

## COVER STORY: BROKERS ON LENDERS



# BROKERS ON LENDERS

In Canadian Mortgage Professional's 10th annual survey, brokers reveal which lenders have best responded to the changing marketplace – and which ones are falling behind

**HAVING A** great lender can make all the difference when it comes to securing the perfect product for a client. In our 10th annual Brokers on Lenders survey, mortgage brokers gave us their feedback on the great (and not-so-great) lenders out there.

When we opened the polls this summer, hundreds of brokers from across Canada responded to tell us not only what mortgage lenders are doing well, but also how they're handling tougher regulations and higher volumes of deals.

Brokers rated lenders on a scale of 1 (poor) to 5 (excellent) in 10 categories:

- Turnaround time
- Underwriter support
- Overall service levels
- Interest rates

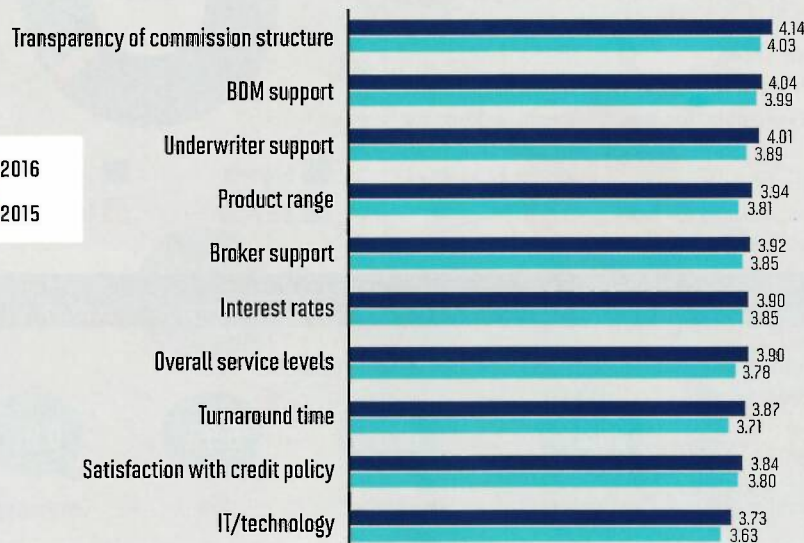
- BDM support
- Product range
- Satisfaction with credit policy
- Broker support
- IT/technology
- Transparency of commission structure

Most notable was the appreciation that brokers feel for lenders that go above and beyond to help them close a deal. There were some perennial favourites leading the pack, such as First National, RMG and Merix/Lendwise. But there were also some surprises, including lenders who dropped in the standings from last year.

No matter how brokers may feel about individual lenders, they ultimately have faith in the industry – overall ratings improved in every category compared to last year.

## AVERAGE LENDER PERFORMANCE

Brokers rated their lenders higher in every single category this year. As in 2015, the area that needs the most improvement is IT/technology. On the flip side, transparency of lenders' commission structures ranked as the highest-performing category for the third consecutive year.



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D+H is a leading financial technology provider that the world's financial institutions rely on every day to help them grow and succeed. Today, we serve nearly 8,000 banks, specialty lenders, community banks, credit unions, governments and corporations by providing them with innovative, forward-thinking solutions that meet their needs.

In Canada, we have been a trusted partner for more than 140 years, serving as a leader in the mortgage marketplace since 1992. Our industry-leading solutions simplify the mortgage application process from beginning to end. We have the largest network of mortgage brokers in the country, bringing together more than 70 lenders and more than 14,000 mortgage sales professionals. In 2015 alone, D+H processed more than half a million unique mortgage submissions.

And while the mortgage industry has changed over the years, there's one thing that hasn't – D+H's commitment and passion for helping mortgage professionals navigate through the increasingly competitive and complex landscape. As partners with deep industry knowledge and technology expertise, we understand the challenges you face, which is why we're committed to delivering solutions that meet your evolving needs.

We sincerely thank all of our industry partners for their support and look forward to broadening those relationships.



