

THE

ReCorder

Core Recovery Bureau Quarterly Newsletter

January 2010

Jeanne Martin, Editor

Editors Note: I hope everyone enjoyed Christmas with family and friends. It seems like we plan and prepare for so long and then it's over in the blink of an eye. I enjoy the season, but am always ready to get back to my routine.

Included in this issue is an article from The ACA's Educational Council regarding the use of neurolinguistics when making collection calls. Turn those "No's" into "Yes". As always, we welcome your comments and suggestions. Please email them to: support@corerecovery.biz

Ask Doctor Debt—Free Answers. Debt Solutions.

www.askdoctordebt.com

What is Ask Doctor Debt?

Ask Doctor Debt is a fast, free and friendly consumer education Web site that offers consumers a vast array of information and tools to seek solutions to their credit and debt issues. Ask Doctor Debt offers:

- Information about consumer rights and obligations when working with debt collectors such as what to know about collection calls, how to dispute a consumer report or debt, wage garnishment, rights of military personnel and statutes of limitation.
- Tips for managing finances such as how to pay debt electronically, dealing with bad checks, avoiding debt elimination scams and preventing identity theft.
- Easy-to-use tools for consumers to get out and stay out of debt including an online budget calculator and personal financial management Web course as well as links to nonprofit credit counseling services and other consumer resources.

- Instructions on how to file a complaint.
- A comprehensive Frequently Asked Questions section where questions and answers are provided for a variety of topics including a Question of the Day and an opportunity for consumers to ask new questions.
- A glossary of terms often used in the credit and collection cycle.

Ask Doctor Debt is brought to you by the ACA International Education Foundation, a nonprofit organization. Its primary mission is to serve consumers who are challenged by debt by improving their financial literacy and providing them with tools and resources. The Foundation was created by the members of ACA International, The Association of Credit and Collection Professionals, and is an extension of the desire ACA International members have to treat each consumer with dignity and respect, along with offering solutions that benefit both the consumer and the creditor who is owed money on a past-due bill.

Listen Up

Neurolinguistics can help consumers say “yes”

Neurolinguistics, a science taught and used by various interrogators to gain information, is concerned with how human beings process, store, retrieve and respond to sensory input. Understanding neurolinguistics requires understanding how the brain responds to certain stimuli, and can help collection professionals and skiptracers better perform their jobs.

Collection professionals can begin by applying neurolinguistics to the first step of a collection call: Identify the consumer.

Ask for someone by first name, such as “Bob?” The natural reaction of most people will be so say, “Yes.” This “yes” comes from the part of the brain that has an automatic reflex and loves the word “yes” and hates the word “no.”

With this knowledge, we can make a collection call knowing that if we use no salutation and just ask for the person by first name, we have a good chance of getting a “yes.” If we then follow up with the first name and last name (“Bob Jones”), 90 percent of the time we will get another “yes” and have properly identified the consumer without problems. It’s just the way the mind works.

Neurolinguistics can also be applied to the second step of a collection call: Identify yourself.

The way you identify yourself creates a word picture in the consumer’s brain of who you are and even what you look like. Collectors should use Mr. or Ms. before their name, as it lets the consumer know the call is for a business purpose. For instance: “Ms. Jones, this is Mr. Brown with...”

In the skiptracing process, the skiptracer can get a much better response by using a name that ends in “y” or “ie.” For example, consumers will be more open with “Ronnie” than they would with “Mr. Brown” or even “Ron.” Names ending in “ie” send a message that the person is possibly young, small and inexperienced. We are all taught from an early age to “help” this type of person. Therefore, names like Judy, Bobby, Billie and Mary are great names for skiptracers.

It is equally important that collectors and skiptracers know the power of three words dominant in neurolinguistics studies: “no” “why” and “because.”

“No” is the first word we hear as small children that has meaning. Our parents may have screamed it at us: “No, no, no!” We come to dislike the word—we don’t want to hear it and we don’t want to say it. Many times, we hesitate to make a call or ask a question because we do not want to risk hearing “no.” Professional collectors and skiptracers must overcome their fear of this word before they can be successful in this industry.

