

SALDUTTI, LLC

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Complete Creditors' Rights Service for NJ & PA

LEASING & FINANCE NEWS UPDATE

September 2009



The New Breed of Debt Collection Professionals

BAD COMMERCIAL LOANS WEIGH ON BANKS

The residential real estate market has damaged them. But commercial real estate is now also taking a toll on regional and community banks.



Small and regional banks have a big problem—commercial real estate and construction.

“Across the board, if you look at the fraction of loans that have stopped paying, you’ll see there’s a huge spike,” said Amiyatosh Purnanandam, finance professor at the University of Michigan’s Ross School of Business. Bad loans are running three to four times higher than they were two years ago, he said.

Construction loans were particularly problematic for regional and community banks. For the majority of bankers in trouble, the problems are construction loans and failing commercial real estate loans.

The rate of homeowners either behind or in foreclosure has risen to a record 13 percent. The default rate for commercial real estate is also on the rise, but much lower than residential. The default rate for commercial mortgages rose to 2.25 percent from 1.61 percent in the first quarter. It’s expected to rise to 4.1 percent by the end of the year. In addition, the market for commercial real estate sales has been frozen for more than a year, so setting a value for commercial properties is difficult.

Bankers don’t want to foreclose on those properties because they’re likely to have to sell them at a loss. They’re renegotiating loan maturities to give building owners more time to pay off debt or preparing to take over the properties and hold them until they can sell them at a higher price. All of which is a strain on their already-stressed balance sheets.

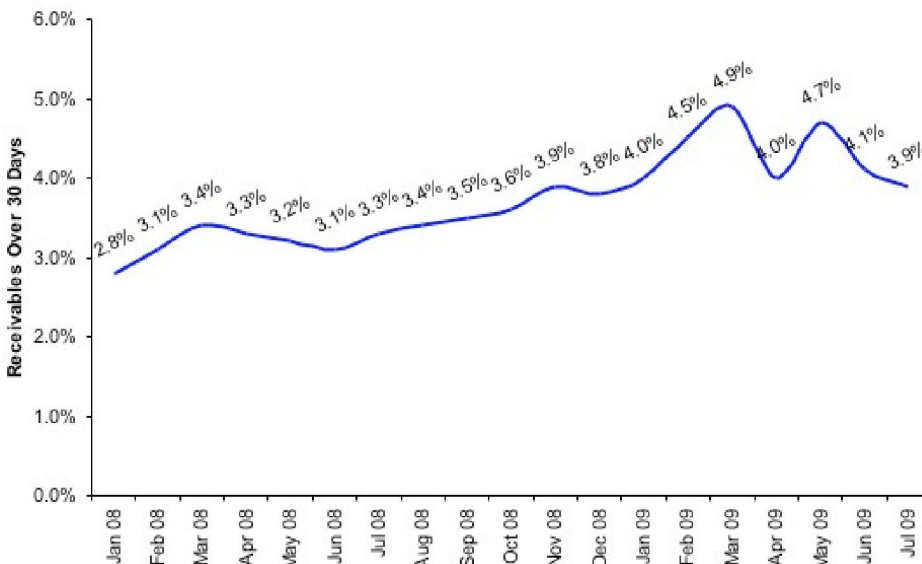
The commercial real estate crisis might not be a big problem if small and regional banks could raise capital to offset it. But for regional players, the market for raising money is a tough one. The recession is expected to take a vicious toll on regional banks—and on some community banks as well.

Unemployment will stress personal loans, mortgages, commercial loans, and lines of credit. And commercial real estate loans are going sour as tenants flee strip malls and small offices around the country.

Source: Portfolio.com

Equipment Leasing Industry Update

The MLFI-25 reported receivables over 30 days decreased to 3.9 percent as compared to 4.1 percent in June. This represents the first consecutive month decrease since June 2008. On a year-over-year basis, receivables over 30 days increased by 18.2 percent.



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CONTACT

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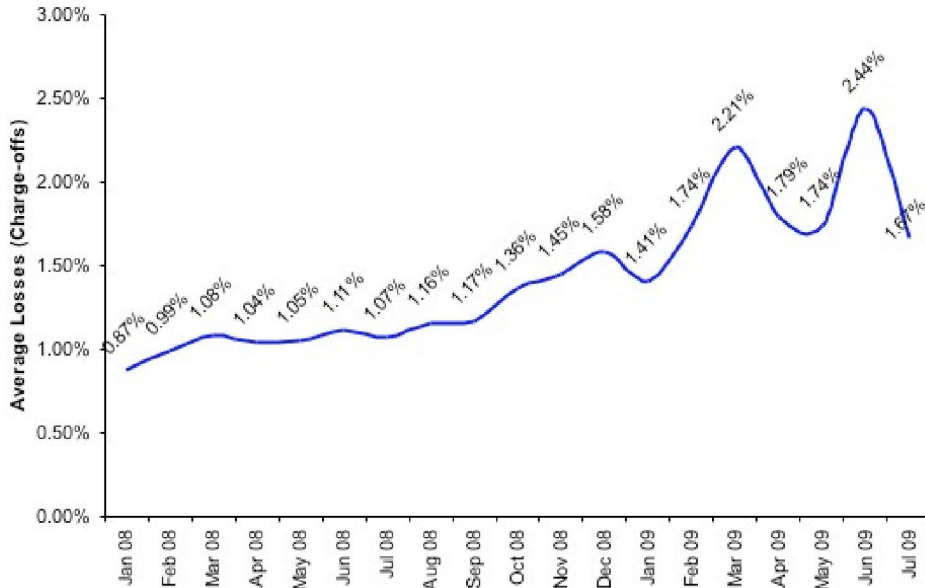
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NJ: Cherry Hill/Lawrenceville

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The MLFI-25 reported that charge-offs decreased sharply to 1.67 percent from 2.44 percent in the prior month but rose by 56.1 percent compared to July 2008.



Source: ELFA

Robert Saldutti to Present at Executive Business Summit 2009

Robert Saldutti, Esq., Senior Partner of Saldutti, LLC, has been selected to speak at the 2009 Executive Business Summit. The conference, which will be held on Thursday, October 1, 2009, will provide guests with a unique opportunity to gain valuable knowledge into the current and emerging corporate challenges. Led by moderator William Dunkelberg, Ph.D., Chief Economist of the National Federation of Independent Business, the summit will lend insight to making strategic and effective decisions, coping with unprecedented consumer demands and dealing with aggressive competition during this uncertain economy. Saldutti will present alongside other experienced professionals who have distinguished themselves in their respective fields.

If you would like to attend the Executive Business Summit, presented by Alloy Silverstein, please RSVP to Laura Lam at LLam@SalduttiCollect.com as seating is limited.

Executive Business Summit 2009

Presented by Alloy Silverstein
Thursday, October 1, 2009
8:00 to 10 a.m.
Doubletree Guest Suites
 515 Fellowship Road North
 Mount Laurel, NJ 08054

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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