

Harland Clarke Webcast: 10 Creative Best Practices to Kick Up the Effectiveness of Your Mortgage Lending — 05/15/2014
TRANSCRIPT

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Stephanie: Good day and welcome to the Harland Clarke 10 Creative Best Practices to Kick Up the Effectiveness of your Mortgage Lending Webcast. Today's conference is being recorded. At this time, I would like to turn the conference over to Mr. Steve Nikitas. Please go ahead sir.

Steve: Thank you and good afternoon everyone. Welcome to another Harland Clarke webinar. This one is going to look at creative practices around mortgage lending. This is the 15th webinar that Harland Clarke has conducted so far in 2014 and the second one focusing on creative best practices. Some of you may recall about a month or so ago we did a presentation revolving around home equity creative practices providing you with great information on how to develop award-winning creative when marketing your home equity loans and lines.

On our next slide, what I wanted to bring up here was just alerting everyone that a video replay of this webinar will be sent out to all of today's attendees within the next week. Be on the lookout for that. It will give you an opportunity to go back and reference anything that you may have heard brought up today.

Let me now take a moment to introduce our speakers. Again, I'm Steve Nikitas. I'm a senior marketing strategist with Harland Clarke. I have about 35 years of strategic planning, marketing, public relations, executive speech writing experience in the financial services world. Let me also introduce my copresenter, Kris Niblett.

Kris: Hi everybody. I'm so glad you can join us today. My background is over 20 years experience in creating award-winning multichannel direct marketing communications. A lot for financial but also for other industries. Today I'm here to share with you what I know about creative best practices for mortgage lending, how to build it so that it works, in other words. I've been around long enough to understand this is a highly regulated industry and so there's a lot of pitfalls, and the economy keeps changing, so we have to keep relooking at what best practices really are. I've worked to drive results for brands including this whole laundry list that you see here from PNC and TD and Key Bank to Wachovia, American Express, BB&T— as well as tons of community banks and credit unions. My creative team at Harland Clarke continues to win awards, and we're going to show you some of those awards as a credibility builder, if you will, because you need to know why it's worth it for you to want to know what we think. I'm going to turn it back over to Steve, and let's move on.

Steve: Outstanding. Thank you. Let's take a very quick look at what we're going to talk about today. We're going to start off by very quickly taking a 30,000 foot overview of what's going on in the mortgage market today to give everybody on the phone a feel for what 2015 is looking like, and then from there we're going to go into topics all revolving around creative. We'll talk about the importance of creative, we'll go into 10 best practices for promoting mortgage and refinance offers and share with you tons of information that Kris will provide on best practices. We'll also talk about legal requirements and share with you information on what you need to be concerned with in order to make sure that we're complying with all the Fair Credit Reporting Act requirements, and then we'll wrap up by sharing some examples and then talking a little bit about where we go beyond mail. We'll make sure that we leave plenty of time after the presentation to open it up for phone questions if you like, but in the meantime, if you hear anything that Kris or I might bring up that spurs a question, feel free to type a question into the chat screen on your webinar page, and just make sure you address that question to all panelists, so as we see those questions pop up, we'll make sure that we address them during the course of the presentation.

Going to the next slide, Kris I'm going to kick it back over to you.

Kris: I've got it. Thank you. So, why do you care what we say? I'm going to venture that you do care because you're here and you know something about Harland Clarke's very deep background in financial services. We understand the industry and for the creative group specifically, our claim to fame, if you will, is financial industry expertise. Our team has all kinds of financial industry expertise that allows us to not have learning curves for how to promote a product, including mortgage. We also know Direct marketing best practices, that really is what we're talking about, trying to generate results in a variety of channels. We've been recognized industry-wide by very famous award competitions, and we really are capable in integrating your executions across multiple channels so that you build synergies and have more power.

We live and breathe financial services everyday from a design perspective, copywriting, creative, and strategy. We know how to pull it together to help you drive results. What I'm going to do today is basically tell you what I know. Not only from a mortgage perspective, but all these different objectives that you see in the bullets: acquisition, onboarding, consumer, business, lending, deposits—these are all things that we know. We don't have to start from ground zero to get information from you. We are knowledgeable; it's our expertise.

