



BROKER CERTIFICATION PROGRAM TRAINING



Legal Information Is Not the Same as Legal Advice

This book provides information about real estate investing, private money borrowing, lending, and/or brokering. It is designed to help users safely determine their own legal needs. Please understand that legal information is not the same as legal advice. The application of law varies with an individual's specific circumstances. Laws vary from state to state and are in constant change, and although we do everything we can to make sure our information is accurate and useful, we recommend you consult a lawyer if you want professional assurance that this information, and your interpretation of it, is appropriate to your particular situation.

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“If you think education is expensive, try ignorance.”

Attributed to both Andy McIntyre & Derek Bok

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“In today’s world, working for yourself is actually the safer route, and working for a corporation has become the riskier proposition.”

Paul Zane Pilzer

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“You learn more quickly under the guidance of experienced teacher. You waste a lot of time going down blind alleys if you have no one to lead you.”

W. Somerset Maugham

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“The only way to permanently change the temperature in the room is to reset the thermostat. In the same way, the only way to change your level of financial success 'permanently' is to reset your financial thermostat. But it is your choice whether you choose to change.”

T. Harv Eker

AHA MOMENTS!

AHA MOMENTS!

AHA MOMENTS!

AHA MOMENTS!

AHA MOMENTS!

AHA MOMENTS!



WELCOME & INTRODUCTION



WELCOME & INTRODUCTION

Statement of Purpose

“We are here to coordinate knowledge and effort, in a spirit of harmony, between two or more people for the attainment of a definite purpose.”

– Napoleon Hill

- To create an environment where we can collectively learn from each other
- To provide solutions for each other
- To operate with an abundance outlook
- To increase bottom line profitability
- To build stronger relationships and greater understanding of our respective talents and necessary collaboration for growth and success



Code of Conduct for the Event

The purpose of our time together is to educate you on what it means to be an Independent Private Money Broker.

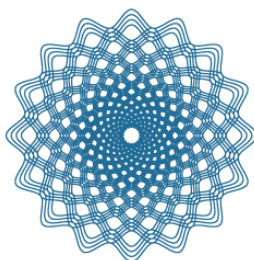
To that end, the following codes of conduct will apply:

- Cell phones will not be used at any time during the scheduled sessions. Cell phones may only be used during breaks and lunch.
- You will respect each speaker during their allotted time, by listening attentively.
- **You will withhold comment or commentary until the designated time to share.**
- At all times, only **ONE (1) person will speak.**
- Be respectful, supportive and encouraging of your fellow brokers
- Have fun, participate, be an active listener, and share

We understand that we're all adults here, however we want everyone involved to get the most out of the day we are together, making these rules absolutely necessary!

WELCOME & INTRODUCTION

Meet Our Family of Companies:



**SECURED
INVESTMENT
CORP**

"Obstacles are like wild animals. They are cowards but they will bluff you if they can. If they see you are afraid of them, they are liable to spring upon you; but if you look them squarely in the eye, they will slink out of sight."

Orison Swett Marden

A private mortgage company that provides real estate investors the necessary capital to finance their projects by bringing together private lenders and borrowers. This is accomplished through several of our divisions and wholly owned subsidiaries. These included Cogo Capital -The Private Money Company (the funding arm of Private Money Exchange), Lake City Servicing and The Lee Arnold System of Real Estate Investing. - SecuredInvestmentCorp.com



The education arm of our family of companies where a variety of products and services are available to help real estate investors be successful. Through this system, individuals can engage with experienced consultants, participate in several online lead generation systems, for example – Private Money Exchange – and attend in- person trainings. Our goal is to attract and train qualified real estate investors who will borrow through Cogo Capital. As investors grow their financial capacity they then can work with Secured Investment Corp as Private Mortgage Lenders. We call this growth in individuals' financial capacity and competency the "Circle of Wealth". - LeeArnoldSystem.com

WELCOME & INTRODUCTION



As the lending arm of the company, COGO works with borrowers to originate, process, and close loans. We have three locations including Spokane, WA; Coeur d'Alene, Idaho and Laguna Hills, Orange County, California. Cogo Capital offers private loan options within most states across the United States. -

CogoCapital.com



The servicing company of loans originated by Cogo Capital and is located in our Coeur d'Alene, Idaho corporate office. Lake City Servicing is available to service all third-party loans. -

LakeCityServicing.com

"Few things are impossible to diligence and skill. Great works are performed not by strength, but perseverance."

Samuel Johnson

WELCOME & INTRODUCTION

Secured Investment Corp Mission Statement:

"Reimagining technology to create cutting edge solutions for investors to participate in alternative, secured, high performance investments."

The Lee Arnold System of Real Estate Investing Mission Statement:

"To educate, train and provide access to relationships and products allowing individuals to achieve financial freedom through real estate."

Cogo Capital Mission Statement:

"To provide no-hassle, asset-backed, real-time private capital to real estate investors."

Lake City Servicing Mission Statement:

"Lake City Servicing is a comprehensive real estate loan servicing company for investors holding real estate notes for non-owner occupied residential and commercial property."



Our Slogan:

"We get more of what we want, by helping others get more of what they want."

