KCB Info Services
KCBInfo.com
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, 2013 Vol. 21, #12

SUCCESS OR FAILURE

The famous coach, Bum Phillips, once said: "*You fail all the time, but you aren't a failure until you start blaming someone else*."

When I bought the Kewanee Credit bureau on Nov. 1, 1989, my goal was to make it the one source for all the credit needs of lenders. I wanted to create a Credit Bureau that I would have liked to have had when I was a Loan Officer at the First National Bank of Pekin or when I was the Installment Loan Manager at Madison Park Bank or Manager of the Peoria Chapter Credit Union and then owner of Illinois Collections Unlimited. It didn't matter if they were a bank, CU, Land Lord, or Employer. I wanted a Credit Bureau that offered all the products they would need to grant credit.
I wanted the Kewanee Credit Bureau, now KCB Information Services to be the one place they could go for Consumer Credit Reports, Mortgage Credit Reports, Business Credit Reports, Employment Credit Reports, Account Review Credit Reports, Collection Credit Reports, New Account Credit Reports, I. D. Verifications, Skip Tracing, Income Verifications, Employment Verifications, Criminal Searches, Flood Determinations, and Property Valuations.
We now have that and more. We have developed one system for land lords, **KCB Express Credit Searches,** and the **ServicePlus**, One Platform system for Banks and Credit Unions. If you need more, we have the LendersPQ Platform for consumer loans and new accounts or LendingQB for mortgage lenders.
We have over 90 Banks and CUs and over 200 land lords pulling from us. But some times we are not able to convince a bank or CU to pull from us. I would like to blame our competitors by saying they mis-represented their products or services. Or they lied about what they can or are doing.
While, I have run into those situations, I have found the main reason a lender or land lord doesn't go with us, is because I have failed to explained our services or have failed to fully explained or present the products we have.
I know our products and services are the best, the most up to date, "state of the art." One reason is, venders often call us, to use their system and when I say I will listen, but I am with MeridianLink and Microbilt, they say OK and hang up. They don't even try to sell me on their systems!
Our goal is still to be the One Source for all you credit needs. You don't need to learn 10 different systems with 10 different user names and passwords. Our *ServicePlus* for lenders and KCB Express for land lords is all you need.
In spite of our efforts to convince creditors to use a local credit bureau, we have been unable to grow. Many members, some for over 10 and 20 years have left us.
Credit Information Services (CIS) bought us as of Dec. 27th. They offer many of the same services and those using KCB Express, ServicePlus/MCL Mortgages or your own software, ie: Bradford Scott or Compliance One, will not see any changes. If you are/were going through Experian's e-Solutions or Equifax's e-Port, you should have been switched to ServicePlus or KCB Express by now. If we missed you, please call us.

NEW PRICES

Did you look at our fee schedule for 2014?

If you are a **Dues Paying Member,** your fees for reports are from $1.50 to $2.00 lower then **Non-Dues Paying Members**. Also our fee for floods ordered through our **ServicePlus** and MLC Mortgage system are now $12.00. Our TRVs also have a lower fee: $12.00 for the first year and $3.00 for each additional year. If you were going to Experian to pull your **Authentication Services** for ID Verification, you can now do them through **ServicePlus**. Just click on **Order ID Verification** and choose **Level One**.

THE IMPORTANCE OF INQUIRING CORRECTLY!

We are hearing from our members that our competitors' salesmen are still mis-informing them of the importance of correct inquiries.

The following is from myfico.com, the web page for Fair Isaacs aka FICO.

