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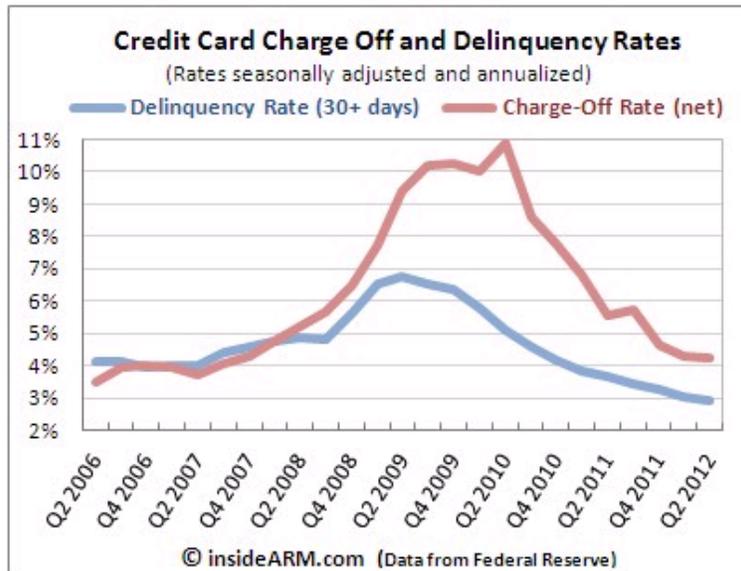
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CREDIT & COLLECTION NEWS

SEPTEMBER 2012

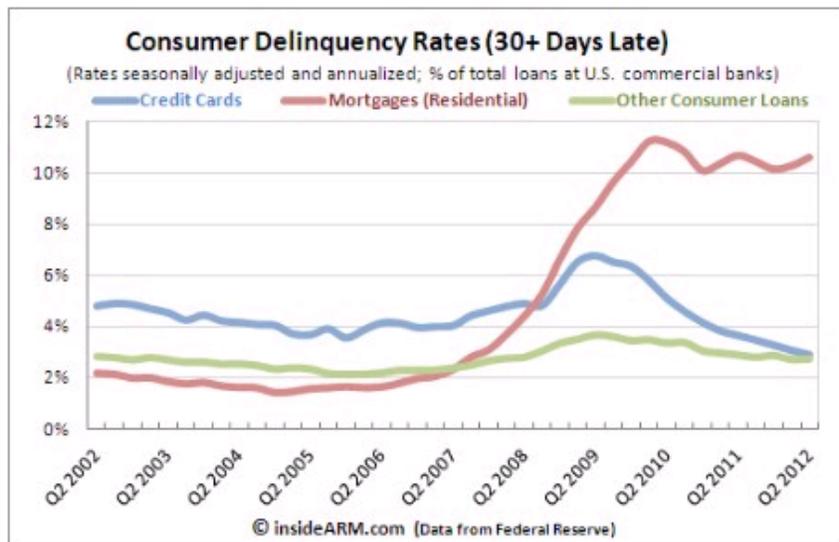
CREDIT CARD DELINQUENCIES AT ALL-TIME LOW MORTGAGE ARREARS REMAIN HIGH



The Federal Reserve said Wednesday that the average 30-day delinquency rate on credit card accounts at commercial banks in the U.S. dropped to an all-time low in the second quarter of 2012. Delinquency rates on home loans, meanwhile, increased for the second consecutive quarter.

The Federal Reserve, in its quarterly data, said that the average 30-day delinquency rate for credit card loans in the second quarter was 2.89%. It was the lowest rate recorded by the Fed since it began tracking the date in 1991 and the only time the average rate has fallen below 3%. The second quarter measure reflected a 5.5% decline from the 3.06% rate reported for the first quarter of 2012.

