

LOAN COLLECTIONS & TECHNOLOGY

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Loan Collections & Technology is

published by

ROYAL MEDIA GROUP

150 West 25th Street

Suite 902

New York, NY 10001

t: 212-206-8000

e: info@lendingintelligence.com

www.lendingintelligence.com

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SALLIE MAE EXPECTS BIG THINGS FROM RECENT AGENCY BUYS

Sallie Mae is banking on big returns from the two collection agencies it recently acquired: **Pioneer Credit Recovery Inc.**, the top collector for the U.S. Dept. of Education, and **General Revenue Corp.**, the largest university-focused collection agency in the nation.

Specifically, the purchase of the two companies was part of Sallie's plan to build up and diversify its in-house expertise in student loan delinquency and default services — a move intended to boost profits, said Albert Lord, vice chairman and chief executive of the company, which is formally USA Education Inc.

At **Salomon Smith Barney Inc.**'s recent Financial Services Investor Conference in New York, Lord said the company expects the collections operations to "add significant contributions to earnings starting in '04, and extending afterward."

Matha Holler, a spokeswoman for Sallie Mae, said it will take until 2004 for the company to fully integrate the two agencies.

These recent acquisitions were prompted by Sallie Mae's plan to shed its charter as a government-sponsored enterprise, tentatively slated for 2006. By discarding its charter, originally planned for 2008, Sallie Mae positions itself to start actually originating student loans, as opposed to just buying them from other lenders.

Meanwhile, Holler said the added collections expertise the two companies bring to Sallie Mae should add an additional six cents per share to dividends this year.

USA Ed., formerly **SLM Holding Corp.**, provides funds for educational loans, primarily federally guaranteed student loans

AMERIDEBT ADOPTS 1ST CONSUMER CARE POLICY

Responding to a barrage of negative publicity, **AmeriDebt**, the nation's largest credit counseling agency, has created its first policy on how to handle consumer grievances this month.

The policy sets guidelines on how AmeriDebt must respond to consumers' complaints filed with Better Business Bureaus. AmeriDebt has 82,000 current clients and was founded in 1986.

Like other credit counseling agencies, most of which are non-profit enterprises, AmeriDebt has faced a flurry of criticism recently over what some observers say are its shoddy and occasionally inappropriate counseling services.

"We are trying to distance ourselves from the negative publicity surrounding many counseling agencies that are taking advantage of consumers," said Jeffrey Formulak, executive director of AmeriDebt. "This is a rapidly growing industry, and we want to protect our reputation, while providing quality counseling services."

The **Council for Better Business Bureaus** reported a 33% increase in consumer complaints about credit counseling agencies in 2000 to 1,057, the most recent year for which data is available. Formulak said AmeriDebt has some 180 Better Business Bureau complaints outstanding, mostly for failing to adequately disclose its fees.

About 750 counseling agencies serve 9 million debt-saddled consumers, according to the **National Foundation of Credit Counseling**.

According to AmeriDebt's new policy, which it calls the Zero Tolerance policy, the

Integration

CALENDAR

Feb. The National Seminars Group will offer its "Collecting Accounts Receivable" workshops at several locations in New York, New Jersey and Pennsylvania throughout February and March.

For schedule info, 800-258-7246, or www.natsem.com

Feb. 20-21: The Institute for International Research is holding its 2002 "Distressed Debt Summit" at the Stanhope, Park Hyatt in New York City. 888-670-8200 or www.iirusa.com

Feb. 20-22: The Mortgage Bankers Association will hold its "National Mortgage Servicing Conference" at the Wyndham Anatole Hotel in Dallas. 800-793-MBAA, or www.mbaa.org.

Feb. 24-26 Royal Media Group will host "The Subprime Summit 2002" at the Radisson Resort & Spa in Scottsdale, Ariz. 800-320-4418, or www.lendingintelligence.com

March 10-12 Thomson Financial hosts its 6th annual "National Credit & Collections Risk Conference" at the New Orleans Marriott. 800-803-3424 or www.tfconferences.com.

ATTORNEY-COLLECTOR STREAMLINES CALL CENTER

Retail collection specialists **Mapother & Mapother Attorneys**, recently flipped the switch on a new technology infrastructure — a platform that required integrating the firm's new dialing technology and call center with a vendor-supplied collection system already in use.

