


Borrowers open up on the mortgage experience

Solidifi 2020 Consumer Mortgage Experience Survey




solidifi

Executive Summary

2020 has been an unprecedented year. Facing record-low interest rates, historic mortgage volumes and a global pandemic, our industry continued to serve our customers in a safe and meaningful way.

From initiating transactions to the closing table, providing an extraordinary consumer experience continues to a top priority for lenders. To gauge the borrowers' experience during the homebuying process, this year we evaluated the two most critical consumer-facing touchpoints in the mortgage transaction, the appraisal, and the closing experience.

The Solidifi 2020 Consumer Mortgage Experience Survey took a deep dive into the borrower's experience, including what motivates them, how they select their lender, as well as consumer closing preferences and what ultimately drives their satisfaction. This year's results uncovered an acceleration of existing trends, as a result of COVID-19. Based on our findings, the importance of human interactions, professionalism, and quality in both the appraisal and closing process continue to drive an extraordinary borrower experience.



Key Findings

Quality and professionalism drive borrower satisfaction in both the appraisal and closing process.

The survey revealed that the overall experience with an agent is almost as important as the process itself – emphasizing the need for a quality network and exemplary agents. Also, the actions of one party can affect the borrower's overall satisfaction and their perception of everyone involved in the mortgage transaction, confirming that working with partners who deliver a seamless experience through trusted professionals drives higher customer satisfaction.

Surprisingly, COVID-19 did not significantly change the borrower's desire for human interactions and did not substantially change people's desire to close online. An overwhelming majority of borrowers confirmed that they still want to close in-person where they can be walked through the process face to face. And, that they prefer paper over fully digital methods for the actual closing, especially for reviewing the documents at closing, signing documents, and having a notary or closing agent witness the signing.

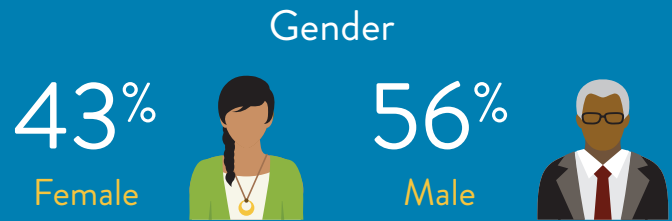
However, many borrowers use and prefer a digital experience on the front end of the process for reviewing documents and eSigning documents prior to closing. There is an opportunity to leverage technology in a way that is convenient to the borrower. Given the significant investments that lenders are making in digital capabilities today to provide a better, more seamless customer experience, we believe there is an opportunity for lenders to educate consumers on the closing process, including what to expect and on the digital tools that are available to create a streamlined and efficient process.

Creating a personalized, memorable experience is at our core. It's time to make the closing experience extraordinary for every borrower.

About Our Research

The Solidifi 2020 Consumer Mortgage Experience Survey was conducted by Market Street Research. It surveyed 1,000+ residential borrowers 18 years of age or older in the United States who have refinanced or purchased a home within the last two years. Panelists included a mix of those who closed prior to- and during COVID-19 when the pandemic began to have widespread impact on the daily lives of consumers. The survey was fielded using Snap Surveys, and the panel was sourced from Dynata. Fielding was executed in September 2020.

Survey Respondent Demographics



Timing



61% Pre-COVID-19 39% During COVID-19

Familiarity with the Mortgage Process

Number of Homes Purchased in the Past



Type of Property



Type of Transaction



52% Purchase



48% Refi

The Mortgage Market

The main motivators driving consumers to purchase new homes is to either upgrade to a larger home or social migration. For refi, the motivators were overwhelmingly driven by lower rates and reducing their monthly payments versus accessing cash for home improvements or other life events.



Mortgage Market Drivers

Purchase Motivators

Social Migration – (be closer to family, new job, want to live in a different area, lifestyle change) – **75%**

Expand or Upgrade – **51%**

Downsizing – **18%**

Investment Property – **2%**

Refinance Motivators

Take advantage of lower rates – **80%**

Reduce monthly payments – **43%**

Change the mortgage terms – **18%**

Pay for home improvements – **12%**

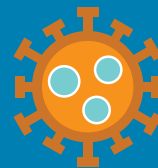
Access cash for life events – **11%**



During COVID-19

↑ Social migration

↑ Upgrade/Expand



During COVID-19

↑ Lower rates

↓ Refi to upgrade home

Top 5 Reasons for Lender Selection

Customer experience, relationships and rates drive lender selection.

Two resounding reasons why a consumer chooses a lender in a purchase transaction are the existing relationship and offering a better consumer experience including the fast approval/pre-approval, a fast closing process, an easy and seamless experience and a convenient location. For refi's, by far the existing lender relationship and convenience of working with a known entity who they can trust will give the best rate are the primary motivators.

