



Loan Collections

Strategies, tactics and practical approaches

The Anatomy of Loan

Delinquencies and Collections

- *Successful collections begin with the loan underwriting process*
- *Repayment of the loan is centered in comprehensive post loan technical assistance—not collection calls*
- *Taking collateral can be a false sense of security*
- *Studying customers with existing credit histories determines how they will repay a business loan*
- *Showing customers without credit histories how they can earn the ability to repay is important*
- *Managing how loan delinquencies and collections are handled by your organization dictates how customers will repay*

Strategies: Understanding the Do's and Don'ts

- *Make sure staff :*
 - *have a good understanding of customer's rights under the “federal fair credit reporting act”*
 - *have access to your organization's established policies about delinquency management and loan collections*
 - *are trained and accountable to pre-established performance goals*
- *Visit www.ftc.gov/credit for the latest information*



Tactics

- *Make sure your files are in order*
- *Intensive high touch contact needs to occur after the loan is closed*
- *Frequent visits to a business before, during and/or after a loan is made is critically important*
- *When collecting, you should distinguish between enterprise failure and management failure*
- *Learn where your customer will go if they fail to repay you*
- *Distinguish your approach from standard collections practices and activities of other creditors*
- *Taking pictures of the business and its owners is significant*

Tales From the Cautionary Side

- *How your peers are dealing with delinquency and default*
- *What has worked and not worked*
- *Innovative solutions that make a difference*
- *How the current economic turmoil has produced both new problems and new solutions*

What will you do when you get home!

Developing a Culture of Loan Repayment



Practical Approaches

- *Bad debt goes quickly!*
- *Are you a debt collector or a technical assistance provider*
- *Step loans can mitigate risk*
- *Get help for family related problems and understand that this is not business technical assistance*
- *Develop a post loan business performance plan and integrate with loan closing documents*
- *Resist making or adding new loan requirements based on your recent experience with bad loans*
- *Never ask for information that you are not willing to review*

Questions, Answers and Follow-up

- *Who has the experience to help me with my collection problems?*
- *Will we need to develop or refine our delinquency management and collection policies?*
- *Will we need to provide further training to our staff?*
- *Can ISED help me with technical assistance?*

Contact Information

- *Phil Black*
- *Senior Consultant*
- *ISED*
- *Email: philliplblack@earthlink.net*
- *Telephone: (276)676-0626*