

Are you helping or hurting your client?

by [Donald Horne](#) | 16 Jul 2015

Mortgage loans for clients with bruised credit happen every day – but the industry as a whole needs to ensure those loans are improving fiscal responsibility, and not sinking the client deeper in debt, says one alt lender.

“One of the things we try to say when talking to brokers is, ‘How are we helping the client in providing this funding?’” says Jason Provencher, the manager of business to business solutions with Bridgewater Bank. “We want to say, ‘Is this client likely to take the advice of the lender and the broker and correct this situation, or are they just trying to get money to buy a new truck?’”

It is a vital role that brokers can play in concert with lenders, Provencher told MBN, advising clients to improve their financial situation and find fiscal restraint, instead of falling prey to wanting everything right now.

“Provide the advice to the client, show them everything they need to do to correct the situation and how it will benefit them, and continue to follow up with them as part of the relationship,” he says. “It is important that these talks include future financial planning, because it isn’t just about how this money is going to help you today, but how is it going to set you up for success tomorrow.”

Provencher says that Bridgewater Bank sells the mortgage product with an eye to how it will help the client down the line, to move them into better things.

“Yes, we want to prevent bankruptcies and foreclosures; but what we hope we’re doing in the market is helping the client improve their situation,” he says.

As for the future of lending, Provencher sees a three-tier lending market where people with bruised credit may start in the private space, later moving to the alternative space, and eventually moving into the prime space.

“It is very competitive on the alt side,” he says, “and the rates really aren’t that bad – we’re talking four to five per cent for those with bruised credit or who may have been in bankruptcy before.”

Looking to the future, Provencher reflects on how much has changed since he applied for his own first mortgage.
