2023 Borrower Insights Survey

Table of Contents

Survey overview

2022 was a year of extreme volatility in the home lending market. 2023 may bring more of the same.

The ICE Mortgage Technology® *2023 Borrower Insights Survey* describes a 2022 landscape that was difficult to navigate for borrowers, renters, and lenders alike, thanks to high interest rates and the prospect of a recession.

Survey results seem to point to a slow market marked by caution. Among the notable findings:

- **Over a third of current borrowers (36%) reported that they planned to remain in their current homes** and another sixteen percent were unsure if they will seek new housing.
- **Of those definitely remaining in their homes, one-third (36%) specifically cited high interest rates** as the reason for staying put.
- **Over one-third of current renters in our sample are former homeowners (34%).**
- **Nearly two-thirds (63%) of recent borrowers planned to seek new financing,** with many citing home equity loans or reverse mortgages, as well as refinancing and investment property loans.
- **Seventy-three percent of renters believed that owning a home is beyond their reach at this time.**
- Fifty-six percent of current renters said they would be **more likely to purchase a home** if there was **a program that addressed high home prices,** and fifty-four percent said they would be more likely to buy if there was **a program that addressed high interest rates.**

Will 2023 bring improvement? It's impossible to say. While we don't know what the future holds, we do know that winning every borrower has never been more important than it is today.

Creating new borrower relationships, and deepening and extending existing relationships is always essential. But what do those borrowers want and need?

ICE Mortgage Technology is here to help you answer that question. The survey results include insights about borrowers' priorities and preferences plus insights you can use to connect with them and build better, longer-lasting relationships. The survey indicates that borrowers want:

- **Flexibility:** When it comes to financing a mortgage, more than half (53%) cited flexible loan options among their most important considerations.
- **Savings:** Two-thirds (67%) said saving money was one of their top three concerns for financing a mortgage; more than half cited low lender fees (56%).
- **Education and guidance:** Renters continue to think that owning a home is more difficult than it is. Half believed it's necessary to provide more than a ten percent down payment (53%).
- **High tech and high touch:** Fewer than one in ten borrowers wanted a fully digital experience (9%), although many welcomed the convenience of digital processes and services.
- **Different kinds of outreach based on different experiences:** Experienced borrowers (those who have taken out five or more mortgages in their lifetime) favored digital offerings. Those who bought when interest rates were low (one to two years ago) indicated being most likely to be cautious about selling their home.
- **Trusted referrals:** Borrowers, especially the least experienced, relied on referrals to choose lenders, turning to their realtors, family, or friends.

We hope these insights help you grow your business, whether in the current environment or in a future low-interest rate environment in which refinancing drives demand. Beyond that, we are here to partner with you with products, services, expertise, experience, and insights that will enhance your borrowers' experience. We look forward to working with you to meet the challenges and seize the opportunities of the home buying market.

About the survey

The *2023 Borrower Insights Survey* polled 2,010 individuals age 18 and older in the U.S., 1,005 of whom own their current residence and have taken out a mortgage loan within the last five years, and 1,005 of whom are currently renting. Borrowers were asked about the factors and the elements of the experience that are most important to them during the loan process. Renters were asked about their perceptions of the home buying experience and their expectations about the requirements of homebuying. The survey was fielded using the Qualtrics Insight Platform and the panel was sourced from Lucid. Fielding took place in January and February 2023.

2023 insights: What borrowers want

Overview: Borrowers and renters in a turbulent year.

The *2023 Borrower Insights Survey* paints a picture of borrowers and renters navigating a turbulent environment. But even in the midst of challenges, some things are constant. New borrowers continue to come into the market. And borrowers and renters alike want what they always do: more space, more value, and the financial benefits and greater security that come from home ownership.

Many borrowers are relatively inexperienced.

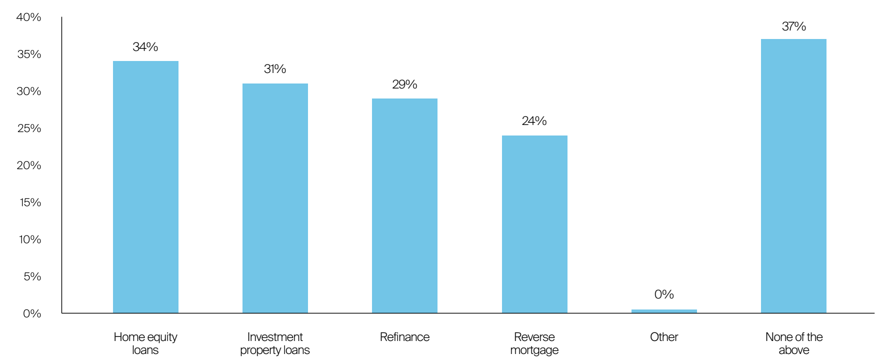
Nearly half (46%) of borrowers who have taken out a mortgage in the last five years have only taken out one to two mortgages in their lifetime. This includes both home purchases and refinances.

