

# The Loan Wizard

**Alaska Housing Finance Corporation**

Homeownership: Empowering New Buyers

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## **PROGRAM INTRODUCTION AND OVERVIEW**

Since its founding in 1971, Alaska Housing Finance Corporation's mortgage operations have fueled the agency, offering everything from homebuyer education to home loans. Alaska Housing has a variety of programs – so many, in fact, that it may become intimidating for Alaskans to determine which loans are right for them.

With a vast portion of homebuying and mortgage activity happening online, Alaska Housing recognized a need to help Alaskans better navigate the home loan process right from their smart phones or tablets. Enter the Loan Wizard – Alaska Housing's digital mortgage tool. Beginning in 2018 and continuing into 2019, Alaska Housing partnered with local lenders to create the Loan Wizard – a step-by-step series of questions that guides potential homebuyers through Alaska Housing's mortgage offerings. This allows Alaskans to quickly find the most appropriate products for their situation, whether they're a first-time buyer, a veteran, living in rural Alaska – or perhaps all three. Bringing more people closer to homeownership.

### **An innovative tool**

The goal of this tool is to help take the guesswork out of loan selection and to simplify the process. Because Alaska Housing relies on lenders for direct consumer contact, Alaska Housing staff worked with partner lenders to produce a digital solution. The Loan Wizard helps both homebuyers and lenders distinguish between and sort through the many Alaska Housing loans that sound similar and may get confused – example: Tax-Exempt First-Time Homebuyer vs. Taxable First-Time Homebuyer. The digital tool created a new level of assistance by offering a seamless way to bring Alaska Housing home loans to the fingertips of potential homebuyers and lenders.

### **A replicable tool**

This tool is replicable by any HFA that sees a need to inform, educate and prepare homebuyers for the mortgage discussion with his/her lender. Alaska Housing contracted in-state digital and advertising partners to help create the tool.

### **Responding to an important state housing need**

According to the Home Buying Institute, confusion over the loan process is one of the top two complaints of the homebuying process. With the Loan Wizard, prospective homebuyers and Alaska lenders are guided through a series of questions about their current situation and potential home needs, filtering loan options based on their responses and narrowing their search of two dozen loans available through Alaska Housing. Alaska is the largest state geographically, with 239,000 Alaskans living in rural communities. The Loan Wizard allows potential homebuyers in rural Alaska



communities to educate themselves about rural loan options when they don't have access to lenders to walk them through those options.

**Demonstrating measureable benefits to Alaska Housing targeted customers**

The tool effectively targets Alaskans searching for home loan options, using partner referrals and digital communications to maximize reach and ensure that Alaska Housing is capturing as many prospective homebuyers as possible. The user-friendly tool saves both homebuyers and lenders time and energy, leading to a satisfying experience.

**A proven track record of success**

Alaska Housing's target audience for this tool is homebuyers, Alaska Housing-approved lenders and real estate professionals. The Loan Wizard will require additional targeted marketing as people move away from the traditional way of home loan shopping. Nevertheless, Alaska Housing has seen strong engagement since its launch in September 2018. As of April 2019, the Loan Wizard has been completed 820 times.

**Providing benefits that outweigh costs**

The Loan Wizard employs branching logic (if/then), where questions may be posed, or skipped depending on previous answers. This ensures that all possible AHFC loan offerings are presented for each homebuyer and their situation, providing an emotional benefit of "this is the right home loan for you."

**Demonstrating effective use of resources**

This tool has been funded by \$4,500 from Alaska Housing. The Loan Wizard is based off an existing Loan Finder web app. The design framework is similar, but the underlying functionality is new.

**Effectively employing partnerships**

Partnerships were key through the entire implementation and launch of the tool. Alaska Housing relies on lending partners for the majority of its mortgage activity and recognizes that lenders are the ones in the field providing one-on-one advice to homebuyers. Prior to the launch of the Loan Wizard, Alaska Housing leveraged its existing relationship with 21 of Alaska's top lenders and invited them to get a sneak peak of the new tool and encouraged each lender to provide their professional feedback. Once all feedback was received, Alaska Housing's mortgage department worked with a digital agency to refine the product. The tool launched at the 2018 Alaska Realtors Convention in September when Alaska Housing staff dressed as wizards and presented it to more than 150 real estate professionals.



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**Entry:** The Loan Wizard

Here's what a one of them had to say:

- "Alaska Housing's Loan Wizard is an excellent tool that helps guide potential home buyers through the mortgage maze to the right loan programs," said Richard Mantyla of Residential Mortgage.

### **Achieving strategic objectives**

Alaska Housing's mission is "to provide Alaskans access to safe, quality and affordable housing." A vital service in that mission is homeownership. The current Alaska Housing communications plan identifies tailoring business-to-business communication toward approved lenders and real estate professionals as its top priority. One strategy toward that goal is to simplify interaction with Alaska Housing through more user-friendly digital tools. The Loan Wizard helps meet and advance all of those goals and strategies by providing a way for lenders and their customers to navigate Alaska Housing's range of mortgage products.

**Visual Aids**

1. Life-size cutout used during the debut of the Loan Wizard at the Realtor Convention. Attendees were encouraged to take a photo as the Wizard.



2. Business cards created to hand out to lenders.



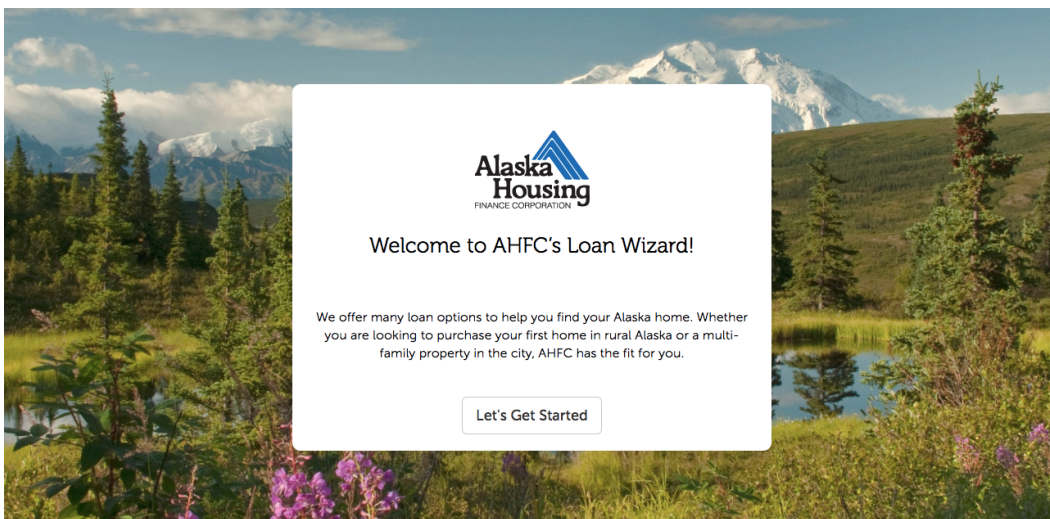


**Alaska Housing Finance Corporation**  
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3. Promotional pop-up banner used at home shows, conferences, etc.



4. Homepage to the Loan Wizard digital tool.



5. Photos from the Loan Wizard launch.

