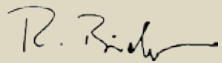


Long before you decide which marketing tools and methods to use, make sure you have the other parts right: Persuasive marketing messages as well as the professional skills and expertise required for particular marketing tools (e.g., for cold calling, networking, article writing, public speaking, etc.). Then determine how much money and time you can invest in your marketing efforts.

Based on that picture, choose your marketing messages appropriately. Remember, it's not all about which ones you choose but rather how well you execute the ones you do choose. And if your marketing messages don't hit home, don't waste your time or money marketing!

To your success,



Ralf Bieler
President & CEO
Cash Flow Exclusive, LLC



ON THE PHONE WITH CFE

INTERVIEW WITH SCOTT LITTLE



Scott Little is the vice president of sales and marketing at Monterey Financial Services, Inc. in Oceanside, CA. Monterey began its operations in 1990 as a collection agency. Shortly thereafter, it added its loan servicing and consumer finance divisions and has since become a major player in the cash flow business.



Ralf Bieler, president and CEO of Cash Flow Exclusive, LLC caught up with Mr. Little, to talk about the company, its services and his personal outlook on the future. Read on to see what he had to say.

CFE: Scott, thanks so much for taking some time out of your busy schedule today. Perhaps you can start by telling us a little bit about your personal background and when, why, and how you first got involved in the cash flow business and how you finally came to work for Monterrey Financial Services, Inc.

Scott Little: I am a graduate of the University of San Diego, with a bachelor's degree in Business Administration, so coming out of college, my mind was wide open. After a couple of jobs early in my career, one with a very large privately held company and the other a small business that I owned, I elected to seek employment with a company that offered a great deal of upside from a growth perspective, and that is how I found Monterrey Financial. Monterrey was actually my first introduction to the cash flow industry when I started with them back in February of 1994. Since Monterrey's focus was not exclusive to just one service, I felt as if the combination of a young and quickly growing organization, mixed with some great talent and a desire to succeed, was going to be a perfect fit. More than 16 years later, I'm happy to say that it has in fact been a perfect fit for me.

CFE: While many of our readers probably know

Monterrey Financial Services, Inc. best for its consumer financing expertise, the company also provides loan servicing and debt recovery. Can you tell us a bit more about each of these three areas of operation and what exactly sets Monterrey apart from its competition?

Little: Let's start with our debt recovery and loan servicing groups. Unlike our finance company (exclusive to consumer receivables), these two divisions can handle both consumer and commercial accounts. Our debt recovery group is essentially a delinquent collection company that operates almost exclusively on a contingency basis. While often times companies prefer to sell their delinquent accounts, usually for just a penny or two on the dollar, Monterrey offers those same businesses the opportunity to collect and retain two-thirds (66.67 percent) of all monies that Monterrey is able to collect on their behalf. In most cases a small window of time, say 90-120 days, can make a huge difference in a company's financial return. By simply giving Monterrey a chance to collect on their accounts prior to selling them off for very little, many of our clients end up with a great deal more money than they would have had they just sold them right out of the gate. While



Interview with Scott Little

selling accounts after they have been placed with an agency will net the clients a slightly smaller payout at purchase, the collected funds prior to the sale will far exceed selling the accounts as soon as they are charged off.

Monterey can collect on all types of delinquent debts, ranging from installment contracts, leases and invoices, all the way to liens and judgments. We have a 20-year history of out-collecting our competition, and we pride ourselves on our professional approach. What separates us from our competition is our ability to prioritize our clients' debt ahead of the other accounts that the debtor is currently behind on. Quite simply, it's the phone calls that make the difference. Rather than relying on a letter series of some sort and then sitting back and waiting for payments to arrive, we get on the phone with the delinquent customer and establish a way to get your debt paid in full, as quickly as possible.

Our loan servicing division also attracts a variety of different industries, both commercial and consumer. This service assists companies that are very focused on sales, and more specifically, sales

that include a financing option for their customers. Monterey handles all of the collection work on the business' behalf, from day one through the term of the financing arrangement with their customer. We handle the monthly statements, payment processing, reporting and unlimited phone calls on delinquent accounts, all for one flat fee per account per month. There are no additional fees and charges, like many of our competitors charge their clients. Additionally, we offer all of our clients 24/7 online access to their accounts; this is most important for our loan servicing clients, so that they can have immediate access to their cash collection and overall portfolio performance. Monterey currently has a few hundred million in receivables that we manage on our clients' behalf.