- Lee Arnold, CEO

WELCOME & INTRODUCTION

Reasoning Behind The Training

- Alignment of interest → we win when you win
- Provide you with the resources to be an Independent Private Money Broker
- Prepare you to take and pass the Independent Private Money Broker Certification Test

What You Can Expect

- Setting up your business
- Knowing the players & your role
- Marketing & generating Leads
- Positioning
- How to recognize the target deal
- Becoming the Master Broker
- All about the deal from application to underwriting
- How to structure the deal
- Practice w/brokering case studies
- Certification test review

"You learn more quickly under the guidance of experienced teacher. You waste a lot of time going down blind alleys if you have no one to lead you."

W. Somerset Maugham

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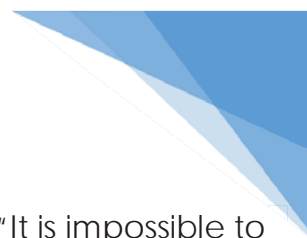
BEING AN INDEPENDENT PRIVATE MONEY BROKER ENTREPRENEUR



BEING AN INDEPENDENT PRIVATE MONEY BROKER ENTREPRENEUR

What does it take to be in Business?

- Check your motivation. It must be more than money.
- _____
This class is just your beginning.
- Sit down and write a success plan for your business and then hold yourself to it.
- _____ – give others permission to hold you accountable.
- Train your brain – you need _____, do things daily. Your business model must be consistent not just swinging for the fence.
- Core competency for business is management.
- Act like who you are striving to be. Do not discount yourself. Build your confidence in how you present yourself.
- Dress in an outfit that makes you feel more powerful. Dress for _____. This is a job. Work at it like the job it is!
- Don't confuse networking for profit with fellowship for fun. Networking is about making \$.
- Know your "core competency."
- Good is good enough.
- You must run your business above board! It must be done legally!
- _____ is your responsibility! You must manage your time.
- Set office hours. If you are using your home for an office it is not a home during office hours. Do not do home tasks!
- Don't put your success in the hands of others. Results are more important than relationships.
- Don't be afraid to fail – if you are going to be successful you will fail at something!
- Set up your entity – LLC
- Invest in a _____



"It is impossible to live without failing at something, unless you live so cautiously that you might as well not have lived at all, in which case you have failed by default."

- J. K. Rowling

BEING AN INDEPENDENT PRIVATE MONEY BROKER ENTREPRENEUR

- If working with a partner, write out your partnership agreement and hold each other accountable.
- Write out specific job descriptions for your employees
- Be specific on your goals. Make them _____ goals.

S.M.A.R.T. Goals Defined



Creating a Power Team

What is a Power Team?

A Power Team is a group of people of _____ professions. They work with the same clients, but do not take business away from each other.

A great example is easily found in the real estate industry. A realtor, mortgage broker, building inspector, title agency, real estate attorney, private money lender, and private money broker all service clients looking to purchase property.

BEING AN INDEPENDENT PRIVATE MONEY BROKER ENTREPRENEUR



Your Power Team Needs to Help With 3 Things

1. _____
2. _____
3. _____

What Can Your Power Team Do?

- Create a dynamic team of investors from the people that you already know, like, and trust
- Find capital
- Create borrower “hunters” or “bird dogs” to find steady flow of borrowers
- Bring professionals in from all areas affected by your business to give expert advice and support

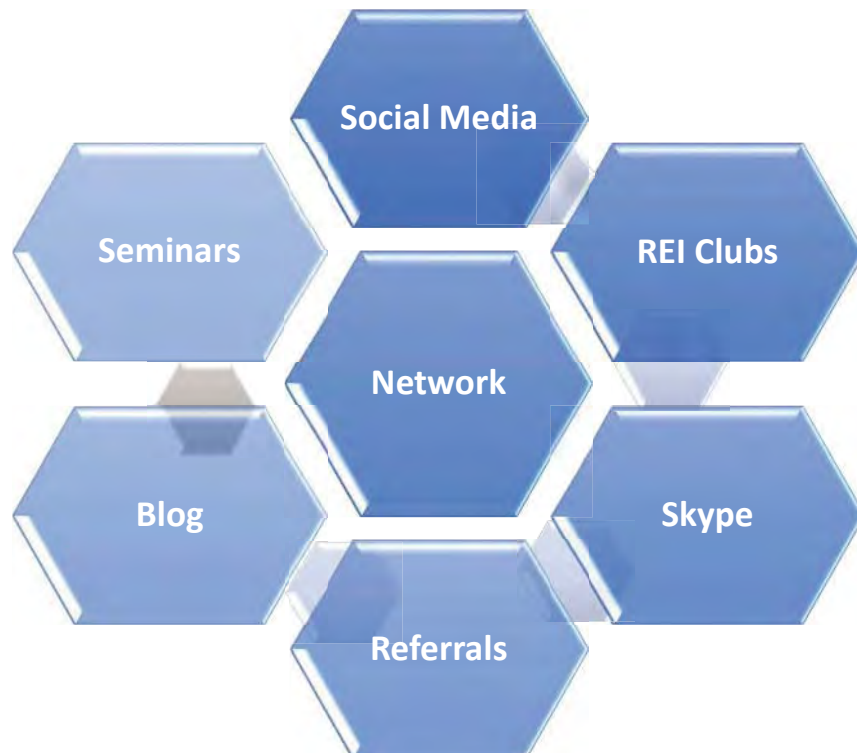
Create a Power Team by Becoming “The Connector”

- Go where your best customers, competitors, and prospects meet. (Masterminds, Seminars, REI Clubs, Facebook, Linked In)
- Give value. Be a resource and a connector
- Get involved in the relationship. Pay it forward — By referring others, you’ll get referrals!

