TheBiz

Credit & Collection News from Caine & Weiner

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Season Greetings

As we celebrate the joyous holiday season, I want to express my heart felt appreciation to our valued clients, alliance partners, business associates, global business partners and my dedicated team members.

Our valued clients—representing every major world-wide industry are the foundation of Caine & Weiner's success. I am truly thankful for their continued support and the opportunity to provide assistance to increase their cash flow, enabling them to remain competitive and profitable in the marketplace. We are committed and focused on exceeding service level expectations and providing best in industry solutions and results.

We our honored to align ourselves with our highly-regarded Alliance Partners, with whom we share similar core values and respect.

Our team of dedicated professionals is to be commended for their outstanding loyalty and performance—particularly during the challenging economic climate this past year. I appreciate their commitment, devotion and results.

I wish everyone and their families warm holiday greetings and a Happy New. Year.

Greg A. Cohen

President & CEO
Caine & Weiner

Front row, Jake, Chris, Cammi and Matt. Back row, Zac and Greg Cohen

Credit card rates highest in two years

A recent survey, which included American Express, Bank of America, Capital One, Chase, Citi, HSBC, Wells Fargo and more revealed that credit card rates average 15 percent.

Between August and September the average consumer rate jumped almost a half-point, hitting its highest level since 2007.

Many issuers raised rates, eliminating lower rate tiers traditionally extended to those with good credit histories.

Business credit card rates also increased. The average rate increased to 13.37%, up from 13.19%.

Debt declines as consumers save more

American consumers are spending less and saving more, according to the latest statistics released by Equifax Inc.

Consumer debt has been reduced by more than $440 billion, down 3.8 percent form its peak the same time last year. Consumer savings continued to be relatively high at 3.71 percent in the third quarter, down from 4.74 percent in the second quarter, but much higher than savings rates that were as low as 1.30 percent as recently as the third quarter of 2008.

Credit card issuers continue to close accounts and reduce credit lines. Since September 2008, there are 88 million fewer accounts and credit lines have been reduced by $751 billion. Delinquency rates also are the highest in five years with 4.36 percent of credit card accounts more than 60 days past due in September 2009 compared with 3.39 percent in September 2008 and 2.80 percent in September 2007.

New accounts opened, based on end of July data, were 54 percent lower than July 2008. The percent of cards issued to those with Equifax Risk Scores greater than 740 grew from about 28 percent in July 2007 to more than 50 percent at the end of July this year. Conversely, the percent of cards issued to those with Equifax Risk scores 660 and below dropped from 42 percent in July 2007 to slightly over 22 percent in July 2009.

Home mortgages, at least 30 days late, reached a record 7.65 percent in September, up from 7.58 percent in August and 7.32 percent the previous month. This record rate is a significant increase over the 5.17 percent rate of September 2008 and the 3.55 rate of September 2007.

Home equity lines of credit are an estimated $65 billion lower in September 2009 than they were in September 2008 and the number of accounts is an estimated 754,000 lower. Delinquency rates are at an all-time high of 3.39 percent versus 2.66 percent in September 2008 and 1.59 percent in September 2007.

Some good news for the Auto Industry

More auto loans are being given to consumers with good credit, according to Experian Automotive's third quarter analysis.

"We are seeing signs of stabilization in the automotive lending market that could spell good overall health for the auto industry in the long run," said Scott Waldron, president of Experian Automotive. "Lending institutions are making less risky loans right now. As some of the higher-risk loans from a few years ago come off the books, lenders will be in a much better position to serve the automotive market," he said.

So which lenders are giving the most auto loans to car shoppers right now?

For new cars, Toyota Financial Services had the highest market share in the third quarter at 11.2%, followed by Chase Auto Finance at 11.1%, GMAC at 9.1% and Ford Motor Credit at 7.1%. For used cars, Wachovia Dealer Services had the highest market share at 5.7%.

California leads nation in delinquent mortgages

Delinquent mortgage-backed securities skyrocketed in October by more than 500 percent from one year ago, according to RealPoint Research.

California reported $4.7 billion in delinquent loans. The majority of them were in the Los Angeles and Orange County metropolitan areas.

California, Texas and Florida account for a third of the defaults in the mortgage-backed securities market, but the cities with the most delinquent loans are Las Vegas with $1.6 billion, followed by Phoenix with $1.5 billion and New York with $1.2 billion.

Since RealPoint Research began tracking delinquencies, the lowest point was March 2007 when borrowers were late on $2.2 billion worth of loans.