"How much will credit inquiries affect my score?"
The impact from applying for credit will vary from person to person based on their unique credit histories. In general, credit inquiries have a small impact on one's FICO score. For most people, one additional credit inquiry will take less than five points off their FICO score. For perspective, the full range for FICO scores is 300-850. Inquiries can have a greater impact if you have few accounts or a short credit history. Large numbers of inquiries also mean greater risk. Statistically, people with six inquiries or more on their credit reports can be up to eight times more likely to declare bankruptcy than people with no inquiries on their reports. While inquiries often can play a part in assessing risk, they play a minor part. Much more important factors for your score are how timely you pay your bills and your overall debt burden as indicated on your credit report.
"What to know about "rate shopping."
Looking for a mortgage, auto or student loan may cause multiple lenders to request your credit report, even though you are only looking for one loan. ***To compensate for this, the score ignores mortgage, auto, and student loan inquiries made in the 30 days prior to scoring.*** *So, if you find a loan within 30 days, the inquiries won't affect your score while you're rate shopping.* ***In addition, the score looks on your credit report for mortgage, auto, and student loan inquiries older than 30 days.*** *If it finds some, it counts those inquiries that fall in a typical shopping period as just one inquiry when determining your score. For FICO scores calculated from older versions of the scoring formula, this shopping period is any 14 day span. For FICO scores calculated from the newest versions of the scoring formula, this shopping period is any 45 day span. Each lender chooses which version of the FICO scoring formula it wants the credit reporting agency to use to calculate your FICO score.*

myFico does not mention it, but credit reports pulled with purpose codes for: *Account Review, Mortgage Refresh Reports and for Employment* purposes are also not counted when FICO calculates the credit score. All of these purposes have specific codes to use when pulling those types of reports. Credit Reports pulled from AnnualCreditReport.com are not counted against your score.

To put it as plainly as I can, **If you are not telling the credit bureau the purpose for which you are inquiring, FICO can not score the file correctly**!! We recommend you walk away from any one that tries to sell you or get you to use software that does not allow you to enter the correct codes! If they do not understand the first step in processing a loan correctly, can you really trust anything they try to sell you after that?

ADVERSE ACTION NOTICES AND ADDRESSES

Adverse Action means:
FCRA; Sec 603, 1681, k,B, i;
a denial or cancelation of, an increase in any charge for, or a reduction or other adverse or unfavorable change in the term of coverage or amount ...

Next, you need to:
provide *(1) oral, written or electronic notice of the adverse action;*
provide *(2) (A) the name, address and telephone number of the consumer reporting agency. (B) a statement that the consumer reporting agency did not make the decision to take the adverse action and is unable to provide the consumer the specific reasons why the adverse action was taken.*
provide *(3) ...notice of the consumer's right--*
(A) to obtain...a free copy of a consumer report .... from

the consumer reporting agency..within the next 60 days.
(B) to dispute, ... with the consumer reporting agency the accuracy or completeness of any information in a consumer report...

If you have receive an Experian report from "eSolutions" or an Equifax report from "ePort", you should use the credit bureau name, address and phone number appearing on the report. You can also provide our name, address and phone number.

If you received the report from our *ServicePlus* or MCL merge and mortgage programs, you can use our name, address and phone number. The MCL program contains a "Denial Letter" in the "Other Reports" drop down box.

We also have provided an **Adverse Action Notice** on our web page. Click on **CREDIT PRODUCTS**, then scroll down and click on "**Member Documents**" and on the right side you will see four **Adverse Action Notices**.

As of July 2011, if you use a credit score, **all creditors**, (including: landlords, car dealers, banks, and CUs) must **include the score and score factors in the Adverse Action Notice** (also called a Denial Letter).

As always, if you have any questions, please call us. We still do not have a phone menu system and we will be happy to talk to you.

BEST NATIONAL CREDIT BUREAU?

Last April I looked at ten, three bureau mortgage reports. The results were very interesting.
The total trade lines reported:

Experian	TransUnion	Equifax
278	259	241

Trade lines reported by only one bureau:

Experian	TransUnion	Equifax
28	7	2

I wasn't sure the results were accurate, so I look a larger sample. I looked at 20 three bureau reports. The total trade lines reported from 20 credit reports were:

Experian	TransUnion	Equifax
493	421	408

Trade lines reported by only one bureau:

Experian	TransUnion	Equifax
72	6	4

Even though we can provide reports from all three bureaus, you can see why we recommend reports from Experian.
In 1999, 2000 and 2001,TransUnion bought and closed all the credit bureaus in the Midwest. CSC/Equifax closed their Midwest credit bureaus in 2002 or 2003. They owned one in Decatur, Il and Cedar Rapids IA. Then Experian bought and closed Credit Data of Illinois. Their office was in Naperville. That left us, KCB Information Services as the only full service credit bureau owned , managed and with offices in Illinois.