## COVER STORY: BROKERS ON LENDERS



## TRANSPARENCY OF COMMISSION STRUCTURE



This category had the highest overall ranking – 4.14 out of 5, which puts it back to its 2014 score after dipping to 4.03 in last year's survey. And the winners – RMG, First National and CMLS – scored a whopping 4.47, 4.46, and

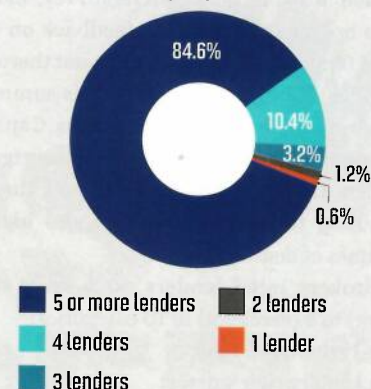
4.4, respectively.

Given those high scores, it's not surprising that brokers didn't request too many improvements on lenders' commission structures. One, however, said he would like to see lenders "provide promos that offer higher commissions," while another commented that "consistency in commissions across the board" would be appreciated.

Even though Merix/Lendwise fell to fourth place this year and their rating dropped from 4.50 to 4.30, they still have plenty of fans – one broker commented that they are "a true partner with their commission structure."

## HOW MANY LENDERS HAVE YOU SUBMITTED DEALS TO IN THE LAST 12 MONTHS?

The vast majority of brokers are submitting deals to a variety of lenders – 85% said they partnered with five or more lenders in the past year.



## BDM SUPPORT



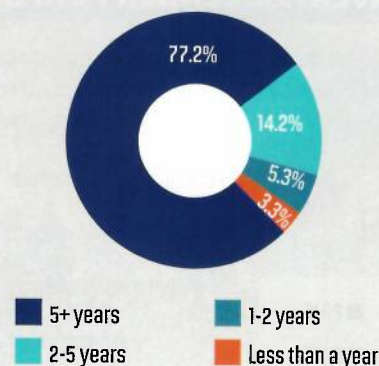
BDM support is one of three categories that topped 4 out of a possible 5 on this year's survey, suggesting that lenders are really stepping up their game here. "When the lender

is performing better, it's usually due to the BDM," one broker noted.

Merix/Lendwise tops the chart, improving to 4.40 from last year's score of 4.30; multiple brokers called their BDM support "amazing." CMLS ("BDMs always there for you") and RMG ("Best in the industry") rounded out the top three.

Despite these glowing remarks, brokers still see room for improvement, asking for the same level of support and attention from BDMs regardless of the number of deals that a broker sends to the lender.

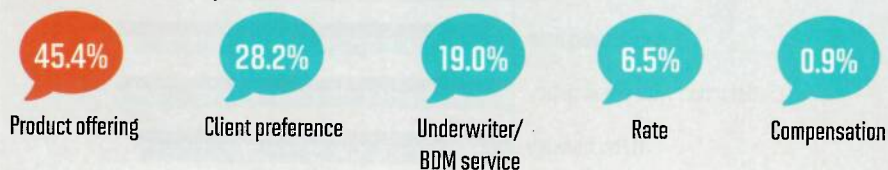
## HOW LONG HAVE YOU BEEN A BROKER?



## BANKS OR MONOLINES?

When it comes to the type of lender a broker chooses, we wanted to know why a broker would send a deal to a bank rather than a monoline lender. Unsurprisingly, it largely comes down to the wide variety of products banks are able to offer.

What is the main reason you send a deal to a bank instead of a monoline?



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## UNDERWRITER SUPPORT



First National bumped Merix/Lendwise from the top position this year in the underwriter support category. Underwriters at both First National and CMLS were commended for being open and willing to respond to brokers

### “They’re not allowed to think outside the box”

and discuss deals. One broker also praised First National for its ability to retain experienced underwriters, which improved the quality of their service.

But brokers still had plenty of suggestions for ways that lenders can improve their underwriting services. “Underwriters are under incredible pressure to meet the lender’s guide-

lines,” said one. “[They’re not] able or allowed to think outside the box.” Another broker agreed, saying he’d like to see lenders give more flexibility to their underwriters.

Brokers also brought up the problem of overworked underwriters, which leads to slower turnaround times, and another mentioned that document approval is a big stumbling block.

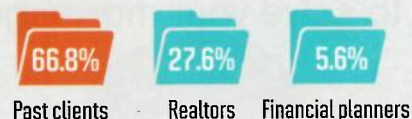
“Underwriting is usually decent, but doc admins can take forever and not are communicated well,” he said. “Too much can change during doc approval, and that can require too much back and forth with the

underwriter, and the whole thing gets very inefficient.”

