MARCH 2002 VOL. 3, NO. 7
A ROYAL MEDIA GROUP PUBLICATION
WWW.LENDINGINTELLIGENCE.COM

LOANCOLLECTIONS &TECHNOLOGY

NEWS INDEX

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

BANKRUPTCY BILL BACK IN PLAY, NEW ISSUES TO CONTEND WITH

Reviving bankruptcy reform legislation that stalled in Congress last year, House Judiciary Committee Chairman Rep. James Sensenbrenner (R-WI) recently sent a compromise proposal to his Senate counterpart, Sen. Patrick Leahy (D-VT).

Legislators are attempting to reform existing laws to make it more difficult for people to avoid repaying debts by declaring bankruptcy. These reform efforts were sidelined last year by the war on terrorism and the onset of the recession.

The House and the Senate both passed their own separate versions of bankruptcy reform in 2001. However, lawmakers in conference committee failed to resolve differences between the two competing bills. They have until the end of this year to send a bill to President George W. Bush, or the process will have to be reinitiated during the next session of Congress.

According to one congressional aide, this compromise proposes solutions to all differences between the two bills, including addressing wealthy debtors in certain states that are able to keep luxury properties even as they discharge huge debts.

Terry Shawn, a spokesman for the House Judiciary Committee, said House and Senate staffers met earlier this month to discuss the compromise proposal. A list of the compromises, distributed to committee members, was not available by press time.

Since the committee members met last in November, several developments have arisen that threaten to derail the bill.

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GREENPOINT CREDIT UNIT CONSOLIDATES COLLECTIONS, OUTFITS ATLANTA CALL CENTER

Having recently exited the manufactured-home financing market, **GreenPoint Financial Corp.** is consolidating the collections operations of its **GreenPoint Credit** subsidiary to continue servicing the unit's $12.5 billion portfolio spread over 400,000 accounts.

GreenPoint Credit, the company's manufactured housing finance subsidiary, is honoring existing commitments to fund approved loans, but will not approve or process any new loan applications.

Instead, the subsidiary is being converted into a servicing arm, which involves folding its Ontario, Calif.-based collections operation into a centralized Atlanta-based operation with a new call center that is currently being outfitted with customer interaction management (CIM) technology.

Even before news surfaced in January of GreenPoint's exodus from the manufactured-home financing market, the company was in the midst of driving down collections-related costs through automation.

The company installed **Davox Corp.**'s Unison Call Management System in late 2000. (Davox, Westford, Mass., subsequently purchased CIM provider **CELLIT Inc.**, Miami, and renamed the combined entity **Concerto Software Inc.**)

Currently, 41 GreenPoint collections agents use the Unison system for outbound collections calls and to take inbound calls from borrowers. Concerto is assisting GreenPoint in replanting Unison into its Atlanta call center, while seeking to add further improvements.

Continued on page 8

Means & Methods

CALENDAR

March 17-20 The Consumer Bankers Association is hosting its 22nd "Automobile Finance Conference & Tradeshow" at the Hyatt Regency in San Diego. 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. 800-821-8664 x1260, or ltc@bakerhill.com

June 12-14 The CBA will hold its 4th annual National Collections Conference at the Hershey Lodge & Convention Center in Hershey, PA. 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.

CAPITAL ONE ACCELERATES TESTING SCHEDULE BY 42%

Capital One Financial Corp. has expanded its internal testing schedule, intending to drive improvements to operations areas including collections.

Known for its analytic culture of testing, testing and more testing, the results fuel the company's so-called "Information-based Strategy" (IBS) technology that governs the majority of its operations.

Richard Fairbank, chairman and chief executive, announced recently that the Falls Church, Va. credit card company conducted over 64,000 tests last year alone to monitor collections, customer retention, marketing, policies, operating technologies and other operations areas. "At Capital One, we can't roll it out if it hasn't been proven," Fairbank said at a recent financial services conference.

Since being spun off from Richmond, Va.-based **Signet Bank** in the mid 1990s, Capital One has relied upon testing to help develop a sophisticated technology infrastructure, driving development of, among other things, its call-center processes, which are critical to the ongoing streamlining of its collections operations.

Capital One's 2001 testing schedule marked a 42% increase from the 45,000 tests conducted the previous year and a 491% jump from the 11,000 tests reported in 1996. Aside from recognizing the increases, Fairbank and other Capital One officials declined to describe specifics of the tests, citing competitive issues.

