

# How to Attract, Engage and Nurture First-time Homebuyers with Financial Education



**FINLOCKER**

The mortgage industry continues to face challenges as more Gen Z and Millennials enter the home buying market. Despite record high home prices, elevated mortgage rates and limited inventory making homeownership difficult to attain for first-time buyers, 53.85% of mortgage offers went to millennials across the nation's 50 largest metros in 2023<sup>1</sup>.

These tech-savvy generations carry significant student loan debt burdens, limited credit histories, and lack financial education - presenting new challenges that mortgage lenders and loan officers must overcome. Financial education has become critical for loan officers to attract, educate and nurture these future homebuyers through their homeownership journey.

Mortgage professionals who attract and engage with future homebuyers before they consciously begin their homeownership journey have a competitive advantage. The problem facing many mortgage originators is helping financially challenged consumers prepare earlier for homeownership while finding ways to keep discouraged homebuyers motivated.

In this guide, we explore the types of financial education future homebuyers seek and specific engagement strategies and tools that can help mortgage professionals build a robust customer database, enhance their reputation as trusted advisors and nurture their customer database for future business opportunities.

## **The Power of Financial Education to Build Relationships**

### **Building Trust and Establishing Expertise**

Many first-time homebuyers are apprehensive of the mortgage process, viewing it as complex and rife with unfamiliar jargon, yet 54% do not trust lenders to help them make smart decisions about their future<sup>2</sup>.

Most future homebuyers (75%) first turn to family and friends for advice on personal finance, buying a home, and navigating the mortgage process<sup>2</sup>. Yet, first generation homebuyers do not have access to this financial advice and support, so they are going online to find the information they seek.

Mortgage originators can position themselves as trusted financial advisors rather than loan officers seeking a single transaction by connecting with first-time homebuyers through financial education content that helps them build their credit and improve their financial health.

To learn more about the financial advice that Gen Z consumers seek, FinLocker partnered with students in the American Marketing Association chapter at the University of California to interview their Gen Z peers in 2023. Here are the results:

## **Personal Finance Topics Gen Z is Researching Online**

Understanding the broader personal finance topics that resonate with Gen Z and Millennials, such as investing, debt management, budgeting, and the home buying process, allows mortgage professionals to create social media content that aligns with their aspirations.

### **28% search How do I invest my money?**

To attract people whose priority is investing, create content that explains how buying a home is an investment that builds equity and net worth.

### **20% search How do I pay off my loans and debts?**

- Explain the importance of saving a portion of each paycheck so they can make their student loan, credit card, and car payments on time.
- Stress how making on-time payments will also help reduce their debt-to-income ratio.
- Introduce them to services, such as LoanSense, to see if they qualify for student loan forgiveness or an income-based repayment plan.

### **18% search How can I save money?**

Provide tools to help Gen Z establish saving a portion of their paycheck. Establishing saving habits early in their financial life will make it easier to save higher amounts later, such as down payment and closing costs.

### **16% search How to buy a home?**

Buying a home is a long-term goal (5 - 10 years out) for many Gen Z. Attract and build trust with financial education content that provides tips on building and monitoring their credit, the factors that impact a credit score, and broadly explaining the mortgage and homebuying process to engage with older Gen Z and Millennials who are early journey first-time homebuyers.

### **15% search How do I create a budget?**

Gen Z are carrying car loans and student loans so help them learn how to budget to make on-time payments and save a portion of their income to build an emergency fund and achieve their financial goals. Encourage them to use a financial fitness app with a budgeting tool.

## Gen Z Needs Help Starting Their Homeownership Journey

Homebuyer education content should empower first-time homebuyers to recognize when they are ready to embark on their homeownership journey, whether through sufficient savings, improved credit scores, or major life events.

Here are the top three ways Gen Z will determine when they are ready to buy a home:

### **I'll buy a home when I have sufficient savings**

Help them to determine the amount to save for their down payment, closing costs, and reserves, with practical savings tips that can be incorporated into their lifestyle. Highlight down payment assistance and first-time homebuyer programs in your city and state so they can focus on paying down debt and saving for their closing costs.

