



Press Release

J.D. Power and Associates Reports: Satisfaction with Primary Mortgage Lenders Declines as Time from Application to Closing Increases

Branch Banking and Trust (BB&T) Ranks Highest in Primary Mortgage Origination Customer Satisfaction

WESTLAKE VILLAGE, Calif.: 12 November 2009 — The average time required to approve and close a loan has increased in 2009 compared with 2008, fueling a decline in overall customer satisfaction with primary mortgage lenders, according to the J.D. Power and Associates 2009 Primary Mortgage Origination Satisfaction StudySM released today.

Overall satisfaction among mortgage customers has declined to 739 on a 1,000-point scale, down 18 index points from 757 in 2008, as a result of tighter underwriting standards and longer turnaround times. The average time required to approve and close a loan has increased to nearly 47 days, compared with approximately 30 days in 2008, primarily due to increased scrutiny of loan applications and higher origination volumes driven by increases in refinancing. This increase in turnaround time has a considerable impact on satisfaction, as satisfaction averages only 723 when the time from application to approval takes six or more days, compared with 798 when the process takes less than six days. Similarly, satisfaction drops from 772 to 736 when the time from approval to closing takes 14 or more days.

In addition, lending criteria has tightened, as the study finds that credit scores are higher among mortgage customers and the percentage of loan applicants who have been faced with requests for additional documentation has increased considerably to 45 percent in 2009 from 33 percent in 2008.

“While the more cautious approach to underwriting mortgages is justified, the longer turn times and more numerous requests for information tend to have a negative impact on satisfaction,” said David Lo, director of financial services at J.D. Power and Associates. “Good underwriting and delivering a satisfying customer experience are not mutually exclusive, and some of the negative effects of a tightened lending environment can be mitigated by simply improving communication between lenders and customers.”

The study finds that there are nine key practices that lenders should leverage to optimize customers’ satisfaction with the mortgage origination experience. For example, satisfaction averages 793 among customers whose lender provided and met a time frame for the application/approval process, compared with 632 among those whose lender did not. In addition, satisfaction declines from 781 to 643 when customers were asked to provide the same information more than once.

“The good news for lenders is that optimizing the mortgage experience is as easy as adopting these key practices,” said Lo. “The bad news is that few customers say they have an optimal experience—only 22 percent of customers report experiencing all nine service practices. Among these customers, satisfaction averages 862 points. In contrast, satisfaction averages only 566 points among customers who report that their lenders missed four or more of the key practices.”

The study also finds that satisfaction is a critical component in optimizing advocacy, loyalty and cross-sell opportunities. Among customers with high satisfaction levels (scores of 800 or higher), 58 percent say they “definitely will” recommend their lender, compared with only 8 percent of customers with low satisfaction levels

(scores below 800). More than 60 percent of customers with high satisfaction levels say they “definitely will” consider their lender when they refinance, while only 13 percent of less-satisfied customers say the same. Highly satisfied customers are also more likely to use additional products and services from their lender, such as a checking or savings account, credit card or home equity line of credit.

“Satisfaction with the mortgage origination process that carries over and extends into the servicing process drives consideration when customers plan to refinance or purchase a new home,” said Lo. “Lenders that have consistently high levels of satisfaction in origination and servicing enjoy higher levels of consideration during the shopping process and retain more of their current customers. An overall better mortgage origination experience not only leads to higher levels of satisfaction and better financial results, but it also builds trust in the lender—which is critical in this environment where trust has been breached and cynicism is high.”

The study measures [customer satisfaction](#) in four key factors of the mortgage origination experience: application/approval process; loan officer/mortgage broker; closing; and contact.

Branch Banking and Trust (BB&T) ranks highest among primary mortgage lenders with a score of 783, and performs particularly well in the application/approval process and closing factors. Wachovia follows in the rankings with a score of 781, while National City Mortgage and SunTrust Mortgage rank third in a tie (769 each).

“Customers working with BB&T indicate they have a better idea of the steps involved in all aspects of the mortgage origination process and the time it will take to complete each one,” said Lo. “Customers report that BB&T effectively manages customer expectations around standard process-related elements of the experience, which results in increased satisfaction with the application/approval and closing processes. In turn, this creates a lift in overall customer satisfaction and underscores the importance of communication between lenders and customers.”

The 2009 Primary Mortgage Origination Satisfaction Study is based on responses from more than 3,400 consumers who originated new mortgages within the previous 12 months. The study was fielded between July and August 2009.

