period of 2004.

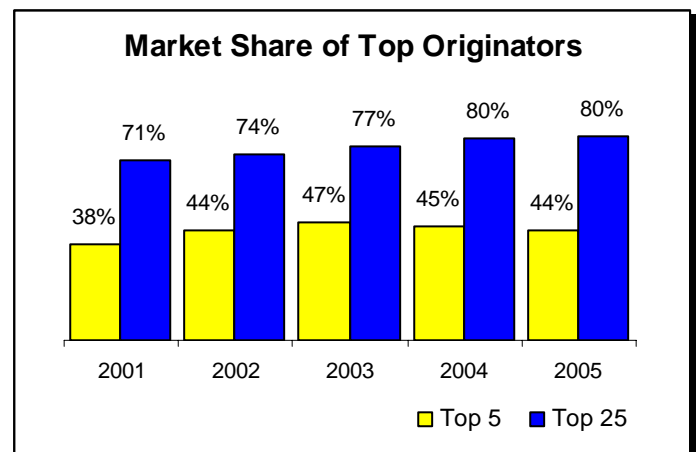
Subprime MBS activity also remains at historically high levels. Although the \$102.9 billion of subprime mortgages securitized in the first three months represented a 6.3 percent decline from the previous period – and the second quarterly decline in a row – it was still the third best quarter ever for the subprime MBS market.

A perusal of the top 40 lenders shows a large number of firms growing from their expertise in nontraditional mortgage products. In fact, 10 of the top 25 originators focus heavily on the subprime and Alt A markets, and most of the others have strong nontraditional mortgage programs.

## ***Traditional Product Slump***

Meanwhile, the so-called agency market continued to lose momentum in the first quarter of this year. VA and FHA originations sagged 4.9 percent and 12.2 percent, respectively, from the fourth quarter of 2004, and business was down more than 45 percent from year-ago levels.

New business volume at Fannie Mae and Freddie Mac was down 13.1 percent from the fourth quarter to the first three months of 2005, and trailed year-ago levels by a similar amount. Included in the estimated \$239.8 billion of new business by the two government-sponsored enterprises are subprime and Alt A purchases made indirectly through the non-agency MBS market. According to *Inside MBS & ABS* data, a total of \$64.37 billion of subprime, Alt A and nontraditional prime securities were tailored for sale to the GSEs, just in the first quarter.





# Mortgage Origination Indicators

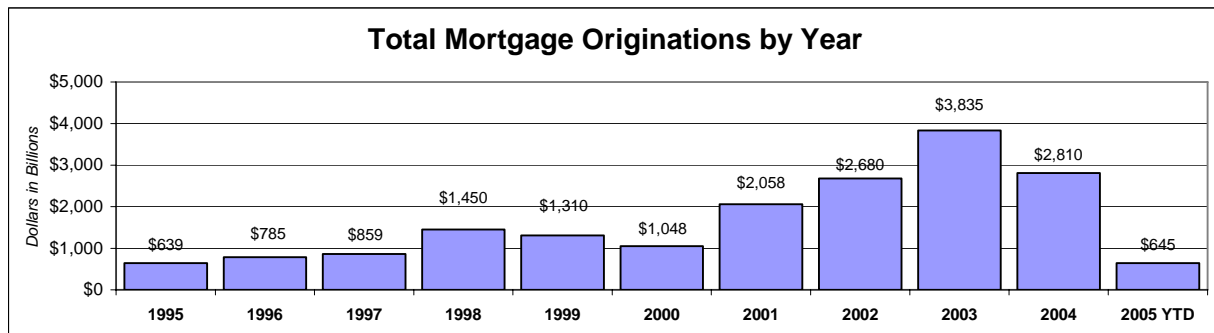
(Dollars in Billions)

