



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

Dec. 31, 2008 Vol. 16, #12

OVERVIEW AND OUT LOOK

As I have said many times, we need to stop listening to the politicians and news media!

This has been a good year for Central Illinois. All the businesses I have talked to, told me their businesses have been good to great. Sure, there are a few problems, inflation is probably greater than most officials will admit. Margins are narrow. And because of all the publicity about how bad the economy is, people aren't spending.

Compared to 2007, our consumer credit reports, mortgage credit reports and flood determinations were up 30%. Our criminal back ground searches were up 27%.

We look for a good first half of 2009. After that it is anyone's guess.

Low interests rates will stimulate demand for both home and auto loans in the short term. However, low interest loans and loans to those who couldn't afford them are part of what lead to our current problems. The low interest, higher taxes and the government bailouts will lead to inflation by the end of 2009 or in 2010.

We thank you for your confidence in us and we hope we can continue to help you and to provide you with reports that make your jobs easier. We thank all of our members for a good year and we hope you had a Merry Christmas and have a Happy New Year.

Please feel free to put a link on your web pages to our web page. If you have a web page and it is not ours, please let us know.

Don't forget our seminar on ID Theft and Red Flags. It will be on January 21st.

CRIMINAL BACK GROUND SEARCHES

Whether you are hiring volunteers for Little League coaches and umpires or a Treasurer for you organization or company or a Minister for your church or a new CEO for your company, we offer a variety of Criminal Back Ground checks and Employment Credit reports.

KCB offers several types of Criminal searches:

•Name searches with the Illinois State Police.

- Name searches by County.
- Name searches by State.
- Name searches nation wide.

In the near future, hopefully by Feb. 1, 2009, we will offer two new services:

- Finger print searches with the Illinois State Police.
- Finger Print searches with the FBI.

Finger print searches can be done in our office or yours.

We provide criminal back ground checks for:

HIRING DECISIONS

| | |
|------------------------|------------------|
| School Employees | State Govrnt |
| Day/Child care | Volunteer Emp. |
| Sunday School Teachers | Elderly care |
| Park District Emp. | Criminal Justice |
| Non-lic. Health Care | |

LICENSING DECISIONS

| | |
|--------------------|------------------|
| Healthcare Workers | Loan Originators |
| Massage Therapist | Locksmiths |
| Nurses | Gaming |
| Security Guards | Lottery |
| School Bus Drivers | Etc. |

We also offer **Employment Credit Reports. Employment Credit Reports** provide Previous Addresses, Judgments, Tax Liens, Collections, Payments History and Inquiries.

HOUSEHOLDS PAY DOWN DEBTS FOR FIRST TIME ON RECORD

U.S. households reacted to declining home values, a plunging stock market and the loss of more than \$2.8 trillion in collective net wealth by paying down their debts for the first time on record, since 1952, the Federal Reserve reported today.

Consumer debt fell \$30 billion at an annual rate, or 0.8%, from \$13.94 trillion to \$13.91 trillion in the quarter ended Sept. 30, the Fed reports in its quarterly flow-of-funds report, a look at consumer and business finances.

Households paid off more mortgage debt than they took on for the first time on record. Mortgage debt fell at a 2.4% annual rate to \$10.54 trillion. Consumer debts, such as credit cards and auto loans, increased at a 1.2% annual rate in the third quarter to \$2.6 trillion.

Hit by declining home values and stock market losses, American households net worth fell by 4.7% in the third quarter to \$56.5

trillion - the largest ever drop. (© 2008 CreditandCollectionsWorld.com and SourceMedia, Inc., 12-18-08)



APRIL 18 TO 25, 2009

www.moneysmartweek.org

If you would like to participate by conducting a program, by providing a location for one or more classes or by sponsoring an ad, please call: Larry Nelson, 309-353-5527.

ID THIEVES TARGET HOME EQUITY LINES

Have you checked your home equity line of credit lately? If not, you probably should. Even if you've never used a home equity line of credit, or HELOC, it's a good idea to check your three credit reports (Equifax, Experian and TransUnion) to make sure identity thieves haven't opened one in your name.

According to the FBI, canny con artists are increasingly draining the equity of unsuspecting homeowners by tapping into their home equity lines of credit. The more equity you have in your home, and the less vigilant you are about monitoring your finances, the greater the risk that thieves could drain the equity from your home -- or worse, sell it out from under you.

In its annual mortgage fraud report, the FBI identified HELOC fraud as an "emerging scheme" that adds further insult to an already injured real estate and mortgage market.

The report calls the current housing bust the "ideal climate" for HELOC fraud and other fast-buck mortgage schemes associated with builder bailouts, seller-assisted financing, short sales and foreclosure rescue.

Identity thieves have traditionally targeted those with poor credit. In the past, by posing

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

as homeowners, they could easily obtain subprime loans with little documentation.

But now that the door to subprime lending has slammed shut, thieves have set their sights on those with good credit and substantial equity in their homes -- deep pools of cash that can be easily tapped via a HELOC.

