

## Why I Matter



### A Special Report on the State of the Mortgage Industry and My Role in it

By: Jim Barnett

**PHOENIX, AZ** – *As the Great Credit Crunch of 2007-2008 continues to unfold, many people in my industry are asking: What is to become of me? Am I relevant and do I really matter anymore?*

*It seems like the mortgage industry at large, and loan originators in particular, are under attack from all sides. One by one, Wall Street investors, warehouse lenders, and wholesalers are shutting off our funding sources and creating a “run” on my business. As hard as they try, many of our government officials seem confused and ineffectual when faced with the daunting task of reforming the rules of how my industry operates. The media seems more intent on selling sensationalized headlines that spread fear than helping their readers (my customers) make smart choices. Home owners and buyers are in desperate need to find someone to blame for the fact their home is declining in value, and they seem to have no option other than to hang tight for a long while or simply walk away. Millions of Americans are losing their homes and many financial institutions are experiencing the worst liquidity crunch since the days of the Great Depression. Angry people everywhere are on the prowl, hunting for someone to blame! This business has turned into a bloody battlefield. The enemy smells blood and is closing in for the kill. I seem to be losing not only the battles, but also the entire war.*

*Yet, there is hope. There is always hope.*

*This report will outline that hope. But first, let’s get a grip on one very important truth:*

*I am the only hope. The war that is being waged is against me and my heart. The enemy is conspiring against me, and I must find the courage to stand strong, wage war and defend that which rightfully belongs to me. I didn’t ask for war, but war is upon me. You may be thinking, “Jim must be going crazy! Industry conditions have really gotten to him and he’s taking things way too personally!”*

*No my friends. This is not personal. It’s strictly business.*

*Who then is the enemy? The government? Wall Street?irate customers? Industry conditions?*

**None of the above.** FEAR, DESPAIR, WEAKNESS, APATHY, and MEDIOCRITY are the enemy. They make very formidable foes, and many men and women who are stronger and wiser than me and you have fallen prey to their hideous clutches.

*There will be a time when you believe everything is finished. That will be the beginning.*  
~ Louis L'Amour

### **I am the Only Way Out and My Heart Is the Pathway**

*If we are to be brutally honest with each other and give ourselves a “state of our life” address, it may go something like this:*

*“Ladies and gentlemen, it’s time to face the truth once and for all: Life is HARD. Things happen that are out of our control and we lose heart. We lose passion for things in our life that we once thought would last forever - a friendship, a marriage, a business, a career path, an idea to achieve the impossible. We all have our list of dreams that we’ve buried in the graveyard of failure. We second guess the reasons why we set out on a certain course in the first place, and we then ask ourselves if we’d have been better off thinking less-big and pursuing the easier route from the very beginning. Life is war and we are losing. We are inching closer to our inevitable demise each day. Sooner or later we will lose our way and succumb to the miserable fate of total and complete failure.”*

*If this is how we feel now, how in the world did we get here in the first place?*

*It has been said that you can’t know where you are going until you first come to terms with where you came from. So, let me start at the beginning. I remember the first time I had that great idea to go into the mortgage business. Or I’ve had that time when I decided to STAY in this treacherous business. What in the world was I THINKING! Oh, right, I wasn’t thinking...at least with my mind.*

*I was thinking with my heart. You see...all the great ideas we have as humans originate from our hearts. Our heart tells us we want to achieve significance in this life. Our heart tells us that we want to make an impact in the lives of other people. Our heart tells us that we want to enjoy the best things that life has to offer. If there is anyone to blame for the mess we find ourselves in, it is our very own heart for coming up with the idea or desire in the first place!*

Okay, so what went wrong in the mortgage industry?

*Tragedy strikes. Home values plummet. Wholesalers and secondary market investors pull the plug on funding. We lose that big account. Our trusted partners sell us out. Our friends deceive, abandon then betray us. The economy changes, we lose our job, we get hit with cancer, our spouse files for divorce, and the list goes on. The human experience is full of disappointments and tragedy. Our first reaction after the initial shock wears off is to try and assign blame to someone or something for causing such a tragedy to happen in the first place. Someone must be to blame for raining on our parade, for breaking up our party. That is where we start making matters worse. Negativity breeds negativity.*

### **Stopping the Cycle of Negativity**

*Rather than blaming ourselves, others and God for our pain, we would be much better off acknowledging the desires of our heart and continuing to pursue them even though life throws countless hurdles in our way.*

WHAT?!! You have got to be KIDDING ME!