### **I'll buy a home when I have a high credit score**

Many first-time homebuyers are unaware of the minimum credit score needed to qualify for a mortgage, so it's important to explain the credit requirements for commonly used loan products, such as Conventional, FHA, VA and USDA. To help homebuyers reach their credit goal, explain the five factors that make up their credit score and provide tips and tools to build their credit history. Homebuyers who are concurrently saving for their downpayment can benefit from learning how having a higher credit score can help them be eligible for lower interest rates.

### **I'll buy a home when I have a family**

To attract future homebuyers who think they would only buy a home when they have a family, create content explaining how it can be easier to afford a smaller home while single or a couple without the financial burden of raising a family.



**49%**

of NextGen say they are not confident  
in their knowledge of homebuying

2024 NextGen Homebuyer Report

## Address the Financial Barriers to Homebuying

Gen Z identified five financial barriers that are preventing them from beginning their homeownership journey. The barriers are similar to the top reasons mortgage applications are denied. Creating content that addresses consumers barriers at the top of the funnel will also help consumers further along their homebuying journey.

### Financial Barriers to Begin Homeownership Journey

- 35% Paying down debt
- 20% Lack of financial education
- 20% Uncertain how to start the process
- 15% Unable to save enough money
- 9% No barriers
- 1% Insufficient income

### Top 5 Reasons Mortgage Applications Were Denied

- 30% Debt-to-income ratio
- 25% Low credit score
- 14% Income unable to be verified
- 9% Insufficient downpayment
- 8% Insufficient money in reserves

2023 NAR Home Buyers and Sellers Generational Trends

## Correct Misperceptions of the Mortgage Process

Attract and engage with homebuyers further along their homeownership journey with content that addresses commonly held misperceptions of the mortgage process. This content will also help them overcome fears that they won't qualify, and before they self-select out of the process.

- You must have a 20% down payment
- Down payment is your only upfront cost
- High credit score needed to qualify for a mortgage
- Pre-qualification is the same as pre-approval
- Applicant needs to be a W-2 employee and work a traditional job to qualify for a mortgage
- Student loans or car loan will prevent me from qualifying for a mortgage



**77%**

of NextGen homebuyers said they believed you need 20% down or weren't sure

NextGen Homebuyer Report

# Where to Connect with First-time Homebuyers

## A Social Media Strategy is Essential

Loan officers looking to build trust can connect with prospective homebuyers where they spend several hours each day - on social media.

Gen Z and Millennials, after consulting with family and friends, turn to videos and social media for homebuying information. They utilize platforms like TikTok and Instagram as search engines, bypassing traditional sources like Google. This approach allows them to gather various perspectives, helping them identify trusted 'finfluencers' and areas for further research.

For Millennials, Reddit stands out as a trusted space (35.74% vs 25.78% for Gen Z) where they can anonymously seek advice from their peers on a wide range of topics. This presents a unique opportunity for loan officers to engage with this demographic in a safe and familiar environment.

YouTube is the platform of choice for those seeking in-depth education on homebuying. Research from FinLocker reveals that individuals in the advanced stages of their homebuying journey are willing to invest 30 to 45 minutes in a single video on the homebuying and mortgage process. This underscores the potential for loan officers to provide valuable, comprehensive content on this platform.

## Get started on TikTok and Instagram

Several FinLocker clients have developed personal brands to attract and engage with consumers on these platforms.

After following them, the platforms' algorithm will start to populate other relevant finfluencers to inspire your content:

@chaddjohnsonkc

@yourmortgageguide\_

@james.and.travis

@got\_mortgages

@whatsamortgage

@anutterhomeloan

@themortgagekitchen

@mortgagedadof3

@samsharp\_guaranteedrate @alicekcgirl on IG @manifestmortgage on TikTok



**Social media platforms  
Millennials & Gen Z use to  
gather information about  
buying a home:**

**YouTube 63.19%**

**Facebook 44.38%**

**Reddit 32.83%**

**Instagram 36.92%**

**TikTok 33.39%**

2024 NextGen Homebuyer Report

## Get started on Reddit

r/personalfinance 19M members

r/RealEstate 1M members

r/FirstTimeHomeBuyer 339k members

r/Home 199k members

## Get started on Facebook

[First Time Home Buyers](#) private group 69.k members

[First Time Home Buying Club](#) public group 10.3k members

[Q&A for First Time Home Buyers](#) public group 10.2k members

Additionally, numerous state-specific homebuyer groups can be found by searching "first time homebuyer [your state]."