Mapother is among a growing number of specialty law practices that also double as collection entities. "It's a niche practice area in the collections sector, but it's growing as creditors recognize the advantages of the legal expertise we bring," said Don Haunz, Mapother's firm manager.

The firm represents creditors throughout Kentucky and West Virginia, southern Indiana and Ohio, as well as a number of creditors on a national basis. Clients include **Ford Motor Credit Co., Chrysler Financial Co., State Farm Insurance, Citibank, General Motors Acceptance Corp., NBD Bank, PNC Bank, L & N Federal Credit Union, WV Credit Union League, CUNA Mutual Insurance Society** and others.

WISH LIST

According to Haunz, Mapother had been looking to automate its outbound customer contact process for a few years; it also wanted to link this process directly to its incumbent collections system, Collection Partner, from **Jim Hubbard & Associates Inc.**, Birmingham, Ala.

"During the last year, it became obvious that to grow we were either going to have to add a lot of people or add technology," said Haunz. "Considering the labor costs today — salaries, office space, equipment, training and supervision — adding people wasn't the best way to go."

Mapother needed the technology not only to support staffers in its Louisville, Ky., headquarters, but also to provide seamless access to its regional offices located in Evansville and

Jeffersonville, Ind.; Lexington, Ky.; Cincinnati; and Huntington, W. Va.

THE LINE-UP

Following extensive evaluations, Mapother selected **Predict Ability Plus Inc.'s** (PA Plus) Predictive Dialer and Call Management System, linking it with the Siemens Iwatsu ABIX Phone System via PA Plus's Computer Telephony Integration (CTI) software, and integrated to JH&A's Collection Partner.

Continued on page 4

CASE STUDY: COMMONWEALTH COLLECTION AGENCIES

Like Mapother & Mapother, **Commonwealth Collection Agencies** in Virginia Beach, Va., integrated Predict Ability's predictive dialer with a new phone system (Siemens HICOM) and **Jim Hubbard & Associates'** Collection Partner software.

Six months after completing its integration, CCA reported collections increased on the average of 9% per month, or \$76,243.

According to Valerie Williams, the CCA manager who oversaw the project, fees collected increased on the average of 23% per month, or \$51,738.

Williams said placements increased on the average of 31% per month or 3,356 additional files, and placement value increased on the average of 45% or \$2,673,428 per month.

"In April of 2000 we had approximately 14,000 calls in queue for review with an average age of 101 days," said Williams. "In March of 2001, we had approximately 13,250 in queue for review with an average age of 62 days (a 38.6% improvement)."

"In April of 2000 we had the maximum number of accounts we could place on the dialer (3000) with an average age of 90.4 days," added Williams. "In March of 2001, we had approximately 2,400 accounts on the dialer with an average age of 9.3 days...That's an 89.7% improvement."

Staffing

RECRUITMENT EASING IN COLLECTIONS SECTOR

Whether it's front-line collectors or back-office technology professionals, employee recruitment and retention in the credit-collections sector has gotten easier. There's plenty of work to be done, though, as the slowdown in the economy has spurred a rise in delinquency rates.

Battling a recession, rising unemployment rates and other bleak economic indicators, companies are turning to their collections professionals to help shore up some of the shortfalls as once robust revenue streams fade.

"A good collections department today is worth its weight in gold, if it can get clients to pay before it gets to the legal point," said Mark Rednick, president of **MRI/Sales Consultants of Dallas**, an executive-search firm that places managers in loan departments at large banks.

"Getting the right collections people in place is important, because when you're talking about making up small percentages, everything collectors collect goes right to the bottom line."

Unfortunately, collections is often an undervalued arm in many financial institutions.

"In some cases the collections department is seen as almost a step-child," said Rednick. "Good companies recognize its value. The other companies have them because they have to have them. They don't put collections at the top of the pile, so they don't put that much into manpower and technology."

TECHNOLOGY vs. EXPERIENCE

Rank and file collectors, the backbone of any collections operation, have traditionally not enjoyed stunning six-figure salaries and lucrative compensation packages.

They often spend years grinding it out in the trenches in the back offices of loan departments, or aggressively working the phones at independent collection agencies.

Technology, meanwhile, more than anything else, is redefining their jobs.

"Historically collectors have been viewed as becoming stronger and more valuable as they became more seasoned, developing an instinctive feel for the right questions to ask," said Arthur Ringwald, president and chief executive of **Ocwen Technology Xchange Inc.** OTX is the West Palm Beach, Fla.-based software development arm of the loan-servicing giant **Ocwen Financial Corp.**

"Using technology...you can take someone with little or no experience, a good personality, a good telephone speaking voice, and with the right questions, that person can become the best collector in the group," said Ringwald. "We've automated it to the degree that you can vastly improve results with much less-skilled people."