Let's move on to the next screen, and this is an overview. In the last year and a half, these are the awards that we've been recognized by. This is just a little credibility builder for us and to show you that not only does it work, but it's going to look good, and it's going to do honor to your brand. Steve, why don't you start out. Let's jump right into what's happening out there in the economic environment around mortgage lending.

Steve: Three key points I want to bring up regarding the mortgage world right now all revolve around the rate environment, regulation, and of course the availability of credit. When we look at the rising rate environment, things look a whole lot different today than they did in 2013 and 2012 where we saw real

robust demand for mortgage refinance. In 2014, we've seen a pretty big flip in mortgage activity for the first time since probably early 2000's, we see more purchase activity taking place in 2014 than we did in any time prior, and less refinance activity, as rates have gone up. There's much more of a purchase market today than we've seen any time over the last decade or so.

However, compounding that, there's a lot more regulation coming down from the feds. We saw some action earlier this week where, among other things, the federal government announced plans to lighten up on down payments—that being done in an attempt to try to loosen the market a little bit and bring more first-time homebuyers into the marketplace. With all these federal regulations coming into place, we've seen the disappearance of some types of loans: loans over 30 years, adjustable rate mortgages of three years, and interest-only loan products. But we've seen lots of activity when it comes to jumbo loans and 5/1 ARM offerings. That seems to be where the bulk of the activity these days is generating itself.

When we talk about creative on the next slide, when you think about the approach to direct marketing and in particular to direct marketing of mortgage lending products, consider the approach to be a three-legged stool. The three components that comprise an effective direct marketing campaign revolve first around targeting—making sure we're identifying the right customers, members, prospects, to whom we want to reach out with a mortgage offer. Second, the offer accounts for a lot. We want to make sure that we've got an offer that will resonate with consumers. The third leg of our three-legged stool is creative, and that's of course why we're here today. We're here to talk about creative. But it takes attention to all three of these components in order to create a successful direct marketing campaign.

With that, Kris I'm going to give it back to you.

Kris: Thanks. This whole environment right now is a whiplash scenario. One day it's good news, one day it's bad news. As you know, the competition is fierce, so there's a real struggle to stand out, to differentiate your product, your offer—what you're going to offer a customer or a prospect and the relationship—and then the complexity around lending products is pretty significant. You've got rate offers that have to be articulated in a specific way, and you want to always be positioning them in the best, strongest, most appealing way. So, how do you structure it—variable or fixed—how do you articulate that, and how do you discuss closing costs and rate locks. There are many things that could be included in your communication that can make it sound very complex, and therefore perhaps not very appealing. Human beings basically can retain seven bits of data at one time and that's it. We all think we're smarter than that, but when it comes to people getting something communicated to them, seven bits is pretty much where it goes.

A lot of legal requirements—you're intimately familiar with that—and then the onerous disclosure and opt-out language. Why do we care about that? Because it changes all the time, because it's legally required, and because it also can affect the format that you choose, because if you make a firm offer of credit on a postcard, you can't have half your postcard be disclosure or it's not very appealing. Lets move on and look at some key strategies that people use to go out in the market.

If you look at what happened in 2013, there were all kinds of things. People were targeting renters, first-time homebuyers with the focus on being easy, affordable. It's not a brand new thing, but cash incentives at the beginning of the process or even at the end of the process; I would say the ones at the beginning are different. Reduced closing costs and then special relationship benefits for customers, which sweeten the deal for your customers, perhaps with rate discounts or cash credits. You want to make sure that it sounds like it's easy to access help, because even though we may all understand these products very well, your consumer—even a savvy customer—may not really feel like it's easy, so we need to reinforce how we're going to help them through it every step of the way. For customer cross-sell, email is also a good choice because if you have a good email list or you're trying to build a good email list, this is another way to position yourself as easy to work with and to state your good, rich offers. Going from 2013 to 2014, there was a shift in messaging from historically low rates to “hurry, borrow before it's too late, before those rates go up.”

