



HOW TO MARKET FOR COMMERCIAL REAL ESTATE LOANS

By George Blackburne III, Esq.

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MARKETING MANUAL

INTRODUCTION

My name is George Blackburne III, the author of this course. I am an attorney, an expert witness, and a trainer in commercial real estate finance.

I also own the websites, CommercialMortgage.com and C-Loans.com. C-Loans is the most popular commercial mortgage portal on the internet. We have closed over 1,000 different commercial mortgage loans totaling over \$1 billion. On the order of 750 different banks, life companies, conduits, credit unions, and commercial hard money lenders participate on C-Loans.com.



MARKETING MANUAL

INTRODUCTION

I have also owned [Blackburne & Son Realty Capital Corporation](#) - a \$50 million private money (hard money) commercial lender out of Sacramento, California – since 1980.

As a result, I have been soliciting commercial real estate loans for over 31 years now. That's a whole lot of experience in marketing for commercial loans.

In this course I will share with you all of my complete and utter failures, as well as my successes.



MARKETING MANUAL

INTRODUCTION

You cannot afford to waste tens of thousands of dollars on marketing schemes that have a virtually zero chance of succeeding. This marketing program is extremely practical and do-able. Prepare to have fun and to learn a ton.

George Blackburne III, Esq.

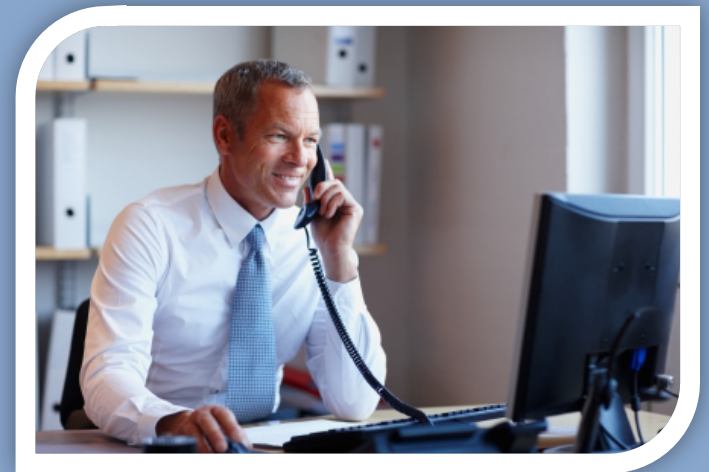
September 27, 2011



MARKETING MANUAL

SHOPPERS VERSUS REFERRALS

It is vitally important that your commercial loan client comes to you as a result of a referral, and not as a result of seeing one of your display or classified ads. Shoppers like to be lied to. Since you are ethical, there is no way you can compete with the lying mortgage broker down the street quoting the borrower 4% interest and a negative two points for a 100 year loan up to 150% loan-to-value. Yeah, right.





MARKETING MANUAL

SHOPPERS VERSUS REFERRALS

In addition, loan shoppers have to compare quotes. If you quote the borrower 6.25% fixed and one point for a 25/10 up to 75% loan-to-value, he will have to shop and compare that quote before filling out an application. If you are the first lender or broker he called, he does yet know if your quote is good or bad; so he has to call more lenders.



MARKETING MANUAL

SHOPPERS VERSUS REFERRALS

The problem is that the last lender the borrower calls is the lender who gets the deal. Assuming your competitor is honest and gives the borrower a quote equivalent to yours, the borrower is not going to hang up and go back to you, the first lender he called. Why would he? He has a lender with the identical quote on the phone right now. So even if you wrote a great display or classified ad, being the first guy to speak with the borrower is actually a disadvantage.



MARKETING MANUAL

SHOPPERS VERSUS REFERRALS

The secret to landing the package is getting the lead by referral. When a borrower is referred to a mortgage company, the mortgage company takes on the mantle of an expert. In the parlance of MBA schools, you have taken on legitimacy. “Why, XYZ Commercial Mortgage came to me with excellent references.”

Borrowers who were referred to a mortgage company tend not to shop nearly as much. So the secret in this business is to be the recipient of referrals.



MARKETING MANUAL

WHAT DOESN'T WORK

You paid a fortune for this course. You will save yourself fifty times the cost of this course if you will just resist the temptation to repeat my bonehead mistakes.

Here is a list of marketing strategies that do NOT work for generating commercial real estate loan applications:

1. Postcards
2. Magazine Display Ads
3. Newspaper and Classified Ads
4. Bulk Mail to Commercial Property Owners
5. Individually Word-Processed Letters to Commercial Property Owners

We'll talk about each category in more detail below.



MARKETING MANUAL

SENDING POSTCARDS TO POTENTIAL COMMERCIAL BORROWERS DOES NOT WORK

Postcards should have worked. They are cheaper to print than an envelope and stationary. The postage is cheaper. You buy a list of commercial property owners. You send them a postcard. Everybody at least flips over a postcard. Two percent of them should have called us.





MARKETING MANUAL

SENDING POSTCARDS TO POTENTIAL COMMERCIAL BORROWERS DOES NOT WORK

Nope. Didn't work at all. Hardly a single lead generated by 2,000 to 5,000 postcards. I tried it again and again and again, at many different points of the economic cycle. It was always the same result - nothin', honey.



MARKETING MANUAL

WHY ADVERTISING TO THE PUBLIC SIMPLY DOESN'T WORK

Over the past 31 years I have invested at least \$250,000 in marketing directly to the public for the commercial real estate loans. I have tried postcards, newspaper display ads, classified ads, magazine ads, bulk mail, and individually word-processed letters.

Every such marketing campaign directed at the public for commercial loans was a **complete and utter failure**.

There are two reasons why.



MARKETING MANUAL

WHY ADVERTISING TO THE PUBLIC SIMPLY DOESN'T WORK

1. There are home loan lenders who will refinance your home with no points and no closing costs. In stark contrast, commercial lenders commonly require \$3,000 to \$4,000 for the appraisal and \$2,000 to \$3,000 for the toxic report, in addition to points, closing costs, and legal fees. The transaction costs are therefore very high. As a result, few commercial real estate investors refinance their properties more often than once every five to ten years. If you try to advertise directly to the public for commercial real estate loans, the chances that your mailer or advertisement will reach a commercial property owner at the exact moment that he is in the mood to borrow, in real life, is very slim.



MARKETING MANUAL

WHY ADVERTISING TO THE PUBLIC SIMPLY DOESN'T WORK

2. Commercial property owners almost always call their own bank first before looking elsewhere for a commercial real estate loan. Rather than respond to your ad in some magazine or newspaper, they will call their buddy at the bank first.

It really doesn't matter why advertising directly to the public for commercial real estate loans doesn't work, as long as you don't waste your precious marketing dollars trying. Been there. Done that. My T-shirt says, "Wasted a Quarter Million Dollars."



MARKETING MANUAL

MAGAZINE DISPLAY ADS DON'T WORK

I once bought the back of the entire Sacramento Business Journal magazine. It cost me on the order of \$3,000. I received three lead calls and did not close a single deal.





MARKETING MANUAL

MAGAZINE DISPLAY ADS DON'T WORK

I once spoke with the Marketing Directors of several large nationwide conduits, and I asked them about their successes with magazine display ads. They all agreed. Magazine display ads are pretty worthless for generating loans. They're okay for making their company known among their peers, but none of them could point to a single loan closing as a result of a magazine display ad or tombstone.

They are worthless.



MARKETING MANUAL

SCOTSMAN GUIDE - EXCEPTION TO THE RULE

The Scotsman Guide – a competitor of C-Loans - has been a good source of commercial leads for many commercial lenders and commercial mortgage brokers. They have both a physical magazine that they mail out to customers and a good web site,

ScotsmanGuide.com

It may make sense for your bank or commercial mortgage company to advertise in this directory.



MARKETING MANUAL

NEWSPAPER ADS DON'T WORK

I have tried classified ads on numerous occasions over the years. They did produce a modest number of calls, but the borrowers were impossible to pin down. They were loan shoppers, eager to call the next lender on the list.

Classified ads are not totally worthless, but if you spent \$4,000 this year on classified ads and did not close a single deal off those leads, I wouldn't fall off my chair in surprise.

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MARKETING MANUAL

NEWSPAPER ADS DON'T WORK

To make matters worse, there is no residual benefit to such ads. If your expensive newspaper ad doesn't produce any calls, the ad is a total loss. You haven't even started to develop a relationship with a good referral source.

An argument can even be made that a call from a loan shopper is almost worse than no call at all. He is usually just wasting your precious time, looking for the biggest liar.



MARKETING MANUAL

NEWSPAPER ADS DON'T WORK

I have tried classified ads on numerous occasions over the years. They did produce a modest number of calls, but the borrowers were usually impossible to pin down. They were just loan shoppers, eager to call the next lender on the list.





