

KEWANEE CREDIT BUREAU

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JULY 31, 1994

VOL 2, #7

RESIDENTIAL MORTGAGE CREDIT REPORTS

Are you getting your RMCR back in 3 or 4 days? If not just fax your applications to us. We can usually fax a copy of the RMCR to you in 2 or 3 days and you will have the original RMCR by mail in 3 or 4 days.

"DISCHARGE IN BANKRUPTCY IS INCOME" SAYS THE IRS

Discharge of debt in Bankruptcy is "income" to the debtor, says the IRS. "Financial entities" are now required to report to the IRS if the discharged debt is over \$600.00. This "Temporary rule," issued by the IRS on Dec. 27, 1993, implements sections 13252 of the Omnibus Budget reconciliation Act of 1993, passed by the Congress last August.

Some [institutions] were especially concerned by the provision that requires the discharge of debts to be reported after the statute of limitations expired. ABA spokesperson, Lynda Kern pointed out that every payment by the debtor would restart the statute of limitations, forcing the financial institutions to recalculate the date to file form 1099-c. The act basically applies only to depository institutions, not to retailers and financial companies, unless they are subsidiaries of a "financial entity."

Should creditors, not subject to the rule, report voluntarily? Some creditors have reasoned that some debtors would rather pay the debt than have the discharge reported to the IRS, but the rule itself does not address this issue. (CBS Advantage, spring 94, & The Letter of Credit, vol X, #2)

In a related matter, several doctors have informed us that they will be filing 1099s on patients that received insurance checks and didn't use it to pay the doctors' bills. The doctors told us that since the insurance check was miscellaneous income to the patients, it should be reported as such to the IRS.

In Illinois the Statute of Limitations is 10 years on a written contract and 5 years on an oral contract.

PERSONAL BANKRUPTCIES DROP SHARPLY IN MOST REGIONS OF THE COUNTRY

Only 6 of 90 U.S. District Bankruptcy Courts failed to register a decline of personal bankruptcies in the past year. In a report published by the International Credit Assoc., non-business bankruptcies totaled only 812,898 for the period ending 12-31-93. That is down almost 10 percent from the previous year's total. Overall 88,000 fewer relief petitions were filed in 1993.

The National average for filing was 8.84 per thousands households and varied from 3.26 in Vermont to 19.26 in Tennessee. (ACA Credit Alert, Vol.23, #7)

TENANT REPORTING AGENCIES MUST COMPLY WITH FAIR CREDIT REPORTING ACT

A Florida Court of Appeals recently ruled that reports produced by a tenant reporting service are consumer reports as defined by the FCRA and therefore regulated by the law.

Consumer reports are defined by law as: "any written, oral or other communication of any information by a consumer reporting agency bearing on a consumer's creditworthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living which is used or expected to be used or collected in whole or in part for... purposes authorized under Section 604 of the FCRA." The judges' ruled that all the information contained in reports produced by Prospective Tenant Reports (PTR) illustrated a prospective tenant's creditworthiness.

Section 604, which defines who has a permissible purpose, says a report may be furnished to a person who "has a legitimate business need for the information in connection with a business transaction involving the consumer." Therefore, the court ruled that PTR was a consumer reporting agency and was regulated by the FCRA. (ACB Communicator, vol IV, # 7)

KEWANEE CREDIT BUREAU HOURS

Monday - Friday 9:00am to 4:30pm
Closed 12:00 to 1:00pm