



Tips to Uncover Mortgage Business in a Tough Market

By Nicolette Lemmon, President, LemmonTree Marketing Group,

One area that is still viable in mortgage lending is refinancing. According to the index prepared by the Mortgage Bankers Association, over 50% of mortgage applications are for refinancing. Their statistics show that in November, 2007, there was a decline in new buyer and refinancing activity. The Purchase Index decreased 2.0 percent. The Refinance Index fell 5 percent, although the refinance share of mortgage activity increased slightly to 50.3 percent of total applications*.

Often using demographics appended to our clients' MCIF databases and national stats, we find that up to 70% of credit union members are homeowners. While there are several cites that 38-40% of homeowners do not have a mortgage that still leaves about 30% of your members who own a home and probably have a mortgage. Yet another national statistic indicates that credit unions have less than 3% in mortgage penetration of their member households. This means that within your membership, there are many opportunities with your existing members who are looking to refinance from another financial institution.

Here are some recommendations for capturing mortgage business right inside your membership:

- Review your current book of mortgage business to determine the age range of members who have sought out getting a mortgage at your credit union.
- Use the age range to mail quarterly mortgage postcards or self-mailers to members without mortgages, who have street addresses, not P.O. boxes or apartment numbers.
- If you do not hold all the mortgages and do not code members who have applied in your core system, consider starting with a mailing to ages 35-59 with street addresses.
- Offer an incentive that gives a reason for the member to turn to your credit union for a mortgage. Whether it is reduced closing costs, a home improvement gift card, or a deferred first payment, you need something to cut through the clutter of bank advertising and direct mail.
- Send e-cards to those members in the target age range if you have a database of e-mail addresses with the special offer as well. Mature online members are often more credit-worthy and have higher incomes that make them a perfect target.

Make sure to program your mortgage reminders through direct mail and email at least quarterly. As part of the Magic 7 touches, the magic number of times a person has to see a message to remember it, you can uncover those refinancing leads.

To contact LemmonTree Marketing Group, a highly valued consulting firm in the credit union industry that has provided marketing outsource solutions for over 23 years, visit www.lemmontree.com or email 7solutions@lemmontree.com.

*Realtor® Magazine Online, **www.ncpa.org