

Modifications can put homeowners through WRINGER



BY REBECCA L. MCCLAY

MANY homeowners say they have been struggling with getting their loan modified through the federal government's Home Affordable Modification Program since it began in April 2009. Nearly half of applicants have dropped out of the program since it began in March 2009, the Treasury Department said last week.

Banks have been swamped with an influx of applications and have been struggling to adapt to new federal standards, said Joe Ohayon, senior vice president of community relations for Wells Fargo Home Mortgage.

"It really transformed how home-loan servicers review applications," Ohayon said. "It was not such a simple change for the mortgage industry. Just the volume of customers in distress was something the industry had to adjust to. I think that led to some issues."

Banks like Wells Fargo have responded by ramping up staffing to accommodate the volume of applications and adapting new technology to minimize multiple requests for documents. And in response to complaints from customers who said they were getting bounced between departments, Wells Fargo also started a one-on-one program in which one agent is assigned to a case so homeowners have one point of contact.

Ohayon said the industry is continuing to adapt to HAMP standards and homeowners seeking a loan modification should be persistent and patient, and should not hesitate to contact their servicer.

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in a trial period that was designed to last three months, according to the federal data.

Mortgage holders such as Enferadi have learned hard lessons in the process and have advice and warnings to those just starting their application. MarketWatch worked with ProPublica, a nonprofit news organization, to find homeowners participating in HAMP, including Enferadi.

These homeowners said the process of modifying a loan is often time-consuming and frustrating, but staying organized and persistent can help.

When Karol Enferadi finally received a contract for her home-loan modification, she wrote "rejected" on it in large letters and mailed it back to Wells Fargo.

Under the contract, the 65-year-old's monthly payments would have been reduced for several years, but she said she was not sure if she could afford it.

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then eventually her payments would have jumped higher than her current monthly payment and she didn't foresee her income increasing accordingly.

"I was in total shock and total disbelief about what this contract was all about," Enferadi said. "Where do they miraculously think I'm going to get this huge increase in income between age 65 and 70?"

Read contracts carefully: Enferadi said one of the most important steps she took was to read her contract carefully and consider its long-term consequences. In her case, when Wells Fargo agreed to lower her monthly payments for five years, the bank also had her payments climb above her original \$3,000 monthly amount after those five years. She thought it was a bad deal, so she rejected the offer.

"Find out as much as you can," Enferadi said. "Be persistent. Record names and take notes."

John Martin, a lawyer in Nevada who helps homeowners with home-loan modifications, said he would have advised Enferadi to avoid signing that contract. He said the HAMP program was designed to lower interest rates, reducing monthly payments for five years and then easing up to the original amount.

Be clear and calm: In Point Reyes Station, Calif., Michael Mery helped one of his adult children apply to HAMP. He said because it was not his own loan, he found it easier to stay calm, which he thought helped the process.

"Don't let your feelings get in the way," Mery said. "Be rational. Ask for names and contact information."

Like other homeowners, Mery said he invested roughly 10 hours per week trying to get the modification approved, talking to multiple representatives at Wachovia and resending documents many times. He said that being clear and firm about the loan conditions he wanted served him well.

"Dealing with the bank was chaotic," Mery said. "You have to be prepared to be tough with them."

Take copious notes: In Prospect, Ky., Raymond DeYoung and his wife, Lynn, applied to HAMP in March 2009 after Ray lost his job. The DeYoungs said they have been paying their 20-year, fixed-rate loan diligently for 10 years. They owe a b o u t \$165,000 on a h o u s e t h e y s a y

is worth about \$274,000.

Ray DeYoung said his credit score plummeted from about 740 points to 601 points during the loan-modification trial period because, although he followed the payment directions, he said his bank reported the payments as delinquent. That's because the lower, trial-period payment amounts were not officially reflected on his account, which still showed that he owed the larger, original amount.

So, while he was following the verbal instructions he received from the bank representative on the phone, DeYoung said he did not receive documents or see changes reflected in his account online.

"I have a stack about 18 inches high of paperwork, phone calls notes, everything else," DeYoung said. "I have at least 25 different people who I've talked to over 18 months."

Ohayon said that many of those issues at Wells Fargo are starting to get resolved as the bank has been scanning and filing documents, but customers should continue to be prepared to send current records if the bank requests them.

"Now our documents are ... indexed," Ohayon said. "My hope is that some of the concerns we've heard about documentation will start to get mitigated."

Get outside help: Earlier this year, the DeYoungs received a foreclosure notice that was put on hold by their bank as they entered the trial period. Now the couple is waiting to hear if their latest attempt at modifying the loan is successful. Ray DeYoung enlisted the aid of a home-loan modification consultant, who is helping to make calls to the bank and giving him advice.

Martin, the Nevada-based lawyer, said hiring a lawyer who can help with mediation with the bank can save homeowners time and prevent costly mistakes. Homeowners who cannot afford a lawyer can find a housing counselor approved by the U.S. Department of Housing and Urban Development, who can guide them in foreclosure prevention for free, he said.

Be persistent, but patient: DeYoung said his best move was to be persistent and patient with phone reps. Many banks are overloaded with home-loan modification requests right now and may not reach out in a timely way to customers.

