

National Bankruptcy Research Center

2010 Year-End Bankruptcy Filings Report

The year-end data show that filings for 2010 finished just above 1,500,000, about 9% more than in 2009, and the highest since the two-million-plus filings in 2005. Although filings were up from 2009, the increase was much more modest than the 30% increases each of the previous three years. Thus, there is good reason to think that we are past the rapid increase in filings we have seen since 2006.

Nationwide, filings this year to date amount to about 6600 filings per million individuals, about 1 in every 150 people. Through the course of 2010 the filing rates have become increasingly disparate throughout the country. The highest filing rates are concentrated in the Southwest and a swathe cutting up from the Southeast. Thus, on a population-adjusted basis, Nevada has substantially more than twice the national filing rate (15,000 filings per million this year) and about 40% more than the State with the second highest filing rate. The starkness of Nevada's situation is apparent from a comparison to other indicators of financial distress. BLS unemployment data for November show that Nevada's unemployment rate of almost 14% is by far the highest in the country. Data from Trans Union also indicate that Nevada's rates of credit card and mortgage delinquency are the highest in the country.

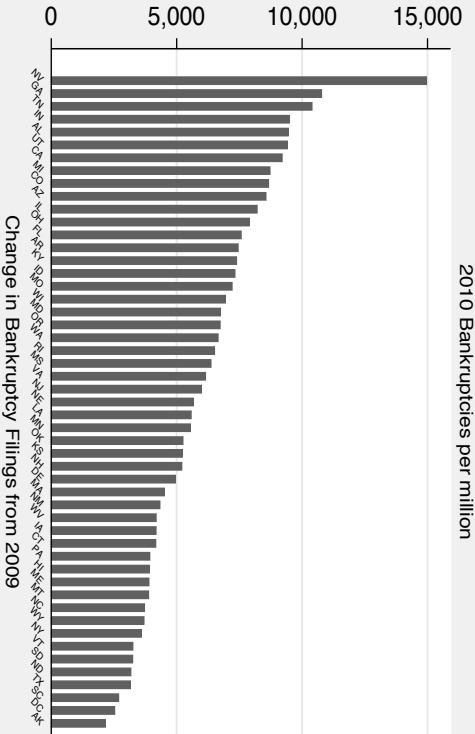
After Nevada, the states with the highest filing rates are for the most part in the Southeast; the filing rates seem to be most closely correlated with credit card delinquency rates. Georgia and Tennessee are second and third, with about 50% more than the national average (Georgia and Tennessee each had more than 10,000 filings per million this year). The lowest filing rates, by contrast -- seven jurisdictions had rates less than half the national average -- are scattered throughout the country, generally in areas remote from the aggressive lending activity that characterized the bubble of the last decade: Alaska, the District of Columbia, South Carolina, Texas, North Dakota, South Dakota, and Vermont.

Another accelerating trend in the data is the sharp disparity in changes since last year. Where a few states (mostly in the Deep South) already have begun to see rates fall after the recession, some states experienced sharp increases in 2010, even by comparison to the elevated filing rates of 2009. Thus, filings are 29% higher in Hawaii than they were in 2009 and 24% higher in California, Utah, and Arizona. The increase in filings in those states (about 62,000) was greater than the net increase in the other 46 states and the District of Columbia combined (about 60,000). In contrast, despite Tennessee's place near the top of 2010 filing totals, filings throughout Tennessee have fallen seven percent since last year. Filings have fallen by lesser amounts in eleven other states (West Virginia, South Carolina, Iowa, Kentucky, North Carolina, Alabama, Mississippi, Indiana, and Michigan, New York, and Arkansas). Of the two parts of the country where bankruptcy filings spiked most notably during the recession, one (the Southeast) is recovering rapidly while the other (the Southwest) is still falling into further distress.

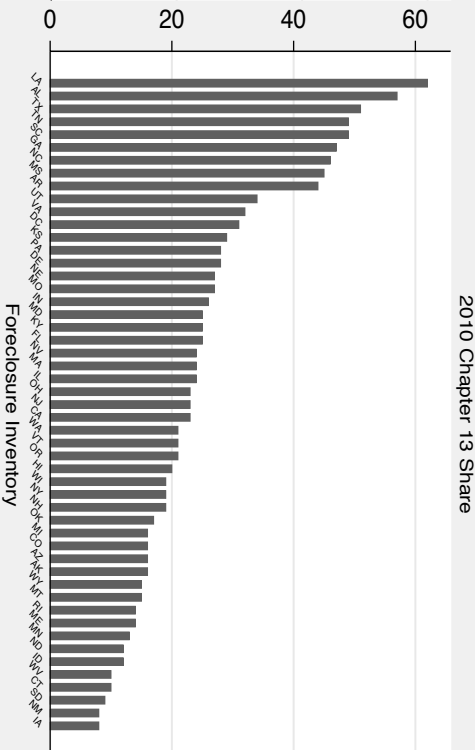
The data also reflect the continued prevalence of Chapter 7 (liquidation) filings; only 28% of the 2010 filings sought relief under Chapter 13 (rehabilitation). The continuing decline

