



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 * Peoria: 309/696-1890 * Lnelson@KewaneeCreditBureau.com

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CREDIT SCORING

Thank you to all those who attended our Credit Scoring Seminars at our office, the Alpha Park Library in Bartonville, and at the Decatur and Bloomington Public Libraries.

Fourteen banks, four credit unions, one finance company, one broker and one home improvement company were represented at the four seminars.

We decided to conduct these seminars on Credit Scoring for three reasons.

First, we have received many questions from consumers and our members, on credit scoring.

Second, we recently conducted a survey of banks, S&Ls and Credit Unions that do not pull reports from us. (Yes, there are still a few institutions that do not pull from us) The results were astounding and scary! Every single bank, S&L and credit union responding were pulling reports incorrectly! In many cases they were actually damaging (lowering) their customers' credit scores. Also, only two respondents have ever attended seminars or classes on credit scoring.

Third, we looked at six software vendors, Factual Data, CUNA, Bank Mall, Natl. Mort. Reporting, Hart and Credit Commander. Only Credit Commander allowed users to pull credit reports correctly. The other five vendors didn't even allow the users the option to pull correctly if they wanted. Hart was willing to correct their software for our customers, but we don't know if they corrected it for others. Five of the vendors did not even know their software was hurting consumers!

For those who didn't attend, we discussed the 6 factors used in determining FICO scores: **History of Payments, Amount of Balances, Length of Credit History, Inquiries, Types of Credit and Time.**

We showed how much of the information published by the Media and the so-called Experts was wrong. We looked at how credit scores can actually be lowered by closing all your unused and/or older accounts. We also looked at how credit scores can be lowered by incorrectly pulling a credit report. We reviewed how scores are calculated and how consumers can raise their scores, often without paying down any money on accounts. We also reviewed how paying off a delinquent account may not raise a credit score.

We then looked at the differences between

Bankruptcy, VantageScore and the many Fair Isaacs models.

Watch our web page for the future seminars.

CREDIT REPORT PULLING SOFTWARE VENDORS

This type of software offers lenders a streamlined and easy way to pull reports. Some software even integrates with loan documentation software.

Options and choices are dropped to make these programs very easy to use for even the newest loan processors and loan officers.

Many did not give you a choice of requesting or not requesting credit scores. Those that did give you a choice, do not give you the option of requesting the type of score you may need, ie FICO, FICO Auto Model, or VantageScore nor do they allow you to request two or more scores, ie FICO and the Bankruptcy model.

They don't give you the options for Fraud Searches, Direct Check (list of creditors, and addresses and their phone numbers), or Demographics.

Credit Commander (KCB Express Searches) does allow you to request multiple reports, such as: Consumer, Business, Employment, Social Searches, Subscriber DeCode and Criminal searches and KCB Checking History Reports, but the others do not.

Only one of the six software programs allowed you to enter the correct permissible purpose codes, and that was Credit Commander.

None of the vendors provided free consumer disputing and resolution of disputes nor did they have training in your office or free seminars on credit reporting issues and compliance. Some do offer web training.

Some charged additional service charges in addition to the credit report fees each time a report was pulled. The charges ranged from 10¢ to 70¢ per request.

BANKERS SYSTEMS' "ARTA" REMINDER

You can pull a 1, 2, or 3 bureau report from our MCL Merged program and import it into ARTA for free. ARTA does not charge you to import a credit report.

As you probably know, if you are using ARTA, you are being charged twice, each time you pull a credit report. Once for the report and then 50¢ to 70¢ for a transaction fee.

There are several advantages to importing the

file. ARTA & Factual Data reports a Mortgage permissible purpose code for all inquiries. By importing the credit report from our MCL program, a correct permissible purpose will be reported.

Another advantage is costs, our fees are usually less than ARTA and Factual Data charge you.

You get our credit report format, which most lenders like over our competitors.

If you don't want to import the file, you can instruct ARTA to enter our subcodes, so you get our lower fees and credit report servicing.

CRIMINAL BACKGROUND CHECKS

If you get a hit on a US National Criminal background check, you may see computer hyper links after the word "COMMENTS."

These are links to the state data base where the information originated. Some times there will just be a computer address and other times there will be a description of the individual. If the link ends in "JPG," that means there is a picture of the individual on file.

The reports have been corrected, so now you just need to click on the "jpg" link and you will get a picture of the person.

If you have any questions, please call us.

KCB's CHECKING HISTORY REPORTS

KCB's Checking History Reports negative checking account histories. **KCB's Checking History Reports** can help verify current and previous addresses, driver license numbers and institutions that have closed the consumers' accounts with cause. eFunds's cost is probably less than what you are now paying for checking histories.

If you are a bank, credit union, landlord, or if you accept checks, a **KCB's Checking History Report** can give you valuable information on a consumers' negative check writing activity.

An OFAC (Federal terrorist list) search can also be included with the **KCB's Checking History Report.**

EXPERIAN FINDS 30% OF CONSUMERS IMPROVED CREDIT SCORE IN 6 MONTHS

Three out of every 10 U.S. consumers improved their credit score by up to 50 points



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in a six-month period from January to June 2007, according to the latest National Score Index study by Experian Consumer Direct, the leading provider of online direct-to-consumer credit reports, scores and monitoring products.