Let's go to the next screen where we're going to address direct marketing creative fundamentals. These are things that are in your toolkit to pull out and use on every piece that you're going to put into a direct channel. We're going to address mail specifically today. We want to make sure that we're standing out in that mailbox, cutting through the clutter by virtue of graphics that are relevant to your brand or by the way that you state your strong offer or both. You want to keep the messaging relevant to your audience and to what's going on in the economy. You want to call out a competitive rate offer that interrupts rate shopping, because a lot of people are out there rate shopping and looking around, how can you stand out within that environment? You want to make it urgent, always include an offer end-date if at all possible. You want to emphasize key benefits and product features that are relevant to the way your product or offering is built that might make it more desirable.

Everybody thinks everything is table stakes and we're all the same and everything is the same, but we're all working really hard to differentiate ourselves. This can be just a positioning issue. We want to keep the piece readable, so in the final expression we want to make sure that at the last minute it doesn't get crammed full of copy, because things go through a process as a piece is being developed. You want to maintain some integrity and make sure you're not trying to sell three products at one time or adding in too much copy, because people just won't read it.

You want to leverage your brand, because your brand is part of your value proposition. So clarify to yourself and to whoever is doing your creative what your brand stands for—what its value is to your customers or members, and why a prospect would be attracted to it. A strong, clear call-to-action, so people know exactly what to do and don't have to try to figure it out. You want to offer response channels for easy response, and we're going to talk about all of this in a bit. Basically, it's how you put all of this together with copy and design in the most relevant, compelling way to generate the results you want.

Let's go to the next screen. This is the top 10 creative hit list for best practices that are going to help you do a better job for your mortgage and your refinance marketing. These are things to think about and some ideas on ways you can make it work harder. For your format, generally a #10 envelope with a letter is the best practice. It's helpful with customers and members because you can take a consultative

approach, not promotional. Yes, if you have a great offer, you want to make sure it's out there, but you don't want to talk to them like they're just a prospect; you want to acknowledge the relationship. For prospects, it's good to take a more promotional approach. Depending on what your offer is and how much disclosure you need, that could take the form of something else besides a letter package, but a letter package is always good if you're going to make a firm offer of credit: it gives you plenty of room for disclosure, and you can hide the bulk of that disclosure on the back of the letter so it's not smacking the prospect right in the face. It gives you enough real estate to tell your product story and accommodate disclosure. A letter also ensures privacy, it's cost efficient, and if you're doing a program where you're mailing separately to customer and prospect segments, it's really cost efficient because you can use that same format with little tweaks to the letter copy or the rate offer.

That leads right into "rate is king." If you've got a good rate and you can offer a good rate, you want to put it out there with a firm offer of credit. Low rate, plus waived or reduced closing costs are good, and you want to use that high profile Johnson box on the upper right hand side of the letter. You also want to use the real estate on the envelope to your best advantage. Hopefully, the offer can be prescreened, because that strengthens your offer. Steve is going to speak a little bit to this, because we've been trying to go preapproved and run into regulations that are restricting it one day and loosening it up the next. Prescreened offers, are they better than ITA? It's possible, yes. Steve, are there any points you want to call out there?

Steve: What we typically find with a prescreened offer is that your ROI is going to be higher, you're much more effective in who you're targeting the offer to, and you're likely to get a better response than with a simple ITA.

Kris: Thank you. Let's go to the next slide about why—the reasons why somebody would come to you rather than somebody else. For an original mortgage loan, part of it is your brand and who you are, your reputation, a good deal with a company you can trust. And then the main part is obviously the great rate, because people are shopping, and then no or low closing costs. Sometimes it's easier just to go with the bank you have a relationship with as long as the rate is competitive. I don't know that it has to be the best rate out there in the market, but being competitive is a good thing. Communicating, making the customer or prospect feel confident that you're there to help them through it is really a big thing.

For Refi, the strategy is really around it being a smart thing to do. You can lower your monthly payments, you can pay off your mortgage faster, you can switch the structure of your loan from adjustable rate to fixed rate. You can use the extra money to consolidate and pay off debt. And you go at it the same way with a great rate and a really strong offer around no or low closing costs.