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- _____ is today's currency. The most connected player wins the most profitable plays!

PLACES TO NETWORK – Online and offline



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THE BORROWER, THE LENDER, THE BROKER: KNOW YOUR ROLE



THE BORROWER, THE LENDER, THE BROKER: KNOW YOUR ROLE

What is a Private Money Loan?

- Private Money Lending is a loan from a private individual to a non-owner-occupied real estate investor, secured by real estate property as collateral.
- Terms for these types of loans will vary by lender and will depend upon the experience level of the borrower, as well as the length of an investor's relationship with that particular lender.
- There are really no hard and fast rules to private money.

The Major Players:

- _____
- _____
- _____

The Borrower

Who is the Private Money Borrower?

Someone who:

- Needs quick funding for time sensitive loans
- May have been denied a bank loan, for any reason, including credit and excessive loan conditions
- Wants to avoid the long hassle of processing a bank or institutional loan

THE BORROWER, THE LENDER, THE BROKER: KNOW YOUR ROLE

- Needs a larger loan with more _____
_____ than most banks offer
- Wants an opportunity to make an investment in a new property using the equity in the real estate he/she owns (_____)
- Has circumstances making it difficult to obtain institutional loans:
 - _____ (LLCs, partnerships, trusts, corps)
 - _____ (minor to moderate)
 - _____ (old or current)
 - Property held in _____

 - _____

What the Target Borrower Looks Like



- Must be a valid existing US business entity (LLC, corporation, partnership, trust, etc.)
- Cannot be an _____
- Personal guarantor required (all owners owning more than 30% of borrowing entity)

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- Borrower with a proven track record
- _____ is used as a compensating factor and for pricing.
- Borrowers that have _____ (cash, partner, collateral, equity)
- Minimum 3 mos. of reserves to service the debt in the borrower's bank account
- Has employment outside of the real estate business (Lenders love borrowers with an outside source of income)

Why People are Borrowing Private Money

Qualifying Challenges:

Institutional lenders are very picky about the borrower and property.

Private Lenders look at:

- Appraised Value
- Borrower Experience
- Property Equity
- Exit Strategy

Need for Speed:

Institutional lenders normally take 60-90 days to fund a transaction.

Private Lenders:

- Review the property's merit



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- Require less paperwork
- Can complete a loan in as little as 72hrs - 3wks

More Money, More Often:

Institutional lenders normally lend a capped amount of money on a capped amount of loans.

Private Lenders can lend:

- Multiple loans on multiple properties
- More money so borrowers can use less of theirs
- With far less seasoning requirements

Investment Parameters:

Institutional lenders look at the as-is nature of the property and borrower. They have no imagination on future value.

Private Lenders lend on:

- Amount of “skin in the game”
- Equity
- Exit-Strategy (highest and best use)
- Property’s cash flow capability or income potential

Most Private Borrowers Fit into These Categories

- Purchasing a fixer-upper to _____
in three to six months
- Purchasing a fixer-upper to _____
as a rental property
- Refinancing to _____
in other cash-flow opportunities

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The Lender

Who is the Lender?

- Someone who is frustrated with losses in the stock market, and is sick and tired of low returns from traditional investments like CDs, bonds, and mutual funds.
- Someone who doesn't want the hands-on approach associated with owning real estate, and wants a much more passive option. Many lenders simply don't want the headache and liability that comes along with owning real estate.
- Someone who wants more control over their financial portfolio and to direct their investments.



Why People are Lending Private Money

- It's a passive investment
- It creates ongoing, residual income over the life of the loan
- It can earn, on average, 8-12 percent annualized return
- Protection: It's in first trust deed position.
- Safety: Requires "skin in the game" from the borrower (in the form of cash, partner, collateral, and/or equity).
- To earn solid returns
- To control the parameters of their investments
- **To gain the gratification of investing in real people and real opportunities!!!**

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3 Most Common Reasons People Lend Private Money

1. _____:
Many investment vehicles, like stocks and bonds are earning lower than desired, or simply unpredictable returns. They also tie your money up for longer periods of time. Private money mortgages are a solid source of healthy returns in a shorter period of time.
2. _____:
Unlike investing in stocks and bonds, when you invest in private money mortgages you are investing in tangible assets. We vet out all the properties and make sure they are the best opportunities for your dollars.
3. _____:
We do all the heavy lifting for you. We research, review, assemble and provide you, the lender, multiple private money mortgage opportunities until you identify the one that is within your level of comfort.

The Broker

Who is the Private Money Broker?



An intermediary who brings non-owner occupied commercial real estate investor borrowers and private money institutions together, but does not use its own funds to originate private money mortgages.

A private money broker gathers paperwork from these borrowers, and oversees the loan submission and packaging process for submission to the lender for underwriting, approval, and funding. The mortgage funds are then lent in the name of the private money institution.

THE BORROWER, THE LENDER, THE BROKER: KNOW YOUR ROLE

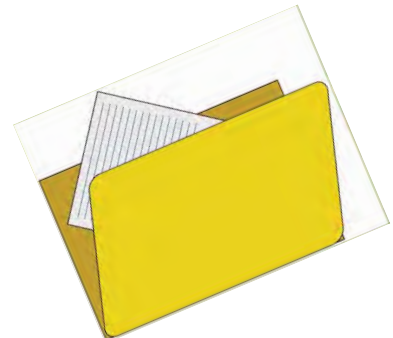
Upon closing, the private money broker receives an origination fee, often 1-3 percent, from the borrower as compensation for his/her services. This is paid off the HUD.

