



# 10 Creative Best Practices to Boost Your Equity Lending Marketing

HELOC and Home Equity Loan Creative Best Practices

March 4, 2014



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## Bios

- **Kris Niblett, Creative Director, Harland Clarke**
  - Kris joined Harland Clarke Marketing Services in July 2003 and brings nearly 20 years in direct marketing for financial and other industries to create strategic, award-winning communications that generate results and heighten brand awareness by building customer relationships. Her extensive portfolio includes work for clients such as PNC Bank, TD Bank, Key Bank, Wachovia Bank, American Express, Sony PlayStation, Dell Computers, Allstate and Disney, to name a few. Prior to joining Harland Clarke, Kris was vice president executive creative director of Rapp Collins Worldwide/Dallas for more than eight years. Her work has garnered 100+ awards, including Hermes Awards, DMA Echo Awards, Graphic Design USA Awards, and the London International Advertising Award.
- **Stephen Nikitas, Senior Marketing Strategist, Harland Clarke**
  - Stephen has more than 30 years of experience in strategic planning, marketing, public relations and executive speechwriting. He has been a senior executive at financial institutions in New York, California and Massachusetts, developing and implementing sales and marketing programs that resulted in significant growth rates in loans, deposits and accounts. As a Senior Strategist at Harland Clarke, Stephen now provides consultative services to banks and credit unions, helping them to craft marketing and retail strategies and campaigns that take advantage of existing market and financial conditions in order to grow targeted portfolios.

