

# Engaging the AI-Informed Borrower

A Lender's Guide to  
Credit Optimization and  
Pull-Through Success



# The Competitive Landscape Has Shifted

For most of mortgage's recent history, information asymmetry was a structural advantage. Borrowers generally didn't know what their credit profile entitled them to — in terms of programs, pricing, or monthly payment — and lenders benefited from that gap.

**That advantage is eroding. Fast.**

A JD Power survey from July 2025 found that 20% of consumers have already used AI for loan or mortgage research, and 59% are using it at least occasionally for banking and financial services. A Menlo Ventures study shows adoption growing across all generations, with particularly strong use among households earning more than \$100K annually. These are not marginal borrowers. They are your highest-value prospects, arriving at the point of sale more prepared — and more skeptical — than any previous generation of homebuyers.

The institutions treating this as a cultural curiosity are making a strategic error. This is a structural shift in borrower behavior, and its competitive implications are already showing up in production data.

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## The Silent Attrition Problem

The most significant near-term risk isn't the borrower who pushes back on an offer. It's the borrower who leaves without a word.

When a borrower arrives having modeled their scenario with AI — knowing what their credit score entitles them to, what rates are available, and what a fair deal looks like — they are evaluating your loan officer against a baseline they brought with them. If they sense they could be doing better elsewhere, they will simply move on. No complaint. No conversation. No second chance.

This attrition is invisible in your pipeline data. It doesn't appear as a lost deal. It appears as a top-of-funnel prospect who quietly disappears. That's what makes it so easy to underestimate — and so dangerous to ignore.

Loan officers who proactively produce a credit optimization plan are closing at materially higher rates than those who don't. The explanation isn't that credit optimization improves every outcome. It's that borrowers who don't receive a plan are more likely to shop — and the borrowers most likely to shop are also the most creditworthy, the most financially sophisticated, and the most valuable to your organization.

*One large national IMB working with CreditXpert has reported an 87% funding rate on loans where a CreditXpert plan was created. In an industry where lead-to-close fallout is one of the most significant drags on profitability, that figure represents a significant competitive advantage.*

# The Opportunity Is Hiding in Plain Sight

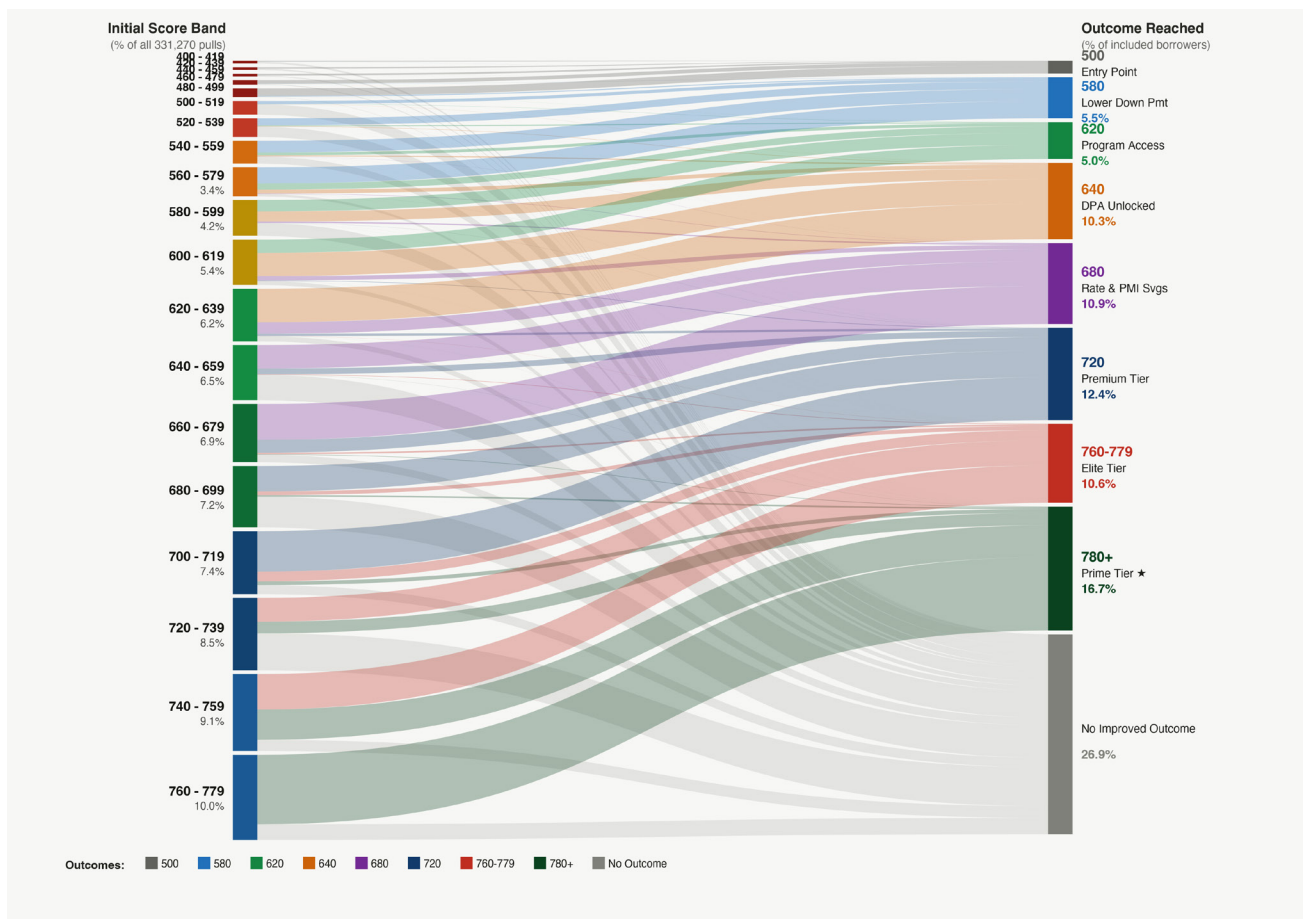
The scale of the opportunity within a typical mortgage pipeline is larger than most executives have quantified. CreditXpert analyzed a portfolio of borrowers with initial credit scores below 779 and mapped each borrower's forecasted outcome. The results are striking.

