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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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DON'T DAMAGE YOUR CUSTOMERS CREDIT REPORTS!!

We can't say this or emphasize it enough:
if you are not entering or not entering the correct Type or Purpose Code when you you pull a credit report you may be lowering your customers credit scores!

If you are using software that does not allow you to enter a Purpose Code, CHANGE YOUR SOFTWARE!! Weekly, we are receiving complaints from consumers who found that banks and credit unions incorrectly pulled their reports and their scores were lowered.

We will have another credit seminar on Friday, Oct. 29th. We will review pulling reports, and pulling them correctly, reading reports. We will also review and explain credit scoring and the different types of credit score models. If you have never been to a credit report or credit score seminar or class, this is a must. Don't assume you have been taught the true story on credit reports and credit scores.

Did you know that each of the three national bureaus file, sort and retrieve data differently? Did you know that each bureau changed FICO's formula?

Call us to reserve your seat.

MERGED AND MORTGAGE REPORT UPDATES

We have added many new reports:
Comparison Reports (compares current and previous credit report)
Refresh Reports (does not count against the consumer's credit score)
Credit Radar (alerts users to key pieces of information, current and potential scores)
MERS (Mortgage Electronic Registration System)
I D Risk review
Credit Expert (explains scores and what can be done to raise them)
Risk Based Pricing (coming 1-1-2011)

We still have these:
Fraud Shield
Consumer Copy (of the credit report)
IDV (Identity Verifications)
Authentication Solutions (Level One)
Social Security Search
Denial Letter (Adverse Action Notice)
Rapid Rescore
Trade Line and Employment Verifications
Pre-Qualifying Analyzer

CONSUMER CREDIT IN U.S. FELL BY $1.3 BILLION IN JUNE, LESS THAN FORECAST

Consumer credit in the U.S. declined in June for a fifth straight month, a sign an uneven labor market is discouraging borrowing. The $1.3 billion decrease in credit followed a revised $5.3 billion drop in May, the Federal Reserve said today in Washington. Economists projected a $5.3 billion decline in the measure of credit-card debt and non-revolving loans for June, according to the median forecast in a Bloomberg News survey. Credit-card debt that dropped in June to the lowest level since October 2005 indicates consumer purchases, which account for about 70 percent of the economy, will be restrained as Americans rebuild savings. An increase in confidence to borrow and spend more depends on job gains after companies added fewer workers than forecast in July. "The consumer has some tough sledding ahead," said Joshua Shapiro, chief U.S. economist at MFR Inc. in New York. "Without any job growth, it's going to be difficult to generate the kind of income growth we need to generate consumer spending growth." (8-9-10, www.creditandcollectionnews.com)

FDCPA AND OTHER CONSUMER RIGHTS LAWSUIT STATS., 7- 16-31

Grand Rapids, MI – The following statistics are provided to the ARM industry courtesy of WebRecon LLC.

FDCPA and Other Consumer Rights Lawsuit Statistics, July 16-31, 2010
There were about 533 lawsuits filed under consumer statutes in the second half of July. Here is an approximate breakdown:

- 492 Fair Debt Collection Practices Act
- 71 Fair Credit Reporting Act
- 19 Telephone Consumer Protection Act
- 23 Truth In Lending Act
- 2 Credit Repair Organizations Act
- 3 Electronic Fund Transfers Act
- 2 Home Ownership And Equity Protection Act
- 1 Personal Injury
- 1 State of Alabama Consumer Statutes
- 31 State of California Consumer Statutes
- 1 State of Colorado Consumer Statutes
- 3 State of Connecticut Consumer Statutes
- 44 State of Florida Consumer Statutes
- 2 State of Illinois Consumer Statutes
- 2 State of Kentucky Consumer Statutes
- 4 State of Maryland Consumer Statutes
- 2 State of North Carolina Consumer Statutes
- 1 State of Ohio Consumer Statutes
- 4 State of Pennsylvania Consumer Statutes
- 3 State of Texas Consumer Statutes
- 9 State of Utah Consumer Statutes
- 3 State of West Virginia Consumer Statutes
- 20 Real Estate Settlement Procedures Act
- 2 Racketeer Influenced and Corrupt Organizations Act

