

## **Idaho Housing and Finance Association – IdaMortgage.com lending system**

### **Entry Description: Communications – Creative Media**

The *IdaMortgage.com* lending system brought to you by Idaho Housing and Finance Association was launched in February 2006 with a three-year commitment to advertising. The comprehensive lending system incorporates innovative product branding, marketing, and customer service excellence through quality loan referrals via the Internet.

The goal of *IdaMortgage.com* is to ensure that qualified borrowers receive the benefits of an IHFA loan product rather than being directed into a high-risk loan product that could prove to be burdensome later on.

#### **The Problem**

A highly competitive lending market in 2006 spurred the production of a variety of mortgage products, some with very low qualifying payments. As a result, IHFA's participating lending institutions often selected non-IHFA products for borrowers who could otherwise qualify for IHFA loans, offering borrowers what is arguably a riskier loan product. In addition, IHFA's participating lenders were often motivated to skip over IHFA loan products. Because of this, IHFA discovered that its past marketing efforts produced questionable results in a competitive loan market. The association's "call-to-action" in these efforts directed potential customers to contact a participating lender. In the end, IHFA never knew whether the prospective customer met with a loan officer that was favorably disposed toward IHFA's loan products, or someone who would rather sell the customer into another product without regard to what was best for the customer.

#### **The Solution**

IHFA created the *IdaMortgage.com* lending system in order to ensure that qualified borrowers received the benefits of an IHFA loan product. In order for IHFA to achieve its goal, the association made a three-year commitment to advertise and brand its loan program and products. IHFA selected the brand name of *IdaMortgage*, an easy to remember and recognizable name. Also it was important that this brand name have all of the Internet domain addresses available, .com, .org, .biz, etc.

Next IHFA developed and created effective advertising strategies to track progress and measure success by results. The association created a new "call to action" in its advertising efforts. By analyzing IHFA's customer demographics it enabled the association to select advertising mediums where IHFA could effectively use its "call to action" and direct potential customers to contact IHFA directly through its *IdaMortgage.com* lending system via the Internet and direct customers to call its new toll free telephone number.

In 2006 IHFA launched its first spring advertising campaign with a three year commitment to implement its new "call to action" advertising efforts and featured both *IdaMortgage.com* and its toll-free phone number in targeted marketing campaigns. The success of the spring campaign drove the association to continue its advertising commitment for an annual spring and summer advertising program through fiscal year 2009. After each spring and summer campaign has completed, the association analyzed its marketing results through the comprehensive collection of data taken from customer applications through its Web site and then starts to prepare and plan for its next marketing campaign. Each campaign builds on the success of the previous campaign and marketing efforts are tailored only to the advertising methods that were linked to proven marketing results during the campaign. Billboards, radio ads, Web banner ads, newspaper ads, and a web link to ktvb.com's "Mortgage Connection" have proven to be the most effective advertising mediums statewide. The Mortgage Connection link is a unique partnership formed with KTVB Channel 7, Idaho's top news channel, allowing IHFA to be the only company to feature its loan products and the *IdaMortgage.com* lending system on their Web site.

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Finally IHFA created a customer contact and referral system, which is a vital component of the *IdaMortgage.com* lending system. IHFA now has the ability to deliver customer service excellence through obtaining quality internet loan referrals that are then sent electronically to participating loan officers active in IHFA's loan program. This helps to ensure that qualified borrowers receive the full benefits of an IHFA loan product and are not redirected into another loan product available on the market.

#### **How the online referral system works:**

After a potential customer visits *IdaMortgage.com* and answers a few short questions to check their eligibility, the system immediately notifies the customer as to whether they meet IHFA's borrower requirements for either the standard loan program or workforce housing loan program. IHFA has built a database of lending partners across the state that support IHFA's loan program and have a demonstrated record of making loans. The site automatically refers the customer to a list of four local participating lending partners from the database who are active in the IHFA program. The potential customer is then directed to select one loan officer's name from the list. The loan officer selected immediately receives the prospective borrower's contact information via e-mail and then contacts the customer to assist them in continuing the home loan application process for an IHFA home loan. A lending partner must complete three IHFA loans during the course of a year to be eligible to start receiving referrals.