As you indicated before, Monterey is best known for its consumer finance division. Simply put, Monterey purchases consumer receivables, products, and services at a discount to the seller. With the exception of mortgages and automobiles, Monterey will look at purchasing any installment transactions that have a consumer obligation to repay the debt. Even commercial receivables

that are personally guaranteed can be funded by Monterey. Provided the business has the price markup to absorb Monterey's discount fees, this service will allow a company to reap their financial rewards much sooner than the terms of their consumer agreements call for. This allows them to use the cash for whatever they choose; increase sales and marketing campaigns, pay down lines of credit, or anything else that they deem necessary.

Oftentimes, the ability to sell receivables is the difference between being able to grow your business and being able to have your business survive. Monterey can take on clients selling as little as \$20,000 a month in receivables, all the way up to \$5 million per month or more.

CFE: Can you give us a detailed description of your "ideal clients"? In other words, who are your preferred target groups for the various services Monterey offers?

Little: For debt recovery and loan servicing, we are basically open to any industry; products, or services. Our only restrictions on what we can do are exclusively related to our consumer finance division. When we purchase accounts, our ideal

clients are businesses selling to consumers on credit terms of 60 months or less with an amount financed of \$15,000 or less. Again, the markup of the client's product or service needs to be sufficient enough to offset our purchasing discounts, but other than that, we are very wide open. I would say that our average contract purchase is in the neighborhood of \$2,000-\$2,500 and financed over about 24-36 months.

CFE: Scott, if I wanted to send business your way, a) where should I look for these clients, b) how would I recognize them, c) what should I tell them, and d) how could I pre-qualify them?

Little: This is no doubt the best and most frequently asked question from the consultants who send business to Monterey. While debt recovery and loan servicing require far less pre-qualifying, the consumer finance company is much tougher when trying to find businesses that will ultimately become clients. Remember a great deal of the accounts that Monterey books into its system (consumer finance), come in the form of referrals from brokers. While we are happy to supply detailed information through our broker/

consultant package as well as over the phone, we rely heavily on the consultant to have the networking and contact skills required to get these deals started on our behalf. As good as we are at putting deals together and structuring them in a mutually beneficial way, it's the consultants in the cash flow industry who are the driving force for the majority of our leads. We can tell you how we do it and give you a lot of good ideas on industries that have worked for Monterey previously, but the successful consultants are the ones that have the connections and get the leads called into them.

Debt recovery is very straight forward stuff, as everyone has bad debt in some form or another. They may not want to talk about it, but they have it. Since we work on a contingency basis, it costs our clients nothing to place their accounts with Monterey. By that I mean if we do not collect, we do not get paid. However, if we are able to breathe some life into the accounts and we do collect some funds, we keep one-third of all collected monies. Simply put, there is no risk for the business as the accounts are currently not performing, and anything that we can collect on their behalf is just found money. If we can get the debtors motivated

to pay, the business will recover two-thirds of all the cash that is collected. So here you have no risk with a tremendous upside. Many times we are able to turn debt recovery clients into consumer finance or loan servicing clients as well — an excellent foot in the door for the broker and for Monterey.

Loan servicing, just like consumer finance, is simply a matter of identifying businesses that sell products and/or services, on installment terms. While some of those companies may not be interested in selling their accounts, the vast majority could significantly improve their cash flow by handing over the collection of the portfolio to a professional servicing company like Monterey. Let's face it, just as we dedicate our time to finding new clients, so do all other businesses. That is the core of their business, attracting more customers. However, more times than not, they are neither staffed nor trained to optimize the performance of their receivables. It is not uncommon at all for us to be able to increase the monthly cash flow of a client's portfolio by as much as 25 percent once we take it over. Our ability to save accounts from becoming delinquent each month and ultimately written off more than pays for the servicing fee that we

charge to the client each month. A real win-win transaction.

CFE: How do you work with brokers/consultants in general? What kind of support or do you provide to them?