Essentially, Capital One's analytic culture is built upon a massive database. Testing enables the lender to leverage this database by developing and enhancing proprietary data-mining tools and customer relationship management (CRM) systems.

For collections, this means constantly seeking ways to improve the outbound call-center process, such as Capital One's ability to now match each call with the appropriate account data within one-one hundredth of a second.

According to the company's operations literature, Capital One uses "IBS to customize our collections strategies and determine the timing of collection activity based on models designed to predict delinquencies and charge-offs."

Capital One considers an account delinquent if it has not received a minimum payment by the account holder's payment due date.

In its report, Capital One said it designs policies and procedures to encourage account holders to pay delinquent amounts, such as: "Once a delinquent account has re-established a payment pattern with three consecutive minimum monthly payments, it can be re-aged [meaning reclassified] as current."

Capital One charges off as uncollectible an account (net of collateral, if any) at 180 days past-due, except with respect to certain installment loans and auto loans, which are charged-off as uncollectible at 120 days past-due.

Now the seventh-largest Visa/MasterCard issuer — ranked third among independent issuers, as in those not owned by a bank — Capital One's subsidiaries (**Capital One Bank** and **Capital One F.S.B.**) collectively have some 43.8 million customers and $45.3 billion in managed loans outstanding.

Outsourcing

MORE COLLECTORS TURNING OVER CUSTOMER CARE TO OUTSIDE VENDORS

More collections companies today are outsourcing customer relationship management (CRM) than ever before — an area which most had once deemed too valuable to trust to anyone outside their organization.

"Traditionally, any process that involved direct contact with clients was considered too critical to the bottom line for outsourcing," said Tom Wilson, executive vice president of **Outsource Financial Services LLC**, a Phoenix outsourcer.

Escalating staffing and technology costs associated with maintaining CRM processes, more than anything, are driving collectors and lenders to seek the service-based assistance of dozens of vendors targeting the financial services industry.

"More and more in our industry, small banks are outsourcing," said Robert G. Voorhees, vice president of the **Santa Barbara Bank & Trust**, a community bank using Outsource Financial to meet a number of its CRM needs. "By outsourcing...we can continue to serve our customers without significantly increasing our costs."

Outsourcing CRM, said Wilson, is being accepted by more managers in the collections sector as an effective means to managing capacity — and not just for small operations. "The main reason we see people outsourcing is due to staffing issues," said Michelle Cianciarulo, a spokeswoman for **Lending Solutions Inc.**, Elgin, Ill. "They either can't afford to hire new staff, or simply don't want the headaches that come along with of hiring, training and managing a larger pool of collectors."

CRM RISING WORLDWIDE

Usage of CRM technology, including software applications that automate many of the tasks associated with customer interaction, has been rising rapidly over the last decade. According to a report issued late last year by Needham, Mass. consultancy **TowerGroup Inc**., 2001 spending on CRM in retail financial institutions will have exceeded $4.3 billion, with over 50% ($2.2 billion) generated from North America alone.* Furthermore, **The Aberdeen Group Inc.**, Boston, issued its own report recently projecting the global CRM market to grow 19.9% to $27.76 billion by 2005 from $13.45 billion in 2001.**

So far, though, only a fraction of that growth appears to be service, or outsource-related. The majority of companies still maintain CRM internally, either in separate dedicated departments, or spread throughout the organization.

The market for CRM services reached $19.9 million in 2000 in the US, according to the **Dataquest** division of **Gartner Inc.**, Stamford, Conn. However, the research firm estimated that 2001 service-based CRM spending in this country would at least double the 2000 figure.

INTERNET DRIVING GROWTH

More than anything, the internet, and its use as a service vehicle, has driven the rise in service-based CRM usage. Using the internet, companies are, in many instances, able to quickly deploy CRM applications across diverse locations, with little, or no, added infrastructure costs.

Furthermore, companies not only reduce their infrastructure overhead, but they no longer have to shell out the costs of supporting ongoing user licenses, internal tech support staffers, collectors and other expenses. Instead, for a single license fee, the client company is able to link its geographically dispersed operations by simply utilizing a web browser.