One thing brokers did agree on was that the underwriter can make all the difference in a deal, regardless of the lending institution. “It is not the lender that performs – it is the underwriter and their experience and understanding,” one broker commented.

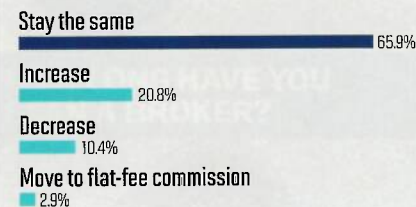
### WHO IS YOUR STRONGEST REFERRAL PARTNER?

Past clients are the biggest source for referrals by a wide margin, although brokers also mentioned other sources, including builders, accountants, social media contacts, credit counsellors and lawyers.



### BROKER PREDICTIONS: COMMISSIONS

Like last year, the majority of brokers expected commissions and bonuses to stay the same over the next six to 12 months, although that percentage has dipped slightly from 73% to 66%.



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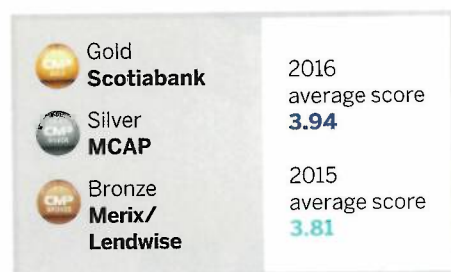
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## PRODUCT RANGE



Since many brokers said access to more products is the main reason why they'd send deals to a bank as opposed to a monoline lender, it should come as no surprise that a bank, Scotia, tops this category with an average score of 4.31. Both MCAP and Merix/

Lendwise improved their rankings from last year, while RMG landed in fourth place with an average score of 4.02, just two hundredths of a point behind Merix/Lendwise.

Although brokers were generally pleased with lenders' overall product range and rated them higher in this category than they did last year, they would like to see even more products offered, including lines of credit and products targeted at the self-employed and construction markets.

That desire isn't universal, however. One respondent complained that there are too many products out there, "making me confused."

## BROKER SUPPORT



When it comes to the lenders who provide the best support across the board, brokers were unequivocal in their love for first-place finisher RMG, which scored a 4.30 out of 5.

"RMG is absolutely mopping the floor with service, compensation, rate, product

features and ease of dealing with them, not to mention being caring and truly vested in the craft of brokering deals," said one respondent.

"RMG [listens] to what we need, and I feel they are very supportive of the broker channel," another commented.

Rounding out the top three were CMLS with a score of 4.29, and First National, which shot up from its fourth-place position last year with a score of 4.23. Merix/Lendwise dropped from first place in 2015 to sixth place this year, but one broker had nothing but praise for them. "Lendwise has been more responsive and provides the support I expect from a lender," he said.

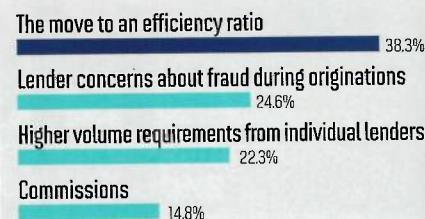
## WHICH LENDERS DO BROKERS USE THE MOST?

A wide range of lenders appeared on this year's survey, including quite a few smaller lenders that aren't as well-known. We whittled that list down to lenders who were rated by several brokers and ended up with the following:

<input checked="" type="checkbox"/> B2B	<input checked="" type="checkbox"/> Canadiana	<input checked="" type="checkbox"/> First National	<input checked="" type="checkbox"/> Merix/Lendwise	<input checked="" type="checkbox"/> Scotiabank
<input checked="" type="checkbox"/> Bridgewater Bank	<input checked="" type="checkbox"/> CMLS	<input checked="" type="checkbox"/> Home Trust	<input checked="" type="checkbox"/> Optimum	<input checked="" type="checkbox"/> Street Capital
	<input checked="" type="checkbox"/> Equitable Bank	<input checked="" type="checkbox"/> MCAP	<input checked="" type="checkbox"/> RMG	<input checked="" type="checkbox"/> TD Canada Trust

## THE MOST IMPORTANT BROKER-LENDER ISSUE

Looking ahead to the near future, we asked brokers what issues they thought would define their relationships with lenders in the next six to 12 months. As with last year's survey, brokers put the move to an efficiency ratio at the top of their list.






