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Call-Center Lending Getting Begrudging Acceptance by Some Real Estate Agents

Real estate agents prefer to work with lenders that have a local presence, but call-center operations have improved their reputations among agents, according to new research by Campbell Surveys, based on a national survey sponsored by Inside Mortgage Finance Publications.

"Survey results show that Quicken Loans' call-center model can be an accepted alternative to the local branch/local loan officer model, at least for some homebuyers and real estate agents," said Tom Popik, research director of Campbell Surveys.

He noted a difference in survey results for Quicken compared with results for big banks that have expansive retail branch networks. A higher proportion of agents liked Quicken for "performance on meeting closing dates" than disliked the lender for that reason. In contrast, for Bank of America, JPMorgan Chase and Wells Fargo, agents disliked the lender for "performance on meeting closing dates" more often than they liked the lenders for that reason.

Popik said the study indicated that agents generally prefer other lenders more than Quicken because of the company's call-center focus. Agents often cited poor communication as a negative factor for Quicken and other call-center lenders.

"In Quicken's particular case, agents complain that they cannot effectively initiate communication with the call center and must instead rely on outbound updates," Popik said.

However, a lender's reliance on call-center operations was the factor cited least frequently by
real estate agents when asked what factors would prompt them to require a potential homebuyer to file a back-up loan application with a different lender.

Only 15 percent of real estate agents indicated that they advised homebuyers working with a call-center lender to apply for a loan with a different lender. In contrast, 49 percent of agents said they would press for a second loan application if the homebuyer was working with a "bad loan officer," and 40 percent would require a second application if a pre-approval letter from a lender was incomplete.

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While call-center lenders generally have poor reputations among real estate agents, a number of agents reported having positive experiences with Quicken.

"I've had good success when my buyers have already chosen Quicken as their mortgage lender. Everything closed on time, very easy," said one agent.

Call-center lenders were also seen as offering competitive interest rates, sometimes preempting agents' own recommendations for reliable lenders. While homebuyers find rates and closing costs most important in selecting a lender, Popik said agents most often prefer lenders that perform well on meeting closing dates.

Some agents indicated that the Quicken business model works well for "vanilla" mortgages but loan applications can be terminated with little or no notice if there are underwriting exceptions. And agents said the lack of local representatives and centralized loan processing remain concerns with call-center lenders.

"Different locations for loan processors and underwriters makes the process slow and complicated," said one agent. "Loan officers don't have control over the transaction. Many offices that participate in the same transaction are out of the state."

The findings were included in a report titled "Building Effective Partnerships with Real Estate Agents." More than 2,500 agents responded to the survey and passed validation criteria.
The report from Campbell Surveys details current real estate agent practices with mortgages, with particular emphasis on how agents make mortgage recommendations to homebuyers. For more information, email John Campbell at jcampbell@campbellsurveys.com or call 202-363-2069. ♦