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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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15 TIMES WHEN YOU SHOULDN'T USE YOUR CREDIT CARD

There are plenty of reasons to use a credit card — convenience, accountability and safety among them — but when is it better just to step away from the swiper?

There are many out there who would say that there's never a good time to use a credit card, and that cash, debit or anything else would be a better choice. While forgoing credit for good may or may not be realistic, there are some times when it is best to just leave the card in your wallet or purse. Here are some times when you should never use your card:

1. After midnight. "After midnight is the time you get into more trouble rather than making a sound financial decision. If you're at a club or casino, just go home," says Michael McAuliffe, president of Family Credit Management in Chicago. Put the card away and take another look in the morning.

2. When you're near your credit limit. "You don't want to be even within a couple hundred of your limit or your credit score will go down," says Mary Ellen Nicol, counselor with CredAbility in Atlanta.

3. When considering an extended warranty at the car dealership Even though you may have a slightly higher monthly car payment that way, wrapping it into a secured loan likely still beats paying high interest for it on your credit card, says David Johnson, bankruptcy counseling director at ClearPoint Credit Counseling Solutions in Los Angeles.

4. If you get a notice that your rate will go up: "That's basically a notice that you should stop using your card," says Lauren Bowne, a staff attorney with Consumers Union. The new rate actually applies to purchases starting on the 14th day after you get the notice. This is the time to negotiate with your credit card company to plead for the old rate, switch to a different company with a lower interest rate or put yourself on a credit fast.

5. If you're paying off one card with another, and it's a habit: . "Transfer fees have gone up at least a percent on average in the last year," Bowne says. "We're talking about 4 percent of your debt you're going to pay up front just to transfer the debt." Be clear on the rate you will pay after the promotional rate ends. It could be higher than the rate you're trying to escape from, she warns.

6. At a flea market: This is the kind of purchase where convenience doesn't outweigh the risk, she says. Bring the cash.

7. If you think you're building your credit history: David Beddoe, counselor with American Financial Solutions in Seattle, says he hears that a lot. While your credit score goes up if you pay off the purchases you make, putting items on a credit card without paying them off will have the opposite effect on your score, he says.

8. If you can't pay for half of the purchase with cash on hand: If you don't have half the money right now to pay for the repairs, wait until you do. Then charge the purchase, pay off half right away and make a plan to pay the rest in one to two months.

9. When it's all about the rewards points: Rewards points "should be nowhere in the equation for making that decision or not making it," says Michael McAuliffe, president of Family Credit Management in Chicago.

10. When you think prices may drop: "If you think it's going to cost less in three months, why start paying interest on it today?" McAuliffe says.

11. To buy something from a website with an obscure foreign extension: Don't charge online if you don't know who you are dealing with, says Catherine Williams, vice president of financial literacy for Money Management International.

12. If you don't have a plan for paying it off: "Without a game plan, you're playing credit card roulette. That's when people get into trouble," says Kathy Virgallito, a regional director for Apprisen Financial advocates.

13. If you're charging things that you used to pay cash for: That's a red flag that you're getting overextended, Virgallito says.

14. When you feel that you'll save money by purchasing something you want rather than need. Beddoe gives the example of someone saying, "If I buy this 60-inch TV right now, I can save $200 on it." If you never planned to get that TV in the first place, it's hardly a savings, says Beddoe.

15. When the temptation for a big impulse buy strikes: "We instituted the 24-hour rule at our house," Williams says. "Anything over a certain dollar amount that isn't food, we have to wait 24 hours to buy. (by Marcia Frellick, 10-5-10, Yahoo Finance.)

RISK-BASED PRICING RULE

The deadline for the new Risk-Based Pricing Rule is quickly approaching. Are you ready to comply?

Effective Jan. 1, 2011, companies that use a credit report or score in connection with a credit decision must send notice to a consumer when, based on a credit report or score, the company grants credit on material terms that are not the most favorable terms offered to a substantial proportion of consumers. In most cases, the rule defines "material terms" as the loan's Annual Percentage Rate.

What is Risk-Based Pricing?
Risk-based pricing refers to the practice of setting or adjusting the interest rate and other terms of credit provided to a particular consumer based on the consumer's credit data and other factors used to measure risk. The Risk-Based Pricing Rule was established by the Federal Reserve Board and the Federal Trade Commission (FTC) due to a concern that consumers are not adequately informed of the effect that credit report data has on the APR consumers are charged when obtaining new credit. As a result, the Board and the FTC published this new rule, which organizations will need to comply with beginning on Jan. 1, 2011.

Experian will have forms available in Nov. Our Mortgage system will have the forms available by the end of the year

Here is Experian's web site for Risk Based Pricing.
http://www.experian.com/consumer-information/risk-based-pricing-rule.html

FTC TESTIFIES ABOUT EMPLOYEE RIGHTS UNDER THE FCRA

The Federal Trade Commission told the Equal Employment Opportunity Commission on Wednesday that the Fair Credit Reporting Act (FCRA) imposes requirements on Consumer Reporting Agencies (CRAs) - which include the three major credit bureaus - and on employers that use the information "to ensure that sensitive consumer report information is used with fairness, impartiality and respect for consumers' privacy."

