



The **ONE SOURCE** for all your credit reporting needs

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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 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 were incorrectly pulled their reports and their scores were lowered. In June, alone, we worked with four consumers who lost their previously approved mortgage loans, because banks and credit unions incorrectly pulled and reported their accounts. Please call us if you have any questions. We will work with you to correct any problems you have with pulling or reporting accounts.

CREDIT SEMINAR

We will have another credit seminar on Friday, Oct. 29th. We will review pulling reports, pulling them correctly, and 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.

CREDIT REPORTING TIPS

1. Use middle initials.
2. Use date of Births.
3. Use the proper generation code; Jr., Sr., I, II, III, etc.
4. Use previous addresses.
5. Use the correct Purpose or Type Code.

It is important to remember. **The Credit Report is created based on the information you give to the credit reporting agency. A Credit Report does not exist until you request it.**

The Credit Score is calculated from the

credit report. If the information you use to request the credit report is incorrect or incomplete, both the credit report and the credit scores will not be correct.

CORRECTING YOUR TRADE LINE DATA

Experian no longer allows us to accept corrections on your own accounts reported to Experian. We can no longer forward the corrected information to Experian's Profile Maintenance Dept.

There are three ways to correct a trade line you reported. **The first way** is to correct it through E-Oscar. **The second way** is to ask your customer to dispute the information directly with Experian. **The third way** is only if you have pulled your customer's credit report from us. If you have pulled the report, we can file a dispute with Experian. We would need a dispute letter from your customer, a copy of the consumer's DL number and SS card, a letter from you with the correct information.

DISPUTING CONSUMER CREDIT REPORTS

The Fair Credit Reporting Act **requires** us to assist a consumer, at no cost to the consumer, in disputing incorrect data in credit reports pulled from us. However, it has come to our attention that most **other resellers** and other mortgage reporting companies **do not comply** with the FCRA and **do not offer this service.**

There are three ways we can dispute incorrect data in a credit report, pulled from us. Please see June's newsletter for a detailed explanation of how we can assist you and your customers and what documentation we need.

We can also assist (for a fee) consumers who have had their reports pulled somewhere else.

We will (for a fee) give consumers information on what they need to do to increase their credit scores.

CREDIT CARD DEBT DOWN AGAIN IN JULY

Credit card charge-off rates are abating, but banks are still expunging bad accounts at a historically high rate and strapped consumers are spending less on their cards, leading to continued contraction in outstanding credit card balances.

The Federal Reserve said Wednesday that total U.S. credit card debt outstanding contracted in July for the 23rd consecutive month.

In its monthly Consumer Credit statistical release – also called the G.19 report – the Fed reported a 6.3 percent annualized decline in revolving credit balances, principally comprised of credit card accounts. Total revolving debt outstanding was \$827.8 billion in July, down from a peak of \$973.6 billion in August 2008.

The Fed also revised quarterly revolving debt stats for the first and second quarters of 2010. In the second quarter of 2010, credit card debt fell at an annual rate of 7.2 percent after falling at an 8.5 percent rate in the first quarter. Credit card debt declined 9.6 percent in all of 2009.

Total consumer debt outstanding fell at a 1.6 percent annual rate in July, according to the Fed. Non-revolving debt – like that found in student, auto and personal loans – increased at a modest 0.6 percent annual rate.

Americans had \$2.418 trillion in outstanding debt in July, down from a peak of \$2.582 trillion in July 2008. The Fed's G.19 report is compiled using data from all U.S. member lending institutions and does not include debt backed by real estate. (September 10, 2010, by Patrick Lunsford, www.insideARM.com)

CONSUMER CREDIT IN U.S. FELL \$3.6 BILLION IN JULY, FED SAYS

Consumer borrowing in the U.S. declined for a sixth straight month in July, indicating Americans are reluctant to take on more debt without faster job growth. The \$3.6 billion decrease followed a revised \$1 billion drop in June that was less than initially estimated, the Federal Reserve said today in Washington. Economists projected a \$4.7 billion decline in the July measure of credit card debt and non-revolving loans, according to the median forecast in a Bloomberg News survey.

Borrowing that's increased twice since the end of 2008 shows consumer spending, which accounts for about 70 percent of the economy, will be restrained as people pay down debt. Confidence to charge more or take out loans may be restored when the economy picks up and companies ramp up hiring. "The outlook for consumer spending is a guarded one," said Chris Rupkey, chief financial economist at Bank of Tokyo-Mitsubishi UFJ Ltd. in New York. "The good



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news is that consumers are deleveraging and paying down their debts." (9-10-10, www.creditandcollectionnews.com)

CARD DEBT FALLING ALONG WITH AVERAGE CREDIT SCORES

U.S. consumers' average credit card debt fell during the first eight months of this year, while the average credit score also inched down from the start of the year, according to new data Credit Karma released Sept. 13.

