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Key excerpts from the *Gaining Ground With Loss Mit* article, by Cheryl Lang, in the November 2008 issue of Default Servicing News ...

“Lenders need help managing the overflow of defaulted loans, and they must look to third-party vendors to help with overflow and alleviate pain from borrower and servicer aspects. Outsourcing certain loss mitigation functions is a way for servicers to **control costs while harnessing industry expertise** and available resources that exist outside their organization.”

“Outsourcing to a third party is a way to eliminate phone tag with defaulted borrowers and help with overflow in the lender’s shop. Servicers can begin the process by outsourcing simple tasks that are not technology dependent, but are time consuming. An example would be to let a proven and dedicated third-party vendor make outbound calls and let the servicer handle the inbound calls. When borrower contact is made, **the third-party vendor can make a hot transfer to the servicer**, never letting the borrower off the phone.”

“Servicers should also consider allowing an outsourcer to follow up on loss mitigation packages that have been sent to the borrower. **Outsourcing skip tracing is another element easily managed by a third party. Let a third party find and send defaulted borrowers’ contact information to the servicer’s collection department.** These simple tasks would save time- and money- consuming loss mitigation steps from the servicer’s plate.”

“With home prices steadily declining and foreclosures on the rise, lenders and servicers **cannot afford to keep loss mitigation activity in-house** with inexperienced staff.”

“Unfortunately, many lenders today are more comfortable increasing staff rather than outsourcing to an expert.”