Year/ Quarter	VA Orig- inations	FHA End- orsements	Fannie/Freddie New Business	New Priv. MI Volume	Originations Top 25 Lenders	Jumbo/Alt A MBS Issues	B&C MBS Issuance	Total Originations
90-Year	\$18.80	\$51.86	\$190.33	\$38.96	\$130.08	\$24.43	n.a.	\$458.44
91-Year	\$15.45	\$46.99	\$242.90	\$53.97	\$150.51	\$39.77	n.a.	\$562.07
92-Year	\$25.21	\$48.32	\$452.26	\$101.05	\$272.09	\$74.49	n.a.	\$893.67
93-Year	\$41.59	\$79.13	\$524.77	\$136.77	\$372.96	\$97.33	n.a.	\$1,019.86
94-Year	\$49.49	\$91.62	\$288.27	\$131.40	\$258.53	\$62.86	\$11.05	\$773.12
95-Year	\$23.94	\$45.31	\$230.99	\$109.62	\$252.17	\$34.93	\$18.47	\$639.43
96-Year	\$31.54	\$71.66	\$300.36	\$126.97	\$317.29	\$38.44	\$35.21	\$785.33
97-Year	\$26.87	\$74.30	\$290.26	\$120.90	\$383.46	\$63.47	\$62.31	\$859.12
98-Year	\$42.57	\$103.16	\$657.39	\$187.31	\$779.54	\$133.49	\$82.58	\$1,450.00
99-Year	\$49.55	\$122.28	\$640.82	\$188.88	\$732.33	\$92.86	\$60.64	\$1,310.00
00-Year	\$22.21	\$93.12	\$467.27	\$163.14	\$636.65	\$70.29	\$55.94	\$1,048.00
01-I	\$6.21	\$26.19	\$186.12	\$50.99	\$255.60	\$26.70	\$16.57	\$389.00
01-II	\$9.17	\$31.46	\$291.75	\$73.27	\$381.66	\$31.13	\$16.35	\$540.00
01-III	\$9.96	\$35.20	\$284.30	\$76.68	\$360.03	\$41.93	\$19.29	\$495.00
01-IV	\$10.09	\$38.39	\$327.71	\$81.98	\$460.61	\$52.82	\$43.47	\$634.00
01-Year	\$35.43	\$131.24	\$1,089.88	\$282.92	\$1,457.90	\$152.58	\$95.68	\$2,058.00
02-I	\$11.72	\$40.90	\$349.25	\$76.72	\$406.08	\$45.40	\$26.69	\$565.00
02-II	\$9.05	\$36.28	\$274.51	\$86.82	\$365.36	\$47.26	\$24.14	\$500.00
02-III	\$9.27	\$33.43	\$323.84	\$77.74	\$501.52	\$62.74	\$31.33	\$685.00
02-IV	\$11.91	\$34.44	\$543.71	\$95.82	\$697.52	\$67.25	\$39.52	\$930.00
02-Year	\$41.95	\$145.05	\$1,491.30	\$337.10	\$1,970.48	\$222.65	\$121.68	\$2,680.00
03-I	\$14.81	\$39.45	\$508.64	\$97.09	\$687.21	\$73.40	\$38.34	\$879.00
03-II	\$16.65	\$41.82	\$627.50	\$102.72	\$829.89	\$77.18	\$48.99	\$1,080.00
03-III	\$19.88	\$44.47	\$698.18	\$118.48	\$902.41	\$83.48	\$51.48	\$1,202.00
03-IV	\$14.81	\$39.60	\$415.17	\$86.00	\$502.93	\$77.54	\$63.70	\$674.00
03-Year	\$66.15	\$165.33	\$2,249.48	\$404.29	\$2,922.44	\$311.61	\$202.52	\$3,835.00
04-I	\$10.82	\$27.87	\$276.79	\$59.20	\$485.58	\$62.95	\$72.74	\$620.00
04-II	\$10.60	\$26.71	\$378.29	\$72.01	\$660.68	\$102.58	\$92.95	\$820.00
04-III	\$7.90	\$21.79	\$288.83	\$67.65	\$539.60	\$109.67	\$125.98	\$680.00
04-IV	\$5.99	\$17.30	\$276.06	\$65.97	\$553.48	\$118.29	\$109.80	\$690.00
04-Year	\$35.31	\$93.66	\$1,219.97	\$264.83	\$2,239.36	\$393.49	\$401.46	\$2,810.00
05-I	\$5.69	\$15.19	\$242.21	\$53.25	\$518.05	\$125.08	\$102.89	\$645.00

## Change:

4Q04-1Q05	-4.9%	-12.2%	-12.3%	-19.3%	-6.4%	5.7%	-6.3%	-6.5%
1Q04-1Q05	-47.4%	-45.5%	-12.5%	-10.1%	6.7%	98.7%	41.5%	4.0%

[Notes: Numbers in italics are Inside Mortgage Finance estimates.]



