

# Prospectus

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## Consumer Bad Debt Markets

Highly Delinquent & Charged Off Consumer Debts  
At Over 13,000 Lending Institutions

- National Data Or Reports By State
  - Stress Measure Tells Who Needs Help
  - A Pro-Active Opportunity
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Research Corporation

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# SUMMARY OF THE REPORTS

It's no longer news that we are moving through a time of skyrocketing consumer loan delinquency and default.

For debt collectors, this is an unprecedented opportunity. But how do you get the new business that's available?

You can sit and wait for the phone to ring. Or you can pro-actively reach out to the institutions that probably need your help the most. **Consumer Bad Debt Markets** is the roadmap.

Every quarter, we gather data on bad consumer debts at over 13,000 financial depository institutions: bank holding companies, individual banks, credit unions, and savings and loan companies.

We total each firm's highly delinquent consumer loans – and their annualized loan chargeoff rates. We also break out these loans into three categories:

- 1) Credit cards,
- 2) Auto/student/personal loans, and
- 3) Mortgage and home equity loans.

For each firm, we provide the headquarters mailing address and the institutional type. For the credit unions – more than 7,000 in number – we also have the top executive's contact name and phone number.

## Measuring Stress

The numbers are helpful. You'll see which company in your state (or nationally) has how much bad consumer debt, by type of debt.

But there's more.

Lending institutions have existing collections procedures and relationships. If the lender's quantity of bad debt is running at a "normal" level, they may not need new help.

That's why we've introduced a "stress measure" in our reports.

The stress measure is the percentage of each firm's total consumer loan portfolio currently highly delinquent or being charged off annually. **Where this percentage is highest, so is the stress level – and the likelihood that the lender may need new collections help (maybe desperately).**

Use our stress statistic to rank the lenders in your state, or nationally, by their likely need for new collections help.

# Data Sources

**The bad debt numbers we report are exactly as the financial institutions themselves report them to four different federal regulatory agencies.**

These institutions all file lengthy, complex financial regulatory reports each quarter. These reports are required by law. The consumer bad debt numbers are several among hundreds of statistics in those reports, updated quarterly.

**As a result, our data are complete and cover every depository institution in the United States.**

We're sure you'd agree that this method is better than a survey – or any other data-gathering method subject to incompleteness or inaccuracy.

## Information By State Or For The Nation

We output the bad debt data in **Excel** spreadsheet formats. **Using them, you can re-rank the lenders as you see fit:** by the overall stress statistic, or within any of the three loan categories by total dollars of highly delinquent or charged off loans.

**Each quarter, we create 52 versions of the report.** There's one for every state, and one for all states (a national spreadsheet covering all 13,000-plus institutions).

Get only what you need by state – and get the data only as often as you wish. **There is no required annual subscription to this service.** You may need updates only twice a year, or even once a year.

## Specific Data Items For Each Lender

See the Sample Spreadsheet on our website for a complete view.

For each institution, we report:

### **Identity:**

1. The name and headquarters address of the company.
2. Type company: bank holding company, individual bank, thrift, or credit union.
3. President's name and company phone number for the credit unions.

### **Data On Total Consumer Loans:**

1. Total dollars, owned consumer loan portfolio.
2. Total dollars, consumer loans 90 days-plus delinquent (60-plus for credit unions).

## Specific Data Items For Each Lender (continued)

3. Total dollars, consumer loans charged off, year to date.
4. Total dollars, consumer loans charged off, annualized.
5. Stress Measure: Percent of all consumer loans highly delinquent or charged off on an annualized basis.

### Breakout Data Reported For Each Of 3 Loan Categories:

- Credit card and related,
- Auto/personal/student loans, and
- Home mortgage and home equity loans.

(Each breakout data segment shows dollars of loans highly delinquent, charged off year-to-date, charged off annualized, and total "bad" (highly delinquent plus charged off annualized)).

## A Unique Service

**As far as we know, there is no bad debt report identical to ours available anywhere.**

We launched our report some years ago as a service for the collections industry. As of August, 2010, we have revised the content to include the "stress measure" as an additional tool to find the right clients.

If you want a complete report on bad consumer debt levels at all U.S. depository institutions, this is it.

To see a sample spreadsheet, or to download an Order Form, please return to our website.

## Other SMR Collections Data & Models

SMR has been providing critical information to the collections industry since 1999. We designed and developed the initial collections account targeting model used by today's most successful publicly-traded collections corporation.

In addition to our off-the-shelf **Consumer Bad Debt Markets** reports, SMR offers the following products and services for collections:

### Probability Of Payment (POP) Scoring

Based on your own historical data, plus our own data resources, we build POP Scoring multiple regression models.

POP Scores predict which accounts in the collection process will pay, and how much. A significant quantity of historical data must be available.

**POP Scores solve the most critical problem in collections**, which is time wasted on accounts that won't pay. Spend your time instead working the accounts that get results.

## **Add-On Consumer Data**

We can add home owner versus renter flags to most records, based on SMR's ownership of one of the nation's largest property information databases.

We also can add data items clearly predictive of likelihood to pay. Consider, for example, two home owners. One bought his home with a substantial downpayment; the other had to borrow the entire purchase price amount. You can guess which of the two is the more creditworthy – and most likely to pay existing debts as soon as they get back on their feet.

Home purchase LTV is one of several predictive items we have on millions of U.S. home owners. Appended to your records, these items improve your ability to distinguish good from bad prospects.

## **Incomes & Assets**

**For debtors who are home owners, SMR can append Income Scores and Total Liquid Assets (TLA) Scores.**

Each is a household-level estimate derived from an SMR multiple regression model.

Our Income Score is an estimated household annual income. We believe it to be the most accurate and reliable income estimate available anywhere.

Our TLA Score is designed to rank-order households by their likely liquid assets (cash and marketable securities). The national average TLA Score is 1,000. Higher scores indicate more wealth; lower scores less. Although many accounts in collection will have low TLA Scores, some are high – and those are the accounts that should have the greatest ability to pay.

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Some of these modeling and data appending services can be expensive. They are generally designed for medium-sized to large operations.

**To learn more about these services, please email your inquiry to:**

SMR President Stu Feldstein or Jonathan Varone, director of modeling

[Stuart.Feldstein@SMRresearch.com](mailto:Stuart.Feldstein@SMRresearch.com)

[Jonathan.Varone@SMRresearch.com](mailto:Jonathan.Varone@SMRresearch.com)