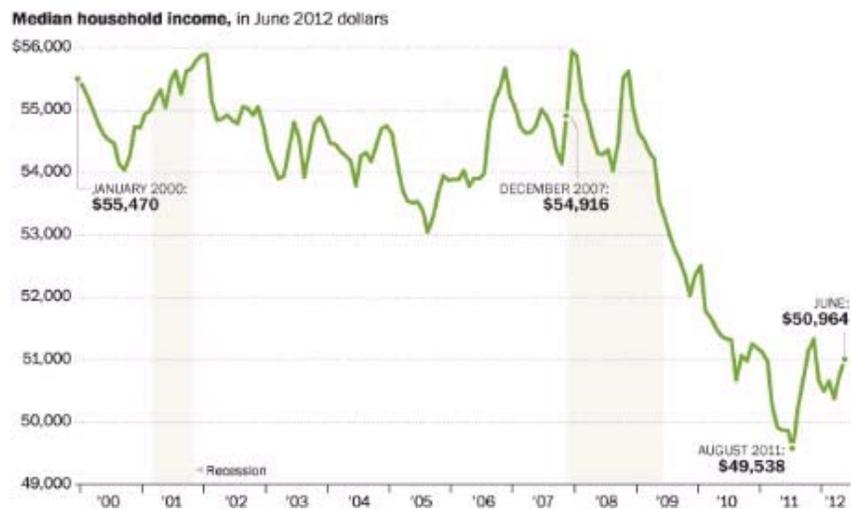
Since peaking at 6.77% (an all-time high) in the second quarter of 2009, the average credit card delinquency rate reported by the Fed has been on a relentless downward push, going from all-time high to all-time low in less than three years (the first quarter of 2012 also set an all-time low for delinquencies). The average charge-off rate for credit cards also fell in Q2 2012. Commercial banks in the U.S. reported an average card charge-off rate of 4.21% in the second quarter, down slightly from the 4.28% rate in the first quarter.



Late payments on residential home loans, including home equity lines of credit, increased to 10.61% in the second quarter, up from 10.28% in the first three months of 2011. It was the second straight quarter of increases for home loan late payments. Mortgage and home equity loan delinquencies have remained stubbornly high over the past two years even as other consumer loan markets have corrected. The 30-day delinquent measure for residential home loans peaked at 11.24% in the first quarter of 2010 and has not dipped below 10% since. Before 2008, the historical average for home loan delinquencies was slightly below 2%.

Source: InsideARM

INCOMES STILL BELOW PRE-RECESSION LEVELS



Consumers' incomes have recovered about a quarter of the ground they lost during the recession and its aftermath, but progress has stalled in recent months, a new report says. Median household incomes, before taxes and adjusted for inflation, have risen 2.2% in the last year through June, according to Sentier Research. They remain 7.2% below where they were in December 2007 - the start of the recession - and 4.8% below when the recession ended in June 2009, Sentier reported.

The recent improvement was concentrated in late 2011, but the median has slipped slightly this year, in part because of inflation, Sentier partner Gordon Green said. "Inflation is a big player now" in future household budgets, Green said. "Incomes have flattened out, and gas prices are going up again."

Consumers have lost more ground since the recession ended than they did while it was still occurring. The damage has been much worse, predictably, in homes where the person listed as the property owner or renter has been unemployed. Their incomes

are down 22.6% since June 2009. But even households where the primary earner has been employed continuously also have incomes almost 5% lower than in June 2009.

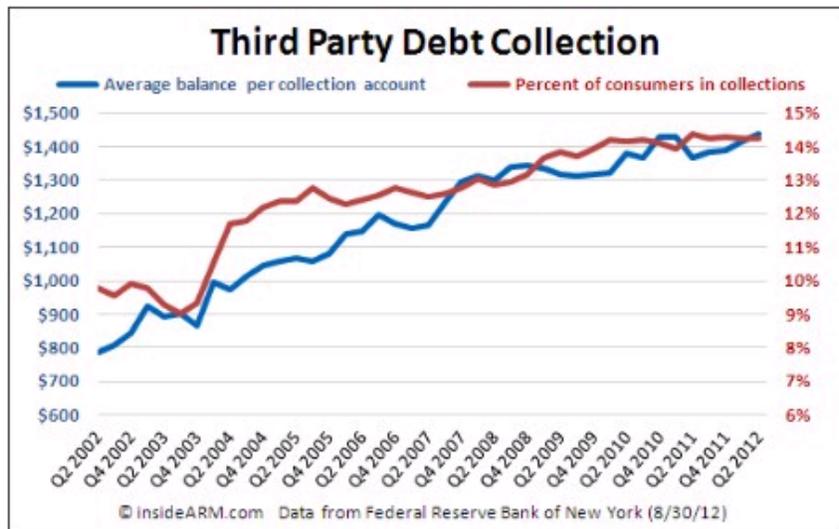
Other groups hit harder than average include young people, men living alone, people who have some college but not a degree, as well as people nearing retirement age. Those ages 55 to 64 have seen a 9.7% drop in median household income since June 2009.