Nearly two-thirds of recent borrowers (63%) planned to seek new financing in the form of home equity loans, reverse mortgages, refinancing, or investment property loans.

More than one-third (34%) of current homeowners who have taken out a mortgage in the last five years planned on taking out a home equity loan in the next year. Twenty-nine percent considered refinancing – a possible indicator of interest rate volatility. And twenty-four percent considered a reverse mortgage. Thirty-one percent considered investment property loans – an indication that there is still some degree of confidence in rising home values.

More than a third of borrowers seemed likely to stay put and not look for new homes. Thirty-six percent reported they do not plan to sell their home any time soon. An additional sixteen percent reported that they might or might not sell, as they are waiting to see how the housing market plays out. Three percent were undecided.

Are you considering any of the following types of loans in the next year?



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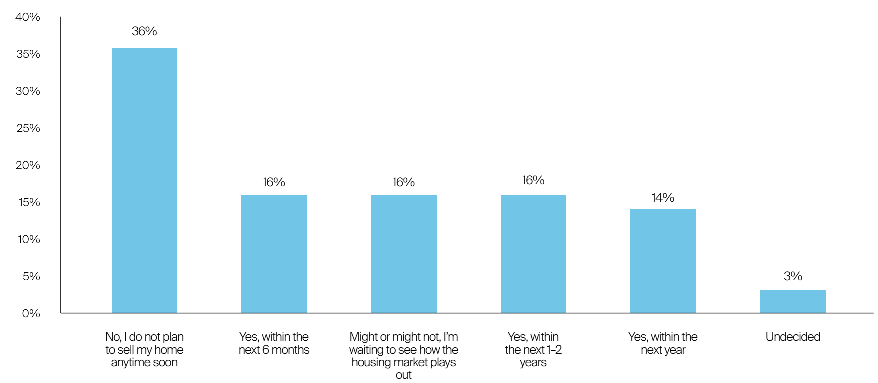
Are you considering selling your primary residence?



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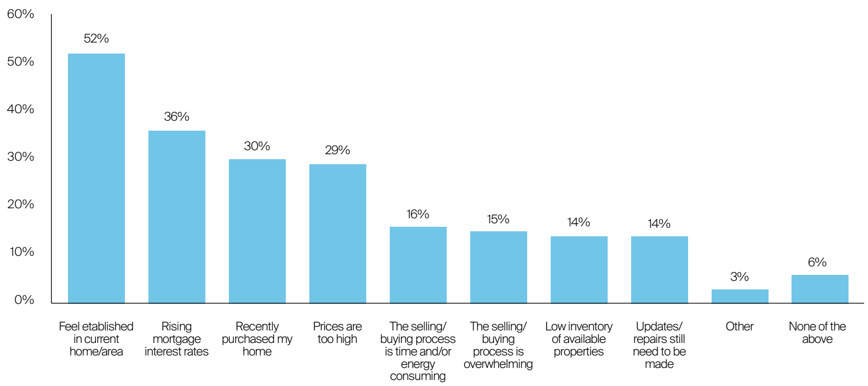
Which of the following are driving your decision to not sell your home?
Select all that apply.



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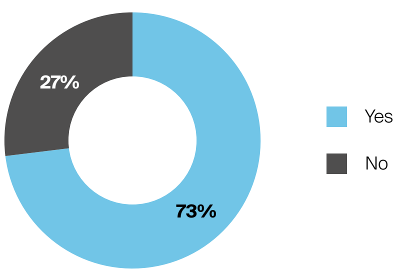
Do you believe that owning a home is beyond your reach at this time?



Sample size = 1,005; Total sample size = 2,010; 1,005 missing

More than a third of homeowners planned to stay put. Of those, 36% attribute their decision to rising interest rates.

Why are these homeowners not looking to sell? More than a third (36%) of those who said they would stay in their current homes cited rising interest rates, a significant number, though the top reason was feeling established in their current home or area, cited by fifty-two percent.

Over one-third of current renters reported that they were previously homeowners.

Thirty-four percent of those who are currently renting reported that they were previously involved in the home purchase or refinance process. It is possible they were priced out of the market or suffered financial reverses that took them out of home ownership.

Most renters believed that owning a home was beyond their reach. Lack of funding was the biggest reason for renting.

Seventy-three percent of renters believed they could not purchase a home at this time.

More than half of them specifically cited economic factors. Fifty-six percent of current renters said they would be more likely to purchase a home if there was a program that addressed high home prices. Fifty-four percent said they would be more likely to buy if there was a program that addressed high interest rates.

Others reported that they are currently renting because they could not afford to buy where or what they want (40%), or haven't yet saved enough money (36%).

Borrowers reported looking for more space and good deals, but fewer said they are trying to transition from renting to buying; a possible sign that this transition is difficult in the current environment.