Sharks in deep pools

The FBI says HELOC thieves typically use stolen identification to apply online for a line of credit in your name. Then they instruct the bank to wire the funds to their accounts, providing their own contact information in place of yours. That way, the bank unwittingly contacts the thief to verify the electronic funds transfer.

Although the FBI does not track the dollar amount lost each year to mortgage fraud, incidents reported by financial institutions jumped a whopping 31 percent (from 35,617 to 46,717) in fiscal 2007, over the previous year. The sudden spike in HELOC fraud prompted the Mortgage Asset Research Institute, a Virginia-based organization that tracks mortgage fraud, to add identity theft as a category to track. (www.cnbc.com, Jay MacDonald, Bankrate.com, 14 Nov 2008)

CAPITAL ONE CARD DELINQUENCIES RISE IN NOVEMBER

Capital One Financial Corp one of the largest issuers of MasterCard and Visa credit cards, said on Monday credit quality deteriorated in several areas of lending in November, as unemployment grew and the economy eroded. In a regulatory filing, the company said the annual net charge-off rate for U.S. credit cards increased to 6.98 percent in November from 6.54 percent in October, while the rate for loans at least 30 days delinquent rose to 4.70 percent to 4.48 percent. Net charge-offs reflect loans that a lender does not expect to be repaid. In auto loans, the charge-off rate increased to 5.60 percent in November from 5.50 percent in October, while the delinquency rate rose to 9.48 percent from 9.14 percent. (www.creditandcollectionnews.com, 12-16-08)

NATIONAL AUTO LOAN DELINQUENCY RATES INCREASED OVER 17 PERCENT IN 3RD QUARTER OF 2008

TransUnion.com released today the results of its analysis of trends in the auto lending

industry for the third quarter of 2008. The report is part of an ongoing series of quarterly consumer lending sector analyses focusing on credit card, auto loan and mortgage data that may be found on TransUnion's Web site. The national 60-day auto delinquency rate (the ratio of auto loan borrowers 60 or more days past due) increased between the second and third quarter of 2008 from 0.68 percent to 0.80 percent. Year-over-year the delinquency rate increased 15.9 percent in the third quarter. Auto loan delinquency was highest in Mississippi at 1.46 percent, followed by Louisiana at 1.41 percent. The lowest auto loan delinquency rates were found in Wyoming (0.29 percent), North Dakota (0.36 percent) and South Dakota (0.46 percent). (www.creditandcollectionnews.com, 12-16-08)

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.

DANGEROUS ASSUMPTIONS BEING MADE ABOUT CREDIT CRISIS

Media headlines and some policy makers' assumptions regarding the credit crisis may be overstated, according to a study released today by Celent LLC.

In "Flawed Assumptions About the Credit Crisis, a Critical Examination of U.S. Policy makers," Octavio Marenzi, head of Boston-based Celent, contends that Federal Reserve data suggest banks have continued to extend commercial and consumer credit at record rates in recent months.

Consumer credit continued to grow throughout the summer, reaching an all-time high of \$2.59 trillion in September, and commercial lending hit a record \$7.27 trillion in October, Celent says. These trends contradict recent statements by Federal Reserve Chairman Ben Bernanke and Treasury Secretary Henry Paulson that credit access for banks, households, businesses and municipalities has virtually dried up, Marenzi writes.

"The assumption that credit has been severely curtailed across the board is incorrect, based on the government's own data," Marenzi tells

Collections & Credit Risk sister publication CardLine. "We are in a deep financial crisis and a recession that will certainly get worse, but lending is continuing at record rates."

The biggest risk of incorrect assumptions is the possibility that policy makers will make flawed decisions, he says. "A handful of troubled financial institutions that made bad bets and some industrial companies with poor business models are making an awful lot of noise, and they are influencing the whole debate and discussion around credit," he says.

"This could be dangerous if policy makers jump to the wrong conclusions in this type of volatile economic environment," Marenzi adds.

Households with subprime mortgages and poor credit histories and businesses that are losing money may be having a difficult time borrowing money, "but there is no evidence of an aggregate decline in household credit in the U.S.," Marenzi says. "Healthy borrowers are having no trouble getting loans." (© 2008 CreditandCollectionsWorld.com and SourceMedia, Inc., 12-18-08)

WORST PREDICTION FOR 2008

"I think this is a case where Freddie Mac and Fannie Mae are fundamentally sound. They're not in danger of going under I think they are in good shape going forward." -- Barney Frank (D-Mass.), House Financial Services Committee chairman, July 14, 2008
Two months later, the government forced the mortgage giants into conservatorships and pledged to invest up to \$100 billion in each.

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.

"Do not spoil what you have by desiring what you have not; but remember that what you now have was once among the things you only hoped for." -- Epicurus

"The democracy will cease to exist when you take away from those who are willing to work, and give to those who would not. ~ Thomas Jefferson