



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 * e-mail: KCBInfo@KCBInfo.com

Dec. 31, 2011

Vol. 19, #12

Page 1

WE WISH A HAPPY NEW YEAR

FEES FOR 2012

We sent our Fee Schedule for 2012 last month. Please look at the schedule. We have several new products and packages for 2012. Some of the packages could reduce your credit report fees.

WE WANT TO THANK OUR MEMBERS FOR YOUR CONTINUED SUPPORT

We also want to recognize our new members who joined us in 2011: Homeway Homes, Community Bank of Trenton, East Bluff Neighborhood, EHR Development, State Bank of Whittington, Sumner National Bank, Woodworkers Shop, Schuyler State Bank, Haun Management Systems, Habitat for Humanity - Macomb, IL

Our Mortgage Credit Reports are being pulled by 35 banks and credit unions. Our members use several sources to pull those reports, including Fannie Mae Desk top Underwriter, Freddie Mac Loan Prospector, Point, MeridianLink, ARTA, MortgageBot, and ByteWorks, We now have more than 80 Banks, Savings and Loans and Credit Unions pulling consumer credit reports from us. Of those, 40 report their loans only to Experian.

We also want to acknowledge the following companies for allowing us do their finger printing:

Pekin Hospital, Buehler Home, Community Care Systems, Farmington Country Manor, Fayette Companies, Graham Hospital, Hallmark House Nursing Center, Heritage Manor, Livingston Area Career Center, Marigold Estates, PARC, Pekin Manor, PIPCO, Sharon Health Care, Spoon River College, Tazewell County Resource Center, Venovich Construction, Activeway, Central Ill. Electrical Services, Methodist Medical Center, Spoon River College, Black Hawk College, and Livingston Area Career Center, just to name a few.

MARKETING DATA BASES

Are you looking for new customers? We have two marketing data bases.

iScreen.

iScreen from Experian is a fast easy-to-use comprehensive list fulfillment tool that helps you increase sales profitability and maximize your marketing dollars.

Prospects who meet your specific demographic and credit risk tolerance are like money in your pocket. They translate into potential customers with the greatest propensity to buy. With iScreen, you can access lists of these valuable prospects,

on line, 24/7, via our secure Website. No additional hardware or software is required.

Locate prospects by using robust geographic selections, including:

- A ZIP Code radius select
- Manual input of specified ZIP codes.
- State-based selection with the ability to drill down by MSA, county, city and SCF code.
- Target predefined, industry-specific credit-based attributes, including:
 - Number of open and current auto loans.
 - Aggregated balance of open mortgage accounts.
 - Age of most recent student loan
 - Recently targeted and existing customers.
 - Industry-specific triggers to identify new tradelines and inquiries.

Data SelectSM provides marketers with access to the most diverse and accurate list selections in the industry. Data Select has traditional demographic selections as well as new mover, ethnicity, occupation, mortgage and property information. You even have access to BehaviorBank[®] self-reported and modeled lifestyle and behavioral data.

Target consumer or business audiences with precision and fuel your customer acquisition campaigns with Experian data. Whether prospects are just around the corner or all the way across the country, Data SelectSM helps you find them and turn them into customers before your competition does. Experian draws from the most complete demographic, firmographic, transactional and behavioral information available to provide powerful data from one resource.

There are more than 15 data programs, including:

- | | |
|-------------------------|--------------------------|
| New Home Owner | Mortgage Database |
| New Movers _q | New Homeowners |
| Net Worth | Equity Spenders Database |

The Data Select databases are non-FCRA compliant data bases.

Our ConsumerView database remains the foundation for our consumer data products. ConsumerView maintains information on more than 235 million consumers in more than 113 million households. Beyond information, we combine our history, technology and expertise into a single package to help you meet your specific business objectives.

Additionally, Experian's data enrichment products enable you to gain an in-depth understanding of your customers and prospects — learn their demographic makeup, product preferences, and even how they prefer to spend their leisure time. Enriching your customer or prospect files with information from Experian gives you the insight you need to fine-tune your marketing plans and strengthen customer

relationships — and ultimately maximize sales potential.

We also have other types of prescreening available for current customers and potential customers.

If you are interested in any of our data bases, please call or e-mail us.

NEW CREDIT REPORT SOFTWARE

In the last few months, many of our members have told us they are looking for new credit and loan software. Either their present provider is dropping their system or the lenders are trying to comply with the many new regulations coming down from Washington.

