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# Tough economic times creating lots of work for repo man

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Repossessed cars fill the lot at Recovery Services of Michiana in Mishawaka. (WSBT photo)

**By Jim Pinkerton**

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SOUTH BEND — It's the latest sign that tough economic times are getting tougher. Bailouts on high interest car loans are quickly turning into big business for the repo man.

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It was a dire report card from Federal Reserve Chairman Ben Bernanke as he delivered his semi-annual report card on the nation's economy to lawmakers from the House Financial Services Committee.

Home foreclosures went up 57 percent nationwide between January 2007 and January 2008. New home sales fell in January to their lowest level in 13 years, and home resales last

month were the worst in nearly a decade.

Now there are new signs that homeowners are losing more than just the roofs over their heads. In some cases, they're losing their cars in record numbers, too.

There's a simple reason why.

The number of auto loans overdue by at least two months hit a 10-year high in January, according to research firm Fitch Ratings, and consumer credit agency Experian says 12.4 percent of all borrowers have defaulted on a payment at least once.

It's a credit crisis that's gripping borrowers nationwide, and in nearly every case, there's someone waiting in the wings to clean up the wreckage.

Doug Edwards is one of them.

"People don't pay," he said.

There's always someone in over their head, and his Mishawaka based repossession company Recovery Services of Michiana is there to impose the penalties.

"We pick up their cars," he said.

Over the last year, business has been way up.

"It's probably [up] 20 percent. We're probably picking up twice as many cars as we did [then]," Edwards said.

In fact, he says his five tow trucks are now repossessing up to 60 perfectly good, functioning cars a week; all because the "would be" owners haven't paid up.

Economists say it's the latest sign that times are getting tougher.

"I think we're going to continue to see that trend," said Indiana University South Bend Economist Dr. Grant Black. "It's people not being able to afford those payments who got in over their head, and are really struggling. I think we'll definitely see more of that because of the housing market. The housing issue is certainly not going away quickly."

Signs of just how deep it's reaching are beginning to show.

A new building now under construction along the riverfront in downtown Mishawaka was supposed to be the new home to a restaurant run by Mark McDonnell, owner of LaSalle Grille in South Bend. But in the uncertain economy, his bank decided not to give him a loan to build it.

He says the bank felt he didn't have enough equity to put up as collateral for the loan, and because the restaurant's space would have been leased, the bank felt the loan was too risky.

It's the same problem some homeowners are running into when they try to borrow even more

money to keep their loan payments from going into default.

"Credit used to be a little looser," said Dr. Black. "Now, there's more risk attached to it, so [banks] are going to be more cautious on who they lend to."

That's left some homeowners with a tough choice: make their mortgage payment or make their car payment?

For the "repo man" there's a simple answer every time.

"We're probably going to pick up a lot of cars in the near future," said Edwards.

Edwards says there are things you can do to keep your car out of the repo lockup, and the most important is to talk to your lender at the first sign you might have trouble making a payment.

Dr. Black says the next step is then to cut back on your spending and start saving. In many cases, lenders will work out some sort of deal that will allow you to get your car back.

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