MARKETING MANUAL

BULK MAIL TO COMMERCIAL PROPERTY OWNERS

Worthless. I once sent out 10,000 mail pieces to commercial property owners *and did not receive even one lead call!*

I have tried mass mailings to commercial property owners at least a dozen times over the years, and the results were so bad that I suspected a gremlin of stealing my mail. Maybe your author is a lousy letter writer, but I have been told otherwise on more than one occasion.



MARKETING MANUAL

BULK MAIL TO COMMERCIAL PROPERTY OWNERS

I think the method just doesn't work. Rich commercial property owners don't respond to mass mail pieces. If they need a commercial mortgage loan, they call their banker, their commercial broker (commercial real estate broker), their C.P.A. or their attorney.



MARKETING MANUAL

INDIVIDUALLY WORD PROCESSED LETTERS

Individually word-processed letters don't work either. I was so surprised and frustrated by earlier failures with direct mail to commercial property owners that I kept trying this method again and again.

I would get a list of commercial property owners. I would even know what type of property they owned (office versus retail versus motel, etc.). Then I would send them an individually word-processed letter that was indistinguishable from a personal letter. I would even reference the fact that they owned an office building or a motel.



MARKETING MANUAL

INDIVIDUALLY WORD PROCESSED LETTERS

These letters were really polished and impressive. They didn't work. I received virtually no calls. No closings. It was a complete and total bust.

I even tried enclosing a color photo of their own property, just to pique their interest. I received a few calls off that Herculean effort, but not one loan package.

It should have worked. Didn't. Lesson to us all: Forget about "shoulda" and stick with what actually works.



MARKETING MANUAL

OKAY, GEORGE, SO WHAT DOES WORK?

You are going to develop a relatively small list of people who - because of the nature of their jobs - are in a position to refer you five to ten commercial loans per year. We will call these folks “referral sources”.

Then you are going to touch these people regularly - in person, by snail mail, by email, and by fax. How regularly? You need to touch them at least once every ten days, for the first six touches. After that you can go on a Jenny-Craig-style maintenance program of once every three weeks.



MARKETING MANUAL

OKAY, GEORGE, SO WHAT DOES WORK?

Your first five touches will produce very few leads, but after your sixth touch, your phones are going to start to ring regularly and predictably. No longer will a referral be a happy coincidence. You will send out a newsletter, and the referrals will automatically start to pour in.





MARKETING MANUAL

THE NEWSLETTER EFFECT

Do you remember the Stockholm Syndrome? Back in the 1960's a group of terrorists took some people hostage in Stockholm, Sweden. There were days and days of negotiations, followed unfortunately by violence. The remarkable fact was that during the negotiations several of the hostages started arguing for the side of the terrorists. This behavior amazed psychologists, and the bonding effect between the hostages and their kidnappers became known as the Stockholm Syndrome.



MARKETING MANUAL

THE NEWSLETTER EFFECT

There is another powerful bonding effect that I call the **Newsletter Effect**:

When someone regularly shares his life with you by mail, sort of like a pen-pal, a warm, wonderful, bonding effect takes place.

Now I am not talking about impersonal flyers. I am talking about a folksy, homespun, business newsletter that contains personal words from the author about his life, business and family. The more personal the newsletter, the stronger and faster the bonding effect.



MARKETING MANUAL

THE NEWSLETTER EFFECT

You have no idea just how powerful this effect is. If you send a personal newsletter to a potential client or referral source every three weeks for nine months, he will swear he has known you ***for years***. He will feel like the back-up godfather to your children, and he will tell his friends to trust you with their last dime. It's amazing.

New broker-friends of mine call me all the time and tell me that they have been enjoying my newsletters ***for years***. Then later, when I look up their name in our databank, I chuckle when I notice that they have only been on our mailing list for eight months to a year.



MARKETING MANUAL

THE NEWSLETTER EFFECT

Why does so much trust develop? I dunno. Perhaps it is the consistency. If you have been mailing to a guy every month for years (actually its been only nine months, but to him it feels like **years**), then obviously the police have not yet hauled you off to jail. Therefore you must be reputable.

Don't try to understand it. Just please believe me when I tell you that the Newsletter Effect is one of the most powerful forces in the universe, as powerful as the gravitational pull of a black hole (well, almost). We are going to use this effect to build for you a huge engine of referrals. And if you can't write worth beans, don't worry! I'll suggest a good solution later.



MARKETING MANUAL

NOTCHES ON THE BELT THEORY OF MARKETING

I can't claim credit for this theory. It is a sales effect that has been known for thousands of years to marketers.

People seldom buy until they have thought about the purchase on at least six separate, independent occasions.

Each separate time a sales prospect thinks about buying, that moment of purchase analysis represents a notch - just like a notch on a belt. Hence the name, Notches on the Belt Theory. So an important secret to successfully selling is to notch your sales prospects frequently.





MARKETING MANUAL

NOTCHES ON THE BELT THEORY OF MARKETING

Now this manual is going to teach you how to develop a small, powerful mailing list of referral sources and to mail a folksy newsletter to them frequently. But how frequently?

Well, the Notches on the Belt Theory says that they aren't really going to pay attention until they have received at least six newsletters. Therefore I recommend that you get your six notches out of the way as soon as possible.



MARKETING MANUAL

NOTCHES ON THE BELT THEORY OF MARKETING

When you first start out, mail out your newsletters every ten days for 60 days. This will get your six notches out of the way as soon as possible. However, you do not have an unlimited marketing budget.

You need to keep your list small enough so you can afford to mail to your referral sources at least six times.

Therefore I recommend building a list of just 600 referral sources. At approximately one dollar per mail piece, a mailing will only cost you only \$600. Six quick mailings will cost you only \$3,600 - a modest amount when you consider your overhead for 60 days is probably over \$35,000.



MARKETING MANUAL

GREAT REFERRAL SOURCES

You have already learned that borrowers who are referred to you are far better as sales prospects than loan shoppers responding to your display or direct mail advertising. The reason why is because referred borrowers don't shop rates. Instead they tend to listen to your advice.

We have also learned that to convert an individual into a producing referral source, we need to hit him with a newsletter at least six times. Then the Newsletter Effect and the Notches on the Belt Theory will start to kick in.



MARKETING MANUAL

GREAT REFERRAL SOURCES

But we have also acknowledged that you do not have an infinite advertising budget. You can't afford to have thousands of potential sources on your mailing list because you can't afford to mail to them six times each in just sixty days. And hitting 600 referral sources six times is ten times more effective than hitting 3,600 sources just once.



MARKETING MANUAL

GREAT REFERRAL SOURCES

You are not going to get a large percentage of referrals per mail piece until you start to approach your fourth, fifth and sixth mailing. Therefore, only certain people should be allowed on your mailing list. Here they are in order of importance:

1. Bankers
2. Commercial Brokers (commercial real estate brokers and salesmen)
3. Property Managers

Then there is a *huge* drop-off in referral return per mail piece. Eighty-five percent of your referral sources should consist of the above three types.



MARKETING MANUAL

GREAT REFERRAL SOURCES

4. Other Non-Bank Lenders.
5. Mortgage Brokers - On a name-and-number referral fee basis only.
6. Residential Realtors - That you personally know.
7. Accountants - Who would recognize your name.
8. Attorneys - Who would recognize your name.
9. Financial Planner and Life Insurance Agents - Be sure to offer a referral fee!
10. Commercial Appraisers

We will discuss each referral source type in detail in the following chapters.



MARKETING MANUAL

BANKERS

The best referral source is, by far, bankers. Bankers are excellent sources for a bunch of reasons. The first place a borrower calls for a commercial loan is usually a bank. Therefore they get lots and lots of lead calls.





MARKETING MANUAL

BANKERS

Banks turn down a lot of perfectly good commercial loans every day. They might turn down a perfectly good commercial loan because of the loan is the wrong size, the property is too far away, or the property type is out of favor.

Large banks will usually only make large commercial loans. Small banks are only allowed to make small loans. Therefore banks turn down a ton of perfectly good commercial deals simply because the loan is not the right size.



MARKETING MANUAL

BANKERS

Banks greatly prefer to make loans close to home. They will frequently turn down sound and prudent loans if the commercial property is located more than 75 miles from their nearest branch.

Lastly, many banks have only a limited amount of money to lend, and they keep that reserved for big depositors. If a small bank depositor applies for a good-sized commercial loan, he will often be turned down, even though his loan request is fine.



MARKETING MANUAL

BANKERS

The banker is embarrassed because he really doesn't have a good reason. What is he going to do, tell his borrower that the bank is out of money? "Did you hear that First National Bank of Smallville is out of money? I'm going down to the bank first thing in the morning and withdraw all of my deposits before they go bust!"



