



The ONE SOURCE for all your credit reporting needs

11 N. 6th Street, Suite A \* Pekin, IL 61554 \* Ph: 888/852-2574 \* Ph: 309/353-5527 \* Fax: 309/353-5541 \* Peoria: 309/696-1890 \* Lnelson@KewaneeCreditBureau.com

June 30, 2006, Vol. 14, # 6

## CreditXpert

We are adding CreditXpert® to our MCL Merged & Mortgage Reports.

With CreditXpert you'll close more loans by:

- \* Attracting more prospects and receiving more applications.
- \* Converting declines into approvals.
- \* Explaining each applicant's qualifications and helping them to understand, manage, and improve their credit and credit score.

Check our our web page or call us for more information.

**THE FOLLOWING SERVICES ARE DESIGNED TO HELP YOU VALIDATE THE INFORMATION PROVIDED BY NEW AND CURRENT CUSTOMERS.**

### eFUNDS AUTHENTICATION SERVICES METRONET SEARCH OPTIONS

- EDA – Electronic Directory Assistance
- SURNAME SEARCH
- ADDRESS SEARCH
- SOCIAL SECURITY NUMBER
- VERIFICATION SEARCH
- NEIGHBOR SEARCH
- NEW! BEST ADDRESS SEARCH
- NEW! FILE ONE PHONES
- PHONE SEARCH
- BUSINESS SEARCH
- SIC CATEGORY SEARCH

### BANKRUPTCY FILINGS PLUNGE IN FIRST QUARTER TO LOWEST LEVEL SINCE 1985

Bankruptcy filings fell to a 21-year low in the first quarter of this year with only 116,771 filed nationally, reports the administrative office of the U.S. Courts.

Filings in the fourth quarter of last year, which included a rush to beat changes in federal bankruptcy law, totaled 667,431.

Of the filings in the first quarter of this year, 65,397 were Chapter 7 filings while 49,854 were Chapter 13 filings. The year's first quarter is the second quarter of the court system's fiscal year.

Proponents of the changes made in federal bankruptcy law had hoped it would cause more people to file Chapter 13 cases, in which some bills must be repaid, rather than Chapter 7, but the numbers do not indicate that has happened.

Credit counselors have been saying most of the people coming to them cannot afford Chapter 13 filings and so are still using the Chapter 7 alternative. The new law requires anyone about to file for bankruptcy to seek counseling first.

The Internal Revenue Service recently stripped the tax-exempt status from 41 counseling agencies and said it is continuing investigating tax-exempt counselors. It criticized counselors it already had examined for offering one-size-fits-all plans to consumers who often couldn't afford to make the payments dictated by such plans.

Business filings in the first quarter accounted for 4,086 of the quarterly total.

Bankruptcies for the 12-month period ending March 31, 2006, rose 12.8% to roughly 1.8 million compared with about 1.6 million in the prior fiscal year ending March 31, 2005, the administrative office reports.

The office attributes the jump over the prior 12 months to the new bankruptcy law going into effect last Oct. 17. (2006-06-01  
[www.creditandcollectionsworld.com](http://www.creditandcollectionsworld.com))

### HOME MORTGAGE FORECLOSURES INCREASING

Foreclosures on home mortgages are on the way up. Nationally, foreclosures are up 38 percent, higher than in any quarter of last year, property tracker RealtyTrac Inc. said. The numbers are even grimmer in the Midwest. Michigan and Ohio, battered by automotive-related job losses, together recorded 45,000 mortgages entering some stage of foreclosure in the first quarter. Those are increases of 91 percent and 39 percent, respectively, compared with last year's fourth quarter. There are many reasons for the growing number of defaults, and there are suggestions that the foredoresure trend may worsen. Layoffs from corporate downsizings, health-care issues, increasing debt levels and rising interest rates all factors. A growing number of homeowners are relying on adjustable rate mortgages, catching some people by surprise when their monthly payment rises. Significantly, some of the ARMs were offered with an initial three- to five-year period in which the rate was fixed. At the end of that period, mortgages are reset at prevailing rates, potentially upending borrowers because interest rates have been rising. For many people, that moment is approaching. "The increases we've been seeing in foredoresures don't even reflect the worst-case scenario that could happen when the \$2.7 trillion in

adjustable rate mortgages are reset over the next 18 months," said Rick Sharga, vice president of marketing at RealtyTrac. Another factor is the impact of rising property values. In some cases, people stretched to qualify for a mortgage only to be undone by higher utility and gasoline costs. "During the refinancing boom, people found themselves qualified for homes they might not have qualified for if the interest rates were higher," said Jeff Metcalf, chief executive of Record Information Services Inc., a Kaneville, Ill.-based collector of market data.

Losing jobs can and has triggered mortgage defaults.

Loan applications hit new low  
Mortgage applications in the U.S. fell last week to the lowest level since May 2002 as higher borrowing costs made it less profitable for homeowners to refinance. The Mortgage Bankers Association's index of applications to buy a home or refinance an existing loan dropped 1.4 percent to 534.4, the third straight decline, from 541.9. The refinancing index fell to the lowest this year.

Home buying stalled after declining the prior two weeks, more evidence of weakness in the housing market, today's report showed. Fewer purchases and less cash from refinancing make it likely the economy will slow later this year, economists said. "What we're seeing is the beginning of the breakdown of the housing market," said Joel Naroff, president of Naroff Economic Advisors in Holland, Pennsylvania. "Housing will detract from economic growth. It'll affect refinancing and consumer confidence, and the impact will be seen in consumer spending." The average rate on a 30-year fixed mortgage last week slipped to 6.6 percent, close to a four-year high, from 6.66 percent. It has risen more than one percentage point from the same time in 2005. At last week's average 30-year fixed rate, monthly principal and interest costs for each \$100,000 of a loan would be about \$639. A year ago, when the average rate was 5.55 percent, the payment was \$571.

