

5 Things a Successful Note Buyer Must Have

by Jon Richards

I think there are five things that a successful note buyer must have. I define successful as making over \$100,000 net per year. How does he or she do it? Here are my observations.

1. Money

First you must invest money in your business. The good thing about our industry is that you can truly start without laying out huge sums, unlike, for example, a franchise. However, unless you devote a substantial amount of money to marketing your note business, you simply will not break into the ranks of the high-income note buyers. We get too many calls from people who cannot even afford George Coats' \$23 book on *Smart Trust Deed Investment*. These people will never make it.

My observations are you need somewhere between \$5,000 and \$10,000 to invest in your business. This will allow you to develop professional marketing materials and to buy minimal office equipment. In my case, we spent \$5,000 developing a brochure to give to Realtors. It has returned many times that amount, but I had to make the initial investment. I'm afraid that too many novices think that if they pay for the training they are ready to begin the business.

It is not unreasonable to expect new buyers to make this kind of investment in their new businesses. Above all, you must commit many thousands of dollars to a marketing program. You also need to commit money to an office, a fax machine, a separate telephone line, a computer and minimal software. After all, note buying can be very lucrative, and can be one of the most effective ways to achieve early retirement in the world.

2. Amazing Marketing Plan

You need to develop a powerful, if not incredible marketing plan to find notes. **The good news is that there are more notes in the world than any of us could ever hope to buy — the bad news is they are damn hard to find in large enough numbers to make you wealthy.**

You need a well thought-out marketing plan to which you commit money, time and most of your efforts. **Hank Harenberg** says if you are not spending at least 80% of your time finding notes you have your priorities wrong.

I have found that no one way of finding notes works for everyone. You need a marketing plan that fits your skills, budget and your abilities. There is no magic secret. There is no hidden secret for success in the note business. In short, you must build on your marketing strengths and spend most of your time finding notes.

3. Credibility

Whether dealing with note sellers or professional referral sources you must appear credible. I think we are seen sort of like bankers. This means dressing the part, acting like you can perform and doing what you say you will do.

You need to know the vocabulary of the industry and you need to be comfortable when talking to a note seller. Metropolitan has exceptional material that'll walk you through the technical aspects of packaging and then closing a deal.

You will need some computer expertise. At a minimum, you must be able to write good looking letters on a laser printer. Dot matrix letters on poor paper mark you as a rookie. Credibility means not being too cute in your business name, your logo or your stationery. Remember, we are seen as bankers and it is to our advantage to maintain that look. Some of the best logos use, in small amounts, marble motifs and steel-looking logos. They imply strength and integrity, your most important assets. Flaunt them.

I tell people I work with Metropolitan Mortgage, a billion dollar company that does not advertise locally. I flaunt my associations. I tell people I have access to an unlimited amount of cash with which to buy their notes. This is true. I don't think I'll spend all of Met's money. Flaunt your associations. It just enhances your credibility.

4. Technical Knowledge

You must take classes to keep updated, *and* I don't think you are in the business unless you attend conventions. You need the contacts, the new ideas and to meet like-minded colleagues. This simply cannot be overstated.

Secondly, to be credible you must understand at least some of the math in this note business. If you don't know what a "reverse partial" is, or if you must leave the financial calculations to the people you sell the notes to, you will find it hard to look credible and believable. So become comfortable with the calculator and you can certainly close more deals. Buy a few books on note buying. The more you know the more deals you can close, the more respect you will get from the sellers and the more money you will make. It is true. Knowledge equals income.

5. Staff

The fifth thing I think you need to become a successful buyer may surprise you and you will probably resist it. But you should think seriously about hiring some minimal staff. Once you have done one or two deals and feel this business is for you, it becomes a major burden to do the paperwork.

BrokerNet has alleviated some of this, and more software is being developed to make it even easier. But I think it is too easy to get bogged down in the minutiae of this business and fail to see that marketing is everything.

A part-time helper is not that expensive, and I have found that they can repay much more than their salary. I know it's a big step for many of you, but hire a neighbor on an hourly basis and I'll bet you'll quickly find that person is more than worth what you are paying. This business can easily bog you down in details so that you can't keep your eye on the 20% of what you do that earns you 80% of your income.

If you have questions on buying or selling a note, please visit www.National-Note-Buyer.com and contact me.

Thanks for your time,

A handwritten signature in blue ink, appearing to read 'T J Stewart', is written over a light purple rectangular background.

T J Stewart, Founder & CEO

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