



Marketing to Distressed homeowners

It's been said that knowledge is power. Armed with early, accurate and exclusive pre foreclosure data, you can be the first to offer your help to troubled homeowners that are falling behind on their mortgage payment and have months to resolve hardship situations. Yet it is the useful application of that knowledge that is more powerful. This Ebook explores ways to get your message of hope and solutions out to these distressed homeowners and get more consummated short sale transactions.



"Where Marketing Hits Home"

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Dear Real Estate Professional:

Marketing to distressed homeowners can be challenging. Many homeowners that are falling behind on their mortgage payments are on an emotional roller coaster of embarrassment, shame and panic, while other financially distressed borrowers are in a state of denial.

What are the best ways to get your message of hope and solutions out to these homeowners and galvanize them into action? This ebook will attempt to shed some light on how to get through to those struggling homeowners that need your help.

Providing pre foreclosure data to hundreds of REALTORS, we have a good pulse on what works – and what doesn't work – when marketing to homeowners in pre foreclosure, and we'd like to share them in this complimentary resource.

We hope you find this ebook informative, but certainly it isn't a substitute for a one-on-one consultation. We'd be happy to bounce some other ideas around, share sample mail pieces, and chart a marketing plan that grows your business and helps troubled homeowners get out from underneath their homes, a truly win-win opportunity.

Thanks for clicking, and we hope to start a conversation soon.

Jim Gaddis
Managing Partner
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“Struggling homeowners don’t care about you, your expertise, or even how many people you’ve helped avoid foreclosure. The homeowner only cares about what’s in it for them.”

Communicating with Troubled Homeowners

In order to unfreeze a distressed homeowner into action, you should empathize with their difficult situation, speak in the language of benefits and overcome the stereotypes that have been implanted in their minds.

When a homeowner falls behind on their mortgage payment, they undergo an emotional roller coaster of embarrassment, shame and panic. Adept real estate professionals that can empathize with a homeowner’s hardship and help them through this difficult period in their life will undoubtedly be successful. A distressed borrower that is falling behind on their mortgage payment feels vulnerable. While they are eager for options and hope, they may be leery of a stranger and potentially, a vulture looking to swoop down and profit from their misery. How do you overcome this distrust? The answer is to appeal to the homeowner’s emotion, not their intellect. Focusing on the emotional benefits of your service is more important than features.

Emotions are the gateway for a distressed homeowner to make a decision to work with you. World-renowned sales trainer Zig Ziglar explains, “People usually buy on emotion and then justify it with logic.” Sure, a short sale carries fewer consequences than a foreclosure, but this is an intellectual feature, and does not speak to their emotion.

Benefits are the language of emotion. Features are the language of logic. Even people who insist they make logical decisions based on features do so because that’s what makes them *feel better*. All benefits are emotional. What would be a better way to sell diamonds?

“This ring features a 1.4 carat, pear-shaped cut white diamond with a SI1 clarity grade and an H color rating.”

Unless you’re a gemologist, this ad is gibberish. Here is what might sell diamonds better:

“Imagine that special evening when you gently slip this on her finger and stare intensely into their eyes. She peers at this symbol of your devotion, the promise of your future together, and tears begin to glisten. An adoring smile spreads across her face, and at that moment your love is sealed forever.”

The upside down or late paying homeowner has only one question to be answered, “What’s In It For Me?” **It’s not about you, or your realty, or even your expertise.** It’s about them – the distressed homeowners that need your help. How will you help them solve their problem, make their lives better and most of all, how will you make them *feel good*?

Some examples of benefits might be....

Move on to build better memories... Get a good night's sleep for the first time in six months... Relieve the uncertainty... Let go of the loads of bricks on your shoulders... Keep your children in their school.... Stop the harassing phone calls.... Save your credit... Help your family... Return to your normal, day to day affairs.... Etc.

“People usually make a decision based on emotion and then justify it with logic. Your first goal is to establish trust and credibility and you can always come back to your credentials later on, after the homeowner likes you and views you as having their best interest in mind.”

“We've helped 28 clients this month avoid foreclosure” is a feature, not a benefit. “We're a member of the Better Business Bureau” is another intellectual feature that will not build emotional rapport. If you're a Certified Distressed Property Expert or have another four-letter acronym that gives you special training to resolve hardship situations, this is another feature that will not provide tangible benefits to the homeowner. Credentials are fine, but the distressed borrower will justify their decision to work with you on emotion first, and come back to your credentials later.