*72% of borrowers with an initial score below 760 can reach a meaningfully better outcome through credit optimization — a lower rate tier, reduced PMI, expanded program access, or a combination of all three.*

The chart below shows where those improvements flow — from initial score bands across the left axis to the specific outcome tiers on the right. Each outcome tier represents a real, quantifiable financial benefit for the borrower and a stronger, more competitive loan for the lender.

The distribution of outcomes across every score band makes a critical point for leadership: this is not a story about helping marginal borrowers qualify. The majority of the opportunity sits in the middle and upper tiers of the credit spectrum — borrowers who already qualify for a mortgage but are leaving money on the table in rate, PMI, and program access. These are your most valuable borrowers. And 72% of them have a better deal available if someone helps them find it.

The institutions that build a systematic workflow to surface that opportunity at every borrower engagement will capture it. The ones that leave it to chance will watch it migrate to competitors who don't.



# The Financial Stakes Are Not Marginal

The dollar impact of credit optimization is concrete, compounding, and shows up on multiple line items of a borrower's monthly statement. All figures below use a single consistent scenario: \$500,000 purchase, 10% down, \$450,000 loan at 90% LTV. For borrowers with less than 20% down, PMI applies until the loan balance reaches 80% of the home's value — at which point that cost disappears entirely. Score improvements not only lower the PMI rate; they also accelerate the timeline to cancellation.

## Combined P&I and PMI Savings — \$500K Home | 10% Down | \$450K Loan | 90% LTV

Score Movement	Rate Change	Monthly P&I Savings	Monthly PMI Savings	Combined Monthly	Annual Savings
580 → 620	7.75% → 7.0%	\$227/mo	– *	\$227/mo	\$2,724/yr
620 → 660	7.25% → 6.75%	\$151/mo	~\$5/mo	~\$156/mo	~\$1,872/yr
660 → 680	6.75% → 6.375%	\$111/mo	~\$12/mo	~\$123/mo	~\$1,476/yr
680 → 720	6.375% → 6.0%	\$110/mo	~\$23/mo	~\$133/mo	~\$1,596/yr
720 → 760	6.0% → 5.875%	\$38/mo	~\$35/mo	~\$73/mo	~\$876/yr
760 → 780+	5.875% → 5.75%	~\$19/mo	– **	~\$19/mo	~\$228/yr

\* At 580, borrowers are typically in FHA territory. FHA MIP applies regardless of down payment and is structured differently from conventional PMI. Savings from 580→620 are captured primarily in the rate/P&I line through the shift to conventional lending and elimination of FHA MIP ceiling.

\*\* PMI rates do not decrease above 760. The 760→780+ improvement is a pure LLPA/rate benefit. LLPAs reach their lowest level at 780+, making this the final pricing milestone available through score improvement.