For customer versus prospect, I talked about this a minute ago. For customers or members, we want to be consultative. You can even take the opportunity to position your offer as a customer or member bonus; for instance, "you're getting this offer because of your relationship with our bank or credit union." For a prospect, you can use a cash offer or other deal sweetener, because you're trying to start a

relationship with these people. Again, leverage the brand because that's differentiating and your trustworthy brand is part of your value proposition. Let's move on to the next screen.

Urgency in direct marketing is really part of the bible. You need to tell people why to do it now otherwise why should they do it now. Currently, the reason to do it now is those historically low rates, which might go up. You want to tie the offer to a specific end-date to get your readers to act. That will also help you be efficient in getting your programs out to market and measuring their success. You want to restate the end-date in a couple of places. You can even do it in the PS.

Fast easy closing. You might not be able to say you can do it in three days. Somehow in the way you're expressing it you want to make sure you're saying it's not going to take very long. It's going to be a well-managed easy process.

A clear call-to-action. Tell me exactly how to apply or how to respond. Make it sound easy, make the offer pop and tell me exactly what I have to do to get the offer. Try to not build cumbersome offers that have lots of steps. And have easy, non-conflicting response channels. For instance, if you're trying to get them to apply now, you don't want to have a QR code, because they're not likely to fill out an application on their smart phone. If you think it's appropriate, a QR code is fine, but I put it there so we can talk about it. It's not always appropriate.

This is a Harland Clarke solution called Shopper Alert. It's a trigger program, mail and email, targeting customers or members who we know are shopping, because we've seen that their credit bureau reports have been hit. We have this in-the-can program where you can get to market quickly, because speed is very important when people are shopping. I'm using this as an example along with examples from Comperemedia so you can get an idea of what else is out in the market. But I'm going to quickly zoom through this example and show you how to build it, how to use the real estate, and where certain parts of the messaging can go for a strong effect.

This is Shopper Alert. Steve, was there anything you want to say about Shopper Alert?

Steve: Only that it's a program that Harland Clarke has been offering now for a couple of years, which is gaining a lot of traction with financial institutions who are looking for leads, leads among their existing customers or members who are out there shopping for a loan at another financial institution. It's proving to be a very effective way for institutions to get back in front of their own account holders in order to resolve or to satisfy their needs for credit.

Kris: As you see, this is a 14-inch letterform, strong Johnson box with a firm offer of credit up at the top, and then a coupon.

I'm going to zoom through these like I said, and the headline on the slide relates to what the highlighted green parts of the letter are. This is the hero rate with the firm offer of credit. You see the rate in the Johnson box, in the first paragraph, and then you see this preselected copy down at the bottom of the coupon.

Here we're looking at where you put the preselected messaging. We've got it in the Johnson box, "right here, right now, you're preselected." It's in the first paragraph, and it's also on that coupon.

And then we've got our closing cost offer up there close to the Johnson box, that elliptical call out, which basically says "save up to \$500 in closing costs." Your rate is primary, but then this rate pops out over your image.

Then we have urgency, as you can see. Not only is it incorporated into the tone of the copy in the Johnson box, "right here, right now," but you also see highlighted in green in the sidebar "Act Now." and down in the coupon, there's also an end-date for the offer: "Hurry, offer ends."

Then we have mortgage options. Make sure people see what their options are as far as what you can provide them. I wouldn't spend copy selling things other than mortgages, but you can call out a few other things. But mainly use this area to give them the meat on how you can support them as far as the mortgage goes.

There's a call-to-action there on the bottom panel of the letter. This area provides really nice white space so your call-to-action can stand out and not be missed.

Personalization. You can see that's used on the coupon as well.

FCRA compliant disclosures. This is the hairy part here, but it's pretty standardized now. As far as doing a Shopper Alert program, we've got the process all buttoned up for our clients so that it's not hairy. You can see we have the short opt-out box on the front at the bottom of the letter, and this is the back of the letter where we have the longer opt-out box. You can see how it comes together with all the elements on one piece of paper and works really well.

Lets go to the next screen, and I'm going to turn it over to Steve to speak a little bit to the legal requirements, because they're such a big part of lending marketing.

