

## **FREE REPORT MARKETING**

Karen: Hi. Welcome to the Apartment Complex Marketing interview on why free reports can be one of your most effective marketing tools. This is Karen Deis, and I created Apartmenttoolkit.com as a one stop shopping resource to order apartment addresses, provide marketing materials and sales tools on increasing credit scores, and providing first time home buyer seminars. But before we go on to the guts of this presentation, I wanted to let you know that we added another website for you to research complexes. It's Apartmentratings.com, and its sole purpose is that it gives you a list of surrounding complexes. This is especially useful when you want to expand your marketing territory.

With first time home buyers representing 40 percent of the purchase market, this is one of the best ways to maintain a steady stream of new clients, and create joint marketing synergies with realtors and builders. In the last session, we talked about how to target the right apartment complexes, based on the dollar amount of rent paid, how to determine if the house payments are close to the rents they're paying, and exactly where to begin your marketing efforts. We also discuss the best times of year to mail your postcards, scripts, and suggestions on how to cross-market with your real estate agents and builders.

Complex managers say that about 60 percent of their tenants move each year, and the majority of them will move in May and September. What this means to you is that you need to market to them before they move, which would be February and July. The concept of mailing postcards begins with a thought-provoking headline, something like, "When your lease is up do you know where you're going to live?" The postcard tells a story about how for about the same amount of rent, and I know that's not in all areas of the country, that they could own a home instead. It also asks them to take the next step to call for a free report on the mistakes renters make when they buy their first home.

There is both a philosophy and a psychology of providing a free report that I'd like to talk to you about in this interview. First of all, let's talk about the psychology. It's defined as the emotional and behavioral characteristics of an individual group. Once you have identified the common characteristics, which a lot of times, renters are first time home buyers, free report marketing is considered the beginning of building the relationship with that particular group. Just like headlines in a newspaper or a magazine cover, the postcards are designed to interest the reader to want to learn more about what you have to offer, in this case why they should buy a home instead of continuing to pay rent.

There will only be a certain number of people who will relate to your headlines at any given point in time, but these are the people who will call you back and want additional information. In fact, with this process, renters are literally qualifying themselves because they've called you wanting more information. The bottom line is that you know that these people are interested in buying because they've

identified with the headline, they've identified with the story, and they want to find out additional information.

Part two of the psychology is that when they make the telephone call requesting a free report, it is usually the first step in the home buying process. They want to learn about the mistakes people made, they want to know what they are before they contact a real estate agent or builder, or even before they tell their family and friends. What it means to you, that you get to start building a relationship usually 60 to 90 days before anyone even knows that they're in the market to buy a home.

Part three of the process is that a free report is a non-threatening way to find out about mistakes, and literally serves as your sales brochure where you tell them all about the process and why they should be doing business with you. Most sales brochures tell people how wonderful and great they are, but this is the only way to go deep, describe the process, and why they should be doing business with you, because you're going to save them lots of money, lots of time, and keep them from making mistakes.

That brings us to the philosophy of the free report, itself. The word "philosophy," by definition is the analysis of fundamental beliefs and logical reasoning. Free reports work because of the fear of making mistakes. No one wants to make them, and they want to be able to learn from what other people have done. One of the most effective ways to build relationships and sell anything is through story telling and logical reasoning. The free report takes your prospect on a journey, not unlike, you know, like Alice in Wonderland. It talks about the mistakes other people have made, how they have dealt, and how you've helped them deal with some of the issues, why they need to rely on you, and why they'll be happier and wealthier when they do business with you.

With this type of outline in mind, I'd like to review the contents of an actual free report with you, and some of the reasons why it's one of the most effective sales tools that you'll ever use. And you can make up your own free report based on the outline I'm about to give you, or you know, you can purchase it online at [Apartmenttoolkit.com](http://Apartmenttoolkit.com). But let me kind of go through the free report with you, the key components of the free report, and why it works.

First of all, a free report is anywhere between eight to 12 pages in length, and you probably think heck, I would never read those many pages. And you know what? It's true, they won't read everything. However, the free report is set up with a series of sub-headings in bold letters. What people do is skim over the sub-titles, and when something pertains to them they stop and read the entire section of the report.