Your goal when working with distressed homeowners is to solve problems, not sell your services. This requires a different mindset and a different approach to communication. To move people emotionally frozen into action requires that agents stop selling and help them and help them visualize the future and provide them with something that they desire more than the fear of the present.

Overcoming the Stereotype of a REALTOR.

Distressed homeowners expect a real estate agent to want to sell the house. They expect a lawyer to want them to file a bankruptcy. They expect an investor to rip them off. They have nowhere to turn, in their minds, because their stereotypical thinking limits the possibilities that professionals provide.

In order to overcome this stereotypical thinking that oftentimes freezes a homeowner into inaction, the homeowner should see that you are not only after the listing, but that you have a variety of tools in your toolbox to help them, including a loan modification, Deed In Lieu, forbearance, etc.

The concept to grasp is that a homeowner is more likely to trust a professional that provides “ethical and compassionate solutions to problems with real estate loans”, than a REALTOR.

Several agents report success “leading in” with a loan modification and when the modification is disapproved, the homeowner will list their home with the agent because they know and trust them since the agent was there there for them from the beginning.

“While you want the struggling homeowner to call you for a personal consultation, the homeowner may not be ready to pick up the phone... yet. By offering a free report, video, or other resource, you are warming the lead along until they are ready.”

Two step marketing

Distressed borrowers need to be guided along and be told what to do NEXT. Many of these homeowners are cautious and need to take baby steps.

Every good marketing message has a clear call to action – it tells the prospect what to do next. While the call to action is often overlooked, it is critical because your objective is to get the homeowner to respond, period.

The most obvious call to action would be to pick up the phone and call for a consultation. Yet many distressed homeowners are on the emotional roller coaster of shame and embarrassment are hesitant to call at first. These leads need to be nurtured before they are comfortable enough to reach out to you. You can employ a two-pronged approach when contacting distressed homeowners:

Step 1. Generate a lead by providing something of value, such as a free report, in exchange for something in return, such as the homeowners contact information. **Step 2.** Provide the requested information and follow-up.

Consider experimenting with some different carrots that motivate troubled homeowners to access more information. For example, one call to action can be visit your site for a free report. Some free report topics:

- » NOW THAT YOUR LOAD MODIFICATION HAS BEEN DISAPPROVED, NOW WHAT?
- » FIVE THINGS YOU SHOULD NEVER DO IF YOU FALL BEHIND ON A MORTGAGE PAYMENT
- » CHECKLIST OF WHAT TO DO IF YOU RECEIVE A CERTIFIED LETTER FROM YOUR LENDER
- » YOUR FIRST STEPS TO AVOID FORECLOSURE
- » HOW TO STOP HARRASSING CALLS USING THE FAIR DEBT PRACTICES ACT
- » SHORT SALE VERSUS FORECLOSURE – THE CONSEQUENCES

What's so good about this two-step marketing? It's much easier to create an interest in becoming educated about alternatives to foreclosure (a lead) than it is to get a homeowner to sign on the dotted line and part with their home. You are generating interest, not asking them to list their home with you (not yet anyway). That is what the 2 step marketing process is all about – warming a lead along to fruition and continuing your dialog with distressed borrowers. Taking this principle a step further, you can offer a free report on 5 things you should never do if you fall behind on a mortgage payment, and in the report, list 4 things.

What's the 5th and most important thing you should never do? You guessed it, for that gem the homeowner has to call a pre recorded hotline or do something else to be guided along.

“While a mail piece is randomly received by a distressed homeowner – they didn't ask for it – a landing page is a destination that the homeowner proactively goes to arrive at. Once there, you should build on the conversation and capture their contact information so you continue to nurture the relationship still further.”

Directing troubled homeowners to a website

When done properly, a landing page can be an excellent and non-threatening way to educate distressed borrowers on their solutions.

Your initial message to distressed homeowners should be a teaser and galvanize the homeowner to learn more once you've piqued their interest. The objective of your first contact should not be to close the homeowner. A post card, for example, is not meant to close the homeowner but to guide the homeowner to another destination such as a landing page, where they can learn more.

