

Knock Knock Who's There? Your Mortgage Servicer

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By [Kate Berry](#)

For a decade, Titanium Holdings Inc. has performed a simple service for the mortgage industry: knock on doors, find out if someone still lives inside and, if so, urge the delinquent borrower to contact his or her lender.

This year the Obama administration's plan to stem the foreclosure tide has prodded the Salt Lake City company to expand beyond mere outreach. Titanium's 350 employees and the 9,000 real estate agents it contracts with are now sitting down with borrowers, explaining the terms of loan modifications and leaving homes with piles of signed documents.

The Home Affordable Modification Program's requirement that borrowers return up to a dozen signed documents to their servicer has become "a big hurdle for the industry," said Patrick Carey, Titanium's chief executive. "We're finding that the homeowner doesn't understand what documents meet the criteria and what they're required to do."

The changes at Titanium underscore how the work of mortgage servicing — which just a few years ago consisted largely of processing monthly payments — has become much more involved and expensive as defaults have mounted.

The basic door-knocking business model was unusual enough that it sparked a lawsuit last year over whether such work constituted unlicensed debt collection. But Carey, who joined Titanium last year from Wells Fargo & Co., said meeting borrowers in person is likely to become mainstream.

"There is still a segment of the population that stops responding to letters and phone calls but does respond to someone who shows up in person," he said. "Now that I'm on this side and I'm no longer a servicer, I think one of the things that will happen is, the servicing process going forward will need to include some portion of in-house outreach."

Phillip Comeau, principal of Phillip Comeau Co. Inc., a mortgage industry consulting firm in Great Falls, Va., said outreach firms will see high volumes for the next three to four years because high unemployment and rising interest rates are likely to drag out a recovery.

"They have a very high contact rate on delinquent, no-contact borrowers," said Comeau, a former Freddie Mac executive. "Even when we get back to normal times, there will always be borrowers that are afraid to contact their lender."

Greg Hebner, the president of MOS Group Inc., a competitor of Titanium in Irvine, Calif., said the Obama loan modification program has brought an unprecedented deluge of calls to servicers from delinquent and performing borrowers.

"Increasingly servicers are looking to third parties to take some or all of these processes off their plate," he said. "It's an uphill battle to get borrowers at their home at a certain time when they want to talk to you."

Carey has been recruiting seasoned executives to Titanium, including a fellow Wells veteran and two from Bank of America Corp. He said he also wants the company to expand into another related line of work: sales of foreclosed properties.

Titanium typically works from a list of borrowers who are 60 days delinquent and have had no contact with their servicer for at least 45 days. "We make contact about 55% of the time," Carey said.

Younger borrowers also tend to be harder to reach, which could compound the problem in the future, he said. "Gen X and Gen Y borrowers often have no land line" — just a cell phone — "so it makes it that much more difficult for a servicer to make contact."