

KCB INFORMATION SERVICES

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

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THANK YOU FOR YOUR BUSINESS AND SUPPORT

2003 has been a very good year for both KCB Information Services and our members.

More banks, credit unions, Savings & Loans and collection agencies in our area are now reporting to us than any of our competitors. That means, if you are pulling our reports, you are getting better and more current information than those few financial institutions that have not switched over to us.

Our members can now receive a wider variety of credit and search products from us, than are available at any other credit bureau or mortgage reporting company.

Not only do we offer more products, but we also offer a variety of formats for many of our reports. We can tailor many of our products to your needs.

And to top it off, we offer most of our products and services at a lower cost than our competitors. We will be glad to explain all of our products and we will not sell you something you do not need or want.

We do not have a voice mail or a menu system, We still answer our phones when you call.

So again, thank you for a very good year, have a happy New Year and if there are any products or services you need, let us know.

NEW SERVICES

Starting in January 2004 we will introduce several new products and services.

FirstClose™ will combine our MortgageCreditLink merged reports, flood reports, the new valuation models and title and lien reports into one program. You will be able to order your Merged and flood reports from the same web page.

AVMs, Automated Valuation Models, will be available on line. You will be able to order several levels of property appraisals. More information will be posted on our web page under CREDIT PRODUCTS.

AVMs are state of the art, computer-based real estate valuation algorithms designed to produce an accurate value estimate of residential properties in a matter of seconds.

Guaranteed Valuations Products combine the speed of an AVM and accuracy of an appraisal. These products are designed to meet the specific guidelines of lenders.

eValu - The first USPAP (Uniform Standards of Professional Appraisal Practice) approved alternative valuations product, reviewed and verified by local certified appraiser, filling the gap between an AVM and a traditional appraisal. Turnaround is generally within 24 hours.

Drive-by and Full Appraisals (1004) are also available.

If you are presently using our flood program you are already set up for the Valuation services.

If you are using a LOS program (loan origination software), our flood programs will be able to interface with your LOS, just as our MortgageCreditLink, merged program does now.

If you sell your mortgage loans and your secondary buyer requires a different company than Lenders First Data (our primary source of flood information), you will be able to choose between several providers.

EMPLOYMENT CREDIT REPORTS

Many people have asked me if credit reports on employees or prospective employees are available. We are also asked: "When should they be pulled?"

First, the Fair Credit Reporting Act has a section on Employment Credit Reports. So, yes, you are able to pull an Employment Credit Report. There are several requirements:

- * You must have the current employee or applicant sign an authorization to pull an Employment Credit Report. That authorization must be on a paper, separate from the employment application.

- * Before you pull the report, you must give the individual a copy of the "Summary of Consumer Rights."

- * After you pull the report you must give the individual a copy of the Employment Credit Report.

- * You can not pull a regular consumer credit report in lieu of an Employment Credit Report.

Second, when should you pull a Employment Credit Report?

We suggest you pull a report when you are hiring a person for:

- * A financially responsible position.

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- * A position that puts the individual in a position where he or she will be handling items or products that can easily be stolen and sold for quick cash.

- * A position that puts the employee in a clients home unsupervised.

- * A security position, such as a security guard or a police officer.

You may also want to do a Social Security Search before you pull the Employment Credit Report. The Social Security search will give you all addresses reported to Experian in the last 7 years and it will also give you any reported aliases.

CRIMINAL BACKGROUND SEARCHES

Criminal Background searches are also very valuable for employment purposes and for landlords. They run from \$7.00 to \$25.00 for each state searched. 38 states are on line with criminal information. The other states can be accessed, but the results may not be returned for 24 hours. These are the reports that will cost from \$15.00 to \$25.00. We recommend criminal background checks be pulled after the applicants have passed the Social Security searches and the Employment Credit Reports.

The Applicant should sign an authorization for the criminal background checks. Not all states require the signed authorization, but to play it safe, we recommend that you have a signed authorization in your personnel files.

ONLINE TRANSACTIONS WILL

REDUCE ID THEFT

There is much greater risk of becoming a victim of identity theft by "Dumpster Diving" or mailbox theft of financial records than by paying bills and banking online, said a recent study of Javelin Strategy and Research. The California research firm states in its study, "Online Banking and Bill Paying: New Protection from Identify Theft," that consumers who view and pay their bills online are 3.75 times more likely to closely monitor their transaction records than those consumers that rely on monthly statements. According to the study, frequent viewing of financial records reduces the potential losses from identity theft because the victim discovers the crime in 52% of the cases. Javelin said that the migration of at-risk financial

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information to the Web could save U.S. businesses \$4.86 billion because of the reduction of ID theft from consumer accounts, as well as billers and financial Web sites. The study analyzed over 4,000 records of ID theft from the FTC and the USPO. (CDIA Communicator, Vol. XIII, #11)

The credit quality of securitized pools of receivables improved in October, with a charge-off rate of 6.53% of receivables, down from 6.63% in September, but up slightly from 6.38% a year earlier, according to the Moody's Investors Service Credit Card Credit Indexes.