Why People are Brokering Private Money?

- A very high income potential
- The smallest start-up investment
- The ability to provide a service continually needed
- The pleasure of helping people
- A recession proof business
- A year round service (not seasonal)
- People actually flock to you.
- No refunds, no losses
- Points paid out of closing
- Cash transactions (no receivables)
- A service well accepted and revered by Lenders and Borrowers
- Personal and financial freedom
- A more fulfilling life
- More family time
- More travel time
- A broader, more dynamic experience

What You Do to Set Up the Loan Package: 7 Steps

- _____ – Get the initial story
- _____ – Create a workable deal
- _____ – Assemble files for the lender



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- _____ – Set expectations
- _____ – Submit a full, complete package to the lender
- _____ – Help keep the process going
- _____ – Keep the communication lines open between yourself, the lender, and the borrower

How to Talk to the Borrower: Introduction

- Let them know who are you
- Let them know where you work
- Let them know what you do
- State the purpose of your call
- (Pause!)



Is It a Deal You Can Do?

- Determine quickly if they have a deal, where it is, and what it is.
- Know the states in which we cannot pay you on the HUD.
- Know the states where funding involves special requirements.

Does the Deal Make Sense?

- Would you lend YOUR money?
- They MAKE their money when they buy and COLLECT when they sell.
- Does it look like they can make a profit?
- Can they make the monthly payments?

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- Can they pay the lender back?

Get Started!

- Document the facts of the deal
- Start the application process
- Follow up every day with phone call or email
- Use the client's name
- Get to know your client

Turn Objections/Questions into Opportunity

- What's the rate?
- What's the term?
- What are the fees?
- I don't want to pay points.
- The rate is too high.
- The payment is too much.



Are They Stalling?

- I need to think about it.
- I need to talk to _____.
- Call me next week.
- I'm just shopping for rates and terms.
- Can you send me information?

Take Control – Assume the Sale

- Would you like to move forward with the process?
- Would you like me to get the appraisal going today?
- Are you ready to get started?
- I like the transaction and want to move forward. I need you to pay for the appraisal today.

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- This is a good deal. Let's get the paperwork in this week.
- Based on what we've discussed, can we move forward?

Set Expectations and Manage the Relationship

DEFINITION: An _____
is about the behavior or performance of another person, expressed to that person, may have the nature of a strong request, or an order.

Why Setting Expectations is Important?

- Puts You In Control
- Allows You to Manage Time Frames
- Allows You to Give Directions



Set the Expectation!

- Make Appointments
- Loan Package Time Frame
 - Tell them when you need it.
- Paying for an appraisal
 - Set response time to pay
- Collecting the supporting documents
 - Give them deadlines.
- Closing (time it takes to get there)
- Referrals (that you'll be asking)
- Next Deal (their goal)

Example: How to Stay in Control

Give a Date and Time for Everything:

(Monday) Mr. Smith, I just emailed you the loan package. I need the application filled out with your bank statements to

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me by Tuesday, 5pm. Once received, I will order the appraisal. I will need you to pay for the appraisal by Wednesday, 5pm. I will need everything on the checklist by Friday, 5pm. If I don't receive everything by Friday at 5pm, then I will have to withdraw your file on Monday.

Dealing with an Unhappy Client

- Tell them you understand how they feel.
- Listen all the way out. Don't interrupt.
- Never argue or get angry.
- Take notes and confirm back everything that has been covered.
- Tell the client you will personally handle it.
- Don't blame others – Take the responsibility for correcting it.
- Don't pass the buck.
- Figure out, communicate, and agree upon a solution or a resolution. Tell them what you plan to do and do it!
- Make a follow up call after the situation is resolved.

Your Broker Checklist with Cogo

- ☐ Your Broker Fee Agreement signed by the borrower
- ☐ COGO Capital Residential Loan Application, Authorization to Release Information, and Credit Authorization
- ☐ COGO Capital Schedule of Real Estate Owned
- ☐ COGO Capital Zero Tolerance/ Fraud Policy
- ☐ Collateral DNA Property Report

Business Entity information for borrowing entity:

- ☐ Articles of Incorporation/Certificate of Formation/Articles of Formation
- ☐ Bylaws or Operating Agreement

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- ☐ Federal EIN Verification
- ☐ Preliminary Title Report– Lender’s title insurance with “COGO Capital ISAOA” as the lender
- ☐ Previous years tax returns
- ☐ Valid photo ID of key principals of borrowing entity and all guarantors
- ☐ Previous two months of all bank statements /all pages (must demonstrate 3 mos. of reserves)
- ☐ Insurance company and agent contact information (Company & agent name, phone, fax, email)

Property Valuation:

- ☐ _____
(COGO will order this)
- ☐ Current lease agreement(s) and rent roll for subject property, if applicable
- ☐ Complete and executed Purchase and Sale Agreement, if applicable

Other Documents Cogo May Need

- ☐ Proof of collateral for additional properties being added to transaction
- ☐ Payoff letter stating mortgage balance owed and/or real estate tax bills substantiating any back taxes owed
- ☐ Terms of seller carryback financing
- ☐ Flood insurance
- ☐ Detailed contractor bids
- ☐ Scope of Work for any rehab
- ☐ Draw schedules for escrowed rehab funds
- ☐ Inspection reports (baseline, progress and/or final)
- ☐ Revised versions of any of these documents that might be incomplete or conflicting.