If you would like to pull reports from any or all three national bureaus: Experian, TransUnion or Equifax, you can, with either our ServicePlus or KCB Express Credit reports. Call us today to learn how.

AVERAGE CREDIT CARD BALANCES

According to data from Experian's IntelliView℠, Iowa residents carry the lowest average credit card balance per consumer in the U.S. with an average balance of $2,904, as of the second quarter of 2013. On the other end of the spectrum, the state with the highest average credit card balance is Alaska, where residents carry an average credit card balance of $4,706. New Jersey citizens are close behind with an average balance of $4,523

The states with the lowest average credit card balance include:

1. Iowa ($2,904)
2. North Dakota ($2,971)
3. Utah ($3,014)
4. South Dakota ($3,168)
5. Wisconsin ($3,204)
6. Idaho ($3,225)
7. Nebraska ($3,326)
8. Montana ($3,408)
9. West Virginia ($3,411)
10. Kentucky ($3,424)

Data for this article was sourced from IntelliView, a Web-based data query, analysis and reporting tool.

FINANCIAL REPRESSION FROM THE OBAMA ADMINISTRATION: HOW SAVERS MAY BE FORCED TO BUY FEDERAL DEBT

As still another showdown over the national debt looms, some experts are concerned that the Obama Administration is poised to begin forcing Americans to stock their retirement accounts with low-return government bonds.
Richard Cordray, director of the Consumer Financial Protection Board, told *Bloomberg News* that his new regulatory agency was mulling a move to control the $20 trillion that Americans have invested for retirement. He specifically mentioned 401(k) plans and IRAs.
"That's one of the things we've been exploring," Cordray told *Bloomberg* reporter Carter Dougherty in January. Cordray's seemingly stray comment was largely ignored by mainstream and financial media, but won the attention of fund managers and economists.
Cordray suggested that "mismanagement" of individual retirement accounts by the nation's major financial institutions could leave investors exposed, just as those who bought subprime mortgages were left in the lurch during the 2008 housing crisis.
Cordray's agency is already moving toward regulating 401(k)s and IRAs. In April the CFPB issued a report questioning the "senior designations" that are awarded to individual financial advisors who manage retirement accounts. "In recent years, federal and state regulators, financial industry representatives and consumer groups have been reporting that some financial advisers with senior designations are targeting older consumers and selling them inappropriate and sometimes fraudulent financial products," warned the report.
Although four financial companies – Fidelity Investments, JPMorgan Chase & Co., Charles Schwab Corp. and the T. Rowe Price Group – handle the largest portion of individual IRAs and companies manage their employees' 401(k) s, a small portion of financial individual retirement accounts are handled by independent financial advisers.
The April report claimed that the CFPB had jurisdiction under the 2010 Wall Street and Consumer Protection (Dodd-Frank) Act, which directed it to "make recommendations to Congress and the Securities and Exchange Commission (SEC) on best practices."
"CFPB will be clearly overstepping its bounds if it makes a blatant political move to present itself as a protector of senior citizens," says Mark Calabria, director of financial regulation studies at the Cato Institute. "Congress chose to leave oversight for retirement products at the SEC and Department of Labor. With the creation of the CFPB, Dodd-Frank is attempting to do for the rest of consumer finance what the federal government has done to the mortgage market — to completely politicize it and subject it to twisted incentives that ultimately cost both consumers and the taxpayer."
Michelle Muth Person, an officer in the CFPB communications office, declined to be comment on plans to regulate retirement accounts but said that CFPB has "no immediate plans" for intervening in the management of individual accounts.
Despite the reassurance, economists and industry officials are still worried. "The runaway, unaccountable regulators at the Consumer Finance Protection Bureau would like to 'protect' the IRAs of U.S. citizens by making them into a $20 trillion ATM for the government," says economist George Gilder.
Critics fear that the CFPB would claim regulatory authority over IRAs and self-employed person pensions (SEPPs) on the grounds that seniors aren't capable of handling