That was the lowest rate of the year. The pace of increases from year-earlier levels has been slowing down, possibly due to the improving job market and early signs of stabilization in bankruptcy filings, Moody's says. The delinquency rate improved for the third consecutive month, falling to 5.16% of receivables from 5.47% a year ago. Lower delinquency rates portend lower charge rates in the near term.

The last time the delinquency rate improved for more than three consecutive months was between April 2002 and July 2002, Moody's says. Cardholders also paid off their debts at a record-setting 16.09% in October, up from 15.29% in October 2002. The last time the payment rate rose above 16% was in August 2000, Moody's says. The payment rate has stayed within the historically high range of between 14% and 16% throughout the recent economic downturn. Yield, the income (primarily finance charges and fees) as an annualized percent of total loans fell, to 17.14% from 18.15% a year earlier. The yield has fallen on a year-over-year basis for 27 months, and hit a record low of 16.50% in April.

Moody's attributed the drop to low interest rates as well as issuers' aggressive balance-transfer and teaser-rate offers. Moody's tracks \$390 billion in securitized bankcard receivables. (Source: Thomson Media's CardLine)

BUSINESS CREDIT REPORTS

Business credit reports provide you with several sources of information.

Experian Business reports include Standard and Poor's data, public records, UCC filings and trade lines reported monthly by many national creditors and collection agencies. We also offer credit scoring on business accounts.

Experian has a Business Owners Profile that combines the business report with the consumer report.

MORTGAGE RATES REMAIN IN REFINANCING TERRITORY

Mortgage rates increased slightly this week, with the average 30-year fixed rate mortgage rising from 5.81% to 5.86%, according to Bankrate.com's weekly national survey of large lenders.

The survey also found that the 15-year fixed rate mortgage popular for refinancing inched higher, climbing from 5.14% to 5.17%. The 30-year fixed rate mortgage increased six basis points to 6.15%, while the one-year adjustable rate mortgage dropped 9 basis points to 3.87%. A basis point is one-hundredth of 1 percentage point.

Mortgage rates have remained attractive, despite the economy's expansion rate of 8.2% between July and September, Bankrate says. Mortgage rates increased this week as investors continued to pour money into stocks. Bond yields and mortgage rates often rise when the economy grows quickly, as investors fear inflation, according to Bankrate.com. But so far, the low inflation outlook has kept a lid on interest rates as the economy expands.

With mortgage rates remaining low, refinancing enables borrowers to trim monthly payments, Bankrate.com says. Four months ago, when the average 30-year fixed rate mortgage was 6.44%, the monthly payment for a \$165,000 loan was \$1,036.41. With the average rate at 5.86% this week, the same size loan would carry a monthly payment of \$974.46. The difference in monthly payments of \$61.95 amounts to more than \$22,300 over the loan term. (2003-12-29 Credit & Collections World)

AVOIDING IDENTITY THEFT

The most common types of identity theft are:

- using or opening a credit card account fraudulently
- opening cell phone or utility accounts fraudulently
- passing bad checks or opening a new bank account
- getting loans in another person's name
- working in another person's name

By Dayana Yochim (TMF School)

HOW TO AVOID ID THEFT

Just how annoying is ID theft? Victims spend, on average, 175 hours and \$800 to clear their names. Here are some tips from the FTC on how to avoid identity theft:

Actually look at your credit card and bank account statements. This is usually the first place unauthorized activity will show up. Call your credit card company or bank if an account statement is late. Don't give out personal information unless you initiate the contact or know the caller. Tear or shred any documents that contain personal information. Deposit outgoing mail directly into post office boxes, not in your own mailbox. If you're going on vacation, place a hold on your mail at the post office. Don't carry your Social Security card with you! Only carry a minimum number of ID and credit cards with you. Cancel any credit cards you don't need or use. Don't preprint your Social Security or driver's license numbers on your checks. Ask to use other identifiers when possible.

If you suspect that you may be a victim of fraud, or are simply a worry wart, order a copy of your credit reports once a year to verify their accuracy. (Creditcollectionsworld.com 9-8-03)

Next month - How to remedy ID Theft.

KCB INFORMATION SERVICES HOURS

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

Consumer credit reports are from Experian. Business reports are provided from Experian. Residential Mortgage Credit Reports and Merged Credit Reports may contain information from: the Kewanee Credit Bureau, Experian, TransUnion and/or Equifax. Criminal Background checks are from the Illinois State Police, Credit Commander or CreditRetriever. Tenant Screening reports are from Credit Retriever.

The KCB Information Services has served businesses since 1928 and serves the following counties for Experian: Henry, Stark, Bureau, Putnam, LaSalle, Marshall, Woodford, Peoria, Knox, Fulton, Mason, McDonough, Warren, Logan, Henderson, Hancock, Adams, Schuyler and Tazewell.

We are taught you must blame your father, your sisters, your brothers, the school, the teachers -- you can blame anyone, but never blame yourself because it is never your fault. But it's ALWAYS your fault, because if you wanted to change, you're the one who has got to change. It's as simple as that, isn't it?

--Katherine Hepburn