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- ☐ Other documents as identified by Underwriting to explain potential red flags
- ☐ It is best to tell the WHOLE story now, explaining all the bad stuff, not have it found out later.

Rate/Terms/Fees

- Cannot be determined until value, borrower and deal fully understood
- Perceived risk: strength of the deal vs. guarantor finances & experience
- Be creative: alternate deal structures
- Rational exit strategy

Cash/Credit

- Amount already invested
- Amount to close
- Amount to service the debt
- FICO (use middle of 3)
- Poor credit does not mean no deal!!!

Is it the Real Deal?

- How long have they been looking for money?
- Why is it not funded yet?
- Do they have executed documents?
- Do they have verified money?
- What is their experience and expectations?

Keys to a Successful Submission

- Follow the checklist
- Make sure all information is ordered
- Make sure all information is complete
- Make sure all information is accurate
- Make sure the copies & faxes are readable



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- Submit everything within 48 hours of the borrower's request



Keys to a Successful Closing

- Read your approvals completely
- Make sure all underwriter stipulations are met
- Complete and make sure information is accurate
- Make sure package is in processing within 48 hours of approval

Keys to a Successful Follow Up

- Send thank you cards, letters, or make a phone call
- Build your company
- Build a bank of loyal enthusiastic lifetime borrowers and lenders
- Find the next "yes" within your customer base (use repeat borrowers and lenders)
- Get Referrals

For Success, Remember This...

- Live up to your commitments
- Set the expectation
- Walk them through the process step by step
- Follow up with a phone call after the closing
- Send a thank you card
- Your customer is your paycheck!!
- The more you work for the customer's success, the more you will earn
- Recognize that the customer feeds your family
- Your business is worthless, and your wallet is empty without funds provided by your customers

THE BORROWER, THE LENDER, THE BROKER: KNOW YOUR ROLE

- Customers call, contact, or visit for one reason – **THEY NEED HELP!**
- Treat every customer as though they were your favorite celebrity, hero, friend, neighbor, or your grandma
- Your friendliness and willingness to help is in direct proportion to your success

Loyalty is the most difficult of the customer service goals to achieve. Once you have it, you have something your competition will never have...

We judge ourselves by our intentions....

others judge us by our actions!

Intentions vs. Actions

- Arrive 10 minutes early
- Plan your day ahead of time
- Plan your week by Saturday
- Return all calls the day they came in
- Ask everyone to close now
- Listen actively with the intent to understand
- Schedule yourself to be

_____ rather than busy



THE BORROWER, THE LENDER, THE BROKER: KNOW YOUR ROLE

Follow Up and Follow Through

- Know your products
- Review your commitments
- Follow up daily with clients
- Follow up with funded loans
- Turn down files that don't fit yours or the lender's criteria (don't waste your time on _____)





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THE BORROWER, THE LENDER, THE BROKER: KNOW YOUR ROLE

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PROSPECTING AND NETWORKING FOR LEADS



PROSPECTING AND NETWORKING FOR LEADS

If Your Phone's Not Ringing...

...neither is your cash register!!!
How do we get the phone to ring?

Why Do We Market?

- Lead Generation
- Clients
- Business Partners
- Business Branding
- Increased Profit Potential
- Create Market Separation
- Create Demand For Products & Services
- To Gain Market Knowledge (Important)

Targeted Marketing Plan:

Shotgun vs. Rifle

_____ : Focuses on Groups with
Common Interests

- Fan pages
- Networking Meetings
- REI Groups
- Associations
- Linked In

_____ : Focuses on Specific
Individuals with Narrow Interests

- Direct Mail
- Direct Calls



PROSPECTING AND NETWORKING FOR LEADS

Tip #1: Target Your Market

You've heard the saying "You can't be everything to everyone" same goes for this business...

Targeting = Higher Success

Working with businesses with similar interests, is your best source of _____

- Real Estate Agents
- Real Estate Investors
- Private Lenders
- Mortgage Brokers
- Real Estate Attorneys
- Title Companies
- Handymen/ Contractors



Create Marketing to Gather a Steady Flow of Leads

Online

- Craig's List
- Backpage
- Facebook
- Linked In
- Opt Ins (On website or squeeze pages)

Offline

- Direct Mail
- Phone Calls
- Trade Publications
- REI Meetings / Networking Meetings

PROSPECTING AND NETWORKING FOR LEADS

Lead Magnets - getting people to give you their information:

1. Offer free gifts (subscription to a newsletter, e-zine, report, e-book)
2. Hold free online classes (webinars), which will brand your company and position you as an expert
3. Offer free consulting: positions you as an expert and generates a warm call
4. Give away a free membership
5. Make sure your content is dynamic and up-to-date

Free to Less Expensive Marketing Examples

- Craig's List
- Newspaper
- Penny Saver / Nickel Nick's
- Door knocking
- Cold calling
- Word of mouth
- Flyers
- Attending REIA clubs
- Networking
- Getting written up in local newspaper
- Guest on local radio and T.V. Shows

Use the Social Hammer!

- 3 of the worlds top sites are social media. (Facebook, YouTube & Wikipedia)
- Over 120 billion minutes spent getting social
- Half of the world is under 30 years old!
- Over 30% of all online traffic is social
- 3/4 of the world connects to social media



PROSPECTING AND NETWORKING FOR LEADS

- **Possible Social Media Ads:**

I have more money than deals!