MARKETING MANUAL

BANKERS

That would go over well, huh? So the banker is desperate to find some way to accommodate his borrower. Knowing a reliable commercial mortgage broker to whom he can refer his client is an ideal solution.

Don't offer a banker a referral fee. They will often be offended. (But don't hesitate to pay one if the banker starts to hint about finder's fees!) Instead, take your banker friends out to lunch and out to play golf. They love being wine and dined.



MARKETING MANUAL

EASY WAY TO FIND BANKERS

There are over 5,000 banks in America. You will never be able to develop a personal relationship with them all. Therefore you should develop a relationship with the 125 bankers *located closest to your office*. This way you can drop in on them and maybe even take them to lunch.

It's easy to find bankers. Just go to maps.yahoo.com and bring up a map of your own office. You do this by simply typing in your office address into the field named "A".



MARKETING MANUAL

EASY WAY TO FIND BANKERS

To find the banks located close to your office, use the “Find a Business” field. Simply enter “banks”. Then you can keep expanding the map until you have pinpointed 125 banks. If you click on the numbered pointer, the address and phone number of the bank will appear.

Don't be afraid to add two or three different loan officers for the same bank. They all turn down two or three commercial loans every week.



MARKETING MANUAL

COMMERCIAL REAL ESTATE BROKERS

Commercial real estate brokers call themselves “commercial brokers”, even if the particular agent is just a salesman and not the actual broker.

Commercial brokers, after bankers, are the second best source of commercial loans. Commercial brokers are excellent referral sources because they want to accommodate sales clients without doing the work themselves.



MARKETING MANUAL

COMMERCIAL REAL ESTATE BROKERS

Suppose you are a commercial broker. Last year you helped your client, Mr. Jones, sell his apartment building. Mr. Jones owns five other commercial buildings. Mr. Jones calls you and tells you that he has a balloon payment coming due on his mini-storage project. He doesn't want to sell it. He just wants to refinance his loan.

Now Mr. Jones considers you his broker. Any time he has a problem on one of his properties, he calls you. You want Mr. Jones to keep calling you because someday he will call you to sell or buy another building. But now you have a problem. You have no desire to play commercial mortgage broker, but your client needs to refinance his mini-storage property.



MARKETING MANUAL

COMMERCIAL REAL ESTATE BROKERS

Suddenly you get a folksy little commercial mortgage newsletter. The guy has been mailing these newsletters to you for years (note the Newsletter Effect), so you know he's an expert and reliable (otherwise he'd either be bankrupt or in jail). This commercial mortgage broker is the perfect solution to your problem.





MARKETING MANUAL

EASY WAY TO FIND COMMERCIAL BROKERS

Finding commercial brokers is easy. Their For Sale signs and For Lease signs are all over town! Just dictate the broker's name and phone number into the tape recorder app on your smart phone.

You can also find commercial real estate brokers on maps.yahoo.com (similar to search we did for bankers) and on Google by typing in your city and state and the search term, "commercial real estate".



MARKETING MANUAL

PROPERTY MANAGERS

Property managers are a great referral source commercial mortgage leads because it's not their money! The client pays the mortgage broker's fee, not the property manager. And surprisingly, the borrower probably doesn't mind either.

Why? Because the same type of person who would hire a property manager - a busy executive running a business or an old money borrower living a life of luxury - would not hesitate a moment to pay a reasonable loan brokerage fee for help with his commercial mortgage loan.



MARKETING MANUAL

PROPERTY MANAGERS

The property manager handles all of the borrower's properties. One of the properties has a commercial mortgage loan coming due. The borrower expects his property manager to take care of the matter. The property manager is thinking to himself, "Gee, I'm not getting paid to be a mortgage broker. The client expects me to run all over town, yet I have little expertise and I am not getting paid!"

Then one of your commercial mortgage newsletters arrives like the U.S. Cavalry in an old Western movie. You are his hero! The easiest sale you ever made.



MARKETING MANUAL

EASY WAY TO FIND PROPERTY MANAGERS

You can find property managers just as easily as finding bankers. Go to maps.yahoo.com and type in your office address. Then, in the Find a Business field, type in “Property Managers”.

You will notice that we are repeatedly selecting referral sources close to your office. Why? Because ideally you will drop in on these guys once a year to further cement the bonding.



MARKETING MANUAL

OTHER COMMERCIAL MORTGAGE LENDERS

There is a huge gap in the effectiveness between advertising to bankers, commercial brokers and property managers and advertising to any other category of potential referral source. The first three categories are head and shoulders above the rest.

Of your list of 600 referral sources, at least 450 (75%) should be from these top three categories – bankers, commercial brokers, and property managers.



MARKETING MANUAL

OTHER COMMERCIAL MORTGAGE LENDERS

However, advertising to your personal C.P.A. and to your personal attorney is probably just as effective as advertising to a banker who is a complete stranger. Therefore there is room on your list for other people with whom you already have a *personal relationship*.

If a potential referral source is not a banker, commercial broker, or property manager, the general rule is that you probably should not add him to your list unless you have a personal relationship with him; e.g., personal friend, relative, golf buddy, lodge buddy, or the guy is your personal attorney, CPA, or life insurance agent.



MARKETING MANUAL

OTHER COMMERCIAL MORTGAGE LENDERS

The one exception to the personal relationship requirement is other commercial mortgage lenders. All commercial mortgage lenders do some form of advertising, be it display advertising or direct mail. As a result, they are constantly getting leads and turning down most of them. You want their turndowns.

So any time you meet a new commercial mortgage lender, be sure to add them to your mailing list. Not only will you get some turndowns as referrals, but you will also start to bond (Newsletter Effect) with the lender. When you next bring a loan to the lender to fund, the lender will be more inclined to approve your loan.



MARKETING MANUAL

OTHER COMMERCIAL MORTGAGE LENDERS

Examples of other commercial mortgage lenders that I would add include credit unions, savings and loan associations, savings banks, finance companies that regularly make commercial mortgage loans, and commercial hard money brokers.





MARKETING MANUAL

DON'T FORGET ABOUT CREDIT UNIONS

The first place that most borrowers call in search of a commercial mortgage loan is a bank. For many people, their credit union is their “bank”. Therefore a loan officer working for a credit union is a terrific potential referral source.





MARKETING MANUAL

DON'T FORGET ABOUT CREDIT UNIONS

You find credit unions in the exact same way that you find banks – using Yahoo Maps.

It is interesting to note that credit unions are actually starting to make a few commercial real estate loans. Credit unions probably only originate less than 1% of all commercial real estate loans, but that number is sharply up from 0.1% seven years ago.



MARKETING MANUAL

MORTGAGE BROKERS

Residential mortgage brokers are a terrific source of commercial mortgage referrals. Most of these guys have advertisements going somewhere. Their ad might be in a newspaper, in a magazine, on a billboard, or sometimes even on the radio or television. Most residential mortgage brokers also call on real estate brokers.

As a result, they are constantly getting mortgage loan leads. Typically, around 10% of these leads will be for commercial loans.



MARKETING MANUAL

MORTGAGE BROKERS

A great many mortgage brokers are not allowed by their companies to broker commercial loans. Many others do not know how to broker commercial loans. As a result, they are a great source of commercial mortgage referrals.

The only way to successfully work with mortgage brokers is on a name and number referral basis. They call you up or email you a lead. You call the borrower and make the sale. Never get involved in a daisy chain, which we will talk about in more detail below.



MARKETING MANUAL

MORTGAGE BROKERS

When the deal closes, you pay them a referral fee, typically 20% of whatever you make. We'll discuss the legality of referral fee in a separate lesson below.

You can find hundreds of nearby mortgage brokers by using maps.yahoo.com or by simply using Google.



MARKETING MANUAL

MARKETING LEVERAGE

Suppose you had a magic machine that multiplied every one of your marketing dollars by 400. For example, if you had \$100 to spend on marketing for commercial loans, the magic machine would suddenly turn that \$100 marketing budget into a \$40,000 marketing budget. Wouldn't that be wonderful?

Such a magic machine actually exists. It's not a machine but rather a technique to take advantage of ***marketing leverage***.



MARKETING MANUAL

MARKETING LEVERAGE

Here is that magical technique:

Advertise to the companies that are currently advertising.

Here's how it works. The typical residential mortgage broker spends around \$400 per month on marketing. If you can reach this residential mortgage broker every three weeks with a \$1 mail piece, and if he refers you every commercial loan request generated by his \$400 marketing budget, then you have just achieved a 400:1 marketing leverage.



MARKETING MANUAL

MARKETING LEVERAGE

You can also achieve marketing leverage by mailing to banks and other commercial lenders. The typical commercial lender spends far more than \$400 per month advertising for loans.

In theory, you could achieve similar marketing leverage working with a commercial real estate brokerage company sending newsletters or email newsletters to commercial property owners. If you could somehow hitch a ride in their newsletters, in return for a promise to pay them referral fees, you will have achieved substantial marketing leverage.



