Loan Officer's Guide to Working with Financial Advisors

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Part 1: Why You Should Work with Financial Advisors

The Loan Officer Hub is pleased to present this exclusive guide written by Gibran Nicholas – Founder, Chairman and CEO of the CMPS Institute:

Financial advisors are perhaps the most overlooked referral source in today's mortgage market. Here are 3 reasons why you should consider working with them:

1. They're a ***huge*** source of purchase business

According to the latest statistics from the National Association of Realtors, people in the USA move every 9 years or so. Assume that the average financial planner/CPA/insurance agent has about 300 clients that he/she works with on a regular basis. This means that in any given year, one financial advisor can refer you up to 33 purchase transactions! If you have 3 financial advisor relationships (one CPA, one investment advisor, one insurance agent), you could be generating up to 99 purchase transactions from these referral sources. That's a whopping 8.25 purchase transactions per month!

Think about it: These people are going to be buying a house whether you have a relationship with their financial advisor or not. This means that you may end up buying the lead off the internet and competing with dozens of other lenders for that client. Why do all that when you can get the lead ahead of time directly from the financial advisor?

2. You could do ***much less*** rate shopping

In our example above, if you wait to buy the lead off the internet, you're buying yourself a low-quality "rate-shopper." Your conversion on those leads may be 5-10% if you're lucky. This means that you'll need to spend your time with at least 10 people just to close one deal.

On the other hand, if you get the referral ahead of time from the client's financial advisor, your lead conversion rate will go through the roof. That's because:

A) The client is paying the financial advisor for his/her advice, so the client is more likely to follow it.

B) If you handle the client consultation properly, and bring more of a financially savvy approach to the conversation, your service to the client becomes an extension of the financial advisor's value proposition to that client.

The trust they've built with their advisor will flow through to you.

3. You could get ***higher quality*** leads

Clients who use financial advisors tend to be financially savvy. They usually have documented assets, documented income and a higher-than-average credit score. As far as you're concerned, this means higher loan sizes and less underwriting hassle.

In part 2 of the guide, we explore 3 steps to partnering with financial advisors.

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Part 2: Three Steps to Partnering with Financial Advisors

One financial advisor with 300 clients could be the source of up to 2.75 purchase transactions per month! Here are 3 steps you can take to tap into this lucrative source of referrals:

1. Call your existing client database

Think about your top 10 favorite clients. Call them and ask: "Do you have a financial advisor you work with?" If the answer is yes, ask: "On a scale of 1 to 10, with 1 being awful and 10 being awesome, how would you rate your financial advisor?" If the answer is 8 or above, say: "I'm looking to expand my network of professional advisors and would love the opportunity to meet with your advisor because you've rated him/her so highly. Would you be willing to make an introduction?"

Now, if the client doesn't have an advisor, or if they rate their advisor at a 6 or below, offer to make an introduction to an advisor in your network. Then, when you meet an advisor you like, you can make a referral to these clients.

Be sure to observe the do-not-call requirements of the Telemarketing Sales rule when calling your clients.

2. Teach continuing education (CE) classes to CPAs and financial planners

Financial advisors all need continuing education to maintain their certifications. Most of the CE classes they attend are focused on taxes and the financial markets. Chances are that nobody is teaching the CPAs and financial advisors in your market about housing and mortgage strategies that could benefit their clients. Why not?

Most, if not all of their clients, own at least one house. Real estate equity is often one of the clients' largest asset classes. Yet, financial advisors aren't trained on how to help their clients properly manage these assets. That's where you come in. The Certified Mortgage Planning Specialist (CMPS) designation certifies you to teach CE classes to CPAs and financial advisors in your market. You earn the designation by going through 15 hours of online training and exams. Once you pass the exam, you can teach what you've learned to the CPAs, financial advisors and real estate agents in your market.

You can teach CE classes in a group format (classroom-style) or you can meet with advisors one-on-one in their office or conference room. Teaching a CE class helps you to:

- Connect with financial advisors in a way that creates value and establishes credibility
- Gain confidence and establish yourself as a housing and mortgage expert in your local market
- Find your Ideal Strategic Partners within the financial advisor community

Click here for more details on how to become a CMPS and teach CE classes.

3. Build a long-term relationship

The best relationships take time to build. Don't expect a quick hit. Expect to work on a deal or two initially, and then ramp up the relationship over time. Your chances of improving the relationship are much higher if you prove your value to the advisor and his/her clients with the first few transactions that you do together.

Remember that financial advisors are relational vs. transactional. Loan originators and real estate agents tend to be more transactional because their compensation is tied to a successful transaction. Contrast that with a financial advisor, who earns fees annually as long they maintain the relationship with their client.

For example, CPAs typically get paid a retainer or annual fee every year. Investment advisors generally charge an asset management fee each year. Therefore, CPAs and financial advisors are incentivized to keep and enhance that client relationship.

