Don't Step Over a Dollar to Pick Up a Dime.

Old wisdom: "Don't Step Over a Dollar to Pick Up a Dime." Yet we see it time and time again, as salesmen try to pick up every dime at the end of the year or end of the month while stepping over dollars that will flow in 60 – 90 days later.

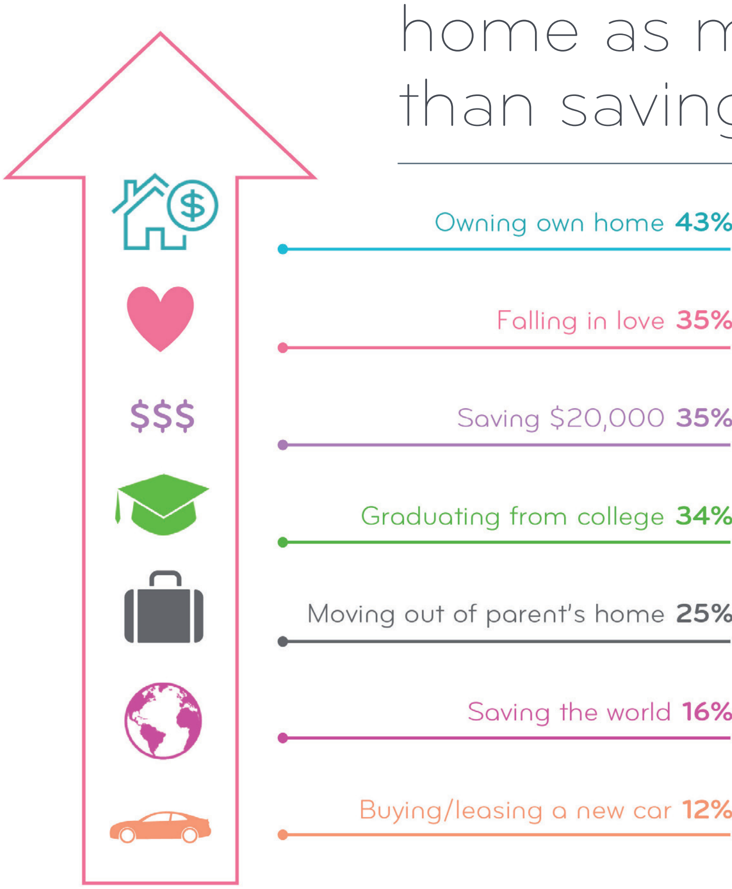
In our world of Correspondent Lending, the cost of this missed opportunity can be 100 times, in some cases 300 times, this value. Worse yet, not only are we missing out on reaping the rewards of future revenue, we have squandered a substantial investment in our current portfolio.

You have just sold off $10 Million in loans. Quick. How many homes was that? How many happy customers was that?

The business of lending, sadly, has not always been a customer-focused business. If it were, we would focus less on rates and transactions, and more on our customer's happiness with our "customer" service. Will they recommend us to a friend? Will they want to borrow from us when they buy their next home. And the next. (Isn't it odd that our industry calls it "servicing", while every other industry calls it "customer service"?)

Think about the process from our customer's point of view. We know through our own research, that the buying process is 12 months on average and that there is a two-week window in which first-time home buyers will make the decision which lender they choose when purchasing a new home. This is the most important decision of their lives.

They rank buying a new home as more important than saving the world.



Source: 2018 TMS millennial first-time buyer study

In many cases, by the time they have hooked up the home theatre we have sold off their loan to an investor who may or may not provide the level of customer service we have promised, and they expect.

"Passed Around Like a Bottle of Crown"