Roger Carney, president of **Sitel Risk Management Corp**., said outsourcing CRM has great potential for areas such as pre-charged-off collections (collecting on accounts that are delinquent, but not yet in default). Sitel, based in Baltimore, provides

Continued on page 4

ONLINE RESOURCES

* "CRM IT Spending: What Are Retail Financial Services Institutions in North America Spending on Customer Knowledge Technologies?", a TowerGroup research report, can be found at www.towergroup.com.

** "Worldwide CRM Spending: Forecast and Analysis 2001-2005", an Aberdeen research report, can be found at www.aberdeen.com.

Outsourcing

LOANCOLLECTIONS
&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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CRM USAGE RISING

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service-based CRM, collections, risk management and debt servicing in the US, UK, Canada and Germany.

"This is where CRM can really make the biggest difference," said Carney. "In the late '80s, creditors began to call for intervention early on, when it came to collecting on high-risk accounts, basing that intervention on behavioral scores and treatment patterns. Those strategies eventually evolved into the CRM we see today. The next step, for some, is to outsource those processes to drive down costs."

NOT ALWAYS THE ANSWER

Not everyone in the collections sector is leaping onto the outsourcing bandwagon.

There are still major political issues involved with getting some lenders and collectors to accept outsourcing," recognized Wilson, from Outsource Financial.

Perhaps the most significant of those issues is the risks associated with ceding management of large chunks of internal data to an outside entity, which a company must do when it signs on with a service provider.

Additionally, for those needing significant customization, or requiring integration to link multiple systems to the CRM process, outsourcing may not be a cost-effective alternative to internal deployment.

"I just had a meeting with some credit managers, and it shocked me to learn that so many of them are outsourcing at least some of their CRM," said Jack Williams, a bankruptcy expert for the **American Bankruptcy Institute.** "But for me, I would be reluctant to outsource something as important as CRM."

"If you have a filter between you and your customers, you may not always hear what customers want you to hear, but rather what the contractor wants you to hear," said Williams. "Interaction and communication with your customers is a precious resource, often yielding a goldmine of information." If you are going to outsource something as valuable as CRM, Williams suggested companies insist that some sort of monitoring is built into the process.

NINE QUESTIONS TO ASK BEFORE YOU CHOOSE A HOSTED TECHNOLOGY PARTNER

(Excerpted from Implementing CRM with Hosted Technology: Cost and Time Efficiencies*, by Paul Clough, senior vice president and general manager of* ***iCT Connected Touch LLC****, Langhorne, Penn., an outsource CRM service provider.)*

1. Are you a guinea pig, or has the CRM partner already researched, tested, integrated and implemented the technology elsewhere?

2. Does the CRM partner have the ability to go live within 30-60 days?

3. Are all software upgrades included in the agreement with the CRM partner?

4. Do you have access to your CRM partner's help desk? If not, you'll have to hire your own in-house experts - and fast.

5. Is this solution easily scalable to meet your changing needs? The right partner will make it easy to add capacity as your business grows.

6. Is the partner a technology-only company, or does it offer the option of co-sourcing?

7. Is the system supported 24/7/365?

8. How secure is your data? Confidentiality agreements should be a component of any partnership. Your CRM partner should also have networked back-up systems in place in case of outages.

9. How financially viable is your partner? Ideally, you're looking for a partner with a strong, solid history and a record of managing growth successfully. Even better is a partner who has experience in your industry.

Tech Bytes

ORACLE UNVEILS NEW APPLICATION FOR COLLECTIONS

Oracle Corp., Redwood Shores, Calif., released Oracle Collections earlier this month. Part of the so-called Oracle E-Business Suite, the new application is designed to enable companies to manage the entire collections cycle internally, from planning collection strategies and interacting with customers, to managing actual cash collection.

Oracle Collections was designed to automate manual collections-related processes. Using the Oracle Collections software, collections agents can automatically identify delinquent customers and define targeted collections campaigns based on customer account history and status.

For example, a company may plan a collection campaign differently for delinquent customers with outstanding orders or service requests, or for long-term profitable customers.

The application was designed to provide companies with a complete view of the customer, including detailed history on calls, payments, promises to pay, disputes and reversals. With this detailed information, collection agents are enabled to tailor their interactions, with customers answering questions about service issues or orders before collecting payment, thus making collection calls more productive.

Oracle Collections is integrated with the Oracle Accounts Receivable application to allow seamless reconciliation of outstanding debt, and to track customer payment history.