There's absolutely no chance of them wanting to work with you if doing so puts their long-term client relationships at risk. On the other hand, they'd absolutely love to work with you if doing so would enhance their client relationships - and that is exactly what we focus on next.

Join us for the third and final part of our guide to working with financial advisors: How to Deepen Your Relationship with Financial advisors.

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Part 3: How to Deepen Your Relationship with Financial Advisors

Financial advisors tend to be focused on relationships vs. transactions due to the nature of their business model. Therefore, the key to deepening your relationships with financial advisors is to help them deepen relationships with their own clients. Here are two key areas to focus on:

1. Client Pain Points

Clients of CPAs and financial advisors often face the following challenges:

- Clients aren't meeting retirement goals
- Clients aren't meeting college funding goals
- Clients have elder care / special needs challenges
- Clients don't have enough liquidity
- Divorcing clients have financial, cash flow, and/or real estate planning challenges
- Clients are paying too much in taxes
- RE Investor clients are losing money
- RE Investor clients don't have a system to generate consistent results
- Clients are having a difficult time dealing with lenders who drop the ball

There are mortgage planning strategies that can solve these challenges. That's where you come in: you can draw the connection between the problem(s) that clients are facing today and the mortgage planning solutions that you provide.

For example, clients who would otherwise pay cash for a house or make a large down payment may benefit from a larger mortgage or a loan with private mortgage insurance. The additional mortgage proceeds could be used to solve funding shortfalls in a retirement account or college savings plan. The key is to position the mortgage and/or PMI strategy as a compelling solution to a very real problem that clients are facing. Show a picture of the problem and what no solution or a bad solution would look like, both now and 10 years from now. Then, show a picture of your solution and the results you can create, both now and 10 years from now.

An automated quarterly mortgage review could also be a value-added service to offer financial advisors and their clients. This would give financial advisors an incentive to consistently share their clients' information with you (with each client's permission of course). It would also give the financial advisors a way to juice up their database marketing in a meaningful way, which would result in more client referrals for them.

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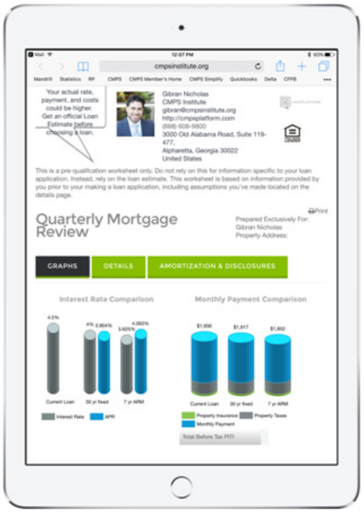
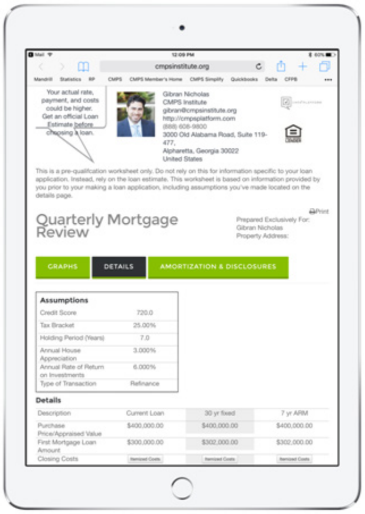
Part 3: How to Deepen Your Relationship with Financial Advisors

The CMPS Platform includes sales presentation software and continuing education classes you can teach with case studies on topics like this. It's always useful to give financial advisors a "free sample" of your work (case studies) so that they see a crystal-clear picture of how you can help them solve problems for their clients.





2. Advisor Pain Points

In addition to trying to create solutions for their clients' pain points, financial advisors often have their own pain points. These can include:

- Lack of trustworthy mortgage professionals
- Not happy with the mortgage broker/lender that he/she is working with
- Lack of timely response with other mortgage professionals
- Not generating enough referrals from his/her client database
- Not generating enough new clients
- Too much time spent on low-impact, low-revenue clients
- Ineffective or non-existent database marketing

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Part 3: How to Deepen your Relationship with Financial Advisors

In my 17 years of experience in this industry, I've found the following question to be the best one that you can ask a financial advisor, or any other referral partner for that matter:

"What's the number one challenge that you're facing in your business right now?"

The answer to that one powerful question will help you uncover client and referral partner pain points, and teach you how to deepen your relationship with that person.

Visit the **CMPS website** for more details on how the CMPS Platform can help you find, establish and strengthen your relationships with CPAs and financial advisors.

Gibran Nicholas is the Founder, Chairman and CEO of the CMPS Institute, a national organization that has trained, coached and certified over 8,000 of the nation's top financial and housing professionals since 2005.

CMPS-certified professionals are approved to teach Continuing Educations classes to CPAs, financial advisors and real estate agents. The highly-acclaimed CMPS Platform provides the technology and infrastructure that empowers many of the nation's top producing loan originators.

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