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THE 5 THINGS TO DO ABOUT THE NEW HEARTBLEED BUG

Should you take the latest security scare seriously? I do, and here are the steps I am taking. A patched OpenSSL version exists and is being deployed. Until then, what should you do? Here's a five-point checklist, followed by explanations.

1. Change the passwords for the handful of sites that really matter to you. I'll explain how you can do this in a total of ten minutes or less. This *probably* isn't necessary, but just in case...

2. Do not ever use the same password at two sites that matter to you. Ever. Heartbleed or not, this lowers the security level of any site with that password to the level of the sleaziest and least-secure site where you've ever used it.

3. Use a password manager, which can generate an unlimited set of unique, "difficult" passwords and remember them for you.

4. Use "two-step" sign-in processes wherever they're available, starting with Gmail.

5. Read what happened in our family three years ago, when one of our Gmail accounts was taken over by someone in Africa, if you would like a real-world demonstration of why you should take these warnings seriously. It's from an article called "Hacked." (JAMES FALLOWS, APR 9, 2014, The Atlantic)

HOW TO STOP THE LEAK?

As long as the vulnerable version of OpenSSL is in use it can be abused. Fixed OpenSSL has been released and now it has to be deployed. Operating system vendors and distribution, appliance vendors, independent software vendors have to adopt the fix and notify their users. Service providers and users have to install the fix as it becomes available for the operating systems, networked appliances and software they use. Your computer is not subject to the virus. It resides in Servers where it gives hackers the ability to see your information stored on the server.

Our web sites, creditinfosystems.com and kcbinfo.com, do not store your information.

When you log in to access our services, you are directed to secure websites that are not affected by the Heartbleed bug.

SharperLending states With the IP restrictions we have previously implemented, potential attacks would have only been able to come from approved IP Addresses. Therefore, exposure to our products is minimal compared to the rest of the Internet and we have recorded no unusual activity. As a precaution, however, we will be

rotating our SSL certificates and updating systems where necessary. We also recommend, as a best security practice, that you change your passwords regularly.

MeridianLink said their systems were not affected.

However, regardless of which system you are using, we also recommend, as a best security practice, that you change your passwords regularly.

HEART BLEED VIRUS TEST: BUG UPDATE - TEST WEBSITES BEFORE CHANGING SECURITY PASSWORDS ON GMAIL, YAHOO ETC

However, now there is a virus test that can help users detect whether a specific website has updated itself to eliminate the bug, and if so users would have the green light to change their passwords and update their security measures to protect themselves.

The Heart Bleed virus test can be found on filippo.io by going to: <https://filippo.io/heartbleed/>

Once at that website, users can type in any domain to check whether the website is still vulnerable or whether it has updated its security measures already to eliminate the threat.

This is important because even though users have been advised to change their passwords across sites they use, this measure would be completely useless, and could even detrimental to users, if they did so before the website in question eliminated the security threat.

So users should visit the filippo website and check any website they are looking to change their password on. (christianpost.com, 4-14-14)

CFPB SAYS MEDICAL DEBT UNFAIRLY HURTS CREDIT SCORES

Credit scores unfairly punish consumers who don't pay their medical bills right away, according to a study just released by the Consumer Financial Protection Bureau. What's more, scores for consumers with unpaid or late medical bills inaccurately predict the creditworthiness of those consumers, the study suggests. Consumers who are late paying medical bills should be given credit scores that are 10-20 points higher than scores they are given, the agency said, potentially costing the consumers thousands of dollars in borrowing costs during their lifetime. The CFPB study looked at 5 million credit reports and scores from 2011-2013, and the payment histories of those consumers. It found that patients with unpaid medical bills pay other bills at a rate in line with consumers whose credit scores are 10 points higher. Those who do pay medical bills, but paid them late, are dinged up to 22 points, the CFPB found. Many credit scoring models do not differentiate between unpaid medical bills and other

kinds of unpaid bills, such as cellphone bills or past-due rent that wind up in collections. They often fail to differentiate between collections that get paid and those that do. (The most recent version of VantageScore does make that distinction.) (5-21-14, CreditandCollectionNews.com)

STAR APPRAISAL MANAGEMENT CO.

The most recent requirement to be implemented under Dodd-Frank governs appraisal delivery to loan applicants secured by a first lien on a dwelling.

This final addition to Regulation B specifically mandates required delivery of appraisals to the borrower and requires proof of delivery.

These new requirements are effective for all applications generated after January 18, 2014.

Star Appraisal is a automatic appraisal delivery option that provides automatic e-mail delivery, to your borrower, a copy of their appraisal. Manual Forward Appraisal will allow the designated loan administrator to forward the appraisal report to the borrower within the system in order to permanently document the delivery.

The Star Appraisal Management program will ensure that our lenders are in compliance with their day-to-day loan processing, related to appraisal operations.

If you wish to sign up for any of our appraisal services, you can contact us at: 800-875-7402.

WILL JUSTICE DEPARTMENT'S CRACKDOWN ON CREDIT SUISSE LEAD TO MORE BANK PROSECUTIONS?