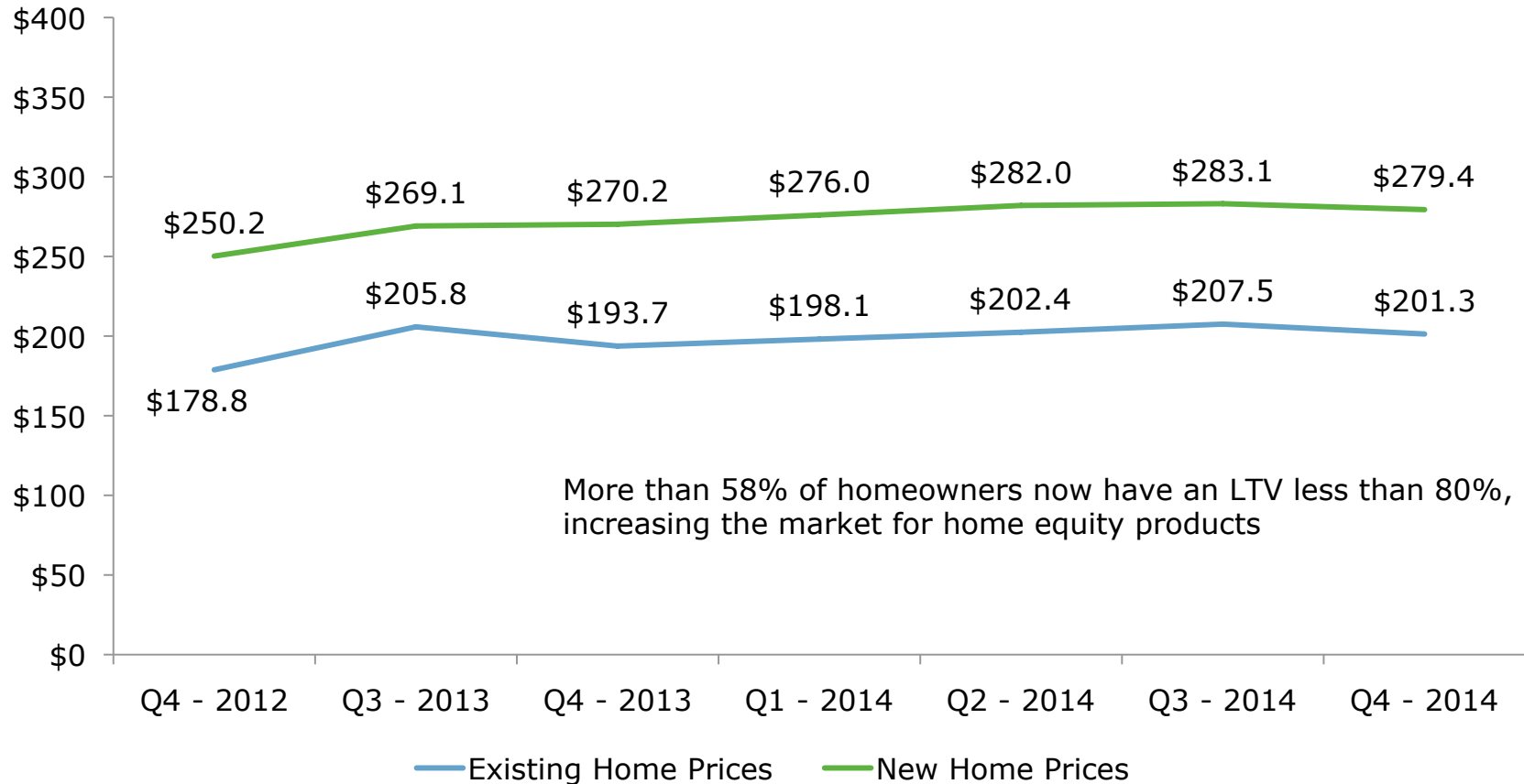
## Today's Agenda

1. Home Equity is Coming Back
2. The Power of Creative
3. Universal Truths About Creative for Equity Lending
  - Creative Challenges
  - Creative Toolkit
4. Allocating Real Estate
5. Requirements
6. 10 Creative Best Practices HELOC
7. 10 Creative Best Practices Home Equity Loan
8. Q&A