Purchase

- 1 Consumer Experience – **34%**
- 2 Existing Relationship – **25%**
- 3 Interest Rate – **16%**
- 4 Referral – **11%**
- 5 Able to do everything online – **4%**

Refinance

- 1 Existing Relationship – **44%**
- 2 Interest Rate – **20%**
- 3 Consumer Experience – **13%**
- 4 Referral – **9%**
- 5 Able to do everything online – **3%**

The Appraisal Experience

Personal interaction, quality and professionalism directly impact customer satisfaction.

Personal interaction increases satisfaction

Interacting with a professional appraiser in any way is associated with a higher borrower satisfaction. Solidifi is twice as likely to interact with consumers than most appraisal companies.



Quality and professionalism drive customer satisfaction

More than 1/2 of unsatisfied customers equate their poor appraisal experience with the quality of their appraisal and the professionalism of the appraiser. A less-than-expected valuation does not automatically result in dissatisfaction, instead the feeling that the appraisal was not thorough enough is the real root cause of dissatisfaction.



82% of borrowers were satisfied with the appraisal experience.



Borrowers who interacted with the appraiser were 3 times more likely to remember the appraisal company.



Receiving the appraisal report and interacting with the appraiser are associated with higher borrower satisfaction.

Purchase

90% of borrowers recall receiving a copy of the appraisal report



59% Received a digital copy



31% Received a paper copy

Refinance

69% of borrowers recall receiving a copy of the appraisal report



45% Received a digital copy



24% Received a paper copy

The Closing Experience

Issues in the closing process:

48% Experienced delays in the closing process/errors



78% During COVID-19

19% Poor communication/ limited contact/no follow through



32% During COVID-19

15% Professionalism



11% During COVID-19

A Holistic Approach to the Closing Experience.

All factors in the closing experience are highly correlated.



19% Process free of errors/delays



17% Professional



19% Communication



17% Being prepared



16% Feeling at ease



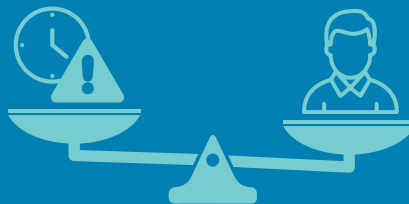
14% Prompt/efficient

Quality drives borrower satisfaction.

Overall experience with the agent is almost as important as a process free of errors/delays.

56%

Process free of errors/delays



44%

Overall experience with agent



The Digital Experience

Consumers resoundingly prefer to close in a face-to-face environment even if there was a 100% digital closing solution available.

Borrowers would prefer to close:

 **87%** Human interaction

 **13%** Entirely digital

Even COVID-19 did not change the borrower's preference for human interaction.

Borrowers still want a closing agent to walk them through the process.

89% Pre-COVID-19 **83%** During COVID-19

Main reasons borrowers want human interaction:



Efficiency—get immediate answers, easier communication



Feels more personal, prefer face-to-face interaction



Better oversight, reduces chance of errors



Feels more secure and trustworthy

3 out of 5 borrowers want a more digital experience.

Younger generations prefer a more digital experience.



85%

Gen X and Millennials

Prefer all or some digital options at closing

vs.

57%

Boomers

More than ½ of borrowers want to review documents digitally ahead of closing.



Borrowers prefer paper at closing over fully digital methods.



Reviewing documents at closing



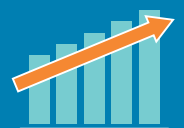
Signing documents



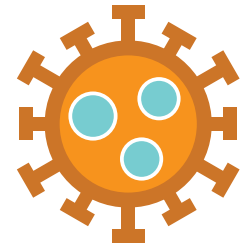
Having a notary or closing agent witness the signing

