KCB Info Services
KCBinfo.com
The ONE SOURCE for all your credit reporting needs

June 30, 2014 Vol. 22, #6

Here is the latest chart from Fair Isaacs, (FICO).

DAMAGE POINTS: HOW MISTAKES AFFECT FICO SCORES		
Credit mistake	**If your score is 680**	**If your score is 780**
Maxed-out card	Down 10 to 30 pts.	Down 25 to 45 pts.
30-day late payment	Down 60 to 80 pts.	Down 90 to 110 pts.
Debt settlement	Down 45 to 65 pts.	Down 105 to 125 pts.
Foreclosure	Down 85 to 105 pts.	Down 140 to 160 pts.
Bankruptcy	Down 130 to 150 pts.	Down 220 to 240 pts.
		Source: FICO

VERIFICATIONS

Are you hiring a new employee or looking to promote a current employee? Do you need to verify the information on a loan applicant's application. Do you need to check the criminal history of a loan applicant, a current employee or prospective employee? Do you know where to look to verify the information given to you on your employment applications and loan applications? Even if you do, do you have the time to verify all that information?

We can verify current and previous employments.

We can verify and update trade lines on the Employment, Consumer and Mortgage credit reports.

Disputes. If your customer disputes information on the credit report, we can file a dispute with the offending credit bureaus.

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 to us.*

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 employment 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 **Rapid Rescore**, 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 consumer needs to sign an **Authorization Form.** This form is on our web page (and in our Merged & Mortgage System.)

Forth, The consumer can call us and we will dispute any incorrect information on a credit report you have pulled from us.

If you have pulled an Experian, TU or Equifax credit report through us or using our numbers assigned to you, we can dispute the incorrect information for the consumer.

Only an authorized employee of our members can request verifications and updates to their reports. A consumer can not come in to our office and ask us to verify and change a report pulled by one of our members. ***Also, we can not contact the lender, with the results of the dispute, if the consumer comes to us to dispute a credit report pulled by one of our members.***

For Employment verifications, we need the *Authorization Form.*

U.S. FORECLOSURE ACTIVITY FALLS TO 8-YEAR LOW IN MAY

Foreclosure activity across the United States dropped to an eight-year low in May as banks reclaimed fewer homes and foreclosure starts saw their lowest levels in years, RealtyTrac said in a report on Tuesday. RealtyTrac, which tracks and maintains housing market data, said 109,824 properties across the country were at some stage of the foreclosure process in May. That marked a 5 percent decline from April and left foreclosure activity -- foreclosure notices, scheduled auctions and bank repossessions -- 26 percent below the year-ago level. May was the 44th consecutive month foreclosure activity was down on an annual basis, a sign of the housing market's steady progress toward recovery. "This is showing that foreclosures are fading further into the rear-view mirror in most places," Daren Blomquist, vice president for RealtyTrac, told Reuters. "This is good news for the housing market." Lenders reclaimed a total of 28,373 properties in May, down 6 percent from April and the lowest level since July 2007. Repossessions were down 27 percent from a year ago. (6-10-14, CreditandCollectionNews.com)

CAR CRAZE: AUTO DEBT SKYROCKETING IN AMERICA

A growing number of Americans are willing to spend the better part of a decade paying for a new vehicle, data from Experian Automotive show.

During the first quarter, the average auto-loan term increased to 66 months, the highest level since Experian began reporting data in 2006. And nearly 25 percent of new vehicle loans ranged from 73 to 84 months, up 27.6 percent from a year earlier, notes Wall Street Cheat Sheet.

Meanwhile, auto loans ranging from 25 months to 72 months declined.

"Over the past several years, 72-month-term loans have become the norm for auto financing," Automotive News says Melinda Zabritski, senior director of automotive credit at Experian Automotive, explained.

"As the cost of purchasing a new vehicle continues to rise, consumers clearly are stretching the loan term to help lower monthly payments, keeping them at a manageable level," Zabritski noted.

This trend is "a natural consequence of those folks that were excluded from the market who are now returning and using these loans," specifically young, first-time buyers and those with unfavorable credit, Thomas King, senior director of the J.D. Power and Associates' Power Information Network, told Automotive News.

Consumers must be careful warns Zabritski. A longer-term loan offers the benefit of a lower monthly payment, but there is a "flip side."

"Consumers can find themselves paying more in interest or being upside-down on their loan if they seek to trade their vehicle in early. It is definitely a choice that consumers will want to weigh carefully before making a final purchasing decision," she said.

Auto industry professionals claim they're keeping a close eye on the market looking for any housing-style **bubbles**, and they say they aren't seeing any red flags, says Automotive News.

Delinquency rates is one metric they watch as 22 states saw an increase in 60-day delinquencies during the first quarter, but according to Experian, overall the nation's delinquency rate fell, remaining below pre-recession levels.