Summary:
- Of those cases, there were about 549 unique plaintiffs (including multiple plaintiffs in one suit).
- Of those plaintiffs, about 152 had sued under consumer statutes before.
- Combined, those 152 plaintiffs have filed about 965 lawsuits since 2001
- Actions were filed in 119 different US District Court branches.
- About 480 different collection firms and creditors were sued.

The top courts where lawsuits were filed:
- 40 Lawsuits: Florida Southern District Court - Fort Lauderdale
- 34 Lawsuits: Illinois Northern District Court - Chicago
- 33 Lawsuits: Minnesota District Court - DMN
- 30 Lawsuits: California Central District Court - Western Division - Los Angeles
- 22 Lawsuits: Colorado District Court - Denver
- 20 Lawsuits: Pennsylvania Eastern District Court - Philadelphia
- 14 Lawsuits: Missouri Eastern District Court - St. Louis - Eastern Division
- 14 Lawsuits: Georgia Northern District Court - Atlanta
- 12 Lawsuits: California Southern District Court - San Diego
- 12 Lawsuits: Florida Southern District Court - Miami

The most active consumer attorneys were:
- Representing 30 Consumers: Jack Dennis Card, Jr
- Representing 23 Consumers: Mark L. Vavreck
- Representing 19 Consumers: David J. Philipps
- Representing 17 Consumers: David Michael Larson
- Representing 14 Consumers: Sergei Lemberg
- Representing 14 Consumers: Donald A. Yarbrough
- Representing 12 Consumers: Thomas J. Lyons Sr.
- Representing 11 Consumers: James D. Pacitti
- Representing 9 Consumers: David Richard Schwarcz
- Representing 9 Consumers: Andrew Ira Glenn

Statistics Year to Date

6725 total lawsuits for 2010, including:
- 6267 FDCPA
- 703 FCRA
- 64 TCPA
- 332 TILA (Truth in Lending Act)

Number of unique Plaintiffs: 6529 (including multiple plaintiffs in one suit)

The most active consumer attorneys of the year:
- Representing 218 Consumers: Sergei Lemberg

- Representing 198 Consumers: Brent F. Vullings
- Representing 166 Consumers: David Michael Larson
- Representing 154 Consumers: Todd Michael Friedman
- Representing 143 Consumers: Donald A. Yarbrough

(August 12, 2010, www.insidearm.com)

CONSUMER CREDIT CARD DEBT UP NEARLY 14 PERCENT SINCE JULY 2009

CreditKarma.com, the consumer's credit advocate, today released its U.S. Credit Score Climate Report with trend data for July 2010. Nationally, credit card debt amongst consumers with a credit card decreased by one percent since June 2010. However, credit card debt is up nearly 14 percent since July 2009. In July, the average consumer with an account had: $7,752 in credit card debt, $176,042 in home mortgage loans, $51,807 in home equity, $15,080 in auto loans and $28,301 in student loans. Nationally, credit scores remained stable at 668, down one point since the end of January and down five points since July 2009. "This month's data succinctly illustrates the correlation between debt and credit score," said Ken Lin, CEO of CreditKarma.com. "Consumers have charged more on their credit cards and as a result, credit scores are lower. We suspect as consumers begin to pay down their debts, credit scores will start to increase again." (8-11-10, www,creditandcollectionnews.com)