"Consumers are faced with financial decisions on a regular basis that can impact their credit score, and this study provides insight on how those decisions can change their credit score over a short period of time," said Ty Taylor, president of Experian Consumer Direct. "The current conditions in the real estate market are an example of why it is important for consumers to understand how practices such as maintaining low credit card balances, paying bills on time and opening new credit accounts only as needed can affect their credit score."

The Experian study also examined the movement of credit scores among different score groups. The groups were based on 50-point increments from a minimum of 400 to 449 to a maximum of 800 to 849. Twenty percent of consumers with a credit score between 650 and 699 in January improved their score to between 700 and 749 in June. Fourteen percent of consumers with a credit score between 700 and 749 in January improved their score to between 750 and 799 in June.

Statewide, 33 percent of consumers in North Dakota, South Dakota, and Vermont improved their credit score by up to 50 points from January to June, leading the nation. The average credit score for consumers in North Dakota is 716, in South Dakota it is 718, and in Vermont it is 713. For additional survey results, visit Experian's National Score Index Web site at <http://www.NationalScoreIndex.com>.

The study also found that:

** 41 percent of the U.S. population showed no change in their credit score from January to June 2007*

** 2 percent of the U.S. population had their credit score improve by 51 to 100 points from January to June 2007, whereas 3 percent of U.S. consumers saw their score drop 51 to 100 points during the same time period*

** Nationwide, 23 percent of consumers had their credit score drop up to 50 points from January to June 2007*

Experian's National Score Index study is based on a nationwide sampling of 2 million consumer credit files. Using the PLUS Score model, the national average credit score for April to August 2007 was 692. Experian's National Score Index Web site is updated monthly with the most recent Experian data on U.S. consumers' credit. (insideARM.com, October 17, 2007)

LAWMAKERS TO MULL SUB PRIME BANKRUPTCY RELIEF

U.S. bankruptcy judges could erase billions of dollars in mortgage debt for troubled homeowners under legislation to be debated on Wednesday. The proposal, backed by consumer groups but opposed by the lending industry, would give bankruptcy judges new authority to modify mortgage terms for homeowners deemed to be insolvent. Under the plan, bankruptcy judges could extend the life of a home loan, change the interest rate or simply mark down the loan amount. Judges currently have that broad authority to modify other types of debt, including money owed on credit cards or auto payments. "This bill will just treat a homeowner's mortgage debt like any other debt secured by anything from a washer and dryer to a car," said Rep. Brad Miller, a North Carolina Democrat who is sponsoring the legislation. Proponents of the reform say their plan can help control a growing wave of foreclosures as borrowers -- particularly sub prime borrowers with damaged credit -- see their mortgage rates increase in coming months. (10-24-07, Creditandcollectionsnews.com)

REPORTING ACCOUNTS

Reporting accounts is more important today than 20 years ago. Everyone from financial institution to landlords to insurance companies are making their decisions based on consumers' credit scores. If you are not reporting your accounts then your good customers' credit scores are probably lower than if you were reporting your accounts. Conversely, your bad customers' scores are probably higher than they should be.

If you are not reporting then your good customers are not getting credit for their good paying habits. And your bad customers can continue to get credit at other businesses.

Your good customers are paying more for insurance, down payments, rent and are not getting the best interest rates.

Many financial institutions make their decisions based on a debt to income ratio. If you are not reporting your accounts, you are enabling your accounts to get over extended.

If you are a financial institution or any business that has accounts receivable, including landlords, you can report your accounts. TU., Experian and Equifax require a minimum of 500 accounts and you must report all of your accounts each month. Experian does not have a minimum requirement for financial

institutions.

We are an authorized reseller for both Experian and Equifax. If you wish to report to either of these bureaus we can get you set up. We are a limited reseller for TransUnion, but are unable to help you report to them.

If you wish to pull from either Experian or Equifax, we can arraigne that also.

MORTGAGE FIRM SUES CRAS; AIMS TO END TRIGGER-LEAD PRACTICE

Premium Mortgage Corp. is lead plaintiff in a lawsuit targeting major CRAs for alleged misappropriation of applicants' financial information. But a district judge's earlier ruling halting a Minnesota law banning trigger leads may impact the suit. (Rochester Business Journal, 8/17/07)

The suit, seeking class-action status, aims to halt the CRAs' alleged practice of selling loan applicants' personal data to marketers via trigger leads. The complaint accuses Equifax, TransUnion, Experian, and Credit Plus of breaching confidentiality requirements, interfering with mortgage firms' business, misappropriating proprietary information, unfair competition and other alleged commercial-code violations.

Acting in a federal-court challenge to a Minnesota law by CDIA, a district judge put a temporary hold on the trigger-lead statute. The case has yet to go to trial, but in granting CDIA's request to temporarily halt the law, the judge stated in a July 30 order that the CDIA (CRAs) would suffer financial losses if the [state] law remained in effect and that CDIA would have "a strong likelihood of prevailing on the merits" in a trial. [As reported in the September 2007 Communicator]

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 KCB Checking History Reports.

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

Happiness is a choice... not a response