Oracle Collections is available as traditional software on CD-ROMs, or as an online service.

Oracle has developed and positioned this product as a member of its so-called Customer Relationship Management (CRM) family of applications.

For more information, visit www.oracle.com.

I.C. SYSTEM SELLS OFF DIRECT MARKETING ARM

I.C. System Inc., the 18th largest credit collections and accounts receivable management agency in the nation, is shedding its Direct Marketing Services (DMS) unit.

HouseHold Direct, Inc. signed a Letter of Intent to acquire the assets of DMS earlier this month, with I.C. System, St. Paul, Minn., citing a desire to shift its focus solely onto its core competencies.

Through the purchase, HouseHold Direct gains the division's substantial direct marketing services to banks, credit card issuers, publishers and other firms that are contacting large volumes of consumers through the mail.

HouseHold Direct will use DMS to contact consumers regarding the wholesale shopping club and other membership benefits that it is organizing.

HouseHold Direct is positioning itself as the largest private wholesale shopping network in the world by dominating the presently fragmented industry of independently operated private buying clubs, and implementing a national franchise program.

DMS had 2001 revenues of approximately $8.7 million and EBITDA of over $1.4 million.

"While direct marketing data services was a logical offshoot to our debt collection services business, it is now time to fully concentrate on our core competency," said I.C. System President Ken Rapp. "With a DMS management staff completely focused on direct marketing services, and with the new source of revenue from its parent company (HHD), I believe the business will thrive. I.C. System will be a client of the new business unit handling all production of our collection letters and promotional mailings."

The acquisition affords HouseHold Direct the capacity to promote its membership services to a large consumer population. A HouseHold Direct spokesman said the company expects to close this transaction before the end of April.

DSI PARTNERS WITH IBS COLLECTIONS AND ASSET RECOVERY

RDSI Systems Inc. and **Intelligent Banking Solutions** (IBS) have inked an alliance to market IBS automated collections applications to RDSI client banks.

RDSI provides a broad range of data processing services utilizing **Information Technology Inc.** (ITI) software to community banks located in the Central United States.

According to the deal, RDSI, Defiance, Ohio, will provide marketing services and technical sales assistance for the IBS Asset Recovery Manager (ARM) and Collections Management System (CMS), used mainly by banks and credit unions.

CMS is the flagship collections system for IBS, New London, NH, designed to automate tasks for a typical collector ranging from calls to letters. For managers, it is designed to provide efficient reporting based on pre-defined standard and custom reports.

ARM fully integrates with CMS and can also be used separately to provide a recovery system for problem assets such as charged off, or bankrupt accounts, in addition to including a host of financial services to measure expenses associated with the recovery process. IBS currently has more than 1,000 individual users of its software at more than 225 banks and credit unions.

For more information, visit www.ibshome.com.

Dossier

DAKCS SOFTWARE SYSTEMS INC. ('THE STING' SOFTWARE)

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

To appear in Dossier, please contact Craig McGuire at 212-206-8000 x103 or cmcguire@rmgdigital.com. In addition to the monthly Dossier feature, LCT *will also offer an annual* Buyer's Guide, *available later this year.*

Profile: DAKCS Software products are used by utility companies, health care facilities, financial institutions, collection agencies, credit bureaus and others to handle collections and accounts receivable management in the U.S., Canada, and Australia.

Address: 3017 Taylor Avenue, Ogden, Utah 84403

Phone: 801-778-2200
Fax: 801-778-2382

Web Address: www.dakcs.com

Products: Sting Collection System

Components:

• The Sting Recovery System: An Open Systems application that can launch from **Microsoft Corp.**'s Windows, DOS or CRT (cathode ray tube) screens utilizing relational database technology.

• Intercept: A so-called "Expert Agent" system used for the automatic processing of debtor accounts, such as sending letter sequences, requesting credit reports, skip tracing, changing collectors, sending time reminders to other collection sources, and other tasks.

• Legal-Trak: Legal recovery tool providing scheduling and maintenance of a legal database of courts, process servers and referral attorneys. Legal-Trak enables users to track a variety of details (co- defendants, assets and other info).

• Loan-Trak Loan Origination and Service: This system amortizes loans, prints disclosure statements, generates coupon books, tracks interest and principal payments.

