

The Argument For Playing The Long Game



FINLOCKER®

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For decades in mortgage lending, the focus has often centered on immediate results and quick turnarounds. However, an overlooked but highly valuable market segment is the "early journey" first-time homebuyer. These prospective buyers are 6 to 36 months away from being ready to purchase their first home.

Loan officers can make a significant impact by engaging with these individuals at the "Point of Thought"—when they first start to think about becoming homeowners—rather than the "Point of Sale," where most loan officers connect after a real estate agent refers a homebuyer. By starting the engagement early, loan officers can guide and educate buyers, building a foundation of trust and positioning themselves as invaluable resources throughout the homebuying journey. This paper aims to provide a comprehensive framework for loan officers to effectively work with early journey homebuyers.

UNDERSTANDING THE EARLY JOURNEY HOMEBUYER

Early journey homebuyers are those who are planning to buy their first home within the next 6 to 36 months. They are in the initial stages of their homebuying journey, gathering information, improving their financial standing, and preparing for homeownership.

Characteristics and Needs:

- Early journey homebuyers often need extensive financial education and mortgage guidance.
- They may require support in improving their credit scores and saving for a down payment.
- They will likely be researching the mortgage process and exploring different financing options. As confusion surrounds buyer and seller agent fees, there is an opportunity to connect by providing advice on this topic, too.

Demographic Insight:

Generation Z and young Millennials make up the majority of first-time homebuyers. Understanding their preferences, behaviors, and communication styles is not just important, it's crucial for effective engagement. Loan Officers need to adapt their strategies to resonate with these tech-savvy, digitally native homebuyers.

FirstHomeIQ specializes in understanding NextGen homebuyers. The organization's research has determined that 72.79% of these homebuyers prefer video content to learn about buying a home.¹



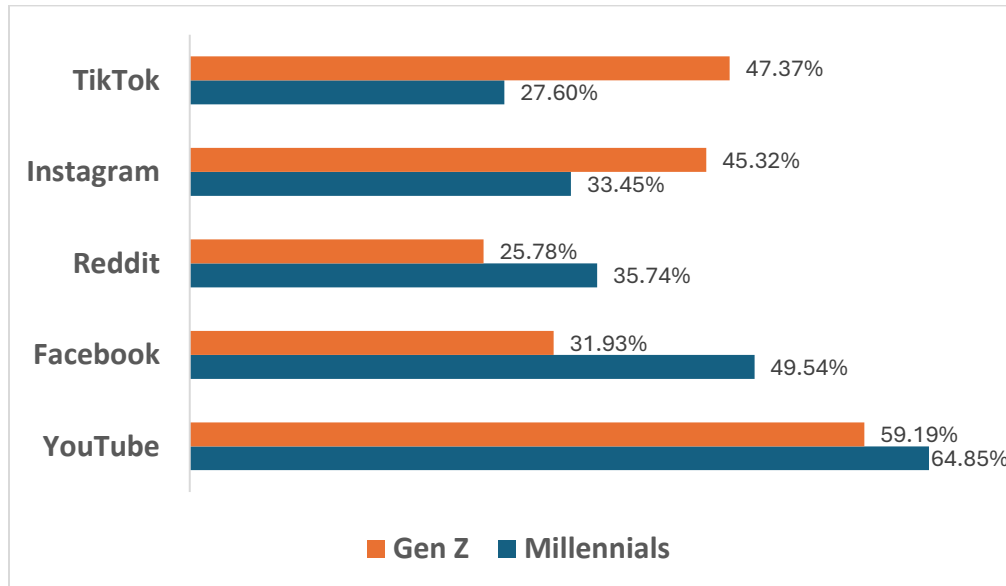
54% of Gen Xers
(aged 18 to 24)

75% of Younger Millennials
(aged 25 to 33)

**were first-time homebuyers
in 2023**

2024 Home Buyers and Sellers Generational Trends,
National Association of REALTORS

Top 5 Social Media Platforms Gen Z and Millennials use to search for homebuying information



Communication Preferences of First-time Homebuyers

Gen Z first turns to TikTok, and Millennials use Instagram for fast and convenient information on various financial topics. While YouTube is preferred for longer videos that go further in-depth on financial topics. 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. These social media platforms are now their search engines, rather than Google.