## Economic Trends – Mortgages

### Median Home Prices (In Thousands)

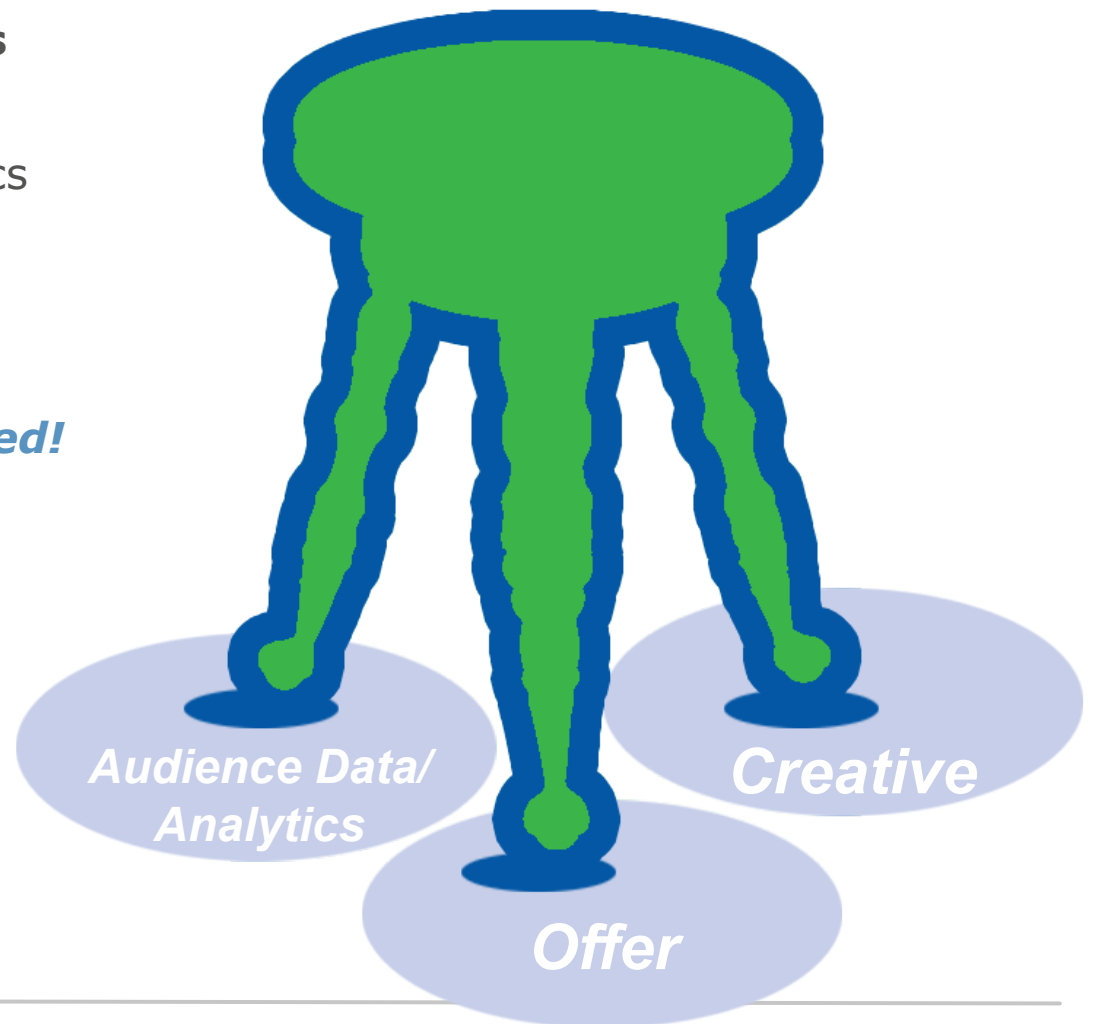


## The Power of Creative: It's an Important Part of the Mix

### 3 key elements for effective direct marketing of equity lending products

- Audience data/analytics
- Offer
- Creative

*It takes all 3 to succeed!*



## Creative Challenges

1. Product complexity
  - Rate offers, rate structure (variable, fixed), closing costs, rate locks
2. Legal requirements around stating rate offers
  - Intro rates must include “go-to rates”
3. Competition – how to stand out?
  - Use creative to build the best story with what you have
4. Onerous disclosure, Opt-out language
  - Point size requirements
  - Limits choice of format
5. It’s all about timing
  - Use seasonal frequency to improve your chances

## Creative Toolbox for HELOC/Home Equity Loan – 10 Universal Truths

- 1. Stand Out by Cutting Through Mailbox, Inbox Clutter**
- 2. Keep Messaging Relevant** to your audience and the economy
- 3. Call Out Competitive Rate Offer** that interrupts rate shopping
- 4. Make It Urgent** with offer end date
- 5. Emphasize Key Benefits and Product Features**
- 6. Motivate** with seasonal “thought starter” usages (emotion)
- 7. Keep It Readable** to keep prospect engaged
- 8. Brand Leverage** to strengthen value proposition
- 9. Strong, Clear Call to Action** makes it urgent
- 10. Offer Response Channel Options** for easy response

*Creative uses copy and design to serve it all up  
in the most relevant, compelling way!*

# Allocating Real Estate: Loan Magnet™ Example

1. Clearly branded
2. Competitive rate offer
3. Preapproved
4. Full offer
5. Deal sweetener
6. Thought starters
7. Urgency
8. Call to action
9. Response channels
10. Short notice terms and conditions
11. Long notice terms and conditions (back of letter)

**1** **YourFI**  
FI MAILING ADDRESS

(XFULLNAME1)  
(XFULLNAME2)  
(XADDRESS1)  
(XADDRESS2)  
(XCITY), (XSTATE) (XZIP)-(XZIP4)

**2** Say Yes To Getting Things Done!  
You're pre-approved<sup>1</sup> for a Home Equity Loan as low as **X.XX% APR<sup>2</sup>**

**4** Dear (XFull@Name1),  
Your business is important to us. That's why we have pre-approved<sup>1</sup> you for a Home Equity Loan with a fixed rate as low as X.XX% for XX years.<sup>2</sup>

**6** **Our Home Equity Loan is a Smart Choice**

- ✓ Consolidate higher-interest debt into one lower monthly payment
- ✓ Make home improvements, upgrades, or repairs
- ✓ Pay tuition or medical bills
- ✓ Cover unexpected expenses
- ✓ Make other large purchases

**5** **Home Sweet Home Equity**  
Use your pre-approved Home Equity Loan to pay off high-interest debt, improve your home, or for any other smart reason!

