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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

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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.

DISCLOSING CREDIT SCORES TO CONSUMERS

The "DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT" has been signed into law. I thought you would be interested in the portion describing the notice to consumers on credit scores:

SEC.11OOF. USE OF CONSUMER REPORTS.
Section 615 of the Fair Credit Reporting Act (15 U.S.C. 1681m) is amended-
(1) in subsection (a)-
(A) by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively;
(B) by inserting after paragraph (1) the following: "(2) provide to the consumer written or electronic disclosure--
"(A) of a numerical credit score as defined in section 609(f)(2)(A) used by such person in taking any adverse action based in whole or in part on any information in a consumer report; and
"(B) of the information set forth in sub-paragraphs (B) through (E) of section 609(f)(I);"; and
(C) in paragraph (4) (as so redesignated), by striking "paragraph (2)" and inserting "paragraph (3)"; and (2) in subsection (h)(5)-
(A) in subparagraph (C), by striking "; and" and inserting a semicolon;
(B) in subparagraph (D), by striking the period and inserting "; and"; and
(C) by inserting at the end the following: "(E) include a statement informing the consumer
"(i) a numerical credit score as defined in section 609(f)(2)(A), used by such person in making the credit decision described in paragraph (1) based in whole or in part on any information in a consumer report; and
"(ii) the information set forth in subparagraphs (B) through (E) of section 609(f)(1)."
.
Basicly, it says if you deny a consumer credit, loan rental, etc, and you have received a credit score, you will provide the consumer with a copy of the credit score.

CONSUMER BORROWING DOWN SHARPLY IN MAY

Consumer borrowing fell again in May, more evidence that Americans remain jittery over their finances and the durability of the economic recovery. The Federal Reserve said Thursday that borrowing dropped by $9.1 billion in May. It also said borrowing declined by $14.9 billion in April, revising an initial estimate that showed a gain of $995 million for the month. Consumer borrowing has fallen in 15 of the past 16 months as households have struggled with uncertain job prospects and battered finances following a deep recession. In May, consumers borrowed less on their credit cards and took out fewer auto loans. Credit card borrowing has fallen for 20 straight months. Many consumers, confronted by a deep recession and a weak job market, have tried to get their household finances in better shape by reducing their debt levels. In addition, banks during the recession have imposed tighter lending standards in an effort to cope with their rising levels of bad loans. (www.creditandcollectionnews.com, 7-9-10)

ECONOMY IN US TO COOL AS CONSUMERS SPEND LESS, SURVEY SHOWS

Economists trimmed their U.S. growth forecasts through the middle of next year, though not enough to show the recovery is in danger of faltering. Growth in the world's largest economy will average 2.8 percent from the current quarter through the second quarter of 2011, according to the median estimate of 52 economists surveyed from July 1 to July 8, down 0.1 percentage point from last month. While recent housing, manufacturing and employment figures suggested the U.S. economy is more vulnerable, the survey shows the recovery will survive the effects of Europe's debt crisis and China's efforts to slow growth. With few signs of inflation, the Federal Reserve will wait longer than previously anticipated before raising interest rates.
"It's not a falling-off-the-cliff scenario but it is a bit more cautious," said Julia Coronado, a senior U.S. economist at BNP Paribas in New York. "There is going to be fallout from the European situation." (www.creditandcollectionnews.com, 7-9-10)

U.S. BUSINESS FACES BURDEN FROM NEW IRS RULES—REPORT

An Internal Revenue Service watchdog warned Wednesday the paperwork burdens on small businesses may outweigh the benefit of tax collections generated as part of the new health-care law.

Starting in 2012, about 40 million businesses, charities and other entities will be required to report to the IRS payments they make to suppliers and service providers, the IRS Taxpayer Advocate Service said in its midyear report to Congress.

The reporting regime is aimed at giving the IRS more information to help it collect taxes from the vendors. But the report said it could disrupt commerce and that IRS systems might not be equipped to make much use of the information anyway.

Businesses are already required to report payments to noncorporate service providers that exceed $600 in a given year.

The health-care law expanded that to cover incorporated service providers, and also vendors of goods. That means that a self-employed person who pays the same vendor more than $600 for office supplies, equipment or consulting services in the same year must now generate a 1099 form for that vendor and send it to the IRS.

"The Office of the Taxpayer Advocate is concerned that the new reporting burden, particularly as it falls on small businesses, may turn out to be disproportionate as compared with any resulting improvement in tax compliance," wrote National Taxpayer Advocate Nina E. Olson.

The Taxpayer Advocate is an office within the IRS charged with assisting taxpayers and identifying unfair policies and practices.

The IRS has announced that businesses wouldn't have to report payments made by credit card, as those payments will be picked

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up by a separate reporting regime.

That isn't much comfort, said Small Business Legislative Council President John Satagaj, as many transactions within a single industry -- like the payments between manufacturers and distributor -- are handled by check.