their accounts and are being defrauded by the firms that manage them.
Then it would argue that corporate stocks and bonds are too risky and funds should be instead

in the one safe instrument that is the equivalent of cash –- Treasury bonds, backed by the full faith and credit of the United States. Of course, the returns paid by the federal government are far lower. Treasuries pay low interest rates and when combined with inflation, usually provide a negative real rate of return over time.
For now, almost every dollar in America's individual retirement accounts is invested in the private sector — which earns higher returns than government debt. "I wouldn't put it past the government to go after some of that money, almost all which is invested in corporate stocks and bonds or real estate," says Curtis De Young, founder and CEO of American Pension Services, a leading financial advisory company.
"The government is already starting to nibble around the edges, imposing big penalties if you make a small mistake on your paperwork. I'm sure they'd eventually like to tax these accounts as well, not that they are not already being taxed down the road," says De Young. "But our capital markets couldn't function without private savings and right now most Americans have those invested in individual retirement accounts."
While individuals may lose, the feds would gain. Suddenly Washington would have a captive buyer for new debt on top of the existing $17 trillion in government debt. That the actions of the CFPB and other new regulatory authorities created by the Dodd-Frank Act could end up squeezing Americans into holding more low-interest government debt would be nothing new.
"There's always been a tendency for governments to favor their own securities but it's intensified since the adoption of Dodd-Frank," says Hester Peirce, senior research fellow at the Mercatus Institute at George Mason University and editor of "Dodd-Frank: What It Does and Why It's Flawed." "There's a lot of new pressure on banks, money market funds and private pension plans to hold more government debt."
"Treasuries are being treated as the equivalent of cash, which doesn't apply to other financial instruments. The Commodities Futures Trading Commission, the Fed, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency are all getting in on the act. It's not as if the regulators are saying, `Oh, now we've created a bigger market for Treasuries.' But the effect is the same. Government really has a conflict of interest here that it doesn't like to admit," Peirce said.
The strategy is "financial repression," according to Kenneth Rogoff and Carmen Reinhart in their "This Time It's Different: Eight Centuries of Financial Folly," a 2009 history of bank failures, inflation and government defaults.
"We found there are basically three ways a nation can pay down its debt when it starts to get out of hand," said Rogoff, who is Thomas D. Cabot Professor of Public Policy at Harvard University.
"First you can cut spending and raise taxes. That's always unpopular. Then you can try inflation. But that poses the danger of getting out of hand and causing a run on your currency.
"There's a very subtle third way, however, where the government keeps interest rates very low and takes control of the banking system so that there are limits on how much people can make on their savings," he explains. "That reduces the competition against government bonds and makes it easier for the government to continue borrowing. Financial repression played a huge part in retiring our [federal] debts after World War II. With an effective minus-3 per cent rate of interest, a country can reduce the value of its debt by 30 percent in ten years."
Rogoff and Reinhart found that, rather than paying off the huge national debt accumulated as a result of World War II —110 percent of GDP in 1945, by far the highest ever — the federal government exercised an almost invisible policy of financial repression by combining a steady rate of inflation with intrusive banking regulations.
Key to this plan was Regulation Q, part of the 1933 Glass-Steagall Act, that prohibited banks from paying more than 3 percent interest on savings accounts. "The rationale was that banks would ruin themselves by competing for customers too intensely by offering higher interest rates," says Reinhart, who is Minos A. Zombanakis Professor of the International Financial System at Harvard's Kennedy School. Yet, he said, the regulation stuck around until 1986 since it was a convenient way for the government to steer savers into its own low-interest bonds.
"The secret for a government that is piling up debt is to keep its own borrowing costs low," says Reinhart. "A rise from just 3 percent to 6 percent on government bonds can double the government's costs in the long run. But in order to keep interest rates low, the government has to make sure no one is offering rates any better."
You can see this policy at work today as out-going Federal Reserve Chairman Ben Berneke's pursued "quantitative easing," a way to inflate away federal debts by flooding the economy with newly printed money. Critical to this strategy is a government-led effort to keep interest rates at historic lows — below 1% since 2009 and essentially at zero over the past year.
This puts savers in a vise. Available interest rates on bank savings accounts or money market funds rarely top 1% in today's market. Why not just give up and invest in low-paying but "safe" government debt?
Still it could be worse. Overseas governments are using "financial repression" to shield their own profligate spending. In China, interest rates have been effectively at zero since 2003 and Beijing doesn't allow much money to leave the country. So Chinese investors can't move their nest eggs to more profitable places. Ireland and France "encourage" pension funds to invest in government debt. Spain has capped what savers can withdraw from their accounts, slowing their ability to shop for higher returns.
With U.S. national debt cresting at more than $17 trillion — that's $53,000 for each American man, woman and child – there's little indication that the squeeze on savings and retirement funds will end soon.
Before the federal takeover of Chrysler in 2009, few investors believed that Uncle Sam would leave bondholders with only pennies on the dollar. Yet their contractual protections were swiftly swept aside while the U.S. Supreme Court failed to rescue bondholders. Warns George Gilder:
"American stock and bond holders are the owners of America and their property is the bastion of our independence and freedom. Some of the worst tyrannies of the 20th Century began by expropriating the property of individual citizens. Divested of their independence, they become mere tools of the state marching down the road to serfdom. We cannot let that happen in the United States." (By William Tucker William Tucker is a senior writer at the American Media Institute, creditandcollectionnews.com)