A landing page, or lead capture page, is a destination where distressed homeowners go for a specific purpose. Think of a golf course – a landing page is the putting green that you drive the ball (prospect) to. Once on the green, the goal is to get the ball in the hole. Likewise, the goal of the copy and design of a landing page is to get the homeowner that needs your help to take your desired course of action.

You wouldn't ask someone to solve an algebra equation in order to view the content they came for on your website. Nor should you ask a distressed homeowner to find the page on your website that has information on foreclosure help. A typical REALTOR's site is busy, with a lot of information and links packed into one homepage. For example, your site might have a section for buying a home, selling a home, the benefits of relocating to a certain community, tips on moving, and a whole host of other information that speaks to entirely different audiences. Rather than asking a troubled homeowner to wade through your site to find the relevant information on their options, create a landing page that specifically speaks to them and answers the question “What's in it for me?”. Once on that page, a distressed borrower can seamlessly find the answers they are looking for without the need to dig through several links and pages to ferret out the information they are seeking.

It's critical to capture the contact information of the homeowner that visits your landing page. In order to access your free report, video, or other promised snippet of information, prompt the homeowner for their e-mail address and/or phone number. The goal is not to send the homeowner to a website to learn all they can on avoiding foreclosure –

“It’s all about continuing the conversation. Don’t divulge too much information on your landing page and risk having the homeowner close themselves. You are the real estate expert, not them.”

the objective is to establish rapport and credibility and obtain their contact information so that you can continue the conversation through more interactive means. **You should not give the homeowner the opportunity to close themselves.** Remember, you are the real estate expert, not them. An effective landing page will not provide every single detail about your service. Rather, the goal of your landing page should be to capture the homeowner’s e-mail address so that you can “drip” a pre-written set of messages to customers or prospects over time. In agriculture, drip irrigation is the process of watering plants or crops using small amounts of water over long periods of time. Using this same principle, you can send timely, relevant e-mail messages to a highly targeted set of troubled homeowners that have sought out a resource to avoid foreclosure.

When asking your web visitor for information, caution should be exercised. People don’t like volunteering too much about themselves, and if they are asked for too much information, they will hit the back button. Prompting the homeowner for their name and e-mail address should suffice. We have seen some sites that require the homeowner to fill out a lengthy questionnaire asking for their estimated income, source of employment, home purchase price, number of mortgages and other detailed information – besides being overly prying, who has the time to fill it out?

There’s an old direct marketing axiom that states too many choices paralyzes your prospect into complete non-action, and this behavior applies to landing pages, as well. You may have a wealth of reports and resources, but we recommend not giving distressed homeowners too many options on what to do next. We believe that your landing page should have a single call to action, perhaps to download a singular report, rather than giving them a cornucopia of reports to choose from. The whole idea is to spell out to the homeowner, in specific detail, what to do next and not allow them to wonder astray and risk losing them.

Online video can be a powerful tool to win the rapport of a distressed homeowner. With a 2 to 3 minute video, the troubled homeowner can experience your voice, hear your tone, and develop a connection with you in a “fireside chat.” You can use the video to amplify your call to action by saying, “Type in your e-mail address on the form above to discover how you can...” (complete the sentence). On many CDPE® branded websites, the distressed homeowner is greeted with a video message by CEO and co-founder Alex Charfen. His message is powerful and effective, but in our view, the landing page would create more of an

impact, and build even more empathy, if the video is replaced with the REALTOR, who ultimately will be the one to work with the homeowner.

“One client got sixteen listings by mailing a post card seven times to the same group of homeowners. After the third mailing, she knocked on the homeowner’s door or called them. The lesson is repetition works. Marketing has never meant to be a one-time shot.”

The marketing secret every child knows

Repetitive marketing over time produces the best results.

People respond to repetition. If you are a parent, you know how hard it is to refuse repeated requests for an ice cream or a desperately wanted toy. If you are not a parent, you probably remember asking, even begging for a toy, a treat or permission to stay up past your bedtime, until your parents finally gave in.

Your prospects – homeowners that are 30, 60 or 90 days late on their mortgage payment – are similar. They may need to be asked repeatedly, too. The reality is marketing has never meant to be and will never be a one-time shot. It may take more multiple “touches” to create the trust and rapport necessary for a homeowner to work with you. It's a well-established rule of marketing that any communication is most effective when it is repeatedly brought to the attention of your target market.

