FINLOCKER®

Build a Successful **Purchase Market** ~~Songbook~~ Playbook

Early in 2021, many industry experts predicted that mortgage originations would begin to shift from a dominant refinance market, requiring mortgage lenders to start planning to pivot their business to the purchase market. As the year drew to a close, the industry began to see layoffs from lenders who did not heed these warnings.

The Mortgage Bankers Association (MBA) has forecast purchase mortgage originations will reach $1.72 trillion, a 4% increase over 2021. Purchase originations will maintain at least 70% of the market through 2023, so mortgage lenders and originators must adapt their marketing strategy to increase brand awareness and adopt solutions that convert more consumers into homebuyers.

Play the soundtrack to the Top 5 Strategies to build your successful purchase market playbook.

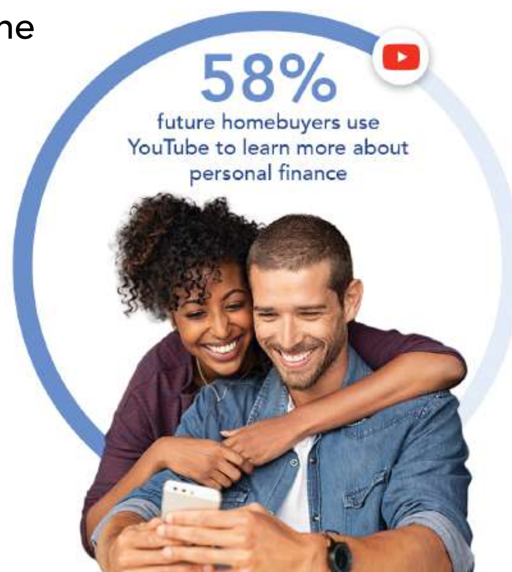
Papa's Got a Brand New Bag – James Brown

1. Reinvigorate Your Brand to Drive Growth

While Gen X was the dominant age group of homebuyers in 2021, lenders and originators must embrace digital, social, and mobile in their marketing mix to attract Millennials (for current business) and Centennials (for future business).

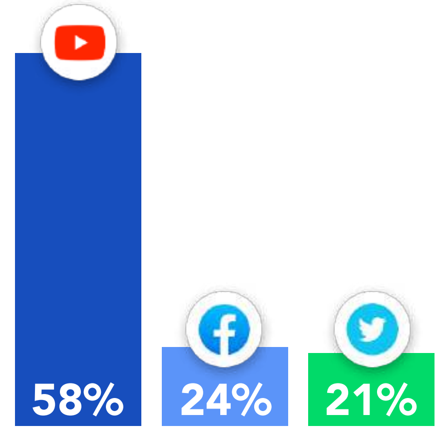
Millennials and Centennials are tech-savvy. They not only expect a digital mortgage process, but they also expect to be communicated via their preferred channel, whether it's via text, email, phone, or a combination.

Many first-time homebuyers lack a solid understanding of the mortgage process and the amount of time it takes to buy a home. This knowledge gap allows lenders to differentiate themselves by employing tools and educational resources that improve their borrower experience.



Millennials and Centennials use social media platforms such as YouTube, Facebook, Instagram, and TikTok for between one to five hours each day. Over 58% of these future homebuyers report using YouTube to learn more about personal finance, a rate of more than two times any other platform such as Facebook (24%) or Twitter (21%).[1]

Savvy mortgage lenders are connecting with future homebuyers with brief yet informative videos for these channels to explain each step in the mortgage process and other personal finance topics. The videos don't need high production. A short video (under one minute) created by a loan originator provides a human touch and is seen as more authentic.



Younger homebuyers are also socially conscious. Publishing videos and photos to social media of the various ways your company gives back to the community is another pivotal differentiator to help your brand be relatable to the new generation of homebuyers. In addition to corporate volunteer programs, encourage each branch to support a local non-profit in its community each year.

Patience – Guns N' Roses

2. Connect with Clients Earlier

Housing prices are forecast to rise 5.7% this year, according to the National Association of Realtors, and there will continue to be more buyers than there are homes for sale.