Direct Private Lender
Quick closings commercial and investment
properties only!
3 months to 2 year terms
Bad credit no problem
Asset based lending.

[Enter your website link HERE]

MONEY!

Do you need money for investment properties?

If you need funds for investment property flips call us first.

Quick funding
Poor credit ok if the deal is strong
3 to 24 month short term money
Investment properties only

[Enter your website link HERE]

Money to Buy Fix/Flip Investment Properties

I have money to lend on Investment property flips

Quick short term money
Bad credit ok!
Equity and asset based loan up to 80%.
Cash out up to 65%.

[Enter your website link HERE]

Less Expensive to Small Investment Examples

- Direct mail!
- Purchasing leads

PROSPECTING AND NETWORKING FOR LEADS

- Running ad campaigns on radio
- Marketing and conducting your own seminars
- Newspaper placement ads 1/4, 1/2 pg ads

“Sky’s The Limit” Marketing

- Google pay-per-click campaigns
- Google cost per acquisition**
- Running spots on television
- Sponsoring events (golf tournaments, charity drives, etc.)
- Billboards on major freeways
- Advertisements on movie screens

Tip #2: Mine Your Current Contacts

- Pull out your “black book”
- Look through the rolodex
- Review your friends and family on Facebook
- Talk to co-workers and business associates
- Reach out to friends of friends
- Talk to neighbors



**Your reach is long if you think about
all the possibilities!**

**Talk to EVERYONE you see! You never know what
investors they might know!**

List Making (exercise)

_____ (Write down 5
people you know in this category)

- Close friends,
- Family,
- Co-workers

1. _____
2. _____
3. _____
4. _____
5. _____

PROSPECTING AND NETWORKING FOR LEADS

1. _____ (Write down 5 people you know in this category)

- 2. _____
- 3. _____
- 4. _____
- People you know well,
- Facebook,
- LinkedIn,
- e-mail

5. _____ (Write down 5 ways you can get people in this market) Categories of people you don't know at all

- 1. _____
- 2. _____
- 3. _____
- 4. _____
- 5. _____

Tip #3: Set Aside Prospecting Time

Biggest (and lamest) excuse I get from clients who are not prospecting is... Time

- Most Americans spend 23 hours a week watching TV. Channel two of those hours each day into identifying Lenders and Borrowers (which still leaves you 9 hours for TV.)
- Put ads on Craig's List, Backpage, or local newspaper
- Blog
- Talk about it on Facebook or Linked In
- Visit Local Real Estate or Networking Meetings



The Rule of 54: Your Guaranteed Formula to Success

25 _____ a wk (1300/yr)
 + 25 _____ a wk (1300/yr)
 + 2 _____ a wk(104/yr)
 + 2 _____ submitted a wk (104/yr)

= Broker Success

PROSPECTING AND NETWORKING FOR LEADS

Horrors! What If They Ask What I Do?

- According to studies, you have about 30 seconds to tell someone what you do...before they lose interest and want to get away.
- According to those same studies, your listener will decide in the first 8 seconds if they care enough to continue listening.
- How will you answer them?

Your Elevator Pitch

- “An elevator pitch is a short verbal introduction that explains what your business does and how it benefits your customer. This pitch is crafted and delivered to pique curiosity in the customer’s mind.”
- A great elevator pitch includes brevity, clarity and at least one benefit statement that is important to the customer.
- So... design the first 8 seconds to catch their attention to listen to the rest.
- Design the rest of those 30 seconds to get your point across clearly and succinctly about why they should want to work with you.
- Talk benefits, what’s in it for them, not features.



Your Elevator Pitch (exercise)

- Having a great elevator pitch is a necessary tool to engage the “Cold Market.”
- Spend the next few minutes crafting your elevator pitch in the margin of your manual.
- Be prepared to share with the group.

PROSPECTING AND NETWORKING FOR LEADS

Networking Opportunity

Building your Network

- Building a network of contacts is critical to your business!

Your Power Team May Be in this Room... Let's See...

- What is your name (and/or A.K.A.)?
- What is your expertise and what is it that you do?
- What do you have to offer a Power Team?
- What are you looking to get out of the Broker Certification Training?



Power Team

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WORKING YOUR LEADS: CONSULTATIVE SELLING



WORKING YOUR LEADS: CONSULTATIVE SALES

What's the Difference Between a Prospect and a Lead

- _____ are what you get from your website or referrals.
- _____ are what they become once you've opened the lines of communication.

YES, you will have to talk to them!

This business is all about developing relationships!

Leads to Disqualify

It's okay to knock a lead off the list if they are wasting your time and energy. Only spend time on **High Probability Prospects!**

Disqualifying Characteristics:

- _____
- _____
- _____ (a "maybe" turns into "no" more often then it turns into a "yes")



Only invest time with high-probability prospects. The most significant cost in a real estate professional's business isn't the advertising or marketing. It's the opportunity costs of making an investment in the wrong person and not getting paid, when you could have worked with someone who would have generated a broker fee.

The _____
is the largest cost of all in your business.

WORKING YOUR LEADS: CONSULTATIVE SALES

Got the Phone to Ring? Now What?!



