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# Turning Credit Challenges into Closed Loans

Find the light for troubled borrowers via solid partnerships

**M**any mortgage brokers dream of an endless stream of loan prospects with spotless credit. In the real world, however, not all willing homebuyers are able homebuyers. Various reasons account for this, including credit challenges.

So what do you do when you find out your loan prospects have bad credit? Do you send them away without guidance and ask them to come back when their credit is better? If so, you might be missing an opportunity to grow your business and your income.

Help is available for borrowers with challenged credit. Brokers who assist them stand to gain from facilitating the process and eventually closing their loans. In addition, brokers who capitalize on the opportunity to help challenged buyers improve their credit — assuming that is the only problem — can receive the benefit of word-of-mouth advertising.

To help credit-challenged borrowers, brokers should partner with a good, effective credit-repair service. Notice the choice of the words *good* and *effective*. The service with which you choose to partner should actually repair credit in a way that's not overly complex or expensive.

It's also important to form your partnership with a real person and not a nebulous entity represented only by a Web site or toll-free phone number.

Much like any other business alliance, your partnership with a credit-repair company should be based on solid ground. To make sure of this, perform your due diligence and be completely satisfied that the person and the system you choose are

trustworthy and won't somehow harm your business, if even by association.

Recall that the word-of-mouth advertising you generate from this partnership also can work to your detriment if customers feel harmed rather than helped.

You also should avoid the temptation to select a credit-repair service based solely on online testimonials or unsubstantiated hearsay. It's instead vitally important to follow a vetting process that includes ensuring the service-provider's credibility and legitimacy, including its possession of necessary license, government approval or both for the area in which you work.

It also can be advantageous to select partners that provide consumers hands-on access and transparency throughout the credit-repair process. For example, rather than simply telling a client that a given document has been mailed, the credit-repair company should provide virtual access to all correspondence and paperwork.

These service-providers also should be honest about the fact that credit repair isn't magic but depends on correcting mistakes in credit reports, updating outdated information, and coaching wayward clients back to the path of proper and prudent debt management.

After you choose a credit-repair partner, refer credit-challenged prospects as soon as you identify them. As you begin to take on more of these clients, label them and keep them easily searchable in your database along with their contact information. Doing so will enable you to follow up and stay in touch about their credit-repair progress. This will keep you fresh in their minds

and increase the likelihood that they'll return to you when their credit reaches an acceptable level.

A good rule of thumb is to check in monthly with your credit-repair partner and with each of your credit-challenged prospects.

It's also a good idea to contact the repair service first. This will allow you to find out where each of your prospects stands in the process. After you know this, you can speak with more authority and intelligence when you call your prospects.

For brokers willing to develop a credit-repair relationship and work with challenged borrowers, the rewards can be great. Many brokers who have done so already also have designated an in-house employee to oversee these prospects and their trip through the credit-repair process.

Although each client's situation is different, the possibility exists for some challenged borrowers to improve their credit scores in six to 18 months. For brokers who intend to be in business for years to come, this represents a small fraction of time. This income stream could grow even more if other brokers begin sending their credit-encumbered rejects your way, as well.

If you consider the extra revenue you could generate by turning troubled borrowers into solid prospects, you may wonder why you don't have a credit-repair partner already. Rather than dreaming about a stream of perfect clients, consider developing a way to help troubled borrowers become your ideal prospects. ●

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