

Sept. 30, 2006, Vol. 14, # 9

## REVISED WEB PAGE

We have made a few changes to our web page.

We added a button so people can pull their free credit reports. We also put an explanation regarding their reports and credit scoring on the page.

We are also adding a page for consumers who are looking to finance a home. This is for anyone, 1st time buyer, for a second or third home or even for refinancing.

The page will have three sections.

1st: The page will have tips and answers to many questions consumers have regarding home loans. If you wish to contribute any questions and answers, we will be glad to include your information and we will give you credit for the information.

2nd: We will have loan calculators so the consumer can see if they should be buying or renting and the costs either way.

3rd: We are listing all the towns where our mortgage lending members have offices. When you click on the town, you will get the name, address, phone number, loan officer, e-mail and web pages of the lenders.

If you do not have a web page or if you do not have an online lending program or platform, and you would like one, give us a call.

LOANSPQ (information is on our web page) is an online lending platform that allows your customers to apply for loans over the internet. It can be tailored so your customers can fill out an application and it is forwarded to you. Or if it can be set up to make a discussion and approve condition or reject the application. Or any where in-between.

## FEMALE BK. LEVELS ON THE UP

A growing number of women are becoming bankrupt as a result of credit card debts and rising household bills, figures showed today. The proportion of women bankrupts has risen from 42% to 44% over the past year, according to accountants Wilkins Kennedy, which surveyed 1,200 bankrupts across England and Wales. Since 2002, the figure has risen from 32% to 42%. Keith Stevens, insolvency partner at the firm, said if the trend continues at the current rate half of all people going through the bankruptcy process will be women by the end of the decade.

"It is difficult to see the situation getting any better because so many people are already teetering on the brink of the precipice," he said. "A modest rise in interest rates or a fall in income could be enough to tip them over the edge." Mr. Stevens said the problem stemmed from the fact that women's salaries have failed to keep up with their need to be financially independent. Research by Halifax shows the proportion of new mortgages taken out by single women has more than doubled in the last 20 years and now accounts for 23% of the total market.

## 39% OF SMALL-BUSINESS OWNERS PAID BILLS LATE

Up to 39% of small-business owners surveyed by Discover Business Card said that they have encountered temporary cash flow issues in the previous three months that caused them to hold off on paying some bills.

The survey is part of a new index measuring economic confidence among the country's 22 million small businesses with five or fewer employees, developed by Discover. The survey sample included 1,000 business owners. The new index is called Small Business Watch.

The survey also found that small business owners are more optimistic about the current state of the economy when compared to the general population: 39% rated the economy as excellent or good, vs. 34% for the general population. Nonetheless, nearly 60% of small-business respondents believe economic conditions are worsening. (2006-08-28, www.ccrmag.net)

## COURT RULES THAT CREDIT CARDS GET MONEY BEFORE CHARITIES PER BK REFORM LAW

**Thou shalt have no gods before me ... except for MasterCard, Visa and American Express.**

That's the way the United States Bankruptcy Court for the Northern District of New York is reluctantly interpreting the controversial U.S. bankruptcy reform law that went into effect last October. The court says those going through bankruptcy may not tithe to their church or make other charitable donations ... until after they have paid off credit card companies and other creditors. Before the new law went into effect, bankruptcy court judges were required to permit debtors to tithe a portion of their income on a regular basis. The 2005 law could have a major impact on the large number of Christians and members of other faiths that are

called upon to tithe a portion of their income on a regular basis. More than two million Americans filed for bankruptcy protection in 2005, and hundreds of thousands will do so during 2006.

Henry Sommer, president of the National Association of Consumer Bankruptcy Attorneys (NACBA), said: "For religious Americans who find themselves deeply in debt due to job loss, catastrophic medical expenses or other circumstances, the 2005 reform legislation didn't just reword the federal bankruptcy code, it also effectively rewrote Exodus and Deuteronomy. Many who practice their faith and believe that they are bound by creed to tithe a portion of their income will find that Congress effectively decided that what credit cards want is more important than the deeply personal religious practices of Americans."

Sommer added: "Our nation's founding fathers who envisioned a separation of church and state never imagined that this division would be used to engorge the profits of moneylenders at the expense of churches."

In the case, the debtors, Frank and Patricia Diagostino, filed chapter 13 bankruptcy on March 1, 2006. In the paperwork required under the means test, the debtors listed a monthly expense of \$100 for "continued charitable contributions." This expense would reduce the disposable income available to pay unsecured creditors from \$80,351.25 to \$74,351.25 (at the rate of \$100 per month for five years).

The trustee in the Diagostinos' case objected to the expense. The 2005 bankruptcy reform law enumerates several "reasonably necessary" expenses that are allowed, such as health insurance and disability insurance, but does not mention charitable contributions as such. According to the IRS guidelines which dictate permissible expenses in bankruptcy, charitable contributions may be included under the category of "other expenses" only in very limited circumstances, such as being a minister with an employment contract requiring tithing.

In his August 28, 2006 opinion (In re: Diagostino and Diagostino, Case No. 06-10384), U.S. Bankruptcy Judge Robert E. Littlefield, Jr. ruled: "This change [under the 2005 law] effectively closes the door for debtors who are above the median income from deducting charitable contributions as an expense unless they can establish the contributions fall under the IRS guidelines. The court does not agree with this awkward, bifurcated Congressional framework which



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makes charitable giving easier for some debtors and not others. Whether tithing is or is not reasonable for a debtor in bankruptcy is for Washington to decide. However, consistency and logic would demand the same treatment of all debtors ... Until Congress amends [the 2005 Act], the court's hands are tied and the tithing principles that this court once applied pre BAPCPA (the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005) have been effectively mooted." (Sept. 8, 2006, collectionindustry.com)

### **BANKRUPTCY FILINGS HIT LOWEST IN 5 YEARS**

AUG. 28 1:23 P.M. ET Bankruptcy filings fell more than 9 percent in the last year and reached the lowest level in about five years, according to data released Monday by the Administrative Office of the U.S. Courts.