- _____:
Studies show that when someone is labeled a sales person, their chances of being well received drop dramatically. However, **consultants** are adored members of our society. Who doesn't like someone offering free advice? Be the expert they need and they'll gratefully do business with you.
- _____:
People are talkers and many, for the most part, enjoy talking about themselves or their 'situation.' Allowing a prospective client to talk will change your success rate. There are also many good things that can come from a great conversation with a new person. Ask questions to best answer their needs and you'll be surprised where it leads the relationship above and beyond a closed loan.
- _____:
As exciting as it is for you to have the #1 Service in the Industry, as an Independent Private Money Broker, your prospect wants to know how it's going to improve his or her life or business. Speak in terms of benefits to the customer. No one likes a braggart, but everyone loves someone who can do something for them.
- _____:
By answering a sales phone call, you are essentially taking the entire reputation of your company on your shoulders. The phone call is often your first impression and you only have one shot at that. Take it seriously.
- _____:
Be prepared: Have a ready, effective, benefit-driven answer prepared. Do some brainstorming around likely questions.

WORKING YOUR LEADS: CONSULTATIVE SALES

Tip: Listen Your Way Into a Sale

- Focus on the person in front of you (not on your phone or others around you)
- Don't interrupt: Let the person finish before you begin
- Pay special attention to key points (write them down to remember them)
- Watch for non-verbal cues
- Ask relevant questions
- Respond physically: Lean in and nod when appropriate



Your Purpose Within Their Phone Call

- To help cure "broken."
- Identify their need.
- Identify their pain if that need is not met.
- Figure out if and how your solution will meet their need and eliminate the pain.
- If it does, articulate the benefits they will get by using your product to solve their need.
- Converse with them. Don't grill them.

Questions for the Borrower

- In case we get disconnected, what is your best phone number?
- Is the deal under contract?
- How many deals have you done so far?
- How many deals have you done in the last year?
- What do you do for a living?
- Do you have other forms of income outside real estate?
- How much did you make on your last deal?
- Why are you buying this property?
- How much do you plan to make on this project?



WORKING YOUR LEADS: CONSULTATIVE SALES

- How much of your own money are you investing into this project?
- How much do you need to borrow?
- To what email address should I send the application information?
- What will the loan funds be used for?
- How quickly do you need/want to close?
- What is your purchase price?
- How much do you expect to need to spend on repairs?
- What will the property be worth when you have repaired it?
- What is the property worth today, as it stands?
- How did you determine those amounts?
- *(These are all woven into a friendly conversation, not asked sequentially without comments in between.)*
- *(See the Background Details Form for more.)*

Time to Practice It!

Pair up with someone that you did not come with that is near you. Take turns being the client calling the broker. You each have two (2) minutes.

- PP=\$50k,
- CMV=\$65k,
- ARV=\$130k,
- repairs=\$15k,
- loan request=\$60k for 6 months,
- rehab & sell,
- Arkansas,
- COE 30 days
- bank balance last 2 months=\$25k

(be creative on the rest of the details)

WORKING YOUR LEADS: CONSULTATIVE SALES

How Did It Go?

Talk briefly with your partner about how you did.

- What went well that you want to repeat?
- What would you do differently next time?
- Be prepared to share one point (One sentence, 15 seconds!) with the group.

More Time to Practice It!

Pair up with someone else near you. Take turns being the client calling the broker. You each have two (2) minutes.

- PP=\$50k,
- CMV=\$65k,
- ARV=\$130k,
- repairs=\$15k,
- loan request=\$60k for 6 months,
- rehab & sell,
- Arkansas,
- COE 30 days,
- bank balance last 2 months=\$25k



(be more creative on the rest of the details)

How Did It Go This Time?

Talk briefly with your partner about how you did, compared to last time:

- What went well that you want to repeat?
- What would you do differently next time?
- Be prepared to share one point (One sentence, 15 seconds!) with the group.

WORKING YOUR LEADS: CONSULTATIVE SALES

Follow Up and Follow Through

A Typical Cogo Borrower Experience

The following represents a typical transaction flow.

CHANGE HAPPENS! DO NOT TAKE IT AS CAST IN CONCRETE!

Verify the process with the loan officer when you start your first deal.

Stage 1: Cogo Borrower Experience

- Borrower obtains contract on property
- Borrower shows interest in your brokering through your landing page, email, or verbal request
- Broker discovers need and pain in guided conversation with Borrower
- Broker describes the value to be provided to borrower by broker
- Borrower signs Fee Agreement
- Broker suggests Collateral DNA Property Report to better assess value, possibly save cost of full appraisal for unworkable deal
- Broker discusses CDNA Report with borrower, suggests loan structure, creates preliminary LCW
- Broker explains overall process and sets expectations
- Broker sends application package & explains application fee of \$197
- Borrower returns completed application with fee
- Broker contacts loan officer
- Broker asks loan officer to order _____
- Appraisal report received



WORKING YOUR LEADS: CONSULTATIVE SALES

- Broker reviews report, adjust loan structure, rates & terms, updates tentative estimated Loan Cost Worksheet (LCW)
- Broker verifies LCW, proposed loan structure and broker's proposed rates and terms with loan officer
- Broker discusses proposed loan structure and estimated LCW with Borrower
- Borrower signs estimated LCW
- Broker sets expectations and timelines for receiving supporting documents

Stage 2: Cogo Borrower Experience

- Borrower orders title insurance, hazard insurance, and possibly flood insurance
- Borrower supplies all required supporting documents to Broker
- Broker reviews all documents CAREFULLY for completeness, all initials & signatures, fraud, consistency
- Broker submits COMPLETE package to loan officer (LO), who reviews it thoroughly
- Broker and borrower correct any issues LO finds
- Broker and LO submit package to underwriting