BABY STEPS

Though the sector's move toward technology has been more of a slow crawl, the applications themselves aren't that sophisticated from a user's perspective.

"For the most part, we're talking basic enhanced telecommunications technology," said Rednick. "It's things like automating the accessing of account information, as well as tasks like generating notices to clients."

Still, while there's clearly a rise in delinquency activity as of late, there hasn't been a proportionate rise in staffing to meet the escalating demand.

"The collectors don't want to spend money and are always extremely price conscious, and that extends to every aspect of their operations," said Lynn A. DeGrote, chief operating and financial officer of **SearchAmerica Inc.**, a skip-tracing service based in Maple Grove, Minn.

"There's traditionally been a lot of turn-over because collectors tend to hire low-end paying people, which means we have to

CALENDAR

March 17-20 The Consumer Bankers Association is hosting its 22nd "Automobile Finance Conference & Tradeshow" at the Hyatt Regency in San Diego, Calif. 703-276-1750 or www.cbanet.org.

April 21-23 Baker Hill's rescheduled 10th Annual "Lending Technology Conference", still to be held at the Pointe Hilton Tapatio Cliffs Resort in Phoenix, Arizona. 800-821-8664 x1260, or lrc@bakerhill.com

June 12-14 The CBA will hold its 4th annual National Collections Conference at the Hershey Lodge & Convention Center in Hershey, Penn. 703-276-1750 or www.cbanet.org.

To have your conference listed in *Loan Collection & Technology's* monthly Calendar section, email the information to cmcguire@rmgdigital.com or call Craig McGuire at 212-206-8000 ext.103.

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Debt Mart

LOAN COLLECTIONS & TECHNOLOGY

a Royal Media Group publication

Jonathan S. Hornblass
EXECUTIVE EDITOR/PUBLISHER
hornblass@rmgdigital.com

Craig McGuire
MANAGING EDITOR
cmcguire@rmgdigital.com

Marianne Sullivan
ASSOCIATE EDITOR
msullivan6@cs.com

Marcie D. Belles
CONTRIBUTING EDITOR
mdbelles@rmgdigital.com

Mike Gibb
CONTRIBUTING EDITOR
mgibb@rmgdigital.com

Tracy McNamara
CONTRIBUTING EDITOR
tmcnamara@rmgdigital.com

Andy Sharifi
ADVERTISING & MARKETING
asharifi@rmgdigital.com

Meredith Krantz
OPERATIONS
mkrantz@rmgdigital.com

Loan Collections & Technology is published monthly. Annual subscription: \$395 (12 issues). Tax ID #13-3852425. For more information, contact
ROYAL MEDIA GROUP
150 West 25th St., Suite 902
New York, NY 10001
t: (212) 206-8000
f: (212) 206-0609
e: info@lendingintelligence.com

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MERGER SPAWNS ONLINE DISTRESSED DEBT EXCHANGE

E-Debt Exchange Inc. and CollectionsX, two online exchanges for trading distressed debt, have merged to produce one unified exchange, eDebt.

The deal was orchestrated by CyberStarts, the Atlanta-based technology holding company that owns CollectionsX, and now holds the majority stake in eDebt. The market for distressed debt should continue to grow, as delinquencies rise in the wake of the struggling economy.

The distressed debt market is estimated between \$30 billion and \$50 billion, according to Alec Smythe, chief executive of CollectionsX. In it large creditors, mostly banks, major retailers and utilities, sell off delinquent loans for cents on the dollar to collections entities and law firms.

Usually, the loans have been delinquent for upwards of six months before they are sold.

The exchange will provide online buying,

MAPOTHER STREAMLINES

continued from page 2

"Essentially, Mapother was upgrading its phone system, adding a predictive dialer and call management system, and integrating it all to the collections system," said Rod MacKenzie, sales director at PA Plus.

In fact, integration and cost were two critical considerations during evaluations.

"Integration was important, especially when you consider data integrity," said Haunz. "Without integration, you never quite get totally comfortable that the data is correct, because you're relying on people to manually transfer that data from system to system."

As is often the case when linking multiple systems, Mapother's integration project snagged a rough patch.

