



The ONE SOURCE for all your credit reporting needs

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## OUR NEXT SEMINAR

Our seminar will cover consumer credit reports and credit scoring. It is scheduled for May 17th at 1:00pm. We will review the different trade line formats and how to read and understand credit reports. We will also review the different options and enhancements available. You will also learn more than you ever wanted to know about credit scores.

This seminar is designed for landlords and consumer loan officers and loan processors.

If you wish to attend, please call fax or e-mail us to let us know who will be attending.

If you are interested in a different topic, let us know on what credit related subject you need more information.

## FAIR ISAAC CREDIT SCORES

If you are receiving credit scores, you should be receiving: **1st**, a 3 digit number representing the consumer's score (that number will be 350 to 940), **2nd**, one to four, two digit numbers representing the reasons the score was lowered and **3rd**, the reasons the score was reduced.

I have found some members are not getting the reasons the scores are reduced, just the numbers. If you are not getting the reasons, let us know.

## eFUNDS

When should you use an eFunds ChexSystems Report?: eFunds ChexSystems is the primary database used by banking institutions to report NSF history, overdrafts, close-for-cause accounts and other pertinent information. This report should always be used to assess the potential for similar abuse.

With eFunds, you are able to: SCREEN potential applicants for past account abuse, i.e., NSF Check History, closed-for-cause and other pertinent banking history. VALIDATE applicant information and VERIFY negative banking history.

Have you signed up for eFunds, yet? Don't pay too much!! Call or e-mail us today.

## PASSWORDS & LOG IN

I know we have said it before. If you are logging in to Experian for consumer or business loans, Experian requires you to change your password each 90 days. If you do not log in within the 90 days, your account will be changed to inactive. **If you do not log in within 180 days, you will be dropped.**

We recommend you log in on the first of each month, even if you have no reports to pull. By logging on and then logging out, you will keep the account and the user name active.

## ID THEFT PROTECTION SERVICES

LifeLock says it prevents most ID theft by placing fraud alerts on credit files, so when a retailer checks credit in response to a purchase, the alert prods the retailer to call the consumer to verify their ID. The LIFELOCK service costs \$10.00 a month. Although consumers can easily file a fraud alert, the alerts expire in 90 days. LIFELOCK says consumers pay for the convenience of not having to renew the alert.

MyPublicInfo has launched Identity Sweep, calling it the first real-time ID management service for consumers. This \$4.95 per month service allows users to proactively manage their ID and potentially avert ID crimes. The service reportedly identifies the earliest signs of financial ID theft, manages consumers' public information on Internet and monitors credit cards.

TrustedID Inc. has launched IDFreeze, a service to help consumers protect and control their credit. IDFreeze allows individuals to proactively control access to their credit using TrustedID's online management tools.

IDFreeze provides a suite of services including:

Lender DoubleCheck - Requires lenders to double-check with the consumer before issuing credit.

CreditLock - enables consumers to lock all access to their credit across all 3 bureaus, until they expressly request its release to lenders. TrustedID will manage the request authentication, and report access logistics to the credit bureaus. The service is available in selected states.

Triple Alerts<sup>tm</sup> from Experian is a unique 3 bureau credit monitoring product, priced at \$4.95 per month.

Triple Alert provides daily monitoring of all 3 national credit reporting companies' credit files and sends an alert notification via e-mail or cell phone to consumers when key changes are detected. As part of their membership, consumers receive \$10,000 of ID Theft insurance.

## SOCIAL SECURITY TIPS

You do not need to carry your social security card with you. AND YOU SHOULD NOT

CARRY YOUR SOCIAL SECURITY CARD WITH YOU.

The only times you need the card is when you are hired. Employers are required to copy your card for their personnel files. Or if you are disputing information on your credit report The credit bureaus require a copy of the SS card and a copy of a state issued ID.

You do not need your SS card for identification.

You do not need your SS card or number when you give your insurance information to any health care provider.

Some insurance agents require a DL or state issued ID and your SS number to buy insurance, but a SS card is not required.

You do not need the SS card to cash checks.

You will need your SS number when you open a checking or savings account, to buy a Savings Bond, to borrow money or to open a charge account, but don't need to show the card.

## PERSONAL BANKRUPTCY FILINGS PLUNGE

NEW YORK - Consumer bankruptcy filings plunged in the first quarter to their lowest level in 20 years, as a tough new law enacted in October made it harder to erase debts, fresh data show.

However, since shortly after the law went into effect, filing rates have been steadily increasing.

The quarter's filings fell 73 percent to 102,949 compared with 381,743 in the year-ago period, according to data released Tuesday by Lundquist Consulting Inc., a financial research outfit based in Burlingame, Calif.

That means, on an annualized basis, one in every 261 households filed bankruptcy in the quarter, as opposed to one in every 73 households a year ago.

The new law, bringing the most sweeping overhaul of the U.S. Bankruptcy Code in a generation, took effect on Oct. 17. Personal bankruptcy filings jumped 50 percent in September in anticipation.

Chapter 7 filings, where debts can be wiped out entirely, except under certain circumstances, were 80 percent lower in the first quarter. Meanwhile, Chapter 13 filings, which require consumers to repay a part of their debts, are 53.6 percent lower than the year-ago period.

All regions of the U.S. showed a significant decline in first-quarter filings. Among individual states, Georgia showed the most



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filings by volume at 7,755, followed by Michigan's 6,189 and Ohio's 5,565.

Filing rates have increased fourfold since November, about two weeks after the law took effect. In November, filings totaled 500 a day. In March, they totaled more than 2,000 a day. That compares with 7,000 filings a day in March 2005.

