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## Pain spreads: Car repos rise

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Tanya Englert of Norwood had her blue 2001 Jeep Grand Cherokee repossessed in December after making payments to own it for the previous 3½ years.

"The car had problems, a big repair bill," she said. "Then I had a \$400-a-month car payment, \$100 a month for insurance, \$100 a month for parking. Gas hit \$3 a gallon.

"It all added up. I was just sick about it."

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A court reporter, Englert, 40, is now dealing with the aftermath. Because she still owed more than \$10,000 and the car sold at auction for \$4,200, Englert is obligated to pay the difference.

"It has affected my credit rating," she said. "I'm a single mother with four children, and I have a good job. I realize now that this could happen to anybody."

Car loans are the latest casualty of the pinch on the pocketbooks of Greater Cincinnati and Northern Kentucky residents. A faltering economy, rising inflation, high gasoline prices and a tightening home mortgage market have led to a surge in auto-loan delinquencies and rising levels of bad debt for banks and institutions that offer loans for vehicles.

Local automobile repossessioners are seeing more activity as a result, as lenders claim cars bought with loans that are now in default to resell the cars at auction.

"The last time we had a spell of repossessions like this was about a year and a half ago," said Ed Krebs, office manager of Tristate Auto Recovery Inc. in Delhi Township. "I've noticed that at most of the repossessions, the houses are in foreclosure. It's new cars and new homes, too."

Krebs said he's seen repossessions rise by about 10 percent compared with the same time last year.

With the economy teetering on the brink of recession, foreclosures, auto repossessions and other financial woes facing debt-laden consumers have become the central focus of this year's presidential primaries.

Both the remaining Democratic candidates - Barack Obama and Hillary Clinton - are visiting Cincinnati and other parts of Ohio touting their plans to right the foundering economic ship, promising measures to protect property owners, make the tax code friendlier to middle-income families and rein in interest rates on credit cards and other unsecured debt.

Both Republican candidates, front-runner John McCain and Mike Huckabee, have made revitalizing the economy an important part of their platforms as well.

### BILLS HARDER TO PAY

Inflation and credit-card debt coupled with a general economic downturn have made it more difficult for consumers to keep up with their bills. And just as foreclosures have been on the rise as homeowners struggle to keep up with their mortgage payments, so, too, have auto repossessions.

Fitch Ratings recently reported that the number of auto loans that were at least two months delinquent - typically the point at which lenders take action to repossess a car - hit a 10-year high in January, though it did not disclose specific numbers. Fitch said the average number of loans per lender that were delinquent by 60 days or more has hovered around 0.16 percent over the past six years but last year rose to 0.20 percent. Fitch attributed the rise to "increasing pressure on the consumer in a weakening economy."

Anecdotally, Cincinnati-based Fifth Third Bancorp - the nation's fourth-largest auto lender among its peer banks - said it has also seen a sharp increase in the number of auto-loan delinquencies. And the company reported last month that fourth-quarter 2007 losses from auto loan write-offs hit \$30 million, up from losses of \$15 million in the three months then ended in June.

Car loans past due by two payments or more began to show a noticeable increase in August, said Fred Troncone, chief collections officer for Fifth Third.

But he cautioned against sweeping conclusions based on the quarterly credit numbers.

"Those (auto loan) losses are up, but we have done a lot more business growing the portfolio," Troncone said.

Many of those loans date to late 2005 and early 2006, when manufacturers offered deep discounts, Troncone said.

## SECOND CARS GO FIRST

Some experts say Americans are paying the price for their addiction to debt and are now more vulnerable than ever to credit downturns.

"I can tell you what our customer is telling us," Troncone said. "Customers are impacted by the fact that they've lost income. Not only are expenses, energy and gas prices going up, but many people had multiple incomes and lost one of those incomes, so they have to tighten their belt.

"They're still paying for their primary car, but payments for the secondary car are slipping."

Mary C. Hurlburt, director of community outreach for the Cincinnati nonprofit Consumer Credit Counseling Service, agreed with Troncone and said her agency's caseload grew by 20 percent last year compared with 2006.

"Our clients usually keep up with credit-card payments, but they usually fall behind on their car payments," she said.

Automobile repossession companies are also getting more calls for voluntary pick-ups as consumers hope that willingly giving up a car will do less damage to their credit, said Gary "Huck" Finn, 63, president of Automobile Recovery Services of Cincinnati in South Fairmount.

"It's weird," Finn said. "It seems people are a little more honorable. They call the bank and say, 'Come and get the thing.' We've been doing twice as many voluntary tows as repossessions."