TheBiz

Credit & Collection News from Caine & Weiner

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In this issue

Caine & Weiner team headed to Texas for NACM's 116th Credit Congress & Exposition

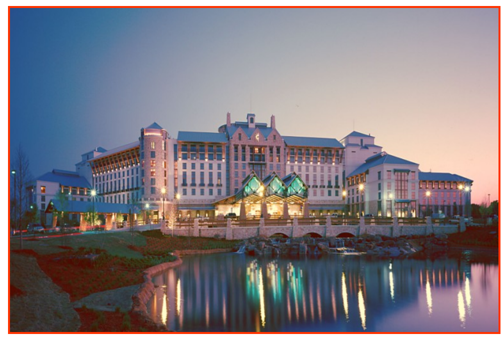
Woodland Hills, CA—Preparations are underway at Caine & Weiner to support the National Association of Credit Management's (NACM) 116th Credit Congress & Exposition.

This year's event is being held at the Gaylord Texan Hotel & Convention Center located in historic Grapevine, TX, June 10-13.

It's the largest annual industry gathering of business credit professionals in the U.S. Attendees benefit from industry-specific meetings, participation in workshops, networking, combining social activities with business events, education forums and more.

The four day event provides opportunities to learn about the latest technology, meet service providers and have access to special offers available only at the expo.

Caine & Weiner's team members will be on hand at exhibitor's booth #516 to meet with clients and business associates, and to share information with prospective clients. Booth visitors will also have an opportunity to take home prizes.



Gaylord Texan Hotel & Convention Center

An invitation-only hospitality suite, co-sponsored by Caine & Weiner and their NACM affiliate alliance partners, will be held Sunday, June 10th from 6:00-8:00 P.M. in the Yellow Rose Ballroom & Pavilion.

NACM Midwest, NACM Upstate New York and NACM Gateway Region are NACM affiliates with whom Caine & Weiner has established alliance partnerships.

Bill introduced to remove paid debts from credit reports

By Leah Dempsey
Collector Magazine

Rep. Heath Shuler (D-N.C) introduced the Medical Debt Responsibility Act of 2011 to Congress. The proposed bill requires credit rating agencies to remove paid or settled medical debt up to $2,500 from credit reports within 45 days.

To date, this legislation has not made any movement in the U.S. House of Representatives beyond referral to Financial Services Committee and the Budget Committee.

ACA International is continuing to monitor this bill and others affecting health care collections.

ACA INTERNATIONAL
The Association of Credit and Collection Professionals
Member

February bankruptcy filings up 19 percent over January

By John Hartgen
American Bankruptcy Institute

Alexandria, VA— Total bankruptcy filings in the United States increased 19 percent in February over last month, according to data provided by Epiq Systems, Inc. Bankruptcy filings totaled 104,418 in February, up from the 87,981 filings in January 2012. Filings per day rose 27 percent to 3,601 from 2,838 in January. The 99,288 total noncommercial filings in February 2012 represented a 20 percent increase over the January 2012 total of 83,014. The total commercial filings of 5,130 for February 2012 increased three percent over the 4,967 filings in January 2012.

When compared to a year earlier, however, the Epiq data showed that the total February 2012 filings decreased 5 percent from the February 2011 total of 109,565. The total commercial filings for February 2012 fell 16 percent from the 6,076 commercial filings recorded in February 2011. Total noncommercial filings registered a four percent decrease from the 103,489 filings in February 2011.

"The stagnant housing sector and high unemployment continue to stress the cash flow of consumers and businesses," said ABI Executive Director Samuel J. Gerdano. "As consumers and businesses work to shed tremendous debt loads, there are times when bankruptcy is the only shelter to provide financial relief."

Changes to total commercial Chapter 11 filings changed slightly in February. Overall, the February 2012 total commercial chapter 11 filing total of 750 represented a 1 percent increase over January's total of 744, but a decrease of three percent from the February 2011 total of 770. Chapter 15 filings experienced the largest increases in February. The February 2012 chapter 15 filing total of 40 was 567 percent more than the six filings registered in 2011 and 74 percent greater than the 23 filings in January 2012.

The average nationwide per capita bankruptcy filing rate for the first two calendar months of 2012 (Jan. 1-Feb. 29) increased to 3.73 (total filings per 1,000 per population). States with the highest per capita filing rate (total filings per 1,000 population) for the first two months of 2012 were:

1. Tennessee 6.93%
2. Nevada 6.29%
3. Georgia 6.28%
4. Alabama 5.58%
5. California 5.28%

Students loans surpass auto, credit card debt

By Daniel de Vise
The Washington Post

Americans owe more on their student loans than on their credit cards or car loans, according to a new report from the Federal Reserve Bank of New York.

Student loan debt stands at $870 billion nationally, surpassing the nation's outstanding balance on auto loans ($730 billion) and credit cards ($693 billion), according to Grading Student Loans, which is not a formal report so much as a scholarly blog post published by the economists at the New York Fed.

It comes at a time of heightened awareness of the student debt crunch. Last fall, President Obama took executive action to cap monthly loan payments at 10 percent of discretionary income, down from 15 percent previously. Obama has challenged colleges to help students manage their debt by keeping costs down.

One-third of the national student-loan balance is held by people ages 30 to 39, and another third by people older than that, signifying that only a small share of college graduates manage to retire their loan debt while still in their 20s.