## WHAT'S THE BEST THING A LENDER HAS DONE FOR YOU IN THE PAST 12 MONTHS?

- 1 "Sent me a thank-you card when they helped my clients get into a 'best case' mortgage option"
- 2 "Called me to discuss a deal and explain their position"
- 3 "Actually bent with some paper requirements and trusted my ability to lend money after 36 years in the business"
- 4 "Given me direct access to a specific underwriter to streamline the hassle of dealing with multiple underwriters and assistants"
- 5 "Contacted me with questions, rather than declining deal with no correspondence"
- 6 "Catherine at MCAP set up a mentoring/coaching program for a group of us in our office to help hold us accountable to prospect"
- 7 "Pay trailer fees! Helps me grow my book of business with passive income so I can worry less in the future about what happens in the market"
- 8 "Have great underwriters who spend time building relationships and spend time on every deal, which included giving exceptions where possible"

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## INTEREST RATES

	Gold <b>RMG</b>	2016 average score <b>3.90</b>
	Silver <b>Merix/ Lendwise</b>	2015 average score <b>3.85</b>
	Bronze <b>Street Capital</b>	

Low interest rates aren't going anywhere anytime soon, so it can be hard for a lender to stay competitive in this area. Nevertheless, brokers rated lenders higher than last year in this category. RMG's rates and specials helped propel it to the top of the


charts with a score of 4.53. Merix/Lendwise and Street Capital, ranked last year as fifth and sixth, respectively, made the top three this year with scores of 4.38 and 4.27.

One broker commended Street Capital for "reward[ing] brokers for business and help[ing] us make money. Keeping rates low and products competitive keeps clients happy as well – win-win-win."

In terms of interest rates in general, however, one survey respondent asked the question that's likely on many brokers' minds: "As the rates continue to be so low, can lenders afford to continue to pay the same structure?"

**"As the rates continue to be so low, can lenders afford to continue to pay the same structure?"**

## OVERALL SERVICE LEVELS

	Gold <b>First National</b>	2016 average score <b>3.90</b>
	Silver <b>CMLS</b>	2015 average score <b>3.78</b>
	Bronze <b>MCAP</b>	

First National again ranked highest in this category – brokers said they are consistently reliable, efficient and quick to offer solutions and resolve issues. CMLS and MCAP rounded out the top three; MCAP in particular showed a marked improvement over last year's survey, going from a score of

3.90 to 4.20 and jumping from eighth place to third.

One pain point that many brokers mentioned was the unwillingness of underwriters to answer their phones or otherwise communicate with brokers, especially when it comes to exceptions or deals that aren't straightforward.

Another survey respondent insisted that consistency is the key to good service. "Lenders need to find ways to retain and manage their staff," he said. "Consistency in the underwriting is not there with many lenders. Lenders we use the most are the ones who have staff who have been with [them] the longest."

**"Lenders we use the most are the ones who have staff who have been with them the longest"**

## WHAT'S THE BIGGEST CHALLENGE YOU'VE HAD WITH A LENDER'S SERVICE IN THE LAST 12 MONTHS?

☞ "Not asking for all documents up front. When conditions are added after we have collected everything requested, it makes us look unprofessional. This usually occurs when there is a person other than the underwriter doing the initial doc review"

☞ "None. Both Scotiabank and National Bank of Canada know how to treat high-end brokers"

☞ "Consistency. We recognize our lender partners have new restrictions and operate with tighter restrictions. Many of the front-line staff do not understand, which creates inconsistency in message"

☞ "This is more due to the industry regulations, but many lenders inherently seem like they do not trust brokers – they make deal requirements very rigid, and their policies do not allow for any flexibility or reasonableness. Many clients who have dealt with brokers and with monoline lenders are surprised by how long the process is, how much documentation they must provide, and by how unreasonable some policies are. Clients do not feel valued by these lenders, and the broker ultimately loses face when they cannot meet the client's expectations. For the vast majority of deals that have fallen through due to rigid requirements from lenders on the broker side, these same clients have walked into their local bank branch and have been approved within 20 minutes and no hassle. Many of these clients question why they would ever waste their time with a broker again"

