



Recession Proof Ways To Expand Your Mortgage Sales Database



FINLOCKER®

The mortgage industry fluctuates from year to year. In 2021, the refinance share of originations was 58%, according to the [Mortgage Bankers Association](#), and many loan officers were making a healthy income relying solely on this business. As 2022 progressed, refinances reduced from 45% of originations in Q1 to 17% in Q4. Currently, there's minimal refinance business, and many originators doing high levels of purchase business over the past few years are struggling. While home buyers grapple with the end of sub-3% mortgage rates for the foreseeable future, it's the ideal time to establish a sales funnel and invest time in broadening your marketing to expand your customer database so you'll be well-positioned when the market returns.

Establish Your Sales Funnel

A sales funnel looks at the whole customer journey, from the time a consumer determines they have a need and begins to discover a solution through evaluating products and business and finally making a purchase, or in the mortgage industry, submitting a loan application, closing a loan and purchasing (or refinancing) a home.

Top of the Funnel (TOFU) is the awareness and discovery phases, where the lead is first brought into your orbit through marketing.

Traditional examples of marketing to generate leads:

- Educational social media posts
- Videos on YouTube, Instagram & TikTok
- Blogs
- Homebuyer guides
- Google paid ads
- Homebuyer workshops

A lead referred to your business from a personal referral will likely go through the discovery phase by independently reviewing your website and social media before connecting with you to become a lead in your sales funnel.

Expanding the top of your sales funnel will help you be less reliant on one marketing channel to obtain leads.



Middle of the Funnel (MOFU) is the intent and evaluation phases, where consumer leads set their intention to become a homeowner and evaluates a path to homeownership. According to the results of Fannie Mae's National Housing Survey® for the past eight years, over 30% of homebuyers don't shop around for mortgage quotes. If you've been nurturing prospective homebuyers and providing valuable tools and content to help them progress to the intent phase, they will be less likely to compare your business to your competitors. When they enter the evaluation phase, a homebuyer will also consider rates and loan closing times.

Traditional examples of marketing to attract homebuyers who are in the intent and evaluation phases:

- Company website
- Loan officer web page / website
- Reviews
- Testimonials
- Loan product content
- Meet with a loan officer - in person, by phone, or online
- Emails & SMS on mortgage and homeownership process

Bottom of the Funnel (BOFU) is where purchase and loyalty occur. Within the context of the mortgage industry, during the 'purchase' phase, homebuyers will submit their loan application and close on their loan. Loyalty is when a business has the opportunity to create a customer-for-life relationship by providing additional value, continuing engagement, requesting testimonials and referrals, and obtaining repeat business.

Traditional examples of communications to nurture homebuyers through purchase and to become customers for life:

- Digital mortgage application
- Digital verification services
- Loan milestone emails & SMS
- Request testimonials and referrals
- Drip email & SMS campaign

To establish a sales funnel, you must first build the infrastructure to identify your prospects, then determine how you will engage and nurture them towards the bottom of the funnel. The remainder of this article will recommend options to expand the top of your sales funnel using multiple ways to grow your database that are less competitive to target but will reap equivalent loans.

Expand Your Sales Database

First-time homebuyers were the focus of outreach efforts for 85% of originators responding to the [2022 MGIC Loan Originators Survey Report](#), yet they only made 26% of home purchases, according to the [National Association of Realtors](#)[®]. When your marketing efforts are focused on a subset of consumers who have already begun their homeownership journey, you face intense competition from lenders and originators who have deeper pockets to advertise, buy trigger leads, and pay to promote their social posts. Here are nine alternative sub-sets of consumers to target with marketing.

Renters

Lifestyle changes and high rental costs as rents are quickly outpacing inflation in major cities continue to propel renters to become homeowners. First-time homebuyers have seen their purchasing power decrease over the past six months, so many renters will need longer to save for a down payment, pay down debt and improve their credit health.