During the 12-month period that ended June 30, there were about 1.5 million bankruptcy cases filed in federal courts compared with more than 1.6 million in the year-ago period.

It was the smallest number of filings since the 12-month period ended September 2001, according to the federal court data.

There were 31,562 businesses that filed for bankruptcy, a 2.6 percent decrease compared with 32,406 in the year-ago period.

Filings under Chapters 7, 11, and 13 all fell, while only Chapter 12 filings rose with 360 compared with 290 in the year-ago period. Chapter 12 is an extension of Chapter 11, which protects companies from creditors' lawsuits while reorganizing, and applies to family farms. (8-29-06, Businessweek)

### **COMMERCIAL BANKRUPTCY BACK ON THE RISE**

More publicly-traded companies will file for bankruptcy this year than last year, according to a report put out by PricewaterhouseCoopers' Corporate Advisory and Restructuring group yesterday. It would mark the first year-over-year increase in corporate bankruptcies since 2001.

A dirty cocktail of rising interest rates, flagging economy growth and an increase in energy prices will be a bit too hard for some companies to swallow, leading to the increase in bankruptcies.

PricewaterhouseCoopers says that the industries most affected will be retail, consumer

products and certain manufacturing sectors.

The report forecasts that 88 public businesses will file for bankruptcy in 2006 as opposed to 80 public businesses in 2005, an increase of roughly 9%. (August 22, 2006, PAR3 Communications 9245, by Patrick Lunsford, CollectionIndustry.com)

### **REFINANCING SOAR TO EIGHT MONTH HIGH**

The number of applications for loans to refinance existing mortgages increased last week to the highest level since early February, the Mortgage Bankers Association reported Wednesday. And overall, mortgage applications filed with major U.S. banks rose by a seasonally adjusted 2% from the week before to reached the highest level since April, the bankers said. Still, mortgage applications are down 22.5% in the past year, in line with other data showing the nation's housing market cooling significantly. The MBA survey covers about half of all U.S. loan applications. Applications for loans to buy a home fell 3% on a week-to-week basis, while refinancing loans rose 9.5%. Refinancings accounted for 43.7% of total applications last week, up from 40.3% to reach the highest proportion since January. The share of loans with adjustable interest rates rose to 27% from 25.5%, which was the lowest ARM share in nearly three years. Average contract rates for 30- and 15-year fixed-rate mortgages rose in the latest week to 6.36% and 6.04%, respectively, from 6.32% and 5.98% a week earlier. Fixed interest rates have now risen two weeks in a row, but they're down about half a percentage point over the past three months. (9-20-06, creditandcollectionsnews.com)

### **BANKS START TO LOWER FEES TO ATTRACT NEW CUSTOMERS**

Hey, banks, I've got an idea: how about you not charge me for access to my very own money? Whaddaya think about that?

Well – according to a CNNMoney.com story – they're entertaining the idea, somewhat.

Given the increasingly competitive landscape, with high-yield online bank accounts stealing market share, retail banks are having to fight tooth-and-nail to draw traffic to their stores. "And that means," the article continues, "innovative, consumer-friendly products."

For starters, that means lower – or no – annual fees. Also, not hitting customers up for cash each time they use an out-of-network ATM

simply because the bank didn't plan ahead enough to realize that it's not my fault there isn't a Chevy Chase bank machine within walking distance of my apartment.

Or, you know, something,

Of course, there's always someone nearby to point out the bad side: "To some degree, there is a revenue hit from these kind of initiatives," said Madhavi Mantha, senior analyst at independent research and consulting firm Celent LLC. "But the whole goal, especially from free checking, is to gain deposit customers and that is financially more important than any hit they have from waiving fees."

Washington Mutual – or WaMu as they irritatingly like to call themselves – has already seen an additional 400,000 new bankers ever since they imposed their no-fee checking and ATM usage. TD Banknorth, which also unveiled some new banking products – including reimbursing customers' ATM fees at out-of-network machines – has seen some initial hits to its bottom line, but is willing to take one for the team if it means more and more active banking clients.

"Customers that have multiple products with banks are less likely to leave those banks," noted Gerard Cassidy, managing director of equity research at RBC Capital.

As far as if this customer-focused scheme will be good for banks in the long-run – that remains to be seen. If nothing else, it is a long-awaited boon for customers. (9-20-06, PAR3 Communications 9245, by Mike Bevel, collectionindustry.com)

### **KCB INFO SERVICES HOURS**

Monday – Friday 9:00am to 4:30pm

KCB Information Services offers: Consumer credit reports, Business Credit reports, Employment Credit reports, Residential Mortgage Credit Reports, Merged Credit Reports, Criminal background checks, Tenant Screening Reports, Flood Zone Determination, Flood Life of Loan Certification, Identity Authentication and eFunds Debit Reports.

The KCB Information Services has served businesses since 1928 and serves Central Illinois for Experian and Equifax.

*Memorize this statement by coach Lou Holtz:  
"Life is 10 percent what happens to me and 90 percent how I react to it."*

A happy person is not a person in a certain set of circumstances, but rather a person with a certain set of attitudes. -- Hugh Downs