It is hard to believe the stories our members are telling us. Either the salesmen (and women) are completely ignorant of the laws or they are out right lying about their products. One sales woman told a member that all inquiries were "soft inquiries." Other salesmen told another member that the "purpose of the inquiry did not matter."

To quote Pres. Nixon:

"LET ME BE PERFECTLY CLEAR: "

If the software you use, or are going to use, can not distinguish between a mortgage loan, a car loan, an inquiry for deposit, an unsecured loan, a credit card or revolving loan, an Account Review, a Refresh Report, a Collection report, a Social Security Search or an Employment Report, to name a few, then, at the least, you could be damaging your customers' credit reports and scores, or at the worst, you could be in specific and direct violation of the Fair Credit Reporting Act.

By damaging your customers' credit reports and scores, you could be making them pay more for insurance, pay higher interest rates, make larger deposits and down payments or even effect the decisions of land lords on the types of apartments and homes they would rent. We had two consumers in our office last year who lost their home loans because of incorrect inquiries on their credit reports.

If you are in violation of the FCRA, the penalties could range from a fine up to \$2,500 and/or two years in Federal prison for each violation. The penalties apply to both, the person pulling the reports and to the company. The credit bureaus could also prohibit the company from pulling credit reports in the future.

Please listen to what your salesmen (and women) are telling you. Do they really know what they are talking about? Have they ever made a loan, collected a loan or even pulled a credit report? Or are they just repeating a sales



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 * e-mail: KCBInfo@KCBInfo.com

pitch from their marketing and sales department? Are their systems able to send or request updates of tradelines and disputes? Do

they provide Risk Based and Score Notices that are different for Mortgage and non-mortgage loans? Do you provide Adverse Action Notices? Do they have people, you and your customers can actually talk to?

As good as their software may be, if they don't understand the very basic requirements of accessing credit reports, how good and complete can the rest of their systems be?

Before you change software, let us know. We have several programs and systems that meet your system and compliance requirements.

REPORT FORMATS

We have many report formats for each type of credit report. If you do not like the format you are presently receiving, just let us know what you would like.

Experian Credit Reports have three different formats. They are called Format 1, Format 2 and the USA or HTML Format. There are samples on our web page.

Our MCL Consumer or MCL Merged and Mortgage reports have over 87 million formats. So, I think, we can probably find one that meets your requirements. Our MCL systems have both Mortgage Score notices and Risk Based Notices and Non-Mortgage Consumer Score Notices and Risk Based Notices.

Collection Reports also have three formats. They are the Standard Collection Report, the Collection Credit Report and the Custom Collection Report.

If you are using KCB Express Credit Reports, there are two formats available.

REAL ESTATE TAX SERVICE

Lenders are generally holding loans in more states today than in any other time in history. The cumbersome responsibility of monitoring the complexities of tax collectors and borrower payment status is a daunting task which requires a tremendous amount of time and effort. All across America, potential borrowers are seeing a Tax Service fee as part of the closing costs on a loan estimate.

In today's competitive world, lenders have increasingly sought after ways to reduce costs, improve productivity and substantially reduce risk. Tax Service products can remove the burden of monitoring borrowers property tax payments and processing correspondence with the borrower, as well as making sure the tax agencies are paid in a timely manner.

Tax services provide:

- Delinquency tax tracking & reporting

- Instant, individual confirmation
- Compatibility with leading lender software
- Delinquency Notification Report
 - Eliminates lender research
 - No extraneous reporting
 - Customizable content

More information is on our web page. Click on CREDIT PRODUCTS and scroll down to "Mortgage Services" and click on "Real Estate Tax Payment Verifications."

We have three programs, one for new loans and two for open loans, so hopefully, one will fit your requirements



April 21 to April 28, 2012

Money Smart Week was started by the Federal Reserve Bank of Chicago 10 years ago. It is now in Ind. Wisc, Iowa, the Quad Cities, Rockford, Peoria Tri-County Area, Champaign, Bloomington/Normal, and Springfield.

Classes on financial matters are sponsored by over 300 partners, including The Illinois Treasurer's office, Illinois St. Univ., National City (PNC), Morton Community Bank, KCB Information Services, Heritage Bank, CEFUCU, Krogers, Heartland Bank, Friendship House, Common Place, and the Creittenton Centers.

All classes are free and they range from buying groceries, to family budgeting, to buying a home, to understanding credit scores, to planing a funeral and many other subjects are covered. www.moneysmartweek.org

If you wish to conduct a class or sponsor a location, please contact me.