*Why would anyone want to pursue impossible dreams only to experience the pain and tragedy of utter and complete FAILURE?*

*This, my friends, is the question of our lives. If we can figure this out, everything else will fall into place. That is why the answer to achieving our dreams and living a fulfilling life lies in understanding one simple truth:*

*The key to life is life itself.*

*How can anyone fully enjoy success until they have first tasted failure? Only when we have tasted failure can we fully appreciate the enormous value of achievement. Only when we have experienced the harshness of pain can we fully appreciate the ecstasy of pleasure. This is not silly la-la land thinking. This is a very important key to living a passionate life and truly making a difference in this world.*

*We all have tragedies in our lives that threaten to undermine the very emotional or physical foundation of who we are as individuals. We have financial pressures that*

*we experience; we have health and family issues to grapple with; we have uncertainty and lack of control in our career paths. We are all pressured to give in to our weakness and fear whenever these tragedies or circumstances come knocking on our door. This is the way of our lives. The very real feelings of defeat, fear and weakness that we all feel at these times are part of our human nature. Not a single one of us is immune.*

*Yet, we all have strengths that we have to offer through these downturns. We may have unique skills that have been honed and sharpened by study and experience. We may have emotional strength that has been developed by successfully overcoming a traumatic experience or two. We may have insight and wisdom that only comes with experiencing both success and failure. Our mission, should we choose to accept it, is to creatively figure out a way to utilize our unique skills in meaningful ways that give us joy while helping those around us.*

*In doing so, we will realize those ever-enduring words: life is an adventure to be lived, not a problem to be solved.*

*Only by facing life and its tragedies head on can we truly become the passionate lovers of life that we are meant to be. Let us give ourselves wholeheartedly to our love affair with life, in spite of our circumstances. Let's make it passionate and not settle for mediocrity. After all, we'll get from life what we give to it. Nobody wants to come home to a mediocre lover. If we only give life our mediocre effort, life will eventually give up on us and find another lover with whom to continue the relationship we abandoned. Only by embracing life wholeheartedly under any and every circumstance can we discover how to revive our dreams and achieve the things in our lives that really matter to us.*

*Okay, so we understand that our heart is the real culprit that causes pain when our dreams die. We've also established that looking our heart straight in the eye and facing our tragedies is the only way to successfully deal with the pain. So, what do we do next? After all, it is one thing to understand and diagnose the nature of the challenges we face in life, but it is another matter entirely to figure out what to do with our life in light of this information. That is where understanding the cycle of our life dreams comes in handy.*

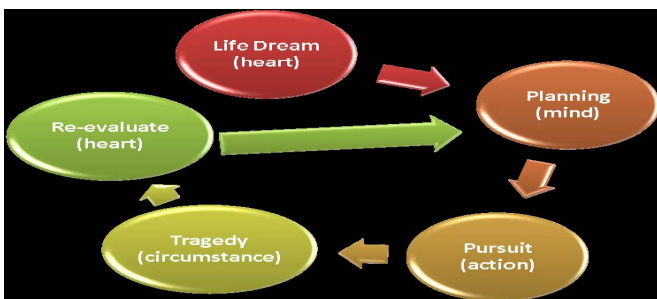


As you can see, we typically have a life dream that originates in our heart. We make a conscious effort to follow our heart and then our mind takes over as we begin the planning process. Once our mind finishes planning how we can achieve the life dream, we take action to begin pursuing our dream. Then, a tragedy happens that causes us to lose hope and we decide to abandon our dream. This process has one fatal flaw that seems to kill the dream every time: it doesn't plan for the unexpected.

In other words, because we don't expect that certain things could happen, we are not planning for what to do in case they do happen. You ask, how can we plan for something that doesn't even occur to us as a possibility?