☞ "Documentation requirements have really increased over the past year, along with appraisal requirements. Lots of extra work"



## COVER STORY: BROKERS ON LENDERS



## TURNAROUND TIME



Gold  
**First National**

2016  
average score  
**3.87**



Silver  
**CMLS**

2015  
average score  
**3.71**



Bronze  
**MCAP**

As every broker knows, time is of the essence for many deals, and so a lender's turnaround time is of the utmost importance. Overall, turnaround times have improved since last

year's survey, but as always, brokers feel there's room for improvement – particularly when it comes to busy times. "It happens every year at the same time," one broker noted. "Have more underwriters at that time."

Another broker said that while getting deals done quickly is great, quality still trumps speed. "I love rapid response times from underwriters, but I need the response to be tailored to the file, instead of the possible options."

One broker reported that his lender was able to turn around a deal in an impressive four hours, but another said that "exceptions

take way too long," and the general consensus is that it's not consistent. One broker even said he will send a deal to a bank rather than a monoline lender because they are faster. "Turnaround and service is everything."

As for individual lenders' performance, MCAP jumped up to third place from its sixth-place finish last year. CMLS retained its second-place position from last year, and First National came away as the best lender in this category for the second consecutive year; brokers called their turnaround time "unbelievable" and "the best, hands down."

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## SATISFACTION WITH CREDIT POLICY



Brokers' satisfaction with lenders' credit policies improved only marginally compared to last year. CMLS and Scotiabank remain in the top two spots here with average scores of 4.15 and 4.03, while RMG soared to third place from its eighth-place finish last year, with a score of 4.00.

Flexibility on credit policy goes a long way, judging by the number of respondents who said they value underwriters who are willing and able to take a more comprehensive look at client files.

Brokers are also big fans of common sense and would like to see more of it when it comes to assessing credit and whether a client meets the requirements. "[Look] at the whole picture, not just one item," one broker said. "Look at their credit and bill repayment history and debts versus just proof of income alone."

In that regard, one broker gave a shout-out to Servus Credit Union, "because they apply common sense to credit decisions while still following guidelines."

## BROKERS' WISH LIST

- 🔥 "Expanded product offerings, specifically HELOCs or all-in-one type mortgages"
- 🔥 "It would be good for many lenders to have 'tick' sheets to know exactly what documents have been accepted and what is still required"
- 🔥 "No catering to large or discount brokerages. Our industry is moving to discount-only, which is a race to the bottom. Lenders should only discount a set amount and stay there"
- 🔥 "Better use of technology – i.e. electronic signatures"
- 🔥 "Allowing trusted brokers to order appraisals directly from appraisers on the lender's approved list"
- 🔥 "Don't just decline deals – provide alternative solutions"

## PRAISE FROM BROKERS

We asked brokers to tell us more about their favourite lenders and what they're doing to set themselves apart from the crowd.

🎯 "CMLS understands that Alberta is still alive. [They're] open to looking at a deal and income as long as it is presented correctly"

🎯 "Servus Credit Union works from a 'let's get it done' point of view rather than a 'how can we decline it' point of view"

🎯 "MCAP, Merix and CMLS are clear winners this year. All are being strict with efficiency ratios, investing in technology and using data to weed out poor-performing brokers who cost them money. They are creating true partnerships with their brokers by setting clear expectations and continuous touch points and progress reports"

🎯 "MCAP has been great to us lately. They have a quick response time, great service, and their technology is easy to work with"

🎯 "First National consistently – they provide quick turnaround, competitive rates and good service"

🎯 "Scotiabank on every level: service, rates, overall satisfaction of my clients after funding"

🎯 "First Source for paying attention and deal turnaround. [They] also provide an alternative suggestion if they cannot do the deal"

🎯 "RMG – quick turnaround time, excellent communication. If the deal is a no-go, it is explained why and not just sent back"

🎯 "Home Trust really works well with me to help get a deal done. I'm in Winnipeg, so the Home Trust team is people we've known over time, so it's more of a personal relationship, which helps sometimes to get a deal done. They take the time to work through a deal and give solutions, not just a flat no"