This principle of repetition is especially true when contacting distressed borrowers. In ordinary mailings, the intended recipient may have been away, lost or misplaced the mail piece, been distracted with more pressing tasks, or a myriad of other possibilities. When mailing to financially distressed homeowners, these homeowners are oftentimes facing major life events such as a divorce, loss of a job, and other tumultuous happenings that compete with your message for their attention.

Moreover, many delinquent homeowners will not open up immediately to a stranger. It's worth repeating that homeowners must trust you first, before they give you permission to work with their lender. Familiarity builds credibility, which in turn builds trust. Each subsequent message should escalate in tone and urgency and stress the magnitude of what will happen if the homeowner chooses to do nothing.

We're often asked what the best marketing vehicle is to generate a response. Is it a post card, a phone call, a letter, a knock on the door, or is it best to drive them to a website? The answer is all of the above. There is no silver bullet. Rather, it is constant exposure to your service that is the biggest determinant of success. Consider the marketing of Publishers

Clearing House. Here is a company who sells magazines with great flare... "Win 10 million dollars in the Publishers Clearing House Sweepstakes!" You'd think everyone would jump at the chance to win all that money and get their magazine of choice, right? Of course not – we all know it's not that easy. They get people to buy its magazines through an absolutely incredible marketing campaign. The center point of that campaign is repetitive mailings **over an extended period of time**.

If you are persistent, you will have a smile on your face just like the kid with a belly full of ice cream that he/she convinced mom to buy.

“Direct mail remains an effective and inexpensive way to deliver your message of solutions and hope to distressed homeowners that need your help. If you elect to send postcards, keep in mind that the postcard will not make the sale. The objective of your postcard is to provide a vehicle to continue the conversation that was started with the postcard.”

Using Direct Mail

Direct mail is a tried and true method to generate new business. Although e marketing is affordable and social media has exploded, direct mail should not be dismissed as too pricey or passé, and can be combined with online marketing to create synergy.

During an age when a lot of marketers are zipping Tweets across cyberspace and pulling in fans for Facebook, direct mail can seem decidedly old school. Yet direct mail offers many significant advantages – it's easy to implement, you can precisely pinpoint distressed borrowers in your area, it creates a more “personal” touch, and it's a snap to measure results.

Sending Postcards

When done correctly, postcards can be effective because they are cheap to print, cheap to mail, and stare distressed borrowers in the face – they don't have to be opened like an envelope.

Postcards are most effective when they are used to drive distressed homeowners to a landing page. Remember, a post card is small and you cannot fit much information on it. Your goal with the post card should be to pique the homeowner's interest and encourage them to learn more. **A post card will not make the sale.** Your post card should be a tease and direct homeowners to a destination where they can learn more about the solutions to their plight. By going off to a landing page, the homeowner has not committed to using your services – that's not the goal of the post card. The goal of the post card is to send the homeowner somewhere else to continue the conversation.

In addition to being aesthetically pleasing, your postcard should be easy to understand – you don't want the homeowner to work to find your message. Your postcards should talk about benefits and answer the homeowner's fundamental questions, "**What's in it for me?**" and "**How can you solve my problem?**"

We have seen postcards that talk bumpkins about the Realtor, their designations, training and other features that mean nothing to the struggling homeowner that is looking for solutions.

Yet the biggest determinant of your tiny billboard's success is the offer and providing something of high perceived value to the homeowner such as a free report.

Once you have piqued the interest of the distressed homeowner by offering a free report, they are not saying to themselves, "I'm going to use their services" or "I need to call them", or "I need to get in touch with them to sell my home." They are merely thinking, "Geeze, I don't want to make those five mistakes.' **You've begun the courting process.**

Sending Letters

The Envelope

Studies show that recipients spend no more than seven seconds deciding whether to open your envelope. Regardless of how much time and work you invested in creating your mail piece and a system of offering solutions to struggling homeowners, it all comes down to seven seconds, and you can go from hero to goat in these mere seconds.

Let's face it – we all judge a book by its cover. And distressed homeowners will judge direct mail by the envelope. The envelope has two purposes – to deliver your message to a homeowner that needs your help, and to get it opened.

Want to guarantee that your letter is opened? Handwrite the envelope.

Hand written envelopes are always opened first, because it adds a personal touch to your mailings. Everyone is bombarded with mail that looks commercial at first glance.

Anything that looks like personal correspondence will get opened.