Renters have to become emotionally and financially prepared to enter the homebuying process. They often begin their journey by forming a mental picture of their ideal home, conducting a preliminary search of neighborhoods, looking at the types of homes offering their preferred bedroom/bathroom configurations and features, and the current purchase prices. With an estimated budget determined, they research how they will finance their purchase, decide if their finances and cash flow can support a mortgage payment, and review their credit profile. Each of these actions can trigger competitors that a new prospective homebuyer is entering the market.

Target marketing efforts by explaining the benefits of buying over renting to connect with future homebuyers who have yet to take any actions, such as checking their credit report, to draw the attention of your competitors who are tracking credit triggers.



Top ways to expand your database with renters

- Renters will want to compare their current rent to a monthly mortgage payment to ensure they can sustain a home purchase. The term “mortgage calculator” has a high search volume, so promote those on your social posts with links to your website.
- Renters will have many questions about homebuying, qualifying for a mortgage, the mortgage process, and loan products. Present workshops in-person with a real estate agent in neighborhoods popular with renters to make it easier for them to attend. The same

content can be used for online workshops, which can be recorded and edited into segments for social media videos.

- Connect with renters creating educational videos that explain the benefits of homeownership, the mortgage process, and loan products to appeal to homebuyers who would benefit from a low downpayment loan, buy down loan, down payment assistance, or adjustable rate mortgage to enter the market.
- Create short how-to videos and social posts that answer the questions first-time homebuyers regularly ask you.
- Search Facebook for first-time homebuyer groups in your city and state. The questions asked in the groups will also provide content for your short-form videos and social media posts.

Turned Down Applicants

When a homebuyer has their application turned down for financial reasons, they are often left to improve their financial health without any resources or direction from the lender who turned them down. Unless they are provided with assistance to overcome the reason(s) their application was turned down, they will face challenges returning with a stronger application.

Top reasons mortgage applications are denied:

1. Low credit score
2. Poor credit history
3. High debt-to-income ratio
4. Low appraisal
5. Insufficient savings for down payment



Top ways to expand your database with turned down applicants

Your company's database is the first place to look for turned-down applicants. If your company doesn't have a process to stay engaged and nurture turned-down applicants to overcome the reasons for their denial, future loans are waiting idle. Start by requesting a list of turned-down customers whose credit scores were above 550. At the end of this article, we'll show you a simple way to help these prospective homebuyers overcome the reasons for their denial and get them back on the path toward homeownership.

To attract turned-down applicants outside your company, you can use similar content created for first-time homebuyers, as they are likely to need similar guidance.

Homeowners

There are five types of homeowners you want to target with your marketing and outreach efforts:

1. Growing families

Whether a family grows by adding new children, blending families, or becoming multi-generational, a larger home with more bedrooms and bathrooms will better accommodate a growing family than a starter home. Homeowners have accumulated considerable equity over the past few years, enabling parents who have outgrown their starter homes to afford a larger home.

Top ways to expand your database with growing families

- Sponsoring community events, block parties, children's sports teams, etc., will increase brand awareness and networking opportunities.
- Share relevant listings of your real estate agents and builder partners to your social media and promote the loan products you offer to help them understand how they can finance the larger home. Your real estate agents will be thrilled when you can refer qualified buyers to their properties.
- Nextdoor is a social media app that covers 90% of neighborhoods in the U.S. and is used by 1 in 3 households. App users are focused on connecting with residents in their surrounding neighborhoods and often ask homebuying questions and request referrals to real estate agents and loan officers. The app allows the creation of a business account and profile with recommendations. Responding to comments as a professional individual rather than advertising your services will be more effective as it will show you're hyper-local to prospective homebuyers.



2. Equity rich homeowners

As home prices appreciated over the past few years, more homeowners have become "equity rich," which means that they have at least 50% equity in their property or that the amount they owe on their home is no more than half of the property's market value. In Q3 2022, 48.5% of mortgaged residential properties in the U.S. were considered equity-rich, according to ATTOM, a real estate data company.

Top ways to expand your database with equity rich homeowners

Among 1,627 counties that had at least 2,500 homes with mortgages in Q3 2022, 47 of the top 50 equity-rich locations were in the Northeast, South, and West. For a list of the counties to target your marketing, refer to the ATTOM [report](#).

