

Lenders' reps go door to door trying to help delinquent borrowers

Despite repeated offers of assistance, many homeowners eligible to have their loan terms reworked are frozen by fear and embarrassment.

HOUSING SCENE

March 28, 2010|By Lew Sichelman

Reporting from Washington — To open a dialogue with delinquent borrowers whose homes might be saved from foreclosure, some lenders are going to extraordinary lengths, including hiring companies such as National Creditors Connection Inc. of Orange County to knock on the doors of customers who are still hiding from them.

Although the name may sound like that of a collection agency, it's not. Rather, the Lake Forest firm employs a variety of tools and resources to make field contacts with tardy borrowers in an effort to resolve their problems, one way or another.

Over the years, says Jay Loeb, NCCI's vice president of loss mitigation, firms like his have tried all kinds of ways to get people to talk to their creditors, beyond the usual letters and phone calls.

They've sent prepaid \$10 to \$20 gas cards that can be activated only if the customer calls the lender's toll-free number. Now the company's 2,000 field reps are going door-to-door nationwide. And it is working, at least most of the time.

Some people won't come to the door, Loeb says, but most "are happy to see us."

So why haven't they responded to lenders earlier?

"They're afraid," Loeb says.

Michelle Jones, a counselor at the Consumer Credit Counseling Service of Greater Atlanta, agrees. "It's a scary and confusing period" for troubled borrowers, she says. "They're just not thinking as clearly as normal. Some are embarrassed, some are very angry."

In many cases they simply don't know where to turn.

First come the letters and phone calls from their lenders, begging them to call for help.

Next they are bombarded with offers of assistance from dubious outfits that consumer activist Robert Strupp of Baltimore's Community Law Center calls the "modsters," claiming that they can persuade lenders to rework borrowers' loans.

Then they hear warnings that these so-called loan-modification experts are nothing but scam artists.

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Hiring firms such as NCCI is one way to reach troubled borrowers. But at a time when lenders are still unable to connect to nearly half their reclusive customers, practically anything goes.

Last October, SunTrust Banks tried mailing ornamental Halloween pumpkins to a group of borrowers who were more than 90 days behind in their payments. Attached to each pumpkin was a \$200 gift card that could be activated only by calling the bank. When a borrower called, he would be advised of his workout options.

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