• VIC III: This automatic dialer responds to phone inquiries and negotiates payments 24 hours-a-day, 7 days-a-week. In addition, the VIC III module is a completely integrated predictive dialer or outbound messaging center.

Contact: Roland Wright

phone: 801-778-2382

e-mail: www.rolandw@dakcs.com

WALL STREET WATCH

PERFORMANCE OF PUBLICLY-TRADED COLLECTION-RELATED TECHNOLOGY COMPANIES

Company	Ticker	Price3/11	Price2/8	%Ch.	P/E	52-Wk Hi	52-Wk Lo	Shrs.Out	Mkt.Cap	Avg Vol
American Mgmt. Syst.	AMSY	19.25	18.55	3.77	50.66	25.04	10.25	41.7M	$802.5M	215,136
Alltel Corp.	AT	58.30	54.95	6.09	17.46	65.15	49.43	310.9M	$18.1B	923,727
Computer Associates	CA	18.65	26.16	-28.70	n/a	38.74	14.30	577.4M	$10.885B	4,977,000
CheckFree Corp.	CKFR	15.75	11.65	35.19	n/a	45.6875	10.93	87.4M	$1.375B	754,409
Computer Sciences	CSC	52.50	46.34	13.29	53.57	55.52	28.99	170.9M	$8.97B	1,034,227
Davox Corp.	DAVX	8.70	9.05	-3.86	n/a	13.00	7.20	12.3M	$107.3M	44,363
NCO Group	NCOG	29.05	21.70	33.87	29.34	33.4375	11.00	25.8M	$749.8M	339,227
Ocwen Financial Corp.	OCN	6.60	7.58	-12.92	n/a	11.37	6.40	67,300	$441.6M	52,818

REFORM BILL BACK IN PLAY

continued from page 1

THE ENRON STIGMA

Though the bankruptcy reform bill would not have a direct bearing on **Enron Corp.'s** corporate bankruptcy filing, the *CongressDaily* recently reported there is little doubt opponents of the reform bill will use the stigma associated with the Enron episode as a weapon to defeat the package, as well as to intensify partisan bickering.

That news was closely followed by an article in the *Wall Street Journal* that reported lawmakers had lopped off a measure in the package, which would have provided a legal basis for a method Enron used to move assets off its balance sheet by packaging them as securities.

This is a common practice many companies legitimately use to raise cash as an alternative to traditional equity, debt issues or bank loans. Charged that the rider would encourage more companies to recast liabilities so that they no longer appeared on their balance sheets, the *Journal* reported the measure, which had repeatedly passed both houses, was quietly removed by the House at the insistence of Sen. Leahy.

NOT A GOOD SIGN FOR PASSAGE

Perhaps just as ominous to the future of the reform package was the addition of an amendment to the federal Farm Bill which the Senate approved last month (58-40). The provision (passed 93-0) would permanently reinstate special Chapter 12 bankruptcy protections for farmers. Chapter 12, which was the only temporary chapter in the bankruptcy code and expired last October, is aimed at helping farmers reorganize debt.

This protection, desperately needed by many farmers, was actually built into the bankruptcy reform package. Having it transplanted into the more popular farm bill casts some doubt that the larger bankruptcy package will make it to the president's desk this year.

BILL OPPONENTS

Playing heavily in its favor, the reform legislation has the support of a well-organized, deep-pocketed lobby representing U.S. banks, retailers, credit card companies and auto lenders that has fueled reform efforts since a bill was first proposed in 1997.

"Wealthier filers walk away from billions of dollars in debt each year, regardless of their ability to pay," said Edward Yingling, executive director of government relations for the **American Bankers Association,** a banking industry trade group. "This is simply not fair to the 96% of Americans who pay their bills on time each month. The American family should not be expected to pick up the tab."

Even if the package doesn't pass this year, the lobby will undoubtedly continue to push for reform.

On the other side of the debate stands a loose coalition of consumer advocate groups, academics, labor unions and others who charge the reforms are too harsh on debtors who fall on hard times because of job losses, health problems or other setbacks.

Travis Plunkett, legislative director for the **Consumer Federation of America**, an advocacy group, said the anti-consumer spirit of the reforms makes it highly unpopular with taxpayers. With less than nine months to go before national elections, he said it seems highly unlikely the bill will muster widespread public support among lawmakers.

