



# How To Generate Note Seller Leads With Little To No Marketing Budget

*by Abby Shemesh*

*This month we welcome Abby Shemesh as a regular PAPER SOURCE JOURNAL columnist. Abby is the Managing Partner and Loan Acquisition Director of Amerinote Xchange, located in San Francisco. He is a principal buyer of mortgage notes and business notes nationwide and has been in the business for over a decade.*

I have been operating as a note buyer (and a note broker) within the secondary, discounted loan market for over a decade. During my career in the note buying business I have learned (the hard way) what works and what does not work when it comes to marketing your note business effectively — and, more importantly, knowing how to get the note seller to say “YES” to your offers.

Before you can consider your note proposal to the note seller and getting him or her to say “YES” to your offer, you must find the note seller leads to target.

Most newer note brokers will not have thousands upon thousands of dollars to spend on a robust and effective marketing campaign, which means a new note broker must do what they have to do in order to get their first sale on the books.

When it comes to a marketing/advertising plan for your note brokering business, you should have a

*This is one of very few businesses that can have small overhead and still turn a huge profit.*

sound plan-of-attack. Yours will be dictated by your budget or the amount of time you can put into your do-it-yourself marketing strategy.

Let’s dissect the two different ways to cultivate and harvest note seller leads:

1. Spending money on a marketing/advertising strategy;
2. Spending your own time (otherwise called a time-investment) on finding the leads yourself while building up your note pipeline.

So, if you are thinking about breaking into the note business and you need to find a way to get note seller leads with *little to no* money out of pocket, then listen up!

## **Finding Note Seller Leads with NO Marketing Budget**

There are many ways to find note owners who are considering or may consider selling their mortgage note or business note. The question is: How do you funnel these leads your way in order to profit when you have no marketing budget?

## **1. Ways to generate note seller leads by investing *your* time (not your money):**

I) A tried-and-true way to generate note seller leads without investing time (for lack of a marketing budget, etc.) is to **scour the real estate ads** (for-sale-by-owners or FSBO) in your local Sunday edition newspaper, real estate publications or online platforms that advertise for-sale-by-owner property sales.

Once you locate such advertising platforms, you must approach the for-sale-by-owner (FSBO) property sellers and see if they are willing or planning on creating a seller-financed note in order to sell their home (or business).

Once you identify the sellers that are willing and planning to create a seller-carryback mortgage note, you approach them with the idea of structuring the note in a way that would allow them to liquidate the note within 30 to 90 days after the note’s creation in order to receive a lump sum now instead of their being the bank for the next 10, 20 or 30 years.

*Keep in mind that this is easier said than done.* You must consult a master note broker or principal note buyer before you begin this search, and explain your intentions pertaining to your marketing plan, in order to

ensure that you are providing sound guidelines to the seller on structuring a note. Also keep in mind that you are NOT a licensed mortgage broker/banker (in most cases), which means you cannot make any guarantees to the potential note seller on definitive loan structure or pricing until the note and the characteristics of the note have been reviewed for pre-approval.

Nevertheless, if performed correctly, this can be an effective and FREE way to generate note seller leads and profits for your note brokering business (with no money out of pocket).

**II) Another way to generate note seller leads without spending huge amounts of money on marketing is to *attend local business functions within the industry that you are targeting.*** This could be a Chamber of Commerce meeting, a real estate broker convention, a mortgage broker convention, a convention of a law specialty (i.e., attorneys specializing in real estate, divorce, estate planning, business, etc.), as well as functions surrounding finance in general. *Your main goal is to rub elbows with professionals that have clients that create notes that they may want to sell now or in the future.*

I have received countless referrals from attending such functions. It may only cost you the time to travel, the cost of gas, the cost of admission and some business cards (which you can get for about \$10 at VistaPrint.com).

For those on a strict and tight budget, I recommend that you keep it local to cut way back on out-of-pocket expenses.