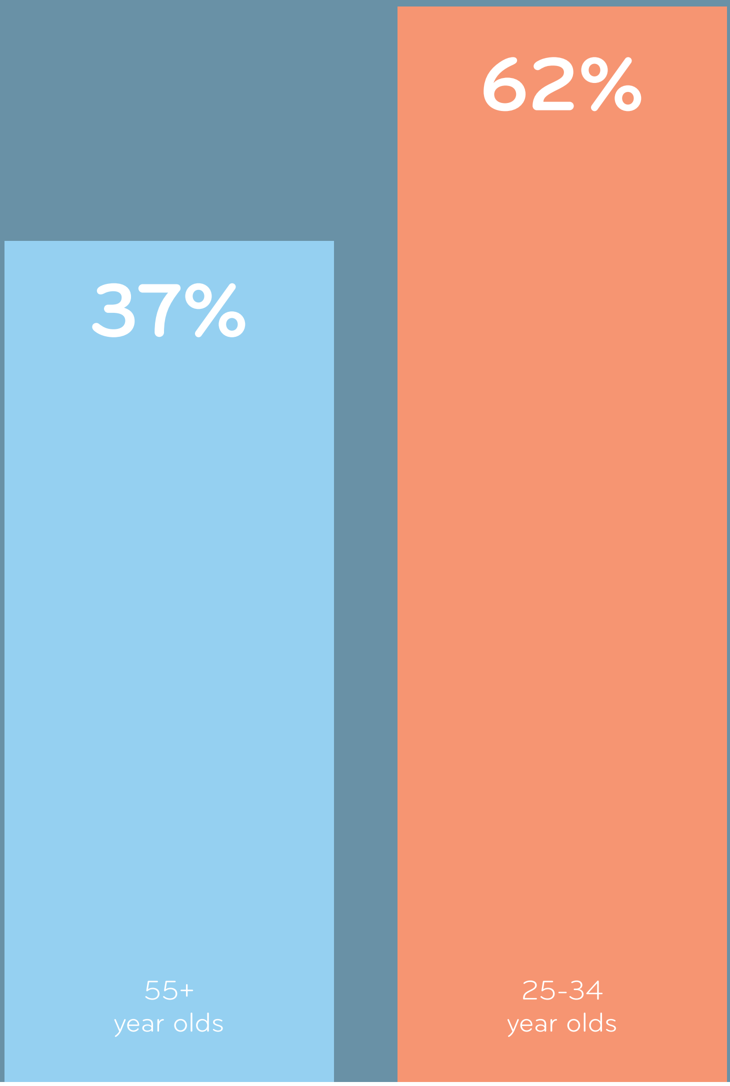
- Casey Donahew Band

"I felt like I was dumped." 73% of customers have negative experiences with being sold off, according to a recent TMS survey of new homeowners.

"I had three different lenders in six months. I felt like I was passed around like a cheap bottle of wine." (Hence, the subhead above.)

"I didn't know I had been sold off and ended up being delinquent when my autopay was not transferred...not the best customer service experience."

62% of Millennials will switch brands after one bad experience.



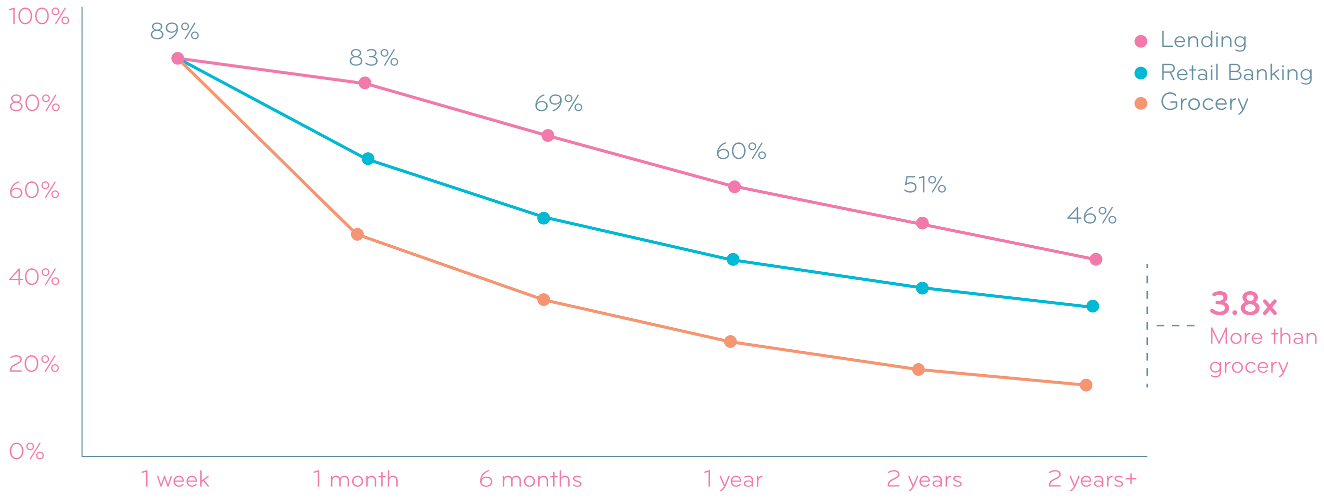
Again, mirroring our 2013 survey, older generations aged 55+, were the least likely to switch, with only 37 percent indicating a change of business as the result of poor customer service.

