

Wells Fargo Home Mortgage National Builder Division

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Plan Now for the International Builders Show

The 2013 International Builders Show in Las Vegas is right around the corner. The show will be held Jan. 22–24 at the Las Vegas Convention Center, and Wells Fargo Home Mortgage will be exhibiting in booth number C2620. Make your plans now to stop by!

How to sell to first-time buyers

While rookie homebuyers aren't defined by a single demographic, they share a common need for builders and lenders to help them understand the purchase process.



Coming out of the housing downturn, Charlie Conner knew his homebuilding company needed to reinvent itself. Conner wanted his business to focus more on cost-effective, standardized homes; outlying markets with available land; and a segment of buyers that Conner sees as filling a crucial need for his business: first-time homebuyers.

"I'd like to be able to sell a Conner home to the first-time buyer and have them be a lifelong customer," says Conner, president of Bellevue, Wash.-based Conner Homes. From entry-level to a customer's final home, he says, "we're going to pretty much have that whole range of product

available." Two of his recent projects, Monterey Park and Lakeland East in Auburn, Wash., have successfully catered to the first-time buyer segment. "There's not a lot of magic to it," he says. "It's having the right cost structure so you can provide good, or the best, value in the marketplace and having the right amenities there."

The first-time homebuyer market has always been an important segment to builders, and this year has been no exception. Builders say the keys to success for selling to this market include having the right product at the right price, as well as providing education and excellent service to buyers who are understandably nervous about making one of the biggest purchases of their lives.

Value seekers

One strategy that won't work? Treating first-time buyers as if they're a single demographic. First-time buyers aren't just young college graduates moving out of their parents' basements, says Grace Covington, co-principal and owner of Colorado Springs, Colo.-based Ron Covington Homes. They can be young parents, empty nesters, even seniors, she says. "Instead of focusing on a demographic and asking 'What does Gen Y want, or what do the empty nesters want?', we're focusing on the things that the first-time homebuyer is looking for."

First-time buyers want to make a long-term investment in quality, she says, and they're looking for comfort and efficiency. But perhaps most of all, they just want to make good choices. "So many of these first-time homebuyers watch the news, and they have heard the media report that home values have dropped during the housing crisis," Covington says, "so they're also looking for a home that will maintain its value, which is why we are careful to choose neighborhoods that maintain value and that haven't had a high level of foreclosures, because this is very important to first-time buyers."

First-time buyers are also putting a lot of thought into the builder they choose for their first home. While they can easily research homes online, builder Saun Sullivan, senior partner of DSLD Homes in Denham Springs, La., says referrals remain his most important source of leads. That means customer service, reputation, and execution are vital.

"We take care of people in our system so they tell friends and family," Sullivan says. "It's all in the customer service, walking them through the process and treating them like a valued customer not only during the sale but after the sale, after they've been in the home awhile." That's one reason why his company continues to work with customers to resolve any issues for up to a year after they move in. "It's not just about getting them in the house and leaving them," he says.

“The day that we hand over the keys to our first-time buyers, they're so appreciative, and they're so happy, and they're so proud of what they've bought.”

Customer comfort

The need to walk customers through the home-buying process is just as important at the beginning of the purchase decision. "The biggest challenge for a first-time homebuyer is that they're a little scared," Covington says. "Even though they're coming into the market at a great time, they're hearing mixed messages about whether their home will maintain its value and about the difficulty of getting a mortgage."

"The first thing that we do to get them more comfortable with the process is to get them active in the process," Covington says. "Get them to envision actually being in the home and in the community, because that tends to break down barriers. If they really want to purchase the home and they envision living there, then it's easy to start educating them and say, 'It may not be as difficult as you think to get a loan.'"

Working together to educate customers

Conner is one of many builders focusing more of their efforts on educating prospective

buyers about home financing. "It's very important with any buyer to paint a picture of what the process is going to be like and make that process as simple as possible," he says. Sales agents will begin the conversation on the sales floor with a big-picture evaluation of the customer's interest and then put the buyer in touch with a preferred lender such as Wells Fargo Home Mortgage to gather documentation and answer questions.

Conner Homes also promotes free educational sessions with a Wells Fargo Home Mortgage consultant to help buyers understand their capabilities in a no-pressure environment. That type of education is becoming increasingly common among builders, says Daniel Deutsch, Regional Builder Sales Manager for Wells Fargo Mortgage.

"First-time homebuyer workshops are really impactful and powerful," Deutsch says. The sessions can highlight various products and programs for first-time buyers. "It really gives us a time where we can educate them and open their eyes to all these programs and hopefully overcome the perception about how tough financing is to get a home."