**Act Now!**  
Accept this offer by ((Month XX)), ((Year)), and save up to \$XXX.XX more in closing costs.

**Other Smart Reasons To Use An Equity Loan**

- ✓ No annual fees
- ✓ Potential tax benefits (consult with your tax advisor)
- ✓ Low predictable payments each month

**Call The Lender You Know, Start Saving Now**  
For local decision-making, a fast closing and dependable service, work with the local lender you already know. We have convenient locations and a friendly, helpful staff ready to help you save money. Call 800-000-0000 today ... your special equity rate expires on ((Month XX)), ((Year))!

Sincerely,  
*Signature Name*  
Signatory Name  
Signatory Title

**Locations**  
**Branch Location1**  
Address  
Phone Number  
**Branch Location2**  
Address  
Phone Number  
**Branch Location3**  
Address  
Phone Number

MEMBER FDIC EQUAL HOUSING LENDER

**3** Pre-Approved for ((XFull@Name1))

Accept your **YourFI Name** Home Equity Loan today.

**8** **9** CALL: 800-000-0000  
CLICK: yourfi.name.com/mortgage

**7** COME IN. Convenient locations to serve you  
**HURRY—offer ends ((Month XX)), ((20XX))!**

**10** You can choose to stop receiving "prescreened" offers of credit from this and other companies by calling toll-free 1-888-567-8688. See PRESREEN & OPT-OUT NOTICE<sup>1</sup> on other side for more information about prescreened offers.

**11** **PRESCREEN & OPT OUT NOTICE**

This "prescreened" offer of credit is based on information in your credit report indicating that you meet certain criteria. This offer is not guaranteed if you do not continue to meet our criteria and other factors bearing on your creditworthiness (including acceptable property collateral, income and employment history). If you do not want to receive prescreened offers of credit from this and other companies, call the consumer reporting agencies toll-free at 1-888-5-**OPT-OUT** (1-888-567-8688); or write TransUnion Opt Out Request, P.O. Box 505, Woodland, PA 19094-0505 Experian Consumer OPT-OUT, P.O. Box 919, Allen, TX 75013 Equifax Options, P.O. Box 740123, Atlanta, GA 30374-0123

No loan transfer fee will be assessed to each refinanced vehicle loan. Other rates and terms available. Ask for details.

<sup>1</sup> We used information on you that we obtained from a consumer reporting agency in connection with this "Pre-Approved" offer. You were selected to receive this offer because you satisfied certain criteria for creditworthiness which we previously established. The offered credit may not be extended if, after you respond to this offer, we determine that you do not meet the criteria used to select you for this offer or any other applicable criteria based on creditworthiness or if you do not reside

## Requirements

- Requirements
  - Equal Housing Lender logo
  - Opt-out box (for preapproved offers)
- Disclosure Guidelines from FCRA (Fair Credit Reporting Act)

**Note: Any prescreened offer requires both the short notice opt-out on the front of a piece and long notice opt-out on the back or front of a piece.**

  - Opt-out box graphic requirements are:
    - Short Notice*
      - Front of the mail piece
      - Type must be distinct
      - At least 12 pt. font
      - Inside a border
    - Long Notice*
      - Back or front of the mail piece
      - Must begin with "Prescreen & opt-out notice"
      - Typeface must be distinct
      - At least 12 pt. font

## Checklist: Top 10 Creative Best Practices – HELOC

### 1. Format: #10 envelope

- Consultative approach for customers
- More promotional approach for prospects
- Assures privacy
- Cost efficient
- Can include educational insert in mail package, Q&A to clarify value proposition and difference in lending products
  - Focus content on lead product, not equal comparison of all products
- Use the same format for all segments to reduce costs