Now issues we're going to address like down payment, credit, or finding a real estate agent. The free report needs to be written generic enough to cover 97 percent of all the issues and questions that a first time homebuyer would have. The beauty of the free report is that you've told them everything you meant to tell

them, and that you're saving them time as well. Prospects will understand the majority of the issues, and you'll only need to spend your time on the issues they don't understand.

So at this point let's talk about the free report. One of the key components of the free report that was most effective for me was to paperclip a dollar bill to the top of the report. And the report starts out by saying your landlord hopes that you never read this. And as you can see, I've attached a nice crisp one-dollar bill to the top of this letter. Why have I done this? Because there are two reasons, I have something very important to tell you and I needed some way to get your attention, and second, since this report involves money, I thought by reading it, I could save you thousands of these.

Now I would send out anywhere between three to 600 free reports on an annual basis. I looked at it as if it was one commission that I would have to make, plus it's not like you're spending all of that money up front. Maybe you'll get 30 or 40 calls that month for leads. That's \$30.00 or \$40.00 that you're attaching to this free report. I have tried it both ways, both with and without the dollar bill, and this seems to be the most effective. In fact, when people would come in for a loan application, they would tell me that they spent their dollar on a Coke, or they'd ask me if they could spend the dollar bill now that they've come in to see me. So it does have a huge effect when somebody gets this in the mail.

Then it goes on to tell a story. One of the sub-headings says why do people buy? And it goes on to explain how the wealthiest people in the world own real estate, and this is one of the ways that they may also become wealthy. So it tells us a story about that. It talks about knowing your options, that's another sub-heading. It says regardless if you decide to buy or not, you need to know where your options are, and I can possibly help you with that. Next sub-heading talks about a story, the story talks about them counseling with their mom and dad, their mom and dad not wanting them to buy a house, not go into debt, and how they have to save 20 or 30 percent for a down payment. They decided to go in to see the banker, and the banker . . . or you could say your competitor, whoever it might be. If you're a broker, the banker might be your competitor. If you're a banker, the broker is your competitor.

But you're telling them the story about how they went in to apply for a mortgage, and they didn't really go that well. They found out that they had a lower credit score, they had some employment issues, they couldn't find some documentation. I made up the story based on a true story that I experienced when I was a loan officer. If you decide to create your own free report, by all means share a personal true story of a client that you have worked with.

Another sub-heading says don't let this happen to you, listen to this story. They wanted to buy that house, the meeting with the banker didn't go that well, the secret is knowing how much you can buy even before you buy it. And the next

sub-heading says most people simply don't know where to look. This is all part of the story, and remember when I talked about reading the sub-headlines? I have just gone through four pages in a free report, and you pretty much know what the entire story is about.

Now, the next section talks about the things that they should know and where to look, how to buy a home with little known financing options, how to be pre-approved for a mortgage ahead of time, understanding that banks and mortgage companies are not alike, don't assume that interest rate and discount points are the same everywhere, that you may not have to pay loan origination fees, how your income may fit into the guidelines for as little as 3 percent down, and how to negotiate with the seller in paying your closing costs.

Now, throughout the free report, I'm going to explain all of these options, but they are, the reader of this report is saying hey, I wonder how I can find out more information, and they can do so by continuing the report. There are nine things that are covered in the report, and as I mentioned, they're really generic, they cover 97 percent of the buyers out there. So I'm going to go through them with you one by one. The first one is be sure that you're pre-approved for a mortgage ahead of time. You'll know how much you'll be able to spend, how much money you'll need to close, you'll need to know if you need to consolidate your debts, if your credit is good enough, if it's the best mortgage option for you, should you buy or build, and it also talks about some tax benefits and how they can change the W-4 form and put more money in their paychecks so they have more money for their monthly payment.

The second section talks about the broker versus the banks and mortgage companies. I was a broker, so I've sold against those, too. If you are a banker or a mortgage banker and you're not a broker, and you want to sell against a broker, by all means, change the wording. But this is your day on the soapbox to explain exactly who you are, and why you are different than everybody else. This is not, however, the place to say how wonderful and great you are, and how you can do every loan to mankind. You need to point out the differences between you and your competitors.

