



## Housing Scene



# FICO offers help with lenders

By Lew Sichelman May 10, 2009 WASHINGTON – The joint state and federal crackdown on out

2:00 a.m. May 10, 2009

WASHINGTON — The joint state and federal crackdown on outfits that fail to deliver on promises to help troubled homeowners negotiate loan modifications with their lenders should be enough to scare the dickens out of anyone who is considering third-party interventions.

But if you still feel you need help dealing with your lender, a new Web site from FICO – [www.mortgagereliefonline.com](http://www.mortgagereliefonline.com) – offers struggling borrowers a highly credible (and free) way to assess their particular situations, chat with an approved credit-counseling agency and then engage their lenders in a meaningful dialogue.

“To our knowledge, no other Web site offers such a simple, trusted and complete resource,” says Craig Watts, FICO public-relations director.

We'll talk about the government's effort to clamp down on foreclosure-rescue scams later. For now, let's concentrate on FICO, formerly known as Fair Isaac and Co.

FICO is the company that devised the be-all and end-all scoring system that lenders bank on to tell them whether would-be borrowers are a good risk. Now it is using those same analytics to help homeowners address the problems they are encountering when trying to get their lenders' attention.

“Now that the government has established guidelines for mortgage remediation, we're able to provide comprehensive solutions that address everyone's concerns,” says Mark Greene, FICO CEO.

Despite statistics that indicate hundreds of thousands of borrowers have had their loans modified, thereby avoiding foreclosure, the truth is that most mortgage-recovery efforts have fallen woefully short.

Consumer complaints are too numerous to ignore. They say their lenders and the companies that administer their loans, known as “servicers,” are difficult to reach and, when they are lucky enough to make a connection, are totally unresponsive to their needs. Some say they are not receiving any response at all.

Worse, studies show that perhaps half of those who are successful in persuading their lenders or servicers to rewrite the terms of their loans fall behind on their payments soon after their loans are modified.

The main reason for “refaults”? Most mortgage-relief efforts take too narrow a view of the borrower's finances, concentrating solely on the mortgage.

But FICO's new Mortgage Recovery Initiative (MRI), like the famous – or infamous, depending on your point of view – FICO score, looks at your other financial obligations, your total debt and your ability to manage that debt effectively, all factors that are part and parcel of your ability to succeed with a new mortgage or new terms.

Financially strapped borrowers – even those who are not yet behind on their house note but believe trouble lies just over the horizon – can go to the new FICO Web site, where they can find out if they qualify for aid under the federal Making Home Affordable program. Making Home Affordable is now the Obama administration's main effort to help as many as 9 million owners avoid foreclosure.

Visitors to the free online portal fill out a short, confidential form about their current housing and mortgage situation. That information is instantly evaluated, and the site reports back about whether you're eligible for a loan modification and credit counseling, a complete refinancing or debt counseling alone.

In a nutshell, the site prequalifies you, just as if you were applying for a new mortgage.

Next, professional credit counselors from Money Management International (MMI) contact eligible borrowers within 48 hours for a free, confidential assessment. MMI and its family of Consumer Credit Counseling Service agencies make up one of the largest nonprofit, full-service networks in the country, and are certified by the Department of Housing and Urban Development.

The counselor will collect whatever additional information he deems necessary. And if the counselor believes you are eligible for relief in one form or another, a complete file will be assembled that can be delivered by you to your lender.

In effect, says FICO's Watts, you become a qualified lead. And at least theoretically, your lender should be able to get to you much more quickly.

If you are not eligible for Making Home Affordable or other relief efforts such as Hope Now ([hopenow.com](http://hopenow.com)) or Hope for Homeowners ( [www.fha.gov](http://www.fha.gov) ), the program does not just cut you loose. You still might find some help with a debt-management plan through MMI, for example. That and other possible options will be discussed during your initial counseling session.

Even if you are eligible, though, there is no guarantee that your loan will be modified. While FICO's advanced analytics determine eligibility for help under the government's mortgage-relief effort, the lender or servicer has the final say.

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