## **DISCLAIMER ON TIME-INVESTMENT TACTICS**

Please keep in mind that the above-mentioned tactics will not yield you results and profits overnight. *When it comes to generating leads, money needs to be spent.* It will typically take you 30 to 90 days (sometimes less, sometimes more) to see results with “Time-Investment-Only-Marketing-Tactics.”

Think of it like growing a garden. You plant the seeds and it takes time for the seeds to turn a harvest. Some plants will thrive and others will wither and die. The same goes for the above-mentioned tactics. Not every attempt will be a home run, although if you plant enough seeds, you are bound to yield a crop (and not starve). On the flip side, if you want to eat immediately, so to speak, you would need to go to the supermarket and spend money — plain and simple.

The note business is one of the very few that can have very little overhead costs and still turn a huge profit, consistently. This is one of the major ingredients that attracted me to the business in the first place. This means that a new note broker can definitely generate note seller leads with a small budget and small monetary commitment.

One of the tactics that I used to generate note seller leads when I was just starting off in the industry in the early 2000’s was advertising in classified sections of local newspapers, real estate publications and business journals. This tactic has been used successfully in our industry for decades. Even in today’s fast-paced digital world it still works. In order to execute this tactic successfully, the ad platform

that you use must be highly targeted. This means that, for example, if you are trying to find business note seller leads it would not make sense for you to place a classified ad in the back of a bridal magazine (if you catch my drift). You want to make sure that the ads that you are placing are going to be visible to the potential clientele that you are looking to capture.

Another well-tested form of cheap advertising (in comparison to other, more expensive modes of marketing) is a mail campaign. There are many different approaches that one could take with the mailer campaign strategy such as:

**A. Going to your local county court house and compiling a list of note owners that created a seller-financed note** (preferably, within the past 6 months to 3 years) and sending them a post card or letter identifying your services and how you can help.

**B. Sending letters and brochures to attorneys, CPAs, financial planners, real estate agents, mortgage brokers, business brokers and other white-collar professionals** in order to make yourself and your services visible to their clients. Many of the above-mentioned professionals have clients that may have the desire to liquidate a mortgage note or business note. With mailing to professionals, *it is all about the look and feel of your marketing material.* Do not cheap out here. The more professional and appealing your marketing material looks, the better chance you have of a response.

**C. Reaching out to loan servicing companies** to ask if they will allow you to add your brochure or marketing leaflets to their customer’s monthly statements for their seller-

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## Abby Shemesh

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financed notes being serviced. This is a great way to earn note seller leads and the trust of the note seller, due to the fact that the note seller is already dealing with the loan servicing company (having your marketing material in their monthly statements could be viewed by the note seller as a form of “endorsement” by the note servicer).

**III)** Here is a tactic that will only be useful to those note brokers who already have a website or blog. This is information that you are NOT going to readily see (regurgitated) as you do in most note broker, how-to articles. This is a tactic that I personally used for years and years that worked wonders in a short period of time. I will say that it will cost you some money, but not as much as you might think (\$50 to \$100 a month if performed correctly). It requires you to set up a Google Adwords account (at [adwords.google.com](http://adwords.google.com)) which is basically paid advertising for Google’s search engine in order to put your website in the search index results when someone looking to sell a note searches terms like: “Sell Mortgage Note” or “Note Buyer.”

This is called Pay Per Click Advertising (or PPC). PPC is typically VERY expensive, although the results are instantaneous if executed correctly. Most note brokers have to hire companies to manage their PPC accounts, which costs a small fortune (but the return on investment could be huge as well). That being said, paying Google for terms like “Sell Mortgage Note” or “Note Buyers” could run you \$2.00 to \$7.00 every time someone clicks on your ad. *The trick is to profit off of the misspellings* of the keyword terms entered by users into Google’s search

### *This is a tactic you are NOT going to see in note broker articles.*

box. You would be surprised how many people misspell “Sell Mortgage Note” and put instead “Sell Morgage Note” or “Seel Mortgage Nots.” There are literally hundreds of ways to misspell popular keyword terms in our industry. If you simply exploit those misspellings in your Adwords account by only allowing your ads to show when those types of words are misspelled, your ad will be at the top of the list. Most of the time the searcher will click on the first ad they see, which will take them to a page on your website (preferably with a note submission form on it). Assuming the content on your site is compelling enough for the searcher to fill out the form and request a quote, you will have an instant lead in your email inbox immediately upon the user filling out your form.