The preference for video doesn't mean that you should stop writing blogs. Once NextGen homebuyers get further along their homebuying journey, 45% find online articles helpful in learning about homebuying.

Both generations want authentic marketing. Gen Z is more likely to be influenced by relatable and authentic influencers, while Millennials are more likely to be influenced by influencers who are experts in their field.

Millennials and Gen Z are tech-savvy and prefer to conduct extensive research online before engaging with a loan officer. They want the convenience of a digital mortgage application, yet they value personalized service throughout the mortgage process, with the ability to meet with a loan officer in person or virtually.³

Texting allows young homebuyers to express interest, schedule appointments, and ask questions for a quick response. If you need to email detailed information, also send a text directing them to check their email.

WHY THE LOCAL LOAN ORIGINATOR IS THE BEST SOURCE OF FINANCIAL EDUCATION FOR EARLY JOURNEY FIRST TIME HOME

Local loan originators play a pivotal role in their communities. Their personalized, hands-on approach makes them the best source of financial education for early journey homebuyers. Here's why:

Community Connection

Local originators often have deep ties to their community, giving them a unique understanding of the local housing market. This understanding allows them to provide informed advice, helping potential homebuyers feel confident in their decisions.

Personalized Expertise

They can offer tailored advice that national lenders or online platforms might miss, addressing the specific needs and circumstances of their clients, as well as regional and state down payment assistance programs.

Building Trust

Consistent, personalized interactions help build trust and long-term relationships, making clients more likely to choose them when they are ready to buy. Almost half of Millennial and Gen Z homebuyers used a local lender and a third plan to use a local lender for a future mortgage.³

LEAD ACQUISITION STRATEGIES

Effective lead acquisition is crucial for building your sales pipeline. Consider these strategies:

Social Media Engagement

Use social media platforms to share content focused on financial education and homeownership preparation. Start by creating content with the questions customers frequently ask, as their questions are likely the same as those of other prospective homebuyers. Begin to build a community of potential buyers by sharing informative posts at least 3 to 5 days a week.

Connect on TikTok and Instagram

Several FinLocker clients have developed personal brands to attract and engage with early journey homebuyers on these platforms. After following them, the platforms' algorithm will start to populate other relevant influencers to inspire your content:

@chaddjohnsonkc

@yourmortgageguide

@anutterhomeloan

@got_mortgages

@whatsamortgage

@themortgagekitchen

@alicekcgirl on IG

@mortgagetrainer on TikTok

@samsharp_guaranteedrate

Connect on Reddit

Reddit is viewed as a trusted space where people 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.

r/PersonalFinance 19.5M members

r/RealEstate 1.5M members

r/FirstTimeHomeBuyer 407k members

r/Homeowners 1.6M members

r/Mortgages 30k members

r/Homebuying 6.6k members

Connect on Facebook

[First Time Home Buyers](#) private group 69.2k members

[First Time Home Buying Club](#) public group 12.4k members

[Q&A for First Time Home Buyers](#) public group 19.3k members

Numerous state homebuyer groups can be found by searching "first time homebuyer [your state]."

Partner with Real Estate Agents

Collaborate with local real estate agents to conduct home buying webinars and workshops to inform high-intent early journey homebuyers of the home buying and mortgage process.

FinLocker offers a comprehensive suite of tools to complement homebuyer education programs. Offer each registrant a company white-labeled FinLocker app a week before the class, which can be co-branded with the co-presenting real estate agent. The various tools are used to support the curriculum.

For example, instead of simply talking about the importance of knowing your credit score and monitoring your credit report, have each person actually receive their credit score and report in class. After working through various exercises, at the end of class, each person can receive their current status toward mortgage readiness in the Homeownership Snapshot. They'll also receive a personalized action plan to overcome any financial challenges which they can use to continue making progress on their homeownership journey after the class.