Consumers' average credit card debt in August was \$7,694, down 2.9% from \$7,925 in January, according to the San Francisco-based company, whose web site tracks credit scores and household debt.

The average U.S. credit score in August were 667, down two points from 669 in January, Credit Karma says.

Regional results varied. Credit scores in Denver, the only metropolitan region to show a credit-score increase, rose five points since January, to 678 from 673.

Consumers in California, Massachusetts and New Jersey had the highest credit scores nationally, with an average of 685 among the three states. Arkansas consumers, with an average credit score of 640, had the lowest credit scores nationally.

"The prolonged unemployment and unhealthy real-estate market may be affecting credit scores negatively, even as consumers are slowly paying down their household debt," Ken Lin, Credit Karma CEO, said in a statement, noting the "strange mix of economic conditions" causing credit scores to decline while overall consumer debt is also falling.

Consumers' average home mortgage debt in August was \$174,447, down 3.2% from \$180,190 in January, while average auto loan debt was \$15,186, up 3.1% from \$14,736 and average student loans were \$28,183, up 7% from \$26,337. (PaymentsSource, www.collectionscreditrisk.com, 9-14-2010, By Kate Fitzgerald)

SENATE REJECTS REPEAL OF TAX REQUIREMENT IN HEALTHCARE LAW

The Senate on Tuesday defeated an effort to strip a controversial tax-reporting provision from the sweeping healthcare law Congress passed earlier this year. In a 46-52 vote, lawmakers killed an amendment sponsored by Sen. Mike Johanns (R-Neb.) that would have saved businesses and nonprofit groups from having to report an array of small and

medium-sized purchases to the IRS. The Senate also rejected by a vote of 56-42 a proposal from Sen. Bill Nelson (D-FL) which would have increased the reporting threshold to \$5,000 and eliminated the requirement for businesses with fewer than 25 employees. (9/15/10, US Chamber of Commerce)

FEDERAL DISTRICT COURT REJECTS EFFORTS BY EXPERIAN AND DEBT COLLECTOR CMI TO DISMISS "MIXED IDENTITY" FAIR CREDIT REPORTING CASE

On August 26, 2010, the United States District Court, Central District of California, Hon. George King presiding, rejected the legal motions of defendants credit reporting giant Experian Information Systems and debt collector CMI to have an important and potentially precedent-setting case under the Fair Credit Reporting Act thrown out of court. Cartwright v. Experian, et al., Case No. CV 09-427-GHK. The case involves Harry Cartwright, Sr., a retired pastor, who has alleged that Experian and CMI confused his identity, and his credit history, with his son's. Many negative credit entries from his son's credit report began appearing on Harry Sr.'s credit report, ruining his credit. In the consumer credit industry, this is known as a "mixed file" and has tormented countless consumers for years. Upon discovering the mixed file, Harry Sr. and Harry Jr. tried repeatedly over a period of years to straighten out Harry Sr.'s credit, to no avail. Ultimately, Harry Sr. filed a lawsuit in the federal district court, whereupon Experian and CMI filed extensive motions stating that they had done nothing wrong and had not violated the law. (9-21-10, www.creditandcollectionnews.com)

GMAC STOPS SOME EVICTIONS, FORECLOSED HOME SALES

GMAC Mortgage LLC said Monday it halted certain evictions and sales of foreclosed homes as it corrects "a potential issue" in its foreclosure process. The action highlights what is becoming a larger problem for lenders and servicers that may have illegally driven homeowners out of their houses. The issue is threatening to clog up an already overloaded foreclosure process. Lenders took back more homes in August than in any month since the start of the U.S. mortgage crisis, foreclosure listing firm

RealtyTrac Inc. said last week. Banks have been stepping up repossessions to clear out their backlog of bad loans.

GMAC, which is owned by Detroit-based Ally Financial Inc., did not identify the specific internal issue that prompted the moratorium in its statement, but it has been linked to lawsuits this year surrounding the alleged falsification of a key foreclosure document. (9-21-10, www.creditandcollectionnews.com)

SPEAKERS

We have presentations for service clubs, churches, employers, high schools and colleges. The presentations range from 15 minutes to one hour. the topics we can cover are: ID Theft, Credit Scoring and Credit Reports.

If you would like us to speak to your employees, service club, church or school, please call us.

WARREN TO COLLECT, PARE DOWN REGULATIONS

U.S. consumer advocate Elizabeth Warren said the first order of business for the Consumer Financial Protection Agency is to streamline regulations. Warren, who was picked by President Barack Obama to be the nominal head of the agency, said in an interview on Fox News Thursday that her first priority was to collect and then pare down regulations having to do with consumer protection in financial matters. "Right now there are seven agencies in Washington, each of which owns a piece of consumer financial regulation. And each of which competes and puts out lots of thou shall not and you can't and you must and that sort of thing," Warren said, adding, "The number one tool of this agency is a pair of scissors." (9-24-10, creditandcollecctionnews.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, 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.