"There are many marketers fighting for mailbox space. To smash through the clutter, use a first class postage stamp and handwrite your envelope. Anything that looks like personal correspondence will be opened. If you don't want to get writer's cramp, there are automated solutions available to duplicate your handwriting."

To create even more impact, use an odd-sized envelope that looks like a wedding invitation or a birthday card from Uncle Harry. Try experimenting with different colors, as well.

The “Yellow Letter”

The yellow letter is a handwritten, usually brief message on old school yellow ruled paper. Many investors have used this personalized vehicle to stop homeowners dead in their tracks and get their letter read because it stands out from commercial mail. In today’s fast paced society, messages are usually aided by computers, printers, texts, and e-mails. The value of a yellow letter is that the homeowner sees that you took the time to personally write them, an act that is rare in today’s digitalized world. For examples of yellow letters, get in touch with us at 1-866-490-3459.

“Because of its personal look and feel, Yellow Letters will beat postcards any day.”

Of course, individually handwriting hundreds of letters can consume a lot of your time and give you writer’s cramp. Fortunately, there are automated solutions available. The computer can duplicate a human’s handwriting and the personalization fields can be left blank so that they can be filled with individual information. We’d be happy to share digital samples of yellow letters that have worked well for other REALTORS and investors – call 1-866-490-3459.

Word About Postage and addressing

While it can be tempting to use a postage meter to trim expenses, the look and feel of a postage meter can be a deterrent. First class stamps make the most impact. For even more of a personal feel, avoid standard US flag stamps and use stamps that depict fruits and vegetables, birthday, animal or other unique designs to smash through the clutter.

For best results, put your own name in the return address. Studies indicate that the very first thing prospects will look at on your envelope is the return address. Therefore, it’s always best to put just an address without a company name. This way, any preconceived notions those distressed homeowners may have about your company or a real estate agent in general, will not prevent them from reading your entire sales message before making up their minds. Remember, you don’t want the homeowner to close themselves. It’s worth mentioning that you should always list a street address – never a PO Box. Distressed homeowners need to trust you, and if you do not have a physical address, it is not

conducive to building that familiarity and trust.

Using a Post Script

While other parts of your letter may be perused more thoroughly, studies show that nearly 4 out of 5 people read the P.S. first, because it's viewed as a more intimate message – that's right, they will read the P.S. before any other part of your mail package.

Your P.S. can be used to create a sense of urgency for the homeowner to act now. The time is ticking, and you can use the P.S. to remind them that doing nothing should not be an option, and that the time is running out before the lender begins to foreclose on the property. You can also use the P.S. to send the homeowner to a website to access some snippet of information such as a video or free report, or provide an added incentive for the homeowner to respond to you, such as a free gas card or other carrot. You can also avail the P.S. to repeat key benefits such as helping their family, preserving their credit, and get from underneath their home.

Dimensional Mail

Think inside the box, literally. Also referred to as "lumpy mail", Dimensional Mail is a type of direct mail that can take on any form other than your typical flat piece of mail. Although it can come in many shapes and sizes, all dimensional mail has one thing in common – all of it is practically guaranteed to get opened. Imagine a little kid underneath a Christmas tree opening presents and it's easy to understand why. People love opening up packages and almost always pay attention to what's inside.

While dimensional mail is pricier, the return on investment is superior because it creates maximum impact. Several clients report rousing success by sending out fortune cookies that when opened up, display a clever message to save their home.

The mailbox versus the inbox – the ultimate boxing match, right?

Actually, no. Smart marketers know that it's not about choosing one corner. Rather, you can integrate both mail and the Internet into your media mix to command the attention of your audience where they live, work and play. For example, you can send a postcard that drives them to a website to download a free report on alternatives to foreclosure. As a prerequisite to access or download your free report, prompt the visitor

“Whether in a cylinder, tube, or box, ‘lumpy mail’ nearly always has a 100% open rate. Although it is costlier, lumpy mail’s ROI is superior. Take, for instance, a client that sends a fortune cookie to distressed homeowners on our list. That’s smart marketing.”

for their contact information, including their e-mail address. You can then correspond via e-mail and follow up with direct mail and vice versa to experience synergy. In other words, one plus one isn't two. It's three.

Consider offering a rock solid guarantee in your mail piece. For example, you can promise a homeowner that if you cannot provide the best solution that is legally available after a 17-minute face to face meeting, you will give them a \$50 gas card. This carrot may be the added push a homeowner needs to call you. The idea is to “put your money where your mouth is” with an airtight guarantee.