Through this process, IHFA's underwriters are then able to track the initially-qualified borrower through an internal tracking system that enables them to send a series of e-mail communications to the selected lending partner. This process helps IHFA monitor the quality of the customer service received by the customer and to verify if the customer receives an IHFA loan. Prospective borrowers who call the *IdaMortgage* toll free number are entered into the *IdaMortgage.com* lending system over the phone via a customer service representative.

In addition, potential borrowers who check their eligibility and do not meet IHFA borrower requirements also receive a referral to a local lending partner who might be able to assist them with a market-rate loan. Referrals sent to a lending partner for market-rate loans are not tracked by IHFA after this point. These referrals do, however, help build lending partner loyalty.

All referrals generated through the *IdaMortgage.com* lending system are tracked for statistical purposes. These statistics are used to determine the effectiveness of IHFA's marketing efforts and future expenditures towards these efforts.

IHFA's *IdaMortgage.com* lending system continues to strengthen the association's relationships with its participating lending partners. IHFA's lending partners directly benefit from the *IdaMortgage.com* lending system because lenders who are active in IHFA's loan program are receiving continuous quality referrals that they might not have otherwise received. This is an incentive for those loan partners who are not active in IHFA's loan programs to become active so they, too, can directly benefit from future referrals. *IdaMortgage.com* is providing the association a new and innovative way to expand its home loan business through the Internet; and further its mission of providing affordable housing opportunities and connecting people with needed housing resources and information throughout the state.

#### **Costs:**

IHFA initially invested \$11,875 to implement the *IdaMortgage.com* domain Web address, the site's initial online application, and referral system. Additional funds are used each year to launch the marketing campaign and handle ongoing web maintenance.

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#### **IdaMortgage.com Statistic Results**

The results of IHFA's *IdaMortgage.com* lending system have been promising after approximately 28 months after the launch. IHFA has experienced 12 times the amount of Web traffic since *IdaMortgage.com* was implemented. As a comparison, if we look at the 28 month time period prior to the launch, Web site visits were at 6,335. For that the same time period after the launch, Web site visits increased to 75,405. Here is a break down of the online eligibility check application statistic results.

#### **Online Initial Applications Statistics**

- 18,211 customers either visited the *IdaMortgage.com* eligibility check Web page or called our local or toll-free phone number.
  - 16,769 customers visited the eligibility check at the *IdaMortgage.com* Web page.
  - 1,442 customers called the local or toll-free *IdaMortgage* phone number.
  - 4,524 or 25% of these customers submitted online eligibility check application and received a referral to a local IHFA participating lending partner who helped them continue the home loan application process.
  - 4319 or 95% of these customers were IHFA qualified and 93 customers did not initially qualify through the application process. It was determined that 1,901 or 81% of the customers who initially qualified for an IHFA loan either did not meet credit requirements, or weren't able to continue to move forward with their loan application process.
  - 1,349 or 31% of the IHFA qualified customers who submitted applications appeared to be viable IHFA loans.
  - 286 of the IHFA qualified customers have received an IHFA loan.
  - 38 of the IHFA qualified customers received a non-IHFA loan.
  - 176 of the IHFA qualified customers who submitted applications still appear to be viable IHFA loans.
  - 849 customers initially qualified but were not interested in continuing the loan application process to receive a referral to a loan officer.
  
- The estimated loan production dollar amount on the 176 viable IHFA qualified loans would be \$25 million.

#### **Recognition**

IHFA has received positive feedback from its participating lenders regarding how the *IdaMortgage.com* lending system offers them direct contact to customers who meet IHFA loan requirements. In addition, borrowers tell us that they like the ease of checking their eligibility online and receiving a referral. Also the success of the *IdaMortgage.com* lending system has been recognized by other HFA's. IHFA has talked to several states about how they can replicate and implement this lending system in their state at no additional cost to them through the sharing of IHFA's Web source code with interested parties.

In addition, the quality of the *IdaMortgage* marketing campaign and Web implementation efforts were recognized by the Annual APEX international awards in both 2006 and 2007. IHFA has received two *Awards of Excellence* for *IdaMortgage.com* in the category of Marketing and Public Relations Campaigns/Programs and Plans.