MARKETING MANUAL

DAISY CHAINS DON'T CLOSE

A ***daisy chain*** is created if a mortgage broker (Broker A) takes a deal to another mortgage broker (Broker B), who then takes the deal to the lender.

As a general rule, daisy chains don't close.

Why? In most cases, Broker A's fee, when added to Broker B's fee and the lender's own loan fee, makes the total number of points on the deal way too high. The existence of the daisy chain prices all of the brokers out of the deal.



MARKETING MANUAL

DAISY CHAINS DON'T CLOSE

And sometimes there are even three and four brokers on a deal. Yikes.

The situation is even worse if one of the brokers packs the deal. **Packing** occurs when a mortgage broker demands some huge loan fee, like two or three points on a loan larger than \$1 million. It kills the deal because the borrower almost always cancel.

Another reality that kills most daisy chains is that communications gets terribly garbled when there are two or more mortgage brokers between the lender and the borrower.



MARKETING MANUAL

DAISY CHAINS DON'T CLOSE

It's like that game we used to play as children where five people stood in a line and the moderator whispers a message into the ear of the first guy in line, "Let's drive to the beach, pick up some hamburgers, build a bonfire, and have a party." By the time the message is relayed from player to player, you're likely to get a final message, "I can't come to the party because someone started a brush fire making hamburgers at my beach house."

So why are we even talking about daisy chains? We have decided to solicit residential mortgage brokers for commercial loans because they each spend about \$400 per month advertising for mortgage loans. We achieve marketing leverage this way.



MARKETING MANUAL

DAISY CHAINS DON'T CLOSE

But we cannot allow them to “broker” the deal to us because their one or two point loan fee will **pack** the deal; i.e., it will price us out of the market. The existence of an intervening person in the telephone tree will also make effective communication almost impossible.

So how do we work with mortgage brokers? We work only on a name and number referral basis. They call us up with the name and number of a prospective commercial borrower, and in return we pay them a 10% to 20% referral fee if the deal closes. On this basis, residential mortgage brokers make terrific referral sources.



MARKETING MANUAL

ARE REFERRAL FEES LEGAL?

Is it legal to pay referral fees for commercial mortgage referrals?

Yes! Even in states where a license is required to broker commercial loans (California, Florida, Nevada, Arizona, etc.), you can legally pay a referral fee on a commercial mortgage loan, as long as the referring source does nothing more than to call you with a name and number of a prospective borrower.



MARKETING MANUAL

ARE REFERRAL FEES LEGAL?

However, if the referral source - say, a commercial real estate broker - starts to negotiate terms (rate, points, term, etc.), at that point he is working as a commercial mortgage broker. In those states requiring a license to broker commercial loans, the referral source is now breaking the law.

Therefore, don't let your referral sources try to gather documents for you or to issue loan quotes. As long as he merely gives you the name and number of someone seeking a commercial loan, it is perfectly legal to pay him a referral fee.



MARKETING MANUAL

ARE REFERRAL FEES LEGAL?

When is it illegal to pay a referral fee for a mortgage borrower? Under RESPA, it is illegal to pay a referral fee (called a kickback) on a residential loan. A residential loan is a mortgage loan on a house, condo, townhouse, duplex, triplex, or fourplex. In the parlance of the Federal government, such loans are called loans on a one-to-four family dwellings.

Is it legal to pay a banker a referral fee for a commercial mortgage referral?



MARKETING MANUAL

ARE REFERRAL FEES LEGAL?

Never be the first to suggest a referral fee to a banker! Most bankers consider referral fees - even on commercial loans - to be kickbacks. A kickback is an illegal and immoral payment to a real estate broker to steer his trusting buyers to a particular lender.

Therefore, if you offer a referral fee to a banker, 90% of them will be horrified. They will look at you as a leper and probably cut you off.



MARKETING MANUAL

ARE REFERRAL FEES LEGAL?

Most banks also forbid their loan officers from receiving referral fees. The reason why is because of the potential liability. Lots of banks have been sued for referring customers to mortgage companies. If the mortgage company is negligent and the borrower loses a large purchase deposit, such borrowers have been known to sue the bank for a negligent recommendation.

So while it is NOT illegal to pay a banker a referral fee on a commercial mortgage referral, the loan officer can still get in trouble because it is against the policy of most banks for their loan officers to receive referral fees.



MARKETING MANUAL

ARE REFERRAL FEES LEGAL?

That being said, if the banker asks for a referral fee, you should gladly pay it. There is nothing sweeter than a banker sending you one or two referrals every business day.

How large should the referral fee be?

It's whatever you negotiate, but the standard commercial mortgage referral fee is 20% of your company's gross commission. Ten percent is also common.



MARKETING MANUAL

RESIDENTIAL REAL ESTATE AGENTS

In commercial real estate finance, the smaller the loan, the more likely the deal is to close. I greatly prefer \$400,000 deals to \$10 million deals because I'll close fifty \$400,000 deals before I'll close a \$10 million deal. (We cover this in much greater detail in our Practice course.)

So who lists and sells most of the small, inexpensive commercial properties? Answer: Residential real estate agents (realtors)! Many residential realtors handle those little houses zoned and used commercially, those small apartment buildings, and those small mixed-use properties. Therefore residential realtors can be terrific referral sources.



MARKETING MANUAL

RESIDENTIAL REAL ESTATE AGENTS

The problem is that the typical residential realtor is swamped with flyers. He throws 99% of them away without even reading them. You won't be able to get him to open your envelopes or read your emails. You can't afford to waste postage on someone who won't even open the envelope.

This being said, you definitely want to add every residential realtor to your list who knows you by name. If he knows you well enough to open your mail, then he is definitely a great source for your mailing list.



MARKETING MANUAL

RESIDENTIAL REAL ESTATE AGENTS

Be sure to offer your residential realtors a 20% referral fee in exchange for a name and telephone number of a potential borrower. Once you have paid one of these guys a \$1,000 check for a quick phone call, he will bird dog loans for you for a lifetime.



MARKETING MANUAL

ACCOUNTANTS AND CPA'S

Accountants and C.P.A.'s are wonderful sources. The type of investor who is rich enough to own a commercial property almost certainly uses a C.P.A. In addition, borrowers frequently call their C.P.A.'s when looking for a commercial mortgage loan.

That's the good news. The bad news is that the typical C.P.A.'s get on average 50 pieces of junk snail mail everyday, as well as 200 spam emails every day. They are also hourly rate workers. When they are reading junk mail, they aren't billing out. Good luck trying to get a C.P.A. to read your newsletters.



MARKETING MANUAL

ACCOUNTANTS AND CPA'S

Therefore I only recommend that you add your own personal C.P.A. and those C.P.A.'s and accountants with whom you have a close personal relationship - someone who will recognize your name and open your mail.

Remember, to be successful you need to hit every person on your mailing list at least 17 times a year (once every three weeks). At approximately one dollar per mail piece, you cannot afford to have anybody on our list who is not going to open your snail mail.



MARKETING MANUAL

ATTORNEYS

Like C.P.A.'s, attorneys are wonderful referral sources. The type of investor who is rich enough to own a commercial property almost certainly has a regular attorney. In addition, borrowers frequently call their attorney when looking for a commercial mortgage loan.

But once again, that's the good news. The bad news is that the typical attorney also gets on average 50 pieces of junk mail everyday, as well as 200+ spam emails. They are therefore very unlikely to read your snail mail.

So once again, only add those attorneys who will recognize your name and open your mail.



MARKETING MANUAL

FINANCIAL PLANNERS AND LIFE INSURANCE AGENTS

A ***financial planner*** is simply a life insurance agent who calculates your net worth, figures out how much your estate will owe in estate taxes if you die, and then sells you an insurance policy in the face amount of your estimated estate taxes.

Financial planners and life insurance agents are commission driven, so be sure to wave your 20% referral fee in their faces. They will salivate like hungry Pavlovian dogs. (Hey, your author likes referral fees too - so woof, woof!)



MARKETING MANUAL

FINANCIAL PLANNERS AND LIFE INSURANCE AGENTS

Financial planners and life insurance agents call on ***high-net-worth individuals*** in hopes of either winning the right to manage their money or to sell them a big life insurance policy. In the process, they often meet wealthy borrowers in need of commercial mortgage loans.

Eager to win the appreciation of their prospective clients, but not eager to do the work themselves, they make excellent referral sources.

Don't go nuts and add fifty life insurance agents to your list who are complete strangers to you and your firm. But if you meet one of these guys, or if you arrange a loan for one of them, be sure to add him to your list.



MARKETING MANUAL

ADDRESSING YOUR ENVELOPES

You would be amazed how important this subject is to your success. Let me give you a real life example. I have been selling trust deed loans to my list of 700 active private investors for eleven years. Every two weeks for years and years these same investors have been receiving the same folksy newsletter and a couple of trust deed loans to choose from.