The best part is that *very few people in our industry are doing this* so the cost per click may only be 50 cents, 30 cents or even 10 cents per click instead of \$2.00, \$5.00 or \$7.00 per click. Voilà, now you have a leg up over your competition in a big way!

Here is a website that can help you generate the misspelled keywords so you do not have to do it yourself, line by line: <http://tinyurl.com/google-misspelling>

#### **DISCLAIMER ON SMALL MONETARY BUDGET**

**TACTICS** I do want to state that the above tactics are NOT a one-size fits all solution. There are many factors that will determine if you are successful at effectively marketing

your note business (even if you spend money), such as: **persistence, wording of your ads and letters, call-to-actions on your marketing material and letters/postcards, internet savvy abilities, etc.**

Also keep in mind that if you send out one postcard or mailer to 100 people and no one responds — that is pretty common. Statistics will tell you that a person or company you are advertising to would need to see your ad/mailer at least 5 to 8 times (or more in some rare cases) in order to follow-through with a phone call or submission form (i.e., a call-to-action). Just because one mode of marketing does not work on the first try does not mean you throw in the towel. And if you do, maybe you are not cut out to be in this business in the first place. I hope that is not the case.

If you are just breaking into the industry your success will not happen overnight. It does take a lot of persistence and hard work, just like any other business you may decide to start. *The difference with the note business is that the overhead is extremely low and the profit margin is very high.* Furthermore, there are millions of seller-carryback mortgage notes (and business notes) being created every year. This equals job security for anyone thinking of getting into the note brokering business. Go out and claim what is yours!

*If you have any questions about selling a note or brokering a note, please feel free to contact Abby by visiting*

**[www.AmerinoteXchange.com/](http://www.AmerinoteXchange.com/)  
contact-us or call 415-295-1401**

# Note Symposium Recap — Back to the Basics

by Jeff Armstrong



*It* was wonderful meeting those of you that attended last month's Paper Source Note Symposium in Las Vegas face-to-face. Lots of information was shared and given by actual practitioners in the note business — it just doesn't get better than that.

For those of you that were unable to attend I hope you will make plans to attend next year — April 30 - May 2, 2015 in Las Vegas — to help your note business survive and grow.

I did a 3 1/2 hour *Introduction to the Note Business Workshop* the day everyone was arriving, and on the final day I did *Target Marketing for the Note Business* with my annual personal updated note business statistics for the attendees.

From the questions I was getting before, during and after the Symposium it seemed to me that people sometimes tend to make it harder than it is; both the note business and the marketing. This is a simple business but it is not easy. It takes a good base foundation of knowledge, effort, persistence, "time on the water" and, yes, some money (for marketing) to grow and survive in the note business. So this month I just want to bring us all back to some of the basics and re-state some of the things I shared with everyone at the Symposium.

From the information we heard at the Symposium, and from my own research and statistics, the number of

*The number of seller  
carried-back notes  
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seller carried-back notes is growing, and for you to get those note holders to contact you, your marketing will be put to the test. I've written many, many articles on marketing and even a marketing book for our industry (available at [www.armstrongcapital.com](http://www.armstrongcapital.com)). The truth is, not much has changed in the last couple of years.

Results are achieved through testing and re-testing different marketing methods until one works for you. What works for one person doesn't always work exactly the same for another person. Maybe you heard that one person has been having good results from direct mail. It doesn't mean it will work for you. Or another person has been getting deals by using the Internet; it doesn't mean it will work for you. There are no tricks or secrets or easy ways to get results quickly.