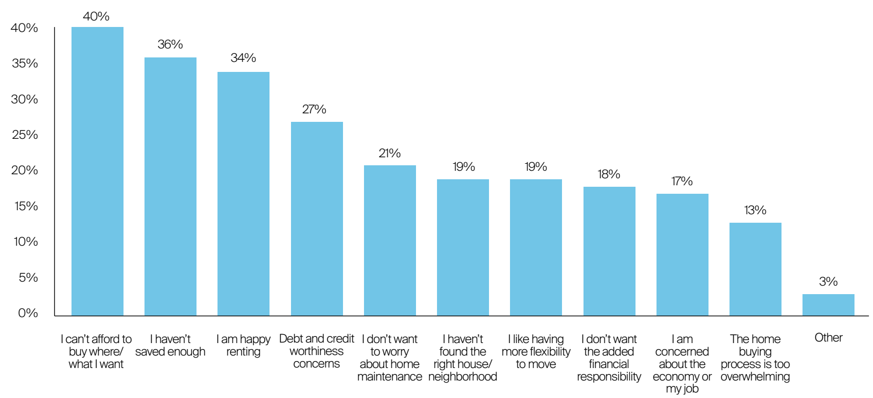
"More space" and" finding a good deal on a house" were the reasons for buying a home cited most often by current homeowners who were recently involved in the mortgage process (41% each).

That result is a change from last year. In 2022, "not wanting to rent anymore" (38%) was cited more often than finding a good deal (36%) or needing more space (36%). The year-over-year change may indicate that it is more difficult in the current environment to transition from renting to home ownership.

Forty-six percent of respondents planned to sell their home in two years or less. The reasons cited most were to cash in on increased home equity / value (39%), to change scenery (38%), or to downsize or upsize (36%).

Nevertheless, it seems likely that the home buying market will stay active or become more so. **Nearly half of current homeowners, as well as many younger homeowners, said they are planning to sell their home in the next two years.**

What are the main reasons you are currently renting?
Select all that apply.



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Despite challenges, renters seemed motivated to buy.

Renters indicated that they are willing to go to great lengths to buy – literally. More than half of renters said they would be open to relocating to another state if it meant they could afford a house (56%).

What would influence them to buy rather than rent? Some said they are looking for the right deal or are looking to save. Forty-nine percent of renters said they would buy a home if they found a good deal, and forty-one percent said they would if they saved enough money.

Not surprisingly, there are generational differences among the sample, and that's a promising sign. Younger borrowers and younger renters seemed likely to energize the market.

Younger borrowers and younger renters differed from previous generations in ways that seem encouraging for the future of the home buying marketplace.

Younger borrowers seemed more active, and were much more likely to plan to sell in the next two years. Sixty-five percent of Gen Z and Millennial owners planned to sell in that timeframe, compared to twenty-six percent of Gen X and older individuals.

The reason may be that they are getting on their financial feet and seem expansion minded. Younger borrowers said they were most likely to buy a house because they saved enough money (44% versus 25% of Gen X and older). Older borrowers (Gen X and older) were more conservative, citing “not wanting to rent anymore” as their reason for a home purchase (42% versus 33% respectively). In other words, younger borrowers are moving into home ownership as they establish their lives and achieve a higher level of financial security. Older borrowers seem to be more motivated by the financial advantages of home ownership.

Among renters, Gen Z was the most optimistic group with thirty-seven percent believing that owning a home was within their reach (compared to 27% overall). And two-thirds of Gen Z and Millennial renters said they were open to relocation (67%) as a path to home ownership, compared to just forty-eight percent of those Gen X and older.

Choosing a lender: What do borrowers want?

Given economic turbulence, borrowers and renters alike will be more in need of guidance. Lenders can provide this in ways that cement lasting relationships.

But beyond their economic concerns, what do active and prospective borrowers want?

Fortunately, the survey sheds light. They are looking for...

Flexibility – Offering financial flexibility is one way to help borrowers bridge the affordability gap.

Fifty-three percent of borrowers surveyed cited the availability of flexible loan options among their most important considerations when financing their mortgage. Forty-nine percent cited flexible down payment options.

Flexibility was especially important to Millennials with eighty-five percent of them citing flexible down payment or flexible loan options as most important, compared to seventy-one percent of Baby Boomers.

Savings – Lower interest rates and costs matter, especially to older borrowers, but younger borrowers want loan options.

Saving money is a top concern.

Two-thirds of those surveyed (67%) reported that when financing a mortgage, saving money overall is one of their top three concerns. The next most important concern was low lender fees (56%).

When choosing a lender, Baby Boomers wanted low interest rates. Younger generations were more focused on finding a variety of loan terms and product options.

As we've reported above, interest rates matter, especially to Baby Boomers. Other generations have other priorities.

For all borrowers, finding the lowest interest rate was the most important factor they considered when choosing a lender (60%), followed by low lender fees (48%) and time taken to close the loan (36%).

But finding low interest rates really mattered most to older borrowers. Ninety percent of Baby Boomers said having the lowest interest rate was one of the most important factors when choosing a lender, compared to just forty-two percent of Millennials and Gen Z.

