



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 * e-mail: KCBInfo@KCBInfo.com

July 31, 2011

Vol. 19, #7

CREDIT SEMINARS

We will have two seminars on Sept. 9th at the Holiday Inn Express in Peru.

The morning class will be on Mortgage Reports, Fannie & Freddie Requirements, Report Options, New AVM and Property Condition Report requirements, Flood Determinations and Credit Scoring.

The afternoon class will cover single and multi-bureau Consumer Reports, how Credit Scores and Credit Reports are created, Credit Score and Risk Based Notices, Red Flag and ID verifications and fraud searches. We will also review new Multi-bureau reports for consumer purposes.

Please go to our web page for more information on the classes.

COMPLIANCE 1ST

As you know, we make every effort to keep you in compliance with the many credit reporting requirements.

Our MCL Merged and Mortgage program is one of the few that complies with the FCRA (Fair Credit Reporting Act.) It allows the user to correctly indicate the PURPOSE of the inquiry.

FIRST: The FCRA requires users of 3rd Party Resellers (ie.: KCB, Factual Data, Compliance One & Informative Research and others) to provide the purpose of the request for credit with the inquiry.

SECOND: Fair Isaacs uses that purpose code in its calculation of the consumers credit score.

THIRD: Some inquiries are not used or counted, to calculate the consumer's credit scores.

If you do not indicate the correct PURPOSE or TYPE CODE, when you pull a credit report, you could be causing FICO to incorrectly score the credit file. Also, you may not be in compliance with the FCRA.

We are not attorneys, but if your incorrect inquiry causes consumers loan requests, by other creditors, to get rejected, the consumers could come back to you for damaging their credit report. By entering the correct purpose code with each credit report request, you be in compliance and your customer's credit score will be correct.

Our MCL Merged system offers several purpose codes in the TYPE drop down menu.

Also, our MCL Merged system allow you to pull REFRESH CREDIT REPORTS. This type of inquiry allows you to pull a second Mortgage Credit Report without a hit against the customers credit score.

Also, we can provide you with the Account Review inquiry. That allows you to pull a report, on your current loan customers, to review their accounts, without creating a hit on their credit score.

If you are not getting the consumer purposes, or any of the other products or services you need, call or e-mail us.

NEW FEDERAL LAW APPLIES TO ALL CREDITORS WHO USE CREDIT SCORES!!

If you reject a customer for credit, ie.: loan, employment, apartment, insurance, etc, the score and score factors must be included in the Adverse Action Notice to the applicant. Also, you must let the applicant know if the number of inquiries reduced the score.

If a credit score is used in taking any adverse action, in addition to the previously required disclosures, the creditor must also provide:

- The numerical credit score used;
- The range of possible scores under the model used;
- Key factors that adversely affected the credit score;
- The date on which the score was created; and
- The name of the person or entity that provided the score.

We have provided sample copies of Adverse Action Notices and Risk Based Lending Notices on our Member Documents web page.

LOG IN SECURITY

Do to the large number of security breaches recently, we recommend putting IP restriction on user names. That way, your user name and password can not be used by anyone not at your work. In most cases, we can enter more then one IP restriction, if you need to access reports from more then one location.

Call us and let us know what restrictions you need.

PROPERTY CONDITIONS REPORTS

We have several types of Property Condition Reports:

- AVMs: \$25.00 returns a value.
- Property Condition Report: \$65.00, returns only the external condition with pictures.
- GAP-Desktop Valuation (Ext): \$135.00, returns the value of the the property with pictures of the exterior.
- GAP-Desktop Valuation (Int): \$165, returns a value and pictures of the interior.

If you are set up for Floods, you should also be able to order these.

EXPERIAN ANNOUNCES STRATEGIC DEFAULTS REMAIN

HIGH

Experian®, the leading global information services company, today announced the availability of a Market Insight Snapshot report that analyzes strategic defaulters and provides recent findings on the profile of these individuals. The study found that in 2008, strategic defaults peaked in Q4, accounting for 20 percent of all mortgage defaults 60 days past due or greater and have fallen below that percentage every quarter through Q2 of 2010. The last quarter in 2009 indicated a 16 percent strategic default rate and 17 percent in Q2 of 2010.