Therein lies the irony! We anticipate challenges that may seek to dissuade us from our dreams, but we don't anticipate the most dangerous enemy of all: that we will lose heart and give up the dream. After all, it is our heart that told us to follow the dream in the first place. We must anticipate that something or someone will come along and try to discourage us from staying the course and continuing to follow our heart. We anticipate challenges we can visualize, but we never actually visualize that we will lose heart!

Therefore, the biggest failure that we make in life is that we don't have a plan in place for dealing with failure. When failure comes, and it will come, we are forced to scramble and accept mediocre and ineffective solutions. We become confused and flustered and we simply don't know what to do next. We are so shocked and focused on the failure itself that we fail to open our hearts and minds to creative ideas that could be right in front of us. Consider this new cycle:



You see, the old system has greater odds of resulting in failure and abandonment of our life dreams because it does not involve the crucial process of re-evaluation with our heart. We are more likely to achieve success with the new system because we are literally expecting and planning for tragedies to happen that will threaten to throw us off course! Whether we decide to stay in the life and financial business or not, remember that you and your heart always hold the one and only key to your success.

Whatever you do, you must do it wholeheartedly. With that in mind, allow me to make the case for why I am needed in the mortgage industry today and why I exist.

### **The Mortgage Industry is Calling to All Those Who Would Listen: "Heroes Wanted...NOW!"**

The one characteristic that is common across every local mortgage and real estate market in the nation is that people seem to be frozen in space and too PARALYZED to make buying decisions. Here's why:

Although few of us are honest enough to admit it, we humans make most of our financial decisions based on two very strong emotions - Fear and Greed.

It was greed that caused speculators to put their money and family's financial security at stake by making reckless real estate buying decisions without proper investment analysis. It was greed that caused many bad mortgage brokers in my industry to recklessly sell loans they knew were not in their customers' best interest. It was greed that caused Wall Street institutions and investors to blindly fund and encourage excesses in the mortgage markets. And now, the wheel has turned.

It is now FEAR that is causing Wall Street to shut off and/or restrict funding for even good quality mortgage loans. It is FEAR that is causing many good brokers and bankers to lose heart and completely leave the industry. It is FEAR that is causing consumers to put a hold on most financial decisions - including buying and refinancing real estate.

Okay, so the main problem today is fear. What can you and I do about it?

- Step #1 - Understand our client's fears
- Step #2 - Dispel client fears as THEIR voice of reason
  - Become an authority that commands respect
  - Acquire "inside information" that is rare and valuable
  - Communicate with compassion, understanding/wisdom
- Step #3 - Guide clients in making the right decisions
- Step #4 - Leverage solid client relationships to build a thriving business

The bottom line here is that there is unprecedented fear and danger in the marketplace today. Whenever there is danger, there is always opportunity. The question is whether you are going to make it your opportunity, or leave it as someone else's opportunity.

**Don't ask yourself what the world needs. Ask yourself what makes you come alive and go do that, because what the world needs is people who come alive.**

~ Anonymous

### **Don't let the "toxic media" bring us down!**

Thomas Jefferson once wrote, "Nothing can now be believed which is seen in a newspaper." These words still ring true today. Media outlets are in business to make money. I recently read a headline that screamed, "Homeowner Equity at 63 Year Lows!" The disturbing thing is that it wasn't just one media outlet. Nearly every major news outlet in the country was singing this same tune and scaring the heck out of everyone. So, being the skeptic that I am, I started investigating the premise of the article and discovered some interesting facts compiled by the Federal Reserve:

• In 1945: <when the Fed began compiling this data for the first time>

- \$116 billion was the total household real estate value in the U.S.  
- \$97.5 billion was the total equity that Americans had in their homes  
- 84% was the average homeowner equity as a percentage of home value

• In 1960:

- \$486.9 billion was the total household real estate value in the U.S.  
- \$345.6 billion was the total equity that Americans had in their homes  
- 71% was the average homeowner equity as a percentage of home value

• In 1975:

- \$1.41 trillion was the total household real estate value in the U.S.  
- \$954.6 billion was the total equity that Americans had in their homes  
- 67.5% was the average homeowner equity as a percentage of home value

• In 1990:

- \$6.58 trillion was the total household real estate value in the U.S.  
- \$4.07 trillion was the total equity that Americans had in their homes  
- 62% was the average homeowner equity as a percentage of home value

• In 2005:

- \$18.69 trillion was the total household real estate value in the U.S.  
- \$9.82 trillion was the total equity that Americans had in their homes  
- 52.6% was the average homeowner equity as a percentage of home value

• In 2007:

- \$20.15 trillion was the total household real estate value in the U.S.  
- \$9.64 trillion was the total equity that Americans had in their homes  
- 47.9% was the average homeowner equity as a percentage of home value

Now, let me ask you: Would you rather have 84% of \$116 billion (\$97.5 billion) or 47.9% of \$20.15 trillion (\$9.64 trillion)?!\*

\*FYI, \$116 billion in 1945 is equivalent to \$1.336 trillion in 2007 dollars, and \$97.5 billion in 1945 is equivalent to \$1.123 trillion in 2007 dollars. Therefore, we are still much better off in real terms even taking into account the effects of inflation over the past 63 years (\$9.64 trillion of home equity in 2007 using 2007 dollars vs. \$1.123 trillion of home equity in 1945 using 2007 dollars).

Sure, our equity position as a percentage of our home value has indeed broken below 50% for the first time in 63 years. However, we are a heck of a lot wealthier than we were 63 years ago in terms of the actual dollar value of our home equity! The real story here is that our home equity wealth seems to be doubling every 15 years or so. This is a prime example of media sensationalism. Instead of reporting the important news – home equity wealth has doubled every 15 years for the last 63 years, even taking into account the current downturn – they are selectively reporting items that will sensationalize headlines, attract more readers, drive more traffic to their web sites and increase their advertising revenue.

Now, if the media were really interested in the welfare of consumers, they would be the reassuring voice of reason amidst all the panic in the marketplace. Their headlines would read, "Latest Stats Prove Home Ownership Is Still a Great Investment...Buy a Home Now...Stop Sitting on the Sidelines." Their stories would be about how home owners have doubled their wealth every 15 years and why now is the worse time to panic. Check out the irony here:

**The LIGHTLY REGULATED media is driving consumers into HIGHER COST financial decisions (panic) because they have a FINANCIAL CONFLICT OF INTEREST (advertising revenue), and their lack of transparency leads unsuspecting consumers to believe that the media is their unbiased TRUSTED ADVISOR.**

Yikes...and people are screaming about the big bad mortgage originators?!

This is exactly why I am needed. My mission is to take up my arsenal of inside information and come dashing to the rescue of clients and referral partners...**RIGHT NOW**. They need someone to be their hero and liberate them from the clutches of the big bad "toxic media" that is hypnotizing them with panic and paralyzing them with fear.

## **Embrace the industry conditions like they are your best friend**

*In times of war and tragedy, we often ask, "Why is this happening to me?! I didn't ask for war!" The war over your heart is no different.*

*I've certainly had my share of trials and disappointments – especially during these past 18 months. Like some professionals, I have been plunged into bloody wars, battles, and betrayals that I did not expect, solicit or deserve. However, if there is one thing I can tell you from my own experiences, it is that the best way to win the war is to adapt quickly to the landscape of the battlefield by transforming your tragedies into your best friends.*

*There is perhaps no better example of a man who did not ask for war than Abraham Lincoln. Directly following his Gettysburg Address, the Chicago Times responded by writing, "The President's remarks were in exceeding bad taste." Can you believe the gall and disrespect, not to mention the utter folly and stupidity of such an attitude? We pay homage to our great President Lincoln and to his eloquent Gettysburg address, but we often fail to remember that actually being Lincoln must have been a very difficult and thankless job. Even a great man like Lincoln was not recognized by his contemporaries as the hero that he truly was. In fact, in the midst of his battles to save our country, he even lost a young son to a tragic and premature death.*

*He did not ask for these dreadful wars in either his personal or professional life. Yet he waged war with courage, integrity, determination and fortitude. Neither the belligerence of his antagonists nor the unfortunate circumstances of his fate eroded Lincoln's courage. As a result, our country enjoys strength, unity, and prosperity that is unprecedented in the history of the world. Oh that I could have the courage of Abraham Lincoln during these trying times!*