Sources: VA, FHA, HUD, Fannie Mae, Freddie Mac, MICA, Inside Mortgage Finance

# Top 40 Mortgage Originators in 2005

(For 3 Months - Dollars in Billions)

Rank	Lender	2005		2004		2004 Rank
		Volume	Mkt. Share	Volume	% Change	
1	Countrywide Financial, CA	\$91.46	14.2%	\$76.20	20.0%	1
2	Wells Fargo Home Mortgage, IA	\$64.79	10.0%	\$64.74	0.1%	2
3	Washington Mutual, WA	\$54.14	8.4%	\$54.14	0.0%	3
4	Chase Home Finance, NJ	\$38.52	6.0%	\$42.22	-8.8%	4
5	Bank of America Mtg. & Affiliates, NC	\$32.83	5.1%	\$30.14	8.9%	5
6	CitiMortgage Inc., MO	\$27.24	4.2%	\$22.53	20.9%	6
7	GMAC Mortgage Corp., PA	\$22.30	3.5%	\$17.69	26.1%	7
8	Ameriquest Mortgage Co., CA	\$21.00	3.3%	\$17.11	22.7%	8
9	National City Mortgage Co., OH	\$14.97	2.3%	\$15.02	-0.3%	10
10	GMAC-RFC, MN	\$13.59	2.1%	\$13.73	-1.0%	12
11	Aurora Loan Servicing, CO	\$12.93	2.0%	\$15.25	-15.2%	9
12	IndyMac, CA	\$11.98	1.9%	\$6.90	73.5%	21
13	Golden West Financial, CA (World Savings)	\$11.20	1.7%	\$9.40	19.1%	15
14	ABN AMRO Mortgage Group, MI	\$10.41	1.6%	\$14.68	-29.1%	11
15	New Century Financial Corp., CA	\$10.20	1.6%	\$8.40	21.4%	16
16	GreenPoint Mortgage Funding Inc., CA	\$10.02	1.6%	\$8.21	22.0%	17
17	PHH Mortgage, NJ	\$9.41	1.5%	\$11.25	-16.4%	13
18	First Horizon Home Loans, TX	\$9.18	1.4%	\$7.83	17.2%	18
19	Wachovia Bank, NC	\$9.17	1.4%	\$7.26	26.3%	19
20	SunTrust Mortgage Inc., VA	\$8.65	1.3%	\$6.45	34.1%	22
21	Flagstar Bank, MI	\$7.42	1.2%	\$9.52	-22.1%	14
22	American Home Mortgage Corp., NY	\$7.26	1.1%	\$4.41	64.6%	29
23	Option One Mortgage, CA	\$7.00	1.1%	\$5.59	25.2%	25
24	Fremont General Corp., CA	\$6.40	1.0%	\$5.09	25.7%	26
25	HSBC Finance, IL	\$6.25	1.0%	\$7.00	-10.7%	24
26	WMC Mortgage Corp., CA	\$6.12	0.9%	\$2.89	111.8%	40
27	First Franklin Financial, CA	\$5.57	0.9%	\$5.64	-1.2%	23
28	Wachovia Mortgage, NC	\$4.75	0.7%	\$3.39	40.1%	36
29	Impac Mortgage Holdings, CA	\$4.55	0.7%	\$3.47	31.2%	35
30	US Bank Home Mortgage, MN	\$4.50	0.7%	\$3.73	20.6%	33
31	HSBC Mortgage Corp., NY	\$4.41	0.7%	\$5.64	-21.8%	24
32	Ohio Savings Bank, OH	\$4.40	0.7%	\$4.05	8.7%	30
33	Downey Savings, CA	\$3.87	0.6%	\$2.65	46.0%	43
34	CitiFinancial, NY	\$3.67	0.6%	\$4.85	-24.3%	27
35	Quicken Loans Inc., MI	\$3.30	0.5%	\$2.34	41.0%	46
36	Provident Funding, CA	\$3.28	0.5%	\$4.00	-18.0%	31
37	Accredited Home Lenders, CA	\$3.23	0.5%	\$2.38	35.7%	45
38	First Magnus Financial, AZ	\$3.15	0.5%	\$3.50	-10.0%	34
39	RBC Mortgage Co., IL	\$2.97	0.5%	\$3.94	-24.6%	32
40	Guaranty Bank, TX	\$2.90	0.4%	\$3.24	-10.5%	38
<b>Total Top 40 Mortgage Originations:</b>		<b>\$579.0</b>	<b>89.8%</b>	<b>\$536.5</b>	<b>7.9%</b>	
<b>Total Mortgage Originations:</b>		<b>\$645.0</b>	<b>100.0%</b>	<b>\$620.0</b>	<b>4.0%</b>	

Note: Based on lender surveys covering 1-4 family residential mortgage originations, including all product types and production channels. Estimates by Inside Mortgage Finance are in italics, and are based on securities disclosures, call reports, HMDA data and other sources.

[Notice: Inside Mortgage Finance's top originator ranking is copyrighted material. Any reference to the ranking in news releases, SEC filings, internal documents, etc. should cite Inside Mortgage Finance as the source.]

