

Smart Marketing for Nonprime Clients

Filter your database and certify addresses to reach more potential clients

By **Ron Appel**, national sales director, A+ Letter Service

ALTHOUGH THE NONPRIME MARKET has felt the negative effects of recent financial and real estate trends, it can still be a viable source of business for brokers who understand these borrowers — and who know how to reach them.

How do you reach out to nonprime borrowers who need broker services? Try direct mail. Targeting your mailings to borrowers with home-equity issues might be a logical place to start in today's market.

Once you know who to reach, it can be only a matter of certifying addresses to ensure your message reaches the right people.

Selecting the right filters

You will find the most success by marketing to the people who most need what you are selling. Makes sense, right? Therefore, finding qualified nonprime business can be possible if you filter your mailing list properly.

For instance, to reach borrowers with home-equity issues, you should sort your potential-client list by these criteria:

- **Date range**
- **Loan-to-value percentage (measures equity position)**
- **FICO range**
- **Revolving debt and open lines of credit**
- **Loan value**

It also might help to select only homeowners that have not refinanced in the past two years, for some campaigns. In states where there is a prepayment penalty, this is usually a mandatory filter for brokers.

This plan can work for marketing to other

popular borrower types as well, such as foreclosure buyers or eligible homeowners seeking reverse mortgages. Simply readjust your database filters to fit your new criteria, and start mailing.

Getting it right

Data accuracy is critical to any direct-mail operation. Although it's impossible to have an entirely accurate mailing list, there is a way to weed out some of the bad records before you complete any mailings. You should be running your database through a Coding Accuracy Support System (CASS) to certify as many addresses as possible.

Available for purchase from numerous types of vendors, CASS enables the U.S. Postal Service to verify an address list. CASS-certified address lists must be checked against the USPS Address Matching System. Addresses must match. Your database also must reflect the correct 11-digit ZIP code and corresponding bar code.

In addition, only addresses that have completed this CASS certification are eligible for automation-bulk-mailing rates. The difference between automation and nonautomation mailing rates is about 5 cents per piece. It may seem small, but it adds up. For example, with a 5,000-piece mailing, CASS certification of the address list could save you approximately \$250.

CASS certifying your mailing list will not only save you money, but it also can increase your response rate. Remember, your response rate is relative to the actual number of mailers delivered, not just those mailed.

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Direct mail is a numbers game. Mail enough pieces to the right prospects, and you will get responses, despite the market conditions. If you also invest the time and effort to procure the best-possible data, you can increase your response rate — as well as your chances for success. **!**



Ron Appel is national sales director for A+ Letter Service's retail-mortgage division. A+ Letter Service specializes in lead-generation services for mortgage professionals. It also attends many regional trade shows and all shows on the National Association of Mortgage Brokers circuit. To contact Appel, e-mail rona@aplusletter.com or call him at (877) 905-6245, ext. 265. Visit A+ Letter Service's Web site at www.aplusletter.com/mortgage or write the company at A+ Letter Service, 200 Syracuse Court, Lakewood, NJ 08701.

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