*I too am facing a daunting task. My job is thankless. I have been thrust into a great war that I did not expect, solicit or deserve. The only way to win is to adapt to the landscape of the battlefield. First, I mourn loss, and will put it behind me. I acknowledge that things have changed and that they will never, ever, return to the way they were in the past. It has been said that the only constant thing in life is change itself.*

*Since I accept change, I now can face circumstances head-on and dig deep within my heart to discover my strengths and unleash my full potential. How is this done most effectively? I've made my decision to be the lead advisor in my client's lives. I have developed a Circle of Advisors and I am equipped to win the war and thrive in this market.*

*I have the heart for it. My heart is still in it. My heart is the only key that can unlock the floodgates of success in my business. I have a passion for helping people and being a hero to clients and referral partners who are in desperate need of help, **now is my time and the mortgage industry is my place.***

*As an entrepreneur, I too have been faced with very tough choices in several of my business ventures. Do I sell a business? Do I start a business? Do I abandon a business opportunity? Do I walk away from a seemingly impossible situation, cut my losses and move on with life? Do I suck it up and plunge my way through in the wake of enormous pain and obstacles?*

*I shall be telling this with a sigh  
Somewhere ages and ages hence;  
Two roads diverged in the wood, and I –  
I took the one less traveled by,  
And that has made all the difference.*

~

**Robert Frost, The Road Not Taken**

*Those timeless words of Robert Frost capture the gravity of the choices before us all in the life business of our clients. The decisions we make today will affect not only the course of our own life, but also our self-confidence, our ability to influence others and perhaps the fate of tens, hundreds or thousands of people in generations to come.*

*Americans from all walks of life will be telling stories of these times to their children and grandchildren. I will have war stories to tell to your current and future friends, loved ones, children and grandchildren. Legends and folklore will develop around the Great Credit Crunch of 2007-2008, just like the legends and folklore of days gone by. How will I be remembered? How do I want to be remembered? As the mortgage banker or broker who barely survived as just another loan salesperson? Or as the hero who stood tall while the world was falling apart and brought hope, clarity and results to clients, Realtors®, and financial professionals who were in desperate need of someone to rescue them from themselves and their fear? I must continue with my business wholeheartedly, holding nothing back. I must unleash my full passion, power and potential.*

Every single day I must make my arch-enemies of Fear, Despair, Intimidation, Apathy, Weakness and Mediocrity feel the constant pain and regret that they even attempted to mess with me. These hideous antagonists who wage war on my heart and chip away at my courage must be resisted at all costs. My mission is to decimate them, reduce them and then finally destroy them and bring them to shame. Under no circumstance can they stop me or deter me from fulfilling my purpose, which is good and noble.

I am living for a cause and purpose that is bigger than me, and the fate of many rests in my hands. I must rise to the call of duty for I have been chosen. I have been chosen by my heart. I have been chosen by my time and place. I have been chosen by my destiny for this very moment.

My industry conditions will only get tougher in the months ahead. Whether I like to admit it or not, the truth is that neither home values nor the financial markets have seen a bottom yet, and things are likely to get worse before they get better. Compliance will become burdensome and lending guidelines will continue to tighten as the market clumsily sorts things out. The business world is full of weak and selfish individuals who put their own interests ahead of others who are counting on them, and I don't want to be numbered among that class of people.

I have heard many cocky statements about it being a great thing that many people are leaving my business. This is not good. To be sure, a significant number of people who are leaving this business should have never been here in the first place. One of the main reasons behind my passion and involvement as a Certified Mortgage Planning Specialist is its role in differentiating those who are committed, qualified and equipped to do business honorably from those who do business fraudulently and unprofessionally, giving my industry a bad name.

It is helpful to understand a few important facts about the state of my industry:

**Important Fact #1 – It's a banker's market.**

The market share of mortgage brokers has declined from 65% to 40% and is still falling, while other financial institutions such as banks, credit unions and mortgage bankers have seen their market share rise from 35% a few years ago to a whopping 60% today. This trend will likely continue for the foreseeable future.