### 2. Rate is king — lead with competitive rate offer

- Low intro rate is effective (must include prominent “go to” rate)
- Consider balance transfer rate, waived or reduced closing costs, relevant premium such as home improvement gift card
- High profile Johnson Box

### 3. Preapproved callout

- Preapproved stronger than prequalified or preselected — what will your legal department approve?
- Invitation to apply (ITA) if no preapproval

## Checklist: Top 10 Creative Best Practices – HELOC

### 4. Smart financial tool: position as smart and flexible

Note: Educate the customer or prospect on the benefits

- Super low rate based on prime
- Easy access to low-interest cash
- Smart way to pay less interest
- Finance all sizes of projects/expenditures
- Low commitment
- Ready reserve – there when you need it; emergencies

### 5. Revolving LOC – pay only for what you use, renewable resource for additional funding

- Tax deductibility (ask your tax advisor)
- Rate lock feature to lock in low rate (sometimes built into product)



## Checklist: Top 10 Creative Best Practices – HELOC

### 6. Thought-starter copy

- Great for small or large expenditures
- Debt consolidation always #1/pay off higher-interest debt
- Home improvements/making home energy efficient – adds to value of your home
- Seasonal focus
  - Summer – school tuition or school expenses
  - January – pay off higher-interest holiday debt
  - Fall – home improvements
  - Spring – home remodel or pay off taxes

### 7. Easy access

- Transfer funds into your checking account, use convenience checks, plastic

## Checklist: 10 Creative Best Practices – HELOC

### 8. Urgency

- Reasons to get and use NOW: Historically low rates
- Tie offers to specific end date
- Clear call to action
- Can restate end date in letter PS

### 9. Easy to apply and fast, easy closing

- Make process feel easy
- Get an answer within X days
- Get your funds in X days

### 10. Clear call to action

- Tell customer or prospect exactly what to do to redeem offer
- Make it easy to respond – multiple, non-conflicting response channels: call, click, visit
- QR code

# Capital One® – Home Equity Line of Credit

- ITA
- Customer cross-sell
- Promotes low rate
  - No closing fee option, no origination fees and no application fee*
- Format: Self-mailer
- Distribution: Texas
- **Did Well:** Focuses on low cost, low interest plus other benefits, clear call to action, urgent tone, personalized
- **Next Time:** No end date, generic look, brand not leveraged, format/messaging too promotional for customers

*Note: Home improvement focus – seasonal approach*

**Capital One Bank**  
Home Loans

RESORTED  
STANDARD  
U.S. POSTAGE PER  
CAPITAL ONE

**GET IN ON THE GROUND FLOOR**

Dear

Thanks for trusting us with your everyday credit card needs. As a full service bank, we could also help you with a low-cost, low-interest way of paying for important expenses—a Home Equity Line of Credit from Capital One Bank®. At the moment, rates are incredibly low!

**WHY USE YOUR HOME'S EQUITY TODAY?**  
**RATES AMONG THE LOWEST AVAILABLE**

Right now, home equity rates are near historic lows—as low as 3.99% variable APR\* for lines of credit. That's why it's a great time to apply.

**NO CLOSING FEE OPTION**

With no origination fees and no application fees, you can significantly cut your out-of-pocket expenses.\*\*

**TAX DEDUCTIBLE**

You may be able to deduct the interest on the money you borrow.\*\*\*

**PERFECT FOR IMPORTANT EXPENSES**

You can use your line of credit any way you choose—for home improvements, college tuition, high-interest balances and more.

To take advantage of this low-rate, no-closing-fee-option borrowing solution, call 1-877-475-1248, visit us online at [capitalone.com/home-equity](http://capitalone.com/home-equity), or come into a branch near you. It's easy to get started!