- Promote home equity loans and HELOCs to appeal to equity-rich homeowners with a low rate on their existing mortgage and who would prefer to remodel than buy a new home.
- Originators with banks and credit unions can also promote personal loans to homeowners who don't need to finance a high-cost renovation or consolidate high-interest debt and can repay the loan in a shorter period.



3. Homeowners who closed a loan after June 2022

The [Mortgage Bankers Association](#) has forecast that the 30-year fixed rate mortgage will be 5.2% by the end of 2023 and decrease to mid-4% in the second half of 2024. This reduction will allow loan officers to offer homeowners who closed at a higher rate the ability to refinance.

Top ways to expand your database with homeowners who have a high interest rate loan

It's essential to stay in contact with past clients with a high-interest rate. Check in every six months to let them know that you are looking out for them, and when rates drop sufficiently, you'll be in touch to discuss their options.

In preparation for rates to drop, start creating concepts for social posts and the scripts for videos to target homeowners who closed loans with originators who are not looking out for their past clients. When rates drop to a level that will benefit these homeowners, you'll be ready to publish your marketing.



4. Divorcing homeowners

Buying and selling a home simultaneously is challenging for borrowers in the best of circumstances. When homeowners are court-ordered or forced to sell or refinance the family home as the result of a divorce, they will likely need emotional support and encouragement to help them make practical and sensible decisions so they can move forward with their lives and establish financial independence.

Top ways to expand your database with divorcing homeowners

You'll likely be referred to divorcing homeowners once by promoting your services to divorce attorneys. However, you can also promote your business by creating marketing content that addresses the common mortgage options used to settle the marital home during a divorce:

- Refinance the current mortgage
- Assume the existing mortgage
- Sell the marital home
- Buy the spouse's share of the home equity
- Keep the home and the existing mortgage



5. Relocating homeowners

While there are mortgage lenders who specialize in providing relocation services to companies with employees relocating to other U.S. cities or internationally, they often have all of their originators based in one location. The advantage your business can provide is knowledge of the city where the relocating homeowners need to move and a network of real estate agents you can refer the homebuyer to for their services.

Top ways to expand your database with relocating homeowners

- Market your services to corporate relocation management firms and companies who move their employees to and around the United States.
- Offer to provide referrals to real estate agents with experience finding suitable homes for executives and relocating employees.
- Extending a "bridge loan" to their employee if their former home is not sold in time for the move.
- Companies such as Worldwide ERC offer Service Provider memberships that allow you to market your services to corporate members, networking, and professional certification. Real estate agents can also obtain a Military Relocation Professional (MRP) certification through the National Association of Realtors®.



Empty Nesters

The top reasons empty nesters purchase another home is to move closer to friends and family and to downsize to a smaller home. In 2022, younger boomers, aged 57 to 66 years, comprised 17% of homebuyers and 11% of the downsizers, according to the National Association of Realtors®. The top end of Gen Xers, aged 42 to 56, have started to see their children move out, contributing to that demographic's 22% of home sales and 15% of downsizers in 2022.

Top ways to expand your database with empty nesters

Social media is an affordable way to notify a broad group of people of your services. Just as there are first-time homebuyer groups on Facebook, there are also groups specifically for empty nesters. Some groups only allow personal profiles to join and do not allow self-promotion of your business. Still, you can respond to questions and state your professional affiliation to provide credibility to your responses. Also, search YouTube for ideas on topics to create real estate and mortgage-related videos for empty nesters.

Similar to relocating homeowners, empty nesters might want to move to another city or downsize. Add your city as a hashtag to social posts and include your city in video titles.

Marketing your services to neighborhood and homeowner associations will enable you to connect with growing families and empty nesters in your city.

Working empty nesters who still have a mortgage might be interested in paying off their mortgage before they retire. Create social posts that promote your mortgage payoff calculator to get empty nesters into your sales funnel. It's a long-term strategy, but you've made a connection who will one day downsize from their present home or could benefit from a reverse mortgage in retirement.