## Host Homebuyer Workshops

When co-hosted with real estate agents, online webinars and in-person workshops offer a powerful means of educating and nurturing high-intent prospective homebuyers. This collaborative approach not only strengthens your referral network but also enhances the value of the content for the attendees.

Mortgage originators should partner with local real estate agents to discuss topics such as searching for a home, making an offer, and other related topics. This will enable you to split presentation duties and double marketing efforts.

Originators focusing on a specific city or town can leverage their local knowledge as a unique selling point. By promoting this expertise and hosting in-person workshops in their community, they can establish themselves as trusted advisors and attract homebuyers who value local insights.

To attract homebuyers moving to your region who will need an originator with local knowledge and referrals to local real estate agents, record the first-time homebuyer workshop and publish it on your YouTube channel. Title the workshop with your city, such as "St Louis First-time Homebuyer Workshop," so homebuyers can easily find it on YouTube or online.

FinLocker offers a comprehensive suite of tools to complement homebuyer education programs. By providing attendees with a platform they can use after the workshop, you're not just keeping them connected to your business but also offering a personalized path to homeownership. This approach demonstrates your understanding of their unique needs and fosters trust.

Here's how FinLocker can complement first-time homebuyer workshops:

Topic	FinLocker
Factors that impact your credit score	Consumers can receive their credit scores and credit reports and use the credit simulator to test the impact of various scenarios on their credit scores.
Basics of budgeting to pay down debt and save for a downpayment	Consumers can enroll their financial accounts for money management and create goals to pay down debt and save for their down payment. The spending tool categorizes their banking and credit card transactions, which they can use to create a personal budget.
Mortgage eligibility guidelines	Prospective homebuyers can monitor their progress toward mortgage readiness using the Homeownership Snapshot and receive an action plan to overcome any financial challenges.
Loan options and mortgage payment. Originators specializing in VA loans or down payment assistance programs should highlight this in their marketing to attract home buyers with specific needs.	Consumers can compare conventional, FHA and VA loans in the home affordability calculator and receive a home buying budget and mortgage payment that suits their income.
Documents required for a mortgage application	Short videos on common mortgage terms. Consumers can upload their documents in preparation for pre-qualification and their mortgage application.
Mortgage pre-qualification; the difference between pre-qualification and pre-approval; and why it's important to get pre-qualified before starting a home search	Consumers can share their financial data and documents with their originator directly from their FinLocker app to pre-qualify for a mortgage before starting their home search.
Searching for a home to buy, determining location, and setting realistic expectations of wants versus needs in a first home.	Property search widget of MLS listings offered nationwide; ability to save searches
Mortgage application process	Consumers can share their financial data and documents with their loan officer directly from their app, streamlining the application process for the homebuyer, originator, and operations team.
Realtor connection	Co-brand the app with each realtor you're co-hosting the workshop. They can distribute your app to their customers, keeping both of you top-of-mind and building your database.
Lender connection	Customers can contact you at any time through their app and share the results of their Homeownership Snapshot to show they are ready to get pre-qualified.



### **In-person and online educational workshops can be promoted in similar ways:**

- To attract attendees and viewers, create social media posts with hashtags like #FirstTimeHomebuyerWorkshop, #HomebuyingProcess, #MortgageProcess, and #FirstTimeHomebuyerEducation.
- Email invitations to prospects already in your pipeline.
- Email invitations to clients you are servicing or have closed. They might be considering buying another home this year or know someone who is.
- If you are not partnering with a real estate agent for the presentation, ask all the agents you work with to promote the workshop to their homebuyers.

### **The Power of Video to Attract and Educate**

One of the most effective ways to connect with first-time homebuyers and consumers who want to improve their financial health is through video. Video is currently the best medium for engaging, educating, establishing trust, and encouraging consumers to act.

A long blog might turn off a consumer researching how to improve their credit score. But a 60-second video with “5 Tips to a Better Credit Score” that focuses on the factors that impact it will be much more engaging and compliant.