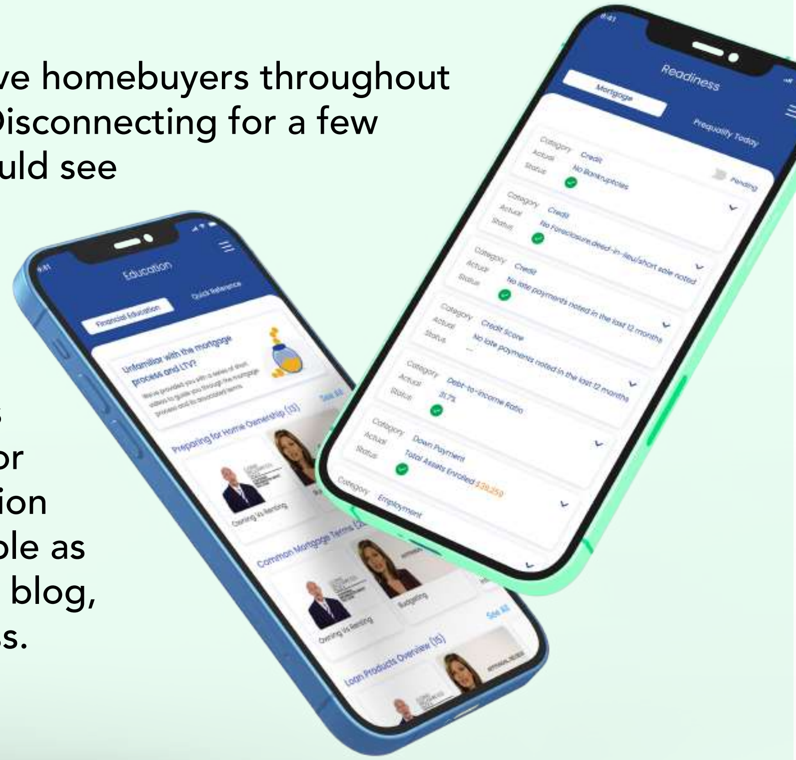
To effectively compete in a purchase-driven market, lenders need to employ strategies to successfully reach the homebuyer in the earliest phases of the decision cycle. Once a potential homebuyer has checked their credit report, you'll be competing for that consumer with every other lender who monitors credit and other mortgage inquiry triggers. Lenders can employ TransUnion's advanced analytics to determine which of those mortgage prospects are expected to be shopping for a mortgage in the near future.

Connecting with homebuyers early often requires a longer nurturing strategy that responds to the personal needs of each homebuyer. Identify any barriers that could prevent each borrower from qualifying for a mortgage and provide resources to help them to overcome these real or perceived barriers.

Common barriers facing first-time homebuyers to achieve mortgage readiness are:

- Debt-to-income ratio
- Low credit score
- Saving for a downpayment
- The misperception that a 20% downpayment is required
- Student debt delays the ability to save for a downpayment

It’s essential to stay engaged with prospective homebuyers throughout every step of the homeownership process. Disconnecting for a few months while they find the right property could see them referred to their real estate agent’s preferred mortgage originator.



Procedures in the mortgage and home buying processes have changed over the past few years, so even current homeowners will need to be updated on a new appraisal or eClosing process. Providing helpful information each time you check-in, which can be as simple as a link to a relevant article on your company’s blog, will demonstrate you care about their success.

A Million Dreams – Pink

3. 300 Billion Reasons to Target LMI Consumers

Low-to-moderate income (LMI) consumers (approximately 120 million consumers) have traditionally been overlooked in the mortgage market and trail non-LMI consumers in terms of homeownership. Yet, as many as 75% of these consumers are credit eligible for a mortgage:

+680	620-679	580-619
50M LMI consumers have credit scores above 680	25M have credit scores in the 620 to 679 range	16M have credit scores in the 580 to 619 range

A further 23M consumers with credit scores in the 500 to 579 range could qualify for an FHA loan with a 10% down payment or nurtured to build their credit. A recent TransUnion study suggests closing this gap could yield mortgage lenders as much as ~$300 billion in refinance and purchase originations.

TransUnion takes the guesswork out LMI mortgage leads with a low-to-moderate income (LMI) prescreen solution that enables lenders to accurately identify credit-eligible consumers likely to be eligible for LMI loan programs.

4. Nurturing Leads Towards Homeownership

Homebuyers may approach you at different stages in the mortgage process and various financial stages in their life. While you may have cast a wide net to draw first-time homebuyer leads, nurturing each lead requires identifying each consumer's goals and financial circumstances that provide an opportunity to deliver valuable content personalized to their needs:

Consumers can be bucketed into multiple categories, including:

- **When they want to buy a home –** 3 months, 6 months, 12 months, over 12 months
- **Credit scores –** those who qualify for a mortgage, those who could increase their score to be eligible for a lower interest rate, those who must raise their credit score to qualify for a mortgage
- **Do they need to save for their down payment?**
- **Do they need to pay down debt or pay off credit cards?**
- **Do they have student loans?**

Mortgage lenders can private-label the FinLocker app to nurture their borrowers with credit and money management tools and educational resources to get mortgage-ready, regardless of where they are on their homeownership journey when they connect with a lender or originator.