Federal Reserve Chairman Ben S. Bernanke said this week that the cooling in the housing market points to slower growth in consumer spending and the economy. ([creditandcollectionnews.com](http://creditandcollectionnews.com) 6-9-06)

### US POST OFFICE RETURN ADDRESS WORDING

The US Postal Service provides special wording that you can put under your return address. Here is an explanation of the options:  
**"Address Service Requested"**  
**"Forwarding Service Requested"**  
**"Return Service Requested"**

**Page 2**

**"Change Service Requested"**

**"Temp—Return Service Requested"**

If you noticed our envelopes use the first option.

**"Address Service Requested"**

**OPTION 1**

**If change-of-address order on file:**

- *Months 1 through 12:* Piece forwarded (no charge); separate notice of new address provided (address correction fee charged).
- *Months 13 through 18:* Piece returned with new address attached (no charge).
- *After month 18:* Piece returned with reason for nondelivery attached (no charge).

**OPTION 2**

**If no change-of-address order on file:**

Piece returned with reason for nondelivery attached (no charge); separate notice of reason for nondelivery provided (address correction fee charged).

**If change-of-address order on file:**

- *Months 1 through 12:* Piece forwarded (no charge); separate notice of new address provided (address correction fee charged).
- *Months 13 through 18:* Piece returned with new address attached (no charge); separate notice of new address provided (address correction fee charged).
- *After month 18:* Piece returned with reason for nondelivery attached (no charge); separate notice of reason for nondelivery provided (address correction fee charged).

**"Forwarding Service Requested"**

**If no change-of-address order on file:**

Piece returned with reason for nondelivery attached (no charge).

**If change-of-address order on file:**

- *Months 1 through 12:* Piece forwarded (no charge).
- *Months 13 through 18:* Piece returned with new address attached (no charge).
- *After month 18:* Piece returned with reason for nondelivery attached (no charge).

**"Return Service Requested"**

**In all cases:**

Piece returned with new address or reason for nondelivery attached (in either case, no charge).

**"Change Service Requested"**

**OPTION 1**

**In all cases (regardless of whether a change-of-address order is on file):**

Separate notice of new address or reason for nondelivery provided (in either case, address

correction fee charged); piece disposed of by USPS.

**OPTION 2**

**If no change-of-address order on file:**

Piece disposed of by USPS; separate notice of reason for nondelivery provided (address correction fee charged).

**If change-of-address order on file:**

- *Months 1 through 12:* Piece forwarded (no charge); separate notice of new address provided (address correction fee charged).
- *Months 13 through 18:* Piece disposed of by USPS; separate notice of new address provided (address correction fee charged).
- *After month 18:* Piece disposed of by USPS; separate notice of reason for nondelivery provided (address correction fee charged).

**RESTRICTIONS (FOR OPTIONS 1 AND 2)**

The following restrictions apply:

- (1) This endorsement is limited to use on valid mail pieces bearing a proper ACS participant code and only for: (a) Priority Mail containing perishable matter (other than live animals) and the marking "Perishable" and; (b) First-Class Mail (excluding hazardous materials).
- (2) Delivery Confirmation and Signature Confirmation are the only extra services permitted with this endorsement.

**"Temp—Return Service Requested"**

**If no change-of-address order on file:**

Piece returned with reason for nondelivery attached (no charge).

**If permanent change-of-address order on file:**

Piece returned with new address or reason for nondelivery attached (in either case, no charge).

**If temporary change-of-address order on file:**

Piece forwarded to temporary address (no charge); no separate notice of temporary address provided.

**FRESH RASH OF THEFTS  
ENDANGER CONSUMERS'  
IDENTITIES**

Laptops computers and data files containing consumers' personal information recently seem to be disappearing faster than ice on a hot summer day.

Personal information on about 970,000 consumers—contained on a laptop and a file server—went missing in a March 31 burglary at a Midwestern AIG office. AIG reported the crime to police and will notify affected consumers. The lost records include names and Social Security numbers.

In Washington, D.C., personal information and Social Security numbers of 13,000 District of Columbia employees and retirees were compromised when a laptop was stolen during a burglary at the home of an ING U.S. employee.

ING also lost data last December on about 8,500 employees of Jackson Health System in Miami, Fla. Workers were first informed of this breach last week.

ING is offering a credit monitoring service to all affected consumers for one year for those who sign up, and will cover expenses should any of them become a victim of identity fraud.

The University of Kentucky has alerted 6,500 students that their personal data, including Social Security numbers, were compromised when a computer drive was stolen from a professor.

A computer cartridge that contained payroll information on more than 1,300 New York state employees disappeared May 30. A letter went out last week telling workers that the cartridge contained their names, salaries, home addresses and Social Security numbers. The cartridge is believed to have been lost en route from one state office to another. Officials are still searching for the missing cartridge, but they have alerted credit bureaus of the problem.

Lastly, PayPal has repaired a security flaw that allowed scammers to redirect users to a fake login page on an external server. On the fake page, PayPal users were asked for their Social Security number, credit card information and ATM PIN. PayPal has not yet determined how many users were scammed into giving up this information. (6-20-06, creditandcollectionsworld.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 eFunds Debit Reports.

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

*"A good leader is a person who takes a little more than his share of the blame and a little less than his share of the credit." — John C. Maxwell*