Record the homebuyer workshop and publish it on your YouTube channel to attract homebuyers who need an originator with local knowledge. This can also help you obtain referrals for local real estate agents. To make it easier for homebuyers to find the workshop, title it with your city, such as "St Louis First-time Homebuyer Workshop."

Volunteer to Teach Financial Literacy Programs

Offer to teach financial literacy and homeownership readiness at local churches, YMCA and gyms. These settings provide an excellent opportunity to engage personally with prospective buyers.

[FirstHomeIQ](#) provides members with courses to teach in your community, such as Money Basics, Credit and Debt Management, Affordable Renting & Buying Your First Home, and The Path to Homeownership.

[United Way](#) provides links to several youth and adult financial literacy resources.

[Coursera](#) provides a comprehensive course to teach Financial Planning for Young Adults.

[Khan Academy](#) provides a 10-unit Personal Finance course, so you can select modules to teach.

Market to Renters

Rent price data collected and analyzed by private companies has shown cooling rent growth since last spring. However, that doesn't reflect present market conditions. Renters are feeling the pinch as 50% of renters are considered rent burdened, spending more than 30% of their income on rent.⁴

- Target current renters with social posts highlighting the lifestyle and financial benefits of homeownership.
- Use data from your city to show a typical rent vs own analysis.
- Offer to conduct a personal analysis for people upon request.
- Offer each person a FinLocker to help them work toward getting mortgage ready at their own pace.
- Partner with local insurance agencies that provide renters insurance. These renters are likely to be considering homeownership in the near future.



84% renters would prefer to own a home than rent

61% renters worry they will never be able to own a home

Barriers to Homeownership

51% don't have enough capital for a down payment

35% have poor credit

30% lack information / knowledge

The Harris Poll Thought Leadership Practice, Real Estate Survey - The Status of Real Estate in 2024²

PIPELINE ENGAGEMENT AND NURTURE TACTICS

Maintaining a pipeline of 25-50 early-journey homebuyers is a strategic move that ensures a steady flow of business in the future. To keep your pipeline active and engaged, implement these tactics:

Active Engagement

Regularly communicate with prospective buyers through social media, texts, emails, and newsletters. Consistency is vital to staying top of mind. Provide homebuying tips, market updates and relevant information to keep them informed and engaged.

Demonstrate your local knowledge by highlighting a local business and neighborhood in a monthly newsletter that would appeal to your readers. Ask the business if it would like to offer your readers an exclusive promotion for a month and partner with a local real estate agent to provide a neighborhood report. This not only informs them of the amenities in different neighborhoods but also positions you as a trusted advisor.

Value-Added Content

Offer valuable resources such as blogs, how-to guides, and checklists that help them navigate their journey. This not only helps buyers but also establishes your expertise.

Start by creating content with the questions customers frequently ask, as their questions are likely the same as those of other prospective homebuyers.

Reuse content across each marketing channel to reduce the need to constantly create. A social post and an email can summarize a newsletter article with a link to the full article for more information. This tactic can also generate new leads.

Personalization

Tailor your communication to address the specific needs and concerns of each prospective buyer. Personalized messages show that you value their unique situation, making them feel understood and building stronger connections. For a personal touch, send a quick video rather than an email or phone call to answer a question.

TOOLS AND RESOURCES TO CONNECT WITH HOMEBUYERS

Leveraging the right tools and resources can streamline your marketing:

Content Creation Tools: Employ tools for creating and distributing content, such as email marketing platforms and social media management tools. These can help you maintain a consistent and professional online presence. Here are some recommended tools for creating and editing videos:

Recording: BombBomb is popular with mortgage originators as it's easy to use and is integrated with several CRMs to make sending videos easier. CRM integration is one of the primary things to consider when selecting tools.

Originators have a wide array of recording tools at their disposal. From Loom and Dubb to SocialCoach, Vimeo, Vidyard, and even the ubiquitous iPhone, there's a tool for every budget and skill level.