Lundquist Consulting founder Chris Lundquist cautioned that it is too early to measure the new law's long-term effects.

The data also show the filing trend is moving back toward historic rates, as the number of Chapter 13 filings decreased from nearly 60 percent in November to less than 40 percent in March and are still on the decline. (April 5, 2006, Associated Press, www.collectionindustry.com)

### NEW CREDIT SCORING SYSTEM COULD COST CONSUMERS MILLIONS

Your credit score says a lot about you, and is a key factor in getting approved for mortgages, credit cards and even a job. But a new credit scoring system just released by the "Big 3" could create chaos and confusion inside a world that very few consumers even understand.

"We've just gotten to a point where consumers are starting to realize what a credit score is, and now they're changing the rules," says Chip Cummings, CMC, a 23-yr. mortgage industry veteran and best-selling author. "What used to be a great credit score which garnered great interest rates, will now only get you a B- grade. That'll hurt."

To avoid confusion, disappointment and higher interest rates as a result of the new Vantage Credit Scoring System, consumers need to take the following precautions:

*\* Get a free copy of your credit report, including your credit scores (both FICO and Vantage), from each of the three major credit bureaus.*

*\* Dispute any errors in writing via Certified Mail right away, and request an updated copy of your report.*

*\* Before applying for any credit, ASK the creditor which credit scoring system model they use for analysis*

*\* Know the difference in credit scores: FICO credit scores range from 300-850, where Vantage credit scores ranges from 501-990. A "high" credit score of 740 with FICO would only be marginal under the new Vantage system.*

*\* DON'T close credit accounts to try and improve your credit score - it could end up hurting it.*

The new Vantage Credit Scoring system, just released by the three major credit reporting

agencies, Equifax, Experian and TransUnion, could cause major confusion in the industry. What used to be a good credit score, may now be considered "marginal", costing consumers through higher interest rates, shorter credit terms, and increased costs.

In addition, the new system will be run by the 3 reporting bureaus - not an independent third party such as FICO.

Important transactions, such as mortgage loans, auto financing, and credit card rates are tied directly to credit scores, and this could have a confusing effect on the marketplace. (April 6, 2006, www.collectionindustry.com)

### SLOWER BORROWING AN ISSUE FOR THE ECONOMY

Consumers are scaling back their use of credit, a potentially ominous development for the economy should the business sector slow its spending, warns one economist.

Consumer credit outstanding increasing at an annual rate of 1.8 percent in February compared with the 3.4 percent increase in January, the Federal Reserve reported late Friday.

While economists had expected a slowdown in February because of the strength of January borrowing, the change was lower than most credit watchers had been predicting and continues a trend of lower consumer credit use extending back to last September, says Allen Grommet, senior economist with Cambridge Consumer Credit Counseling.

"If consumers were to fall back a lot more, then we're in a situation where we really worry about the economy slowing," says Grommet.

But for now, increasing business spending is keeping the economy moving even as consumers rein in their spending, he says.

The Fed's G 19 report says revolving credit was \$803.9 billion in February while non revolving credit outstanding was \$1.36 trillion. Revolving credit, which includes credit card debt, grew at an annual rate of only 1.2% in February compared with a revised 3.3% increase in January.

Non-revolving credit, which includes auto and mobile home loans and education loans, rose 2.2% on an annual basis in February compared with a revised 3.5% increase for January.

The average APR for all types of credit cards was 13.29% in February compared with 12.57% in the fourth quarter of 2005, the last period for which such numbers are available in the report. (04-11-2006,

www.creditcollectionsworld.com)

### IT COSTS MORE TO BE POOR

It just got more expensive to file for bankruptcy. Fee increases mandated under last October's sweeping bankruptcy reform took effect yesterday (4-11-06), hiking the cost of filing Chapter 7 petitions by \$25 and by nearly \$100 for those filing for Chapter 13.

The cost of filing a Chapter 7 petition rose from \$274 to \$299, and for Chapter 13 from \$189 to \$274, plus the extra costs of newly required credit counseling classes. Other court fees also rose, including the cost of appeals and switching from Chapter 7 to Chapter 13.

"In many cases the cost of filing is ironically going to be detrimental to the creditor," says Brad Botes, director of National Association of Consumer Bankruptcy Attorneys. "In Chapter 13, the debtor pays what they can afford, and if the costs to file are more, the amount they have to pay to creditors is less."

The rise in costs, coupled with attorney fees, may also lead to more do-it-yourself, or pro se, filings. "Dealing with pro se's is a very difficult thing," says U.S. District Bankruptcy Chief Judge Barry Russell, who added that the rise in pro-se's is an unexpected and undesirable consequence of the new law.

Consumers who represent themselves make mistakes, forcing judges to dismiss the cases, says Russell. While dismissals may be bad for the debtor, it's good for the creditor, who is now allowed to pursue a debtor within 30 days of dismissal. Under the old law, creditors needed to hold off for one year. (04-12-2006, www.creditcollectionsworld.com)

### LATEST ID THEFT SCAM

ID thieves are now stealing the identity of kids as young as 12 and opening cell phone and charge accounts. They often get the information from their victims right off the internet.

### KCB INFO SERVICES HOURS

Monday - Friday 9:00am to 4:30pm

KCB Information Services offers: Consumer credit reports, Business Credit reports, Employment Credit reports, Residential Mortgage Credit Reports, Merged Credit Reports, Criminal background checks, Tenant Screening Reports, Flood Zone Determination, Flood Life of Loan Certification, Identity Authentication and eFunds Debit Reports.

The KCB Information Services has served businesses since 1928 and serves central Illinois for Experian and Equifax.