in the share of Chapter 13 filings contrasts with the strong push by Congress in its 2005 bankruptcy legislation to encourage bankrupts to choose Chapter 13 rather than Chapter 7. As is typical, there was a substantial variation among the States in the prevalence of bankrupts seeking Chapter 13 relief. The States with the highest share of Chapter 13 filings remain concentrated in the Gulf Coast. Thus, 62% of filings this year in Louisiana have been under Chapter 13, with similarly high shares in Alabama (57%) and Texas (51%). At the other end of the spectrum were States with relatively low Chapter 13 shares; Iowa, New Mexico, South Dakota, and Connecticut all had no more than 10% of their filings under Chapter 13. Interestingly, the high Chapter 13 share appears to relate closely to high rates of delinquencies on auto loans. Trans Union data on auto loan delinquencies show that the top six jurisdictions are all in the southeast – the area with high Chapter 13 filings. Interestingly, this is the only delinquency statistic for which Nevada is not at or near the highest in the nation.

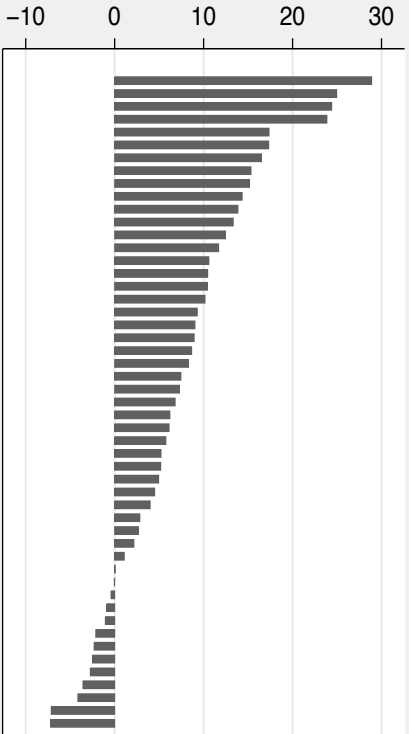
2010 Bankruptcies per million



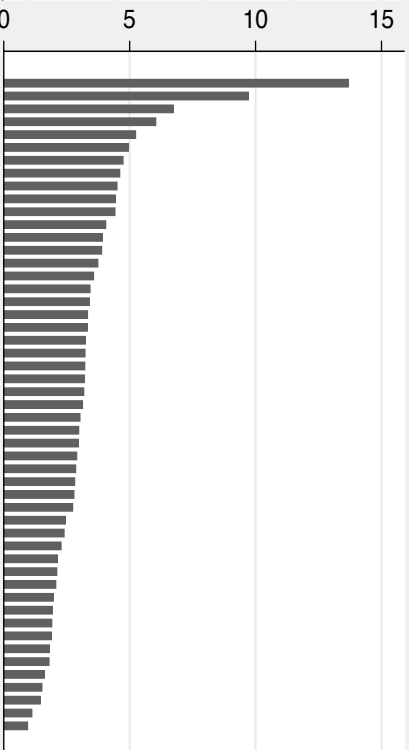
2010 Chapter 13 Share



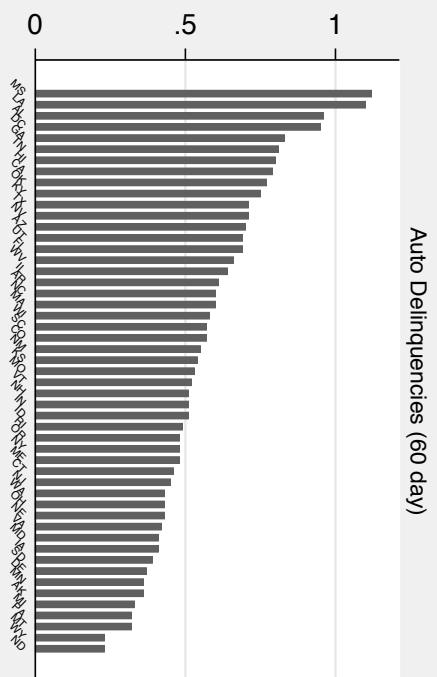
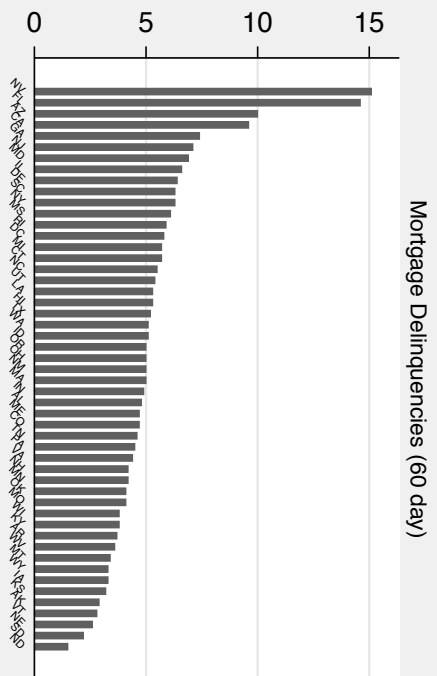
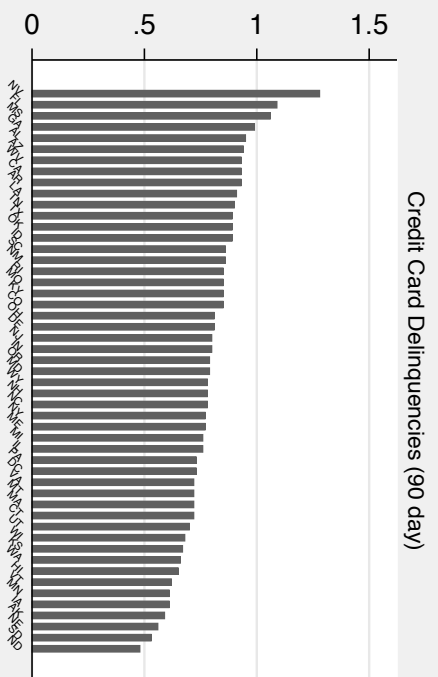
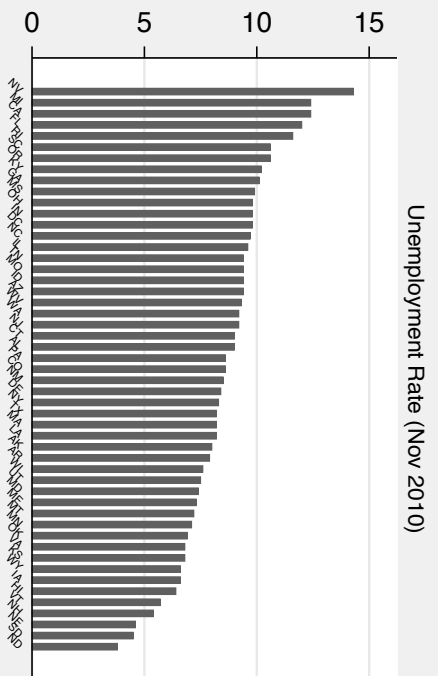
Change in Bankruptcy Filings from 2009



Foreclosure Inventory



Source: NBKRC Bankruptcy Data; Mortgage Bankruptcy Association



Source: Bureau of Labor Statistics unemployment data; TransUnion LLC Trend Data

This analysis was performed on data collected by the National Bankruptcy Research Center (NBKRC) by NBKRC contributor Professor Ronald Mann of the Columbia Law School.

National Bankruptcy Research Center

December 2010 County Bankruptcy Filings Report

At the national level, bankruptcy filings rose slightly from November to December, from 493 to 508 per million adults. As always, this conceals extensive variation at the state and county level. For example, the highest filing county in the country last month (Baldwin County in Alabama) had a filing rate more than seven times the national average. The