The other day, in an attempt to save on postage, I mailed out the same materials by bulk mail. Each envelope was individually addressed and arrived in our standard envelope with our logo at the top. They were not addressed to Occupant or anything goofy like that.



MARKETING MANUAL

ADDRESSING YOUR ENVELOPES

Inside was the best loan we have even offered in eleven years. If we had mailed out the loan by first class mail, our phones would have rung off the hook. The loan would have sold out in two hours, and we would have had hundreds of angry investors on our hands, frustrated that they called too late.

No one called. Okay, we got a couple of calls; but we should have received 300 calls! We were finally forced to fund the loan using our line of credit and sell the loan by phone as investors called in on other matters.



MARKETING MANUAL

ADDRESSING YOUR ENVELOPES

No one opened the darn envelope! They knew what was inside. They had received the identical gray envelope with our logo 100 times a year for sometimes ten years. No one opened the darn thing!

Let this be a lesson to you, and a reminder to me, that the appearance of your envelopes is very important.

Of course the envelopes must have your name and logo on them; but far more importantly, you must use either a modern, professional-looking printer. Jet ink printers and bubble jet printers don't work! They look mass-produced, and if they look computer-generated, the recipients simply won't open the envelope.



MARKETING MANUAL

ADDRESSING YOUR ENVELOPES

And the Curse of Death is a bar code. No-no-no! Whenever a mail recipient receives a mail piece with a bar code, he knows immediately that the mail piece is coming from a computer and not a person.

“But George, the Post Office sprays a bar code on every envelope nowadays.” Yeah, but its a different color or shade of ink! People can tell. Don’t believe me? The next time you get your mail, see how many pieces you can instantly spot as junk mail.

Whether your conscious mind knows it or not, you are already using this discriminator.



MARKETING MANUAL

ADDRESSING YOUR ENVELOPES

“But George, if I imprint a bar code, I save seven cents per mail piece.” Don’t be penny wise and dollar foolish. If no one is going to open your mail, you are just throwing away money.

What about stamps versus a postage meter? Stamps work much better, but they are a lot of work. I would probably stick and glue stamps for the first 600 names for the first five or six mailings; but after that you can probably go to a postage meter. Most businesses use postage meters, so it’s not an automatic bust that your mail is junk.



MARKETING MANUAL

ADDRESSING YOUR ENVELOPES

Here's another very important trick. Be sure to put a period after the abbreviation "St." or "Blvd." Too many bulk mailers pretend to be first class, by using stamps, expensive laser printers and individual addressing - only to bust themselves by failing to put a period after the addressee's middle initial.

William P Jones

Busted! Done by a computer! No secretary would ever make such a mistake.



MARKETING MANUAL

ADDRESSING YOUR ENVELOPES

Another one of my favorites is “Mcdonald,” instead of “McDonald.”
Busted! Done by a computer. Ain’t gonna open it.

For many years we used a special envelope printer (very expensive) that actually struck the paper with a ribbon, and it worked like a charm. Unfortunately they are no longer made.

I recommend that you run each envelope through your laser printer. It’s slow, but your mail will get opened.

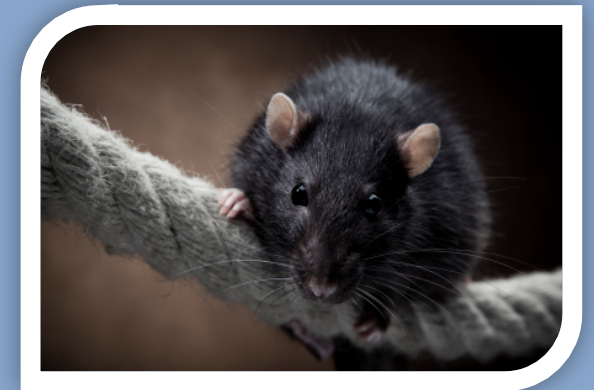
It goes without saying that you should never use labels!



MARKETING MANUAL

RAT GOODIE THEORY OF MARKETING

Back in the 1960's, B.F. Skinner stunned the scientific world when he announced that he had trained some rats to press a lever every time they wanted food. He called the process "conditioning".



Please take a moment at this time and look at the sample newsletters I have enclosed in the rear of this training manual. You will note that many of them start out with a Joke du Jour section, and almost all of them have something particularly interesting, outrageous or fun to say.



MARKETING MANUAL

RAT GOODIE THEORY OF MARKETING

I am not just always talking about our wonderful loan products. In fact, many times I don't even mention our commercial loan products until the very end.

What am I doing here? I am conditioning my readers to look forward to my newsletters.

I always reward them for opening my mail by giving them some sort of Rat Goodie.



MARKETING MANUAL

RAT GOODIE THEORY OF MARKETING

A Rat Whatty?

Now my most brazen Rat Goodie is my Joke du Jour section. There's nothing subtle here, just fun. But sometimes my Rat Goodie is more subtle, like an announcement that Blackburne & Sons has just funded a loan of the World's Largest Female Mudwrestling Palace. That *Crazy George!* Only *Crazy George* would make a loan on such a property. They've got to giggle.



MARKETING MANUAL

RAT GOODIE THEORY OF MARKETING

Sometimes my entire newsletter has nothing to do with commercial mortgages. My most productive newsletter in 31 years had nothing to do with commercial mortgages. I wrote a review about the movie 12 Monkeys and the book The Hot Zone. The headline of my newsletter read, “The Ebola Virus is Going to Kill Us All!” The whole newsletter was devoted to the outbreak of an airborne version of the Ebola virus in Reston, Virginia. I did not even mention commercial mortgages at all (but understand that all of these recipients had been on my mailing list for years). I scared the poop out of a lot of people, and I received more leads calls from it than any other newsletter.



MARKETING MANUAL

RAT GOODIE THEORY OF MARKETING

Every newsletter must contain a Rat Goodie. It could be a joke, a movie or restaurant review, a heartwarming story about your wife or kids, an interesting news story, or a trivia tip - something interesting outside of work. If you include a Rat Goodie religiously, your readership will skyrocket.



MARKETING MANUAL

IMMEDIATE GRATIFICATION

It may take sixty days before your newsletters really start to pull. In the meantime, your overhead is continuing to run at the rate of \$20,000+ per month. You need loans *today*.

Get in your car and drive over to the nearest bank. Ask to speak with one of the loan officers. Shake his hand and explain that you have access to nationwide conduits which are only interested in making commercial mortgage loans. They do not want the borrowers deposits.



MARKETING MANUAL

IMMEDIATE GRATIFICATION

So if the banker gets a commercial loan request from a good credit borrower, but the borrower only has modest deposits, the banker can refer the lead to you. You understand the bank's concerns about losing depositors. You are not going to take his depositor to a competing bank, which will grab his deposits. You will instead get him a commercial mortgage loan from a non-bank. Calling on bankers is a fast and extremely effective way to get commercial mortgage leads *right now*.



MARKETING MANUAL

IMMEDIATE GRATIFICATION

Here are a couple of important terms:

Good Bank Customer: Maintains large cash deposits

High-Net-Worth Individual: Filthy, stinking rich

You should obviously use their terms, not our mortgage broker slang.
Dignity and professionalism is important with bankers.



MARKETING MANUAL

IMMEDIATE GRATIFICATION

Look for hints that they want a referral fee. Never be the first to mention it! No-no-no! Just be looking for their subtle inquiry about whether you pay referral fees.

Before you go out to see any of them, please be sure to review Lesson 15 on Bankers.



MARKETING MANUAL

SEDUCE YOUR BANKER WITH A DPO OFFER

When you approach a new banker, it helps to have something to offer him that will solve one of his problems. You should therefore tell him that you have the ability to help him get some bad commercial real estate loans off of his books.

All across the country banks are turning to their commercial mortgage borrowers and saying, "Look, our regulators are concerned about your commercial loan. We know your commercial real estate loan is current right now, but the vacancy rate for commercial space in your area is pretty high, and the regulators are pushing us to get your loan off our books. Here's what we're going to do. Right now you owe us \$5 million. If you pay us off in the next 90 days, we'll accept just \$3.5 million."



MARKETING MANUAL

SEDUCE YOUR BANKER WITH A DPO OFFER

When a lender agrees to accept a payoff for less than the full balance on the loan, it is called a ***discounted pay-off***, or DPO for short.

But one of the problems the borrower faces when he seeks new financing to take advantage of a DPO offer is that few new banks want to help a borrower short-change another bank. Therefore, you'll need to place the deal with a hard money lender. Fortunately, because you have access to C-Loans.com, you know plenty of hard money lenders.