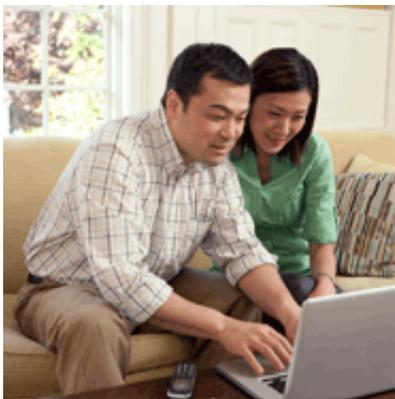
That educational process is important, even if it may slow down the process a little bit for a buyer, Deutsch says. "Sustainable homeownership and education are critical to Wells Fargo. So we do spend a lot of time on making sure that our customers are informed of the products and programs available and that we're answering all of their questions."

"While selling successfully to first-time buyers is an important business strategy, the human element of building them their first home is the true reward," Covington says. "We keep that as our No. 1 focus. The day that we hand over the keys to our first-time buyers, they're so appreciative, and they're so happy, and they're so proud of what they've bought. It just reminds you that we're in this to serve and help people."

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The value of video

Video is a compelling way to convey your message to customers, and today's technology puts it within any builder's grasp.



Despite the highly visual world of real estate sales, many builders don't yet benefit from one of the most powerful forms of visual content: video. Video is likely the most underutilized marketing tool available to homebuilders, says Mike Lyon, a national real estate consultant and trainer.

"It's entirely too easy and too affordable now for companies not to be using it—specifically companies that are selling the most expensive thing that a person will ever buy," Lyon says. Indeed, whether builders hire a professional videographer or shoot footage on their own device, the costs to make a video have dropped substantially in recent years, he says. "That's the

great thing about video. If you have an Internet connection and a smartphone, you can do video."

In an era when online tools like YouTube make it a cinch to upload and add streaming video to your website, technological challenges can no longer stand as an excuse. "Everybody can see video on their iPad, iPhone, TV, and computer screen," Lyon says. "So there's no more reason why we shouldn't be using it and using it a lot on our websites."

Compelling content

The increasing ease of video content is a boon to builders because it allows them to create a convincing message that features both the product they sell and the people who support it. A video might feature a walkthrough of a home or a tour of the surrounding neighborhood, but it can also include the human elements of communication that photos are missing—body language, tonality, even emotion.

"That's some of the most compelling content that can be on your website," Lyon says. "And it also keeps people on your website longer and helps them understand who you are better than ever before."

“There are just so many different ways to use video. It can go everywhere and be used multiple times.”

That's one reason why Lyon says builders can and should include a supporting video on just about every page of their website. The "About Us" page can have a video interview with your employees, for instance, while the customer testimonial page can feature actual video interviews with clients discussing why they chose the area, the house, and your company. Every community and every floor plan can come alive via the descriptive video accompanying it.

Video can apply well beyond your main marketing website, too. Called "buffalo" content creation, it's a concept inspired by Native Americans' use of every part of a buffalo they killed. Once you create a video such as a customer testimonial, you can use it:

- In a direct marketing e-mail.
- In a blog post.
- On Facebook, Twitter, and other social networks.
- On pages for individual communities.
- In ongoing communication with prospects to the community.

"There are just so many different ways to use it," Lyon says. "It can go everywhere and be used multiple times."

One of the most powerful ways to leverage video is for relocation, out-of-state, or military buyers. "They research the heck out of everything online," Lyon says. "I've sold a home once to someone on a submarine." If a builder or sales agent sends an e-mail with a personalized video introduction and a tour of the home or community, instead of simply [attaching] some pictures and a copy of a floor plan, the buyer will gravitate toward the builder who provided more compelling, useful information.

Cost-conscious

The amount of investment to make in video will differ for every builder based on size and marketing needs, and it's important to remember that not all videos need to look like a polished, HGTV-style show. But even a limited budget can go a long way in today's market, Lyon says. Lyon recently worked with a builder to hire a local videographer for four hours to shoot four customer testimonials, six interviews with superintendents discussing various aspects of the building process, and an update from the owner of the company discussing an expiring home loan program in their market.

The total cost of the videographer's time? Just \$400.

Editing the video will cost a bit more, Lyon says, but divided among the total number of videos, "you're talking about less than \$100 for a 2-minute clip that can be used and reused forever. It used to cost \$1,000 to do that." Builders with smaller budgets can utilize the video capabilities of their smartphones or digital cameras, which today can often shoot HD video.

"When I sold on the floor for a builder, that was one of my killer tools," Lyon says. "I worked with a lot of relocation clients, and I was shooting videos on my digital camera and uploading them on YouTube and sending them out. It gave them a chance to experience the floor plan, and it only took me about an hour and a half to do it from start to finish, including uploading and sending out the e-mail."

