

# Get Beyond the Fear Factor

Alleviate worries about the market and close more deals

By **Gibran Nicholas**, founder and chairman, CMPS Institute

**N**ATIONWIDE, PEOPLE SEEM TO be too paralyzed to make real estate buying decisions. In fact, most people make their financial decisions based on two emotions: fear and greed.

In recent years, greed caused speculators to put their money and their families' financial security at stake by making reckless real estate buying decisions without proper investment analysis. It caused many bad mortgage brokers to sell loans they knew were not in their customers' best interests. And it caused Wall Street institutions and investors to fund blindly and to encourage excesses in the mortgage markets.

The wheel has turned, and fear is now the motivating factor. Fear is causing Wall Street to shut off or restrict funding for even high-quality mortgage loans. It is causing many good brokers and bankers to lose heart and leave the industry completely. And it is causing consumers to delay making financial decisions, including buying and refinancing real estate.

Mortgage brokers are in a prime position to help clients get past their fears. Consider taking four steps to generate more business and help clients get moving with their financial decisions.

## Step 1: Understand clients' fears

Only by understanding the pressures that clients feel can you begin to address their fears. Among other things, clients today are afraid of:

- **Declining home values and evaporating home equity;**
- **Increasing costs of health care, college expenses and other living expenses;**
- **Economic uncertainty and potential job loss; and**
- **Debts and payments that just won't go away**



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no matter how hard clients try to save money or change their spending habits.

Financial pressure is real, and economic uncertainty compounds the problem. Just imagine what it feels like to face huge personal financial pressures in the midst of an economic downturn.

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In fact, you probably are feeling the same pressures. You've probably cut back on spending and are sitting on the sidelines waiting for things to turn around. Maybe you've put that computer upgrade on hold or decided to cut your vacation short. Maybe you aren't spending money on training and resources even though you know they will probably help you in your business.

Once you put yourself in your clients' position, you can understand why they might be paralyzed in making financial decisions.

## Step 2: Be clients' voice of reason

Show clients the outcome of their indecision. In other words, what is the worst-case scenario if they don't refinance versus the worst-case scenario if they do? Or if they buy that home versus if they don't?

The reason clients let fear motivate their decisions often is that they don't have a trusted relationship with someone who can act as their

voice of reason and help them think through their decisions effectively.

There are three essential ingredients that can help your clients trust you as a voice of reason:

**1. Become an authority that commands respect:** Start by acquiring financial education and certification to the point where your clients will feel comfortable that you are the true authority on the subject of mortgage and real estate equity planning. Only then will they respect the advice that you give them.

**2. Acquire "inside information" that is rare and valuable:** This can include a number of things, such as:

- How to remain liquid in the middle of a liquidity crisis
- How to protect real estate equity from evaporating
- How to calculate and compare internal rates of return on investment property
- Why fixed mortgage rates tend to go up when the Federal Reserve lowers rates
- What economic reports we should be watching when forecasting interest-rate movements

**3. Communicate with compassion, understanding and wisdom:** To show compassion and understanding, let clients know that you're on their side. Share stories of how you are personally coping with the market downturn or how you are facing the challenges of college funding and retirement planning in your own life. In other words, be real.

You also must be able to help clients make good decisions based on your wisdom and knowledge. It's also important to remember that your inside information and authoritative knowledge are worthless without proper judgment as to what clients in certain circumstances should do with that information.

## Step 3: Offer practical guidance

If clients would benefit from a certain mortgage strategy, then enlighten them with your inside

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information. Also put them in contact with a certified public accountant (CPA), attorney or financial planner who can work together with you to complete the implementation process. After all, our role should not be to give legal, investment or tax advice; it should simply be to strategize with clients, to share our inside information and to offer suggestions and ideas. This expert guidance will dispel clients' fear, take away their confusion and empower them to achieve their goals.

If clients would not benefit from buying or refinancing a home, for instance, you must point that out to them. By doing so, you will establish the fact that the real product you sell is not a mortgage, but rather inside information and recommendations.

Anybody can sell a mortgage. Only a select few can make a real difference in people's lives.

### Step 4: Leverage relationships

The final step in this process is making sure that you realize the positive financial effects of your hard work. There are three main benefits you should see.

First, you will receive monetary compensation by succeeding in getting clients to stop procrastinating and to make their decisions. While your advice will convince some clients to delay any action, those who do move forward will ultimately provide you with a paycheck. You also can spend more time with clients looking to close transactions and less time with those who aren't yet ready to do so.

The second benefit you'll receive is referrals from the clients whom you've advised. Also, stop using the same phrases — e.g., "My business is built on referrals" — as other brokers.

Instead, ask clients, "Who do you know that can benefit from discussing these types of strategies?" What you're really asking, of course, is, "Who do you know that would be interested in discovering some of the valuable secrets and inside information that I just shared with you?"

Most likely, almost everyone clients know is confused in this market and has many of the same fears that you've addressed successfully. Therefore, almost everyone they know can benefit from talking to you.

Remember, as an authority with credentials and inside information, you are different from others in the business because you matter to clients. You enlighten them and help take away their fears.

You empower them to achieve their dreams.

The third benefit you should see is an increase in referrals from financial and real estate professionals. Clients aren't the only ones who are fearful and confused. Many referral partners, such as builders and real estate agents, also are worried about current market conditions. Additionally, financial planners, CPAs and attorneys all have clients who need your guidance.

Make sure you leverage your success and realize each of the above benefits.

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Where others see danger in today's market, you must see opportunity. Only those who can overcome their fears will find a way to thrive. Everyone else will continue to struggle until they finally throw their hands in the air and give up.

This is the brutal reality of the market in which we now find ourselves. The proper certification, training and resources are more essential than ever before. Only when you overcome your own fears can you help clients overcome theirs. **!**