MARKETING MANUAL

SEDUCE YOUR BANKER WITH A DPO OFFER

So after you shake hands with a strange, new banker, in order to break the ice and get a conversation going, you might say something like, “Mr. Banker, I represent a group of private money commercial lenders who love to make DPO loans. Do you have any commercial real estate loans that you would like to get off your books?”

Your introductory DPO offer is really just an ice-breaker, but you’re sending a signal that you are there to help solve his problems. After that you two can talk about how you can help him serve his bank customers whose commercial loan requests he is forced to deny.



MARKETING MANUAL

E-MAIL

Snail mail is slow, time-consuming to send out, and expensive. Therefore most of your newsletter campaigns should be delivered by email. Once you have created the format or template for your email newsletters, you can prepare an email newsletter in the morning and deliver your email newsletters just a few hours later.

If you are good on a computer and know how to surf the web, you can start to build yourself an e-mail list of banks, commercial brokerages (realtors), and property management companies.



MARKETING MANUAL

E-MAIL

Since you can send e-mails for free, you should even add to your list all of the C.P.A.'s, attorneys, residential realtors, life insurance agents, financial planners and maybe even appraisers - anybody in the financial field - whose e-mail address you can find.





MARKETING MANUAL

E-MAIL

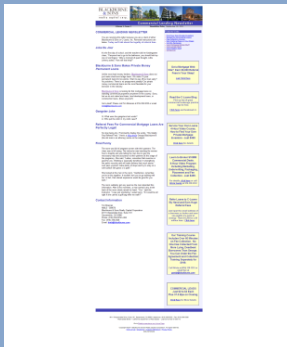
Then I would send them a regular newsletter. In the comments section I would put “Referral Fees for Commercial Borrowers.” This should get their attention. Everyone loves referral fees. They’re easy money. Be sure to put at the bottom of your newsletter an explanation on how to be deleted from your e-mail list. This will keep you from getting mail-bombed by some frustrated recipient.

Remember, you can send e-mail messages for free, so if you are short on money, this is an *excellent* way to get commercial mortgage leads.

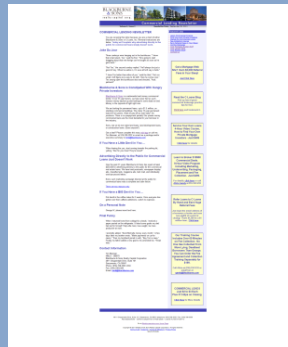
The following six pages contain several sample email newsletters.



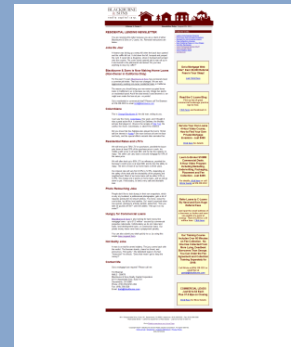
MARKETING MANUAL E-MAIL



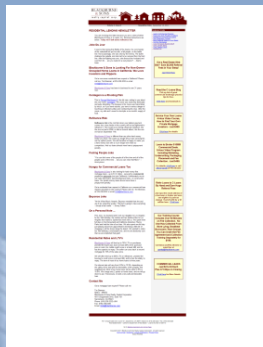
[\(click to enlarge\)](#)



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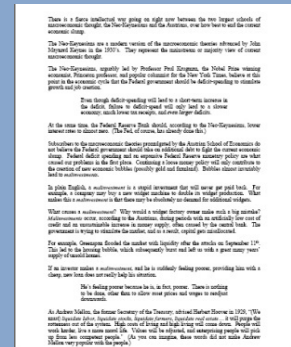
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[\(click to enlarge\)](#)



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MARKETING MANUAL

E-MAIL PART TWO

You will notice that my own email newsletters are very slick and professional looking. Don't get discouraged!

Your newsletters do NOT have to be this polished-looking. They do NOT have to be written in HTML (web page software). Simple text email newsletters will work just fine – as long as you always include lots of Rat Goodies.



MARKETING MANUAL

E-MAIL PART TWO

But if you would like to have a polished template, like the templates in my sample newsletters, you are welcome to employ the same web page designer that I use. His rates are reasonable, and he does gorgeous work:

John Merry
NETPILOT WEB SOLUTIONS
916-941-1180
NetPilotWeb.com
info@netpilotweb.com



MARKETING MANUAL

CONSTANT CONTACT AND iCONTACT

The world is awash in spam. Therefore the giant ISP's (internet service providers) and email services (Yahoo, AOL, and Google) automatically filter out an immense number of emails. If you try to send out email newsletters on your own, you will find that your delivery rate is disappointingly low.

The solution is to use an email newsletter service. Two that we have used and liked are:



Constant Contact (<http://www.constantcontact.com>)



iContact (<http://www.icontact.com>)



MARKETING MANUAL

CONSTANT CONTACT AND iCONTACT

For around \$40 per month these services will maintain your email address lists and send out your email newsletters. Because these services religiously make sure that requests to be deleted are properly handled, they are on the “good boy” lists of all of the giant ISP’s and email services.



MARKETING MANUAL

FAX BROADCASTING

The Blackburne & Sons, my own mortgage company, has greatly reduced the use of expensive direct mail. Instead, we broadcast almost half of our newsletters by fax. (We use email to deliver the bulk of our remaining newsletters.)

Bulk faxing works quickly and easily, and the cost is only around 3 to 4 cents per letter-sized fax. We have included a couple sample fax newsletters following this lesson. Once again, they do not have to be fancy. Simple text on a letter-sized page will do just fine. Whether or not your newsletters get read depends on the consistent quality of your Rat Goodies, not on the beauty of your newsletters.



MARKETING MANUAL

FAX BROADCASTING

Most fax broadcast services will maintain your fax list for you. They will even provide you with software where you can schedule 1/10th or 1/21th of your fax list to receive a fax every business day. This helps to avoid the scenario where you are swamped with lead calls on one day and twiddling your thumbs on another. Instead you'll receive a steady flow of leads every working day.

Here is a fax broadcasting company with whom we have worked for years with great satisfaction:

WESTFAX

800-473-6208

<http://www.westfax.com>



MARKETING MANUAL

FAX BROADCASTING IS DANGEROUS

We have all received unsolicited faxes from complete strangers (travel agencies, chiropractors, nearby restaurants, etc.), and it can get pretty irritating. Congress therefore passed a Federal law prohibiting unsolicited faxes and permitting the recipients of unsolicited faxes to sue for \$1,500 per fax (just \$500 per fax if the sender can prove that it was an accident).



MARKETING MANUAL

FAX BROADCASTING IS DANGEROUS

No one sues for just one fax. Instead, they collect ten or twenty of these faxes and then sue for \$15,000 to \$30,000. There is a network of about a dozen fax attorneys nationwide who work cooperatively (referring clients back and forth) to extract \$5,000 to \$10,000 settlements from business owners. If you refuse to pay the settlement, they will actually take you to court.



MARKETING MANUAL

FAX BROADCASTING IS DANGEROUS

Blackburne & Sons once defended such a case all the way through trial ... and we won! But it cost us \$20,000 to defend the suit, and we could have settled for \$10,000. Nevertheless, we sent a signal to the clique of attorneys responsible for the bulk of these fax lawsuits that there was little to be gained from attempting to extort our particular company.

More recently these fax attorneys have been filing class action lawsuits. The cost of even defending such an action would bankrupt most small companies. The cost of losing a class action lawsuit is so much money as to reach the level of absurdity (\$10 million?).



MARKETING MANUAL

FAX BROADCASTING IS DANGEROUS

Therefore, it is *essential*, if you intend to use fax broadcasting, that you carefully follow the rules outlined by Federal law.

Below is a list of just a few of the many requirements of safe faxing. I am not an expert on this stuff, so it's very likely that I have missed a few of the requirements. **THEREFORE DO NOT RELY ON THIS ARTICLE!**



MARKETING MANUAL

FAX BROADCASTING IS DANGEROUS

To safely bulk fax, you must at least comply with the following rules:

1. You need the express permission of the fax recipient (ideally in writing but verbal will work if you can prove it) to fax to you; OR
2. You must have done business with the recipient before. If you have quoted a loan to the recipient in the past in the normal course of business, this would probably suffice (but no guaranties).
3. You must provide a toll-free number on the fax where the recipient can call and get deleted off the list; AND



MARKETING MANUAL

FAX BROADCASTING IS DANGEROUS

4. You must provide an email address where the recipient can write to get deleted; AND
5. You must provide a fax number where the recipient can fax you a request to be deleted from your fax list.
6. There are other requirements as well.

As terrifying as this discussion has been, bulk fax newsletters are extraordinarily effective. Unlike snail mail or emails, the recipient does have to open anything. The fax just appears on his machine. And who could resist reading the Joke Du Jour?