TIME WARNER CABLE TO PAY FOR RISK-BASED PRICING RULE VIOLATION

Time Warner Cable, Inc. has agreed to settle Federal Trade Commission charges that the company violated the Risk-Based Pricing Rule, which requires creditors to give notice to consumers who are provided less favorable credit terms based on information in their credit reports.
The settlement marks the first enforcement case the agency has brought since finalizing its amended Risk-based Pricing Rule in 2011. The proposed settlement requires Time Warner Cable to pay a $1.9 million civil penalty and prohibits the company from violating the Rule in the future.
"Consumers have the right to know if they are paying more for something because of information in their credit report," said Jessica Rich, Director of the Federal Trade Commission's Bureau of Consumer Protection. "Getting this notice gives you a right to a free copy of your report, so you can make sure everything on it is correct. Some of Time Warner Cable's customers were missing out on this important right."
Time Warner Cable provides video, high-speed data, digital telephony, and other services to

consumers in 29 states nationwide. According to the FTC, the company gets prospective customers' credit reports to evaluate whether they qualify for service.

If the credit report contains negative information, Time Warner Cable may require the consumer to pay a deposit or pre-pay the first month's bill. Consumers with more favorable credit histories are not required to pay a deposit or the first month's bill. The FTC's complaint alleges that Time Warner Cable failed to provide the required risk-based pricing notices to consumers beginning in January of 2011 and continuing until at least March of 2013.

In addition to the $1.9 million civil penalty, the order settling the FTC's charges permanently prohibits Time Warner Cable from failing to provide consumers with a risk-based pricing notice whenever the company uses a credit report in connection with an application grant, extension, or any other provision of credit that is primarily for personal, family, or household purposes, and based on the credit report, the company grants, extends, or otherwise provides credit to that consumer on material terms that are less-favorable than the most favorable terms available to most consumers through the company.

In addition, the order requires that, in each risk-based pricing notice, Time Warner Cable provide other statements explaining details about credit reports, credit terms and consumers' rights under the Rule. (12-20-13, Darren Waggoner, CollectionsCreditRisk.com)

49% OF CHRISTMAS SHOPPERS WON'T BE PAYING ON CREDIT CARD

The latest research* from Equifax, the online credit information provider, has revealed that there appears to be a more cautious approach to paying for Christmas this year, with 45% of consumers saying they plan to use cash to pay for their festive shopping this year. Plus, nearly half (49%) have said they will not be using a credit card for seasonal purchases. The excitement of the bright lights may, however, lead some consumers into a New Year financial hangover, as Neil Munroe, External Affairs Director at Equifax explained. "When it comes to Christmas spending, 30% of consumers who responded to our survey said they have a 'spend now, pay later' attitude. This could lead to future difficulties if they don't have the means to pay off those debts. But with 45% of respondents saying they will only use cash and savings, there does seem to be a sense of financial prudence around Christmas 2013. "However, what we were surprised by was the very low number of consumers who would be using their credit cards to get loyalty points or cash back in the New Year. Just 5% said they will use credit cards to benefit from cash back offers. For consumers who have the funds to pay off their bill each month this seems like a missed opportunity." (1-2-14, creditandcollectionnews.com)

SPEAKERS & CREDIT REPORT CLASSES

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.