counties with the highest filing rates remain concentrated in the Southeast. As the table below shows, eight of the ten counties with the highest filing rates were in Alabama, Tennessee, or Georgia; Teton County in Idaho was the only county on the list outside the South. {The table excludes small counties with less than ten filings.}

HIGHEST FILING RATES (DECEMBER 2010)

COUNTY	DECEMBER 2010 FILINGS/M
Greene (Alabama)	2126
Henry (Georgia)	1786
Shelby (Tennessee)	1738
Teton (Idaho)	1677
Walton (Georgia)	1596
Douglas (Georgia)	1578
Haywood (Tennessee)	1577
Petersburg City (Virginia)	1561
Rockdale (Georgia)	1553
Lowndes (Alabama)	1528

*Calculations based on December 2010 filings. Excludes counties with less than 10 filings.
National average is 508 filings per million adult inhabitants.*

Most of the counties with the highest filing rates are rural. But there also is considerable variation. The table below considers only counties with an adult population of 100,000 or more and shows the urban counties with the five highest and five lowest filing rates in December. Except for Memphis atop the list (with more than three times the national average), the highest filing rates are in Las Vegas and three counties in California (Riverside, San Bernardino, and Solano). At the other end of the spectrum, the urban areas with the lowest filing rates are scattered around the country. The top five, all with about one third the national average, are Worcester, Massachusetts; West Chester, Pennsylvania (near Philadelphia); McAllen, Texas; Greenville, South Carolina; and New York City.

HIGHEST AND LOWEST URBAN FILING RATES (DECEMBER 2010)

COUNTY (LARGEST CITY)	DECEMBER 2010 FILINGS/M
Shelby (Memphis, TN)	1738
Clark (Las Vegas, NV)	1271
Riverside (Riverside, CA)	1239
San Bernardino (San Bernardino, CA)	1131
Solano (Vallejo, CA)	1086
New York (New York, NY)	186
Greenville (Greenville, SC)	170
Hidalgo (McAllen, TX)	168
Chester (West Chester, PA)	154
Worcester (Worcester, MA)	137

Calculations based on December 2010 filings. Excludes counties with less than 250,000 adult inhabitants. National average is 508 filings per million adult inhabitants.

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