COURT REJECTS FICO'S POST-TRIAL MOTIONS

Fair Isaac Corporation and myFICO Consumer Services, Inc., asserted claims against multiple defendants including Experian, Trans Union, Vantage Score Solutions, LLC and others for antitrust violations, trademark infringement of its "300-850" trademarks, as well as unfair competition, deceptive trade practices, false advertising, passing off, breach of contract, interference with contract, and misappropriation of trade secrets claims. After Fair Isaac abandoned its claims for misappropriation of trade secrets, the Court granted summary judgment in favor of Defendants on Fair Isaac's antitrust, breach of contract, interference with contract and false advertising claims. The remaining trademark-related claims, as well as Defendants counter-claim for fraud on the United States Patent and Trademark office proceeded to trial, where the jury returned a verdict in favor of Defendants, finding that Fair Isaac's 300-850 trademarks, which the Court previously ruled were "descriptive," had not acquired secondary meaning. (8-20-10, www.creditandcollectionnews.com)

ILLINOIS GOVERNOR SIGNS DEBT SETTLEMENT LAW

Illinois Gov. Pat Quinn signed a law this week that he says will help protect consumers against deceptive business practices and abusive fees from debt settlement agencies.

The legislation passed both chambers of the General Assembly with strong bipartisan support.

"Many older individuals accumulate high credit debt, and often fall prey to unscrupulous debt settlement firms," says Bob Gallo, a state director with the American Association of Retired Persons. "This new law will allow individuals to have the protections they need as they try to get out of debt and get back on their feet."

Industry data reveals that 1,000 debt settlement firms handle $18 billion in debt across the nation, with the average customer owing about $30,000 in credit card debt.

AARP strongly backed the legislation after surveys found that more than one in five debtors were over the age of 55; 27% of AARP members reported having difficulty paying off credit card debt; and nearly half – 44% – consider credit card debt to be a major concern.

Debt settlement companies routinely advertise they can settle all of a consumer's credit card debt in 24 to 36 months for less than 60% of the amount owed.

The legislation prohibits upfront fees and many monthly charges. It also caps fees at 15% of the savings achieved from settling a debt. It further bans companies from advising consumers to stop payments to creditors and allows consumers to cancel a contract at any time, with prompt refunds.

Last week, in a related **story**, the Federal Trade Commission announced new rules against debt relief companies. (www.CollectionsandCreditRisk.com, August 5, 2010)

MORE HOUSEHOLDS GET AUTO LOANS IN JUNE

Consumer borrowing fell in June for a fifth-straight month as households boost auto loans but continue cutting back on credit card use. Borrowing dropped at an annual rate of $1.3 billion in June, the Federal Reserve reported. That marked the 16th drop in overall credit in the past 17 months. Americans backed away from swiping their credit cards for the 21st straight month. That offset a rise in the number of auto loans. Households are borrowing less and saving more, and that has dragged on the overall economy by lowering consumer spending. The $1.3 billion June drop in borrowing was much smaller than the $5 billion decline that economists had expected. The government also revised the May decline to show a smaller drop of $5.3 billion rather than the initial $9.2 billion decrease. While a smaller decline could signal the long slide on consumer credit is leveling off, economists cautioned against getting too optimistic given continued lackluster job growth and tight credit standards. (8-12-10, www.creditandcollectionnews.com)

NEW CREDIT CARD RULES MAY HARM MORE THAN HELP

There are 381 million credit card accounts in the United States. New regulations take effect this week including a cap on most late payment fees at $25 and ban on fees on inactive cards. But credit card interest rates have hit their highest levels in nine years. The average rate is now 14.7 percent. A year ago it was just above 13 percent. The spike in rates has been caused by the new credit card regulations, reports CBS News business correspondent Anthony Mason.

Those regulations limit the banks' ability to assess penalty fees. Under the same law, lenders now also have to give at least 45 days notice before they can raise interest rates on delinquent borrowers, so banks are simply charging higher rates up front to reduce their risk. At the same time, card issuers are also cutting back on the amount of credit they extend to borrowers. The average credit line on a new card is now about $3900. A year ago it was more than $4400. That's a drop of 11 percent. (8-24-10, 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.