

Advanced Seller Data Services

Exclusively serving note investors and brokers since 2004

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Proven Strategies for Finding Profitable Seller Carryback Notes

Every successful note finder and broker understands the key to building a business is locating note sellers holding a profitable note with a strong desire to sell it. Note holders will not sell a good note unless they have no other good alternatives to obtain cash. It is contacting those note sellers with a true need to sell their note that make finders wealthy.

Over 18,000 note holders were interested in selling their note in 2008. Since banks and credit card companies are cutting back who they lend to **NOW** is the best time to enter the note business. Not only will more sellers need to carry a note, but those note holders needing cash can not get cash without selling their note. Those with the drive to succeed will make contact as many of these note sellers as economically as possible.

Call or e-mail us today to obtain the only list with all the tools permitting you to target your seller carry-back list. Our number is **1-800-992-4536** or e-mail sellerdata@comcast.net

Note holders sell their note for two reasons:

Note holders will only sell their note if: 1) they must avoid a larger financial pain; or 2) they can make a larger gain (financial or well being) than if they held onto their note. The note business comes down to your ability to contact note holders who have no choice but to sell their note.

After working with many note finders, brokers and investors over the past 15 years, we found 2 to 3% of note holders wish to sell their note at any given time. That number fluctuates depending on the economy and time of year. That percentage is rising as many people face more hardships in the current economic conditions.

Motivations of the two types of note holders:

1. Sellers who need cash due to unforeseen emergencies:
These note holders must have cash quickly to settle an emergency such as unexpected hospital bills, cover lost income due to a job loss or other unanticipated event where they must have cash. Expect to see many more of these note holders in our current economy.
2. Seasonal sellers who want to purchase or invest in something:
Other sellers are more seasonal in nature. Sellers needing to cover holiday bills, look to sell their note in January or February. April often sees sellers needing cash for tax bills. May and June sellers tend to want money to make large purchases such as a house, vacation, or motor home. July and early August often see fewer sellers than in late August and September those needing cash to cover college expenses are more prevalent. Records show October often sees a fair amount of note selling interest for a verity of reasons. These types of sellers tend to call less as the year winds down into the holiday season and sellers wait until next year.

All successful Note Finders have ONE thing in common:

Over the past 15 years, we have seen many note finders and brokers flourish while others fail. The **ONE THING all successful finders have in common**, they consistently contact the 2-3% of note holders wanting to sell their note.

Keys to consistently locating profitable notes

Successful note finders consistently find profitable notes with willing sellers by:

- 1) Using predictable, scientific marketing methods. They know for every 1000 note holders they proactively contact, 8 to 25 will request a quote.
- 2) They avoid wasting cash marketing to notes in second position, notes that have been paid off and other notes their investors will not purchase.
- 3) They repeat their marketing methods month after month and continuously improve as they gain experience. The more experience the more responses and deals you close.

Proven Methods to find note holders

The three best ways to contact note holders are 1) Direct Mail, 2) Website, 3) Networking with Realtors and other real estate professionals.

Technique	Positives	Negatives
Direct Mail	Target specific notes you know your investors want	Higher initial costs
	Brings in the <u>most number of notes per dollar spent</u>	Need to mail at least 1,000 note holders a month to sustain business
	You can reach almost every note holder that exists	
	Very few competing brokers- see explanation below	
	Will <u>direct note holders to your website</u> for double appeal	
Website	Fairly cheap if you avoid pay per click	Must stand out in search engines to direct note holders to your site
	Easy to run if you are operating a part time note business	Competing against hundreds of other brokers on the web at time note holder wishes to sell
Networking	Very inexpensive	You must educate the Realtors and sellers how you can help them
	Almost no competing brokers	Notes created will have no seasoning and little value to investors

Why High Producing Note Finders use Direct Mail

While there are several proven avenues to market your company, direct mail is one of the easiest to understand and build consistent results at the lowest cost per funding transaction.

- **Target specific notes you know your investors want:** You can target notes based on location, loan amount and seasoning (age) of the note that works best for your investors.
- **Direct Mail brings in the most notes per marketing dollar spent:** While direct mail may cost more to get started, you have many more note holders contacting you than any other method. Being in contact with 10 to 20 note sellers every month is normal.
- **Direct Mail can reach almost every note holder:** You can literally reach over 500,000 note holders if you had the budget. All seller carryback transactions are public record. This makes it easy to find and contact the note holder.
- **You are actually competing against very few other brokers:** While several brokers may mail to the same note holder, only the broker who contacts the seller when they need to sell their note will be called. Brokers mailing before the note holder is ready to sale plant the idea of selling the not but their name is forgotten. Do you remember who mailed to you last month? By mailing before the seller is ready, your competition plants the idea to sell the note and you harvest the crop by contacting the seller when they are ready to sell. Note holders will remember the message they can sell their note but not the name or phone number of the broker who sent the first postcard.
- **You can proactively contact note holders and direct them to your website:** Using direct mail to introduce your company and direct them to your website will give your website an extra boost with notes your investors can purchase.

Building a Consistently Producing Mailing Program

Direct mail is ideal for newer or less experienced note finders to start because they will proactively contact note holders knowing a certain percentage will call on them. Direct mail campaigns are nothing more then easy math exercises. Look at our Excel spreadsheet **Broker Direct Mail Calculations** to see what returns you can expect from a mailing campaign. All you need to do is fill in the boxes.

If you use the tips below, new finders should close an average of one note for every 1000 note holders contacted. A \$500 investment can turn into \$2,500 or more into your pocket. The results are more consistent and predictable as larger numbers of note holders are mailed. As your experience increases, you will be able to close better then one in 1000 notes and your profit is higher. We know experienced brokers (5+ years full time) who averaged over \$7,000 per transaction. This will not happen until you have taken the first step and work your way up.

