KCB Info Services
KCBinfo.com

The ONE SOURCE for all your credit reporting needs

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80th BIRTHDAY

Many credit bureaus have disappeared; the Peoria Credit Bureau, the Bloomington Credit Bureau, Princeton Credit Bureau, Lincoln Credit Bureau, Kankakee Credit Bureau and the Galesburg Credit Bureau, to name a few.

In June 2008 we will celebrate our 80th birthday. Mark your calendars for June 5 2008. That is the day we will have our 80th birthday party.

CREDIT SCORING SEMINAR

Our next seminar on credit scoring, for our members only, will be in our office at 10:00am on June 13th. This is free to our members.

You will learn:
1. A brief history of credit bureaus.
2. The evolution of credit scoring.
3. The five main elements and the two universal score factors of the score models.
4. What percentage of people fall in the different scores.
5. The odds of a person becoming delinquent for different score levels.
6. How to improve your or your customers scores.
7. The possible future of credit scoring.

FAIR CREDIT REPORTING ACT (FCRA) MYTHS

MYTH. We can not give my customers a copy of their credit report. The FCRA says: *"607(d) Disclosure of consumer reports by users allowed. -A consumer reporting agency may not prohibit a user of a consumer report furnished by the agency on a consumer from disclosing the contents of the report to the consumer, if adverse action against the consumer has be taken by the user based in whole or in part on the report."*

This is the only reference made by the FCRA regarding the disclosure of the report. If you do give a copy of the report to the consumer, be sure to emphasize that you can not discuss it with them. They should call us. Otherwise they will spend the next hour asking you questions about the report you don't want to or can't answer.

MYTH. We must give a copy of the credit score notice to the customer on all loans. You only need to give the score notice on applications where a mortgage may be taken as collateral:

609(g) any person who makes or arranges loans and who uses a consumer credit score, as defined in subsection (f), in connection with an application initiated or sought by a consumer for a closed end loan or the establishment of an open end loan for a consumer purpose that is secured by 1 to 4 units of residential real property (hereafter in the subsection referred to as the "lender") shall provide the following to the consumer as soon as reasonably practicable..."

MYTH. Everyone reports to all three credit bureau. In Central Illinois there are over 100 banks and credit unions that pull or report to us (Experian). Of those there are over 35 that only pull and or report to us. There are 2 or 3 banks and 3 or 4 credit unions that report to someone else and not us. and there are less than a dozen that do not report to or pull from any credit bureau.

Since 1999 and 2000 when our competitors closed their local offices, most locally owned banks and credit unions have switched or started using us.

MYTH. There were 14 million cases of ID theft last year or someones' ID is stolen each 3 seconds. These are statistics we hear every day, in the papers, on TV and on the radio.

The Sentinal survey by the FTC in 2007 reported 813,899 complaints. 32% or 258,427 were ID Theft related and 68% or 555,472 were Credit Fraud related.

The survey showed Illinois had 21,602 Fraud Complaints and 10,304 ID Theft complaints.

While ID Theft is a large and growing problem, it is not as large as many companies and people would lead you to believe. When you see or hear the extraordinary claims, the first thing you should ask is: "What are they trying to sell." After all, if there were 14 million ID Thefts last year that would be 20% of the population.

MYTH. 79% of credit reports featured errors. (Public Interest Research Groups (PIRG)) First, if that were true no one would use them.

Second, you need to look at what they call an error.

Since no one reports the new loans or payments the day they are made, almost all credit reports will be 'in error' until the tapes are received at the end of the month.

If the consumer has moved and the creditor does not report the new address or does not know the new address, the credit report will be wrong.

FLOOD & AVMs

As many of you know, we offer Flood Determination, Flood Life of Loan Certification and AVM (Automated Valuation Models.) We now can offer these from several venders.

Our primary vendor is First Lenders Data in San Antonio, TX. We can also offer Flood report certificates from:

- FIS Flood (Fidelity)
- LandAmerica (DPSI)
- CBC Flood Services
- Wolters Klewer financial Services

If the buyer of your mortgage loans will accept Flood Certificates from only one vendor, we can set that vendor for your reports.

If you want to get virtually instant internet appraisals from one vendor, we can offer one of seven suppliers:

- HVE
- CASA
- HPA
- PASS
- ValuePoint4
- ValueWizard
- Net-Value
- Value Sure
- Zero Value

If you don't care which one you use, the system searches for the best report, so you may get results from a different vendor each time. However, as with the Floods, if you wish only one vendor, we can set your account to get that vendor only.

As before, if there is no report available there is no charge for the service. The fee for AVMs is $25.00.

EQUIGUARD PROGRAM OVERVIEW

Equiguard is designed to streamline your closing process for all 2nd mortgage products.

In addition to saving over the cost of a title search, your institution will also save the time and effort used to clear up discrepancies found in a search. Under the Equiguard program, old mechanic liens, tax liens and other items found on the title search will not delay the closing of the loan or take any employee time to resolve. If any of these items ever cause a loss, the Equiguard policy will insure you against the loss.

- Replaces the title search Process in your Home Equity lending Programs.
- Equiguard costs less than 50% of the price of a title search.
- Equiguard covers all losses due to a superior

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lien a title search would discover.