With the right content strategy, video can engage consumers at all stages of their homeownership journey—from renting Gen Zer’s looking to improve their credit health to first-time homebuyers struggling to save for a down payment to homeowners considering refinancing to fund a home renovation.

Millennial homebuyers prefer longer educational or “how-to” videos, while Gen Z initially watches videos to obtain various opinions from different people until they find influencers they can trust. Start with the questions first-time homebuyers ask you to create short videos.

For longer video content, record your presentation by talking directly into your computer or phone rather than recording the live workshop or webinar.

- **Edit the content to create long and short videos.** The long video can be the entire workshop. Edit each topic into a short video that can be placed on YouTube, Instagram and TikTok. Videos up to 15 minutes long can be recorded outside of Instagram and uploaded as a Reel. TikTok allows videos up to 10 minutes in length to be uploaded, but 3 minutes is the ideal maximum length.



**73%**

of NextGen turn to videos for personal finance information

**49%**

of NextGen find videos most helpful in learning about the process of buying a home

2024 NextGen Homebuyer Report

- **Follow other influencers for inspiration.** Search “homebuyer education,” “homebuyer course,” “first time homebuyer class,” and “mortgage process” on YouTube to see how other presenters have formatted their videos.
- **Add keywords to titles and hashtags** to increase the likelihood of your video being found via search. Look at similar videos with the most views for ideas. Titles with high views include “What To Expect When Buying Your First Home,” “How To Buy A House,” “Understanding The Mortgage Process,” “How To Get Approved For A Mortgage Loan,” “FHA home loans,” and “VA home loans.”

## Is a Website still relevant?

Yes! Once consumers are further along their homeownership journey and require more specific information, they start using a traditional search engine. At this stage, they will search for customer testimonials, visit your website, read blogs, and learn more about you and your company.

[Google Trends](#) is a free tool to identify phrases and topics people enter into Google. These insights can be used to inform blog topics. Be sure to include the keywords and phrases in your blog title and content so your blogs will appear in the search results. One of the most consistently searched terms is “[mortgage calculator](#),” so ensure the page is optimized on your website.

To learn how to optimize your website and blogs with keywords that homebuyers would enter into a search engine query, HubSpot has a [beginner’s guide to keyword research for SEO](#), and Semrush has a [Keyword Magic Tool](#) and tips to [optimize your blog for search engines](#).

If you’re not a writer or pressed for time to write blogs (and who isn’t?) use [ChatGPT](#) or [Claude](#) to get started. You’ll need to enter a prompt that provides the topic, audience, and tone, but both will need editing to ensure the content is factual and compliant.

Use Google Analytics to see the total number of visitors to your website, how visitors are referred to your website, and the pages that generate higher views. Use these insights to improve those pages and boost the content of important pages that are visited less. Learn more about setting up and using [Google Analytics](#).

In this challenging market, mortgage lenders and loan officers must adapt their strategies to attract Gen Z and Millennials effectively. By understanding their unique challenges and embracing the power of comprehensive financial education, mortgage professionals can build a customer database of informed and motivated homebuyers. Leveraging social media, webinars, and FinLocker, mortgage professionals can create lasting relationships with their target audience, positioning themselves as trusted advisors and building a long-term pipeline.

<sup>1</sup> [LendingTree](#)

<sup>2</sup> [2024 NextGen Homebuyer Report](#)

# Nurture Homebuyers with Tools and a Guided Path to Achieve and Sustain Homeownership

FinLocker is more than a homebuyer readiness tool. When used as a call-to-action for financial education and homebuying content, it can also generate future homebuyer leads. Mortgage lenders can private-label their FinLocker app with their company's brand and logo, further strengthening their competitive advantage.

Once a consumer has created an account, prospective homebuyers are guided with personalized journeys based on their homeownership objective, goals, and enrolled financial data through every stage of the homeownership process.

Consumers have a safe and secure place to confidently learn to make informed financial decisions, build and monitor their credit health, and prepare to buy a home, reassured that their loan officer is only one click or call away to provide additional assistance.

To give your team of mortgage originators a competitive advantage that will help build their database in this competitive market, [click here to watch our online demo or schedule a 1:1 personal consultation.](#)

