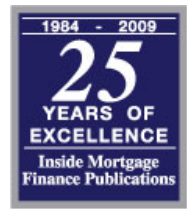




What the Mortgage Market Reads



INSIDE MORTGAGE FINANCE®

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New Survey Finds 'Reliability' Most Important Factor in RE Agents Recommending Lenders

The refinance share of total mortgage originations hit a record high of 78.4 percent in the fourth quarter of last year, according to numbers compiled by *Inside Mortgage Finance*. That made 2010 the second year in a row that the refi share has topped 67 percent.

But 2011 is expected to be a very different lending environment as higher mortgage interest rates have forced lenders to reconnect with homebuyers and the home purchase mortgage market. Importantly, a new *Inside Mortgage Finance*-sponsored study reveals that things like brand name or partnerships don't carry much weight with real estate agents when it comes to recommending lenders to homebuyers.

Rather, a lender's proven reliability in meeting scheduled closing dates is the most important factor in whether real estate agents recommend specific lenders to homebuyers, the research finds.

The new study, "How Real Estate Agents Rate Loan Originators and Servicers," involved a survey of more than 2,200 real estate agents conducted by Campbell Communications in late January. The survey instrument, designed by Geosegment Systems Corp., covered more than 50 separate questions.

The opinions of real estate agents are extremely important in the home purchase-mortgage market as a significant number of borrowers rely on agent recommendations in selecting a lender. The new study shows that about three quarters of first-time homebuyers and almost two-thirds of current homeowners accepted a recommendation on where to get a mortgage. Even investors, a group typically known for paying cash for a home purchase, relied on real estate agent recommendations for financing almost half the time, the research reveals.

Given current tough mortgage underwriting standards as well as a housing market where distressed properties account for about half of all sales, it's no surprise that real estate agents put a premium on reliability and predictability when it comes to selecting and recommending mortgage lenders to borrowers.

When asked about the importance of factors in recommending mortgage lenders to homebuyers, agents in the new study rated "reliable in meeting scheduled closing date" and "reliable pre-approval letters" at the top of the list of factors. Meanwhile, "mortgage provider has

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partnership with my firm” and “brand name of mortgage lender” were rated near the bottom of important factors.

Real estate agent survey respondents also were asked to rate the country’s largest direct mortgage lenders on a number of performance measures. Direct mortgage lending excludes wholesale purchases of loans from correspondents but counts retail as well as broker originations.

PHH Mortgage, the seventh largest overall mortgage originator in 2010 and a private-label in-house lender for some real estate brokerage firms, generally rated the highest by respondents in the survey. Among the top three mega-lenders in the residential mortgage market, Wells Fargo scored considerably higher – particularly in the important “high likelihood of mortgage approval” category – than rivals Bank of America and JPMorgan Chase.

While the new study provides a detailed look at the home purchase mortgage market from the real estate agent perspective, it also offers a comprehensive look at how servicers handle sales of real estate owned properties and short sales as well as how agents rate their performance as servicers.

For more information on the new study “How Real Estate Agents Rate Loan Originators and Servicers,” contact John Campbell at Campbell Communications at (202) 363-2069 or john@campbellsurveys.com. ♦