Steve: Thank you. We certainly could probably spend a complete webinar hour talking about legal requirements when we're looking at marketing any credit product, and of course in this case, we're talking about mortgage products. We've got to make sure we have, among other things, the Equal Housing Lender logo on the letter itself, and then of course the opt-out boxes, which will have the short form on the front of the letter as Kris just pointed out. On the back of the letter, as she pointed out, we have the long form opt-out as well. One thing about the Fair Credit Reporting Act that I really wanted to point out is that when the FCRA was developed, congress in its wisdom was not only protecting the consumer, but also making sure that banks and credit unions were allowed to continue doing what they do, which is get credit in front of their account holders. There are a variety of features in the Fair Credit Reporting Act that benefit both the financial institution and the consumer.

We want to make sure, for example, that we're able to convey to the customer or member the range of rates on the letter that they qualify for. Typically in that J-box, we'll show the lowest rate and then in the disclosure copy we'll have the maximum rate. We also want to make sure that, per the FCRA, we comply with the requirement that we're stating the minimum dollar amount for which the mortgage can be

approved. Then we want to let the consumer know that we're going to continue to put them through the normal underwriting process. We will underwrite that application once it comes in the door as a result of the direct marketing piece that the consumer will receive. During that period, we are going to look at things like employment and income and collateral, and all those factors are going to go into the ultimate decision that a financial institution will make when it comes to a firm offer of credit.

Ultimately, financial institutions through the auspices of the FCRA have the ability to offer different rates at different dollar amounts at different terms. They also have the ability—if that account holder does not meet requirements for income or employment or collateral—to deny the loan altogether and still remain within the guidelines of the FCRA. In some cases, we will also put information in the disclosure copy about debt-to-income ratio. So, in order to satisfy the ability-to-repay guidelines, which were recently distributed by the CFPB, we see some financial institutions even addressing that within the disclosure copy itself.

On the rest of this slide, really just graphical elements when it comes to both the short and the long form opt-out notice. Short form notice has to be on the front of the mail piece. Type has to be at least 12 pt. in size and it has to be inside a border. On the long form out-out, which in the case of our Shopper Alert as you saw goes on the back side of the letter, there are certain requirements for that relative to a heading, relative to the size of the font that we use on the letter.

Kris, with that, I will give it back to you.

Kris: Great. Thanks. This is the fun part here where we're going to take an analytical look at some of the pieces. The first piece is one we did for our client Dutch Point Credit Union, and then the rest of the pieces are things we pulled from Comperemedia, so they're public domain out there in the market already and living out there on Comperemedia. We're going to look at all these pieces where people did a lot of great things, and provide some ideas on what they might think about doing next time. Now that we've seen how you build it and all the requirements that Steve has talked about, including the financial services environment, we want to look at what's actually going on. I know people love this part, and I do too, because we get to look at what everybody's doing.

So, let's look at this first Dutch Point Credit Union piece, which, as I mentioned, is one of our clients. This is a customer cross-sell piece, and they do have a hero rate, preselected for 3.25% APR with an eight year term. I would say they really developed a unique selling proposition by leveraging the credit union's "not for profit" positioning so they could credibly provide the lowest rate available and also reinforce that credit union type relationship with their members—a little bit different than banks, so they want to take advantage of that.

It is a letter package and there's a simple "call. They do have "visit your local branch" on there in the sidebar, but it's "call" in the letter with the bold number so you can see it pretty quickly. If you go to the blue box, what did they do well? I think it's well branded, the rate is attractive and called out very visibly, and then there's this motivating positioning of "fast track your mortgage, pay off our mortgage and save thousands," which is an appealing message in the market today. We've got scannable features

in the sidebar and a clear call-to-action. That first cross head says “own your home free and clear, faster and for less.” I think that in a nutshell—plus the hero rate—is the strength of this piece.

What could you do next time to make it even stronger? It does have urgency; “don’t wait, call now” is a great way to incorporate urgency. But this piece doesn’t have an end-date, and end-dates are good. While it doesn’t have an end-date, it does have urgency in a general fashion built in here. What else could they do? Perhaps waive closing costs or incorporate a savings chart for a refinance on how much you can save.