Although percentages slightly dropped since 2008, they still remain high creating a continual issue for lenders. "Experian, along with Oliver Wyman, pioneered and published the first research on strategic defaulters in 2009 and has continued the in-depth analysis to further understand and identify key behaviors and trends," said Charles Chung, Experian's president of Decision Analytics. "It's important for lenders to understand findings such as why about 90 percent of strategic defaulters are continuing to stay current on their other obligations - even a year after they've gone delinquent on their mortgage. (6-23-11, www.creditandcollectionnews.com)

LAW FIRM FISHER AND SHAPIRO SUED OVER FORECLOSURE CASES

A former Chicago resident whose home is in foreclosure has filed a lawsuit against Fisher and Shapiro LLC, the law firm that admitted to Cook County Circuit Court that some of the mortgage foreclosures it handled contained altered documents. The suit, filed in federal court in Chicago Monday, seeks class-action status and comes three months after the court's Chancery division temporarily halted more than 1,700 mortgage foreclosure cases as a result of the law firm's admission. Upon further review by the court, the number of cases that was temporarily stayed grew to 2,127. Fisher and Shapiro did not admit to rubber-stamping of documents, as is the case in the various "robo-signing" investigations in states like Illinois, where foreclosure actions are processed through the courts. Instead, the firm said that in some cases, the signature page of foreclosure affidavits was removed, the document's contents were altered and then the signature page was reattached, according to the general administrative order issued by the court March 2. (6-22-11, www.creditandcollectionnews.com)



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 * e-mail: KCBInfo@KCBInfo.com

FTC SAYS INTERNET BACKGROUND CHECKS MUST COMPLY WITH FCRA

A recent blog on the Federal Trade Commission (FTC) web site, "[The Fair Credit Reporting Act & Social Media: What Businesses Should Know](#)," indicates that Internet background checks conducted by Consumer Reporting Agencies (CRAs) for employers using information about job applicants from social networking sites such as Facebook and Twitter must follow the same federal Fair Credit Reporting Act (FCRA) rules regulating the collection, dissemination, and use of consumer information rules that apply to the traditional information – employment and salary history, criminal records, and credit reports – that FCRA compliant background screening firms and employers have used in the past.

The FTC blog states that regardless of the type of information in a report from CRAs that employers use when making hiring decisions, the rules are the same. "Companies providing reports to employers – and employers using reports – must comply with the Fair Credit Reporting Act." The blog also mentions an investigation that the FTC recently dropped:

"The FTC staff recently looked at a company selling background reports that include information from social media to see if they were complying with FCRA. Staff's letter to the company emphasized that when reports include information derived from social media, the same rules apply. For example, companies selling background reports must take reasonable steps to ensure the maximum possible accuracy of what's reported from social networks and that it relates to the correct person. They have to comply with other FCRA sections, too – like providing copies of reports to people and having a process in place if people dispute what's said about them in a report. In addition, companies must give employers who use their reports information about employers' responsibilities under FCRA – like their obligation to provide employees or applicants with advance notice of any adverse action taken on the basis of the reports. Another key requirement: Companies selling background reports for employment must require that employers certify the report won't be used in a way that would violate federal or state equal employment opportunity laws or regulations. Of course, given the sensitive nature of the information in reports, everyone – companies selling the reports and employers using them – has a legal obligation to keep them secure and dispose of them properly." (6-28-11, by Thomas Ahearn, SF Workplace Issues Examiner, www.creditandcollectionnews.com)

STUDY: ROUGHLY 1 IN 15 ADULTS LIE ABOUT SSNS, DOBS ON CREDIT APPLICATIONS

Roughly 1 in 15 U.S. adults are intentionally committing fraud by lying about their Social Security number, date of birth, or other personal information on credit applications, claims a study released today by consulting firm ID Analytics.

Eight million people are using two or more Social Security numbers, 16 million have used multiple dates of birth, and another 10 million have intentionally co-mingled their personal information with a spouse's information, the report says.