The second powerful work for collectors is “why.” “Why” is a word that helps us get to the root of a problem. Anytime someone answers in the negative, the natural response should be “Why?” or “Why not?” After asking “Why?”, we need to stop and listen intently for the response. For example:

Collector: “What time today can you have the balance in our office?”

Consumer: “I can’t.”

Collector: “Why?”

Now listen to what the consumer says and respond appropriately. The reason may be as simple as, “I don’t get paid until Friday.”

The third word collectors need to consider is “because.” By itself, “because” has no meaning—it is not a reason. The next time someone says “because,” go beyond the word and find the real reason for not paying the debt. You can also use this word to your advantage as it sends a subconscious message to the brain that “what is coming is a good and valid reason.”

Thank your parents for that neurolinguistic conditioning! How many times were we told, “Because I said so and that’s the only reason you need” when we were children?

Neurolinguistics believe you stand more than a 30 percent chance of getting someone to do what you ask if you preface the request with the word “because.” For instance: “Because I know you want to get this matter cleared up, we must have the balance in our office today.”

By applying neurolinguistics to collection practices and paying close attention to the language consumers use, collection professionals can improve both their collection and skiptracing skills.



Mortgage Delinquencies and Foreclosures Continue to Climb

At 14.1 percent, the combined percentage of loans in foreclosure or at least one payment past due set a record high.

The delinquency rate for mortgage loans on one-to-four-unit residential properties rose to a seasonally adjusted rate of 9.64 percent of all loans outstanding as of the end of the third quarter of 2009, according to the Mortgage Bankers Association’s (MBA) National Delinquency Survey. This percentage is up 40 basis points from the second quarter of 2009, and up 265 basis points from one year ago. The non-seasonally adjusted delinquency rate increased 108 basis points from 8.86 percent in the second quarter of 2009 to 9.94 percent this quarter.

The delinquency rate includes loans at least one payment past due, but does not include loans in the process of foreclosure. The percentage of loans in the foreclosure process at the end of the third quarter was 4.47 percent, an increase of 17 basis points from the second quarter of 2009 and 150 basis points from one year ago. The combined percentage of loans in foreclosure or at least one payment past due was 14.41 percent on a non-seasonally adjusted basis, the highest ever recorded in the MBA delinquency survey.

“Florida, California, Arizona and Nevada have a disproportionate share of the mortgage problems,” said Jay Brinkmann, MBA’s chief economist. “They had 43 percent of all foreclosures started in the third quarter, down only slightly from 44 percent both last quarter and the third quarter last year.”

HHS Releases New Tips to Prevent Medical Identity Theft and Medicare Fraud

The Department of Health and Human Services (HHS) released a new consumer informational brochure with tips and information to help seniors and Medicare beneficiaries deter, detect and defend against medical identity theft and Medicare fraud.

Beneficiaries are reminded to beware of offers of free medical equipment, services or goods in exchange for their Medicare numbers. Beneficiaries are also encouraged to regularly review their Medicare Summary Notices, Explanations of Benefits statements and medical bills for suspicious charges and to report suspected problems.

The new tips and a printable brochure were produced by the HHS Office of the Inspector General (OIG) and are available now at www.stopmedicarefraud.gov and www.oig.hhs.gov/fraud/idtheft.

This brochure can be given to patients in the on-going effort to combat identity theft.



Source: "Ask Doctor Debt", *ACA International Website*, November 2009

"Listen Up", *Collector Magazine* September 2008

"HHS Releases New Tips to Prevent Medical Identity Theft and Medicare Fraud", *Pulse*, December 2009

"Mortgage Delinquencies and Foreclosures Continue to Climb", *ACA International Website*, December 2009

Disclaimer: This information is not presented to be used as legal or professional advice on specific facts or matters. Readers with specific questions should refer them to their own attorneys for guidance.