WITH DEFAULTS DOWN, CREDIT CARD COMPANIES LIKELY TO MAKE IT EASIER TO OPEN NEW ACCOUNTS

Credit card defaults dropped so sharply this year that banks may pick up their pace of opening new accounts in 2012. While it's not likely that card companies will open the floodgates and hand out cards as readily as they did four or five years ago, potential

customers with moderate credit scores should find cards easier to obtain in the coming year. That's thanks in part to the strides that existing card holders have made in making payments on time. The top six credit card issuers reported data Thursday for November defaults and late payments, and the trends point to the restoration of normal patterns after huge spikes resulting from the economic crisis, according to Moody's Investors Service. Under normal patterns, late payments tick up during the end of the year and - especially - the first few months of each new year, then shift down as people pay off holiday purchases and receive a cash infusion from income tax refunds. (12-16-11, creditandcollectionnews.com)

NEW CLASS ACTION LAWSUIT AGAINST MAJOR FINANCIAL INSTITUTION FOR FCRA VIOLATIONS DEMONSTRATES IMPORTANCE OF LEGAL COMPLIANCE

A class action case filed against a large financial institution – one of the nation's top 10 banks – shows once again that legal compliance is a critical part of any background screening program. The lawsuit was filed on behalf of an employee alleging violations of the federal Fair Credit Reporting Act (FCRA). According to a press release from the Attorneys for the Plaintiff, the lawsuit alleges that the financial institution obtained background checks in violation of the FCRA and failed to provide required notices. The Plaintiff seeks to represent a class of all of the financial institution's employees and job applicants for the past three years.

The lawsuit – filed in the United States District Court for the District of Maryland – alleges the financial institution violated the FCRA in two ways:

First, the lawsuit alleges that the financial institution's authorization form is flawed. The law imposes strict formatting requirements on companies who do background checks. The Plaintiff alleges that by burying its background check authorization in a job application, including extraneous information, the financial institution violated the FCRA. The FCRA requires that a consumer receive a "clear and conspicuous" disclosure in a document that consists solely of the

disclosure that a background report may be obtained for employment purposes.

Second, the lawsuit also alleges that the financial institution failed to provide copies of the background reports when it used



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 * e-mail: KCBInfo@KCBInfo.com

them to take adverse employment actions, such as refusing to hire an applicant, refusing to promote an employee, or terminating an employee. The FCRA requires employers to provide consumers with copies of their background checks if the employer intends to take adverse action that is based in any part on the background check report, along with a statement of rights prepared by the Federal Trade Commission (FTC), so consumers have an opportunity to contest any information they feel is inaccurate or incomplete. If the employer proceeds to take adverse action, a second post-adverse action notice is required.

Based on the Attorneys for the Plaintiff's understanding of the financial institution's practices, everyone who has applied or worked for the financial institution in the past three years should be eligible to receive statutory damages if the lawsuit succeeds. Additional information about the case can be found at <http://www.nka.com/capital-one>.

The lawsuit demonstrates that violations of the FCRA can create large potential liability. Potential class members, including employees and prospective employees, may be entitled to statutory damages of up to \$1,000 for each violation in the case of will non-compliance. Class action lawsuits also create exposure for large awards of attorneys fees and the potential exposure to punitive damages. A United States Supreme Court case decided in June 2007, *Safeco Ins. Co. v. Burr*, substantially increased the risk of punitive damages under the FCRA by ruling that a reckless disregard of the FCRA could be sufficient to show "willful" non-compliance. The net effect is that it is now easier to sue an employer or a background screening firm for punitive damages. (12-16-11, creditandcollectionnews.com)

U.S. CREDIT SCORES LARGELY UNSCATHED

Overall U.S. consumer credit profiles have remained largely unchanged since the peak of the housing market, despite the crash and soaring numbers of foreclosures in recent years. That's the surprising conclusion reached by a recent analysis of consumer credit by the Fair Isaac Corporation (FICO). They found that, despite the obvious credit problems suffered by many due to the recession, overall consumer credit scores have changed very little over the past six years.

"The great majority of Americans continue to pay their bills and manage their credit obligations successfully," during the downturn, the report reads. "Their scores remained high or even improved, balancing out the downward pull on national score distribution caused by people undergoing financial hardship." Despite the

widespread perception that consumer credit was devastated by the recession and the foreclosure crisis, FICO reports that just over 2 percent of all consumers (4.3 million) saw their credit scores fall by more than 150 points from Nov. 2007 to April 2011. (12-6-11, creditandcollectionnews.com)

TEN INNOCENT WAYS TO DAMAGE YOUR CREDIT SCORE

You already know that late payments or a bankruptcy filing can damage your credit score. But did you realize that otherwise insignificant financial decisions can also cause your score to plummet? Keep your credit report pristine by avoiding these potentially destructive moves whenever possible.