**Important Fact #2 – Loan volumes remain at record levels and there is still a lot of business available for the taking.**

According to the Mortgage Bankers Association (MBA), the total volume of residential loans originated by my industry since the year 2000 was:

\$1.10 trillion in 2000  
\$2.24 trillion in 2001  
\$2.85 trillion in 2002  
\$3.81 trillion in 2003  
\$2.77 trillion in 2004  
\$3.03 trillion in 2005  
\$2.10 trillion in 2006  
\$2.40 trillion in 2007

In spite of the credit crisis, 2007 was the fifth best year that the mortgage industry has ever experienced in terms of origination volume! Loan volumes were more than double the annual volumes of the year 2000. Further, loan originations reached \$558 billion in the 1st quarter of 2008. This means that 2008 is on track to reach \$2.23 trillion of originations, making it the 7th highest volume year in the entire history of the mortgage industry.

**Important Fact #3 – Only the survivors are left in this business; most everyone else has left.**

At the peak, it was estimated that there were over 400,000 mortgage salespeople. Today, it is estimated that this number has been drastically reduced to less than 150,000. This means that I have much less competition and record high loan volumes - a very attractive combination from a business opportunity standpoint.

**Important Fact #4 – There are over 300 million Americans who are still living and breathing, and the whole country isn't going into foreclosure...YET.**

It is estimated that over 10% of U.S. homeowners owe more on their mortgages than the value of their homes. What about the other 90%? As I've uncovered in this report, Americans STILL have over \$9 trillion of equity in their homes, representing an average loan-to-value ratio of approximately 52%. Even if prices decline another 20% on a national level, American homeowners would still have more total home equity than they did 10 years ago!

Now here's the thing about averages: Statisticians joke that the man with his feet in the oven and his head in the refrigerator – on the average...he feels pretty good!

What does this mean for me? Two MAJOR opportunities:

1. The large population of over-extended homeowners will likely go into default, foreclosure or some type of short sale. This means that a large population of distressed homeowners and renters will emerge yielding opportunities for savvy investors and home buyers.

2. The large population of homeowners with relatively low mortgage balances will need to tap into their home equity through reverse mortgages and cash-out opportunities (the ones that still exist). Don't get me wrong here - I am certainly not advocating that all homeowners should pull all the equity out of their homes! However, as the real estate markets stagnate and 300 million Americans continue living their lives, there will be huge opportunities for mortgage planning. People will always need a place to live. People will always get married, have children, care for elderly parents, deal with health issues, and the list goes on.

**Important Fact #5 – Compliance will get tougher as Agency, Fiduciary Responsibility, and Suitability become the new buzzwords.**

This means that calling me a “loan consultant” or “mortgage planner” could result in legal liability unless certain precautions are taken. First, it's important that you define my role more clearly when talking to clients; and second, it's important that the Circle of Advisors (Realtor, Financial Planner, Accountant, Attorney, Insurance Agent) that I have created understand that my role is to make clients aware of the mortgage options available through my firm, and lend my opinion on how that specific mortgage strategy allows the client to achieve whatever it is that they want to achieve. Having bona fide disclosures and paperwork in place to show that I have referred a client to my Circle of Advisors will go a long way toward reducing legal liability.

After all, the mortgage buying decision is absolutely a financial decision. Many banks and lending institutions are following down the erroneous path of either skirting this issue entirely, or worse, denying that home owners and buyers do indeed count on their mortgage banker for professional advice. It's kind of like that game we played when we were kids – let's put our hands over our own eyes and pretend the other person can't see us. Just because you deny the fact that customers count on you for professional guidance doesn't make it untrue. It is and will remain true whether you like to admit it or not. That is why it is imperative that originators and their employers properly address this issue from a compliance standpoint.

**Does CMPS® Matter? If So, What Role Does CMPS Play in Today's Mortgage, Real Estate and Financial Marketplace?**

You all know that I carry this designation. The CMPS Institute administers the Certified Mortgage Planning Specialist™ (CMPS®) designation. The mission of CMPS is to empower me and other industry stakeholders by standardizing the mortgage planning process.