"Iwatsu told PA Plus that the switch was ready

selling, and contingency placement of distressed debt. Planning to sell its proprietary information and analytics, the new company will also assist creditors in placing debt portfolios for contingency collection.

Traditionally, brokers completed these deals directly, mostly via faxes.

To date, eDebt has already inked deals with AmSouth, Bank of America, Capital One, GE CardServices, MBNA, National City Bank, and Providian Bank.

Entering the distressed debt trading market less than two years ago, both E-Debt and CollectionsX have grown rapidly by offering online debt exchanges enabling buyers and sellers to transact through customized auctions, where the sellers set parameters (such as what information is available online to the buyers).

Though officials would not comment on the terms of the deal, the agreement will require E-Debt and CollectionsX to merge their web sites into a single entity: www.e-debt.com.

for this type of integration, but no one examined the switch," said Haunz. "So when we were ready, the switch wasn't, which caused a delay."

After the short delay, the integration project was completed, and the system went into full production late last year.

Essentially, PA Plus's CTI software serves as the mechanism that allows the dialer server to control the calls. Calls are placed through the ABIX Phone System and monitored for call progress by the PA Plus server.

Once a call is answered, the call is automatically transferred to a collector. As the collection system integrates directly with the dialer, a live collection record is presented with the caller.

With the seamless integration, account records are always up to date at the moment the calls are made. This reduces the risks, such as, should a payment be posted in the morning, a call would not be mishandled because the record was downloaded the previous evening.

Staffing

RECRUITMENT EASING

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make systems that look like [Microsoft Corp.'s] Windows, and make them easy to use so they'll accept the automation."

One result of this frugality, according to DeGrote, has been the rise in the demand for service bureau-based solutions. Such service arrangements are remotely accessed, and require the user company to maintain little, if any, in-house technical expertise.

"They can't, or they won't, hire the people they want to hire," said DeGrote.

"Technical people were in short supply," he added. "But now, with the dot-com crash and the recession, there are more technology folks floating around, so we'll likely see some companies take advantage, and subsequently have the manpower to bring some systems in-house."

Recruiting for collections professionals, especially those equipped with both business acumen and technology expertise, requires a different approach.

Recruitment and retention efforts have been aided, though, as employers in the collections sector are now fishing in an ever deepening talent pool.

"Recruitment efforts in the credit collections sector have been pretty smooth starting the second half of 2001," said Jeff Dansler, president of **Comtronic Systems**, a Cle Elum, Wash.-based developer of collection software. "It hasn't been that difficult to find good people."

TABLES TURNED

Dansler explained that as recent as a year ago, it was extremely difficult to find and attract people with the right skills.

"Turnover was very high, and it was definitely an employee-driven job marketplace," Dansler said. "Applicants are no longer shopping jobs like they used to."

This has enabled employers like Dansler to staff up with experienced professionals.

"The people we do hire must have a heavy accounting background," said Dansler. "Loan collection is all about handling and collecting money, so our people need to know the appropriate audit trails, how to balance the books, and then you need to couple that with a technology background."

Meanwhile, Randy Straus, president of **MRI Strauss Group Inc.**, a recruitment agency in Williamsville, N.Y., said the demand may be higher because of increased activity, but technology and shrinking revenues are forcing employers to ask employees to do more, with less.

"Some companies are saying they need one guy to do what previously had been two jobs," said Straus. "Or, they need four people to do six jobs. Sometimes it's possible; sometimes it's unreasonable, but they'll keep on asking."

SALLIE'S NEW BUYS

continued from page 1

originated under the Federal Family Education Loan Program (FFELP). The company currently owns or manages nearly \$72 billion in student loans.

Last month, Sallie Mae announced that the company had purchased GRC. Located in Cincinnati, GRC performs collections for seven guaranty agencies and nearly 800 additional clients, of which 730 are higher education institutions.

FOLLOW-UP DEAL

The GRC buy was announced just weeks after news of Sallie Mae's purchase of Pioneer Credit in late December last year. The acquisition closed on January 2, 2002.

Located in Arcade, in upstate New York, Pioneer provides loan delinquency and default services on behalf of the U.S. Department of Education, the U.S. Department of Treasury, the Colorado Student Loan Program, the Oregon Student Assistance Commission and hundreds of other clients.

Counseling

AMERIDEBT'S NEW POLICY

continued from page 1

company pledged to always resolve any complaint by a customer — or even former customer — filed with a Better Business Bureau to the benefit of the client.