- Equiguard works for all 2nd lien position loans.
- The policy will also cover loans with no 1st lien.
- Equiguard is used for funded loans only; there are no charges for loans that do not close.
- The coverage is in blanket format with loans reported monthly.
- Coverage is written through an AM Best "A" rated insurance carrier.
- Coverage limits are $1,000,000 for any 2nd lien position loans.
- Maximum LTV is 100%
- Simple procedure to use, borrower just needs to fill out the Mortgagors Affidavit of Ownership and Good Title along with their signature and placed in Lenders file for their records.
- No Deductible.

The provider of Equiguard is not selling Insurance or Title Insurance, nor is the provider providing a warranty or guarantee. If a " Third Party " (or its successor) suffers damages resulting from errors or omissions contained in this Program, the "Third Party" is entitled to recover damages through the Professional Liability Policy, subject to the terms, conditions and limits of the policy. The Insured should maintain an errors and omissions policy for all exposures they have which are not covered by this Program.

FEDS TO BAN SOME COMMON CREDIT-CARD PRACTICES

New rules target double-cycle billing, unreasonable 'late' charges

WASHINGTON (MarketWatch) -- Looking to protect credit card users, the Office of Thrift Supervision on Thursday issued a proposal for new rules that would restrict various billing practices.

The Federal Reserve is expected to offer an identical proposal Friday afternoon, and the National Credit Union Administration will also issue the same rules. The OTS proposal would apply to savings associations, while the Fed's would apply to banks, and NCUA's to federal credit unions.

The proposals would prohibit actions such as:

* treating a payment as late unless consumers have been provided with a reasonable amount of time to make payment.

* increasing the annual percentage rate on an outstanding balance unless certain exceptions apply.

* Double-cycle billing, in which institutions compute finance charges based on outstanding balances in billing cycles preceding the most recent billing cycle.

* Assessing a fee for paying an overdraft unless they provide a consumer with the right to opt out of payment of overdrafts; a reasonable opportunity to exercise the opt-out; and the consumer does not opt out.

The agencies expect to finalize the rule by the end of the year. Industry executives have been making their case on Capitol Hill that risk-based pricing strategies enable them to serve a wide range of customers.

But consumers say that companies unfairly spring rate changes. At a recent hearing with lawmakers, Steven Autrey, of Fredericksburg, Va., testified that in 2007, after using a card for seven years, he was advised "in a small, loose, billing insert" that his fixed rate of 9.9% was being raised to 15.9%.

"No reason or explanation was given," Autrey testified. "This was a unilateral change to the terms of the cardholder agreement. Until then, I had been late by one day one time." It's common for cardholders to maintain thousands of dollars in revolving debt. A 2004 Federal Reserve survey found that families with credit-card debt owed a median of $2,200. A 2007 survey from CardTrak.com found the median amount of credit-card debt was about $6,600, and that only 31% of respondents said they pay off their balances monthly.

Edmund Mierzwinski, consumer program director for U.S. Public Interest Research Group, told lawmakers recently that the true cost of credit has often been inadequately disclosed, encouraging the most at-risk customers to carry large unpaid balances at unaffordable interest rates.

"The credit-card industry operates without fear of either market or regulatory action to temper its excesses, at the expense of the public's welfare," Mierzwinski testified.

Congress is also considering steps to curb abusive credit card practices. Rep. Carolyn Maloney, D-N.Y., chairwoman of the subcommittee on financial institutions and consumer credit, has proposed a Credit Cardholders' Bill of Rights Act that would prohibit companies from actions such as imposing excessive fees on cardholders and giving subprime credit cards to people who can't afford them. Sen. Chris Dodd, D-Conn., chairman of the Committee on Banking, Housing, and Urban Affairs, recently introduced legislation to improve credit card billing, marketing, and disclosure practices. Edward Yingling, president and chief executive of the American Bankers Association, said the consequences of broad legislative solutions can hurt consumers.

"We have serious concerns that this legislation could hurt much-needed consumer access to credit by inserting the federal government into credit markets in unprecedented ways," Yingling said. "Many of the practices this bill attempts to curtail allow credit card issuers to provide worthy borrowers with low-interest rates, no annual fees and broad access to credit." (www.creditandcollectionnews.com, By Ruth Mantell, MarketWatch, May 1, 2008)

US CREDIT CARD DEBT SOARS TO UNPRECEDENTED HEIGHTS

Studies indicate that credit card defaults and related write-offs increased drastically since 2006. Today, lenders write off 33 percent more in credit card debt than they did two years ago. Statistics show that about 35 percent of all credit card holders are already exhibiting signs of possible default. Late credit card payments result in fees many consumers can't afford. Credit card debt accelerated to unprecedented heights since bank loans began to dry up due to mortgage defaults. Total U.S. credit card debt reached almost $800 billion in November 2007, up from around $680 billion in March of last year, according to the latest available government statistics. In the aftermath of the U.S. mortgage crisis, the credit card bubble may be next to burst. In the past few years, banks have aggressively marketed credit card ownership and usage to consumers with limited income and low credit scores. Credit card standards remain lax, while loan standards have tightened to a degree. (April 28, 2008, www.creditandcollectionnews.com)

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 KCB Checking History Reports.

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