

Don DeRosa's

Real Estate Investing for The Real World



Volume 2, No. 1

Marketing to Find Private Lenders

Let your hook always be cast; in the pool where you least expect it, there will be a fish. Ovid

“Say, Joe, my ol’ friend, can you loan me a hundred thousand bucks?”

“No problem, old buddy. Here you go!”

Private lenders are an essential piece of the real-estate investment business. Without them, you’re at the mercy of banks, who – let’s face it – aren’t always very accommodating.

But when I talk about getting private lenders, a lot of people envision a conversation like the one above. Don’t worry – even I wouldn’t attempt to get money that way!

How do I find my lenders? It all comes down to talking to people. I just mention what I do for a living. It starts conversations wherever I go.

You see, they’ve heard the 3 a.m. infomercials that say you can make a million dollars in real estate with no money and no credit. And they’re fascinated. Is it true? Does it work? Once the conversation has started, I can ease into the marketing with: “Hey, do you know anybody that would be interested in lending on a piece of property? I’d give them a solid return that’s secured by real estate. They’d get a security deed, they’d get a note, they’d get title insurance, just like a normal lender would get. Probably one of the safest investments you can make!” Nine times out of ten the person will say: “I don’t really know anybody, but I might be interested!”

And that’s really why I’m asking that question.

It hasn’t failed me yet. If you don’t believe me, go out today, pick five people that you can sit with for a few minutes to build rapport, and then have the conversation. Start telling them what you do, and I promise you they’ll be directing the conversation, not you.

Do, though, have something prepared to say to them, and have something to give them, too. I’ve come up with a little two-minute speech that’s pretty consistent, and I’ve created a CD that I give to people. I make my speech, give the person a CD, and I say, “Why don’t you take this and listen to it. If you don’t have a need for it, you can return it to me.” And then I end the conversation.

People usually listen to the CD. After they listen, they may not be interested, but they probably won’t throw it away.

I got the idea for the CD from a real estate agent years ago. I was listing a house and this fellow badgered me to list with him. He handed me a CD that explained his services. I've kept that thing for seven years now, and I don't even know where this guy is. I just can't bring myself to throw it away!

If the person is interested, I follow up with a conversation about how I buy houses using private funds. I even created a complete flipchart presentation that I go through with my potential lender that discusses everything that the CD does, but in a little more detail. Again, it allows me to build more rapport, and answer questions. I want my lender to be completely comfortable with the process.

Of course, there are lots of other ways to market yourself. Here are a couple of ideas:

- Business cards. Business cards are important, but they're really just great conversation starters. The value of a business card is not in the piece of cardboard that you stick in front of someone. It's the rapport that you build once you start the conversation.
- Direct Mail. Direct mail can be postcards, one-page letters, or a series of letters. Who gets these letters? You can send them to anyone you know who has asked about your business. A friend sent them to his friends and family, and he got three private loans!

One more important point about marketing: ***Make sure you use disclaimers in all of your marketing materials!*** Do not misrepresent anything, or even stretch the truth! Make sure you don't say anything that makes you sound like you're selling securities. Talk to your attorney to make sure your advertising doesn't violate the law.

I promise you this: You do have money at your disposal. You have it just by opening your mouth and talking about what you do.

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Don DeRosa was recognized as one of the nation's top 21 real estate investors in the New York Times bestseller The Millionaire Real Estate Investor. Don, who is a full-time investor, trainer, and mentor, offers a complete system to build and run a thriving real estate business. For more information on Building Wealth with Real Estate, visit www.donderosa.com.

Summary: Private lenders are an important source of funds for real-estate investors. However, many investors are afraid of asking for money. Fortunately, it's easier than it sounds. It all comes down to starting conversations. Don't forget other methods of marketing, like CD handouts, business cards, direct mail, and the Internet. Have your attorney look over your marketing materials, though, so you don't violate securities law. Most of all, remember: the money is out there!