Larry Nelson and Deborah Rathmel, are both Certified FICO Pros. Our Credit Score/FICO presentations, explain the seven areas that effect credit scores and show you how you and/or your customers can increase their scores so you can make better and more loans, or rent to better tenants.

If you would like us to speak to your employees, service club, church or school, please call us.

MAKE IDENTITY THEFT PROTECTION A PRIORITY IN 2014

As you examine your financial goals for 2014, consider incorporating these practices that may help protect you from becoming an identity theft victim:

Pay attention to detail. The first indication of identity theft is often seen on a bank or credit/debit card statement. Make a point to track your spending and read over your statements regularly to check for any fraudulent charges.

• **Get your credit report…it's free.** You're entitled to a free credit report from each credit bureau once a year. Take advantage at www.annualcreditreport.com and don't let another year go by without checking your report.

• **Be on the defense against scammers.** You don't need to constantly live in fear, but remember there are plenty of scammers out there. A good rule of thumb: if something seems too good to be true, it probably is.

• **Use security features.** Free anti-virus and anti-malware software is available for your computer and your smartphone. Make sure these are up-to-date and running throughout the year to protect your personal information online.

• **Shred it.** Even in the digital age, identity thieves still turn to old-fashioned dumpster diving to find your personal information. Use a crosscut shredder on all personal documents.

• **Lock it up.** There's no need to carry your Social Security card with you most of the time. Leave it at home in a lockbox unless it's absolutely necessary. If you have people working in your home, be sure to put away any papers with identifying information.

• **Don't share.** Relatively few organizations really need your Social Security number. Ask your doctor's office or your child's school if they can use another form of identification. Never share your personal information over the phone unless you initiated contact.

• **Sign up for credit monitoring and identity theft protection.** You can gain some peace of mind with a subscription to a credit monitoring and identity theft protection product. Products such as *Equifax Complete™* provide 3-bureau credit reports and monitoring, credit score monitoring, alerts to key changes in your credit report, and internet scanning that will detect if your Social Security number or important account numbers are found on suspicious trading sites. (ATLANTA-Equifax, Dec. 31, 2013 (GLOBE NEWSWIRE, creditandcollectionnews.com)

CREDIT INFORMATION SYSTEMS (CIS)

Even though CIS has bought us, they are adopting many of the products we offer, such as: ServicePlus, KCB Express Credit Searches, MetroNet, Authentication Services, Account Reviews, and Criminal Back Ground Searches. Their main products are Mortgage Reports and mortgage related products. In addition to 4506-Ts and Floods, they also specialize in Appraisals. Their Starr Appraisals is an appraisal management system to keep their members in compliance with the Dodd-Frank Act.

We no longer offer Finger Printing services. The person who did our finger printing, Karen Zimmerman, started her own company and she is doing finger printing. She can be reached at: 309-613-1733.

KCB INFO SERVICES HOURS

Monday - Friday 8:00am to 5:00pm
Close from 12:30pm to 1:30pm

KCB Information Services offers: Consumer Credit Reports, *ServicePlus* Credit Reports Collections Reports, Employment Credit reports, Residential Mortgage Credit Reports, Merged Credit Reports, Fannie Mae & Freddie Mac access, Criminal background checks, Tenant Screening Reports, Flood Zone Determination, Flood Life of Loan Certification, AVMs, 4506-T, Income Tax Verifications, Real Estate Tax Payment Verifications and Identity Authentication.

KCB Information Services has served businesses since 1928 and provides credit reports from all three national repositories. Credit Information Services (CIS) has been providing credit reports since 1915.

An honest man can feel no pleasure in the exercise of power over his fellow citizens.
Thomas Jefferson, January 13, 1813