Furthermore, as part of its standard contractual obligations, AmeriDebt will now disclose its fees to customers no fewer than four times during the initiation process.

There were no formalized fee disclosure procedures previously.

Finally, AmeriDebt committed to adding two full-time staff positions: a lawyer to handle consumer complaints and a director of consumer education.

AmeriDebt's Formulak said the company does not mandate that its customers pay it fees.

Rather, fees are "voluntary contributions," although every AmeriDebt

contract with consumers states that a voluntary payment equal to 3% of the borrower's debt outstanding could be made at the start of credit counseling.

NO PAT ON THE BACK

Few consumer advocates have lined up to congratulate AmeriDebt on its new consumer service policies.

"I hope they're not waiting for applause," said Travis Plunkett, legislative director for the **Consumer Federation of America**. "It sounds like they're showing some seriousness in addressing complaints, but this is how reputable companies across the country conduct business everyday."

"Clearly this indicates that they're responding to pressure," Plunkett added. "But it remains to be seen if they have turned the corner with this one move. They have a long way to go to prove that they are interested in providing quality counseling, and not just locking people in payment plans."

AmeriDebt, like most credit counseling services, receives funding from consumer fees, charitable contributions, and payments by lenders for managing debt payment plans for their borrowers, which are commonly known as "fair-share allotments."

Formulak said that the fair-share allotments AmeriDebt receives have dwindled in recent months to about 6% of the total debt from 12%.

TECH BYTES

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Instant-Bank is currently developing an internet version of its loan-servicing module, slated for release later this year.

All modules are built on pure HTML and Java technology, with no client/server components at all. For more information: www.instant-bank.com.

WALL STREET WATCH

PERFORMANCE OF PUBLICLY-TRADED COLLECTION-RELATED TECHNOLOGY COMPANIES

Company	Ticker	Price2/8	Price1/18	%Ch.	P/E	52-Wk Hi	52-Wk Lo	Shrs.Out*	Mkt.Cap	Avg Vol
American Mgmt. Syst.	AMSY	18.55	19.20	-3.38	27.67	25.040	10.250	41,686	773.2M	207,045
Alltel Corp.	AT	54.95	57.09	-3.74	16.36	65.15	49.430	310,412	17.05B	855,863
Computer Associates	CA	26.16	35.88	-27.09	n/a	38.74	22.370	577,433	15.1B	3,116,454
CheckFree Corp.	CKFR	11.65	16.56	-29.64	n/a	57.25	10.930	87,213	1.01B	785,727
Computer Sciences	CSC	46.34	44.65	3.78	47.63	64.95	28.990	170,327	7.89B	1,025,363
Davox Corp.	DAVX	9.05	8.10	11.72	n/a	14.875	7.200	12,331	111.5M	25,500
NCO Group	NCOG	21.70	21.80	-0.45	18.91	34.875	11.000	25,811	560M	297,454
Ocwen Financial Corp.	OCN	7.58	8.05	-5.83	n/a	11.370	6.400	67,289	510M	49,272

* In thousands

Dossier

9CI INC.

The preliminary information you need to analyze whether this vendor is right for your company.

Corporate Profile: 9ci Inc. offers the web-based iTradeVision suite for managing industry-specific cash application issues including deduction tracking, analysis and resolution; collections management; and trade fund management and analysis applications.

Address: 611 North Route 83, Suite 103, Bensenville, IL 60106

Phone: 800.397.6952

Fax: 630.766.9539

Web Address: <http://www.9ci.com>

iTradeVision modules:

- **Collections Management Module:** Reduces the manual tasks associated with the collection process and allows more customer contact. 9ci's Collection Management Module prioritizes faxing and calling based on customer types to guide collectors through the next appropriate course of action.
- **Cash Application Module:** The Cash Application Module accepts data from external data sources (ACH, LockBox, EDI, Wire, etc.), and performs a series of algorithms that feeds the resulting data automatically into the user's Accounts Receivable system, as well as iTradeVision's Deduction Control Module.
- **Deduction Control Module:** The system

segregates the deductions from outstanding invoices and provides a true asset value of receivables and a pure Days Sales Outstanding (DSO) statistic. This module also tracks the history of deduction resolution.

- **Tradetopia Module:** Offers companies a web-based solution for their collaborative trade fund planning, tracking, managing, and analysis in real-time. It provides reporting on trade planning and spending and a way to link brokers, field sales, and corporate users through an integrated, real-time system.

