



*What the Mortgage Market Reads*



# INSIDE MORTGAGE FINANCE®

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## Lender Recommendations from Real Estate Agents Tied to Closing Timing and Costs

Closing issues are the most significant concern that makes real estate agents reluctant to recommend lenders to buyers, according to a new survey by Campbell Surveys and Inside Mortgage Finance Publications.

Real estate agents control or influence 45 percent of homebuyer decisions on lender choice, according to the survey. Insight from real estate agents could be key as the mortgage market shifts from a focus on refinances to an emphasis on purchase mortgages.

Real estate agents prefer lenders that provide quick, reliable closing times and meaningful updates on a loan's closing status. Two-thirds of the nearly 2,000 real estate agents that responded to the survey want mortgage closings in 30 days or less. However, on average, closings for all mortgage types take longer than 30 days, according to the survey.

Underwriting issues account for a significant share of closing delays, according to the survey. Appraisal issues also lead to closing delays. Lenders have cited both of the factors as major drivers of buyback requests.

"Lenders like to blame appraisers for delays, but our survey results tell us that underwriters often cause delays, particularly when underwriters do piecemeal and last-minute requests for borrower documentation," said Thomas Popik, research director for Campbell Surveys.

Lenders are under-staffed with underwriters or the employees are not trained well enough, according to real estate agents, who noted frustrations for borrowers faced with last minute documentation requests.

More reliable closing dates and faster closing dates were also cited as two of the most significant factors by real estate agents relating to lender recommendations. Real estate agents noted that uncertain closing dates are disruptive and costly for borrowers, regardless of time required to close.

"My buyers have had to stay in hotels, change work schedules and change movers, and stress affects them at their new job," according to one real estate agent.

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

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According to the survey, better reporting of mortgage closing status would significantly affect the willingness of real estate agents to recommend a particular lender. Popik said real estate agents recommend lenders that can consistently close on time.

“Agents are willing to recommend an in-house mortgage lender, but only if that lender enables a timely mortgage closing that results in an agent commission,” he said.

Closing costs also factor into lender recommendations from real estate agents.

“If a client comes to me with a selected mortgage provider, I must respect their reasons,” according to one real estate agent. “If I see that their rates and closing costs exceed what a mortgage lender has quoted me, I show the client what rates and costs are available to them using another mortgage provider, and they make up their own mind as to whom to use.”

For more information on the new survey, “Home Purchase Mortgage Success Factors,” contact John Campbell of Campbell Surveys at [john@campbellsurveys.com](mailto:john@campbellsurveys.com) or (202) 363-2069.♦