1. Opening a department store card

It may seem like a great idea when the cashier suggests it: open a store credit card, receive an instant discount on your purchase. But it often pays to decline the card in spite of the discount, because the savings may not be worth what the transaction will do to your credit score. New card applications initiate a hard inquiry on your credit report, which can lead to a drop in points.

2. Closing a credit card account

If you've scrimped and struggled to pay off a card, your initial reaction may be to cut up the plastic and close the account. Resist the urge. Various factors are taken into account when calculating your creditworthiness, and 15% of your score is determined by the length of your credit history. By closing an account - especially an older one - you shorten your credit history. The more established accounts you have, the higher your credit score. Credit card companies also look at how much of your available credit you are using, which is referred to as your credit utilization rate. They like to see 35% or less of your credit in use at any one time. Paying off a credit card and leaving it open improves your utilization score, but closing it could do just the opposite.

3. Keeping a zero balance

Paying a credit card off completely seems like it should do wonders for your credit, but it could be better for your credit score to leave a small balance on the card. When a small amount is owed, the remaining credit on your card is factored into your credit utilization ratios, whereas cards with no balance don't count. So oddly, your credit score can actually drop when you bring a card down to zero.

4. Disputing a credit card transaction

Of course, you'll always want to call your card issuer when curious charges appear on your credit card. But be aware that filing a dispute may cause the card to be temporarily removed from your credit scoring, and this could also

negatively affect your credit utilization score. If at all possible, avoid filing disputes when you're planning on applying for credit in the next 60 days.

5. Purchasing a cell phone plan

Many of today's cellular phone providers check credit history to make sure that you pay your bills. But doing this constitutes another hard inquiry that is likely to ding your credit score by a few points. Shopping around for the best cell phone deals is a good thing - just make sure that every provider isn't checking your credit.

6. Buying auto insurance

Again, most major auto-insurance carriers check your credit report when you apply. While a good credit score can earn you lower rates on insurance, make sure the savings you receive from the new policy outweighs the potential hit to your score.

7. Negotiating a lower APR

Negotiating a lower APR on your credit card may seem like a smart move for cutting expenses and boost your savings account but make sure when you do that your creditor doesn't reduce your credit limit. If that happens, it could affect your credit utilization ratio and lead to a drop in points.

8. Taking out a student loan

Student loans are often reported as they are disbursed, which means that a single loan can appear on your credit report multiple times. For instance, if you receive loan disbursements each semester during four years in college, this could look like eight separate loans. Consolidating all of the loans after graduation can improve your credit score, but in the meantime, be wise in your borrowing.

9. Keeping a high balance

If they didn't want you to use a lot of credit, why did they make your card limit so high? In reality, the amount you owe on your accounts determines about 30% of your credit score. Lenders consider those who use a low percentage of their credit - such as 35% or less - to be a low credit risk. Such individuals get a higher credit score as a result. Spending 80 to

90% of your available credit limit negatively affects your credit score for the opposite reason.

10. Buying a motorcycle

It might seem unfair because they are technically vehicles, but motorcycle loans are often categorized as revolving credit. This can lower your credit score since such loans look no different than substantial credit card debt. So make sure you really want that new sport-bike before you roll it off the showroom. Naturally, some of these transactions are easier to avoid than others. But by knowing the threat



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 * e-mail: KCBInfo@KCBInfo.com

they pose to your credit, you can have a better understanding of when these moves really make sense. (12-19-11, Foxbusiness.com)

CORPORATE BORROWING SOARS IN 2011

Consumers may be cutting debt and banks may be tightening up their balance sheets, but borrowing by U.S. corporations is in full swing. JPMorgan Chase and Bank of America Merrill Lynch were big players in syndicated loans to U.S. corporations this year. At a time when the popular narrative centers on how tight-fisted banks are getting with their lending, end-of-year data for syndicated loans tell a different story. Corporations use syndicated loans for longer-term financing. The loans usually are provided by a group of deep-pocketed lenders who can distribute liability among them and thus decrease their risk. Big Wall Street investment banks are usually the source of such loans. So far in 2011, syndicated loan volume has increased a whopping 56% compared to 2010, according to Dealogic. The total of \$1.76 trillion is the highest single-year sum since the pre-financial crisis days of 2007. (creditandcollectionnews.com, 12-27-11)

FIVE BIG DATABASE BREACHES OF 2011'S SECOND HALF

(12-27-12, Darkreading.com)

1. The Breach Victim: Nemours

Assets Stolen/Affected: Names, addresses, dates of birth, Social Security numbers, insurance data, medical treatment data, and bank account information for 1.6 million patients, vendors, and employees.