Little: Our expectations from brokers/consultants are simply that they know enough about our services to speak in very general terms with a potential client and pique their interest level. Once they have established an interest in one or more of our services, the consultant will notify us directly, either via e-mail or over the phone, of the potential opportunity and give us the pertinent information surrounding the opportunity. We will then establish a good time to set up a conference call with the potential client and have the consultant make the introduction. From this point forward, the consultant's involvement is greatly minimized, and Monterey steps in to take the ball and run with it. As needed, we will involve the consultant in the set up process, but more times than not, we will just continue to update them with the progress of getting the account set up. Once the account is set up and in place, the

consultant will receive a monthly commission for as long as the client does business with Monterey. Many times these relationships can last for five years or longer, creating a very nice residual income for the consultant, as they continue to offer more opportunities to Monterey and other companies in the finance arena. Our sales staff is always available to offer extended support to the consultants that we work with.

CFE: And in terms of advice, what special skills would you say cash flow brokers should have to succeed in today's market and economic environment? And what should they do or not do to generate business?

Little: This continues to be the hundred thousand dollar question. From where I sit, it's all about networking for the consultants. The more people that you can get to know in the cash flow world, the more likely you are to be successful at it. Don't just network with other consultants in the areas that Monterey specializes in, but probably more importantly, get to know the consultants who typically handle factoring, structured settlement funding, and other areas that the consultant is not

focused on themselves. I say this because often times those are the people who get inquiries about consumer finance or delinquent collections, but they do not have a home for those types of deals. Networking affords a consultant the chance to not only get direct inquiries from businesses but also inquiries from other consultants who know that they have sources in place that can fund these types of deals. Some of our largest clients have been referred by consultants who know very little about consumer finance but know enough to send them over to Monterey.

CFE: Where do you see opportunities and challenges for Monterey's future plans and development? Where is the potential and where are the risks?

Little: In the past few years, as the economy has struggled, we are continuing to see more and more large portfolio opportunities, from a purchasing standpoint. Where in years gone by, probably 85 percent of our purchases on a monthly basis were brand new sales and the other 15 percent was buying existing portfolios, that ratio is closer to about a 60/40 split now. In our opinion, this is

a direct result of the slumping economy and the businesses' need for cash now like never before. And while we have put a number of these types of deals together, there are still plenty more to be had. We have developed a number of relationships, some with competitors, so that we can now look at one time portfolio purchases of up to \$100 million. Many of our partners are hedge funds on Wall Street, and their access to capital increases Monterey's chances of having their bid accepted when these situations present themselves. It's a very exciting opportunity for us, even if we only complete one or two of them each year.

As for risks, there are really only a couple of them from a consumer finance standpoint. Very seldom are there substantial risks in debt recovery or loan servicing, as we do not own the accounts; however when we buy accounts, there a couple of concerns. First, when purchasing receivables that are related to services (as opposed to a delivered product), the underwriting of the client company has to be far more stringent. We need to be sure that this company is going to be around long enough to provide the service for the amount of time that they are required to provide it. When

customers lose the service, they will stop making their monthly payments on the accounts that we have purchased, and this could result in a very substantial loss for Monterey. An example of these types of services could be timeshare/vacation club, health club, coaching, etc. Anything with a future service component, in this economy, presents a risk that we need to be aware of.

With a delivered product, our client could essentially go out of business the next day, and our concerns would be very limited. There is nothing further due to the customer, so their desire to pay will go unaffected. However, if Monterey has a recourse provision of any type with the client, that becomes a second concern of ours. Ultimately, it is the same concern that we have with future services — will the client be around to honor the services and the recourse provisions of the transaction? If the pricing is predicated on a strong recourse provision, the client has to be very strong financially, and that is not a given in this day and age.

CFE: Scott, thank you again so much for taking the time today. We really appreciate it and I'm sure our

readers do, too. Before you go — as it is customary here — we'd like you to have the last word. So, is there anything you'd like to say or an issue you'd like to address that we haven't mentioned so far?

Little: First off, I would like to say thank you for affording us the opportunity to remind some of the veteran consultants of our services and equally as important, that we also get the word out to those consultants who have not had any experience or prior knowledge of Monterey. Last year was Monterey's most profitable year ever, and with the economy in the shape that it is, that is quite an accomplishment. With our extensive list of partners and with the word beginning to really spread about Monterey and its ability and capacity for large transactions, we expect another huge year in 2010. Thanks again for your time and the opportunity. We look forward to working with everyone who has an interest in our services.

You can reach Monterey Financials Sales Associates at (800) 456-2225 or via e-mail to sales@montereyfinancial.com or through the web site at www.montereyfinancial.com