Retirees

The number of Americans aged 65 and older increased by 2 million in 2022, according to the [Federal Reserve Bank of Atlanta](#). An additional 1.6 million people decided to retire early since the pandemic in March 2020. While most retirees are at the stage of life to be making their last home purchase, they accounted for 16% of homebuyers in 2022, with 67% of homebuyers aged 67 to 75 and 61% aged 76 to 96 requiring financing to purchase the home, according to the National Association of Realtors®.

They are likely to be established in the community, so they can also provide referrals to other personas discussed earlier.

The median total household retirement savings across all workers is approximately \$93,000, according to the [Transamerica Center for Retirement Studies](#). In 2020, the average retiree in America annually spent \$49,780, but the average annual Social Security benefit for retired workers was \$18,528, leaving a shortfall of \$31,252.

As 57% of U.S. adults currently rely on Social Security as their primary source of income. Continuing to work part-time in retirement, living with family, or using a reverse mortgage are

primary ways retirees can make up the shortfall when they do not have enough retirement savings.

Top ways to expand your database with retirees

Retirees usually fall into one of two categories: retirees with sufficient retirement savings and those who primarily rely on Social Security income. Both types of retirees can each be a focus of marketing campaigns to gather leads for your database if your company offers a home equity conversion mortgage (HECM), commonly known as a reverse mortgage.

When financially stable retirees sell their homes, the primary reasons are to move closer to family, friends, or relatives, downsize their home, move to a location with lower property taxes, or buy a home that is easier to maintain.

In 2023, 32% of all U.S. seniors 65 and older live in California (5,486,041), Florida (4,205,428), Texas (3,462,527), or New York (3,146,306), according to the [U.S. Census Bureau](#). Maine (21%), Florida (21%), West Virginia (20%), and Vermont (20%) have the highest percentages of senior citizens.

- Host retirement planning workshops with a financial advisor, a real estate agent, and the reverse mortgage specialist at your company if you're not licensed for the product. The reverse mortgage specialist should also expand their network by educating real estate agents and financial advisors with an overview of HECMs so they can refer clients for financing.
- Social media is popular with seniors, so take the content from the workshop and create YouTube videos on "getting a mortgage when you're retired" and "buying a home in retirement."



Capturing leads and nurturing prospects through your sales funnel to become customers for life

Once your marketing strategy is determined and lead gen tactics developed, how will consumer leads be directed into your sales funnel and nurtured toward mortgage readiness? How will you stay meaningfully engaged with homeowners who could be a few years from needing another mortgage?

Prospective homebuyers will be at various stages of mortgage readiness when they enter your sales funnel. Renters, for example, may have yet to take the first step toward homeownership. If they respond to marketing highlighting the benefits of homeownership, they will need tools and education to reassure them they can afford a monthly mortgage payment and educate them on the requirements to achieve mortgage eligibility.

Fence-sitting renters will need to be educated on the benefits of homeownership but reassured they could do it at their own pace. They'll need a mortgage affordability calculator and tools to help them save to pay down debt and closing costs while coaching them on home buying and the mortgage process.

Credit-challenged renters will need resources to help them improve their credit health and tools to budget and save to pay down debt and pay bills on time (two factors that have a high impact on a consumer's credit score). You'll need to solve how to nurture these future homebuyers for up to 24 months.

And that's just a high-level outline of nurturing renters! How will you stay engaged with the other new types of leads while continuing to close loans?

FinLocker can be offered as a CTA (call to action) in your TOFU marketing, including social media posts and as an incentive to attend a homebuyer workshop. Giving every prospective homebuyer a FinLocker app, private-labeled with your company's brand will also provide loan officers with the engagement layer to nurture borrowers through the MOFU stage. Prospective homebuyers will be guided by personalized journeys triggered by their actions and their enrolled financial data through every step of the home buying process, helping them to get mortgage ready at their own pace.

The FinLocker product can also facilitate the BOFU stage by streamlining the mortgage application process and driving loyalty with additional tools for homeowners.

To give your loan officers a competitive advantage to expand their database and nurture homebuyers in the sales funnel, [click here to watch our online demo or schedule a 1:1 personal consultation.](#)

