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CREDIT & COLLECTION NEWS

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Inside this issue:

New Alliance Partner

Caine & Weiner & NACM Tampa Team-up

Van Nuys, CA— Caine & Weiner and NACM Tampa, an affiliate of the National Association of Credit Management, have entered into an Alliance Partnership.

The announcement was jointly announced by Bill Meeker, President of NACM Tampa, along with Greg Cohen and William J. Vallecorse, the President & COO and President-Central U.S, respectively of Caine & Weiner.

"We are pleased to align ourselves with NACM Tampa", Cohen said, "By establishing this relationship our clients have access to additional credit and educational resources to help them accomplish their objectives."

Resources provided by NACM Tampa include reports, publications, workshops, seminars, continuing education and more. The affiliate encourages member participation in selected business activities and committee work.

Headed by Bill Meeker, the Tampa, Florida-based organization has 300+ members who they actively serve with their credit-related services and on-going industry events.

NACM Tampa is the second NACM affiliate to enter into an alliance partnership with Caine & Weiner. In April, 2004 NACM/Chicago Midwest and Caine & Weiner became partners.

NACM Tampa
A Proud Affiliate of NACM
National Association of Credit Management

The National Association of Credit Management which began in 1896 serves several thousand members nationwide primarily in manufacturing, wholesaling, financial institutions and varied organizations.

"We place a high value on our alliance partnerships", said Cohen, "NACM Tampa reflects our core values and it's a pleasure to partner with them."

Global Credit Solutions Partners to meet in Lisbon

Sydney, Australia—Lisbon, Portugal will host this years World Conference, September 26-28.

"Already more than 40 GSC Croup Partners from around the world have registered", said Neil Wood, the event organizer.

Global Credit Solutions is a leading organization in international risk management., It's 75+ partners are linked together into a cohesive world-wide network to provide debt recovery assistance to each other.

Global Credit Solutions

"I'm looking forward to the September Conference in Lisbon", said Bob Caine, CEO of Caine & Weiner. "We're very excited to be a partner in this world class organization which directly benefits our clients".

Hot U.S. Housing Market Partly Fueled By Risky Loans

New York, NY The U.S. housing market is hot and frothy, fueled in part by buyers using risky loans that may hobble them in the near future.

These riskier mortgage loans are drawing heated criticism from the Federal Reserve and bank regulators worried about aggressive lending and from credit rating agencies concerned about the greater risk of default.

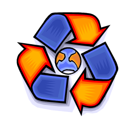
One such loan, an option ARM that is gaining popularity as home prices surge, is raising particular fears.

A borrower has several payment choices including initially paying no principal and less than the interest due each month. In these “negative amortization” loans the borrowers loan size can end up growing.

“The more affordable the mortgage seems at origination the more likely the option ARM borrower will faced difficulty making their loan payment when it is recast to prevailing rates”, said Glen Costello, managing director at Fitch Ratings. “The borrowers risk of default increases if the rates increase”.

Interest-only loans made up 11 percent of the total nationally in the second half of 2004, but in some pricier markets that concentration was over 50 percent, said Doug Duncan, chief economist at the Mortgage Bankers Association.

More than 30 percent of all home loans last year were “nontraditional”, something other than a 30 -yer fixed-rate fully amortized mortgage.



Credit Card Delinquencies Fall, Bankers’ Group Says

Miami, FL—The percentage of U.S. consumer credit-card accounts with overdue payments fell in the first quarter to the lowest level in more than two years, helped by rising employment and incomes, the American Bankers Association recently announced.

The share of delinquent credit card accounts fell to 4.03 percent during January to March from 4.2 percent the previous quarter, the banker’s group said. The rate hasn’t been that low since the third quarter of 2002.

“Overall, I’d say consumers are managing debt well,” said James Chessen, the groups chief economist, said in a statement.

“Employment and income growth, combined with historically low interest rates have balanced out the strain that higher gas prices placed on household budgets”.

Consumers had more trouble making payments on personal, auto and home equity loans during the first three months of the year. Delinquencies on these loans collectively rose to 1.89 percent from a 10-year low of 1.68 percent the previous quarter, the bankers group said.

The percentage of home equity loans that were 30 or more days past due rose to 2.43 percent from 2.37 percent the previous quarter.

U.S. Mortgage Delinquencies, Foreclosures Edge Down

New York, NY— The percentage of U.S. residential mortgages that were delinquent or in foreclosure edged down in the first quarter from the same quarter a year earlier, thanks to an improving economy, a mortgage industry group said.

At the end of the first quarter, the mortgage delinquency rate was 4.31 percent, down from 4.46 percent in the same quarter of 2004 and down from 4.38 percent at the end of the fourth quarter of last year, the Mortgage Bankers Association said.

The figures are seasonally adjusted and apply to one-to-four unit residential properties.

The new foreclosure rate on mortgages was 0.42 percent at the end of the first quarter, down from 0.47 percent in the year-ago quarter and 0.46 percent at the end of the fourth quarter.