Trust in eSignatures continues to increase. Borrowers trust eSignatures

83% 2020 **74%** 2019



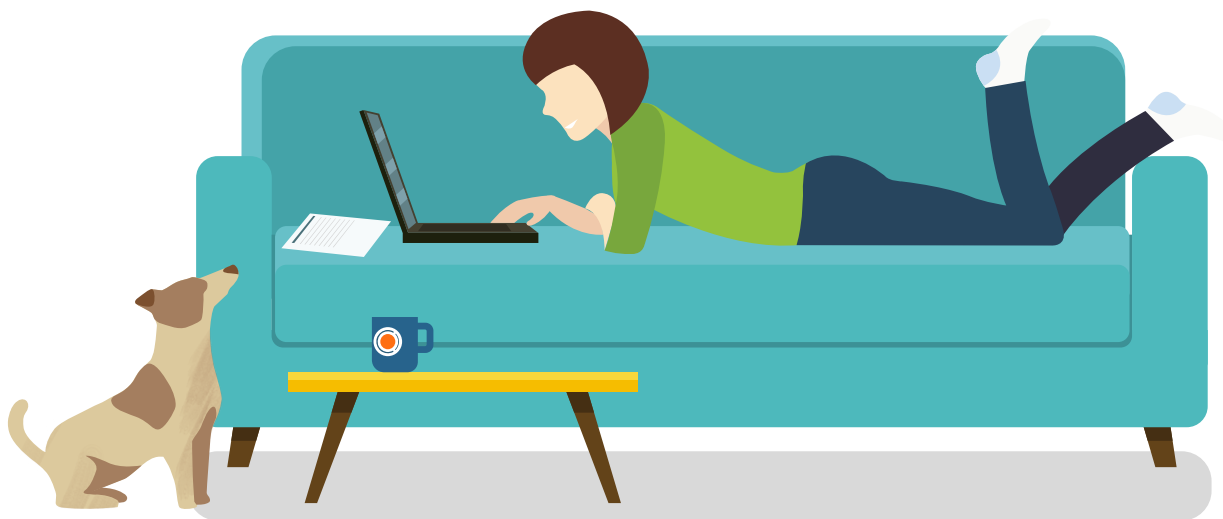
COVID-19 Accelerated Existing Trends



During the pandemic, consumers were more understanding about the level of service they received from their lender. In fact, customer dissatisfaction was less common during COVID-19. As we saw, people still purchased homes during COVID-19, but they became more motivated by the desire to upgrade or expand, especially in a time when people are spending more time at home.

The appraisal experience became slightly more hands off for borrowers, but appraisers were not replaced by AVMs. During the pandemic there was not a digital substitute for the appraiser.

More borrowers closed at their home leveraging services like Safe Space Closings offered by Solidifi rather than at public locations, and online closings increased only slightly. COVID-19 did not change trends; it acted more as a catalyst – accelerating the use of and interest in digital methods. But, it did not create interest among people who did not have a disposition towards digital.



Lenders are meeting borrower's preferences for remote closings.

Actual remote closings (home, online, other) vs. in an office pre-COVID 42%/during COVID 58%.

Preferred remote closings vs. in an office pre-COVID 48%/during COVID 61%.

Use of eSignature methods increased **to 65% from 56%**, as well as preference for eSignatures increased from 45% to 57%. Trust did not change pre- and during COVID-19.

Online closings increased slightly **to 8% from 5%**.

Nearly half of respondents (49%) said that **COVID-19 increased their interest in digital tools** such as electronic documents and eSignatures.

3 in 5 of younger generations were more likely to be interested in digital methods.

2 in 5 of Baby Boomers said that COVID-19 increased their interest in digital methods.

Digital did not seem to “take away” from paper methods. The proportions of borrowers who used paper-only or a combination of paper and digital did not drop significantly during COVID.

The Solidifi Difference

Quality and professionalism drive borrower satisfaction in both the appraisal and closing process. The survey revealed that the overall experience with an agent is almost as important as the process itself – emphasizing the need for a quality network and exemplary agents. Also, the actions of one party can affect the borrower’s overall satisfaction and their perception of everyone involved in the mortgage transaction, confirming that working with partners who deliver a seamless experience through trusted professionals drives higher customer satisfaction.

Solidifi outperforms the competition on customer satisfaction.

Solidifi: **A+**

The Competition: **B-**



Solidifi received a 97% consumer satisfaction rating on the appraisal experience.

97%

9 out of 10 customers were satisfied with Solidifi and the closing process.



Solidifi received “Excellent” ratings across the board.

Ask us how Solidifi can help you make the closing experience extraordinary for every borrower. www.solidifi.com

About Solidifi

Solidifi is a leading network management services provider for the residential lending industry. Solidifi's platform combines its proprietary technology and network management capabilities with tens of thousands of independent qualified professionals to create an efficient marketplace for the provision of mortgage lending services.

Our clients include more than 60 of the top 100 mortgage lenders in the U.S. Solidifi is a leading independent provider of residential real estate appraisals and title, and settlement services. Solidifi has offices in Buffalo, NY; Denver, CO; and Middletown, RI. Solidifi is a wholly owned subsidiary of Real Matters (TSX: REAL).

For a list of AMC Registration Numbers for Solidifi U.S. Inc., go to solidifi.com/registration-numbers.

<http://go.solidifi.com/2020mortgageexperiencesurvey>

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