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Complete Creditors' Rights Service for NJ & PA

CREDIT & COLLECTION MATTERS

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One Goal: Recovery of our Clients' Money



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NATIONAL MORTGAGE DELINQUENCIES INCREASE - FIRST TIME SINCE 2009



The national mortgage delinquency rate (60 or more days past due) increased for the first time since the end of 2009, edging upward to 5.88% at the end of the third quarter in 2011. This information is reported by TransUnion and is part of its ongoing series of quarterly analyses of credit-active U.S. consumers and how they are managing credit related to mortgages, credit cards and auto loans.

“Until this quarter, we had seen six straight quarters where progressively more people were able to make their mortgage payments on time. We expected that trend to continue,” said Tim Martin, of TransUnion. “However, in the third quarter, the consumer was hit with several unanticipated shocks, including the U.S. credit rating downgrade, stock price declines, European debt concerns, stubbornly high unemployment, more downward pressure on home values and low consumer confidence. All of this affects a borrower’s net worth and desire, or ability, to continue making house payments.”

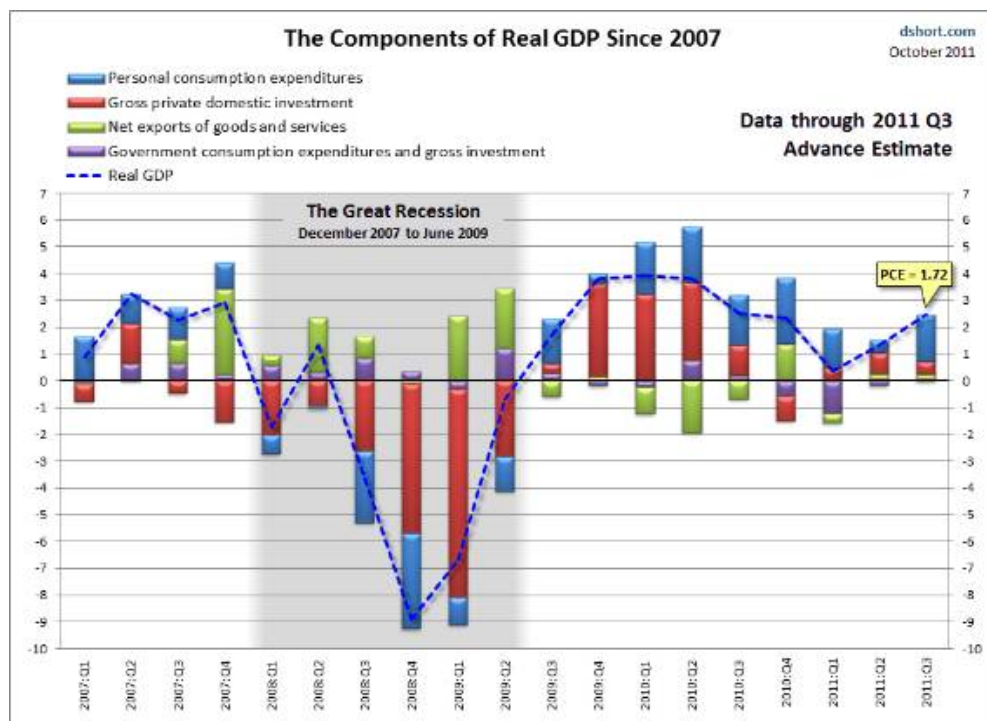
Between the second and third quarters of 2011, all but 10 states and the District of Columbia experienced increases in their mortgage delinquency rates. On a more granular level, 64% of metropolitan areas saw increases in their mortgage delinquency rates in Q3 2011. This is a significant difference compared to Q2 2011 when only 21% of metropolitan statistical areas (MSA) experienced a rise. In Q1 2011, 32% of MSAs experienced an increase.

TransUnion’s forecast predicts mortgage borrower delinquency rates to drift downward in 2012. However in the short run, we may see a quarter or two of slightly elevated nonpayment rates as some consumers are not able to, or decide not to, repay their mortgage debt obligations in light of the uncertain economic outlook.

Source: TransUnion

THE U.S. CONSUMER HAS SAVED THE DAY

This is a big, beautiful chart of GDP since 2007 put together by Doug Short of [Advisor Perspectives](#). In addition to showing GDP, it also makes it very easy to see the components, and how they have broken down each quarter.



Two things stand out in the current quarter:

- First is that the consumer -- the blue bar -- really stepped it up in a big way, fueling the lift.
- The other thing that stands out is that government consumption, purple, stopped being a drag on things.

Source: The Business Insider

CREDIT CARD DEBT DECLINES AGAIN IN SEPTEMBER

Total credit card debt in the U.S. declined by \$600 million in September, the third-straight month of declines, the Federal Reserve reported this week. Although revolving debt declined at a slow pace (1%, annualized), it marked a change of trend in the general direction of credit card accounts. Credit card debt had expanded in three of the four months in the early part of 2011 after three years of steady declines.



After peaking at \$972.2 billion in September 2008, credit card debt outstanding has fallen to the \$789.6 billion reported

Monday for September 2011. Non-revolving debt – like that found in auto and student loans – expanded at a 5.8 percent annual rate in September, according to the Fed. The \$8 billion increase brought total consumer credit outstanding to \$2.452 trillion. The Fed’s monthly consumer credit report does not include debt backed by real estate.

Source: InsideARM

STUDENT LOAN DEBT TO HIT \$1 TRILLION

For the first time in history student loans have outstripped credit card debt and are poised to become a \$1 trillion burden on American graduates. According to USA Today students are securing loan amounts twice what they did a decade ago even as consumers reduce what they owe on credit cards and home loans. And that debt isn't going away. The federally guaranteed loans have been granted Congressional protection way beyond general consumer debt and cannot be dismissed in bankruptcy. The mountain of debt is destined to have a broad impact on the future of America's economy.

"Students who borrow too much end up delaying life-cycle events such as buying a car, buying a home, getting married (and) having children," said Mark Kantrowitz, publisher of FinAid.org. The average undergraduate student borrowed \$4,963 in 2010 and the highest default rate among borrowers was at for-profit schools serving lower-income students.

Source: The Business Insider

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While you're there, be sure to check out our current news, advice and insight on all things financial. We'll choose five (5) people at random and send them a hat. Please make sure to include your email address so that we can contact you if you're one of the lucky five!



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