Number three talks about beware of the banks and mortgage companies that do not offer you their best deal first. Now I don't know about you, but I used to get telephone calls from people all the time that said to me Karen, tell me what your rates are. Because I talked to Joe down the street and he said whatever you give, I'm supposed to call him back and he can give me a better deal. Well I got tired of hearing that, and what I said to them was, "Well, why didn't he give you his best deal first? Why is he using me to give you a better deal? I just simply don't understand it, and if I were you I wouldn't trust him because you wouldn't . . . you don't know what's going to happen to you at the time of closing."

I forgot to say that in a lot of conversations that I had with buyers, but now I have it in writing, and it's part of the free report, and it's warning them that if they do run into a situation like that, it's to stay away from that particular loan officer.

Number four talks about FHA financing. If you don't have FHA financing, look at community homebuyer, or lender's assistance programs. This would be the section where you would add how they can get into a home with some unique first time mortgage programs.

The next one talks about private mortgage insurance, that on FHA loans and conventional loans, there's usually PMI insurance, however don't be afraid of it. It's the way that you get into a house with very little money or no money down, and somewhere down the road you're going to be able to get rid of it as based on appraisal values, or it'll eventually drop off of the loan. So you hear that time and time again, I don't want to pay mortgage insurance. Well this says yeah you do, and here's the reason why.

The next part talks about how much cash you'll need up front. Just because they've talked to their parents or other people who have purchased a home, they really feel that they have to have tens of thousands of dollars in the bank before they buy a home. You, as a mortgage broker and banker, know that they normally don't, but we have to tell them that. So this next section talks about how much cash will you need. You can get money from your income tax refunds, from savings bonds, checking and savings accounts, cash values of life insurance policies. You can get a gift, you can borrow against a car or another asset, maybe your 401K program at work has the ability to lend you money for the down payment. Or if you have none of these, maybe we can talk about the savings plan now, or maybe we can negotiate that the seller pay part of your closing costs for you.

Next section talks about the first time homebuyer programs. It does cover community and state housing programs, it talks a little bit about the guidelines, and of course, if they can't qualify for those, there's always other programs you can find them as the expert. Next section talks about the mistakes of paying thousands of dollars in closing costs, and tens of thousands of dollars in interest. Now in some of your advertising, maybe in some of your conversations, you are telling them that you're going to save them money. The one way that I always save them money, or show them how to save them money was by offering a 25-year fixed rate mortgage. You know, you get the telephone calls that say what is the interest rate on your 30-year fixed rate mortgage? Your next answer should be has anybody ever told you about a 25-year fixed rate mortgage?

Now for those who have not run a side by side comparison, on a 25-year mortgage versus a 30-year mortgage, the payment's approximately \$25.00 to \$30.00 a month higher. However, comparing it side by side on a \$100,000 mortgage, it will save about \$30,000 in interest just over that five-year time

period. Now guess what, nobody ever takes out a 25-year mortgage, but what you have done, you have switched it from thinking about rates to looking at overall cost savings, and that you're offering them an option for them to save money.

A 25-year fixed rate is exactly the same as a 30-year fixed rate, so there is no rate difference. But it is a way to set yourself apart from all of the other loan officers out there. And the next section talks about financial counseling. Hey, if you come in and there is no way right now that we can get you a mortgage, I'm going to work with you and see what we can do to increase your credit scores, or set up a savings plan, or do something to get you to be a first time home buyer.

Greg Frost has a famous saying, is that he never ever says no, he only says yes or when. That's part of helping people, putting people in their pipeline, and regularly contacting them to make sure that they're on track to buy a home. The next section talks about consider using a buyer's agent. This is where you are telling them to rely on you, because when they're ready to buy a home you're going to be the one who is going to refer three real estate agents to them, and that you prefer referring them to a buyer's agent because they represent the buyer and not the seller in the transaction.

