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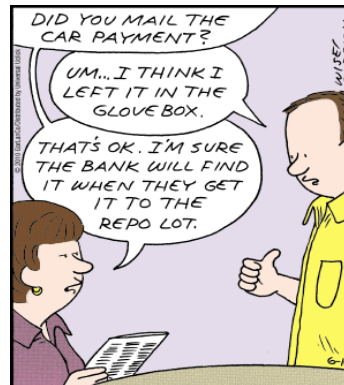
VOLUME 1, ISSUE 3

3RD QUARTER 2010

## An Alternative to Repossession

Not all delinquent debtors were created equal. Or, to be more accurate, collecting is not the same on every past due account. Even a debtor with the best intentions will fall into the cycle of ignoring collection efforts when finances become overwhelming. After being bombarded by phone calls and payment demands a debtor will stop responding to traditional collection practices. Stuck somewhere between denial and hope for a magical money tree, the debtor has cut off all contact from you. Ignorance is bliss? Maybe...until they walk outside one day and find their car has been "stolen" by the repo-man.

If given the opportunity, a lender would prefer to keep the debtor in their vehicle and avoid the costs associated with asset recovery all together. In most cases, the lender will be unable to recover sufficient funds to satisfy the outstanding balance and collection fees after the liquidation of the repossessed vehicle at auction.



Some situations may warrant an alternative to repossession. We continue to find a visit to the residence or place of employment, better known as a "Field Visit", to be very effective. A field visit can jump start the communication between a debtor and lender, in turn, avoiding the need for repossession altogether. A combination of face to face contact, information gathering and the element of surprise makes an agent field call a cost effective option for early stage collection efforts. Many professional asset recovery agencies offer this service at a fraction of the cost of a repossession.

Source One Adjusters provides field visit services throughout Ohio. For further information visit us on the web at [www.sourceoneadjusters.com](http://www.sourceoneadjusters.com)

## How Will The Changing Tides Affect Recovery Efforts?

In the old days all it took was a phone call to a man with a tow truck and the odds were your collateral would be easily recovered. Back in the old days you could also only watch one program at a time, while it was on, from a selection of eight channels that you had to manually turn if you wanted to change it...and the commercials (that you couldn't fast forward through) advertised tobacco products to an impressionable audience. Just as television has evolved (to include un-enlightening repo "reality" shows) so has the recovery industry itself. High tech infra-red cameras scanning license plates, gps tracking, GLBA compliance, looming legislation that would insert the government into the practice of collateral recovery...the list is seemingly endless and no one knows how it is all going to shake out in the end. Putting out fires while tackling roadblocks is all part of the business that we now know. What shouldn't get lost in the mix is the continued need for your repossession agent to focus on the core of it's business - offering the most professional and risk managed field investigations and repossessions possible. High tech tools and elaborate data systems will never replace the essential need for good field agents.

## Who Is Representing Your Financial Institution?

A simple internet search can produce dozens of articles about repossessions gone awry. The number of reported repossession's gone wrong versus the amount of vehicles repossessed is, relatively speaking, a small percentage. However, most would agree that one act of violence or attempt at fraud is one too many. After all, we are talking about a vehicle simply being reclaimed by the lien holder. What would motivate a field agent to commit a crime for work and why would history keep repeating itself? Even a non confrontational repossession has the potential for a lawsuit given the fact that law firms throughout the country have self-help repossessions on the radar. After extensive research with insurance professionals, attorneys and leaders of some trade associations, industry experts conclude there is an issue that needs addressing when it comes to the hiring and contracting practices of the asset recovery industry. Hold harmless contracts only go so far in protecting a lien holder from a lawsuit. The courts can find a lender negligent in their hiring and contracting practices despite what the hold harmless asserts. Assuming there is no "bullet proof" contract that shields the lien holder from a botched repossession, a list of the top seven steps to be considered when contracting with a vendor has been recommended.

### Conduct criminal background checks on agency owners

The industry has become saturated with inexperienced agency owners, including many of whom are convicted felons. What if something goes wrong and it is found that the financial institution failed to properly screen the vendor? With a good attorney, the consequences could be devastating to a lender.

### Require full disclosures on Certificates of Insurance

Policy number, coverage amounts, effective dates and expiration dates are all critical. Equally as important, but often overlooked, is listing physical addresses of all storage facilities as well as a list of every truck insured under the policy. (Fabricating storage lots or embellishing a fleet of operating equipment is a relatively common occurrence) Most important, ensure the policy clearly specifies "wrongful repossession".

### How long has your vendor been in business?

Certificates of Incorporation filings can be verified on websites in many states.

### How financially sound are your vendors?

A simple Internet search would disclose if the corporation or agency has filed for bankruptcy.