Politically, the results highlight the stakes of the presidential election. The biggest income drops are in nine swing states, which have incomes that are still 5.7% below 2009. The drop was 5.2% in "blue" states that lean Democratic, and 5% in Republican-leaning "red" states, which have the lowest incomes of the three groups.

Consumers have responded to lower incomes by reducing debt, said Mark Cole of CredAbility, a non-profit consumer credit counseling service. "Everyone has worked really hard to control expenses and clean up their debt," said Cole. "A lot of it is because they are scared about the future."

Source: USA Today

AVERAGE COLLECTION ACCOUNT BALANCE UP



The Federal Reserve Bank of New York (FRBNY) released data that showed the average account balance of people that are currently in the third party debt collection process increased to **\$1,550** in the second quarter of 2012, the highest reading ever reported.

In its Quarterly Report on Household Debt and Credit, the FRBNY said that 14.25% of Americans currently have at least one account being handled by third party debt collectors, a percentage that has been essentially flat over the past four quarters. The average balance of those accounts is \$1,550, up from \$1,497 in the first quarter of 2012 and the first time the average has been above \$1,500.

The average balance of accounts in collection spiked in 2010 and fell sharply at the beginning of 2011. It has been steadily increasing since then, and in the first quarter of this year overtook its previous high-water mark.

The quarterly report also showed that most types of loans and credit products are experiencing declines in 90+ day delinquencies, a leading indicator for the ARM industry. Credit card severe delinquencies fell 3.3% in Q2 2012 compared to the previous quarter, auto loan delinquencies dropped 6.8%, and mortgage arrears fell 5.1%. But student loan 90+ day delinquencies increased 2.6% quarter-over-quarter.

The FRBNY report noted that since the peak in household debt in the third quarter of 2008, student loan debt has increased by \$303 billion, while other forms of debt fell a combined \$1.6 trillion.

SALDUTTI, LLC SUPPORTS 9/11 HEROES RUN 2012



On Sunday, September 9th, Saldutti, LLC proudly took part in the 5th annual 9/11 Heroes Run, hosted by the Travis Manion Foundation. Firm attorney, Tom O'Connell, organized the staff's participation in the 5K run that "honors the fallen by challenging the living."

In the days following the terrorist attacks of Sept. 11, 2001, Americans of all backgrounds came together to honor the fallen and renew the spirit of freedom. That unique, unifying feeling returned last weekend, as thousands of Americans stood shoulder-to-shoulder in nearly 50

cities around the world for the Travis Manion Foundation's 9/11 Heroes Run.

From Afghanistan to Pennsauken, New Jersey, runners, volunteers, and spectators gathered to salute the victims of 9/11 and those who have shielded us in the eleven years since.

After the 2007 death of 1st Lt. Travis Manion in Fallujah, Iraq, the 9/11 Heroes Run began as one race in Doylestown, Pa., where the Marine spent most of his young life. Guided by Travis' inspiring words -- "If Not Me, Then Who..." -- the annual run to honor the fallen grew bigger and faster than almost anyone could have imagined.

The 2012 event was particularly emotional for the Manion family and the Doylestown community. Travis' mother, Janet Manion, passed away on April 24 after a valiant battle against cancer. While the Travis Manion Foundation still mourns and misses its Chairman, Founder, and Visionary, Janet Manion's spirit of putting service above self was clearly felt at the run.

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