Stage 3: Cogo Borrower Experience

- Underwriting reviews Loan Package to determine if it meets SIC standards and may ask for additional information from the borrower
- Underwriting approves the loan



WORKING YOUR LEADS: CONSULTATIVE SALES

- Funding receives the loan and places the loan on one of the SIC High Yield Funds or places the loan with the appropriate lender to fund
- SIC Closing Department creates documents for loan closing
- SIC Legal Department reviews closing documents



Stage 4: Cogo Borrower Experience

- Closing documents are sent to closing agent
- Lender (the HYF or private lender) wires funds for the loan to the outside escrow agent
- Loan is funded, broker is paid @ closing

Stage 5: Cogo Borrower Experience

- Borrower makes monthly interest-only payments to loan servicing company
- Before loan maturity borrower pays off loan
- Borrower rinses and repeats the process

How Smooth This Experience Goes = REPEAT BORROWERS

are the cream of the crop because:

- They already know the drill
- They are building up reputational capital with Cogo and our Select Lenders (more deals funded faster)
They have proven themselves out with previous loan successes
- They are serious investors...not just flashes in the pan
- They often eventually become lenders themselves and help out other borrowers (**referred to as the**

WORKING YOUR LEADS: CONSULTATIVE SALES

Strategies for your Referral Business

From Repeat Borrowers:

- Always follow up
- Challenge client to repeat; encourage them
- Receive permission to use their testimony in marketing
- Request a list of their contacts to whom you can offer your services

Systemize your Follow Up

Includes:

- A plan
- A _____
(CRM)
- An email deliverability service, which can send emails, surveys, auto-responders
- A website
- A blog
- Social media distribution of information
- Any other online system to disseminate real-time information for client consumption



WORKING YOUR LEADS: CONSULTATIVE SALES

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



STAYING ON TARGET WITH YOUR BUSINESS



STAYING ON TARGET WITH YOUR BUSINESS!

*Where There is No Vision,
The People Will Perish*

- **Proverbs 29:18**

You Must Build a Constituency of Clients to:

- Lead
- Instruct

Your responsibility is to help them achieve greatness by giving them access to the capital they need and you deploy.

How Do You View Your Business?

- What You See is What You Get

What is a Commodity: Investopedia Definition

1. A basic good used in commerce that is interchangeable with other commodities of the same type. Commodities are most often used as inputs in the production of other goods or services. The quality of a given commodity may differ slightly, but it is essentially uniform across producers. When they are traded on an exchange, commodities must also meet specified minimum standards, also known as a basis grade.
2. Any good exchanged during commerce, which includes goods traded on a commodity exchange.



Do You View Your Business Like a Commodity? If You Do, Be Careful...

- [illegible]

Too Many Brokers are Quoting 1/9 on EVERY DEAL, which means...

- YOU HAVE NO BUSINESS IN THIS BUSINESS IF
THIS IS WHAT YOUR VISION IS!!!**

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STAYING ON TARGET WITH YOUR BUSINESS!

This Weekend, We're Give You the Tools to be Competitive in the Market

We're talking about:

- Your Services
- Your Rates
- Your Marketing
- Your Niche

When we're through, you'll know how
we earn money, you earn money, the lender earns money, and
the borrower earns money...
which is the target of this business!

**But if You Quote Too Low or Base Your Services on a
Commodity...**

None of Us Can Do This.

So... How Should You View It?

We Are in the _____ **BUSINESS...**
With Borrowers and Lenders
That Should be YOUR Target



Act As If You Are the Lender

**Ask Yourself These 4 Questions When Looking at a
Loan:**

- Is the Deal Attractive to Me? Would I Lend on This Deal?
 - What Would I Want to Make on This Transaction?
-

STAYING ON TARGET WITH YOUR BUSINESS!

- Would I Trust This Borrower to Pay Me Back?
- Is This Exit Strategy Realistic?

Act As If You Are the Borrower

Ask Yourself These 4 Questions When Looking at a Loan:

- Is This an Attractive Deal?
- Is My Exit Strategy Sound and Realistic?
- Is the Purchase Amount I'm Asking Going to Give Me Enough Wiggle Room for Profit After Rehab?
- Do I Have Enough Reserves to Pay On This Loan?

If you can't answer yes, should you be packaging this deal?

Our job is to protect the Interest of our _____
and _____... That Should be YOUR
Target

If We Don't Do This Singular Thing:

- Lenders lose money ==> Relationship is Over
- Borrowers default, deal is foreclosed ==> Relationship is Over

Is That How We Build Our Business?
We Must Take Care of Our People!



"The companies that survive longest are the one's that work out what they uniquely can give to the world—not just growth or money but their excellence, their respect for others, or their ability to make people happy. Some call those things a soul."

— Charles Handy,
Notable Business Author and Philosopher

STAYING ON TARGET WITH YOUR BUSINESS!

So, What Are You Giving to the World?

Find Out By Answering These Questions:

1. What do you do?
2. What problem do you solve?
3. How is your product or service different?
4. Why should anyone care?

Finally: How Do You Tell This Story and Turn Your Business into Money?

First know:

“What am I really selling?” Here’s a hint: it’s not the money, but what the money can do to improve the lives of your customers. What you’re selling is the dream of a better life. Once you identify your true passion, share it with gusto.

Ultimately, Your Fiduciary Responsibility is to

(provided it’s good business for everyone involved)

and You Can Get it Funded _____.

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