The testimony given by Maneesha Mithal, associate director of the FTC's Division of Privacy and Identity Protection, states that FCRA requirements placed on CRAs and employers are designed to promote privacy, accuracy and fairness in the use of consumer reports.

For example, before giving a consumer report to an employer, the CRA must take steps to ensure that the employer has a legitimate basis to obtain the report; must inform the employer of his or her obligation to provide certain notices to consumers; and must obtain the employer's certification that he or she is complying with the FCRA and will not use consumer report information in violation of equal opportunity laws.

The testimony notes that employers have important obligations if they use consumer reports for employment, including getting written consent from the employee or prospective employee before getting a report. Employers also have to tell employees or prospective employees when they take adverse actions against them based on information in a consumer report – such as denying job applications, reassigning or

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terminating employees or denying a promotion.

The testimony describes the FTC's law enforcement measures to assure consumers' rights under the FCRA are protected. The testimony also notes that the FTC has a robust consumer and business education effort, which it considers a critical part of its mission.

The FTC's consumer publication, "Employment Background Checks and Credit Reports," explains to applicants and employees their rights under the FCRA with respect to the use of credit reports and other employment background checks. The FTC has issued a guide for businesses, "Using Consumer Reports: What Employers Need to Know," on how to comply with the FCRA when using consumer reports in employment. (CollectionsandCreditRisk.com, 10-21-10, By Darren Waggoner)

FED SURVEY POINTS TO UNEVEN GROWTH ACROSS US

WASHINGTON (AP) — The U.S. economy grew unevenly in early fall, with more than half the regions of the country expanding modestly while others are struggling to grow. A new survey by the Federal Reserve, released on Wednesday, found that seven of the Fed's 12 regions reported moderate improvements in business activity. Three regions — Philadelphia, Richmond and Cleveland — described economic activity as mixed or steady. Only two regions — Atlanta and Dallas — suggested economic growth was slow.

The new survey indicated that the economy isn't weakening but is growing too sluggishly to drive down high unemployment, now at 9.6 percent. The jobless rate has been at or above 9.5 percent for more than a year.

"Hiring remains limited, with many firms reluctant to add to permanent payrolls given economic softness," the Fed survey concluded.

High unemployment is one of the Fed's biggest concerns. That's why Fed Chairman Ben Bernanke and his colleagues are widely expected to launch a new program at their Nov. 2-3 meeting to bolster the economy. The Fed is expected to buy Treasury bonds in a bid to drive down interest rates on mortgages, corporate loans and other debt. The hope is that cheaper credit will persuade Americans to increase spending, which would help the economy grow and lead companies to hire more workers.

The Fed's survey, known as the Beige Book, will figure into Fed policymakers' discussions at the November meeting about how the economy is faring.

The region-by-region survey is based on information collected from the Fed's 12 regional banks on or before Oct. 8. It provides a more intimate look at the overall economy than broad statistics. (10-21-10, www.insidearm.com, Copyright © 2010 The Associated Press.)

CREDIT CARD CHARGE OFFS DECLINE AT MAJOR ISSUERS IN SEPTEMBER

Credit card charge-off rates at major U.S. banks improved significantly in September after spiking in August, making for a volatile two month run at the end of the third quarter. Delinquencies steadily improved.

The annualized charge-off rate for credit card accounts at four of the five largest issuers in the U.S. decreased in September, according to recent regulatory filings.

Bank of America, Citigroup, Discover, and JP Morgan Chase all saw their credit card charge-off rate drop in September after spiking in August. Capital One was the long issuer that saw its net charge-offs increase, ticking up to 7.89 percent from 7.77 percent in August. Card delinquencies, meanwhile, dropped at all of the banks except for Bank of America, which reported essentially flat delinquencies.

The largest credit card issuer in the U.S., Bank of America, reported the highest annualized charge-off rate for September at 9.99 percent, down sharply from 11.73 percent in August. Citigroup's 8.99 percent rate was second-highest. Citi also recorded the largest decrease in September as its rate fell from 11.18 percent in August.

Discover enjoyed the lowest net charge-off rate in September with a 7.15 percent annualized rate.

All five card issuers reported improvement in delinquencies, a trend that has been steady for most of 2010. All but one lender, Bank of America, reported delinquency rates under five percent in September. JP Morgan Chase reported the lowest delinquency rate at 3.92 percent while Bank of America's 5.71 percent rate was the highest.

Monthly credit card delinquency and charge-off data is reported by major banks that issue asset-backed securities against the card accounts. The SEC requires monthly performance reports on the assets underlying the securities, with credit card receivables often reported as master trusts. The trusts tracked by insideARM.com represent more than $200 billion in outstanding credit card balances. (by Patrick Lunsford, www.insideARM.com, 10-21-10)

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.

DELETION OF PAID MEDICAL DEBT

HR 3421, the Medical Debt Relief Act of 2010, passed the House of Representatives on September 29 by a margin of 336-82. The bill would prohibit the reporting of paid medical debt by credit reporting agencies. CDIA raised concerns that the legislation is nothing more than sanctioned credit repair.The bill now waits on Senate action. CDIA is reaching out to key Senators regarding the bill. (10-14-10, Consumer Data Industry Association)

SCAM PHONE NUMBERS

If you get a call from 480-286-5703,don't answer. It is a scam to get your information claiming to lower your credit card interest.

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.