(9ci also offers a range of analysis and reporting tools.)

Customers: 9ci, Inc. has provided software solutions to companies such as **TTI Inc., SC Johnson, Emerson Electric, Royal Appliance, Thiokol Corporation, Welch's, Truth Hardware, Inc., Kolcraft, Plastipak Packaging Inc., Heyman Corp., Pepsi-Cola General Bottlers, Rockwell International Corporation, Bristol-Meyers Squibb Co., Pioneer-Standard, and Delta Faucet Co.**

Contact: James Dean, vice president of business development, 800-397-6952 (ext. 321) or james.dean@9ci.com

To appear in Dossier, please contact Craig McGuire at 212-206-8000 x103 or cmcguire@rmgdigital.com.

DAVOX, FITCH REBOOT BRANDS

Ever conscious of brand strength, or lack thereof, two giants that service the credit collections sector recently decided to revamp their monikers.

Following its recent acquisition of **Cellit Inc.**, the Miami-based provider of CIM, or customer interaction management, solutions, the telecom behemoth **Davox Corp.** announced it was shedding its ominous title in favor of the more melodic **Concerto Software Inc.**

In less dramatic name-dropping news, international rating agency **Fitch Inc.** has bulked up the single-syllable moniker it was previously known by.

The company now known as **Fitch Ratings** has also launched a new "FitchRatings" logo to go along with its retooled brand. And just in case visitors to the FitchRatings site haven't heard the news, they are met with a pop-up screen reminder every time they visit.

Regional Report

SALT LAKE CITY SURGING: BANKRUPTCY IN THE BEEHIVE STATE

Rising bankruptcy and delinquency rates are generating more business in the hotly contested collections industry in the city by the Great Salt Lake.

SALT LAKE CITY STATS

Population: 174,348

Area: 90.5 sq. miles

US Median Age: 35.2

Utah Median Age: 26.7

US #Persons per

Household: 2.62

Utah # Persons per

Household: 3.08

US # People Per family: 3.16

Utah # People Per family: 3.67

Mormons: 60%

Others: 40%

Salt Lake City's collections industry is riding a wave of rising delinquencies, driving up Utah's bankruptcy rate. There may be more business to go around in the "Beehive State", however things aren't getting easier as more and more Utahans are opting for Chapter 7 bankruptcy protection.

The local economy has suffered a slow downward slide, keeping time with the anemic overall U.S. economy. Eric Olsen, owner of **Arches Financial Inc.**, Salt Lake City, said rising bankruptcies and delinquencies are being driven by this slide.

"The technology industry around here, which is a big part of the local economy, has been particularly hard hit," said Olsen. "It was a tough year with **AT&T** shutting down its call centers, **Associates Capital [Bank]** shutting down offices, **CitiCorp** relocating offices back East, and **Novell [Inc.]** laying off 3,000 people."

Recently, the **American Bankruptcy Institute** reported a 28% rise in bankruptcies in Utah for 2001.

"Delinquencies and defaults were way up last year, and so far this year, those trends are barreling ahead full steam," said Gary Thomas, president of **Bonded Adjustment Bureau**, a Salt Lake City collection agency.

The U.S. Bankruptcy Court for Utah recently reported that it received 19,342 bankruptcy petitions last year — 4,204 more than in 2000 — setting a state record, said William Stillgebauer, clerk of the U.S. Bankruptcy Court for Utah.

"Not a single day goes by that we don't get four or five bankruptcy notices in the mail," said Norman Jenson, president of **Interstate Collections Inc.**, a Salt Lake City collection agency.

This rise in the state's bankruptcy rate has

brought with it an increase in the number of Utahans filing for Chapter 7 protection (65% last year), where debtors ask the court to discharge all debts.

The rest, less than 35%, filed for Chapter 13 protection, signing on for a court-approved plan to repay debt, usually spread over a three-to-five-year period.

"The rise in Chapter 7s certainly makes life as a collector more difficult, simply because you invest all this time, energy and resources to get people to pay up, and then they turn around and file," said Thomas, from **Bonded Adjustment**.

TURNING THE CORNER

In recent years, Utah has born the stigma of a state with an unusually high number of bankruptcy filings, coming in second place in 2000 behind only Tennessee in number of filings per household.

Last year, though, the ABI reported that for the 12 months ending Sept. 30, 2001, Utah fell to fifth position.

