



The **ONE SOURCE** for all your credit reporting needs

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MORTGAGE CREDIT REPORT & CREDIT SCORING SEMINAR

We will have a class on Mortgage Credit reports on Monday August 30 at 10:00am.

The emphasis will be on Fannie new LQI (Loan Quality Initiative). Refresh Credit Reports and the Comparison Reports will be explained, both of which are now available.

We will also show how to receive the best information on a credit report, how to submit Supplements, Employment and Trade Line Verifications, Income Tax Verifications and Disputes.

We will provide lunch and after lunch, at 1:00pm, we will describe, in detail, how credit scores work and how you can use CreditXpert to explain and show your customers how to improve their credit scores. CreditXpert will help you to make more loans and is a great way to help your customers understand and improve their credit scores.

CREDIT EXPERT

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.

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.

DISPUTING CONSUMER CREDIT REPORTS

There are three ways we can correct a credit report, pulled from us.

The consumer needs to sign an **Authorization Form**. This form is on our web page. Just go to **CREDIT PRODUCTS** and click on "**Member Documents**." The **Loan Verification** forms are at the bottom of the page.

First: If you have pulled the MCL merged or mortgage report, on the right side of the screen, you will see "**VIEW REPORT**." The section below that will say: "**ADD-ON PRODUCTS**." And below that is: "**Request Supplement**." Just click on "**Request Supplement**."

All you need to do is click on the boxes next to the trade lines you wish us to verify. There is also a space for you to report any other instructions or requests.

Under "**Utilities**" on the main menu, you will find the **Authorization Form**. The form needs to be signed by all the applicants, and faxed to us before we can dispute or verify the trade lines and employment. If we are just updating your merged report we do not need any other information.

DOCUMENTS NEEDED TO DISPUTE INFORMATION ON AN EXPERIAN, TU OR EQUIFAX CREDIT REPORT:

We need a letter from the consumer explaining what is wrong, a copy of their driver's license and a copy of their SS card. Experian, TU and Equifax will not verify or change anything without positive proof that it is really the correct consumer disputing the information. Picture IDs can not be faxed

Copies of Paid Receipts, Lien Releases, Judgment Releases and letters from creditors verifying the status, are needed and can speed up the dispute process.

Once we have verified the information, we can change **our report**. This report is only for in-house lending. The corrected report can not be sent to Fannie or Freddie.

This usually takes 1 to 4 days. We can also verify employments and rental (landlord) payments and agreements.

Second: Same as above, but we file the dispute with the offending credit bureau(s). This will can take one to four weeks.

Third: By using Instant Update, we can get the information corrected on the offending credit bureau in 3 to 5 business days. This is very expensive. We need the same information as in the First step, plus the Rapid Rescore authorization. The authorization is on our Members Documents page.

In summary, in the first instance, we correct our Merged credit report, only.

In the second case we will file a dispute with the offending credit bureau(s)

Finally, if the consumer has obtained their credit report from another source, we can assist them in correcting their report. Since it is not with our number, we do not have direct access to the consumer's file and there may be a fee to the consumer.

If you have pulled an Experian or Equifax

credit report through us or using our numbers assigned to you, we can dispute the incorrect information for the consumer.

A consumer can not come in to our office and ask us to verify and change a report one of our members pulled. Only an authorized employee of our members can request verifications and updates to their reports.

FDIC TRIES NEW ASSET SALES APPROACH

With more than \$600 billion of bad loans, foreclosed properties and other assets from failed banks, federal regulators are counting on the private sector to help sell the loans rather than doing so independently.

The FDIC is selling loans in a public-private partnership, where a buyer fronts 20% of the assets' value and tries to work out the loans by reducing the interest rate, extending the maturity, writing off some principal or getting buyers to put up equity. The FDIC, which retains 80% ownership, shares in any gains. In 2009, the FDIC sold \$2.45 billion worth of loans, with an original book value of \$5.7 billion.

For assets it must sell itself when it cannot find a buyer for a failed bank, the FDIC is hiring auctioneers, recruiting investors directly and even creating its own asset-backed bonds to coax the best possible prices.

James Wigand, deputy director of the FDIC division in charge of the asset sales, said many FDIC staff members are veterans of the savings-and-loan crisis in the early 1990s and remember what worked and what did not. The FDIC at that time created the Resolution Trust Corp. to liquidate failed banks, taking upon itself to sell 89% of the \$453 billion in assets it found at 747 failed banks.

Now the FDIC is selling only approximately 11% of the \$606 billion acquired from 246 failed banks. The total exceeds the assets of all but the six largest U.S. bank holding companies. The FDIC is requiring healthy banks to shoulder the rest as a condition of getting a collapsed competitors' customers, deposits and branches.

That still leaves a considerable amount to sell itself. To do so quickly and try to fetch higher prices, the FDIC is using several approaches. It sells some through private agencies like The Debt Exchange Inc., a Boston trading platform. DebtX, as the company is known, sells the loans using sealed-bid auctions.