I will present the report's other key findings in bullet form, to make for easy reading:

• Student loan debt is rising at a time when other debt is flat or even declining. From the second to the third quarter of 2011, the nation's loan balance grew 2.1 percent, from $852 billion to $870 billion.

• Fifteen percent of all Americans with enough of an economic pulse to have credit reports have outstanding student loan debt. Two-fifths of people under 30 have loan debt, and 25 percent of those between 30 and 39.

• $85 billion in student loan debt is past due, and of that total, three-quarters is owed by people over 30. More than five million borrowers have past-due student loans.

Caine & Weiner's vital role in the U.S. economy

By recovering delinquent debt that would otherwise go uncollected, Caine & Weiner and other debt collection providers directly benefit the U.S. economy

Collection agencies returned $44.6 billion of collected debt, in 2010 to creditors, directly benefiting the U.S government, American households and businesses.

The data, published in February, 2012 from a survey conducted by Ernst & Young LLP on behalf of ACA International, underlined the value of third-party debt collection to the U.S. economy.

Third party debt collection providers employ thousands of Americans as collection professionals to collect past due accounts from various credit grantors such as financial service providers, commercial lenders, manufacturers, credit card issuers, retailers and others. Federal, state and local governments also utilize their expertise to recover uncollected taxes, fines and other unpaid governmental obligations.

From the government perspective the recovery of delinquent tax dollars reduces the need for future tax and fee increases or cuts in services to their constituencies.

For consumers the benefit of third party debt collection can be seen through reduced consumer prices and greater consumer purchasing power. Businesses benefit from third-party debt collection because debt recoveries help keep their costs down and reduce their risk of financial insolvency and bankruptcy that could result from unrecovered bad debt.

"Caine & Weiner takes considerable pride in our contributions to the nation's improving economy," said Greg A. Cohen, Caine & Weiner's President and CEO. "Millions of dollars have been successfully recovered on behalf of our clients, enabling them to grow their businesses, provide employment and be successful business entities. I'm very proud of what our dedicated team of professionals have accomplished."

The survey found that approximately 148,300 people are employed in the debt collection industry, including 133,900 fulltime employees, 12,900 part time and 1,500 contract employees. The total industry payroll is nearly $5 billion; another $1.8 billion is spent on non-labor expenditures.

U.S. debt collection agencies also support the indirect employment of an additional 152,000 individuals in industries that provide goods and services to them. Considering both the direct and indirect economic impacts of the debt collection industry, the total employment impact on the U.S. is nearly 302,000 jobs with a total payroll impact of $10.1 billion.

Charitable institutions benefited by receiving approximately $85 million from the industry in 2010. Agency employees devoted 652,000 hours of company sponsored volunteer activities.

With baby boomers retiring, it's not surprising that health care related debt is the leading category of debt collection among survey respondents, accounting for more than half of all debt collected in the industry. Credit card and financial debt is the next category with 20%. Utility, telecommunications, student loans, commercial and government debt each comprise less than 10 percent of debt collected.

U.S debt collection agencies were estimated to directly create $495 million of federal tax, $289 million of state tax and $221 million of local tax for a combined tax impact of more than $1 billion.

The data collected by Ernst & Young LLP consisted of ACA International members and non-member contacts.

Greg A. Cohen
President & CEO
Caine & Weiner

Overall consumer credit soars despite card usage decline

By Darren Waggoner
Collections & Credit Risk

Consumer credit jumped $17.8 billion to $2.51 trillion in January, according to the Federal Reserve's G.19 report on consumer credit. Analysts in a Reuters poll expected a $10 billion increase.

Revolving credit, 98% of which is credit card debt, decreased $2.9 billion while non-revolving credit increased $20.7 billion, the largest amount since November 2001, when credit was surging in the wake of the September 11 attacks.

Non-revolving credit includes auto loans and student loans made by the government, but not mortgages.

The full report is a generally positive sign for the economy as consumers borrowed money to purchase cars ad attend school. Credit has now grown for five straight months, which economists see as a sign households are less uneasy about taking on debt as the labor market slowly heals from the 2007-2009 recession.

Still, the marked decline in credit card usage shows consumers may be skittish regarding their income.

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TheBiz

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Est. 1930

Caine & Weiner—Since 1930, the world-class accounts receivable management solution for the global business community

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

Foreclosures made up one in four home sales

By Les Christie

CNNMoney

Homes in some stage of foreclosure accounted for nearly one in four homes sales during the fourth quarter, according to RealtyTrac.

During the three months that ended December 31, homes that were either bank-owned or going through the foreclosure process accounted for 24% of all home sales, up from 20% in the previous quarter and down only slightly from a year earlier when foreclosures accounted for 26% of sales, RealtyTrac said.

In total, 204,080 distressed properties were purchased during the fourth quarter, down 2% from the year-ago quarter. For all of 2011, foreclosure-related sales were down 2% year-over-year to 907,138, accounting for 23% of all home sales.

"Sales of foreclosures in the fourth quarter continued to be slowed by questions surrounding proper foreclosure paperwork and procedures," said Brandon Moore, chief executive officer of RealtyTrac, referring to the delays cause by the robo-signing scandal that broke in late 2010. "Even so, foreclosures accounted for nearly one in every four sales during the quarter and for the entire year."

"We expect to see foreclosure related sales increase in 2012, particularly pre-foreclosure sales, as lenders start to more aggressively dispose of distressed assets held up by the mortgage servicing gridlock over the past 18 months," said Brandon Moore, CEO of RealtyTrac.

Click here for full story.