YOU GOTTA HAVE FAITH

Meanwhile, with Salt Lake City the home of the world-wide headquarters of the Church of Jesus Christ of Latter Day Saints (Mormons make up 60% of the population), some might think collections would be easier to perform.

"With the heavy religious influence in Salt Lake City, everyone thinks all the consumers are more honest and upstanding," said Interstate's Jenson. "But in reality, it's the same here as it is in other parts of the country. You're always going to have people who will try anything to avoid paying their bills."

Meanwhile, for a city with a population just under 175,000, there is an inordinately

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Ad

Tech Bytes

SERVICERS TO OFFER FREDDIE MAC'S ONLINE COUNSELING

Wells Fargo Home Mortgage Inc., Des Moines, Iowa, is the first mortgage servicer to implement Freddie Mac's EarlyResolution, a web-based tool for counseling delinquent borrowers.

Meanwhile, Bank of America Corp., Charlotte, N.C., and National City Mortgage, Cleveland, have already signed on to offer EarlyResolution later this year, according to Brad German, a spokesman for Freddie Mac, a government-sponsored enterprise.

EarlyResolution is designed to enable debt counselors to obtain better information from delinquent borrowers and use that information to determine so-called "workout" payment strategies that will help those borrowers avoid foreclosure.

The system provides counselors with scripts (questions for information gathering) designed to draw the debtor toward the right workout option, which include promises to pay, repayment plans, forbearance plans, loan modifications, short payoffs and deeds in lieu of foreclosure.

At Wells Fargo Home Mortgage, a unit of Wells Fargo & Co., San Francisco, borrower data seamlessly passes through an interface between EarlyResolution and Little Rock, Ark.-based Alltel Information Services' loan servicing system. Delinquency counselors access EarlyResolution through a dedicated website maintained by Computer Sciences Corp. El Segundo, Calif.

Wells Fargo Home Mortgage helped develop a predecessor to EarlySolutions in 2000, subsequently upgrading to the online version late last year.

Robert Caruso, senior vice president of loan servicing at the lender, reported a 60% drop in foreclosures since imple-

menting EarlyResolution. He added that the service has proven particularly useful in helping first-time homeowners, "who are generally more vulnerable to short-term financial problems," avoid foreclosure. For more information: www.freddiemac.com.

ONTARIO ADDS SKIP TRACER

Striking a partnership with Seisint Inc. of Boca Raton, Fla., Ontario Systems Inc., has added the Accurint skip-tracing service to the roster of third-party service providers accessible through its collections systems.

In collections, creditors use skip-tracing tools to track down debtors who've relocated without providing forwarding information.

Based in Muncie, Ind., Ontario sells two collections systems: FACS (geared toward third-party collection agencies pursuing bad-debt), and CT Vision (primarily used by credit grantors for loans that are delinquent, but not yet classified as bad debt).

Utilizing Ontario's so-called OSC-Link interface, FACS and CT Vision users have access to a range of third-party services, including letter printing, mailing, bankruptcy database listings, and skip tracing.

Typically, collectors batch together similar requests needed for servicing pools of delinquent accounts, all requiring a certain procedure, such as a skip-tracing search. The batch requests are then processed overnight by providers like Accurint. The results are then made available to the collectors the following morning.

Accurint searches Seisint's database of more than 20 billion records from 400 sources, retrieving such information as the debtor's current phone number, address, Social Security number, date of

birth, all known addresses, property ownership, and contact information for relatives, associates and neighbors.

Other third-party skip-tracing services available through Ontario include DirectoryNET LLC (INFONOW), Dolan Information (Acollaid), Experian (MetroNet), and First Data Corp. (First Data Solutions). For more information: www.ontariosystems.com or www accurint.com.

INSTANT-BANK BRINGS MODULES ONLINE

Instant-Bank, New York, recently released internet-based versions of both the origination and collections modules of its Enterprise Wide Origination, Servicing, Collections and Recovery Management System.

The release marks an upgrade of Instant-Bank's loan and credit processing platform from client/server to web-based architecture providing, among other things, "anytime/anywhere" use over the web to supervisors, managers and others involved in the origination and collections processes.

Though they declined to name users, Instant-Bank would say the new versions have been delivered to a number of clients, including a large service bureau, which has signed a contract to implement the new system to process more than one million loans.