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The FDIC also uses the securitization market to offload loans. In March, it sold the first such deal, a \$1.8 billion bond backed by loans from Franklin Bank in Houston and Corus Bank in Chicago.

The FDIC's approach has its critics. Larry Meyer of JLM Financial Investments, a distressed-assets trader in Austin, Texas, said the government should do more to speed up the process of getting bad assets off banks' books so they can make new loans instead of managing what amounts to a real estate problem.

But the reality is that in many cases it takes time to simply figure out what assets the banks have because the banks' classifications may differ from those used by the FDIC. There are also assets that may be in litigation, making a sale even more difficult.

Also, the value of the assets has been going up, so no one is in a rush to sell at fire-sale prices. At the beginning of last year, if a commercial mortgage-backed security would have sold at 40% of its value, this year that figure has climbed to 84%, according to a note from Citigroup. (CollectionsandCreditRisk.com, June 16, 2010)

ASSET QUALITY SLUMPS FOR CREDIT UNION CARDS

Credit card delinquencies and chargeoffs at credit unions remained near all-time highs, even as the average balance on card accounts continued to grow in the first quarter, according to AssetExchange, a card broker for credit unions.

The delinquency ratio as of March 31 rose to 4.6%, believed to be its highest ever, while the charge-off ratio was at 1.9%, slightly below the 2% for the first quarter last year.

At the same time, the average balance on a credit union card grew to \$2,619, up from \$2,471 a year ago, the company reported yesterday.

The sale of card portfolios, slowing in recent years, continued to dry up, with no sales of portfolios more than \$1 million in the first quarter.

The data was derived from information on 5300 Call Reports submitted to NCUA. (www.collectionscreditrisk.com, Credit Union Journal, June 21, 2010)

EXPERIAN BUYS RENTBUREAU

Experian PLC said last week that it has purchased RentBureau, a credit bureau that

tracks rent payments, from DSI Holdings LLC. RentBureau, of Atlanta, maintains a database of apartment rental payments, populated with data it receives daily from property management software that apartment owners and managers use.

Experian said this data would help it assess consumers who have thin credit histories. "We recognize the value that this information being on file brings to non-credit-active, cash-based consumers, and we intend to leverage Experian's brand and scale to grow this area of our business quickly," Steven Wagner, president of consumer information services, said in a press release. (www.collectionscreditrisk.com, American Banker, June 28, 2010)

MORTGAGE RELIEF MARKETER TO PAY \$11.4 MILLION

The promoter of a mortgage relief scam will pay \$11.4 million for flouting an earlier court order to stop misleading consumers about services provided.

The Federal Trade Commission requested the contempt order against Bryan D'Antonio and three companies that he controls - The Rodis Law Group Inc., America's Law Group Inc., and The Financial Group Inc.

The FTC previously charged that the companies falsely claimed to stop foreclosures and negotiate lower mortgage interest rates, monthly payments and principal balances. They claimed a 100% success rate and wrongly advised consumers to pay them instead of making mortgage payments.

Homeowners received few, if any, loan modifications, and many people lost their homes to foreclosure after paying the firms up to \$5,500, according to the FTC. The operators falsely claimed that attorneys would check consumers' loan documents for fraud and other lending violations that they would use as leverage in negotiating loan modifications, according to the complaint.

The FTC has collected more than \$1 million from the defendants' available assets thus far, and will refer the remainder of the \$11.4 million judgment to the Department of the Treasury for collection. Along with financial sanctions imposed against D'Antonio and his companies, the court barred him from making misleading statements about refunds, exchanges and total costs or quantity.

The FTC charged D'Antonio in May 2009

with violating a 2001 order banning him from telemarketing and misleading consumers about goods or services. The FTC had obtained the original order against him and his former company, Data Medical Capital Inc., for operating a work-at-home medical billing opportunity scheme.

D'Antonio also pleaded guilty to mail fraud for his involvement in that scam and served almost three years in prison. He could not be reached for comment today. (www.collectionscreditrisk.com, 6-17-10)

DELETING ACCOUNTS REPORTED TO THE CREDIT BUREAUS

If you wish to delete a loan or file you have reported to TU, Experian or Equifax, there are several ways to do accomplish the deletion.

First, if you are signed up with E-Oscar, just log on with them and you can delete the file. You must be sure to change your data so that your monthly tapes do not report the incorrect information.

Second, you can change Status Code to "DA" and the ECOA to "Z." Experian will delete the account when they detect a "DA" in the Status Code. Equifax will delete the account when they see the "Z" in the ECOA Code.

If you are reporting using Metro 2, the following Loan Type codes (Purpose Code) are no longer valid: 27, 30, 31, 78, 85 and 87.

KCB INFO SERVICES HOURS

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

KCB Information Services offers: Consumer credit reports, Collections Reports, Business Credit 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 and Identity Authentication.

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

"She walked into my office wearing a body that would make a man write bad checks, but in this paperless age you would first have to obtain her ABA Routing Transit Number and Account Number and then disable your own Overdraft Protection in order to do so." Steve Lynch, San Marcos, CA, winner of the 2010 Bulwer-Lytton contest in the category: First Line of Detective Novel.