"Consumers are doing an excellent job managing their debt load," said Zabritski.

Bruce Jackson, head of retail lending for Chase Auto Finance, made a similar observation, telling **Automotive News**, "Consumers have remained prudent. Lending institutions have remained prudent."

But Wall Street Cheat Sheet says taking on long-term loans to make payments manageable is not the same as buying what is affordable. If the only way consumers can purchase a car is through a 6- or 7-year loan, they can't really afford it, and should consider buying a used vehicle, writes Eric McWhinnie.

Auto consumers should set rules, he says. A good one is the 20/4/10 rule: Put down at least 20 percent, finance the vehicle for no longer than four years and avoid total monthly vehicle expenses (including principal, interest, and insurance) exceeding 10 percent of gross income. (Monday, 06-09-14, By Michelle Smith, moneynews.com)

NEW RULING: DEBT COLLECTORS COULD BE FINED $1,500 EVERY TIME THEY CALL

Consumers who don't want to be contacted by debt collectors on their cellphones may have a powerful new ruling on their side. It may not only help them stop these calls, but it may increase the chances that they can collect damages of $500 to $1,500 per call. In a recent 11th Circuit case, Osorio v. State Farm Bank, the court reinforced restrictions under the Telephone Consumer Protection Act that, among other things, prohibit collectors from using automated dialing systems (more commonly known as "robocalls") to call consumers on their cellphones without the consumer's express permission. "The moral of that opinion is 'no means no,'" says attorney Billy Howard, director of the consumer protection division of Morgan & Morgan. The Telephone Consumer Protection Act has been federal law since 1991. It specifically aims to restrict telemarketing and the use of automated dialing systems to contact consumers without their express consent. The reason this ruling is significant is that in the past, some courts have been divided on whether consumers who have given their cellphone number to a creditor or collector can revoke that permission, and if so, whether they can do so verbally. In this case, the court opined that consumers who have given collectors permission to call their cellphones can revoke their consent verbally. "This is the only appellate opinion," says Howard. "Although it's not binding on someone in other parts of the country, it's very persuasive," he says. (6-18-14, CreditandCollectionNews.com)

SUPREME COURT RULING UNLIKELY TO AFFECT CFPB REGULATOR CORDRAY

A Supreme Court decision invalidating President Barack Obama's appointment of three federal labor panel members during a Senate break is unlikely to hamper a consumer-finance regulator whose leader was also first installed without congressional approval. Banking industry lawyers said Thursday there is only a small chance a financial firm would be able—or willing—to challenge the Consumer Financial Protection Bureau's actions in an 18-month period in which the agency's director, Richard Cordray, served as a "recess" appointee. Also, few if any financial firms are inclined to question the authority of a key regulator, they said. The court ruled that Mr. Obama overstepped his authority by making appointments during a three-day Senate break between brief "pro forma" sessions in which no business is conducted. The court held that presidents may only use their power to make so-called recess appointments during breaks of at least 10 days. Mr. Obama first nominated Mr. Cordray, a former Ohio attorney general, to lead the new regulator in July 2011. But Republicans blocked Mr. Cordray in a push for structural changes at the agency. (6-27-14, CreditandCollectionNews.com)

RISKY BORROWERS DEFAULT AT HIGHER RATES

Lenders beware: junk-rated companies that borrow with few strings attached are defaulting at higher-than-average rates. Analysts at Moody's Investors Service studied 423 U.S. companies that borrowed money on easy terms between 2005 through the first quarter of 2014. By tracking their default rates over three-year intervals, the analysts discovered that the average default rate totaled 18.8%, compared with a 13.4% rate for all high-yield loan borrowers. More companies are getting access to those so-called covenant-lite loans. More than half of loans in the $750 billion junk loan market lacked financial covenants, according to a recent analysis by S&P Capital IQ. Recently, pest-control and cleaning company Servicemaster Global Holdings Inc., borrowed $1.83 billion in a covenant-lite loan. Other recent borrowers included designer fashion house Kate Spade & Co. and nut specialist Diamond Foods Inc. Covenants are triggers that could force borrowers to shore up their financial health. Those triggers usually involve periodic tests of overall debt levels and cash flow to cover scheduled interest payments. CreditandCollectionnNews.coom

CREDIT INFORMATION SYSTEMS HOURS

Monday - Friday 8:00am to 5:00pm

Credit Information Systems offers: Consumer Credit Reports, *ServicePlus* Credit Reports Collections 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, AVMs, 4506-T, Income Tax Verifications, Real Estate Tax Payment Verifications and Identity Authentication.

Credit Information Systems has served businesses since 1915 and provides credit reports from all three national repositories.

Our previous news letters, dating back to March, 1993, can be accessed at: kcbinfo.com/kcbnewsletters.htm