



What the Mortgage Market Reads



INSIDE MORTGAGE FINANCE®

July 8, 2016

Lenders Seen as a Reliable Source for Homebuyer Leads for Real Estate Agents, though Practice is Somewhat Uncommon

Some lenders are generating extra revenue by providing a valuable service to real estate agents: providing leads on potential homebuyers. Real estate agents report mixed feelings about the services offered by Quicken Loans and others, according to a recent survey conducted by Campbell Surveys and sponsored by *Inside Mortgage Finance*.

Interactions between lenders and real estate agents typically relate to homebuyer referrals by agents to lenders. However, some lenders also sell homebuyer leads to real estate agents.

“There is a market among real estate agents for qualified leads from lenders,” said Tom Popik, research director for Campbell Surveys.

He noted that real estate agents rarely mention lenders as a “favorite” source of leads. However, they said lender leads were less likely to “waste time” than those from other sources, including web sites with listings of homes for sale.

Agents mentioned Bank of America, Guaranteed Rate, Quicken Loans and USAA as good sources for qualified leads. Popik said that based on a small number of comments, referral fees for leads appear to range from 20 percent to 35 percent of their commission.

Some real estate agents expressed frustration with the costs associated with leads from lenders. And many agents said they don’t receive any leads from lenders.

“Lenders should stick to their business and let me do mine,” said one real estate agent. “They don’t need to send me any leads, they need to take excellent care of the leads I send to them.”

Quicken’s affiliate In-House Realty claims to match borrowers that are shopping for a home and a purchase mortgage to a “top-rated” real estate agent in the area. “The relationships we maintain with our agent network improve efficiencies, deliver a high-level client experience and ultimately increase the closing conversion for Quicken Loans,” according to In-House Realty.

The company said it has connected more than 145,000 clients with real

7910 Woodmont Avenue
Suite 1000
Bethesda, MD
20814-1709
Tel. (301) 951-1240
Fax (301) 656-1709
www.imfpubs.com

Publisher
Guy D. Cecala

Executive Editor
John Bancroft

Managing Editor
Paul Muolo

Editors
George Brooks
Carisa Chappell
Brandon Ivey
Thomas Ressler

Statistics
Ben Bradshaw

Customer Service
Gwen Jones

Advertising
Mari Mullane

ISSN 8756-0003

Annual Subscription Rate: \$1,297.
Published weekly, 48 times a year.
Copyright©1984-2015 by Inside
Mortgage Finance. While
information and data are obtained
from reliable sources, their accuracy
cannot be guaranteed.

Regular copying or other
redistribution of this publication-in
whole or in part-violates U.S.
copyright law, and is punishable by
statutory damages of up to
\$150,000 per infringement, plus
attorneys’ fees (17 USC 504 et
seq.). Without advance permission,
illegal copying includes regular
photocopying, faxing, excerpting,
forwarding electronically, and
sharing of online access. Site
licenses and discounted bulk
subscriptions are available.

estate agents. In-House Realty has more than 7,000 agents in its network.

There are some compliance concerns for lenders that provide leads to real estate agents. Finley Maxson, a senior counsel at the National Association of Realtors, noted that in 1989 the Department of Housing and Urban Development issued an opinion regarding lenders buying leads from realty firms.

Noting that the Consumer Financial Protection Bureau hasn't issued similar guidance, Maxson said HUD's opinion regarding the Real Estate Settlement Procedures Act could also apply to lenders that provide leads to real estate agents.

According to HUD's opinion, RESPA isn't violated if the party providing the lead didn't affirmatively influence the selection by the consumer of the settlement service provider.

Providing real estate agents with a list of people that visited the lender's website likely won't run into legal issues. "It depends on how much the consumer is steered toward a particular settlement service provider," Maxson added.

He said lenders should also examine their own privacy policies before providing leads to real estate agents. "If a lender says they're never going to share a lead with someone and then the information is sold to a real estate professional, that could be a problem," he said.

The survey of more than 2,600 real estate agents was completed in January and February. The report – Partnering With Real Estate Agents in a Technology-Disrupted Marketplace – details current real estate agent practices with mortgages, with particular emphasis on how agents make mortgage recommendations to homebuyers. For more information, call John Campbell at 202-713-5457 or email jcampbell@campbellsurveys.com. ♦