Tips and techniques

Don't stress out if your first forays into video aren't perfect—you're a builder, after all, not a movie director. That said, Lyon recommends a few simple steps you can take to maximize the effectiveness of your videos.

- **Shoot more often, and shorter.** "Unless it's really compelling content, you've got about a minute and a half to two minutes" of attention span, Lyon says. "Think the length of a song."
- **Get comfortable.** Many pros are paralyzed by fear of getting in front of the camera, Lyon says. If you suffer from camera fright, find somebody at your company who is comfortable being in front of people, or consider hiring a spokesperson. If you're determined to represent your company on camera, practice makes perfect.
- **Be yourself.** Some builders try too hard to replicate a successful video they've seen or be funny when they're not delivering a funny message. "Trying to be somebody you're not is always a recipe for disaster," Lyon says.
- **Avoid the photo gallery video.** It can be tempting to repurpose your marketing photos into a video through the ease of editing software like iMovie, but you run the risk of turning off your customers with such "filler" content.
- **Just do it.** The hardest part of adding video to your content arsenal is simply making the time to do it. You'll need time to find your rhythm, Lyon says, but the effort is worth your while.

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Engaging education for first-time buyers

The My *FirstHome*SM interactive educational tool helps customers prepare for homeownership.



Buying a home is a big step for first-time buyers, and it's made even more daunting by the disjointed, voluminous information available to them. There are many resources available online, but they can be hard to find or navigate. Many buyers turn to their friends and family for help, but they don't always have the right information, either.



Wells Fargo aims to fill that information gap with an online, interactive educational program called **My FirstHome**. Based on a curriculum from the National Industry Standards for Homeownership, Education and Counseling, the program is quick, easy, and engaging, and it covers everything a first-time buyer should know about the process.

"We discovered that there wasn't any one place that somebody could go to and get this A-to-Z resource in a one-stop shop," says Jenene

Armstrong, a vice president and marketing program manager for Wells Fargo Home Mortgage who oversaw development of the program. "Wells Fargo has created this program so that we can help people be more prepared and to understand the things that they need to know when buying a home.

"It goes along with our commitment to fair and responsible lending," she says. "One of the elements of that is that we're committed to help customers better prepare for and achieve sustainable homeownership."

Customers can access the Flash-based program from the Wells Fargo Mortgage website at www.wellsfargo.com/myfirsthome or through a home mortgage consultant's (HMC's) personal site. The program is divided into three sections: preparing to buy your home, buying your home, and being a homeowner. Users can navigate through the sections as they please, jumping to any topic they're interested in. The program will play automatically until it reaches a point that requires user input.

The program is designed to be interactive—homebuyers won't simply sit and listen to a voiceover or read through long blocks of text—but there's no testing, either. The end of each section includes "myth or truth" questions to encourage users to think about what they learned in that section. For instance, "Renting is always a better option than buying" is a myth: Every situation is different.

The program includes a resource guide with links to home-buying checklists or calculators, and several other tools are built into the program for viewers to use as they work through it. Users must provide their e-mail address to register for the program, which allows them to save their progress and return again later. Wells Fargo may contact users in the future simply to see if they ended up buying a home and whether the **My FirstHome** tool prepared them for the process.

“We just want to make sure that more people across the country are better prepared for homeownership.”

So far, Wells Fargo considers the effort a success. Participants have the opportunity to take a quick survey once they have completed the program. When asked about their experience in the program, 78 percent of users described it as excellent or very good. Perhaps even more telling, after taking the course, 68 percent of the users said they

felt anywhere from “confident” to “extremely confident,” versus 46 percent before they took the course. “I think that demonstrates that they feel like this gives them the confidence they need, or at least the confidence to take the next steps to explore information, work on their credit, or to reach out to a REALTOR[®] or builder or HMC,” Armstrong says.

The **My FirstHome** tool can be a simple but valuable tool for builders, Armstrong says. “If they provide this to a potential customer, they’re going to look good as well, because they’ve made the effort to share something that can help the customer prepare. We just want to make sure that more people across the country are better prepared for homeownership.”

Try the tool for yourself, or refer your customers to www.wellsfargo.com/myfirsthome.

And if you’re looking for more ways to help your buyers feel comfortable in today’s real estate market, Wells Fargo is a great place to turn. Our **My Home RoadmapSM** service provides two free hours of personalized financial coaching to help buyers prepare for homeownership, conveniently, right over the phone¹.

1. The **My Home RoadmapSM** service provides up to four sessions (an estimated 2 hours) of free financial coaching with a National Foundation for Credit Counseling (NFCC) certified counselor from a NFCC member organization that will be paid for by Wells Fargo Home Mortgage. At your option, you may purchase additional coaching sessions or services or decide to participate in another NFCC member agency program. Program may change or be discontinued at any time.

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