Let’s move on to the next one. This one is off Comperemedia for New York Community Bank. I think this one is a strong piece too. It promotes the hero rate for an adjustable rate mortgage. It’s not a firm offer of credit with a preapproval or a preselect, however it still does a good job of calling out an appealing rate. The offer is interesting, “earn a \$250 mortgage cash bonus.” That’s pretty rich. It’s got good urgency, “historically low rates won’t last forever.” Those things are really positive. In the insert, you see that there are quite a few hurdles you have to jump over to get the \$250 bonus. It does try to position them as easy, but there are still a lot of hurdles if it takes that much information to tell you how to get the bonus. If that could be simplified, that would be a good thing.

Let’s move on to ThirdFederal Savings and Loans on the next screen. This is actually a prospect acquisition piece pulled off of Comperemedia. The hero rate is 2.85% with a 3.13% go-to rate adjustable rate mortgage. Their little deal sweetener is “get a \$100 Home Depot gift card upon closing.” That’s a relevant and interesting offer that is appealing. The whole thing is positioned as smart. The product is even named “smart rate adjustable mortgage.” The way they talk about is “now available in your area,” which I think is really interesting, because if you get the impression that maybe it’s never been available before, it makes you want to check it out more. It creates desire for the product, if you will. If you look in the copy, the issue of “control” is addressed. You have control with this adjustable rate mortgage, you can relock it for another five years. The piece does a good job of leading with the rate, and the gift card coupon stands out—it’s got an image, it’s got air around it, and it’s a big enough offer to be interesting.

The invitation code actually creates the perception of exclusivity, which goes along with this whole idea of it not being available before in your market, and it does use an end-date for urgency. It does have a header over the letter “lower your interest rate for only \$495 in closing costs.” That may be a good deal for closing costs, but that space might be better used with copy that calls out urgency or savings—or maybe keeping their same idea but tweaking it a bit to position it as savings.

Let’s look at M&T on the next screen. This is a Refi letter. Customer cross sell with a simple offer of \$250 off closing costs. You see that’s positioned in a different way than the one before. This is a HARP program letter. It has good urgency, a very helpful tone to the customer outlining the top reasons to refinance your loan out there in the side bar, which I like because these are the top reasons why you want to do this: Lower your monthly payments, reduce your interest rate, get a fixed rate mortgage that won’t change over time, and build equity faster with shorter options available. Those are all really good things that are called out in a very scannable fashion there in the side bar.

You can see from the various samples that everybody's using their real estate a little bit differently, and that's fine because everybody's product and offering is a little bit different.

I think that the tone is very consultative for this piece. Of course it's pretty general and there is no hero rate or firm offer of credit. Something like that of course is more compelling when you're shopping.

Let's move on to the Bank of Greene County. This is a Refi mailing as well. This is a self-mailer so I wanted to show you a self-mailer and not only letters. It does have a low fixed 2.99% rate that's really called out strong. You also get an iPad on closing. Instead of a gift card, instead of a cash bonus, instead of closing cost discounts, you're going to get an iPad. An iPad has a lot of perceived value, so this is an interesting offer. "Refinance, save and pay off your mortgage and other debts faster" is the messaging. It's the whole "responsible use of credit, getting yourself in a better financial situation" appeal to the consumer. The call-to-action is a simple "stop by the branch or call." This is a real community bank feel. It's got this concept of the faster finish for your mortgage. It's the idea of paying off your mortgage faster—and everybody for the last few years is really interested in resolving their debts. That's what a lot of these pieces are saying in some fashion or another. This piece did well. It's got a good hero rate, the iPad offer is eye catching, not only does it have high perceived value, but it's eye catching, it's got great urgency with an end date and it does list the branches near you. Since this is a prospect acquisition piece, providing the branches is nice to do if you want somebody to come in and establish that relationship. Next time, maybe we look at clarifying and playing off the "save on closing costs" to making that more of a firm offer to increase appeal and credibility.

Let's move on to a big one, which is Chase. What Chase does is great for Chase. I don't think it's necessarily right for everybody, but it does have some interesting things about it that I wanted to share with you. It's got a low fixed APR rate, it's prequalified and the offer is interesting—you get \$500 cash back annually with auto bill deduct from checking for the life of your loan. It's branded "mortgage cash back." That offer is not just a temporary offer; it's an offer that you qualify for and get for the life of your loan. Chase is pretty systematic in how they go out into the market, and I think this is a very well thought through approach. The key message is "lower your mortgage payment and save year after year." No closing fee options, no origination fees, and no application fee. It uses a letter and the reply is "call, visit or go online."

