



The ONE SOURCE for all your credit reporting needs

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NEXT SEMINAR

Our next seminar will be at 1:30pm on Wednesday Sept. 20, 2006. We will review consumer credit reports, credit scores, Fraud searches and skiptracing and eFunds checking history searches.

PEORIA CHAMBER BREAKFAST

I hope to see you at the Peoria Chamber breakfast on Oct. 4th. I will give a presentation on ID theft and Credit Scores.

PERMISSIBLE PURPOSE ERRORS

It has come to our attention that some lenders, who are using purchased software, are not entering the proper TYPE or PURPOSE CODES describing the purpose for the loan, or credit transaction. In some cases as with Bankers Systems/Factual Data, the lender is not offered a choice and all inquiries are being reported as inquiries for mortgage loans.

An incorrect Type or Purpose code is not only a violation of the FCRA, but can also adversely affect the consumer's credit score. You should check your vender to see if the correct codes are being supplied.

If you are going to Experian's web page or if you are using our KCB EXPRESS CREDIT SEARCHES link, you are offered a chance to indicate the TYPE or PURPOSE codes.

FCRA Sec. 607 (a), says: "...These procedures shall require that prospective users of the information identify themselves, certify the purposes for which the information is sought and certify that the information will be used for no other purpose.

HELP WANTED!

We are looking for a salesman (or woman) who would like to be a part owner. A person with a finance back ground would find it much easier to learn and understand the wide variety of products we offer. Their primary job would be to present our products and services to landlords, police departments, municipalities, car dealers, banks, credit unions and finance companies.

If you know of anyone who would like to own their business someday, tell them to call us.

NEW ID FRAUD SCAMS

A couple of new forms of ID Theft have been reported.

One scam has the bad guy calling and informing the victim that they have not responded to their summons for jury duty. They are then notified that a warrant has been issued for their arrest for not appearing.

Now that the victims are all shook up and worried about being arrested, they are then asked for their birth date and social security number so the warrant can be withdrawn.

Another scam is the medical scam. The bad guy goes to a doctor or hospital and uses the victim's information and then has his operation. Since the bad guy doesn't use the victims' real address, the victim doesn't learn about this until they receive a collection notice. The really bad news is that the victims medical information may be mixed with the fraudulent information.

Remember to check your credit report. You can go to our web page and click on the link to get your free annual credit report. Check your Experian report now and then in four months check your TransUnion and then four months later check your Equifax report. That way you are checking your credit three times a year.

The FTC says that the average victim doesn't discover ID theft for 14 months. By checking your file each 4 months you will be more likely to catch and stop any unauthorized activity before too much damage is done.

CONSUMER CREDIT UNEXPECTEDLY ACCELERATED IN JUNE

Consumer borrowing unexpectedly accelerated in June as Americans used credit cards to finance more of their purchases, a Federal Reserve report showed today. Consumer credit, or non-mortgage loans to individuals, rose \$10.3 billion to \$2.19 trillion following a revised \$5.89 billion increase in May. The two-month gain was the biggest since September-October 2004. Americans are relying more on credit-card debt because rising interest rates and a cooling housing market make it harder for them to take out home-equity loans. Higher prices at filling stations are also prompting consumers to borrow more, economists said. "The jump in consumer credit coming at a time when consumers are hard hit by soaring gasoline costs could indicate some financial woes on the part of borrowers," said Chris Rupkey, an economist at Bank of Tokyo-Mitsubishi UFJ Ltd. in New York. "It looks as if consumers are relying more on credit cards now that other avenues of credit such as mortgage refinancing have been shut off to them." Consumer credit was expected to rise

\$3.6 billion in June following an originally reported \$4.4 billion increase in May, according to the median forecast in a Bloomberg News survey of 36 economists.(aug. 8, 2006, www.creditandcollectionnews.com)

FINANCIAL FEUD: BANKS TAKE ON CREDIT UNIONS IN FIGHT FOR MONEY, SERVICES

The banking industry has been quietly waging a war against credit unions. "I wouldn't call it a war.... There's a policy disagreement between banks and credit unions. I guess you could call it a feud," said Keith Leggett, a senior economist in the Office of the Chief Economist at the American Bankers Association (ABA) in Washington, D.C. At the core of the disagreement is the expansion of financial services by some credit unions and their tax-exempt status. "The tax-exempt status is well-deserved and being earned by the credit unions every day," said Michael Lanotte, senior vice president and general counsel of the New York State Credit Union League (NYSCUL) in Albany, N.Y. "They pay every type of tax that other corporations pay except for a corporate income tax." "We're not taxed because we take care of our members and give them our profits back in the form of better rates, dividends, free services; we don't have the same kinds of service charges that banks do. (We have) minimal service charges," said Raymond Dowling, president and chief executive officer of Stamford Credit Union. We return the income to the members in the form of lower loan rates and higher deposit rates. We make sure our deposit rates are very competitive. Basically, we take care of the members." (Aug. 8, 2006, www.creditandcollectionnews.com)

PASSWORDS

If you are using the KCB EXPRESS link to access credit reports, eFunds or Criminal Reports, you are now required to change your password every 90 days.

Merged, Mortgage and Experian have required the change every 90 days for the past five years. If you don't use the account in 180 days your account will be dropped. We recommend that you log in each month, even if you have no reports to pull. That will keep your log in name active.

NEW JOINT CREDIT SCORE FOR SALE TO CONSUMERS; LENDERS SLOW TO ADAPT

According to the San Francisco Chronicle, Experian is among the first of the crediting agencies to offer their jointly developed credit



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score, called VantageScores, to consumers.

The problem, though, is with lenders: they're a slow-to-adapt lot, and consumers won't get much benefit from knowing their VantageScores if lenders aren't going to use them to make credit decisions.