In fact, Mike Moffett, in his Realtor Agent program, talks about how he has his real estate agents actually sign a statement on his behalf that says that they know that the referral is coming from Mike Moffett, they will do everything possible to negotiate that the seller pay the closing costs. If the buyer is not happy with their service, that Mike Moffett gets to fire them, and that the agents are working in their buyers' best interest, and they will not refer them to any other mortgage company except Mike's.

So the back end of the free report, again, sub-headlines say so what's in it for you? Your desire to own a home combined with my knowledge will increase your chances dramatically. Remember the dollar bill that I attached? I may be able to save you lots of these. And then it goes on to talk about call me for a comparative analysis, I'll give you some computer programs, and there is no obligation, the worst you could do is spend some time learning, it's not going to be a pressure meeting, and I really think that if you're truly interested in buying a home that you need to be pre-approved ahead of time.

What you want to do in this whole process is to get them face to face, that you start the process, you start the pre-approval or even the pre-qual, or even run a credit report and give it to them way ahead of time because as I mentioned before, these people are within 60 to 90 days of making a decision to buy a home.

Again, the beauty of the report is that you've told them everything you meant to tell them, and you're saving yourself time, as well. I can't tell you how many times I've been on the phone with a client and hung up the phone and said I wish I

could have told them this, or I didn't remember to tell them that. The free report covers pretty much everything you've ever want to tell them.

So since your prospects will generally understand a majority of the issues, when they come in to meet with you face to face, they're only going to have one or two questions, so it's going to save you time explaining the whole process to them.

To sum up the process of free report marketing, you start out with one, a qualified list. And in the previous interview, we've explained exactly how to find those and how to research the apartment complexes. Timing is extremely important, and mailing postcards around the most likely time that they will move is critical, usually in February and July for the spring and fall seasons. The headlines on the postcards are designed to attract their attention and make them sit up and identify themselves from the headline. The story on the postcard tells them why they should buy a home versus renting, and to call for this free report for more information.

One of the interviews on the website gives you the scripts on exactly what to say to start to build the relationship, and the free report itself tells the story about the mistakes and the problems, and what they can do about them and why you, the loan officer, are the only person in the world that can help them. Now the previous interview also has a script on what to say when you get face to face appointments, and how you can also work with builders and real estate agents in holding first time home buyer seminars, and sending supplemental postcards, like pictures of homes or payment information, or just maybe updates on a regular basis.

I successfully used this system for many years in my own business, and loan officers all over the country are currently using this to attract first time homebuyers, as well. So you can go ahead and create your own system from scratch, I've given you the outline to do so. Or, you can look at the apartment toolkit and get all the information that you can duplicate and use in your business. Even if you have your own system set up already, apartment toolkit is one of the easiest ways to order address lists because that way, you'll have an ongoing marketing program, because the addresses of the units never change, but the people do.

Now before we sign off, I want to give you a couple reasons why this program would not work. One of the important things is that you pre-screen your apartment complexes, and when they start calling for the free report, that you pre-screen the clients, as well. Do not send out a free report without pre-screening them, or making sure that you can actually get hold of a real person, or a real person's recording. Because if you were calling and calling, never getting an answer, nobody is ever calling you back, that is not a lead, don't waste your dollar bill, and don't waste sending your free report, because you will never be able to contact them again.

It's very important that you follow up within a five-day time period after sending the free report. I can't tell you the number of times that I've traveled throughout the country, and randomly go through the real estate magazine, call for a free report, and I can tell you that if I call 10 times, I might get two free reports. The rest of them have wasted their marketing dollars because I've never gotten a free report from the other eight advertisements.

And be sure that you cover first time homebuyer objections. One of the major objections that I heard over and over and over again was well my lease is not going to be up for another four months. A real estate agent that I worked very closely with had a great answer for this, and it was what if we could get the seller to buy out the balance of your lease? Would you be ready to buy a home now? It's one of the things that you'll need to sit down with and go over with your real estate agent, but there are only a handful of objections that first time homebuyers have.

One of them is the lease, the other is they don't have any money for closing costs. Your answer would be what if I could get the seller to pay part or all of your closing costs for you? Know what those objections are, and have stock answers for them. Again, apartment complex marketing, marketing lists, apartment addresses, and ongoing programs, because the addresses never change, but the people do. Thanks for listening.