Sincerely,  
*Pat W. Johnston*  
Pat W. Johnston  
Director of Home Loans, Capital One Bank

**APPLY NOW WHILE HOME EQUITY RATES ARE STILL**

**CALL**  
1-877-475-1248

**CLICK**  
[CapitalOne.com/home-equity](http://CapitalOne.com/home-equity)

**HOME EQUITY RATES AS LOW AS 3.99%**  
VARIABLE APR\*  
FOR LINES OF CREDIT

**for your home equity loan today!**

**RATES THAT'LL FLOOR YOU**

**HOME EQUITY RATES AS LOW AS 3.99%**  
VARIABLE APR\*  
FOR LINES OF CREDIT

**Capital One Bank**  
Home Loans

\* Advertised APR is a variable rate for a home equity line of credit (HELOC) effective as of 04/20/2012. Rates, fees, and other terms may vary. Advertised APR rate includes a 0.25% APR discount when you set up automatic payments from a Capital One Bank branch account. Availability of a HELOC with no-closing-fee varies and depends on the location of your property. Other terms and costs such as an early termination fee. If you choose a HELOC with a termination fee, and you pay off the loan within 36 months of closing, you (mortgage tax is applicable in NY, VA and MD only) or documentary transaction fee that we paid on your behalf at the time of origination fee, you will be responsible for payment of an Origination Fee of \$375 plus any applicable mortgage tax or document the extent of such fee. Borrower is required to pay title clearing/attorney fees up to \$500. Property insurance is required. Including \$325 recording fee may be applicable for Orleans Parish residents. Additional terms and restrictions apply. For questions regarding Taking out a home equity loan or line of credit may increase the total amount paid when compared to your current situation. Texas residents: Total encumbrances on a Texas Homestead cannot exceed 80% loan-to-value, and total line of credit commitment cannot have a draw period of 10 years. The minimum advance amount during the draw period is \$6,000. After the draw period has expired, an 120 or 240 equal monthly installments, depending upon the repayment terms and conditions of your line of credit agreement. There are \*\*\* You should consult your tax advisor for details applicable to your situation. Capital One, N.A., is an Equal Housing Lender. Normal credit qualifications and other terms and conditions apply. This does not represent Products and services are offered by Capital One, N.A., NMLS ID 453156 Member FDIC. © 2012 Capital One. All rights reserved.

## 10 Creative Best Practices – Home Equity Loan

### 1. FORMAT: #10 Envelope

- Consultative approach for customers
- More promotional approach for prospects
- Ensures privacy
- Cost efficient
- Use same format for all segments to reduce costs

### 2. Rate is king – lead with competitive rate offer

- Low rate, waived or reduced closing costs
- High profile Johnson Box

### 3. Preapproved call out

- Preapproved stronger than prequalified or preselected
- Invitation to Apply (ITA) if no preapproval

## 10 Creative Best Practices – Home Equity Loan

### 4. Smart financial tool: Position as fixed low rate = predictable monthly payments

- Low interest means low monthly payments every month that don't fluctuate so budgeting is easy
- You always know what to expect!
- Smart tool to finance larger purchases at a low rate
- Tax deductible (ask your tax advisor)

### 5. Thought-starter copy

- Ideal for large expenditures

*Debt consolidation/low interest cash to pay off higher-interest debt*

*Home improvements/make home energy efficient – add to home value*

### 6. Easy to access

- Get your funds in one lump sum to use when and as you wish

## 10 Creative Best Practices – Home Equity Loan

### 7. Urgency

- Reasons to get and use **now**: historically low rates
- Tie offers to specific end date
- Clear call to action
- Can restate end date in letter postscript

### 8. Fast, easy closing

- Make process feel easy
- Get an answer in as little as X days
- Get your funds in X days

### 9. Clear call to action

- Tell customer or prospect exactly what they must do to get offer

### 10. Easy to respond

- It's easy to accept or apply!
- Multiple, non-conflicting response channels: call, click, visit, QR code

# Smart Financial® Credit Union – Home Equity Loan

- Cross-sell to existing members
- Offers fast, flexible home equity loans
- ITA
- Format: Postcard
- Distribution: Texas
- **Did Well:** Clear call to action and response channels
- **Next Time:** Very general, no rate offer, no clear benefits/urgency, focuses on “dreams,” not compelling or right for the times, doesn’t leverage brand