🎯 "I cannot choose between Equitable Bank and Lendwise; both lenders are the best. BDMs Jessica and Karim are truly the best, and I cannot appreciate their hard work enough"

🎯 "Bridgewater Bank invests the time needed for Alberta deals and gets the deal done. Their underwriters are some of the most experienced in the industry, and it's obvious when you work with them"

🎯 "Tribeca Finance, due to their efficiency with review of a deal and documentation, turnaround time, and ability to close a deal quickly, along with excellent communication and support"

🎯 "Optimum Mortgage – they are heads and shoulders above all other alternative lenders. Their rate might not always be the most competitive, but I know my BDM and underwriter and can get a hold of them very easily when I have a tough deal"





# We won't sleep for a year trying to do it again.

We're humbled and grateful for the recognition, thank you.

You have our word that we'll keep working hard to give you our best. It's been a great year... looking forward to what's brewing in 2017!



BROKER  
SUPPORT



BDM  
SUPPORT



UNDERWRITER  
SUPPORT



OVERALL SERVICE  
LEVELS



TRANSPARENCY  
OF COMMISSION  
STRUCTURE



IT/  
TECHNOLOGY



INTEREST  
RATES



PRODUCT  
RANGE



SATISFACTION WITH  
CREDIT POLICY



TURNAROUND  
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**BRIDGEWATER  
BANK**

## COVER STORY: BROKERS ON LENDERS



## IT/TECHNOLOGY

Gold  
**RMG**2016  
average score  
**3.74**Silver  
**MCAP**2015  
average score  
**3.63**Bronze  
**First National**

Although IT/technology garnered a higher average rating than it did last year, there's still much progress to be made in this area – clients and brokers want easier ways to submit documents and stay informed throughout the process. The top three lenders in this category remain from last year, but this time RMG tops the field with an average

score of 4.45 out of 5. "RMG is doing a great job with the IT/communication between lender/broker," one respondent said.

Although the mortgage industry isn't exactly known for being at the cutting edge of technology, brokers feel that lenders need to find ways to deal with the increasing demand for it.

"Technology is important," one broker said. "Lenders who do not have a broker portal to keep all parties to a deal up to date are falling behind with their service. Working harder to overcome this lack of technology will not cut it."

Another broker agreed, saying that "all lenders should have portals for submitting documents, and should update conditions regularly so that we can keep track."

## THE DARK HORSES



## ICICI Bank

Although ICICI Bank didn't receive quite enough responses this year to be ranked with the top lenders, it scored above average in seven out of the 10 categories. "ICICI Bank is fantastic," one broker wrote. "The underwriter is firm but fair, BDM is attentive, and rates are great." Another respondent claimed that ICICI is "the total package."



## National Bank

National Bank also received a relatively small number of votes, but scored a jaw-dropping 4.72 out of 5 in product range – leaps and bounds over their score of 3.86 last year. The bank's other improvement was enough to warrant a double-take: In 2015, National Bank ranked next to last when it came to satisfaction with credit policy; this year, they ranked the highest of any other A lender with a score of 4.11.

## SPOTLIGHT ON ALTERNATIVE LENDERS

Think you know alternative lenders? Think again. The alternative lenders who received the most votes in our survey consistently received higher scores than their traditional counterparts. Brokers praised alt lenders for the greater flexibility that they're able to offer. Optimum Bank, Bridgewater Bank and Equitable Bank lead the way among alternative lenders, receiving overall scores of 4.27, 4.23 and 4.09, respectively.

	Turnaround time	Underwriter support	Overall service levels	Interest rates	BDM support	Product range	Satisfaction with credit policy	Broker Support	IT/technology	Transparency of commission structure
Optimum Bank	4.43	4.45	4.43	3.98	4.45	4.00	4.38	4.38	3.81	4.36
Bridgewater Bank	4.00	4.50	4.45	3.64	4.68	3.91	4.18	4.55	3.95	4.45
Equitable Bank	4.12	4.21	4.24	3.82	4.36	4.30	4.24	4.15	3.42	4.06

## WHICH DEALS DO YOU SEND TO ALTERNATIVE LENDERS?

When it comes to why brokers send deals to alternative lenders, most do so for self-employed clients. Other reasons included commercial and residential construction, bruised credit and vacation homes.