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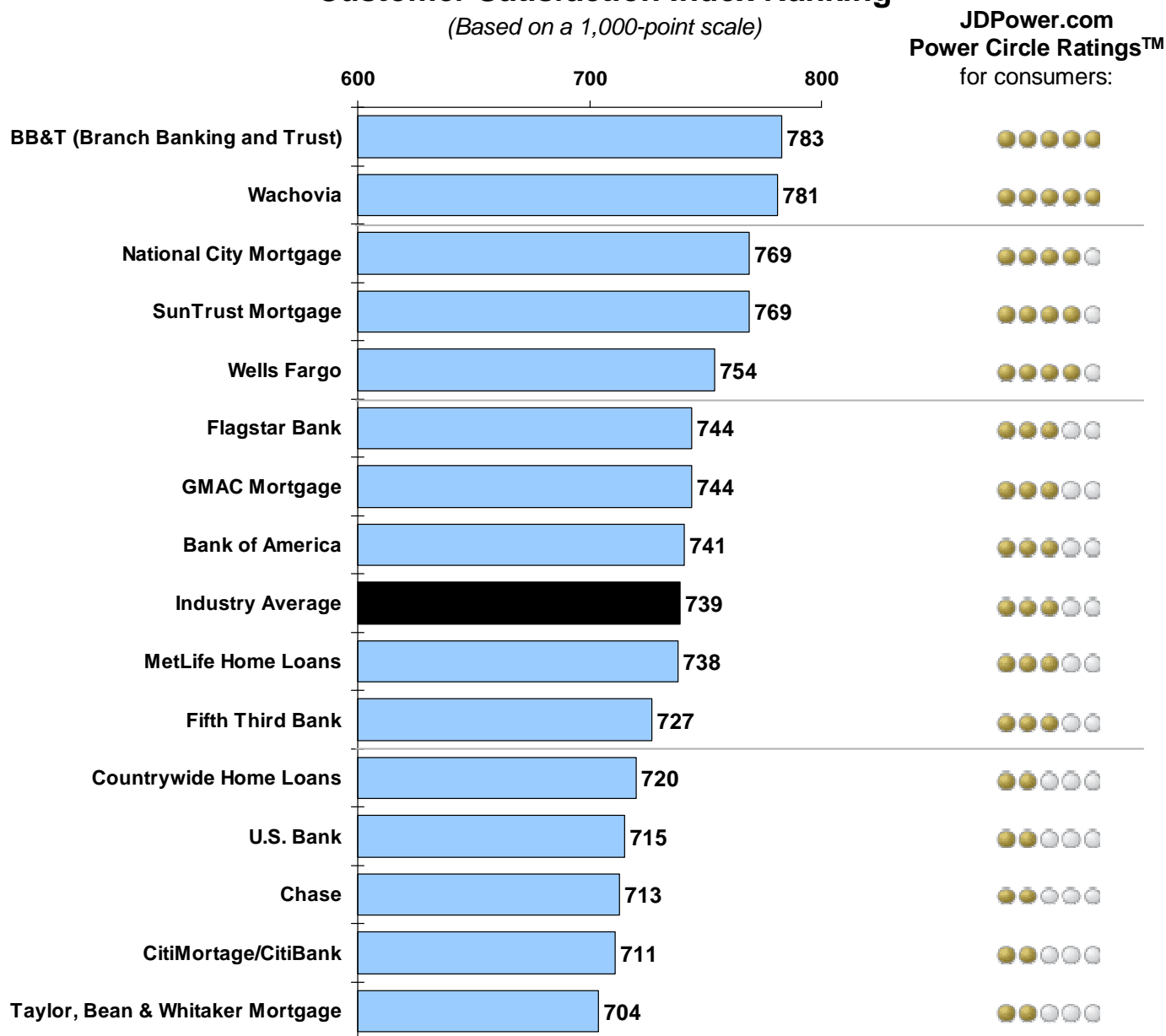
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NOTE: One chart follows.

J.D. Power and Associates 2009 Primary Mortgage Origination Satisfaction StudySM

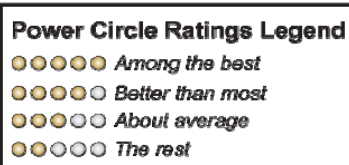
Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)



Included in the study but not ranked due to small sample size: AmTrust, HSBC Mortgage Corp. (USA), PHH Mortgage, Provident Funding Associates, Regions Mortgage, Quicken Loans and WaMu/Washington Mutual.

Source: J.D. Power and Associates 2009 Primary Mortgage Origination Satisfaction StudySM



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