The debate has only intensified as record numbers of bankruptcy filers lined up last year, exacerbating the situation from both sides.

The number of new bankruptcies filed during calendar year 2001 rose to a historic high of 1,492,129 cases, a 19% increase from the 1,253,444 cases filed in 2000, and a 3.4% increase from the 1,442,549 cases filed in 1998, according to data released by the Administrative Office of the U.S. Courts. The previous record was set in 1998.

IN BRIEF: BANKRUPTCY REFORMS BEING CONSIDERED

• Specifically details expenditures for food, clothing, transportation and housing.

• Makes it difficult to shield assets by moving to a state with a high homestead exemption (such as Texas and Florida) and buying an expensive house.

• Forces debtors to pay full cost of an auto loan or lose the vehicle to repossession, even in the event the vehicle isn't worth the outstanding balance on the loan.

• Requires completion of debt counseling within the last six months before discharging debts.

• Raises the priority of child-support and alimony payments from 7th to 1st.

• Places a $1M cap on the amount in Roth and regular IRAs shielded.

• Protects money in education IRAs.

• Requires debtors to pay all charges made to credit cards in the three months before filing for bankruptcy.

• Makes it easier for landlords to evict bankrupt tenants behind on their rent.

• Lets creditors ask the court to dissolve the bankruptcy plan if a debtor is late in filing paperwork, such as copies of paycheck stubs and tax returns.

• Requires bank regulators to study whether credit card companies are offering credit indiscriminately.

Roll-Out Report

GREENPOINT CONSOLIDATES

continued from page 1

"We will be enhancing several areas of customer contact and developing information to further improve our ability to make contact quickly and efficiently," said Lance E. Manning, the GreenPoint Credit regional manager heading up the project. "Capturing the incoming call numbers to identify the caller and pull up [that caller's] file immediately is one of the enhancements, and establishing the 'best time to call' is another."

GreenPoint commissioned an independent evaluation earlier this year by **BenchMark Portal Inc**., a Santa Maria, Calif.-based consultancy firm, to gauge the savings and productivity generated by installing the CIM technology.

According to that report, CIM helped GreenPoint Credit increase collection agent productivity by 130%; reduce operating expenses by $65,000 per agent position per year; and allow the company to reduce collections staff by 60% — totaling $2.6 million in annual savings.

The total cost for GreenPoint to create, scale out, recruit, staff and train was approximated at $800,000. The evaluation found each agent position is now generating 2.3 times more promises to pay at an average cost of $2.59 per promise, or $3.94 less than the cost of generating a promise to pay before the installation of the technology.

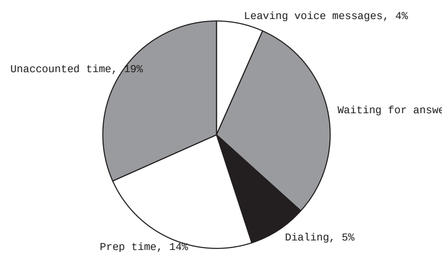
Prior to implementing Unison, GreenPoint's collection agents spent nearly 35 minutes of every hour trying to reach a live person and only 25 minutes working with customers on delinquent accounts, securing only 4.5 promises to pay per agent hour.

The report found the CIM solution enabled the organization to double its promises to pay rate to 10.3 per agent hour, allowing collection agents to increase bottom line productivity by approximately 130%.

Furthermore, Concerto's outbound call management system was able to reduce GreenPoint's head count, decrease the percentage of borrowers becoming 15-day delinquencies by 6%, and reduce the average cost per promise to pay by 60%.

Previously, when a loan holder returned a message left by a GreenPoint collector, the call would go directly to the extension of the collector who left the message. If the collector was not available, the call would go to voice mail, and the collector would have to call back, going through the manual dialing process.

GREENPOINT CREDIT'S TYPICAL AGENT HOURS BEFORE CMS



**'The Impact of an Outbound Contact Management System on Agent Productivity/A Case Study', BenchMark Portal Inc.*

Today when a loan holder calls, Unison answers the call or places the call into queue for the next available agent. The CIM solution gets the same information on the agent's screen for an inbound call as the agent gets prior to being connected to an outbound call that has reached a live answer.

Meanwhile, a collection agent now contacts past due accounts at least three times before they reach 29 days delinquent. Previously, many delinquent borrowers were reached only once, or not at all.