### How is your customer's personal information safeguarded?

Professional agency owners have written policy for the safe handling of documents containing sensitive information. A procedures manual should outline who has authorized access to sensitive material, what secure storage system is in place and what means of disposal is utilized.

### Why a trade association affiliation?

Membership in a trade association that provides members with a bond will generally take an interest in the education of its members. Time Finance Adjusters, American Recovery Association & National Finance Adjusters provides their members with bonds and continued education through industry conventions and certification programs.

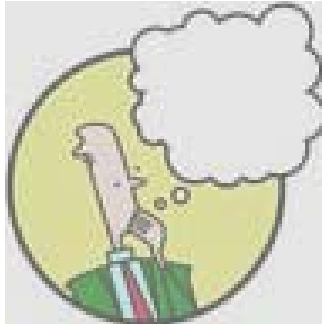
### What are your vendors hiring practices and do they require certification of its employees?

Taking into consideration how unregulated the asset recovery business is, a professional agency should have a written hiring policy available upon request and require industry certifications for field agents. There are several nationally recognized industry certification programs which include C.A.R.S. (Certified Asset Recovery Specialist) and F.R.S. (Field Recovery Specialists).

*Thank you to Max Pineiro, Executive Board Member of Time Finance Adjusters, for his contribution to this article*

**A professional repossession agency will commit to a comprehensive review of its operations and remain transparent to the lenders we represent.**

# HELP US FIND YOUR COLLATERAL ...BY THINKING LIKE A RECOVERY AGENT



An estimated 20-40% of vehicles repossessed today are recovered at a location other than the one provided on the initial assignment...your customers are literally "on the move". The transient nature of debtors makes these accounts more difficult to resolve.

You can help your recovery agent by providing key information about your collateral and the debtor as well. Information that you might not consider relevant could prove important to an agent in the field. In addition to confirming the account basics including V.I.N., debtor names and last known home and work address; What is the vehicles color? Plate information? Are their relatives in the area? Does the debtor have any known hobbies? What other vehicles do they own? Often, information like this can be found in collections notes. Review applications and share personal reference information.

The longer an account has been delinquent, the more likely it is that the information is outdated. No detail is considered too small to an agent and it is this type of information that often results in repossession.



## Did You Know:



- ⇒ **Over 40% of all bank installment lending is for automobile loans...this does not include subprime lending and dealer financing.**
- ⇒ **Nationwide; banks, finance companies, small loan companies, leasing companies and new & used car dealers account for more than 60,000 repossessions per month.**
- ⇒ **The average cost of repossessing a vehicle through the courts (Replevin) is \$1,800.**
- ⇒ **The average cost of a self help repossession is \$350.**

It has been proven, consistently, that properly trained professional recovery specialists reduce repossession losses. By knowing the laws and conducting ourselves in a professional manner we also reduce the potential for liability, litigation and insurance claims. By recovering vehicles quickly and safely we facilitate timely liquidation of the creditors collateral while protecting the value of the asset repossessed.

# “The auto-repossession business is all about stealth, instincts”

Taken from a Column Featured in the Garfield-Maple Sun July 7, 2009

The auto-repossession procedure can be entertaining, especially in the morning. That is if the sight of people running outside with toothbrushes in their mouths and wearing pajamas seems humorous while someone tries to take their cars. But the procedure is nothing to laugh at. What's more, taking a car can incite danger if the person running out of the door might use more than a toothbrush to forestall the repo. In the auto-repo business, stealth is practiced to avoid combative situations as well as humorous ones.

Robert "Skip" Blowers, owner of an auto-repossession company in Canal Fulton, said;

"The primary thing is not to have the person see you and not to have that person hear you."

Of being a repo man with **Source One Adjusters, Inc.**, Blowers, 60, said, "There's a knack to it."

"There's no real common hour," Blowers said. "We are always on the move".

Do agents ever get scared? "Sure we do," Blowers said. "Sometimes (agents) get a sixth sense about a car"

Adrenaline flows. "There's a lot of tension," he said. "That's what the excitement comes from."

Has your life been threatened? "You bet," he said. What's more, people tried to hurt him.

But Blowers said: "We don't get that many who are combative. If you handle it right, then you don't have combative situations at all." If a conflict starts, agents stay passive.

"We don't let it get that far – we just leave," he said. "The people aren't really in our focus."

After all, it's only a car.

Blowers' most unusual repo was that of a Corvette hidden in a truck trailer buried in a hole on a farm.

"It was full of water and mud." The 'Vette wasn't part of a crime. Its driver was just trying to avoid a repo".

## RECOVERY OFFICES OF SOURCE ONE ADJUSTERS OF OHIO



AKRON/CANTON



CLEVELAND



COLUMBUS



DAYTON



MANSFIELD



YOUNGSTOWN/WARREN

## PUBLIC AUTO AUCTION



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