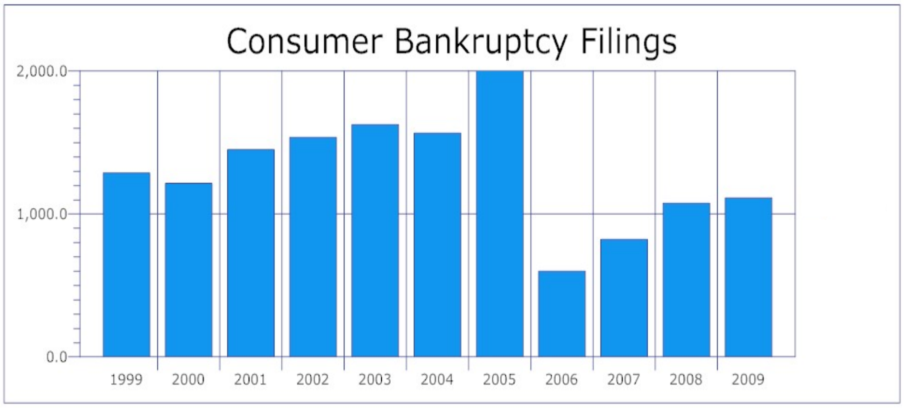
The research firm reports that more than $32.6 billion worth of loans are in default compared to $5.4 billion in October 2008.

Consumer bankruptcy filings highest since 2005

As unemployment continues to plague middle class families, consumer bankruptcy filings are on the increase.

"With unemployment surpassing 10 percent and credit to businesses remaining tight, consumers and businesses are increasingly turning to the financial relief of bankruptcy," said Samuel J. Gerdano, Executive Director of the American Bankruptcy Institute.

Consumer bankruptcy filings through the third quarter of 2009 totaled 1,054,525. Total filings in 2005 were 2,039,214, the highest in the past 16 years.



Bankruptcy filings mirror state of the economy

"People are hurting, and it is showing up in the bankruptcy courts," was the profoundly simple and depressing blog posted by University of Illinois law professor, Robert Lawless. Commenting in *Newsweek* he said that people borrow to stave off the day of reckoning, and then when credit tightens the bankruptcy numbers go up. By the end of the year, Lawless expects a little under 1,400,000 bankruptcy filings.

In early October 2009, Lawless's prediction was substantiated. Data from the National Bankruptcy Research Center reported 1,046,449 consumer bankruptcy filings thought the first nine months of 2009, the first time since the 2005 bankruptcy overhaul that filings have surged past the 1 million mark during the first three calendar quarters of a year.

"Bankruptcy filings continue to climb as consumers look to shelter themselves from the effects of rising unemployment rates and housing debt," said ABI Executive Director Samuel J. Gerdano. "The consumer filings total, through the first nine months, is consistent with our expectation that consumer bankruptcies will top 1.4 million in 2009.

Prior to bankruptcy reform, some higher-income filers had used bankruptcy as a financial planning tool, escaping from debts they could afford to repay. Filers are now required to prove their income with a current tax return to eliminate abuse.

U.S. Facing a weak recovery

The Associated Press monthly analysis of economic stress in 3,100 counties found the economy little changed in October compared with September. Some States saw slight improvement or stabilization, thanks to steadying foreclosure and bankruptcy rates. The gains may be brief. Unemployment remains high and the housing market is still weak.

'We're not out of woods," said Susan Wachter, a professor of real estate and finance at the University of Pennsylvania.

The AP's Economic Stress Index calculates a score from 1 to 100 based on a county's unemployment, foreclosure and bankruptcy rates. Under a rough rule of thumb, a county is considered stressed when its score exceeds 11.

Nationwide, the average county's stress score remained unchanged at 10.1 in October, matching September's figure. It was 10.3 in August. A year earlier, in October 2008, the average score was a much lower 6.9.

Nevada, where the real estate collapse struck especially hard, again had the highest statewide stress score in October at 21.09, though it declined from 21.95 in September.

The government recently announced that the unemployment rate declined in November to 10 percent from 10.2 percent in October. The rate, however, remains more than double from what it was in December 2007 when the recession began.

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TheBiz

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Est. 1930

Caine & Weiner—Since 1930, providers of world-class accounts receivable management solutions to the global business community

Established in 1930 by Sidney Caine and Charles Weiner the firm has offices strategically located across the country to service its 2,500 clients.

TransUnion predicts mortgage delinquency improvement

TransUnion forecasts that national mortgage loan delinquencies will drop nearly 3% by the end of 2010 to 6.39%, according to their newly released annual credit forecast.

The forecasted decrease would end unprecedented yearly increases of 54% between 2006 and 2007, 53% between 2007 and 2008 and 43% between 2008 and 2009.

TransUnion expects the improvement will result through the continued conservative approach that lenders are taking to new loan underwriting, as many of the existing mortgages in the market work their way out of the system and off the books of the lending institutions.

The projected rate of decrease of mortgage delinquencies will be relatively slow for most states, however, 22 states are expected to experience double-digit decreases in delinquency as housing values in those state are projected to improve.

Florida and Nevada are expected to have the highest mortgage delinquency rates.