Credit Information Systems

The ONE SOURCE for all your credit reporting needs

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MORTGAGE FRAUD (part 2)

As we said last month, there are several types of mortgage fraud.

Celent, an industry research firm, recently estimated that "internal bank fraud accounts for 60% of cases involving a data breach or theft of funds." (Celent, "Internal Fraud: Big Brother Needs New Glasses," October 2008.)

It doesn't matter how good your **User names and passwords** are, if you let someone use them, you have lost all control. *Each person who pulls credit reports should have their own user (access) name.* Your password should have a capital letter, a number and if you really want to make it harder to hack, add a non-alpha or non-numeric symbol.

Other safe guards are **IP restrictions**. IP restrictions, will prevent your stolen information from being used way from work. Many systems allow you to use time restrictions. Data thieves often steal data at night or on week ends, when they know you are not accessing credit reports. Some systems allow time restrictions by IP address and other only allow it by the user.

Do you ever check to see what reports you have pulled? By checking each week, you will see if someone else is pulling reports using your access codes. Even if you can't remember everyone you have pulled reports on, you can easily see those reports pulled when you weren't at work.

If you are the auditor, **do you check for times other then business hours and unusual IP addresses**? If you allow employees to pull reports from home, have you verified the safety and security of the the employee's computer? Do you require the employees to keep customers' information in a locked and secure file cabinet and room?

Credit Report Limits. If you add credit report limits for employees who don't pull very many reports, you will catch someone who is suddenly pulling too many or if someone has stolen their information. Credit report limits will also work for other employees, you just set their limit higher.

Suspicious Activity Reports. Do you require employees to report SARs? There are several reports to help you identify suspicious activity. There is Experian's Fraud Shield or TransUnion's Fraud Search. Fraud Searches look for activity that appears to indicate possible fraud. Such as too many inquiries, unknown addresses, phone numbers and D. L. numbers that do not match current information. They also look for addresses previously associated with fraudulent activity and multiple families living at the same address.

There is also Experian's Authentication Services that checks eight data bases in an attempt to verify the identity of the applicant. Or Precise ID that also attempts to verify the identity of the applicant.

ALERTS and CONSUMER STATEMENTS. Are you looking closely at the Alerts and consumer statements? There are Active Duty Alerts, I. D. Theft Alerts, Fraud Alerts, Address Alerts, and Frozen files. Alerts are there for a purpose and they should not be ignored.

Consumers are allowed to add a 100 word statement. Some times they use it to explain a disputed trade line. Other times they my use it to expand on the ID Theft Alert.

Firewalls and Virus and Malware software. Is your software up to date? Do your employees know what to do or who to contact if they get a notice from the software? A malware known as key logging software, does nothing to let you know there is a problem. It just sits there and records your key strokes and sends them to the bad guys.

Do you have a policy on what to do if there is a breach of your data or computers? Do you employees know what it is, who to contact and what to do?

CREDIT ASSURE

For our new KCB members, we have added Credit Assure to your mortgage reports.
Credit Assure ™ automatically scans credit files for opportunities to raise credit scores based on accuracy or credit management updates. Intelligent, automatic and easy, Credit Assure™ inspects every file so you don't have to.

Now You're the Expert

Credit Assure alerts you to opportunities and how big they are, so you don't miss out. Running in the background, scanning all your files, and utilizing proven CreditXpert® optimization and simulation technology, Credit Assure automatically presents findings on every file. You don't need to know anything about credit scoring or spend time scouring credit reports—Credit Assure gives you the answers.

Credit Where Credit is Due

Underwriting decisions are based on credit scores, and credit scores are based on credit data—as the saying goes, "garbage in, garbage out." We all know that credit data, although the best information available, is not perfect. Yet lenders seldom scrutinize the accuracy of the information because it has been too time consuming and difficult. Not anymore. Now Credit Assure highlights instances where credit scores are artificially low due to inaccurate information. This helps you approve more applicants, make better offers and close more loans. Make sound decisions based on sound information.

Take the Best Steps

Could your applicant's score go up if they managed their credit better? Credit Assure will tell you if paying down debt, transferring balances, or opening new accounts can make a difference. Since every credit profile is different, the advanced technology of Credit Assure eliminates the guesswork of what to do. CreditXpert may be able to tell you and your customer what steps are necessary to raise the score. **Assure™** logo to see if the credit files you are using have been scanned. If so, you can confidently make informed decisions.

CREDITXPERT

CreditXpert will help you close more loans. If you have customers who are a few points short of qualifying for a mortgage, CreditXpert can tell you and your customers if their scores can be raised, and by how much.

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CreditXpert tells what needs to be done, not how to do it. That way you are not a Consumer Counselor. Consumers are coming to you to get home loans, don't let them walk out the door and go somewhere else, just because you couldn't give them a copy of their CreditXpert review.