I Will Always Love You Whitney Houston

5. Drive Revenue and Loyalty With Retention

Acquiring a new customer costs five times more than retaining an existing customer. Yet, the success rate of selling to a new customer is 5-20% compared to the 60-70% success rate of selling to an existing customer.[2] Despite the increased cost of customer acquisition efforts, many lenders and originators only think of borrowers in terms of a single transaction. Not surprising that the mortgage industry's customer retention rate has been hovering around 30% for several years.

While the typical consumer conducts a home purchase or refinance every five to seven years, lenders who offer complementary products, such as home insurance, home warranty and HELOCs, can generate adjacent revenue by identifying partners to cross-sell relevant products and personalized finance offers at the right time.

Lenders can capture more than mortgage transactions when customers are retained. Staying connected with value-added content will also help to generate referrals. Loyal customers are 5x as likely to repurchase, 4x as likely to refer, and 7x as likely to try a new offering.[3]

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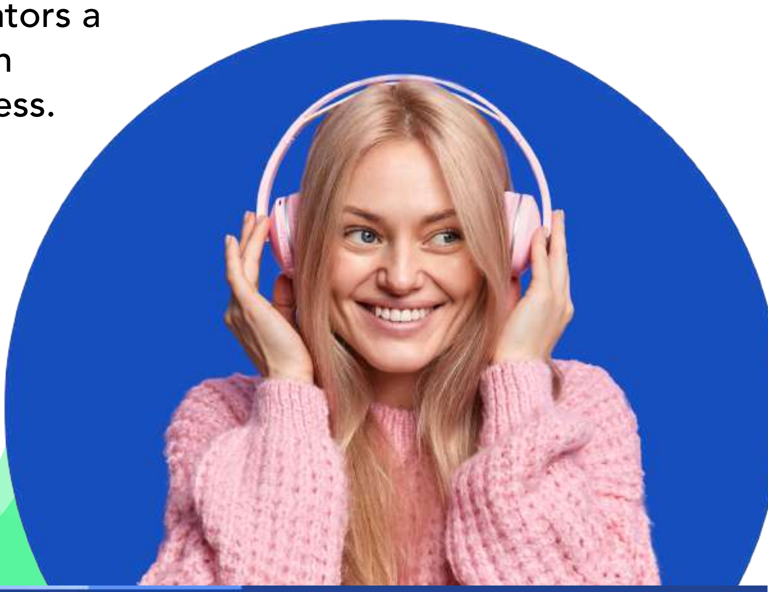
Orchestrate your purchase playbook with FinLocker

FinLocker offers mortgage lenders and originators a cutting-edge engagement tool to connect with consumers early in their decision-making process. The FinLocker app can be private-labeled by lenders to nurture consumers with an all-in-one feature set along a personalized journey towards homeownership.



FinLocker purposefully built tools to overcome the common barriers that often delay homeownership.

- Financial data and document sharing to streamline the mortgage application, reducing friction, data errors and loan processing timelines
- Credit score and credit report monitoring
- Budgeting and debt management
- Saving for their down payment and closing costs
- Product comparison that calculates mortgage payment based on a consumers income
- Mortgage, credit and homeownership education
- Verification of identity, credit, assets, employment and income

FinLocker has partnered with TransUnion to deliver mortgage lenders and originators with an end-to-end digital mortgage solution to identify and manage homebuyer prospects from lead to funded loan and beyond. The combined solution reduces the cost of customer acquisition and conversion.

TransUnion's credit and consumer data identifies potential customers to widen the top of the sales pipeline, while FinLocker's next-gen consumer financial relationship management app nurtures each homebuyer with a personalized homeownership journey towards conversion.

If these purchase market strategies are music to your ears, schedule a demo or 1:1 personal consultation to see how the FinLocker platform can drive your purchase business and consumer engagement to a new level.

Sources

[1] Cultural Outreach, 2021 NextGen Homebuyer Report

[2] Huify, Acquisition vs Retention: The Importance of Customer Lifetime Value

[3] Outbound Engine, Customer Retention Marketing vs. Customer Acquisition Marketing