

# Inside MORTGAGE TRENDS

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## Real Estate Agents Strongly Prefer Local Lenders

Real estate agents put an emphasis on local lenders over call center lenders, according to qualitative survey results from the latest *Campbell/Inside Mortgage Finance HousingPulse Tracking Survey*.

Real estate agents indicated that delayed closings are much more common when a buyer is obtaining a mortgage from a call center lender than from a lender with a local office.

“Agents crave information and certainty of closing,” said Tom Popik, research director of Campbell Surveys. “Call center lenders are less responsive and less dependable.”

A real estate agent in Maryland said local lenders are better equipped to handle closing issues. “Call center lenders are hard to reach and hard to get information from in a timely manner, and if there is a problem at the settlement table after office hours, there is no one to resolve the issue,” the agent said.

Another concern was that out-of-state call center lenders might not know the local lending laws, which can result in delayed closings.

Many real estate agents said they encourage potential borrowers to avoid call center lenders or to submit a second loan application to a local lender.

“Any time there is a transaction where the lender is not local, there is a higher probability the underwriting process will take longer, and the time limits in the contract won’t be respected,” said a real estate agent in Georgia. “This can lead the buyer to lose their earnest money deposit if denied after expiration of the financing contingency. I have never had a transaction close on time when the buyer is using a lender that is not local.”

If a home listed for sale receives multiple offers, real estate agents said the seller has more leverage to shy away from offers financed by a call center lender. And some sellers will avoid call center lenders all together, based on advice from the real estate agent.

“When I am the listing agent, I tell my sellers when we do the listing agreement that we need to require a buyer to have a local mortgage company to complete the deal. That’s because of the problems with outside appraisers and other issues that mess up the loan in the 12<sup>th</sup> hour of the closing,” said a real estate agent in Florida.

Some of the real estate agents willing to work with call center lenders said communication helps them get comfortable with a non-local lender. A real estate agent in Michigan said he contacts the buyer’s lender to understand the underwriting process better and the likelihood that the loan will close on schedule.

“If I don’t get the cooperation I need from the lender, I include an addendum leaving us with an out after a certain period,” the real estate agent said.

Quicken Loans is one of the most well-known call center lenders and many real estate agents reported that they actually have had good experiences with the lender. Quicken also ranked highest in J.D. Power’s customer satisfaction rankings for 2013, the fourth consecutive year the lender topped the ranking.

Quicken received high scores regarding the closing process. J.D. Power said Quicken closes loans two days faster than the industry average. ►