Fraudsters range from full-time, professional ID thieves, to applicants simply trying to evade creditors' background checks, to citizens trying to trick government agencies into giving them benefits they're not entitled to.

In all, 45 million Americans entered incorrect information on applications for cell phone service, auto loans, credit cards, or other similar transaction, ID Analytics says. While some of those mistakes could be the result of applicants simply being inconsistent with their names, roughly one-third to one-half of those involve deliberate attempts to escape a bad credit history or otherwise evade detection of a negative event in their past, said Stephen Coggeshall, chief technology officer for ID Analytics.

With 267 million adults studied, roughly 8 percent are actively committing fraud. He estimated.

"This is a fabulous list of obvious criminals," Coggeshall said.

"Most of these attempts are caught by creditors, but enough of them get through that people keep trying it," Coggeshall said.

The 45 million deliberate compromised identities that remained surprised even Coggeshall.

"Deliberate identity manipulation is far more prevalent than we imagined," he said. "I think there are broader social statements implications associated with this." Some elements of society may not see lying about a name or a number on a credit application as a crime, or as morally wrong, he said.

Lying on an application often is a crime — but why aren't law enforcement agencies using ID Analytics' research to round up thousands of repeat identity thieves and throw them in jail?

The study sheds light on why some credit granters seem to be overly paranoid, suspicious, or demanding, when consumers apply for credit.

"People like to beat up credit granters, but they are doing their best to keep costs as low as possible," he said.

The results should equally anger credit granters and honest consumers.

"People are harmed in two ways by this. A fraudster can inadvertently use your information to obtain credit. But the second way is, overall people have to pay more through increased fees and costs for services when fraudsters are successful," Coggeshall said. (6-30-11, MSNBC, By Bob Sullivan)

FIRST QUARTER DELINQUENCIES

The first quarter 2011 composite ratio is made up of the following eight closed-end loans. All figures are seasonally adjusted based upon the number of accounts.

Decreased Delinquencies:

- Personal loan delinquencies down 3.08 to 3.05 %.
- Direct auto loan delinquencies down 1.44 % to 1.20 %.

- Mobile home loan delinquencies fell from 3.92 percent to 3.74 percent.
- RV loan delinquencies down 1.40% to 1.26 %.
- Marine loan delinquencies down 1.8% to 1.76%.
- Property improvement loan delinquencies fell from 1.26 percent to 1.02 percent.

Increased Delinquencies:

- Indirect auto loan delinquencies rose from 2.66 percent to 2.72 percent.
- Home equity loan delinquencies up 4.05% to 4.12 %.

In addition, ABA tracks three open-end loan categories:

Increased Delinquencies:

- Bank card delinquencies up 3.28% to 3.40 %.
- Home equity lines of credit delinquencies rose from 1.73 percent to 1.80 percent.
- Non-card revolving loan delinquencies rose from 0.87 percent to 0.96 percent.

The American Bankers Association

EDUCATION VIDEOS

We have posted a link to several consumer education videos. Just click on the "Credit Scoring Explained" and then on the "Credit Education" link.

FREQUENTLY ASKED QUESTIONS

How Long Does Derogatory Information Stay On My Personal Credit Report?

Derogatory information can remain on your credit file up to seven years from the date of first delinquency that led up to the charge off, Collections, Repossessions and Foreclosures Exceptions to this ruling are:

Bankruptcy: Chapters 7 and 11 remain on the credit file 10 years from the date filed. Chapter 13 dismissed or no disposition rendered remains on the credit file 10 years from the date filed.

Liens: Unpaid tax liens remain on the credit file indefinitely. Paid tax liens remain on the credit file for up to 7 years from the date released.

Judgements: Judgements remain on the credit file 7 years from the date filed.

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, LiveScan Finger Printing, Tenant Screening Reports, Flood Zone Determination, Flood Life of Loan Certification, AVMs, 4506-T Income Tax Verifications, and Identity Authentication.

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

"Socialism is a philosophy of failure, the creed of ignorance, and the gospel of envy, its inherent virtue is the equal sharing of misery."
Winston Churchill