What this piece really does well is position the loan as easier to get due to the customer relationship. This is a cross-sell piece, so they do a good job of making you feel like they've put together this valuable deal for you because you're a customer. That savings chart really does make the savings tangible, by calling out "annual savings" in the chart and side bar. There's great urgency with an end-date and "rates change daily." There are caveats. It has the same amount of pretty large disclosure on the back. There's not exciting graphics, it's very informational, but for somebody who's shopping, or for a customer, I think it puts together a good story. Next time, although the call-to-action is to call the branch, there's no phone number. I would include a branch number. There are difficulties with having that data available, as you know, but providing a phone number for the branch would be great.

Let's look at a postcard. I wanted to include a postcard as well to show you what is doable. This happens to be a mortgage "refer a friend." It goes to a customer letting them know that "you or anyone" will receive \$400 off closing costs with your next loan or refinance with our financial institution, HomeStreet Bank. I think we're seeing more of these—programs that are coming from realtors to customers to try to leverage that relationship with somebody who's already gotten a loan or bought a house from them. This is from the MLO at HomeStreet leveraging that relationship. The message is "now is a good time to buy, rates are still low and home prices are good. So, help a friend save and get money off your next loan or Refi." As you see, it's a postcard so it's got the closing cost referral offer on there, but if there is no firm offer of credit, no hero rate, it's a different animal. It's interesting, and postcards are not big or expensive. It's interesting what they did. You could not have a firm offer of credit with this postcard, because the whole thing would be disclosure. I do think one thing that would be good is to personalize it for the customer beyond just the address box.

Those are the examples that I rounded up for you today. I'm going to wrap it up real quick here. We've got about 10 minutes so I'm going to zoom through this, and let's open it up for questions and let Steve lead that. This is just to encourage you beyond mail. It's just to encourage you to always think about all your channels. If you're talking to customers, you really need to think about email, mobile, and for everybody, think about what you're doing on your website and the branch and your ATM screens and social media. Social media is pretty challenging for a lot of financial institutions, because it's really not a get-in, get-out thing; it's really a commitment that requires maintenance and new content constantly and really well-monitored interaction with the public. It does create synergies when you do those things.

Steve, I'm going to turn it over to you and let you open it up for questions.

Steve: Thank you. Stephanie, before I invite you to open up the phone lines, we do have a number of questions that have come in through the chat function. Kris, let me go through those. Some of these I'm going to ask you to handle, some of these I'll take on my own. One person was asking, "Will we get a copy of the slides?"

Yes, you will. A link to the video recording will be available to you within a week. We talked a little bit earlier by the way about prequalification and prescreen and the ramifications of that—particularly from an ROI perspective. Someone from his experience has found ITAs to probably be a bit more economical; that may be the case. Obviously you're going to have to weigh the cost, so conducting the prescreen and all that comes with that versus just doing a blanket mailing. But our experience has been when we go through the exercise of the prescreen process—identifying potential credit borrowers, and whether it's a mortgage or an auto loan or whatever the product happens to be—we have found the ROI will come by going through that additional step.

We had a question about ability to repay, which I think I talked about when we had the discussion about the disclosure copy. Someone was asking about legal requirements between prescreen, preapproved, preselected; is there a difference?

In reality, all three of those terms—whether it's preselect or preapprove or prequalify—really generate the same requirements relative to FCRA's guidelines. You can use those terms interchangeably as well; you're still given the same relay when all that is said and done to the firm offer credit guidelines.

Someone else was asking if we could talk about Shopper Alert for a moment.

