

# SALDUTTI, LLC

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Complete Creditors' Rights Service for NJ & PA

## CREDIT & COLLECTION MATTERS

March 2011

*We Share the Risk ... Contingency Collections*



### AS ECONOMY SPUTTERS, 'NEW NORMAL' SETS IN



Taking fewer vacations. Turning down the thermostat. Lending money to a relative who is out of work -- or borrowing from a family member because your job is gone. In a stubbornly sour economy, long-term unemployment and jitters about jobs are being woven into the fabric of daily life. Economists and scholars call it "the new normal." The National Association for Business Economics (NABE) says anemic job gains are contributing to "the weakest, post-recession job recovery on record." PNC senior economist Robert Dye predicts the U.S. economy will add 1.5 million to 2 million jobs in 2011. In all, 8.5 million jobs have been slashed from the rolls nationwide since the

recession officially began in late 2007.

Nationally, an unemployment rate of 5 percent has been considered full employment. Recent studies suggest the new normal will be a higher unemployment rate. The NABE says the long-term natural rate of unemployment will rise to 5.8 percent when the economy stabilizes. The Federal Reserve Bank of San Francisco expects the rate could be as high as 6.7 percent.

A Gallup Poll that asked consumers to self-report their buying habits suggests spending less has become the new normal. Household spending in stores, restaurants, gas stations and online averaged \$58 per day in January, a slight dip from \$62 in January 2010 and far below the \$97 average of January 2008. In fact, spending in each month in 2010 was close to the spending level in 2009. And January 2011 results indicate the trend has become ingrained in shoppers.

"A lack of job growth combined with higher food and gas prices may have convinced many Americans -- particularly lower- and middle-income consumers -- to continue holding back on their spending, as they have over the past couple of years," the report says. "In this regard, the "new normal' spending patterns of 2009-2010 may be continuing unabated in 2011."

Source: Courier Post

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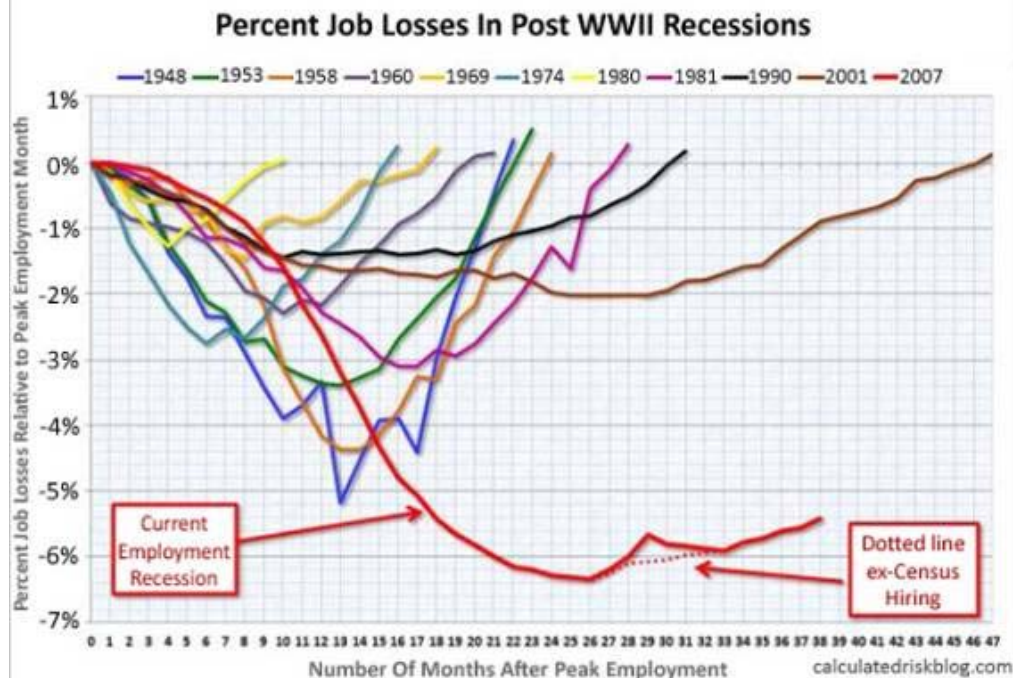
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**THE SCARIEST JOBS CHART EVER**



In light of the recent jobs reports, it's time once again to remind you how badly this recovery has lagged every other recovery when it comes to jobs.

Source: The Business Insider

## FEBRUARY CONSUMER BANKRUPTCY FILINGS UP 11%

February consumer bankruptcies increased 11 percent nationwide from January 2011, 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 February reached 102,686, up from the 92,669 consumer filings recorded in January 2011.

"Though consumers are striving to reduce their debt burden, high unemployment and a still-poor housing sector continue to fuel new bankruptcies," said ABI Executive Director Samuel J. Gerdano. "We expect these factors to lead to over 1.5 million consumer filings this year."

Though an increase from the January 2011 filings, the February 2011 consumer bankruptcy total represents an 8 percent decrease from the 111,693 filings recorded in February 2010. Chapter 13 filings constituted 30 percent of all consumer cases in February, a slight decrease from January.

Source: American Bankruptcy Institute



## A REVEALING LOOK AT THE MORTGAGE MOD MELTDOWN



The past year, we've been digging into the administration's fumbling efforts. We've crunched a lot of numbers along the way, and now we're sharing what we found including loads of previously unreported data. Using new Treasury Department figures, previously unreleased documents obtained through Freedom of Information Act requests, and new analyses of state and industry data, we have assembled the most detailed look yet at how the mortgage industry and the government's main effort, the Home Affordable Modification Program (HAMP), have failed

homeowners.

It provides crucial context to the ongoing government investigation into mortgage servicing practices, which might lead to reforms of how banks and servicers handle homeowner requests for modifications.

Here's what we learned:

- Only a fraction of struggling homeowners are getting help
- Mortgage servicers are only reaching a small fraction of struggling homeowners
- The largest servicers, especially Bank of America, have left most struggling homeowners in limbo without either modifying or foreclosing
- HAMP itself hasn't made much difference: It hasn't led to an increase in modifications.
- Just over one in five homeowners who applied for a HAMP mod have received a permanent modification
- And in one quarter of rejections, mortgage servicers - notorious for losing documents - have cited missing documents as the reason.
- Here are your overall chances of getting a mod with each of the top servicers
- Treasury claims servicers are improving, but its own data show otherwise
- When servicers offer a mod, it's generally more affordable than mods used to be.2026
- But instead of mods, servicers have recently been offering more repayment plans, which actually increase struggling homeowners' payments
- In the end, most government funds set aside to help homeowners are still unused.

Source: The Business Insider

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Information contained in this publication should not be construed as legal advice or opinion, or as a substitute for the advice of counsel. The enclosed materials may have been abridged from other sources. They are provided for educational and informational purposes for clients and others who may be interested in the subject.

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