By centralizing the collections process, GreenPoint Credit is addressing technology-related headaches that were the result of having the Concerto hardware located in Ontario and the servicing technicians located in GreenPoint Credit's San Diego headquarters.

"This made it difficult during the few times we had some technical glitches," said Manning. "The on site user/manager had to be 'walked through' the checking of the hardware remotely, making the fix a bit more time consuming."

Meanwhile, the span of control in the previously decentralized environment was one manager for every five collection agents.

The span of control in the centralized collections center is one manager for every 10 collection agents.

For those collectors currently evaluating CIM solutions, Manning urges them to visit several client sites and observe how the various auto dialer systems operate.

"I would suggest to observe, but not necessarily try to copy," said Manning. "During those visits, I observed many operations that did not appear to be as efficient as they could be, simply because they were continuing with "hand me down" processes, rather than sending some of the staff for more training on the auto dialer."

Manning also urges prospective buyers to really take a close look at the technology before they buy it.

"There are several competitive companies in the auto dialer market, and I noticed many (including Concerto) have systems with lots of 'bells and whistles," said Manning. "I would caution new buyers to make sure they intend to use the extras and more importantly, they have qualified, trained staff."

Regional Report

ROCKY MOUNTAIN HIGHS

IN DENVER, COLLECTORS SCALE RISING BANKRUPTCY, UNEMPLOYMENT RATES

VITALS: Facts & Figures from the Centennial State

Bankruptcy Filings: Increased over 20% in 2001.

Chapter 7 Filings: Up 25% in 2001.

Unemployed (2001): 135,000

Unemployed (2000): 51,500

Population: 4,301,261 (2000 census)

Size: 8th largest in the U.S.

Area: 104,247 square miles

Eyeing an avalanche of bankruptcies, rising unemployment and increased commercial and residential vacancies, Denver's collections agencies face a difficult uphill climb.

Colorado bankruptcy filings in 2001 jumped over 20%, exceeding the state's record of 19,075 set in 1997 — marking more than 2,000 more cases than in 2000. Final statistics were still being tallied at press time, though the state's bankruptcy court announced the record mark had been reached, and breached.

In the meantime, Chapter 7 bankruptcy petitions, the most popular route for individual debtors seeking relief in which they ask the court to discharge all debts and, in turn, forfeit personal property, were up nearly 25%, also according to Denver's bankruptcy court.

Since the bar was set for bankruptcy filings in 1997 in Colorado, the state has reported a steady descent. However, the rate began its steady climb back to the top last year. The rise exceeded the national average, which was about 14% for the federal fiscal year 2001 ended Sept. 30.

DELINQUENCIES CLIMB IN COLO.

"Delinquencies have been rising for some time, so we're definitely seeing more activity," said Doug Andrews Jr., general manager of **Fidelity Credit Service Ltd.**, a Denver collection agency.

"We're hoping the wave of bankruptcies will start abating, but it doesn't look that way," Andrews added. "There are several key indicators you have to look at. Commercial real-estate has a high vacancy rate and doesn't look to get any better. Apartment vacancies recently hit a ten-year high. And, unemployment is also growing. These are just some of the key things that show we will continue to see a high level of bankruptcies and delinqiencies."

STATE'S JOBLESS RATE RISING

In fact, while Colorado's job market swelled during the 1990s as thousands of new workers moved to the state to take jobs in the booming technology and telecommunications industries, in the past two years, there has been an exodus of jobs as the tech sector has foundered.

Two-thirds of the Colorado's 31,500 layoffs in 2001 occurred in the telecommunications and high tech sectors. Today some 135,000 Colorado workers are without jobs, compared with a year ago when 61,500 workers were unemployed.

"Consistency and persistency are what you need in this kind of business climate," said Andrews. "Our latest hire was five and a half years ago. This [retention ability] has enabled us to consistently train and retrain our professionals, so they're prepared to meet these challenges."

AMS LAUNCHES CACS RECOVERY

American Management Systems Inc., Fairfax, VA, recently unveiled CACS Recovery, an addition to its Computer Assisted Collection System (CACS) Enterprise suite of collections software.

The new CACS Enterprise with CACS Recovery functionality provides a system to handle pre- and post charge-off accounts seamlessly.