U.S. FORECLOSURE ACTIVITY DECREASES 10% IN FEBRUARY FROM JANUARY JUMP TO LOWEST LEVEL IN MORE THAN 7 YEARS

RealtyTrac®, the nation's leading source for comprehensive housing data, today released its U.S. Foreclosure Market Report™ for February 2014, which shows foreclosure filings -- default notices, scheduled auctions and bank repossessions -- were reported on 112,498 U.S. properties in February, a 10 percent decrease from January and down 27 percent from February 2013 to the lowest monthly total since December 2006 -- a more than seven-year low. RealtyTrac also included updated information on the number of owner-vacated properties in the foreclosure process as part of the report. As of the first quarter of 2014, a total of 152,033 U.S. properties in the foreclosure process (excluding bank-owned properties) had been vacated by the distressed homeowner, representing 21 percent of all properties in the foreclosure process. These owner-vacated foreclosures -- sometimes called zombie foreclosures -- had been in the foreclosure process an average of 1,031 days. (3-13-14, creditandcollectionnews.com)

KEY SENATORS AGREE ON PLAN TO REPLACE FANNIE MAE AND FREDDIE MAC

Congressional efforts to shut down bailed-out Fannie Mae and Freddie Mac took a significant step forward with bipartisan agreement from key senators on a plan to overhaul the housing finance system. The proposal released Tuesday would slowly shrink the companies and replace them with a scaled-back government guarantee for mortgages. Details are expected to be disclosed in the coming days. Fannie Mae and Freddie Mac, which together own or guarantee about 60% of existing mortgages, were seized by the federal government in 2008 as they neared bankruptcy from bad loans they guaranteed during the subprime housing boom. Senate Banking Committee leaders reached agreement after hearings last year on how to overhaul the complex housing system and reduce the role of the federal government in backing home loans, said Chairman Tim Johnson and the panel's top Republican, Michael D. Crapo of Idaho. The two threw their political weight behind an existing bipartisan bill to replace Fannie and Freddie, which they said would largely serve as the base for detailed legislation they still were drafting. (3-12-14, creditandcollectionnews.com)

INTEREST.COM: AVERAGE HOUSEHOLDS ACROSS NATION CAN'T AFFORD NEW CAR

Take heed before heading to the dealership. New research suggests many households cannot afford a new car.

On average, a new set of wheels costs around $32,000, according to **Interest.com's 2014 Car Affordability Study**, a price tag that is unaffordable for median households in 24 of the largest 25 metropolitan areas.

The one city where a new car or light truck will fit into the family budget is Washington, D.C. The average household around the nation's capital can swing a monthly auto payment up to $641, according to **CNBC**.
The study took into account a variety of factors specific to each area, including median incomes, sales tax and insurance. The calculations also assume that buyers make a 20 percent down payment, but few people put down that much money, CNBC notes.

To squeeze new vehicles into their budgets, consumers have been leasing and taking advantage of low interest rates and the availability of longer-term auto loans, Alex Gutierrez, senior analyst at Kelley Blue Book, tells **CBS**.
In the fourth quarter of 2013, data from Experian reveals a record 20.1 percent of auto loans were stretched to six or seven years, according to CNBC.
"While [long-term loans have] worked out well for the industry in the short term, if interest rates begin to rise or lending conditions become less favorable, affordability could become a significant hurdle for those thinking about buying a new car," Gutierrez warns.
Mike Sante, managing editor of Interest.com, sees new vehicle purchases as a problem in many households already.
"Just because you can manage the monthly payment doesn't mean you should let a $30,000 or $40,000 ride gobble up such a huge share of your paycheck," he tells CNBC.

"You can get a great car for much less and use the savings to invest in yourself. Here's where the money for your retirement or kids' college can come from."
Sante says auto consumers need to start with a financial game plan and he endorses the 20/4/10 rule: put down 20 percent, limit auto loans to a maximum of four years and spend no more than 10 percent of your gross income on monthly payments and insurance.

If you don't have a financial plan, all your discretionary income goes into your car, "and you wind up . . . in a situation where you're living paycheck to paycheck, and wondering how that happened," Sante tells CBS. (Thursday, 13 Mar 2014 07:47 AM, By Michelle Smith, MoneyNews.com)

CREDIT INFORMATION SYSTEMS HOURS

Monday - Friday 8:00am to 5:00pm

Credit Information Systems offers: Consumer Credit Reports, *ServicePlus* Credit Reports Collections Reports, Employment Credit reports, Residential Mortgage Credit Reports, Merged Credit Reports, Fannie Mae & Freddie Mac access, Criminal background checks, Tenant Screening Reports, Flood Zone Determination, Flood Life of Loan Certification, AVMs, 4506-T, Income Tax Verifications, Real Estate Tax Payment Verifications and Identity Authentication.

Credit Information Systems has served businesses since 1915 and provides credit reports from all three national repositories.

Our previous news letters, dating back to January 2000, can be accessed at: kcbinfo.com/kcbnewsletters.htm

"Two kinds of players who ain't worth a damn: one that never does what he's told and the other that does nothing except what he's told"
Bum Phillips, coach