## The Full Picture

When P&I and PMI savings are viewed together on the same loan, the case for credit optimization as a standard workflow — not a reactive intervention — becomes difficult to argue against. A borrower at 660 putting 10% down has two simultaneous financial wins available: a lower rate and a lower insurance premium. The combined effect compounds monthly until PMI cancels — and the improved rate continues for the life of the loan. For borrowers already above 760, the 780+ tier still delivers a final LLPA reduction and rate improvement — a smaller but meaningful win that costs nothing to surface.

Now scale that across your annual pipeline. CreditXpert data shows that 72% of borrowers with initial scores below 760 can reach a better pricing outcome. This is not a niche opportunity — it is the majority of every lender's pipeline, and most of them are leaving money on the table in both categories.

*Consider the 680→720 journey on a \$500K purchase with 10% down: \$110/mo in P&I savings plus ~\$23/mo in PMI savings equals ~\$133/mo combined — and an accelerated path to PMI cancellation. That's a story an AI-informed borrower will notice, remember, and share.*

## Addressing the Cost Question Directly

Cost concerns are the most common objection to making credit optimization a standard workflow. The concern is understandable — but the math doesn't support it.

The cost of a CreditXpert plan is generally less than \$20 per plan, depending on volume. Compare that to the average cost to originate a mortgage loan — approximately \$11,016 per loan, according to the Mortgage Bankers Association (MBA, Q4 2024). CreditXpert represents, at most, a fraction of one percent of total origination cost — and in most cases a plan results in a material benefit for the borrower. And importantly, the cost of a CreditXpert plan can be passed through to the borrower at closing — something borrowers are consistently willing to pay, given the documented savings they receive in return.

## The Rescore Question — and Why CreditXpert Reduces That Cost

Rapid rescoring can be expensive: oftentimes in the +\$50 per tradeline, per bureau. That concern is legitimate. But the way most lenders currently manage rescoring is the actual cost problem. Without a CreditXpert plan, loan officers frequently guess at which tradelines to submit — and if the borrower doesn't reach the target score, the rescore spend is entirely wasted.

CreditXpert addresses this in two concrete ways:

- **Precision targeting.** The platform identifies only the specific tradelines that need to be rescored to reach the target score — eliminating unnecessary rescore submissions and the cost that comes with them.
- **Tradeline refresh timing.** CreditXpert displays the scheduled refresh date for each tradeline, allowing loan officers to submit rescoring only for accounts that won't refresh naturally before underwriting. If a tradeline will update on its own in time, there is no reason to pay for a rescore.

Several CreditXpert clients have now moved to a policy of requiring a CreditXpert plan before any rescore can be submitted. The result: fewer wasted rescoring, better score outcomes, and a measurable reduction in rescore spend. For these lenders, CreditXpert is not a cost — it is a cost containment strategy.

## The Compliance Dimension

There is one more "cost" that often goes unquantified: compliance exposure.

Generative AI is giving borrowers general guidance on credit and mortgage pricing. But the moment a loan officer uploads a borrower's credit report to a general-purpose AI system, the institution has a compliance and liability exposure that most legal and risk teams have not yet fully mapped. Sensitive personal financial data entering a large language model without clear data governance policies creates regulatory risk that is difficult to quantify and even harder to remediate after the fact.

CreditXpert is purpose-built for the mortgage industry — operating on permissible bureau data with defined, documented, lender-controlled workflows. It delivers what general AI cannot: account-specific guidance with a quantified probability of reaching a target score within a defined timeline. That precision is not just industry leading benchmark, it is a compliance and risk management asset.

## What “Built for This” Looks Like

The question for leadership is not whether borrower sophistication is increasing. It is. The question is whether your organization’s systems, training, and workflows are structured to meet a more empowered borrower who is looking for precision and execution.

Institutions that are built for this environment share a few characteristics:

- Every loan officer runs a plan on every borrower — not as an exception for difficult files, but as a standard part of the intake process.
- Rescore decisions are data-driven, not guesswork, with CreditXpert plans required before submission.
- Borrowers are presented with specific, credible plans early in the process — reducing the incentive to shop competitors.
- Pipeline performance is tracked against credit optimization activity, with pull-through rates tied to plan creation.

The institutions that build this infrastructure today will establish a reputation for execution that compounds into referral relationships and durable competitive advantage. The window for differentiation is open — but not indefinitely. The borrowers coming through your door next year will be better informed than the ones your team is closing now.

### The Bottom Line

Credit optimization is not a cost center. It is a revenue protection and competitive differentiation strategy — priced at a fraction of origination cost, passable to the borrower, and linked to higher funding rates, reduced pipeline fallout, and lower rescore spend.

The lenders who treat it as infrastructure — not intervention — will be the ones their borrowers remember, recommend, and return to.