Younger respondents (Gen Z and Millennials) were less focused on savings. They wanted options. While older borrowers looked for low interest rates and other savings, Gen Z and Millennial borrowers were more likely to say that when choosing a lender, having a variety of loan terms and product options available to them was of importance (39% versus 31%).

When asked about their most recent experience with a mortgage lender, borrowers were most likely to reference getting the best rate.

Good news for lenders – nine out of ten respondents said that their most recent lender lived up to their expectations.

What made the experience a good one? In describing their most recent experience with a mortgage lender, six in ten referenced getting the best rate (60%) and having an easy process from start to finish (60%).

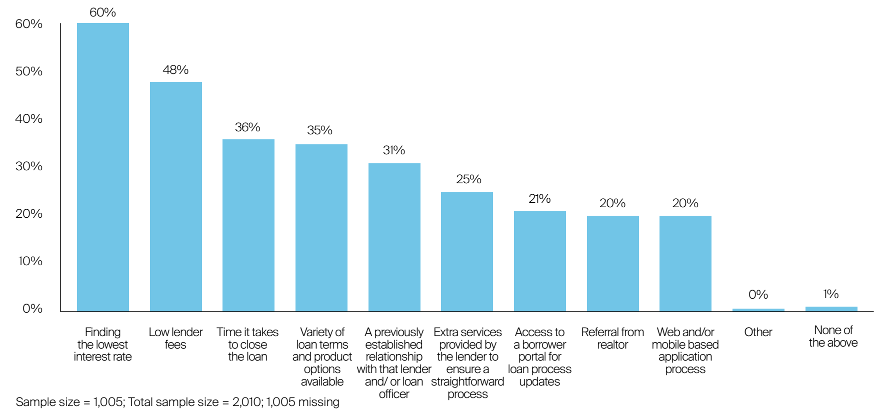
More good news – both of those scores were up since 2022, where fifty-six percent of respondents described the process as easy from start to finish, and fifty-five percent referenced getting the best rate. In short, lenders are delivering on both rates and “ease of use.”

Borrowers also cited lower costs as among the most important factors in the lending process.

When asked about their past experiences with the lending process, borrowers pointed to cost and communication as the most important factors – fifty-five percent cited lower costs overall as one of the top three most important factors, followed by good communication and follow up (50%), and lender transparency (40%).

When choosing a mortgage lender for your loan, which of the following are most important to you?

Select your top three.



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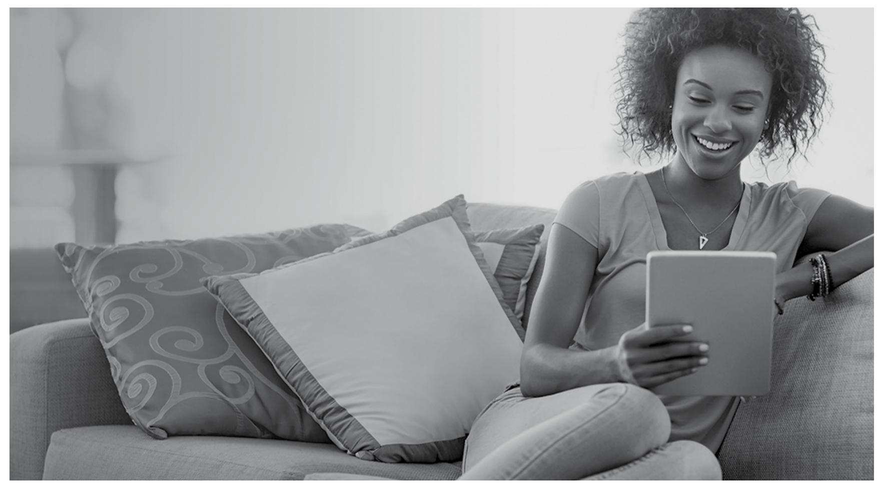


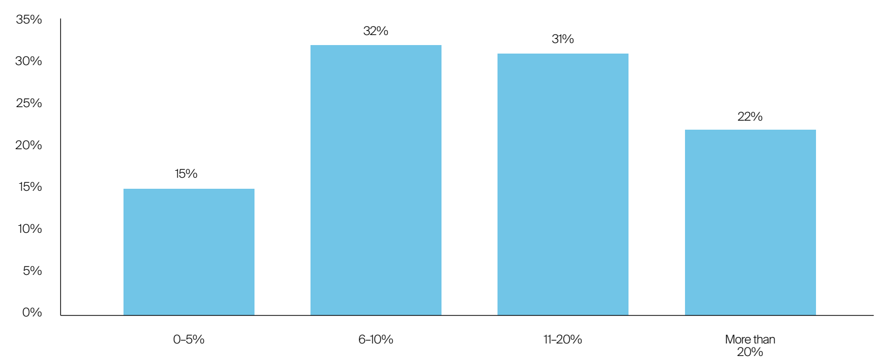
Education and guidance – Helping borrowers understand what options are available to them, such as credit and purchase programs, opens new opportunities.

More education and resources are needed to convert renters into homeowners.

