

# SANTEE-LYNCHES ECONOMY

## REGION'S INDIVIDUAL BANKRUPTCIES HIGHEST IN STATE

Each year more individuals file for bankruptcy across this country. The national individual bankruptcy filing rate increased twenty-three percent (23%) between 1996 and 2001, while South Carolina's rate remained lower than the national average, its rate rose forty percent (40%) over this same six years. The individual filing rate is the number of filings per 1000 population.

Bankruptcy is the legal proceeding that relieves an individual of the legal responsibility of paying his/her debts or provides protection from creditors while they attempt to repay their debts. This monograph deals only with the two most common types of individual bankruptcy:

Chapter 7. Debt is discharged (wiped out). Court trustee liquidates all nonexempt property, and distributes to creditors.

Chapter 13. Debt is reorganized, Debtor gives Court trustee an agreed upon monthly payment and he distributes to creditors.

Regardless of the type of bankruptcy action, the declaration of bankruptcy remains on the debtor's credit rating for seven years.

Each of the forty-six counties in South Carolina has its own individual bankruptcy filing rate, as determined by the Administrative Office of U.S. Courts. For 2001, the four counties that comprise the Santee-Lynches Region had the highest filing rates of all the counties in the State.

2001 S.C. County Individual Bankruptcy Filing Rate					
2001 South Carolina Average – 3.53					
Top Ten Counties			Bottom Ten Counties		
Rank	County	Rate	Rank	County	Rate
1	LEE	6.89	46	YORK	1.90
2	CLARENDON	5.96	45	OCONEE	2.11
3	KERSHAW	5.93	44	GEORGETOWN	2.12
4	SUMTER	5.74	43	LANCASTER	2.29
5	COLLETON	5.21	42	CHARLESTON	2.64
6	MARLBORO	5.19	41	McCORMICK	2.68
7	JASPER	5.11	40	ALLENDALE	2.70
8	ORANGEBURG	4.72	39	HAMPTON	2.72
9	DORCHESTER	4.57	38	CHESTER	2.76
10	NEWBERRY	4.43	37	DILLON	2.86

Source: Administrative Office of the U.S. Courts

This region-wide condition is troubling, especially when percentages are converted to the number of people who file bankruptcy in the four counties. To accurately determine the number of Santee-Lynches residents who filed for bankruptcy in a given year, the population and filing rates for the Census

## SANTEE-LYNCHES ECONOMY

year 2000 are used. In that year, 11,805 South Carolinians filed either Chapter 7 & 13 bankruptcies, Santee-Lynches residents accounted for 1,050 of these filings. Said another way, for every 100 individual bankruptcies filed in the State, nine were by residents of this Region.

Compared to the national 2001 bankruptcy rate, South Carolina's average is low, ranked forty-sixth in the Nation. However, the Santee-Lynches counties all exceed the national rate of 5.23 per 1000 population.

The increase of bankruptcies throughout the country is in large part due to easier access to credit. The barrage of credit card offers in the mail and by telemarketers facilitates consumers' ability to overspend. In addition, predatory lenders prey on the financially unsophisticated – the very group most susceptible to spending beyond their means. Neither of these factors, however, removes the ultimate responsibility of the debtor for irresponsible spending.

Rural areas have historically been more prone to bankruptcies; perhaps due in part to their population's lack of financial knowledge. This proved true in the State 2001 rankings, as eight of the ten highest counties are rural and the other two (Sumter & Orangeburg) have large rural populations. However, being a rural county does not fully explain the situation, because some of South Carolina's poorest and most rural counties have some of the lowest personal bankruptcy filing rates. (See above Table)

Finally, during periods of economic slowdown as is currently being experienced at both the national and state level, bankruptcy rates always rise. The concern with the rise in filing rates in this Region is the degree of increase.

### PERSONAL BANKRUPTCY FILINGS – PERCENT INCREASE 1999 - 2001

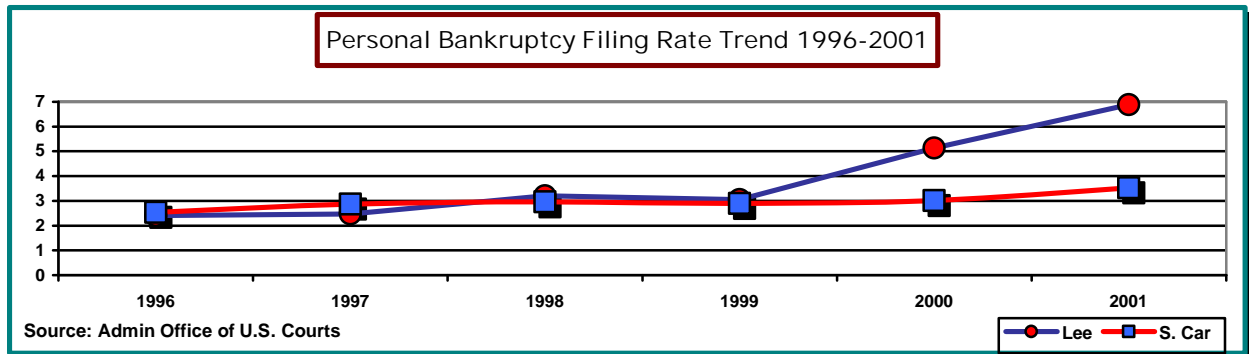
Lee Co.	Clarendon Co.	Kershaw Co.	Sumter Co.	S. Carolina	U.S.A.
126%	50%	60%	24%	22%	11%

