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## CREDIT & COLLECTION MATTERS

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*Get the Law Firm Advantage to Debt Recovery ...*



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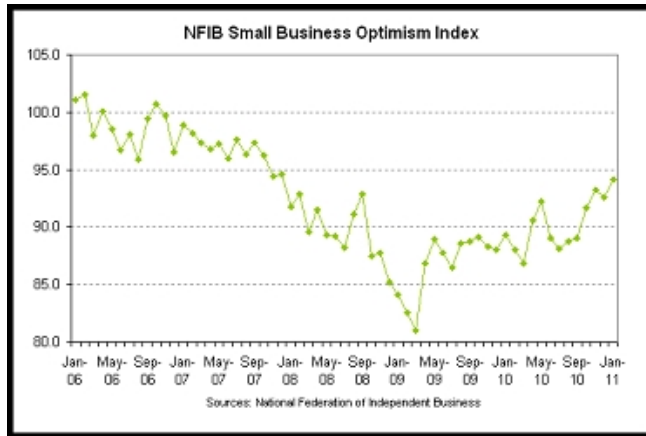
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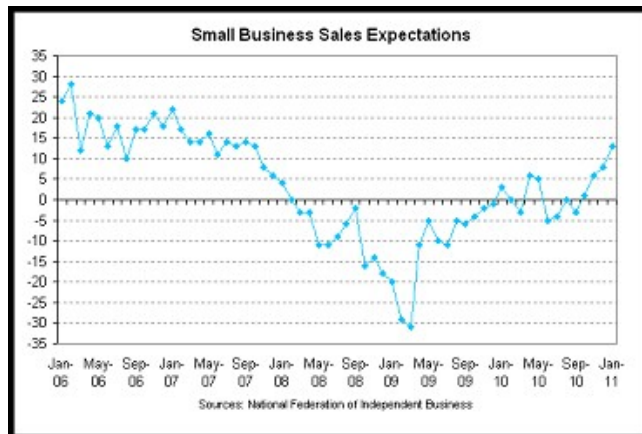
### SMALL BUSINESS OPTIMISM HITS 3-YEAR HIGH IN JANUARY



Small businesses in the U.S. continue to feel better about their prospects, little by little. But the incremental progress is beginning to add up. Small business optimism in January reached a new 3-year high, according to the National Federation of Independent Businesses. Most signs are showing that the sector is slowly improving, but the new report also shows hiring isn't yet speeding up. The NFIB's Small Business Optimism Index (SEE CHART): This declined slightly in December, only to make up the ground it lost and a little more in

January, when it hit 94.1. That's the highest since December 2007 -- when the recession was getting underway. Of course, that was a time when the economy was headed towards recession, so sentiment should actually be much higher for the U.S. economy to be in a strong expansionary phase. This shows that times still aren't great for small business, but are certainly better than they were a few years ago.

Sales expectations are clearly improving. The chart, based on seasonally adjusted data from the NFIB indicating the net percent of small businesses expecting better sales during the next three months (SEE CHART). That net percent for January rose to 13%, which is the highest since October 2007. This is a very good sign. Firms have blamed their slow hiring on weak sales expectations. As those begin to increase, so should job growth.



Credit conditions also appear to be slowly improving for small firms. In January, the NFIB's loan availability metric also rose to its highest value since October 2007. But it still isn't great, as net 10% of firms say it's harder to get loans compared to three months ago.

According to the survey, the problems still plaguing small businesses are:

- Poor sales - 27%
- Taxes - 19%
- Government regulations and red tape - 17%

Source: The Atlantic

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## JANUARY CONSUMER BANKRUPTCY FILINGS DECREASE 22%

January consumer bankruptcies decreased 22 percent nationwide from December 2010, according to the American Bankruptcy Institute (ABI), relying on data from the National Bankruptcy Research Center (NBKRC). The data showed that the overall consumer filing total for January reached 92,669, down from the 118,146 consumer filings recorded in December 2010. The January 2011 consumer filings represent the lowest monthly filing total since January 2009, when 88,773 filings were recorded.

"The decline in consumer filings in January represents a promising start to 2011 after years of expanding consumer debt and financial distress," said ABI Executive Director Samuel J. Gerdano. "Still, we anticipate that there will be nearly 1.6 million consumer bankruptcy filings by year end."

The January 2011 consumer filing total also represented a 9 percent drop from January 2010 total of 102,254. Chapter 13 filings constituted 32 percent of all consumer cases in January, a slight increase from December.

Source: ABI

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## 12 SIGNS THAT THE HOUSING COLLAPSE IS GETTING WORSE

We are officially in the middle of the worst housing collapse in U.S. history - and unfortunately it is going to get even worse. Here are 12 cold-hard facts to back this up:



1. Approximately 11 percent of all homes in the United States are currently standing empty.
2. The home ownership rate has dropped like a rock: at this point it has fallen all the way back to 1998 levels.
3. Economists say there is a "double-dip" in the housing market: home prices fell in November for the fourth month in a row.
4. The number of homes that were repossessed reached the 1 million mark for the first time ever during 2010.
5. The 3 million homes that mortgage lenders repossessed between January 2007 and August 2010 added to a huge inventory that somehow must be sold.
6. 72% of the major metropolitan areas had more foreclosures in 2010 than they did in 2009.
7. 8 million Americans are at least one month behind on their mortgage payments.
8. Around 5 million homeowners are at least two months behind on their mortgages and over a million families will be booted out of their homes this year alone.
9. 12 months from today, an estimated 20 million people will be underwater on their mortgages. That's 28 percent of all homes.
10. Formerly great industrial cities are rapidly turning into ghost towns: in Dayton, Ohio today 18.9% of all houses are now standing empty, and 21.5% of all houses in New Orleans, La. are vacant.
11. Home prices have already fallen further during this economic downturn (26%) than they did during the Great Depression (25.9%)
12. 4.2 million Americans have been unemployed for one year or longer at this point, and there are very few signs that the employment situation is going to improve.

Source: The Business Insider

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## CONSUMER STRESS IS ON THE RISE



A new report suggests that stress is on the rise in the U.S. as Americans grow more concerned about their finances. The Consumer Reports Trouble Tracker index jumped from 54.2 last month to 58.7, which represents the third straight month that the index, which measures a household's overall financial difficulties, has increased. According to the report, 9.7 percent of Americans have missed a payment on a major bill, with 3.2 percent missing their mortgage payment. Both figures have increased from a year ago. Overall, the most prevalent consumer troubles include:

Unable to afford medical bills or medications (17%)

- Missed payment on a major bill – not mortgage (9.7%)
- Lost or reduced health-care coverage (9.3%)

In a separate Consumer Reports survey, 6.7 percent of respondents said they had lost their job in the past 30 days, with just 5.2 percent of those getting a new job in that time. The combined factors of job and financial strain suggest a rise in stress, according to Consumer Reports Stress Index. The index rose to 59.3 in February compared to 55.4 a month ago.

Lower-income households (less than \$50,000 a year) have been disproportionately affected. In the past 30 days: 26% Unable to afford medical bills or medications; 14.1% Missed payment on a major bill (not a mortgage); 12.9% Lost or reduced health-care coverage; and 11.7% Lost job, versus 6.7% among all consumers.

Source: Consumer Reports