“Snap pack mailers are perforated on three sides and the recipient must tear away the 3 edges to reveal the contents. Similar to rebate-check mailers, this format can be designed to look like a check or official notification or statement.”

Snap Pack Mailers

Snap Pack mailers are official looking, pressure sealed mailers that requires the recipient to tear perforated strips off the side and bottom of the snap mailer in order to open it. Once the snap mailer is opened, the distressed homeowner views a message about staving foreclosure.

If you have a hard time visualizing this, think of an IRS refund check that comes to your mailbox in the form of a snap pack. Your goal is to emulate the same official look. For more impact, you can place teaser on the front, such as “PERSONAL AND CONFIDENTIAL – TO BE OPENED BY ADDRESSEE ONLY. PLEASE RESPOND WITHIN FIVE DAYS.” We have even seen snap packs that mention the civil or criminal penalties for any person that interferes or obstructs with the delivery of mail. This may be going a little overboard, in this author’s opinion.

Snap pack mailers save you money from traditional sales letters and give you more space than a postcard, but the chief advantage to snap pack mailers is the huge open rate. Since it looks important, secure and confidential, the snap pack mailer is screaming to be inspected.

A potential drawback to the snap pack mailer is the minimum number of units required. Because the print job is so unique, we have seen minimum print orders at 5,000 and above. If you are working a list of 250 names, the snap pack mailer probably won’t be a match.

“When knocking on doors, it’s best to take the soft sale approach. Telling a homeowner that you know they are missing payments is the fastest way to get thrown off the porch.”

Getting your foot in the door... literally.

There is nothing more personal than door knocking.

How many ads can pull a football fanatic out of his chair, during an exciting football game, to see or hear your advertisement? The answer is none. One-on-one door knocking is powerful and effective because it delivers your message face-to-face. No other marketing medium has that impact. “We have only one shot at these homeowners,” says a Century 21 broker in Southern California. “And we don’t want to blow it.” Several clients report phenomenal success with taking the personal approach by knocking on the door of a distressed borrower to deliver the message of hope and options, yet you shouldn’t walk up the steps unprepared.

Having a Script Prepared

When you are face-to-face with a distressed homeowner, your goal is to make an emotional connection. In theater, all actors are scripted because they are trying to build emotional excitement with the audience. In the same way, you should have a script prepared instead of “winging it.” You have a small window of opportunity to introduce yourself as someone that genuinely cares about their plight. Many realtors and investors mistakenly blurt the first words out of their mouths in a pre-foreclosure deal and never recover.

Based on the feedback we’ve received from clients that deliver their message of hope and solutions in person, the soft sell approach works well. You should not profess any inside knowledge that the homeowner is struggling to make their payment. Rather, you should present yourself as a neighborhood real estate expert that is canvassing the block. Here is some sample verbiage to use when delivering your message of hope and solutions in person, courtesy of Chris Sylvada, the founder of [Simple Listing Solutions](#), a turn-key marketing system for REALTORS to position themselves as a neighborhood short sale expert:

“Hi, Mrs. Jones, my name is _____, I’m a local real estate expert, hopefully I’m not interrupting dinner, I’ll be real quick. I’m not sure if this applies to you, but I know you know someone. I provide ethical and compassionate solutions to problems with real estate loans. If you know someone that is struggling to make their house payments, or they owe more on their house than what it’s worth, I can help. So, I’ll let you go, just want to get this in your hands (pass a flyer or door hanger) – if you know a friend, family member, co-worker, neighbor, please tell them to go to the website on here, to learn more about some options they have to get from underneath their homes, help their family, and save their credit. Thanks for your time Mrs. Jones, enjoy the rest of your evening.”

“Never use the term foreclosure when talking to distressed homeowners, or suggest that the homeowner is at fault. Empathy is the name of the game”.

If the homeowner is receptive to talking to you, here are some additional tips:

Ask to come inside. Many novice REALTORS and investors think that the deal is going to be made right on the front porch. At the risk of redundancy, a distressed borrower will work with you only if they trust you and like you. If you launch into your pitch on their porch, the homeowner may view you as a slick salesperson that stands to profit from their hardship. Try to face them on the turf that they feel most comfortable in – their kitchen table.

