

Targeting the Credit Challenged

When working with those who are experiencing credit issues, it's important that you provide them with education and counseling about their credit situation to help them rebuild their score. Below are a variety of resources you can use to aid you with counseling.

Credit Reporting Basics

Take the time to go over their credit report with them to help them understand what is impacting their score negatively. Use these resources listed below to better educate your clients about what their credit report contains and how information is reported.

http://a867.g.akamai.net/7/867/5928/a37e2dc9cec1e1/www.consumerinfo.com/docs/cic_eqx_rptkey.pdf

This site provides a sample copy of a credit report and what each abbreviation in the report means. This is a good tool to provide your clients to help them understand what's included in their own credit report.

<http://www.homeloanlearningcenter.com/financial/yourcredit.html>

The Home Loan Learning Center web site is a great resource to provide to your clients. This section provides education about how credit is scored and how their use of credit and payment habits affects their score.

<http://www.ftc.gov/bcp/online/pubs/credit/freereports.htm>

This site provides valuable information on how to obtain a "free" annual credit report.

Credit Counseling Basics

If your client is experiencing extreme financial difficulties, credit counseling may be necessary. It's wise to do some research when helping your client choose a credit counseling organization. Once you have the list of potential providers, call several to gather information before you provide these names to your client. Some key questions to ask are:

- What services do you offer?
- Will you help the client develop a plan for avoiding problems in the future?
- What are your fees?
- What if the client can't afford to pay your fees?
- What qualifications do your counselors have? Are they accredited or certified by an outside organization? What training do they receive?
- What do you do to keep information about my client (including address, phone number, and financial information) confidential and secure?
- How are your employees paid? Are they paid more if my client signs up for certain services, if they pay a fee, or if they make a contribution to your organization?

<http://www.ftc.gov/bcp/online/pubs/credit/fiscal.pdf>

Thorough article about choosing a credit counselor and how to spot a “fix your credit” scam.

<http://www.ftc.gov/bcp/online/pubs/credit/debt.htm>

This article provides your clients with basic information about working with a debt management counselor.

<http://www.scoreadvisor.info>

Score advisor is a fee paid lender service that helps prioritize your clients' credit clean up process.

How to Responsibly Serve Your Subprime Borrowers

If you choose to work the subprime niche, it's important that you implement responsible practices and that you promote and support balanced laws and regulations that protect consumers from predatory practices. When putting together a loan package for a client:

- Assign the proper risk grade and offer a product that is both appropriate to the grade and the borrower's needs.
- Communicate clearly with borrowers. Financial difficulties that create less-than-perfect credit can bring out feelings of embarrassment and hopelessness. Fairly represent and completely disclose all product terms. Make sure the customer understands the monthly payments and costs.
- Educate your customers so that they understand the YSP, how it works and how it affects the rate. Show that the fees and total broker compensation are reasonable for the market and work done. Explain the relationship between the interest rates and the credit risk level.
- Treat all borrowers equally. Offer credit counseling or referrals to qualified counseling service agencies.
- Work with responsible lenders who have a good reputation and have been working in this market for a while.

Want More Information?

For more information about our services, contact us at 303-426-1027 or 800- 433-3755.

For questions, please email us at questions@intouchtoday.com.

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