Mr. Satagaj's group, which represents a variety of industries from electricians to toy makers, has fought the new requirements.

The rules could well push more small businesses toward making payments by credit card in order to avoid the extra paperwork, said Mr. Satagaj. "The credit-card companies get a major windfall out of this," he said.

Ms. Olson highlighted other problems with the new law. For instance, the law requires that the vendor provide its business customers with a taxpayer identification number, which the customer must then include on the 1099 form. If the vendor doesn't provide an ID number, the business is required to back-up withhold, on behalf of the IRS, 28% of the purchase price.

"A vendor may simply refuse to sell goods to any purchaser that refuses to pay the full purchase price. Such an outcome could significantly impair the normal course of commerce," Ms. Olson wrote.

In addition, she said large company vendors will have an advantage over small firms because they may offer to keep track of payments for their customers to help meet the IRS requirement.

The new reporting requirements were included in the health-care bill to help offset the cost of new health-insurance subsidies. They were estimated to raise $17 billion for government coffers over the next 10 years.

The information-reporting requirement is one of two main areas of concern on which the Taxpayer Advocate said it will focus during the coming year. The other is what Ms. Olson called declining levels of IRS taxpayer services. **Write to** Martin Vaughan at martin.vaughan@dowjones.com (www.creditandcollectionnews.com, 7-9-10)

HOMES LOST TO FORECLOSURE ON TRACK FOR 1M IN 2010

More than 1 million American households are likely to lose their homes to foreclosure this year, as lenders work their way through a huge backlog of borrowers who have fallen behind on their loans. Nearly 528,000 homes were taken over by lenders in the first six months of the year, a rate that is on track to eclipse the more than 900,000 homes repossessed in 2009, according to data released Thursday by RealtyTrac Inc., a foreclosure listing service. "That would be unprecedented," said Rick Sharga, a senior vice president at RealtyTrac. By comparison, lenders have historically taken over about 100,000 homes a year, Sharga said. The surge in home repossessions reflects the dynamic of a foreclosure crisis that has shown signs of leveling off in recent months, but remains a crippling drag on the housing market. (7-15-10, www, creditandcollectionnews.com)

MORE AMERICANS' CREDIT SCORES SINK TO NEW LOWS

The credit scores of millions more Americans are sinking to new lows.Figures provided by FICO Inc. show that 25.5 percent of consumers - nearly 43.4 million people - now have a credit score of 599 or below, marking them as poor risks for lenders. It's unlikely they will be able to get credit cards, auto loans or mortgages under the tighter lending standards banks now use. Because consumers relied so heavily on debt to fuel their spending in recent years, their restricted access to credit is one reason for the slow economic recovery.

"I don't get paid for loan applications, I get paid for closings," said Ritch Workman, a Melbourne, Fla., mortgage broker. "I have plenty of business, but I'm struggling to stay open." FICO's latest analysis is based on consumer credit reports as of April. Its findings represent an increase of about 2.4 million people in the lowest credit score categories in the past two years. Before the Great Recession, scores on FICO's 300-to-850 scale weren't as volatile, said Andrew Jennings, chief research officer for FICO in Minneapolis. (7-12-10, www.creditandcollecdtionnews.com)

BANKRUPTCY LAWYERS ON PACE FOR RECORD YEAR

Bankruptcy and foreclosure lawyers aren't getting a lot of rest these days. The down economy - which has wreaked havoc on entrepreneurs, banks and real estate developers - has spawned a big demand for attorneys in those practice areas. And things aren't slowing down. For the first half of 2010, the U.S. Bankruptcy Court reported a 10 percent increase in filings over last year's numbers for the same six-month period. With more than 11,000 cases filed, it was the busiest first half the court has had in at least a decade. If the current pace continues, the court will have an even busier year than it did 2005, when debtors were rushing to file before the Bankruptcy Reform Act went into effect. With more term loans coming due in the next few years, lawyers predict bankruptcy will continue to be a lucrative practice. The key for attorneys will be to handle the cases professionally and thoroughly while still getting paid for their legal services.

FTC RULES TAKE AIM AT DEBT-RELIEF INDUSTRY

The Federal Trade Commission issued stringent new rules cracking down on the burgeoning debt-relief industry on Thursday, saying it too often charges consumers hefty upfront fees but fails to reduce the amount of money they owe creditors. The new regulations prevent any for-profit debt-relief company from collecting advance fees as of Oct. 27, a significant victory for consumer advocacy groups that have lobbied extensively over the past year for tighter oversight of the industry. Starting Sept. 27, it also requires companies to disclose how much the process could cost and how long it may take consumers to see results. The FTC also set new rules for creating and managing the accounts consumers use to save money to pay off debt. Advertising claims were also restricted. (July 30, 2010, www.creditandcollectionnews.com)

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.

If people let government decide what foods they eat and what medicines they take, their bodies will soon be in as sorry a state as are the souls of those who live under tyranny.
Thomas Jefferson (1743 - 1826)