

Lower goes higher with \$100M Series A round to simplify home buying

Article

The news: US-based alt lender **Lower** raised a **\$100 million** Series A funding round, led by Accel, [per](#) TechCrunch.

What does it do?: Lower aims to simplify the **homebuying** process for consumers, assisting users with saving for a home and obtaining or refinancing a mortgage. Through its [network](#) of 35 partners—including Liberty Mutual, Chubb, and Progressive—users can also get insurance.

What appealed to investors?: Lower is **profitable**—an [uncommon](#) trait among fintechs—and has added new services to boost its operations over the last years

- Lower has funded **billions of dollars** in loans. After doubling its revenue yearly, it reached **\$300 million** in revenue in 2020. The Series A round marks its first external round of funding in its seven years of operations. As a previously bootstrapped company, Lower’s historic independence likely increased investors’ confidence.
- Lower launched a website to host its savings and lending services in 2018. This year, it added a mobile app with a savings account to its product suite. The savings account, [HomeFund](#), is FDIC insured and offers a **0.75% APY**. Lower also offers a “dollar-for-dollar match in rewards” for the first **\$1,000** saved. This attractive savings offering appeals to its largely youthful client base, enabling Lower to lure in users early on and **upsell** them to mortgages later.

What’s the strategy? The fintech is developing greater independence within its native servicing platform and has set its sights on an eventual IPO.

- Although Lower services the majority of its loans, it also uses a servicer to perform all of the administrative, compliance, and financial servicing activities for a mortgage loan. Lower plans to launch its own **native servicing platform** in early 2022, which will raise revenue and increase its independence, eliminating its monthly payment of a fixed per-loan fee to a servicer.
- An **IPO** is on Lower’s longer-term roadmap. The fintech will focus on scaling itself over the next few years to strengthen its value proposition for its entry into the public markets. Lower isn’t the only mortgage-focused fintech to aspire to the public market: [Offerpad](#) and [Doma](#) went public via SPACs in March, while **Blend** filed for an IPO in [April](#).