MORTGAGE INNOVATORS

Improving the Customer Experience

through Optimized Lender-Title Operations

in collaboration with Qualia

Table of Contents

I

Meeting the Customer Experience Gold Standard

Understanding and improving the customer experience is one of the most important considerations for mortgage lenders today. As competition rises and new digital players take on greater market share, mortgage lenders of all types must look for ways to maximize their customer acquisition and repeat business by delivering the ideal customer experience. However, as interest rates rise and a strong purchase market returns, borrower expectations will be harder to meet as transactions shift from simple refinances to more complex purchase transactions that require greater coordination among parties.

Customer experience is a fairly simple equation. Just like any relationship, **a positive customer experience is built on trust made possible through consistent and transparent touchpoints.** To the borrower, a simple, secure, and transparent experience is the standard. They expect the same transaction experience that mirrors their other online purchases. As Qualia's Director of Title Strategy, Alex Brown, recently explained "one simple way to think about consumer expectations is to consider how much transparency consumers experience during a simple $5 e-commerce transaction and then imagine that they might expect the same for a transaction in which their life savings are on the line."

With the proliferation of new technologies, many lenders expect that they can deliver a gold-standard experience with a combination of client facing "frontend" technologies that are designed to digitize the mortgage application process and other consumer-facing touchpoints. The challenge today is that these frontend technologies during the application process have become ubiquitous and are no longer a differentiator. According to Qualia's Summer 2021 Homebuyer Sentiment Index, **92% of homebuyers reported using online tools to apply for their mortgage.**

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Alex Brown
Director of Title Strategy, Qualia

The Mortgage Bankers Association and STRATMOR Peer Group Roundtable Program also found that overall technology spend is increasing across the board. Over the past decade, large banks have invested 17.3% of total company costs in technology compared to just over 10% in 2010. Independent Mortgage Banks (IMBs) have also increased their technology spending with large firms increasing their spend from 2% to 7.8% since 2010.

Despite the steady increase in technology, borrowers from Qualia's Summer 2021 Homebuyer Sentiment Index still rank the mortgage application and approval process as "needing the most improvement" compared to the home search, offer, closing, or move-in processes. McKinsey's research also confirms the fact that consumers are not satisfied with the mortgage process. Only 42% of borrowers working with banks say they were satisfied with the mortgage process during a purchase transaction and only 52% of borrowers working with non-banks reported they were satisfied.

As Qualia's CEO, Nate Baker, said in an interview with October Research, "A lot of new options have come about that attempt to solve a single problem for a single audience...increasing efficiency through technology isn't merely about adopting many different new technologies; it's about adopting the right technology."

Below are some key reasons why adopting multiple point solutions often results in poor outcomes.

Overwhelming

Investing in multiple single-audience technology solutions results in a disjointed system that can create unnecessary stress. To complete a single task or series of tasks, an employee must understand the value each tool provides (and there's often overlap), remember login credentials for each tool, and navigate different user interfaces. Undoubtedly, this causes overwhelm and eventually an overall resistance to technology.

Escalating costs

Investing in multiple single-purpose technology tools inevitably results in higher costs. Most technology providers offer seat-based subscriptions; this means that as a team grows, so will the expenses for each platform in use. Additionally, maintenance requirements (e.g. calling support centers or fixing bugs independently) for each plugin and add-on can result in productivity losses and maintenance costs over time.

Slow timelines

Real-time transaction management requires systems that seamlessly work together. When technology only works on one side of a partnership, it silos information exchange and causes redundant data entry. Additionally, when systems do not work with one another, highly sensitive information can fall through the cracks of the fractured communication system, resulting in vulnerabilities that cybercriminals can prey on.