As you see when playing around and using different numbers in our Broker Direct Mail Calculation worksheet, each variable can have a significant impact on the ultimate outcome of your profitability. While experience will teach you many things, here are some tips to shorten the learning curve and increase your profit quicker.

Tips for Direct Mail:

Here are tips given out by recognized experts in direct mail advertising. This information is generally reserved for professionals earning a living writing and producing direct mail. We want you to have them because every tip you follow will increase your success.

TIP 1 The postcard or letter will make the biggest difference in your success.

Note holders will accept or reject your mailer in the first four seconds they see it. You must have the following **essential elements for note sellers to call you:**

1. Start with an **ATTENTION GRABING HEADLINE** that provokes the seller to want to read more! You have seven seconds to convince sellers your message is worth reading.
2. Give sellers three (not two or four) reasons they should call you. Grouping ideas in threes has a much greater impact than any other number.
3. Give the note holder a sense of urgency to call you now, before they put your message down and forget about you. Give them a “special” price if they call today.
4. **Always include your toll free number. People needing money will not pay for the call.** Toll free number providers can be found on our list of Helpful Business for Note Finders or search the internet. Services start at \$9.99 per month.
5. Put your toll free number in **red bold** at least two places on the mailer so the note seller can find it easily. Prospects will not call if they need to hunt down your phone number.
6. Offer something **free** or let them know obtaining a quote from you is “free” People who need cash like free things. Remember- the free item is limited to those who call today. **(create urgency!)**
7. Make the seller feel comfortable calling you by telling them they have **No Obligation** by calling you today. People are reluctant to call companies if they believe a high pressure sales person is waiting at the end of the line.
8. **Be direct and affirmative with your message.** This is the tip many brokers fail to implement so they do not obtain the results they should. Use short terms like “Cash Now!” and “Call Today!” NOT “Would you like cash” or “Call me if you want a quote”

Tip 2 A reliable list is vital to contact the most note holders without wasting money on note sellers you can not help.

Your list must guarantee all names you mail are seller carryback note holders with all known bad notes and duplicate names eliminated before you purchase it. If not, you are wasting money mailing people who don't hold notes, mailing the same person twice and mailing to addresses the seller can not be reached. See our document **“Keys to a killer mailing list”** for more information.

TIP 3 The more sellers you contact, the more predictable your results.

Marketing professionals live by the “law of large numbers”. This means the larger the number (of note sellers mailed) the more likely your results will be consistent and predictable.

Successful brokers understand, even with the best list and best marketing material there remains an element of “luck” as well as skill getting their message in the prospect’s mind at the moment the note holder must sell their note. By contacting larger numbers of prospects, you increase the odds you will consistently “hit” those who are prime candidates to sell their note.

A simplistic example would be if two note brokers each entered a lottery where they had 100,000 ping pong balls, and 100 balls (1 out of every 1000) were winners. If each broker randomly drew 1000 balls they would expect to have one winning number. However, because such a small number of balls were sampled, their results can deviate wildly from the expected results. It is **equally likely** one broker picked two winners and while the second broker got none. It is also possible that if they each randomly drew another 1000 balls the results could repeat themselves giving the first broker four winners while the second broker still has none.

As the number of balls drawn becomes larger, each broker’s results will gravitate toward the average of drawing 1 in 1000 winners. If each broker drew 10,000 balls, each would likely experience between 8 and 12 winners. If 30,000 balls were drawn, the number of winners would very likely fall between 29 and 31 winners. As the number of balls drawn becomes larger, the closer the results will turn toward drawing 1 winner in every 1000 balls.

TIP 4 BE TRUSTWORTHY!

The seller is entrusting you to handle a transaction worth thousands of dollars even though they never met you. Most of the time, their life savings is tied up in the note and **they will not call if they don’t believe you can handle them professionally.** Your postcard or letter must make the note holder feel you are a professional that can be trusted. Note holders must trust you as much as the bank down the street.

TIP 5 Change your mailer if you do not receive a 1% response rate.

Never fall into the trap believing you designed the perfect letter or postcard. A 1% response is respectable when you start to mail but you need to experiment with different formats, headlines and offers until you find a formula that approaches 2%. Less than a 1% response rate on a guaranteed list indicates the seller is not responding to your message.

TIP 6 Mail your best note holders more than once.

While any note holder may want to sell their note and should receive your message, spend your marketing dollars wisely by putting your message in front of your best note holders two or three times so you are more likely to have your name and phone number when they need to sell their note. A good marketing list will make it easy to determine who the best note holders are.

TIP 7 Make certain the note holder's address is current and correct.

15% of the population moves every year. Make certain your list has the newest updated address for the seller. If not, 15% of the note holders will never see your mailer for every year you list has aged. A list of three year old notes likely has 45% (3 x 15%) seller addresses that are not deliverable. A professional list will update the seller's address to the most currently available.

TIP 8 Always learn and improve your skills.

There are hundreds of resources to refine your marketing skills well beyond what I can tell you on a few pages. Online go to the US Postal Services small business center at: www.usps.com/directmail/welcome.htm?from=globalnav&page=directmail Check out the Direct Mail Association website full of ideas at: www.the-dma.org/index.php. Also look for marketing books on sites such as Amazon.com and other booksellers.

If you can follow the tips above, you have a big step up on all the brokers not using direct mail or using it incorrectly. Call or e-mail us today to obtain the only list with all the tools permitting you to target your seller carry-back list. Our number is **1-800-992-4536** or e-mail sellerdata@comcast.net.