Specifically, the upgrades to the origination module cover application processing, queue management, automated bureau pull, decision making and funding. Upgrades to the collections module include work planning, distribution, online monitoring for supervisors, adjustment, load balancing, includes new front-end screens with integrated data, and reporting capabilities from the Oracle database.

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Comings & Goings

MICHAEL WINN JOINS INSTANT-BANK'S BOARD

Instant-Bank, a provider of loan servicing and collections solutions, recently named Michael Winn to its board of directors. Winn is a group managing director of **DST International**, a division of **DST Systems Inc.** that sells investment management systems. Winn brings 30 years of experience in the technical and financial services industry. Previously, he served as managing director of **ACT Financial Systems Ltd.**, where he was led developed of the Quasar asset management system.



Michael Winn

FED NAMES 11 TO CONSUMER COUNCIL

The Federal Reserve Board recently named 11 new members to its Consumer Advisory Council for three-year terms and designated a new chairwoman and vice chairman for 2002.

Meeting three times a year, the council advises the Fed on its responsibilities under the Consumer Credit Protection Act and on other consumer-related services.

Dorothy Broadman (director of corporate citizenship at **Capital One Financial Corp.** in Virginia) was designated chairwoman. Ronald Reiter (supervising deputy attorney general for the California Department of Justice) was named vice chairman.

The eleven new members are Janie Barrera (chief executive, **ACCION**

Texas, in San Antonio); Kenneth P. Bordelon (chief executive, **E Federal Credit Union**, Baton Rouge, LA); Robin Coffey (vice president, **Harris Trust and Savings Bank**, Chicago); Thomas FitzGibbon, Jr. (president, **MB Community Development Corp.**, Chicago); Larry Hawkins, Jr. (president, **Unity National Bank**, Houston); Ruhi Maker (senior attorney with the **Public Interest Law Office of Rochester**, New York); Patricia McCoy (professor of law, **Cleveland-Marshall College of Law, Cleveland State University**); Debra S. Reyes (president of **Neighborhood Lending Partners Inc.**, Tampa); Benson Roberts (vice president, **Local Initiatives Support Corp.**, Washington, D.C.); Agnes Bundy Scanlan (managing director, **FleetBoston Financial**, Boston); and Hubert Van Tol (founder of **Fairness in Rural Lending**, Sparta, Wis.).

National Creditors Half Page Ad

Data Points

COLLECTION COMPANIES IN SALT LAKE CITY

Company	BBB Member	Rating	Complaints Filed
A F S Incorporated	Yes	Satisfactory	Yes*
Arches Financial	No	Satisfactory	Yes (1)
Bonded Adjustment Bureau	No	Satisfactory	Yes (1)
Bureau of Asset Recovery L C	No	N/A	Yes (1)
Checkfast Inc.	Yes	Satisfactory	No
Commercial Finance Group	No	Unsatisfactory	Yes
Eagle Rock Corp.	No	Satisfactory	No
Express Recovery Services Inc.	No	Satisfactory	Yes*
Gentry Finance Corp.	No	Satisfactory	Yes (1)
Interstate Collections Inc.	No	Satisfactory	Yes*
Knight Adjustment Bureau	Yes	Satisfactory	Yes*
North American Recovery Services	No	Satisfactory	No
Now Recovery	No	N/A	Yes*
Sentry Asset Management	No	Unsatisfactory	Yes
Staples Credit Management	No	N/A	Yes
Straight-Line Enterprises	No	N/A	No
Thomas Co.	No	N/A	No
Vanguard Collections and Billing	No	N/A	Yes*

* According to the BBB, the number and type of complaints are not unusual for a company in this industry.

SALT LAKE CITY SURGING

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high number of collection entities (There are currently over 40 collection companies operating in the area). The competition, said Olsen, has been fueled, in part, by the rising delinquency rate which has, in turn, driven up the bankruptcy rate.

"Stay away," said Interstate's Norman Jenson. "Don't plan on going into the collections business in Salt Lake City. It's just too crowded around here as it is."

LORDS OF THE RINGS

As the site of 2002 Winter Olympics, Salt Lake City's economy is enjoying a massive influx of revenue, not to mention skyrocketing credit activity. Already preparations and construction projects associated with the Olympics have helped resuscitate the local economy, to some extent.

"It will be interesting to see how the Olympics affect the economy," said Arches Financial's Olsen. "The Olympics will surely bring in a lot of money, but at the same time there will be plenty of bad credit-card debt and bounced checks along with it."