The image shows a postcard for Smart Financial Credit Union's Home Equity Loan. The top half features a photograph of a smiling couple looking at a color palette. Text on the postcard includes: "Picture the possibilities", "smart.financial CREDIT UNION", "MEMBERSHIP EQUALS FREEDOM™", and "Providing Superior Service For Over 75 Years." The middle section has a green banner with the text "Your biggest dreams start here." and a yellow box with "Fast, flexible home equity loans." Below this, there is a paragraph of text: "When you own a home there's always one more project to tackle! Fortunately, you're a member of Smart Financial Credit Union. So you always have smart financing options to help with every detail." This is followed by "Smart Financial offers:" and a bulleted list: "Fixed-rate Home Equity Loans", "Competitive rates and terms", and "An interactive home loan center on our website". Below the list is the slogan "Your home. Your dreams. Your credit union. Apply today." The bottom section contains contact information: "Call 800.392.5084 (Select option #2)", "Click www.smartcu.org", and "Visit 2002 Holcombe Blvd. Houston, TX 77030". The Smart Financial Credit Union logo and "MEMBERSHIP EQUALS FREEDOM™" are repeated. On the right side, there is a postage-paid stamp: "PRESORTED STD-CLASS MAIL U.S. POSTAGE PAID PERMIT NO. 2749 DALLAS, TEXAS". At the bottom right, there is a "LENDER" logo.



# SunTrust® – Home Equity Loan

- Customer cross-sell
- Message focuses on home improvement/home repairs
- ITA
- No upfront fees, reduced closing costs
- Format: #10 OE + 8.5 x 11 letter
- Distribution: Virginia
- **Did Well:** Calls out rate and set monthly payments, easy app process, clear response channels, recognizable warmth of brand, plain OE
- **Next Time:** Product buried – not mentioned until 4<sup>th</sup> paragraph, misses opportunity to call out that rates won't stay this low forever

*Note: seasonal home improvement sell*

How can we help your house feel more like a home?



January 15, 2013

Dear \_\_\_\_\_,

Thank you for choosing SunTrust. We're glad to have you as a client, and we want you to know we're here when you need a flexible financial solution.

Home repair problems are more than a minor inconvenience...they can be a major disruption. We can help you get things back to normal sooner with a SunTrust affordable home equity loan.

**Be ready for anything.**  
We invite you to apply for this attractive fixed rate loan with set monthly payments. You can get the cash you need for home repairs and improvements like:

- Replacing a furnace or air conditioner
- Repairing leaks and other plumbing problems
- Fixing roofing or siding issues
- Replacing damaged or non-working windows

**Problem solved.**  
Eliminate the stress and worry that comes with needing to fix something in your home. Just knowing that you can use your affordable home equity loan for the things you need makes everything easier to deal with.

**We're ready when you are.**  
You can call or come in to talk with us anytime. Our experienced team will guide you through the process of applying - so you can take care of those repairs and improvements and enjoy your home even more.

Sincerely,  
  
Donald C. McClintic  
Senior Vice President

**CALL**  
800.422.2975

**STOP BY**  
your local SunTrust  
Bank branch

**OR VISIT**  
suntrust.com/equity

**5.00% APR\***  
For up to 120 months  
This rate includes a 0.25% interest rate reduction for a qualifying SunTrust deposit relationship and a 0.25% interest rate reduction for enrolling in the SurePay<sup>SM</sup> (ACH) payment program.

**Take advantage of:**

- Low monthly payments
- No upfront fees, and limited if any closing costs\*
- Easy application process

  
SUNTRUST

Please see reverse side for important information.



## What Doesn't Make the Best Practices List

- Financial institution history and customer service
- Selling multiple products
- Not including a rate offer
- Any messaging that doesn't support the WIIFM (What's In It For Me?) cornerstone of direct marketing

# Q&A

Press \*1 on your phone  
- or -  
use the chat window and  
send your question to  
"All Panelists."

**Kris Niblett**, Creative Director, Harland Clarke

**Stephen Nikitas**, Senior Marketing Strategist, Harland Clarke

**A video replay of this webinar will be sent to you  
within three business days**

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