Credit Suisse is the first big bank in more than two decades to plead guilty to a felony crime in the U.S. Attorney General Eric Holder has emphasized that no bank is too big to jail, but the Justice Department has been criticized for not pursuing more charges after the financial crisis. Judy Woodruff discusses the big picture with Nomi Prins of Demos and Mark Calabria of the Cato Institute. JUDY WOODRUFF: Credit Suisse is the first big bank in more than two decades to plead guilty to a felony crime in the U.S. The Department of Justice announced the charges late yesterday, saying the Swiss bank had conspired to aid tax evasion over decades by helping thousands of

people hide wealth. Credit Suisse, which has an American investment bank, will pay \$2.6 billion in penalties. Attorney General Eric Holder has been emphasizing of late that — quote — "No bank is too big to jail." The Credit Suisse case, he said, was a good example. ERIC HOLDER, Attorney General: This announcement should send a firm and unequivocal message to anyone who would engage in dishonest or illegal financial activity that the Justice Department doesn't and we will not tolerate such



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activities. (5-21-14, CreditandCollectionNews.com)

TOP 10 STATES FOR FORECLOSURE IN APRIL

Foreclosure filings fell 1% nationally from March to April. According to RealtyTrac, a California-based firm that tracks foreclosures, these states had the highest rates of foreclosure in April. Nationally, 1 in every 1,137 housing units received a foreclosure filing last month. Did your state make the top 10 foreclosure list?

Top 10 foreclosures by state (for April 2014)
National foreclosure filing average: 1:1,137 housing units

States	Ratio of foreclosures	Rates	Income tax
Florida	1:40	4.37%	None
Maryland	1:624	4.35%	2% to 5.75%
Delaware	1:657	4.37%	Up to 6.75%
Indiana	1:681	4.35%	3.40%
New Jersey	1:700	4.41%	1.4% to 8.97%
Illinois	1:706	4.37%	5%
Ohio	1:750	4.38%	537% to 5.42%
Nevada	1:770	4.23%	None
Connecticut	1:887	4.32%	3% to 6.7%
S. Carolina	1:890	4.36%	Up to 7%

CFPB RELEASES REPORT ON MEDICAL DEBT COLLECTION IMPACT ON CONSUMER CREDIT SCORES

The Consumer Financial Protection Bureau (CFPB) Tuesday released a research report that found consumers' credit scores may be overly penalized for medical debt that goes into collections and shows up on their credit report. According to the study, credit scoring models may underestimate the creditworthiness of consumers who owe medical debt in collections.

"Getting sick or injured can put all sorts of burdens on a family, including unexpected medical costs. Those costs should not be compounded by overly penalizing a consumer's credit score," said CFPB Director Richard Cordray. "Given the role that credit scores play in consumers' lives, it's important that they predict the creditworthiness of a consumer as precisely as possible."

The study, "**CFPB Data Point: Medical Debt and Credit Scores**," notes that over half of all collections on credit reports are associated with medical bills and the vast majority of medical debt reflected on credit records is reported by third-party collection agencies.

On a conference call with reporters Tuesday, senior CFPB officials said that the issue

involves credit reporting agencies and debt collectors because hospitals and other healthcare providers rarely report items to the credit reporting agencies.

Complaints to the CFPB indicate that many consumers do not even know they have a medical debt in collections until they get a call from the collection agency or they discover the debt on their credit report.

The report, and statements by CFPB Director Richard Cordray and other officials, do not go so far as making recommendations that credit reporting agencies change their models to reflect these issues. The study, however, is seen as the first step in that process, likely culminating in a rule proposal.

Congress has also turned its attention to medical debt on credit reports. **A bill was introduced** in the U.S. House last year that would give patients behind on medical bills up to 120 days to work with debt collectors before the debt shows up on the consumer's credit report.

Another bill currently under consideration in both chambers, the "**Medical Debt Responsibility Act**," would require credit bureaus to delete reports of any delinquent medical debt within 45 days after it is resolved. In 2012, it received a **hearing** by the House Committee on Financial Institutions and Consumer Credit, but never made it out of committee to a vote on the floor. (5-21-14, Patrick Lunsford, insideARM.com)

HOUSE COMMITTEE PASSES THREE MORTGAGE LENDING BILLS

The House Financial Services Committee passed three bills last week that could make mortgage lending a little easier.

The Financial Regulatory Clarity Act, introduced by Rep. Shelley Moore Capito, (R-W.Va.), and Gregory Meeks, (D-N.Y.), is designed to streamline the regulatory processes of the Consumer Financial Protection Bureau, Federal Reserve Board of Governors, National Credit Union Administration, Federal Deposit Insurance Corporation, Securities and Exchange Commission, Office of the Comptroller of the Currency and the Commodity Futures Trading Commission. It would require financial regulators to determine whether new regulations are duplicative or inconsistent with existing federal regulations. It passed 34-25.

Two other bills were passed by the committee to enhance capital formation for small and emerging growth companies and provide regulatory relief for community financial institutions.

Those bills include:

- The Portfolio Lending and Mortgage Access Act, introduced by Rep. Andy Barr, (R-Ky.), which would treat mortgage loans held in portfolio as qualified mortgages. It passed 34-25.

- The Community Institution Mortgage Relief Act, introduced by Rep. Blain Luetkemeyer, (R-Mo.), which would exempt credit unions and other lenders under \$10 billion from certain RESPA escrow requirements and exempt mortgage servicers that service fewer than 20,000 loans from certain RESPA servicing requirements. It passed 43-16.

Committee chair Rep. Jeb Hensarlin (R-Texas) said the Senate is not considering any of the bills, including the Financial Regulatory Clarity Act.

"I would strongly encourage my Democratic colleagues, who may spend more quality time with the Senate Majority Leader and the President than do I, to encourage them to take up these bills, to contact their friends and colleagues in the Senate and in the White House and urge them to pay attention to what our committee has put forth on a bipartisan basis. This would indeed be very, very constructive. But again, despite the Senate's failure to act, we must act," he said.

"When we, as a committee, have the opportunity to help put Americans back to work, to help create jobs, we have the responsibility to do so and hopefully to do so on a bipartisan basis," Hensarlin added. "This is why our committee has already guided 22 regulatory relief bills to House passage. The vast majority of those bills, once again, have received strong - not just token - but strong bipartisan support." (5-21-14, Darren Waggner, Collectionscreditrisk.com)

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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

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