Experian, Equifax, and TransUnion, began offering the Vantage scoring system to lenders in March. Experian says hundreds of lenders are testing it, but none has begun using it exclusively to make credit decisions. And while Experian is offering the VantageScores to consumers for \$5.95 – that's \$5.95 worth of nothing if lenders aren't utilizing that information. (July 25, 2006, www.collectionindustry.com)

DEBTS FORGIVEN, TAXES INCREASED

If you're working with a creditor to forgive some of your debt, there's something important you should know. Any debt that is canceled could create another bill -- a tax bill. "I am a tax preparer with a very large tax preparation company and have had to deal with unhappy taxpayers who are upset to find they have a tax liability they did not expect," said Larry Cohen, a senior tax adviser at an H&R Block office in Wheaton. Cohen's remarks were prompted by a recent column I wrote about whether debtors should accept a settlement. That column was the first of several on the issue of debt collection. This second installment deals with an important downside of debt dealing. Cohen remembers one client he tried to help after her consulting business failed. The woman had been living on her credit cards and eventually amassed about \$30,000 in debt. She was able to negotiate that debt down to about \$10,000, Cohen said. But the cancellation of debt created a \$5,000 federal tax bill. "When I told her she would have to pay taxes on the \$20,000 that was forgiven she was absolutely flabbergasted," Cohen said. "She was just completely upset. She just ran out of the office. She didn't even pay me." (Aug. 14, 2006, Creditandcollectionnews.com)

BANKS MORE WILLING TO MAKE CONSUMER LOANS FED

Consumers were demanding more loans and enjoying easier credit from banks over the past three months even as the Federal Reserve was hiking interest rates to keep inflation in check, Fed data released Monday shows. In its quarterly survey of bank loan officers, the Fed said banks were more willing to make loans to consumers as demand got "moderately stronger" in the last three months. The Fed

survey covers 56 domestic banks and 17 foreign banks. Four banks, or about 8% of respondents, said they were "somewhat more willing" to make consumer loans in the past quarter.

Meanwhile, five banks, or almost 10% of survey respondents, said they'd eased credit standards for consumer loans other than credit cards. Demand for consumer loans rose, the Fed said, with 7.5% of respondents -- four banks -- reporting higher demand. The increased demand for loans and easier credit came in the midst of the Fed's campaign to tighten interest rates. The central bank took a pause, however, when policy makers met August 8, saying inflation pressures seem likely to moderate over time. But Fed Chairman Ben Bernanke and his colleagues said some inflation risks remained and that they'd be keeping an eye on the data. Standards for approving commercial and industrial loans also eased, the Fed reported. About 14% of survey respondents said they loosened credit terms for business loans. And, as the housing market cools down in the U.S., banks were still easing credit standards for consumer mortgage loans. Seven of the Fed's respondents said that they'd "eased somewhat" the terms they put on residential mortgages. (Aug. 15, 2006, www.creditandcollectionnews.com)

WELLS FARGO TO OPEN INDIA IT FACILITY

Due to a shortage of domestic IT talent, Wells Fargo (San Francisco) announced it will open a new technology facility in Hyderabad, India later this year.

The bank says the facility will provide technology resources, including software development, for a variety of functions for Wells Fargo. The bank stresses that the new venture will in no way affect its U.S. employment levels and will not involve customer-facing positions or the handling of customer information. According to Wells Fargo, the move is a result of resource issues.

"This is simply about supply and demand. Like most major U.S. companies we're facing a shortage of qualified technical talent and we're not able to continue to meet this growing demand for such talent here in the United States alone," said Victor Nichols, head of Wells Fargo's Technology Information Group, in a statement. "Computer science graduates in the United States have decreased by about a third in the last four years, and during that time India has produced an abundant supply of technology and operations talent, with over a half a million technology and engineering graduates annually. We believe this new facility

will help us to meet our growing business needs for technology skills that no longer can be supplied solely from the United States."

Nichols said since the move was not the result of cost savings, American jobs would be kept safe. As homegrown talent becomes available in the U.S., he predicted that the bank would continue hire U.S. IT workers to increase its technology team here. (By BS&T Staff, Bank Systems & Technology, August 08, 2006)

Consumers Take Wells Fargo and TransUnion to Trial Over False Credit Reporting

In the spring of 2001, San Clemente residents Reed and MaryAnne Fisher had their home red-tagged because of land instability. They thought the biggest nightmare would be dealing with their red-tagged home, but this proved to be the lesser of their nightmares over the next two years. The Fishers contacted Wells Fargo Home Mortgage, their mortgage servicer, and obtained a forbearance agreement so they did not have to make mortgage payments while their home was red-tagged. Ultimately, Wells Fargo transferred the mortgage to Freddie Mac, the mortgage holder, and Freddie Mac charged off the loan with a zero balance and no negative credit connotations. The Fishers had always been current on their home mortgage payments, and had spotless credit. Wells Fargo, however, continued to report false negative credit information on the Fishers. It began reporting the Fishers late on their mortgage payments and in default. Wells Fargo also began foreclosure proceedings on the Fisher's home when it had no right to do so. The negative credit entries from Wells Fargo made it tough for the Fishers to get another home and to pick up the pieces of their lives. This went on for two years. Wells Fargo would, on the one hand, send a letter to the Fishers stating that the credit information was being cleaned up, then on the other hand continue to report the negative credit information.

KCB INFO SERVICES HOURS

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

KCB Information Services offers: Consumer credit reports, Business Credit reports, Employment Credit reports, Residential Mortgage Credit Reports, Merged Credit Reports, Criminal background checks, Tenant Screening Reports, Flood Zone Determination, Flood Life of Loan Certification, Identity Authentication and eFunds Debit Reports.

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