Do not hesitate to call the banks repeatedly to talk to someone, but don't be surprised if you get bounced around between departments during each call, DeYoung said, adding that he has been told one person is assigned to his case, but he has not found that person.

"This is an absolute nightmare I have no idea where I stand on anything," DeYoung said. "You have to call them, they never call you."

MTC

BY PASHMA MANGLANI

FOR most business entrepreneurs, a word-of-mouth recommendation is one example of a thoroughly tried and tested method of generating business through networking.

This is definitely good news for the entrepreneurs, taking into consideration that very few 'free' marketing strategies exist in a world where advertising and PR dominate. At the same time, it is also something that is often beyond their control - something that is clearly not good news.

However, according to Phil Bedford, this is exactly what a strategised form of referral marketing aims to correct. While

speaking to The Gulf Today, Bedford, the managing director and master franchisee of The Referral Institute in Dubai, explained that at the institute, they try to teach business owners on how they can try and have some control over the referrals that direct business towards them. Without this, most start-ups rely heavily on something that is simply left "to chance," which is not a good way to begin a carefully planned organisation, he added.

Bedford, who is a strong advocate for the benefits of this practice, assists people on how to benefit most from their networking efforts - allowing businesses to get other people to do the marketing for them for free.

The idea is relatively simple. While people are showered with various adverts and other marketing gimmicks all day long, referrals through the association of close friends or acquaintances seem to have more of an impact. Bedford pointed out that it's quite obvious that people would be more inclined to believe their friend's opinion rather than something they hear a salesman pitch.

He disclosed that a study conducted a few years ago compared business that was generated both by referrals and by telemarketing strategies. The results proved that with referrals, people were 300 times more likely to be convinced than they were with the telesales agent, he added.

In order to be successful at referral marketing, one of the most important things is building the right networks, stressed Bedford. He pointed out that one of the things he focuses most while teaching at the institute is - who people should be spending their time with. Most individuals have several friends and contacts, but very few know how these acquaintances can help them achieve the referral marketing strategies, he explained.

According to Corrina Cross, who runs a marketing company 'Strategy Marketing', it is also essential to form a good "power team."

Cross, who has taken the Certified Networking course offered at the institute twice, explained how these teams are formed. In most networking associations such as BNI and at the institute, people are put into smaller groups from the larger group of "like-minded people," she said. Generally the key is to make strong referral partners that are in the same line of business. While these people should not be competitors, they must be able to pass each other regular referrals to form a good team, she noted.

Giving an example of being in the marketing management role, Cross said she can still pass referrals to those in event management. Even having between four to eight referral partners that constantly pass business and vice versa, is more than enough," Cross emphasized.

The institute hopes to teach those who take up a networking course, a "system" that they can then use for improving their

marketing strategy in a way that everyone benefits, Bedford pointed out. In Dubai, there seems to be something underhanded always lurking beneath transactions, he said, while citing the example of real estate, where people often accept commissions when the deal is signed. However, "with this system, there's none of that," he stated. Bedford explained that he emphasises that those sorts of strategies are, in fact, "counter-productive" and that "there are better ways of rewarding people."

Additionally, people who try to improve their word of mouth sales

often make the mistake of focusing on how to obtain "as many business cards as possible," he explained. The important thing, however, is to try to help others. "If someone helps you, you're going to want to help them back," he stated.

According to Bedford, this is also the simple reason why referral marketing may not be for everyone. In fact the people who are drawn to courses at the institute may be only three per cent of the population, as it involves a certain kind of mindset, he added.

"I wanted to learn how to work smarter not harder," said

the course, "I learned how to find my referral partners from the Certified Networker course," she added.

D'sa said that she has come away with specific referral marketing tools that she can now use in her business in addition to finding a potential referral marketing team in those who took the course with her.

Overall, the courses offered at the institute are targeted at business owners, explained Bedford. However, it is a course that would be valuable for anyone, but the "average employee is often not motivated enough," he pointed out. In this

plained. While people work elsewhere, they generally do have plans of starting up a business of their own. "Most of us here are risk takers anyway," he said, while discussing how most of the expatriates in the country have left behind their homes to try out new opportunities in the UAE.

Most individuals who mingle in these networking groups tend to be 'like-minded' thinkers who are aiming at expanding their business through word-of-mouth strategies. This is another important aspect that facilitates the forming of network teams - as these individuals have the same goals and same targets.

Christopher Morley, business owner of Unified Microsystems, explained that being an IT consultancy firm, their company specializes in e-mail solutions with SME's and relies solely on referrals for business. One of the most important aspects of referral marketing for him, is the ability to interact with those who "proactively pass referrals. They need to be able to understand [his businesses]."

Bedford, too, stressed on the need to co-operate with people who are striving for similar things. He also emphasised that it helps business owners stay positive by being around positive-minded individuals, which is one of the things that he also stresses during the courses offered. While others might be complaining about the recession and the problems they are facing due to it, there are still several who are continuing ahead with their positive attitude, he noted while explaining that many of the people he knows are, in fact, still experiencing good business. "More millionaires are made during the recession period," he pointed out.



Phil Bedford



Preethi Janice D'sa, a communications/content strategist who recently took

respect, Dubai is slightly unique as even many employees tend to be entrepreneurial, he ex-