Mortgage Planning Defined:

Mortgage planning is the process of empowering clients to achieve their life goals through the proper utilization of various mortgage strategies.

In fulfilling its mission of standardizing the mortgage planning process, CMPS Institute performs four primary functions for me: Certification, Education, Community and Resources.

**Certification:**

The CMPS certification that is administered by the CMPS Institute has two primary purposes:

- Protect the public:
  - Enforcement of CMPS Code of Ethics
  - Enforcement of minimum education standards and exam
- Standardize the mortgage planning profession:
  - Core knowledge expected of residential mortgage planners
  - Systems and tools (more on this below)

**CMPS® Core Curriculum Education:**

The CMPS core curriculum is updated each year and consists of the essential financial knowledge I need in order to be effective. This includes:

- Mortgage and Real Estate Taxation
- Financial Market and Interest Rate Analysis
- Real Estate Investment Planning
- Cash Flow & Debt Analysis / Real Estate Equity Management
- RESPA and Compliance

## CMPS® Advanced Training:

CMPS Institute has just released the **Client LifeCycle™ Advanced Training**.

This is designed to dramatically boost my business by taking me through a client's life cycle and identifying opportunities for me to add value through proper mortgage planning. Earlier, I discussed that there are two major opportunities to generate business in today's mortgage marketplace.

### Opportunity #1 – Real Estate Investment Strategies

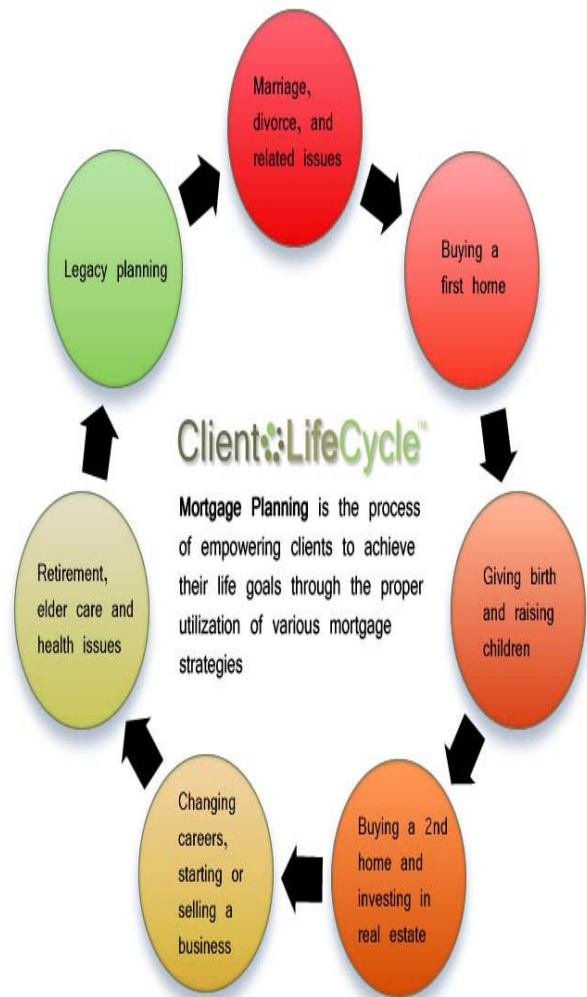


The CMPS core curriculum contains a significant amount of training on how to work effectively with real estate investors.

Specifically, CMPS Advanced Training includes training on:

- Short sales, foreclosures and loan modifications
- How to get lenders to approve deals quickly through specific loss mitigation strategies, scripts and presentations.
- Becoming the **must-go-to** resource for Realtors®, financial planners, accountants, attorneys, home sellers and home buyers.