Making Conversation

Talk for a few minutes. It's important for the homeowner to view you as a person, not as an investor. Share some information about yourself and ask for the same in return, so that it doesn't feel like some kind of awkward first date.

Avoid using the term “foreclosure” at all costs. If you imply in any way that the homeowner is responsible for their plight, you will surely alienate them. “I noticed that you weren't keeping up with your payments” or, “I saw that you were late on your mortgage” is a sure way to get booted off the front porch. A better approach might be that you “provide ethical and compassionate problems with real estate loans.”

It's worth mentioning that modesty is important when presenting your help to troubled homeowners. No suits or bling like expensive jewelry. That conveys that you will profit from their loss. Also, keep your hands in plain view and show your face when door knocking. When a homeowner looks to see who is knocking on their door, you better look non-threatening.

Getting the conversation rolling on the phone

The telephone can serve as a good follow up device once you have introduced yourself through other media. In our view, telemarketing should be used in conjunction with other forms of marketing, and should not be used as a stand-alone marketing vehicle.

When a homeowner has fallen behind on a mortgage payment, it is a sensitive subject. Whether it is because of unexpected expenditures that happen suddenly, illness, the loss of a job, or marital discord, there are

“Once a homeowner knows who you are, you can introduce yourself over the phone. Having gotten your message of hope and solutions out through other forms of marketing, you have more of a license to call them.”

some delicate circumstances that have led to a defaulted payment. To these distressed borrowers, homeownership isn't the American Dream – it could be the American nightmare.

Because their hardship is such a sensitive subject, we don't recommend using our list of distressed borrowers as a purely telemarketing list. Just calling a distressed borrower without prior contact is a little like calling up a stranger and asking them if they have a drinking problem. Even if they were an alcoholic, would they admit it over the phone to someone calling for the first time?

However, the phone can be used as an excellent follow up tool, once a homeowner knows you or has at least been exposed to your message. Once a homeowner has received a letter or they have requested more information, or they are more open to talking to you on the phone.

Having started a conversation with a distressed borrower through other means, you have more of a license to continue that conversation over the phone.

We include a DNC compliant phone number, when available. The operative term is when available. Landlines are becoming increasingly obsolete as more people use mobile devices. For those homeowners that do have a landline, the majority of them are on the do not call list. For this reason, we'd have to select a larger area to generate any meaningful amount of phone numbers.

Many REALTORS and investors are looking the homeowners up by themselves, without regard to the DNC regulations. Says one of our clients, a mortgage broker in Nevada – "I don't care about the do not call list because I'm not selling them anything. I'm keeping them in their home." While many of our clients share this sentiment and feel that they are exempt from the do not call regulations to the extent they are helping these distressed borrowers save their credit and relieve the uncertainty, it is mindful to keep in mind the potential penalties of calling homeowners on the do not call list.

Directing distressed homeowners to a hotline

Many defaulting homeowners are cautious and would prefer the anonymity of listening to a recording that presents your message of solutions and hope.

As one way to overcome a homeowner's lack of trust, you can send distressed home owners to a recorded hotline that briefly discusses some of the options they have available. Home owners that may otherwise be hesitant to call you, may call a hotline to hear a pre-recorded message – there is little risk to doing so. If they are comfortable with the message or messenger they can dial through for a live conversation.

“Struggling homeowners that would otherwise be reluctant to call you may feel comfortable listening to a hotline, where they can remain anonymous.”

There are many affordable tech solutions to seamlessly start a hotline, such as Voice Nation. We recommend keeping the pre-recorded message two to three minutes long so as to not lose the homeowners attention or overwhelm them with too much information. The goal at this stage is to have a short, friendly “heart to heart” conversation with the listener that presents some different options the homeowner has, but more importantly, establish a level of trust and rapport by providing a calm voice of reason and empathy.

“I started mailing to the pre-foreclosure list in 2004. The most effective mail pieces for generating immediate business have always been the toll-free Recorded Messages. I find that a six-piece sequence over 3-4 weeks to around 400 homeowners gets the phone ringing immediately, averaging a couple calls per day for 2-3 weeks.”

- Ross Kilburn, Seattle Short Sales, Inc.

“Sellers in distress are looking for solutions, but are very cautious as there is so much info/misinfo going around. By providing low risk - low or no exposure information to these folks gives them the ability to anonymously shop for a solution provider who they feel comfortable with. Whether it be websites, recorded messages or chat - no matter. The more media types, the larger your potential audience. One size doesn't fit all.”