CACS Enterprise tracks and maintains all collection activity, while CACS Recovery provides full recoveries functionality, with features for accounting, repossession, foreclosure, probate, third-party placement, and bankruptcy processing.

CACS Enterprise, with the new CACS Recovery enhancement, enables users to manage the entire credit life cycle of the customer, from originating and servicing a loan through to recoveries. For more info: www.ams.com.

Comings & Goings

ROBERT A. MORRIS NAMED DEBT BUYER'S NEW PREXY

Robert A. Morris was recently named the new president of the **Debt Buyer's Association**. Morris is the founder of both **Oliphant Financial Corp.** (a buyer and seller of charged-off portfolios) and the **WorldWide Debt Exchange LLC** (an internet-based performing and non-performing receivables trading and sales management software company).

Robert Morris, DBA

Morris is a founding member of the DBA and succeeds outgoing president Charles 'Chic' Natkins, a partner in the Ohio law firm of **Javitch, Block, Eisen & Rathbone P.L.L.**

CREDIT ACCEPTANCE NAMES NEW BOARD MEMBER

Brett Roberts has joined **Credit Acceptance Corp.**'s Board of Directors. Roberts, 35, joined the company in 1991 and has held various senior management positions, including being named chief operating officer in February 2001, and chief executive this January.

G. RAY WARNER TAPPED AS FALL 2002 ABI SCHOLAR

Prof. G. Ray Warner, of the University of Missouri-Kansas City's School of Law, has been named as the **American Bankruptcy Institute's** (ABI) Robert M. Zinman Resident Scholar for the fall 2002 semester. Warner will serve in ABI's Alexandria, Va., office from September through December. He will assist ABI in its educational programming and in its role as the authoritative source of bankruptcy information for the media and Congress.

G. Ray Warner, ABI

Warner has authored numerous articles on bankruptcy, consumer and secured transactions law and is a regular speaker at national seminars.

He is the editor of the ABI's Delaware and Third Circuit Update and was reporter for the ABI's National Report on Professional Compensation in Bankruptcy Cases, published in 1991.

Data Points

COLLECTION COMPANIES IN DENVER

Company	BBB Member	Rating	Complaints Filed*
Account Brokers Inc.	No	Unsatisfactory	Yes
Agency of Credit Control Inc.	No	Satisfactory	Yes**
Asset Acquisition Group Inc.	No	Satisfactory	Yes**
Asset Realization	No	Satisfactory	No
Assets Services Inc.	No	Satisfactory	Yes**
BRW Financial Co.	No	Satisfactory	Yes**
CA I	No	Satisfactory	No
Check Replacement Systems	No	Satisfactory	Yes**
Checkcare Systems Colrado Inc.	Yes	Satisfactory	Yes**
Collect America	No	Satisfactory	Yes**
Collection Associates Inc.	No	Satisfactory	No
Collections America Inc.	No	Satisfactory	No
Colorado Accounts Management	No	Satisfactory	No
Colorado Collection Corp.	No	Satisfactory	Yes**
Continental Collections Agency	No	Unsatisfactory	Yes
Credit Service Company Inc.	No	Satisfactory	Yes**
Fidelity Credit Service Ltd.	Yes	Satisfactory	No
First Revenue Assurance	No	Unsatisfactory	Yes
Foote Read Co.	No	Satisfactory	Yes**
G C Services Corp.	No	Satisfactory	No
H H L Financial Services	No	Satisfactory	No
Integrated Collection Co.	No	Satisfactory	Yes**
National Account Adjusters	No	Satisfactory	Yes**
National Factoring Inc.	No	Satisfactory	No
Newton & Associates of Colorado	No	Satisfactory	Yes**
Professional Recovery Services Inc.	No	Satisfactory	No
Professional Recovery Systems LLC	Yes	Satisfactory	Yes**
R S I Systems Inc.	No	Satisfactory	Yes**
Red River Collection Co.	No	Satisfatory	Yes**
Regulus Group West	No	Satisfactory	Yes**
TRS	No	Satisfactory	No
West Peak Financial LLC	No	Satisfactory	Yes**
Westland Acceptance	No	Satisfactory	Yes**
Wyse Financial Services Inc.	No	Satisfactory	Yes**
Xelco Collection Services Inc.	Yes	Satisfactory	Yes**

** The BBB keeps records on complaints filed only within the last three years.*

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