In the seller-financed note business we define marketing as "finding the most amounts of prospects in the least amount of time for the least amount of money." Your marketing needs to be efficient, targeted and manageable. Your marketing plan needs to be in writing and you need to have three to five marketing methods working for you all times. In addition, your

marketing needs time to work. Nothing is instantaneous, and you need to be able to sustain yourself while your marketing develops.

After a couple of months of trying a thing or two you may have to tweak something to make it work better or just to keep it working. It may take six month to a year or more of testing one particular marketing method until you get the results that you want OR to find out that the marketing method that you were trying doesn't work for you and you need to focus your efforts on some different marketing methods. Once you achieve the results you were looking for it won't last forever. You will need to constantly change things up to keep up a steady deal flow.

Let me know if you have any questions or if there is anything I can do to assist you with your note business. Remember, success demands action! Keep on marketing, it's going to work! TWITA! (That's What I'm Talking About!)

*Jeff Armstrong of Armstrong Capital has been a note broker and investor specializing in the seller financed note industry since 1991. He can be reached by email at [info@armstrongcapital.com](mailto:info@armstrongcapital.com). For more updated and current information on how he can help you with your note business, your note investments or to request a quote on a note you currently have visit [www.armstrongcapital.com](http://www.armstrongcapital.com)*

# Alternative Cashflows That No One Talks About

*by Joe Pepitone*

I want to address a world that very few people in the note and real estate business talk about. What is attractive about this investment is that it has all the elements of a perfect tenant. You have an A+ tenant, a long-term tenant, a predictable cash flow and for the most part you never see the tenant. The other benefit is that the landlord can actually monetize the IOU of that tenant, unlike your everyday small business tenant. What I am talking about is the world of ground leases.

What is quite fascinating about this world of ground leases is that there is no one giving seminars how to do this. So in essence this is still a ground floor opportunity. The types of ground leases I am going to cover in this article are:

- 1) Ground Lease on a Billboard
- 2) Ground Lease on a Cell Tower
- 3) Ground Lease on a Windmill
- 4) Ground Lease on an Electric Power Source

I will explore all four worlds and allow you to determine what is possible outside of mortgage notes. In fact, more likely than not, because you are marketing for real estate notes, you will definitely come across some of these cash flows.

**Billboard Leases:** The outdoor billboard business is big business in the US. There are approximately

*Many times the cash flows that are most often overlooked become someone's pot of gold.*

450,000 billboards in the US. I know most people are aware of billboards in their town, on highways or when they are travelling. What most people *don't* know are the economics of a billboard and how that dynamic could impact your business.

What most people don't understand is that the major outdoor media companies such as CBS Outdoors, Lamar or Clear Channel have a nationwide presence. These outdoor companies have lots of resources but could not possibly own all the land and property their billboards are on. So the major billboard companies approach an individual commercial property owner, individual land owner, municipality, railroad, etc. with the idea that they would like to build a billboard on their property and in exchange for that they will give a financial inducement or a percentage of revenues earned off the board with a long term ground lease. In the legal world that is known as a perpetual easement. An easement gives someone the right to enter and exit someone else's property for a specific purpose.

Billboard leases come in many varieties: The parties receiving these billboard leases are known as billboard landlords. The outdoor billboard companies pay monthly, quarterly or annually. Some billboard companies offer a base rent and a revenue sharing agreement on the revenues earned off the board on their property. The billboard leases are paid like clockwork and are the most important expense a billboard company must pay.

Billboard landlords can assign the rights to their billboard lease to a third party for a lump sum payment of cash. Billboard leases are typically not guaranteed contracts due to the fact that the billboard company can cancel the lease in the future. This cancellation provision makes banks unable or unwilling to lend against that cash flow. However when you look at the dynamics of a billboard lease you realize that the billboard company has made a sizeable investment putting up the billboard, and the last thing they really want to do is to take down the billboard. So the risk, though real, actually is more of a perception of the lease being cancelled.

**Cell Tower Leases:** Here is another ground lease that for the most part has a triple A tenant. Here again you have a tenant that pays you on or before the due date, who is never around, and probably never complains.

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