- Steve Mallires (Real Choices Realty)

“I have to say I see the point in this. Having gone through the nightmare myself, it's hard to talk to anyone. You don't trust anyone, you don't know who's right and who's wrong, and last thing you want to do is get scammed. Of course a telephone number isn't going to keep you from getting scammed, but because there's no pressure with the call - it at least feels somewhat safer. I would take this one step further and build a Google Voice message system. Let them call and listen to the pre-recorded message, but build a widget with Google Voice that allows the call to be connected - Google calls them and connects the call. It might seem a bit "safer" to them instead of having yet another random could-be-a-bill-collector number showing up on their phone- Matt Stigliano, RE/MAX Access

The added benefit of using a pre-recorded hotline is that incoming calls

are logged so you can capture their phone number.

A word about tracking

“If you are not testing your marketing, you are not marketing. Rather than taking a Hail Mary approach of putting your message out to distressed homeowners and waiting for the phone to ring, you should take a methodical approach of tracking what works – and what doesn’t work.”

The reality is there are myriad variables that influence the success of a marketing campaign to distressed homeowners. Your headline, your copy, your call to action, the frequency of contact, the day of your week your message is received, even the colors of your material are but just a few factors that play a role. Our best advice is to TEST, TEST, TEST again. If you are not testing your marketing, you are not marketing.

One way to test is to use different URL’s tied to different marketing messages. Let’s say you are contemplating two postcard designs that you want to send to 2,000 recipients. Naturally, you’d be interested in which postcard generates the most response.

As a call to action, you can direct 1,000 postcard recipients to [yoursite.com/SanJoseHomeHelp](#) and use the other thousand postcards to send the recipient off to [yoursite.com/SaveYourHome](#). You can then check your log files or use [Google Analytics](#) to see which postcard generated the most web traffic.

We’re firm believers in the soft sell approach and that a great number of homeowners will seek more information online than picking up the phone to call. But there will always be people that prefer to call you to get information on how to get from underneath their home. For those people, you can assign unique phone numbers to each marketing vehicle. For example, you can send a letter to distressed homeowners and tell them to call you at 555-2222. A postcard can list your number at 555-3333, and dimensional mail such as a fortune cookie can instruct the homeowner to learn more about saving their home by calling 555-4444. There are many technology companies that can inexpensively provide multiple incoming phone numbers which can be directed to your office or cell phone. We use [tossabledigits.com](#).

Let’s say that you want to test the call to action. In one mail piece, you direct distressed homeowners to a landing page where they can download a free report. In a different mailing list, you push a pre-recorded hotline to anonymously listen to a 2-3 minute “fireside chat”. You can easily determine which call to action generates more response.

What doesn’t require technology is a simple question you can ask homeowners when they walk into your office, call you or fill out a form

on your website – “I’m curious... how did you hear about us?”. Here at Homestead Data, anyone that calls us is asked this question, but one caveat: this question of how the prospect learned about you should be asked only after some minimal trust and rapport is established. You don’t want the leery distressed homeowner who is already cautious, to be even more on the defensive when they feel drilled for too much information.

The quintessential point is that your campaign to distressed homeowners should be scientific in nature and shouldn’t be based on what you think might work from guesswork. Rather, your marketing efforts to distressed homeowners should be shaped over time, in response to clearly defined metrics that can be tracked.

Want to bounce some more ideas around? Get in touch.

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For the latest blogs, tips and insights into marketing to distressed homeowners, follow us on Twitter @shortsaledata.

About Homestead Data

As marketing partners of the three credit reporting agencies, we can identify struggling borrowers that are 30, 60, 90, or 120 days late on their loan payment. Our singular goal is to help real estate professionals secure more completed short sale transactions by identifying distressed properties well before anyone else knows about them. You will know, within a few days, which homeowners have defaulted on a mortgage payment and need your help. Armed with this early, exclusive and accurate pre foreclosure data, you can make an early connection with distressed homeowners and be the first to advise them on their solutions.

The data can be filtered by geography, how far behind the homeowner is, loan amount, loan type, number of mortgage trades, and myriad other criteria to put your services in front of the most qualified prospects. For a free area analysis, expert consultation and custom quotes, get in touch with us at 866-490-3459.

www.preforeclosuredata.net