

KEWANEE CREDIT BUREAU

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IRS TO BLAME FOR LACK OF GROWTH, ECONOMIST SAYS

LOAN DELINQUENCIES ON THE RISE

More consumers are falling behind on installment loan payments according to the American Bankers Association.

At the end of 1994, 1.7 percent of consumer loans were 30 days or more past due, compared with 1.66 percent during the third quarter. The figure marks the first quarterly jump in the delinquency rate since the first quarter of 1992. Higher interest rates and the expansion of consumer debt have been blamed; however the figure is still below the 1.77 percent at the end of 1993. (ACA Credit-Alert, vol. 24, #5)

LEGISLATIVE UPDATE

HB 1295(Pugh): Amends the Fairness in Lending Act to prohibit financial institutions from denying or varying the terms of a loan on the basis of the history of a previous debt, when that debt has been paid off. (Introduced February 14th and referred to the House Financial Institution Committee.) (ACA Credit-Alert Vol 24, #4)

ANGRY LENDERS REACT TO FEDERAL INTERVENTION/REGULATIONS

The mortgage industry is in an uproar over the Clinton Administration's attempt to redefine racial bias in mortgage lending. Critics of the fair-lending efforts, recently launched by the Justice (DOJ) and Housing and Urban Development Departments (HUD), predict that the backlash may ultimately make it harder for low income borrowers to receive loans. Many in the mortgage lending community feel that Federal regulations have gone to far and that the proposed changes are counterproductive and, add that they will proceed with caution for fear of punitive measures by the Federal Government. (ACB Reports 2-13-95)

The Internal Revenue Service, not the Federal Reserve, is to blame for the slow down in consumer spending, according to economist Richard Hokenson, in BUSINESS WEEK.

This year an unprecedented delay in the mailing of tax refunds to individual taxpayers, due mainly to the IRS's crack down on fraud and verification for earned-income tax credit, is holding up consumer spending. According to BUSINESS WEEK, 90 percent of annual tax refunds (\$87 billion in 1994) are usually dispersed from February through May. The IRS projects refunds to be up 9.4 percent this year, but through February, BUSINESS WEEK reports, refunds were running 23 percent and about \$6.13 billion behind last year.

WOMEN-OWNED BUSINESSES ARE AN ECONOMIC FORCE

During the past 2 years when many major companies reduced their work forces, 25% of women-owned businesses added employees. This is just one of the encouraging facts revealed in a biennial membership survey conducted by the National Foundation for Women Business Owners, Washington, DC. Here are some others:

- * As of 1992, women-owned businesses employed more people in the US than Fortune 500 companies do worldwide.
- * More than 40% have been in business 12 years or longer.
- * During the past 2 years, 57% of women-owned businesses increased sales; 54% improved the quality of business processes; and 46% developed new products, services, or markets.

Types of Women-owned business:

Construction	4%	Wholesale trade	4%
Health Services	6%	Finance, Ins., R/E	7%
Manufacturing	7%	Retail Trade	8%
Other Service	15%	Business/Prof Srvc	48%

(Women-Owned Businesses: The New Economic Force. Figures only total 99% because of rounding)

KEWANEE CREDIT BUREAU HOURS

Monday - Friday 9:00am to 4:30pm