Riverside.FM is best used for remote recording of a podcast or homebuyer workshop with a real estate agent. FinLocker uses it to record the Fintech Fridays podcast. The AI editing tool makes creating multiple short promo videos from the full-length video easy.

Editing: Depending on your budget and skills, we recommend starting with CapCut, Descript, and iMovie, before splurging on Final Cut Pro.

YouTube is ideal for hosting short and long videos, as it makes sharing videos on various platforms easy while gaining further exposure on that channel.

CRM Systems are a crucial part of the mortgage industry toolkit. They not only track interactions but also manage leads and automate follow-ups. This automation ensures that no lead falls through the cracks, making them an indispensable asset for mortgage originators.

Numerous CRMs designed for the mortgage industry offer lead distribution, email and text workflows, pipeline management tools and pre-built marketing content. Prices vary widely based on the number of users, features, and sophistication of the system. Start your search for a mortgage CRM on [Mortgage Advisor Tools](#).

FinLocker: Utilize FinLocker, a financial fitness tool, to nurture early-journey homebuyers as they improve their financial readiness. FinLocker provides homebuyers with a personalized path to homeownership, offers guidance to overcome their financial challenges, and provides tools to build and monitor their credit score and budget, save, and pay down debt.

FinLocker is more than a homebuyer readiness tool. When used as a call-to-action for financial education and homebuying content, it can also be used to attract and nurture early journey homebuyer leads. Mortgage lenders can private-label their FinLocker app with their company's brand and logo, providing a competitive advantage to their originators.

THE BUSINESS CASE

Investing time and resources attracting and nurturing early journey homebuyers can yield significant returns. Here's a look at the return on investment (ROI) centered on the use of FinLocker:

Assumptions

Average Loan Amount:	\$250,000
Average LO Commission %:	1.25%
# of Months in Readiness Pipeline:	18
% of Pipeline that converts each year	7.50%
# Active Prospects in Pipeline - Year 1:	50
Annual Pipeline Growth % YoY:	125%
Overall Conversion %:	65%

	Year 1	Year 2	Year 3	Year 4	Year 5	Total over 5 years
# FTHBs in Pipeline	50	63	78	98	122	
# Closings per Year	1.9	4.2	5.3	6.6	8.2	26.2
Total Loan Volume	\$468,750	\$1,054,688	\$1,318,359	\$1,647,949	\$2,059,937	\$6,549,683
Commissions	\$5,859	\$13,184	\$16,479	\$20,599	\$25,749	\$81,781

Increased Conversion Rates: Using FinLocker to improve the financial readiness of first-time homebuyers will increase their likelihood of them qualifying for a mortgage when they are ready.

Cost Efficiency: Acquiring new clients through traditional marketing can be expensive. However, building a pipeline of early journey buyers is a strategic move that reduces the need for costly lead acquisition campaigns and ensures a steady flow of business.

Customer Loyalty: Providing ongoing support and resources builds loyalty. Satisfied clients are likelier to refer friends and family, leading to more business.

Enhanced Reputation: Being known as a knowledgeable and helpful loan officer in your community will enhance your reputation and attract more clients.

In conclusion, engaging with early journey homebuyers is not just a long-term strategy; it's a smart business move. By building and nurturing a pipeline of prospective buyers, loan officers can ensure a steady stream of future business. The tools and strategies outlined in this paper provide a comprehensive framework for success. Start playing the long game today and watch your business grow.

Additional Resources

[Empowering First-Time Homebuyers Through Financial Education: The Role of Loan Officers and FinLocker](#)

[How to Attract, Engage and Nurture First-time Homebuyers with Financial Education](#)

Sources

¹ FirstHomeIQ, [2024 NextGen Homebuyer Report](#)

² The Harris Poll Thought Leadership Practice, [Real Estate Survey - The Status of Real Estate in 2024](#)

³ Maxwell [2022 Millennial & Gen Z Borrower Sentiment Report](#)

⁴ Wall Street Journal, [More Renters Than Ever Before Are Burdened by the Rent They Pay](#)