Those ages 25-34 were the most likely to switch, with **62** percent making a change following a poor experience.

Source: NewVoiceMedia Serial Switchers Study 2015. Undertaken by independent research company Opinion Matters from October 2-8, 2015, with a sample size of 2,003 adults from the United States.

And it's worse for lending

Recall of bad experiences across industries



source: PWC's 2013 study: Lock in Loyalty | https://bit.ly/2xSA2Xa

Recall of bad customer experiences for lending is twice that of banking and **4X** that of retail.

On the sunny side, fully-engaged mortgage customers, those who have an active relationship via email and loyalty programs, are more than twice as likely to return to the same lender for another mortgage. Further, one in five customers report that they chose their mortgage provider based on a recommendation from a friend. When asked how likely they were to recommend their mortgage provider to a friend or family member, **93%** of fully-engaged customers say they were extremely likely, compared with only **3%** of actively disengaged customers who say the same.[1]

Customers tell an average of 15 people about a poor service experience. And they tell five friends, and they tell five friends. Detractors are detrimental to a company.[2] They cost more to serve.

It takes 20 five-star reviews to erase one negative review.

They're responsible for **80%** of a company's negative word of mouth, detailing their frustrations on Facebook and Twitter for the world to see.[3]

Think about it from a pure ROI perspective. The cost of acquiring a customer could be as much as **$3,000** in the lending industry. When overall satisfaction is below 600 points (on a 1,000-point scale), **63%** of customers indicate they would switch mortgage servicers in order to find better customer service. Conversely, when overall satisfaction is above 900 points, **66%** say they "would definitely" refinance with their current servicer.[4]

In a recent Bain Capital Study of the banking industry, they found that a promoter is worth roughly **$9,500** more to a bank than a detractor.[5]

That's a lot of dollars we are stepping over.

1. Source: https://bit.ly/2OuKm0J | 2. Source: https://amex.co/2oAmAS3 | 3. Source: https://bit.ly/2Rh8aUJ | 4. Source: https://bit.ly/2QowmTK | 5. https://bit.ly/2y7X0IZ

Think about our business of Correspondent Lending.

You are going to sell loans and investors are going to buy loans.

That's the business we are in.

Are you handing over your precious homeowner to another lender who will value that customer, build loyalty, create trust and service that loan with total customer respect?

Or are you making a mere $20 more per loan (picking up that dime) by selling the loan to a lender who will dump the loan to another in a matter of weeks? Pass that bottle of Crown.

Some things to consider when selling your loans to an investor:

1. Do they service their own loans or are they using a subservicer?
2. What is their net promoter score? 5-Star ratings? Customer Satisfaction Index?
3. How does your servicer handle unexpected events, such as natural disasters or an increase in delinquencies?
4. What is their technology to service and track the success of your customer satisfaction?
5. How many hours of training does your investor staff go through per year?
6. Do you know your investor? Interview your correspondent investor the same way you would your title company or AMC.
7. How fast can your investor get loans off your books? One day? Three days?

Depending on your answers to the above questions, it may be time to consider TMS Carespondent Lending, where our client care is at the core of everything we do. With TMS:

- We service the loan. You keep your customer
- Get loans off your books in as little as 1 day. Average 5-6 calendar days.
- 24 hour initial funding package review guarantee
- Faster turn times. Lower your carrying costs
- With co-branding, we service the loans, you keep your clients
- Only TMS has SIME – Service Intelligence Made Easy. The most advanced servicing technology in the industry

If you value customer service as much as we do, the next time you sell a loan, don't just hand it over to an investor.

Remember that what we are really trading are not loans, but people's homes, their highest level of achievement, their happiness. Rather than selling the loan to the highest bidder for a few dimes more, entrust your customer to the investor who will invest in their happiness, exceed their expectations and ensure the highest level of customer satisfaction.

So ignore those dimes. Focus on the customers, their homes and their happiness, and the dollars will follow.

To learn more about Carespondent Lending, visit correspondent.themoneysource.com or email us at carespondent@themoneysource.com

TMS (The Money Source Inc.) is a different kind of company that does business in a different kind of way. Founded in 1997, with a mission to Grow Happiness, TMS is a fast growing fintech company that provides products, technology, speed of service and a unique customer experience to borrowers, clients and team members in their pursuit of happiness. With more than 700 team members, TMS is a national lender and servicer licensed or exempt from licensing in all 50 states and the District of Columbia.

TMS THE MONEY SOURCE