Very quickly about Shopper Alert, and if you'd like, feel free to email us and we'll happy to contact you after presentation. But Shopper Alert is a trigger based program. We work with the three leading credit bureaus, Experian, Equifax, and Transunion, and monitor the credit inquiry activity around your customers or members when a different lender other than you is running credit related to a loan application. It's your opportunity to basically get back into the game with your own account holders when they have elected to look for credit from a lender other than you. Through Shopper Alert, there are multiple ways that we reach out to your account holder: postal mail, email, and follow-up telephone calls in order to put you back in front of your account holder and give you the opportunity to let your account holder know they have been preapproved or prequalified or preselected for the loan product that they just happened to be out there shopping for. It gives you the opportunity to engage that account holder in a discussion about the loan that they have gone elsewhere for so that you can try to bring that business in-house, which is where it belongs since it's your customer. That's Shopper Alert in a very quick nutshell of how the program works.

Someone else was asking about the samples that you just showed. Do we have any results of how those letters may have performed?

Kris: They're pulled off of Comperemedia so they're not programs that we actually built. They're public domain examples off of Comperemedia to show you a variety of things that have been in market recently. I don't have access to effectiveness results for any of that.

Steve: Another follow-up on Shopper Alert. The question came in, when a phone call is made to the account holder, does the bank get the information to call themselves?

The answer to that is absolutely. Every business day with Shopper Alert, Harland Clarke is going to provide the financial institution with what we call a feedback file. That feedback file possesses the name, address, city, state, zip, telephone number, and the loan that your account holder applied for, and your account holder's FICO score—should you elect your bank or credit union to make that outbound phone call to the account holder in order to have a deeper discussion about what your account holder is looking for. At the same time, Harland Clarke can make that outbound phone call and take that burden off your shoulders. You have the opportunity to either make a call yourself or we can have Harland Clarke make the call.

We have another question about co-branding requirements, both with current clients and leads. Wendy asked the question so if she can expound on that a little bit, that would be great.

While you're doing that, Stephanie, I'm going to ask you if you would share with our attendees today how they can ask a question over the phone.

Stephanie: If you would like to ask a question, please signal by pressing *1 on your telephone keypad. If you're using a speakerphone, please make sure your mute function is turned off to allow your signal to reach our equipment.

Steve: While we're waiting for a question, a little bit more on that co-branding question. It's revolving around realtors or builders.

Kris: I guess I would call it co-branding with realtors and it's generally the bank sending out a stream of mail to the realtors to get them to refer their customers and then a stream of mail provided to the realtors to provide to *their* customers--being mailed to the customers on behalf of the realtor, if that makes sense. It would be based on the level of collaboration that you have with your MLOs and realtors. You have to establish that relationship, and that's usually done by providing them with helpful tools, things they can provide to first-time home buyers, for example, a moving kit. I really don't think it would be called co-branding exactly. I'm sure there's probably some issues with that. I think that has to be done carefully.

Steve: There may be some issues. I will tell you in a former life at a financial institution in both New York and California. I did something similar. If you're going to co-brand with realtors, let's make sure that we're getting something in return from the realtor. I realize realtors have to be very careful about how they make recommendations to their clients, but we want to make sure that we've got a strong relationship with those realtors, as well as with builders, so that they're doing whatever they can and whatever possible all within the limits of the law to make sure that the name of our financial institution rolls off their tongue when they're talking to their clients.

Kris: It's really just another way to channel for leads.

Steve: Stephanie, do we have any over-the-phone questions in the minute we have remaining?

Stephanie: There are no questions in queue at this time.

Steve: We have another question. This is about Comperemedia. Is it a subscription service? Can we provide the contact information?

Kris: I'm sure we can. I don't have it but I'm sure we can find it and provide that to them. I had a comment for future presentations to sprinkle in samples highlighting the 10 top bullets for the best practices, showing both good and bad examples. That's something we can look at for sure. Our next creative webinar will probably be on auto lending. If you guys have any suggestions, please provide what you think the next topic for a creative webinar best practices would be. Is it a lending program like auto, or is it deposits? what would it be? What's your wish list?

Steve: Folks on the phone, if there's anything you'd like to see in the future, feel free to send an email to either Kris or me or your key account executive. I see a couple of responses: checking, money market, and auto lending. Feel free to share that information with us. We want to make sure that these webinars are what you're looking for. With that, Kris, any final words?



Kris: Not really. Thank you everyone so much for attending and listening to what we have to say. It's fun to share what we know with you.

Steve: Thank you all very much, and we'll see you at the next Harland Clarke webinar. Thank you for participating.