A key finding of past surveys is still in place – renters sharply overestimated the difficulties of buying a home. Seventy-three percent of renters believed that owning a home was beyond their reach at this time.

Half of renters (53%) believed it was necessary to provide more than ten percent as a down payment when purchasing a home.

How much do you think you need to put down for a house down payment?



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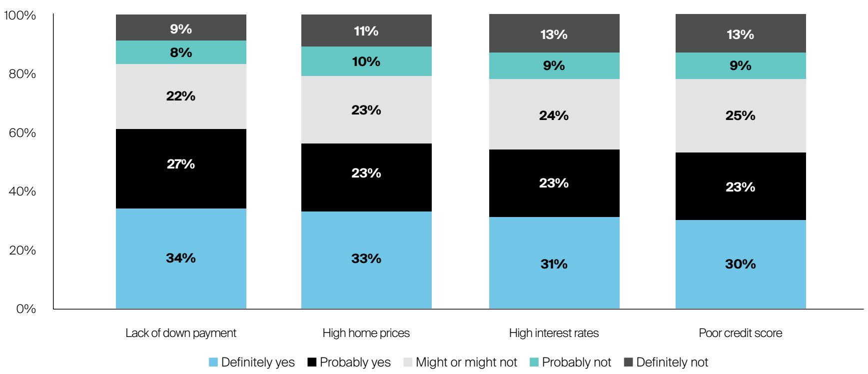
Would you be more likely to purchase a home if there was a program available that would address the following concerns?



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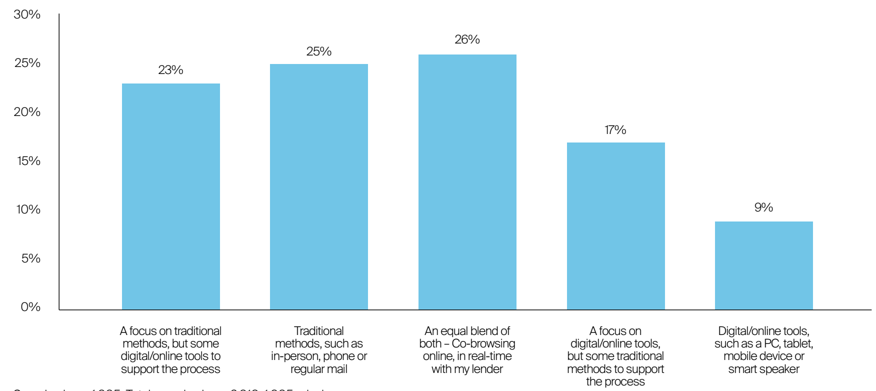
If you were to apply for a new mortgage within the next year, how would you prefer to interact with your lender during the mortgage loan application process?



Sample size = 1,005; Total sample size = 2,010; 1,005 missing

This represents an opportunity for lenders. Six in ten renters indicated that they would be more likely to purchase a home if there was a program that addressed their down payment challenges (61%).

There is more along these lines. Most renters thought that, in order to qualify for a mortgage, they must have at least a “good” credit score, one between 700-749 (29%). But an almost equal proportion believed they needed a “fair” (650-699) or ”very good” (750-799) credit score (25% each). Fifty-three percent said they would be more likely to purchase a home if there were programs that addressed their concerns with poor credit scores.

High tech and high touch – Borrowers want both. They favor traditional lenders over online offerings. But to establish a relationship, it’s important to understand when they want an online tool as opposed to in-person interaction. It’s all part of meeting the borrower where they are.

Borrowers strongly preferred traditional lenders over online competitors.

Fewer than one in ten borrowers said they wanted a fully digital experience (9%). They continued to seek out in-person experiences. Three in ten used a bank for their mortgage (30%), and twenty-six percent used a mortgage broker. These figures are consistent year-over-year (in 2022 they were 31% and 25%, respectively).

More experienced borrowers were more likely to go online, but only slightly. One in five seasoned homebuyers (those who have taken out at least five mortgages) reported using an online entity for their mortgage (19%).

The most desired experience noted was a combination of high tech and high touch. Twenty-six percent of borrowers said they wanted an equal blend of traditional methods and digital tools during their next mortgage experience. But the human touch has an advantage, as an almost equal number said they wanted only traditional methods (25%).

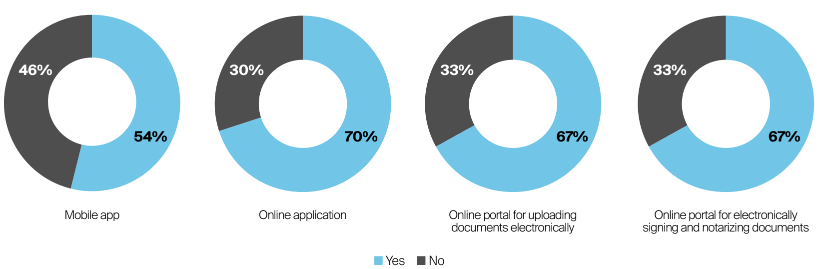
But they were open to digital experiences, especially those that made the loan process easier and more convenient.