While many lenders have adopted various digital technologies to help create an easier and more seamless digital process, there remain many gaps to be solved in the overall customer experience. **The largest gap in the consumer experience equation isn't the lack of digital tools, it's the lack of integrated systems designed to enable coordination between transaction participants.**

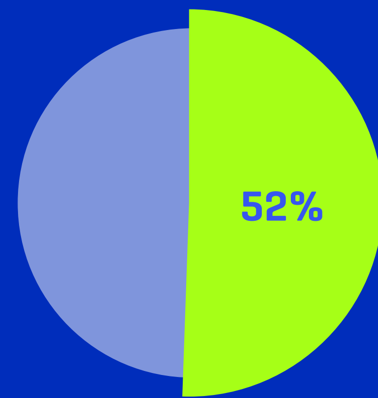
Creating a Better Consumer Experience Requires Optimized Partner Connectivity

While borrowers recognize the homebuying transaction comprises different steps (application, processing, closing), they don't expect the abrupt disconnect that takes place when their main point of contact (POC) no longer has visibility into the progress of the transaction. Yet this disconnect is exactly what happens when the transaction is handed off between the various parties (lender, title company, etc.) during the homebuying process.

Qualia's Summer 2021 Homebuyer Sentiment Index found that most borrowers rely on their very first point of contact (POC) throughout the entire homebuying journey and all the way to closing. For most homebuyers (52%) the first POC is the real estate agent; however, close to 20% also rely on their mortgage lender for consultation at closing.

Because of the varying POCs at closing, the closing process requires tight coordination between many parties. The challenge is that each of these parties possess their own siloed systems and technologies. This siloed ecosystem forces lenders and title companies to rely on a patchwork of technologies and outdated forms of communication (e.g. faxing and scanning) to work with one another and exchange information. This decentralization decreases operational efficiency—not to mention, these fractured systems also open up security risks.

A recent STRATMOR study illustrates this point. The study found that despite significant lender investment in various eClosing point solution technologies (ranging from eNotes, to hybrid eClose solutions, to remote online notarization tools), there was only a 16% net adoption rate among lenders and outside users (such as title companies). **In other words, investment in eClosing solutions did not result in actual adoption among outside partners who were expected to use the technology.**



52% of homebuyers
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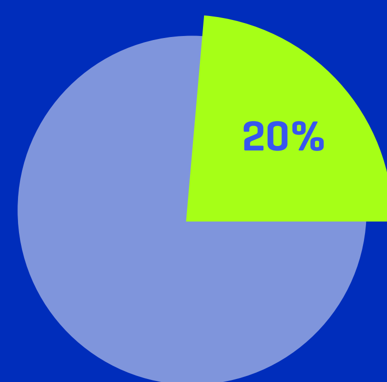

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One reason for the lack of adoption may be what Qualia's Lender Team Lead, Ty Cieloha, calls "portal fatigue." During a Mortgage Innovators podcast, Cieloha said **"when settlement agents are working with a number of different lenders, they may have to log in to 5, 10, or 15 different portal technologies."** This overwhelm of tools creates challenges for title companies, and ultimately creates operational slow-down and a disjointed customer experience.

It's well-known that title & escrow businesses play an important role in the execution of the mortgage closing. Title & escrow companies are involved in every real estate transaction and are often "quarterbacking" more than 12 different parties in any given transaction. They have the ability to bring together many siloed functions for a streamlined end-to-end purchase experience; however, technology investment among lenders often overlooks this. Lenders that factor title & escrow into their digital mortgage plans are more likely to see the operational benefits and resulting cost efficiencies. Not to mention, an overall improved consumer experience made possible through better coordination between transaction participants.

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III

A Single System to Work Together

Working together during the mortgage closing process shouldn't require either participant (lender or title company) to work outside of their well-defined systems and processes. And yet, many of the closing technology solutions on the market require transaction participants to sacrifice their workflows for the sake of collaboration. For example, eClosing platforms often work well for either the lender or title company, but typically aren't integrated to enable both sides to seamlessly access the platform without logging into an additional system.

Creating solutions that worked on both sides of the partnership previously required significant investment. In the past, integrating lender and title company workflow systems required a robust IT team on both the lender and title sides of the equation. Today, cloud-based platforms like Qualia are leveling the playing field for title, escrow, and mortgage lending businesses to expand their technology capabilities without significant IT investment.

Cloud-based platforms enable information to be exchanged between systems in a standardized way. This enables businesses to automate information exchange and create overall efficiencies in overlapping operations.

Qualia, the system of record for thousands of title companies across the country, is removing the friction from the lender-title touchpoints. Our platform brings the many points of interaction between lenders and title companies into one common system of engagement.

To learn more about Qualia's lender products visit

qualia.com/lenders