MARKETING MANUAL

FAX BROADCASTING IS DANGEROUS

Therefore do not fail to employ fax broadcasting simply because this lesson terrified you.

If you want to get more confident before you fax, please call the following attorney:

Ronald D. Foster, Esq.

574-250-3901

rfoster@blackburne.com



MARKETING MANUAL

FAX BROADCASTING IS DANGEROUS

The list below is The Blackburne & Sons, my own mortgage company, has greatly reduced the use of expensive direct mail. Instead, we broadcast almost half of our newsletters by fax. (We use email to deliver the bulk of our remaining newsletters.)



MARKETING MANUAL

“BUT GEORGE (SAID WITH A SLIGHT WHINE), I DON’T WRITE AS WELL AS YOU.”

Your newsletters don’t have to be fancy. They don’t have to be written in a newspaper column format, like mine. I only like newspaper style newsletters because they have multiple headlines. Therefore there is a better chance of hooking a reader with at least one headline of interest.

I have seen many effective newsletters that are written simply in a business letter style. They might just start out, “Dear Client of the Blackburne & Sons.”



MARKETING MANUAL

“BUT GEORGE (SAID WITH A SLIGHT WHINE), I DON’T WRITE AS WELL AS YOU.”

The secret to a popular newsletter is to be personal, folksy, and unprofessional. Wait a minute? Did George just say that I should write in an UN-professional manner? Yes, he did!

Folks, I passionately urge you NOT write your newsletters in a business-like manner. Instead, write your newsletters in a down-to-earth style. Start your sentences with contractions, like “And” and “But”. End your sentences in prepositions, like “of” and “upon”. I want your eight-grade English teacher rolling over in her grave. Why? Because this is the way most of us converse with each other over a beer.



MARKETING MANUAL

“BUT GEORGE (SAID WITH A SLIGHT WHINE), I DON’T WRITE AS WELL AS YOU.”

As to the contents of your newsletters, write to your contacts as if they were your buddies, your pen pals. Tell them about interesting stuff, not always about stuff related to business.

Do you remember my ebola virus newsletter! You will find it following this lesson. It was by far my most successful newsletter, and the ebola virus has *nothing* to do with commercial mortgages.



MARKETING MANUAL

“BUT GEORGE (SAID WITH A SLIGHT WHINE), I DON’T WRITE AS WELL AS YOU.”

Let me repeat: Forget being businesslike! Do you like reading “professional” business letters? Heck, no! They are *boooooor-ring*, right? So write to your “friends” like you would like to be written to - in plain, ungrammatical, slang-rampant, contraction-using, fun-style English.

Send a stupid joke. Send a story about your kids. But send *something* to your referral contacts every three weeks religiously.



MARKETING MANUAL

"BUT GEORGE (SAID WITH A SLIGHT WHINE), I DON'T WRITE AS WELL AS YOU."

BLACKBURNE & BROWN LETTER

4811 Chippendale Drive, Suite 101, Sacramento, CA 95841 (916) 338-3232 Fax (916) 338-2328

For Use By Licensed Commercial Mortgage Brokers Only

January 15, 1996

EBOLA COULD HAVE KILLED US ALL

If you like science fiction, go see the new Bruce Willis movie, "Twelve Monkeys". The movie is riveting. Twelve Monkeys and Dustin Hoffman's movie, "Outbreak", also have a very scary scientific basis.

I just finished reading the book, "The Hot Zone", about the Ebola virus. It is a true story about how the deadly Ebola virus arrived in the United States in a group of laboratory monkeys.

The Ebola Zaire virus is so deadly that early, undiluted strains are almost 100% fatal. Fortunately the virus found in Africa is usually transmitted only when doctors, nurses and family members come in contact with the blood or the draining fluids of dying victims. That's easy to do when every cell in the victim's body liquifies.

But the hundreds of monkeys discovered in a lab in Reston, Virginia caught the Ebola Reston virus from each other *without coming in physical contact with each other*. The deadly virus had mutated and become airborne!

Six lab workers had worked next to these monkeys and breathed their exhaled air. As you and I watched football games several

years ago, The Center for Disease Control waited for these men and their families and the friends of their families to start dropping dead from hemorrhagic fever. By the time the risk was discovered, hundreds of people had been exposed - far too many to hope to locate and quarantine. Five billion people could have died.

Not ider and sam the airb mac

We Ebo Zair did mer enfk shon hep

But the virulence of the virus seemed to die out as it passed from one human to another. The first infected person died quickly, the second more slowly, the third "descendent" almost survived and the fourth survived and was no longer contagious.

You and I came closer to dying this year than most people can imagine. Many virologists say its only a matter a time before a

serious outbreak occurs. Scary stuff - but interesting, huh?

KILLER NEW RATES
Pardon the pun

Remember, B&B is now an "A" paper lender. A typical quote on a 65% LTV deal on a nice property will be 11.9% and only 1.5 points *just 3.9% above assumed fixed* (and with no early call date > prepayment penalty).

less than 50-55% LTV will (ed) at only 10.9% fixed, as as the property is standard particularly attractive. If the rty is drop-dead-gorgeous real estate equivalent of is Schiffer), **we might even loan at par** (zero points!).

u already have an appraisal? a vacancy at the exact time a in is due? No downpayment *ig-seller-carry-second?* Got a creat in the *Boonies?* Remember Blackburne & *Boonies*. Do you have a commercial property that is unusual or politically incorrect (quiet mobile home park, etc.)? Does your client need a super-cheap appraisal and toxic report fee? **Need a loan approval today?**

FOR A LOAN QUOTE CALL:
MIKE THURMAN AT
(916) 338-3232
Real Estate Broker
California Dept. of Real Estate

[\(click to enlarge\)](#)



MARKETING MANUAL

DIRECT MAIL TO YOUR 300 SPARTANS

Earlier I mentioned that Blackburne & Sons now uses mostly fax broadcasting and email to deliver our newsletters. Because of the cost, we use direct mail (first class snail mail) very sparingly.

Nevertheless, many great referral sources have a passionately hate receiving faxes. In addition, most email newsletters are either directed to the recipient's spam file or the recipient never bothers to read them.



MARKETING MANUAL

DIRECT MAIL TO YOUR 300 SPARTANS

You therefore need to be able to reach your very best referral sources – your 300 Spartans - by direct mail.

Why just 300? Direct mail is terribly expensive. Ouch!

And if you have several thousand contacts on your regular fax and email lists, you really do not have to send out snail mail newsletters to 600 or more referral sources. If you use direct mail, three hundred referral sources is plenty. Its better to have this list of Spartans (your very best troops) smaller rather than larger because you need to hit this list again and again.



MARKETING MANUAL

DIRECT MAIL TO YOUR 300 SPARTANS

At Blackburne & Sons, each one of our loan officers is allowed to have just 300 Spartans. I then write the newsletters for our loan officers, and the company pays to print up and mail out the 300 first-class mail pieces. As long as we limit our loan officers to just 300 Spartans, we can be sure that each recipient is a great referral sources (a Spartan). The weaklings (the Athenians, if you're a history buff) get weeded out.



MARKETING MANUAL

REFERRAL SOURCES WITH WHOM YOU HAVE A PERSONAL RELATIONSHIP

Ideally each of your referral sources will be an individual with whom you have a personal relationship. If the mail recipient knows you, and he recognizes the name of your mortgage company on the envelope, he will be ten times more likely to open and read your newsletter.

As soon as you can, replace the strangers on your 300 Spartans list with buddies and acquaintances.



MARKETING MANUAL

REFERRAL SOURCES WITH WHOM YOU HAVE A PERSONAL RELATIONSHIP

As to your fax list and email list, the cost of delivery is so inexpensive that a list containing thousands of strangers is perfectly fine; as long as they are either a banker, a commercial broker, a property manager, another kind of commercial lender, a mortgage broker, a residential realtor, a CPA or accountant, an attorney, a financial planner or a life insurance agent.



MARKETING MANUAL

SIGNATURE BLOCK ON YOUR EMAILS

I like forwarding jokes to my buddies. You could greatly expand your buddy list and be sure that the signature block at the bottom of every email looks something like this:





MARKETING MANUAL

SIGNATURE BLOCK ON YOUR EMAILS

George Blackburne III

Loan Officer

BLACKBURNE & SONS

REALTY CAPITAL CORPORATION

4811 Chippendale Drive, Suite 101, Sacramento, CA 95841

574-360-2486 Cell

916-338-3232 Office

916-338-2328 Fax

george@blackburne.com

FAST, EASY COMMERCIAL MORTGAGE LOANS

We Gladly Pay Referral Fees!



MARKETING MANUAL

PRINT “COMMERCIAL LOANS” ON YOUR BUSINESS CARDS

I am sometimes shocked that more commercial mortgage brokers do not print the words “commercial real estate loans” on their business cards and stationary.