Digital experiences are increasingly a part of the home lending experience. Borrowers welcome that. High tech, combined with high touch is the order of the day.

For example: Most borrowers closed their most recent loan by signing documents online and notarizing the rest in person (35%). An additional twenty-five percent signed documents entirely online with a remote notary. Just twenty-five percent in total went to a title office with a notary.

This is a slight change from 2022, where the top three ways homeowners closed their most recent loan were signing documents online and notarizing in person (30%), going to a title office with a notary (28%), and signing documents online with a remote notary (21%). In other words, high tech and high touch closings are gaining ground.

Did offering or not offering any of the following influence your decision to choose your lender?



Sample size = 1,005; Total sample size = 2,010; 1,005 missing

Although borrowers sought out online options and took advantage of them, only one-third of borrowers reported that they had a great online experience. There were variations among more experienced buyers, high-interest rate buyers, and older demographics. **But in general, there is more work to be done to make the online experience a great one.**

Seven in ten borrowers said that being offered an online application influenced their decision to work with a particular lender (70%), up from six in ten in 2022 (60%).

Online portals are also in demand. A growing number of borrowers were influenced in their choice of lender by the option of using an online portal to upload documents (67%, up from 59% in 2022), and an online portal for signing and notarizing documents (67%, up from 60% in 2022).

Younger borrowers wanted mobile apps. Seventy-three percent of Gen Z and Millennial borrowers said that being offered a mobile app influenced their decision to work with a particular lender, compared to just thirty-two percent of Gen X and older respondents.

Both high tech and high touch are in demand.

Those who used an online application liked it because it made for a simpler (59%) and quicker (58%) application process, as well as offering them the flexibility to apply at their own pace (56%).

When asked why online options do (or would) make the home buying process easier, more than half of all survey respondents pointed to the added convenience (52%). Speed (41%) and ease of use (37%) also topped the charts.

But there is a strong desire for both high tech and high touch, especially among Millennials, as forty-five percent expected their mortgage lender to have the flexibility to work with them both digitally and in-person.

Most lenders offered high tech options, and most borrowers used them.

According to borrowers, most lenders offered digital options, more so than the previous year. And most borrowers took advantage.

Forty-five percent of borrowers were offered a mobile app by their lender and used it (an increase from thirty-nine percent in 2022). Just twenty-four percent were offered a mobile app but chose not to use it. Millennials were most likely to utilize a mobile app if offered one (58%).

Sixty-five percent of borrowers were offered an online application by their most recent lender and opted to use it (up from 60% in 2022). Just twenty-one percent were offered this but opted not to use it.

Sixty-five percent were offered and used an online portal to electronically upload documents, while twenty-one percent were offered but did not use this feature. These numbers remain relatively unchanged year-over-year (63% and 19%, respectively). Baby Boomers (78%) were most likely to utilize an online portal for uploading documents electronically if given the option.

The majority of borrowers were offered and used an online portal for electronically signing and notarizing documents (65% versus 61% in 2022), while nineteen percent were offered but chose not to use this feature.

Although sixty percent of borrowers described their recent mortgage experience as easy, only thirty-six percent said they had a great online experience.

The number was lower for more experienced borrowers. Forty-two percent of seasoned homebuyers (five or more mortgages) described their most recent online experience with a mortgage lender as great, compared to just thirty-four percent of less seasoned homebuyers (four or less mortgages). The news isn't all bad, though. The percentages have increased year-over-year, where in 2022, only one-third of homeowners said their most recent lender offered a great online experience (33%).

Expectations matter here. What did borrowers want and expect? Current borrowers who have recently gone through the mortgage lending process reported that they wanted an overall easier process, to electronically verify documents, and to be assured of a safe and secure platform (48% each). Close behind was the expectation that online offerings would result in lower costs and a quicker process (46% each).

Gen X and older borrowers were more likely than younger borrowers to say that they expected lower overall costs as part of a great online experience (55% versus 38% respectively).

Borrowers have had very different experiences over the past five years, depending on whether interest rates were high or low, and whether they borrowed before, during, or after the pandemic. And, experienced borrowers have their own particular preferences. **Consider your borrowers' mortgage experience in order to tailor your offering to their preferences and needs.**

The importance of high touch: Borrowers said they want an online experience that is fast and efficient. But they still want the human touch, especially when it comes to applications.

When asked to select the top three most important elements of their past lending experience, more owners chose the ability to work with someone in person (34%) over having digital / online options available (26%).

The need for a human connection in mortgage lending is strong, even more so post-COVID.

Borrowers and potential borrowers want human contact. The top reason cited for not filling out an online application is that the borrower preferred to work directly with a person. The percentage increased from 2022 (39%) to 2023 (46%).

Interestingly, older borrowers seemed least interested in human contact. Fifty-one percent of older borrowers (Gen X and up) liked the fact that online applications eliminated the need to meet in person. Only thirty-one percent of Gen Z and Millennial borrowers felt the same.

As we've seen, digital and online options are more important to experienced homebuyers.