During the first quarter of 2005, the U.S. economy grew at almost 3.5 percent in annualized real terms, adding 180,000 jobs a month.

“Economic growth is expected to remain strong over the next couple years. Likewise, job growth should be steady in the presence of modest interest rate rises, said Douglas Duncan, the MBA’s chief economist.

U.S Jobless Rate Falls to Five Percent.

Washington, DC— The U.S. unemployment rate fell to a 4-year low of 5% in June as the economy added 146,000 payroll jobs, the Labor Department recently announced.

Economists had expected the jobless rate to remain at 5.1%,

The drop in the jobless rate, however, is not good news as it was largely due to fewer people looking for work, said Drew Matus, economist at Lehman Bros. "People do not believe that employment opportunities are plentiful."

"Overall, job growth has been erratic and unexceptional," said Peter Morici, a business professor at the University of Maryland. "The quality of jobs created has been mediocre at best."

The report shows continued slow improvement in the labor market, outside the manufacturing sector. The report is not likely to have much impact on the Federal Reserve's deliberations about whether to keep raising interest rates.

The number of people out of work longer than six months fell sharply in June to 1.31 million from 1.53 million.

Do you have business news or something compelling to report?

Please Email Frank Draper at frank.draper@caine-weiner.com

Will That Be Cash, Credit Or Cell?

Oak Brook, IL— For years, techies and wireless phone companies have coveted a dream: turning the ubiquitous cell phone into a virtual wallet. Although in the early 1990's some startups such as *724 Solutions* teamed up with banks to let people check balances and transfer funds from a phone, pokey technology and tepid demand snuffed out the market.

Now, so called mobile commerce seems poised to make a lasting comeback. Services are already up and running in Japan, South Korea, Germany and elsewhere.

One such company, *C-SAM*, a tiny, privately owned software developer in Oakbrook Terrace, IL is expected to roll out a service early next year that will allow people to use their phones as credit cards.

Hurdles, however, still exist. Americans love to talk but haven't warmed to using cell phones for much else yet. They have legitimate concerns about security and how easy it will be to make a transaction. Banks, moreover, will have to spend millions of dollars to upgrade systems before the technology goes mainstream.

User-friendly technology will be the key to success. During trials in Japan last year, Visa International found that customers dismissed the technology because it was too much work to punch tiny phone buttons. Fickle US consumers demand something simple.

More Vacationers Intend To Use Credit Cards To Fund Their Vacation

Agawam, MA— More than half of Americans (53%) plan to take vacations this summer that involve traveling at least 75 miles from their homes, up by three percentage points from 2004. Almost a quarter of them (23%) will be charging the vacations to their credit cards, up four percent from a year ago, according to the Cambridge Consumer Credit Index.

The results of the survey show that American's are feeling increasingly confident enough about their finances to take vacations in record numbers. Rising gasoline prices do not seem to have restrained vacation plans.

While more Americans are using credit cards, the biggest increase was in those paying cash, which jumped from one percent in 2004 to ten percent this year, said Jordan Goodman of the Cambridge Consumer Credit Index.

The result of the survey show that consumers are becoming increasingly cautious in taking on new debt. While the amount of debt they took on last month shot up, their intentions for taking on more debt in the short term and long term fell significantly.

"This could be an indication that people are doing a better job saving their money and sticking to a budget, which is very good new", said Chris Vale, President and CEO of Cambridge Credit Counseling Corp.

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TheBiz

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Your satisfaction with our service is our highest priority!

Caine & Weiner is an international accounts receivable management company that provides commercial and retail credit & collection services to the global business community.

Established in 1930 by Sidney Caine and Charles Weiner the firm has offices strategically located across the country to service their 3,500 clients.

Credit Card Holders With Highest Balances Pay Lowest Rates

Conventional wisdom assumes that credit card users with higher balances pose a bigger repayment risk and therefore are charged the highest interest rates.

A recent study, however, revealed that many Americans with high credit card debt are often business-savvy who shop around and used low interest credit cards to minimize payments.

It's the newest shell game, but this time consumers are simply playing by the low interest marketing rules set by banks and credit card companies trying to attract new customers.

Even more surprising, among consumers who carry balances and have not missed payments, an increase of $10,000 in their credit card debt was linked to a full one-point decrease in overall APR.

The study, conducted by Ohio State University found that credit card holders who carry a balance, but have missed no payments have an annual percentage rate (APR) or 13.9 percent-a full 1.2 percentage point lower than the card holders who pay off their balance every month.

With the dearth of real research, most people believed banks would view high credit card balances as a default risk and would give these consumers higher interest rates. However banks have become more sophisticated in evaluating credit risk and no longer penalize consumers simply for having large balances.

At the same time banks have become more competitive and are aggressively seeking new credit card customers by offering low interest introductory rates—sometimes ever 0 percent APR balance transfer as their best credit card rate.