Here’s a suggestion: Why not have large magnetic signs, saying “Commercial Mortgages 574-360-2486” created and affixed to the sides and rear of your car? I know of a mortgage broker who did this, and he regularly received calls from magnetic signs, especially when he was sitting in heavy traffic.



MARKETING MANUAL

KEEP YOUR NEWSLETTERS SIMPLE AT FIRST

It is important that you start sending out your newsletters as soon as possible because it takes at least two months for the bonding effect - the Newsletter Effect – takes hold. Therefore, you need to keep your early newsletters simple in appearance. A simple Word document will fully-suffice:



MARKETING MANUAL

KEEP YOUR NEWSLETTERS SIMPLE AT FIRST

BLACKBURNE & SONS REALTY CAPITAL CORPORATION
4811 Chippendale Drive, Suite 101, Sacramento, CA 95841
916-338-3232

October 10, 2011

WE GLADLY PAY REFERRAL FEES

Joke Du Jour

A rabbit, a turtle, and a buzzard pool their savings to buy a farm. Realizing that the ground was in desperate need of fertilizer, they sent the rabbit into town to buy some ...



MARKETING MANUAL

SHARE YOUR LIFE WITH YOUR CONTACTS

The other day my 13-year-old daughter scored both goals in her travel soccer team's 2-0 victory over arch-rival, Ft. Wayne.





MARKETING MANUAL

SHARE YOUR LIFE WITH YOUR CONTACTS

This is the sort of proud-pappa boast that you should include in your newsletters. Folks, I want you to be a *real person* in your newsletters, not some stuffy professional. And real people do dog-flips when their child accomplishes a glorious act. And they also start sentences with the word, “And.”

Being “real” will strengthen your bond with referral sources and make them want to refer you lots and lots of deals.



MARKETING MANUAL

BUYING INTERNET COMMERCIAL MORTGAGE LEADS

Few successful commercial mortgage brokers that I know buy a lot of leads from online marketers. The reason is usually one of cost.

The typical commercial mortgage lead costs \$30 to \$50 apiece, and the numbers simply don't work. The typical commercial mortgage broker has to touch 200+ leads to close one deal, and if the leads cost \$40 apiece, his cost of leads will be greater than his potential commission.



MARKETING MANUAL

BUYING INTERNET COMMERCIAL MORTGAGE LEADS

You can, however, buy leads from C-Loans.com* for just \$1 to \$4 apiece, plus a 37.5 basis point closing fee (a little more than one-third of a point) to C-Loans if the deal closes.

*Disclosure: C-Loans, Inc. is owned by George Blackburne III



MARKETING MANUAL

ADVERTISING ON GOOGLE, YAHOO AND BING

You can place a little advertisement on the major search engines – Google, Yahoo, and Bing – and buy internet commercial leads on a pay-per-click basis. This is a very reasonable strategy, as long as you *carefully* watch your costs. You really cannot afford to pay much more than \$1 to \$1.50 per click because you'll only capture about one out of every four leads that click on your little advertisement.



MARKETING MANUAL

ADVERTISING ON GOOGLE, YAHOO AND BING

You will need to create a **landing page**, an attention grabbing webpage that gives away a valuable free gift in return for filling out a tiny lead form. The typical free gift is **whitepaper**, a fancy term for a two-to-five page essay on a topic of interest to the potential borrower. For example, you might write a whitepaper, *“How Most Commercial Borrowers Get Cheated on When They Shop for a Commercial Loan.”*



MARKETING MANUAL

ADVERTISING ON GOOGLE, YAHOO AND BING

Obviously you are going to call the lead immediately, but you won't always get the package. Top marketers therefore set up a series of automatic follow-up emails to the leads they capture, a process called ***lead nurturing***.



MARKETING MANUAL

ADVERTISING ON GOOGLE, YAHOO AND BING

If you are serious about automatically capturing leads over the internet, and you have a reasonable marketing budget, I strongly urge you to speak with the following internet marketing company:

Emily Haahr

HUBSPOT

857-829-5659

ehaahr@hubspot.com



MARKETING MANUAL

OTHER SEARCH ENGINES AND CLICK FRAUD

You should not buy internet leads from any other search engine! The typical commercial mortgage borrower is a 55-year-old man who spends less than ten hours per week sitting in front of a computer. This type of guy seldom uses anything but a mainstream (Big Three) search engine.

I once lost about \$5,000 advertising on some off-brand search engine because the cost-per-click was soooo cheap. I never got a single lead. I later went back to them and accused them of click fraud (fake clicks on a pay-per-click advertisement). You could almost hear the admission of guilt on the other end of the line after I had made my accusation. They quickly rolled over.



MARKETING MANUAL

SOLICITING BUSINESS OWNERS THAT YOU RUN INTO

It makes absolutely no sense to cold call on commercial property owners. Remember, the costs of refinancing a commercial loan are so high – appraisal, toxic report, structural engineering report, title costs, attorneys fees, loan points, closing costs – that most commercial borrowers usually only borrow against their properties more than once every five to ten years. The chances of you personally calling upon a commercial property owner at the exact moment that he is considering a new commercial loan is statistically insignificant.



MARKETING MANUAL

SOLICITING BUSINESS OWNERS THAT YOU RUN INTO

That being said, however, as you move about your life, you should be passing out business cards like a clown passes out candy. You should give one to the owner of your auto repair shop. You should give a card to your physician. You should give a card to your dentist, your attorney, and your accountant. (The latter two should already be on your mailing list.)

And it goes without saying that included in every one of your snail mail newsletter envelopes should be another one or two of your business cards.



MARKETING MANUAL

KEEP CONTROL OF YOUR COMPANY PHONE NUMBER

As you maintain your mailing list of mortgage brokers, you will quickly learn that mortgage companies start up, partner up, merge, move, and go bankrupt with disturbing regularity. (You will eventually learn that the perfect-sized mortgage company is just you, your spouse, and a couple of loan processors.)

As you negotiate these partnerships and mergers, make sure you get in writing that if the partnership breaks up that you get the company phone number. A mortgage company is basically just a collection of loan officers, desks, phones, and computers. The only asset of any real value is the company phone number, which will continue to ring for months and months after you have stopped advertising.



MARKETING MANUAL

KEEP YOUR DAY JOB

The life of a commercial mortgage broker, in normal times, is a pretty good one. You'll soon earn over \$150,000 per year, and you are your own boss.

But it doesn't happen overnight. The bonding effect of your newsletters (Newsletter Effect) takes two to four months to cement. In the meantime, your phone will not be ringing very much.



MARKETING MANUAL

KEEP YOUR DAY JOB

Therefore it is essential that you keep your “day job” as you build and solidify your newsletter lists. That day job might be originating residential mortgages or even driving taxi.

Also don't forget that from the time you first receive the lead call, a commercial mortgage will usually take at least four to six months to close.

You will need a source of income during these early months.



MARKETING MANUAL

IF YOU FAIL AS A COMMERCIAL MORTGAGE BROKER THIS WILL BE THE REASON WHY

If your commercial mortgage company starts to fail, it will probably be because you never sent out all six newsletters. You just sent out one or two newsletters, and when the world did not beat a path to your door, you assumed that these newsletters just weren't going to work for you.

You have to understand that the Newsletter Effect is the result of repetition and time. If you are not prepared to send out a newsletter to your contacts every ten days for sixty days, don't even bother to send out your first set. They will not work!



MARKETING MANUAL

IF YOU FAIL AS A COMMERCIAL MORTGAGE BROKER THIS WILL BE THE REASON WHY

If you send out one newsletter to six hundred contacts (75% of them being either bankers, commercial brokers, and property managers), you can only expect one lousy lead call. And it will indeed be a lousy lead - a fifth mortgage on a vacant graveyard.

The second time you send out your newsletter, as long as it is no more than ten days to two weeks after your first one, you can expect around three calls. But your third and fourth mailers should bring in six or seven leads each, and your fifth letter should generate a dozen calls.



MARKETING MANUAL

IF YOU FAIL AS A COMMERCIAL MORTGAGE BROKER THIS WILL BE THE REASON WHY

After your sixth mailer, your calls will be coming in fairly continuously, so it will be difficult to separate which leads came from which letter. However, you should be approaching four good lead calls per day.

Your goal should be to receive at least eight good lead calls every day. If you are not receiving at least eight lead calls per day, you will not survive in the long run. After six quick mailings, you will probably be able to drop down to a Jenny Craig maintenance diet of one newsletter every three weeks.



MARKETING MANUAL

IF YOU FAIL AS A COMMERCIAL MORTGAGE BROKER THIS WILL BE THE REASON WHY

If you are religious about mailing regularly, without interruption, you should reach eight leads per day within a few more months. However, if your leads should at any time drop down below eight leads per day, consider this slowdown as a signal to crank out another newsletter and to meet a dozen new bankers.

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