In their lending experience overall, digital and online options were noted as more important to experienced borrowers (those who have taken out five or more mortgages) than they were to less-experienced borrowers (31% versus 24%).

More experienced homebuyers were more likely to prefer to interact with their lender through online tools, with traditional methods supporting the process, compared to less experienced homebuyers (24% versus 14%) .

Specifically when it came to an online portal for uploading documents electronically and for signing / notarizing documents, those with more mortgage experience were more likely use it when offered (71% each, compared to 63% each among those with less mortgage experience).

Experienced borrowers were more likely to say their most recent experience with a lender provided a great online experience.

Forty-two percent of experienced borrowers said their most recent encounter with a lender included a great online experience, compared to just thirty-four percent of less seasoned borrowers.

Experienced borrowers said they have high and specific expectations for the online experience.

Compared to less-experienced borrowers, those who have taken out five or more mortgages were more likely to say they expected an online experience to include the ability to electronically verify documents (58% versus 45%) and the flexibility to work digitally or with a person, if they chose (49% versus 39%).

They were also more likely to say that their most recent lender definitely lived up to their expectations.

Although ninety percent of borrowers overall agreed to some degree that their most recent lender lived up to their expectations, more-experienced borrowers were more likely to say that they definitely did (67% versus 55% of those with less lending experience).

To make sure they get the experience they want, experienced buyers were more likely to consider multiple lending options...

More-experienced homebuyers were more likely to consider three or more lending institutions (31%). Those who were less experienced were likely to consider only one (37%).

...while the least-experienced borrowers were more interested in getting a referral.

Nearly one in four (24%) of the least-experienced homebuyers (those who have taken out one to two mortgages) said that a referral from their realtor was one of the top three most important factors in choosing a lender.

Less-experienced borrowers were also more likely to be contacted by their lender.

Of those with less mortgage experience (four mortgages or less) who filled out an online loan application, nearly three in four said that their lender contacted them within 12 hours (73%). This was significantly higher than those with more mortgage experience, who said they had been contacted as quickly (62%).

For all borrowers regardless of experience, most (70%) were contacted by their lender less than 12 hours after submitting their online loan application. This remained the same year-over-year (70%), but it is an increase compared to the sixty-one percent who said the same in 2021.

Why were they contacted by their lenders? When asked the most frequent reason for lender contact, those with less experience (four mortgages or fewer) were more likely to say it was to give updates on the progress of the loan (40% versus 31% of those with more experience who said the same).

Was the lender contact too much, not enough, or just right? The majority of borrowers found the amount of contact from their recent lender to be just enough (79%). They were most commonly contacted with updates on the progress of the loan (38%) or requests for information or clarification (23% each).

But some borrowers thought the outreach was excessive. Over a quarter of Gen Z and Millennial borrowers thought that their lender contacted them too much (26%). These numbers were similar to the most experienced borrowers who also felt that way (24%).

High-interest rate buyers were more likely to describe the mortgage lending process as easy from start to finish.

Those who purchased their home at a time when interest rates were higher (either less than a year ago or three to five years ago) were more likely than those who bought at a time with low interest rates (one to two years ago) to describe their most recent experience with a mortgage lender as an easy process from start to finish (63% vs. 56%).

This could be due to how quickly lenders got in touch with borrowers after they submitted their online loan application, which is a significant increase from previous years.

More than one-third (34%) of those who were involved in the mortgage loan process within the last year said that their lender contacted them in under an hour after submitting their online loan application – this is a significantly higher number than reported by those involved in the process one to two years ago (15%) and three to five years ago (13%).

Still, over two thirds of high-interest rate borrowers preferred traditional methods over online applications; though they saw some value in an online mortgage process.

Nearly seventy percent of those who were involved in the mortgage loan process within the last year and chose not to fill out an online application said it was because they preferred to work directly with a person (68%). This is something those who were involved in the mortgage process one to two years ago were unlikely to say (36%).

Those who were most recently involved in the mortgage loan process (less than a year) were most likely to believe that it's easier to get approved when using an online mortgage process (40% versus 33% of the overall survey population).

In other words, relationships mattered to high-interest rate borrowers. These borrowers are therefore likely to consider more than one lending institution when going through the mortgage process.

It was most common for borrowers who recently went through the mortgage process to have considered two lending institutions before selecting a lender (45%), although a third of this group only considered one lending institution (33%).

Gen Z and Millennials were more likely to have considered two lending institutions (54%), compared to just thirty-seven percent of Gen X and older individuals who did the same. These older individuals were more likely to have considered only one lending institution (44%).

The digital preferences of low-interest rate buyers were shaped by the COVID pandemic that overlapped with the lowest interest rate period one to two years ago.

Those who were involved in the mortgage loan process one to two years ago (during the pandemic) and used an online application said that they liked it because they did not have to meet in person (48% versus 41% for all borrowers).

If these individuals were to apply for a new mortgage within the next year, they said that they would be more likely than others to prefer their interactions with their lender to rely on digital / online tools, with just some traditional methods to support the process (20% versus 17% for the survey as a whole).