Source: Inside Mortgage Finance

Given the strong presence of nontraditional product specialists in the top tier of lenders, it's not surprising that the originations business continued to become more concentrated. The top 25 lenders accounted for a record 80.3 percent of total originations during the first quarter, up from 79.6 percent for all of 2004.

As was the case last year, most of the gain came among lenders below the top five level, where most of the nontraditional product specialists are. The combined market share of the top five lenders dropped from the all-time peak of 46.7 percent in 2003 to 44.8 percent last year and just 43.7 percent in the first quarter of 2005.

### ***Countrywide Builds its Lead***

Countrywide Financial continued to pull away from the rest of the industry in terms of new originations. The company reported a total of \$91.46 billion in first quarter production, a 20 percent increase over its year-ago volume. While that was down 4.0 percent from Countrywide's fourth quarter originations of \$95.32 billion, the company's market share edged up to 14.3 percent from 12.9 percent for all of 2004.

Wells Fargo remained in second place, but fell well behind Countrywide in total originations. Wells reported \$64.79 billion in first quarter production, a decline of 6.3 percent from the end of 2004 and about even with its volume in the first three months of last year. Washington Mutual stayed in third place, although its \$54.14 billion in new originations was down 8.2 percent from the fourth quarter.

Fourth-place Chase Home Finance had one of the bigger quarterly declines, as its originations fell 13.3 percent from the fourth quarter of 2004 to \$38.52 billion in early 2005. Bank of America rounded out the top five and reported a 5.0 percent drop from the previous quarter, to \$32.83 billion.

Not many top 40 lenders managed to increase their production levels from the end of last year. Sixth-ranked CitiMortgage reported \$27.24 billion in first quarter production, up 4.6 percent from the previous period, and GMAC Residential Funding Corp. posted an 11.4 percent quarterly increase, to \$13.59 billion. Aurora Loan Servicing, a Lehman Brothers subsidiary specializing in Alt A lending, and IndyMac – another Alt A specialist – showed modest quarter-to-quarter increases in new production. ♦

# Top 20 Purchase-Money Lenders in 2005

(For 3 Months - Dollars in Billions)

Rank	Lender	Purchase Activity		Total Originations	
		Volume	Mkt Share	Volume	Purchase Share
1	Countrywide Financial, CA	\$41.22	13.7%	\$91.46	45.1%
2	Wells Fargo Home Mortgage, IA	\$34.74	11.6%	\$64.79	53.6%
3	Bank of America Mtg. & Affiliates, NC	\$23.33	7.8%	\$32.83	71.1%
4	Chase Home Finance, NJ	\$17.33	5.8%	\$38.52	45.0%
5	Washington Mutual, WA	\$16.50	5.5%	\$54.14	30.5%
6	CitiMortgage Inc., MO	\$13.63	4.5%	\$27.24	50.0%
7	GMAC Mortgage Corp., PA	\$8.70	2.9%	\$22.30	39.0%
8	Aurora Loan Servicing, CO	\$7.18	2.4%	\$12.93	55.5%
9	National City Mortgage Co., OH	\$6.38	2.1%	\$14.97	42.6%
10	PHH Mortgage, NJ	\$6.16	2.1%	\$9.41	65.5%
11	GMAC-RFC, MN	\$5.90	2.0%	\$12.56	47.0%
12	GreenPoint Mortgage Funding Inc., CA	\$4.90	1.6%	\$10.02	48.9%
13	IndyMac, CA	\$4.90	1.6%	\$11.60	42.2%
14	SunTrust Mortgage Inc., VA	\$4.86	1.6%	\$8.65	56.2%
15	Ameriquest Mortgage Co., CA	<i>\$4.79</i>	1.6%	<i>\$20.13</i>	23.8%
16	First Horizon Home Loans, TX	\$4.44	1.5%	\$9.18	48.3%
17	Flagstar Bank, MI	\$4.28	1.4%	\$7.42	57.7%
18	American Home Mortgage Corp., NY	\$3.78	1.3%	\$7.26	52.1%
19	New Century Financial Corp., CA	\$3.62	1.2%	\$10.25	35.3%
20	ABN AMRO Mortgage Group, MI	\$3.53	1.2%	\$10.41	33.9%
<b>Estimated Totals for All Lenders:</b>		<b>\$300.0</b>	<b>100.0%</b>	<b>\$645.0</b>	<b>46.5%</b>

[Notes: Ranking of top Home Purchase mortgage originators is derived from surveys completed by 60 lenders who supply information for Inside Mortgage Finance's top 40 originator ranking. Estimates are in italics.]

Source: Inside Mortgage Finance, Copyright 2005

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## **How Real Estate Agents View Relationships With Mortgage Providers**

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