### Opportunity #2 – The Client LifeCycle™



*There are over 300 million Americans who are continuing to live their lives even in light of the current downturn. Earlier, we discussed the fact that people will always need a place to live. People will always get married, have children, care for elderly parents, deal with health issues, get divorced (unfortunately), etc. We also discussed the fact that Americans still have over \$9 trillion of equity in their homes, and this is proof that the vast majority of homeowners are NOT upside down right now. The question is, where are all these people and how can we do business with them? That is where my teaming up with financial planners and other professional advisors becomes crucial. The clients who work with a CPA or tax accountant, a financial planner or an attorney have something going on in their life that requires professional advice. They are buying a business, selling a business, starting a family, dealing with a family, splitting up a family, caring for children or elderly relatives and managing wealth (that they obviously have). They are not sitting on the sidelines waiting for the mortgage markets to bounce back or home values to recover in order to continue living their lives! These people are living life NOW, and they need professional assistance. That is where I come in.*

*If I am a true financial professional who has some valuable inside information to offer these people, then they NEED ME. My unique and valuable expertise in the mortgage and real estate markets can help them and their professional advisors make better informed decisions. You see, these people own real estate, and many of them have mortgages that are not under water. Perhaps there are strategies that you can help them implement that involve the use of a mortgage as a financial tool. No—I'm not just talking about pulling equity out for investment purposes. I'm talking about clients who own a \$2mm primary home in California that just lost 30% of its former value. They also own two other million dollar homes here in Arizona and Florida that also lost 25% - 35% of their former value. They only have a mortgage on one of these homes and a zero balance HELOC that the lender just shut down due to declining home values. They are in need of a few hundred thousand dollars in cash (or so they think) to buy a home for their daughter and son-in-law who recently got married and can't qualify for a 100% mortgage due to their poor credit rating and tight lending conditions in the mortgage marketplace. They call their financial advisor in a panic because they are thinking it's best to just sell both second homes, take a loss and use whatever cash they recover to help their daughter buy a home. The advisor, not being trained in the nuances of the mortgage and real estate markets, was totally taken by surprise when the lender shut down the limit on the HELOC (she was the one who told the clients to open up a HELOC for liquidity reasons) and is not sure how to advise these clients right now.*

*Enter ME – the hero who has been chosen to stand strong in the midst of market turmoil and save the day. I talk to the advisor and the clients on a three-way conference call and point out several ideas that could include:*

- *How to help the daughter and son-in-law improve their credit rating and/or participate in some of the newer FHA programs that could be worth consideration*
- *A rent-to-own strategy where the parents buy a home with a mortgage and rent it to their daughter with the option for the daughter buying the property outright once her credit rating improves*
- *Other mortgage and financial strategies, etc.*

*The key for me is to be able to have the conversation with these people in the first place. How I meet them and who introduces me is vital. This is why my Circle of Advisors stands critical for the new vision for the complexity of a client's financial life.*

*Just like Ben Belanger, my circle's financial planner and an invaluable spoke on the wheel of my client's. He may not know this, but 61% of financial planners in this country are itching to meet a qualified mortgage professional like me. Interestingly enough, 81% of investors surveyed in a recent study said that they want advice from their financial planners on more than just investments – like the scenario I just illustrated before. So it is crucial that I:*

- *Speak their language and understand their business*
- *Have expert knowledge and valuable information to bring to them*
- *Practice what I preach and refer clients to them and the Circle*
- *Wholeheartedly pursue and build legacy with my Circle of Advisors*

*I feel very fortunate to be among The CMPS Community around the nation. I can count on their loyalty, encouragement and assistance as I fulfill my role as the hero in the lives of my clients and referral partners. By the same token, I have unique talents and insights to contribute to the CMPS Community.*

*This letter is about you and I, and the roles we play in our individual industries and the role we all play in the lives of clients. My mission is simply to stimulate and empower you with ideas, education and tools as YOU positively influence the industry and the lives of your clients.*

*In conclusion, I sincerely hope that I have been able to demonstrate to you why I matter. May God bless you as we continue to fight the good fight and work hard for our clients; may God bless America as our country recovers from the current down-cycle; and may God bless my beloved mortgage industry as we make tough choices and recover from our excesses (and those of others).*

*I write this to you with all my personal admiration for the good and important work you do for clients every day of your life.*

*Best wishes for great choices,*

*Jim Barnett*

*Jim Barnett is a Certified Mortgage Planning Specialist and the Founder and CEO of The Advisors Network located in Phoenix, Arizona and a professional advisor and life coach. To reach Jim, email him directly at [jim@theadvisorsnetwork.org](mailto:jim@theadvisorsnetwork.org).*

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