This could be why low-interest rate buyers are less concerned about the characteristics of their lender.

Those who were involved in the loan process one to two years ago were least likely to say that lender transparency during the lending process was of top importance to them (36% versus 42% of those who purchased three to five years ago and forty-four percent of those who purchased less than a year ago).

Low-interest rate buyers also had more reason to be cautious.

Those who were involved in the mortgage loan process when interest rates were at their lowest (one to two years ago), were the group most likely to say that they would be waiting to see how the market plays out before they decide if they'll sell their house (19% versus 16% for the survey as a whole).

Compare this to the most recent buyers (involved in the mortgage loan process in the last year), who were most likely to say that market conditions were driving their decision to sell their home (45% versus 32% for the survey as a whole).

Those who were involved in the loan process one to two years ago were unlikely to say that they would be considering a reverse mortgage in the next year (21% versus 24% for the survey as a whole).

Finding a lender is challenging. Borrowers, especially new and younger borrowers, often rely on referrals from realtors, family members, and friends to make their choice. Lenders should be mindful of this and of the extended value that strong relationships can create.

The confidence that comes from trusted referrals: **Relationships matter when it comes to choosing a lender, even more so for less experienced homebuyers and younger demographics.**

Nearly one in four (24%) of the least experienced homebuyers (those who have only taken out one or two mortgages) said that a referral from their realtor is one of the top three most important factors in their choice of a lender.

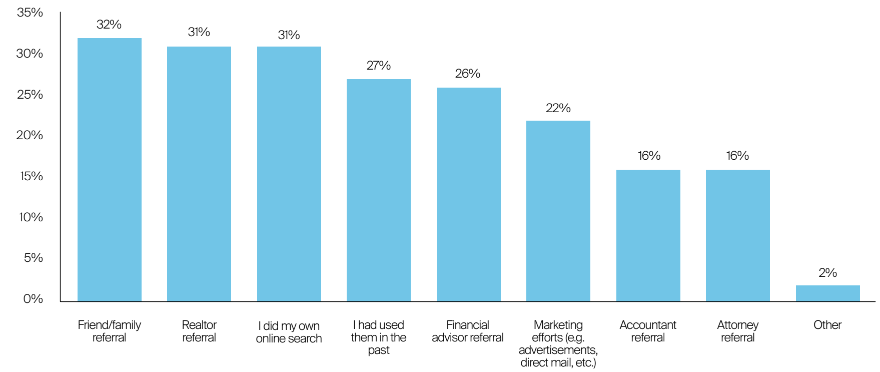
Thirty-two percent found their most recent lender based on a referral from a family member or friend. Thirty-one percent relied on a referral from their realtor. Another thirty-one percent relied on their own online search.

Gen Z and Millennials were most likely to have found their recent mortgage lender through a friend or family referral (40%).

When asked why their realtor referred the lender that they did, the majority (53%) believed it was because the realtor and lender had an existing relationship, the lender had a lot of lending experience (43%), or was helpful / knowledgeable (43%).

Nearly one in three believed that their realtor referred a lender because that lender had good digital options / capabilities (32%).

How did you find your most recent mortgage lender?
Select all that apply.



Sample size = 543; Total sample size = 2,010; 1,467 missing

Conclusion: Relationships will pay dividends in an uncertain future

The picture that results from the survey data is, on the face of it, a daunting one. The environment is uncertain. The market may be stalled, though how severely and for how long is unclear. Borrower preferences are heavily influenced, not only by demographics but by recent experiences with interest rate volatility and the pandemic.

As a lender, what should your course of action be? Generalizations can only take us so far. Your knowledge of your borrowers and your local marketplace should be the main factors that inform your strategy. But the survey suggests key steps that apply across the board:

- **Invest in your online offering.** Even the oldest and least tech-savvy borrowers want and expect the convenience of digital portals and processes to be part of your service portfolio.
- **Digitize your back office.** Your technology investment should not be confined to customer-facing offerings. Smart back-office automation will free you and your people for the all-important task of maintaining relationships.
- **Invest in relationships with realtors.** Borrowers are reliant on referrals from realtors, friends, and family. Developing and maintaining relationships is essential – the quality of your referral network could be the margin of difference. Remember that “high tech, high touch” is what nearly all borrowers expect and want.
- **Know your borrower.** Understanding borrowers’ preferences by age and experience will enable you to “meet them where they are.”
- **Stay in touch.** We’ve already talked about relationships, but it’s worth noting their value over time. An ongoing relationship will generate repeat business and referrals years from now.

Finally, count on change. Five years ago, no one was anticipating a global pandemic, inflation, or an interest rate surge. The home lending marketplace will be different again in five years’ time, or sooner. Whether the market continues on its current course, or whether falling interest rates create a surge of refinancing, building the right technology and maintaining the right human touch will help ensure that, in an unpredictable future, a steady and growing stream of business finds its way to your door.

ICE Mortgage Technology is here to help you along the way.

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