2. The Breach Victim: Tricare/SAIC

Assets Stolen/Affected: Protected health information from 5.1 million patients of U.S. military hospitals and clinics.

3. The Breach Victim: Sutter Physicians Services and Sutter Medical Foundation

Assets Stolen/Affected: Personally identifiable information of 3.3 million patients supported by Sutter Physicians Services and medical information of another 934,000 Sutter Medical Foundation patients.

4. The Breach Victim: SK Communications

Assets Stolen/Affected: Thirty-five million names, email addresses, phone numbers, and resident registration numbers of social media users at South Korean sites Cyworld and Nate.

5. The Breach Victim: Valve, Inc.

Assets Stolen/Affected: Personally identifiable information for 35 million users of Valve's online gaming site.

ECONOMIC DOWNTURN TOOK A DETOUR AT CAPITOL HILL

(from The New York Times, 12-22-11)

There is broad debate about just why the wealth gap appears to be growing. For starters, the

prohibitive costs of political campaigning may discourage the less affluent from even considering a candidacy. Beyond that, loose ethics controls, shrewd stock picks, profitable land deals, favorable tax laws, inheritances and even marriages to wealthy spouses are all cited as possible explanations for the rising fortunes on Capitol Hill.

What is clear is that members of Congress are getting richer compared not only with the average American worker, but also with other very rich Americans.

While the median net worth of members of Congress jumped 15 percent from 2004 to 2010, the net worth of the richest 10 percent of Americans remained essentially flat. For all Americans, median net worth dropped 8 percent, based on inflation-adjusted data from Moody's Analytics.

Going back further, the median wealth of House members grew some two and a half times between 1984 and 2009 in inflation-adjusted dollars, while the wealth of the average American family has actually declined slightly in that same time period, according to data cited by The Washington Post in an article published Monday on its Web site.

With millionaire status now the norm, the rarefied air in the Capitol these days is \$100 million.

AUTHENTICATION SERVICES

Do you need to verify the identity of your customers?

Experian's **Authentication Services** offers 8 points of verification. Level One of Authentication Services provides:

- *Verification of Name, Address, Social Security Number, Date of Birth, Driver's License number and Telephone Number.*
- *Alerts to High-risk Addresses and Phone Numbers.*
- *Cross-references to OEAC database of Specially Designated Nationals (SDN) and blocked persons.*
- *A Standardized address with ZIP +4 coding.*
- *Correct name and address information.*

Experian then gives you a Verification Score of 1 to 999. The lower the score indicates the higher likelihood of fraud.

The search also returns data from :
The Credit Bureau Header Data and Business Data.

USPO Address data - standardization, residential, deliverable address, and change of address.

ACCOUNT REVIEW

Account Review allows you to pull a report on one of your customers, for "review of credit" if they have an open loan. The purpose of an Account Review credit report, is not to make a new loan, but to review the credit report of a customer who currently has outstanding loans.

Many banks and CUs are using these reports for review of credit cards accounts, over draft checking account loans and HELOCs.

We have two types available. The **First Account Review** returns a credit score only. The accounts are submitted in a batch format.

The second is a regular credit report, but we assign you a separate sub-code and a new Purpose Code.

Some banks use the first method to review the portfolio, and then the second method to review only those who had a low score or an adverse change of score.

Since this inquiry is not for new credit, the inquiry is not counted against the consumer's credit score.

If you would like to pull credit reports to review the credit on current loan customers, please call or e-mail us.

CREDIT SEMINARS

Have your employees ever attended a class or seminar on credit reports or credit scores? Do you know what options are available from each credit bureau? Do you know how each of the 30 plus credit score models differ? Do you know what the "Score Factors" mean or even how many there are? Are your current and new employees learning from other employees who learned from other employees, who *learned* from who knows where?

We offer seminars several times a year. We will put the times of the seminars on our web page and we send out notices to our members.

We will be glad to come to your office and conduct a review of credit reports and credit scores for your employees.

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.

"The more artificial taboos and restrictions there are in the world, the more the people are impoverished.... The more that laws and regulations are given prominence, the more thieves and robbers there will be."

Lao Tzu 600 BC