Source: Administrative Office of the U.S. Courts

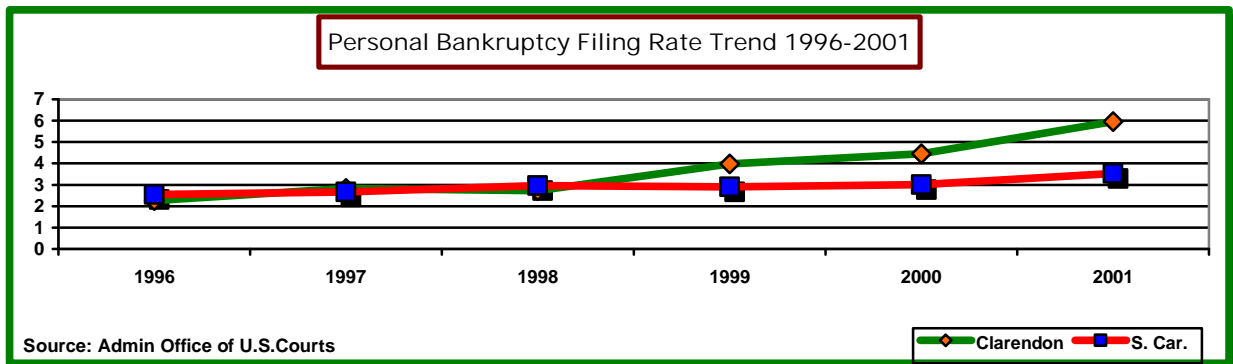
As can be seen from the above chart, each of the region's counties has differences in the growth of bankruptcies. They all did not arrive at their high bankruptcy rates for the same reasons or at the same rate of increase. The smaller and more rural counties of Lee and Clarendon have experienced a marked increase in bankruptcies over the last 3 to 4 years. This can be attributed to the soft economy and the number of plant closings and layoffs in and around these counties. The two larger and more industrialized counties of Kershaw and Sumter have a history of higher bankruptcies than the State norm. While the economic slowdown has increased these two counties bankruptcies, the underlying cause of their high personal bankruptcy rate is more difficult to discern. The graphics in Attachment 1 show the differing trends of bankruptcies for each of the region's counties.

# SANTEE-LYNCHES ECONOMY

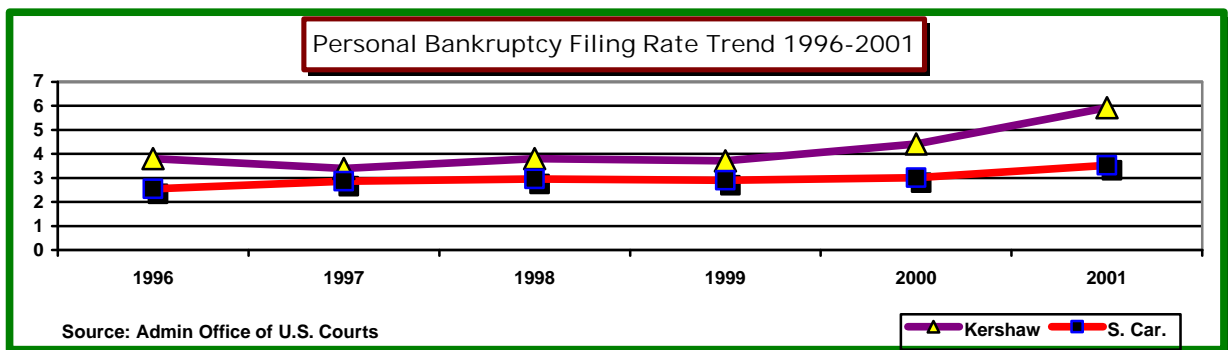
## LEE COUNTY



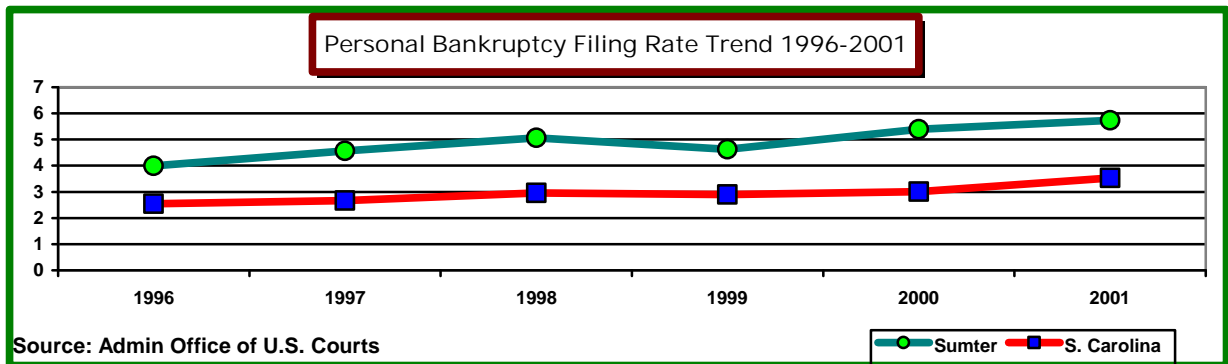
## CLARENDON COUNTY



## KERSHAW COUNTY



## SUMTER COUNTY



## ATTACHMENT 1

# SANTEE-LYNCHES ECONOMY