



CREDIT REPORTING

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Prior to the housing boom and inherent demand for mortgages as brought on by the return of veterans from World War II, the history of credit bureaus and credit reporting was a diverse collection of information sharing between merchants and local banks. Where there were once hundreds, perhaps thousands of small local credit bureaus, there are now three national credit reporting companies, each of which maintains a centralized, sophisticated data base processing billions of updates daily. Today, credit reporting can fuel economic growth and increase consumer access to essential resources. Credit reporting and scoring enables consumers and businesses to freely transact with each other because the more information the business has, the more equipped they are to more accurately meet the consumers needs and preferences. In contrast, where information or access to information is unavailable, lending becomes much more difficult, expensive and inefficient. Credit histories are currently available for more than 200 million consumers – it's fair to say that these reports help them to achieve their financial and personal goals. The consumer is as responsible for the maintenance of this 'asset' as they would be any other material asset which they exert any control over. Take care of it, and it will take care of you!

In the U.S., credit bureaus collect and collate personal and financial information from a variety of resources called data furnishers. Data furnishers are typically creditors, lenders, utilities, debt collection agencies and public records (courts) that a consumer has had a relationship or experience with. The data is then aggregated in the credit bureau's data repository file and made available on request and at a cost to customers of the credit bureau for the purposes of credit risk assessment, credit scoring, employment decisions and leasing decisions. The more information available and maintained accurate on a given consumer's file, the better equipped a prospective lender, employer or leasing agent is to make decisions about the potential risk of that transaction as determined by the consumers credit score. Credit scores are three-digit numbers from 300 – 850 and derived from an algorithm based on five important categories. The higher the score, the higher the probability that a loan will be paid on time and the greater the likelihood that a lender will offer more desirable and favorable terms to the consumer. It is important to note that credit reporting agencies and data furnishers never decide whether a credit history is 'adverse'. It is the individual lender or creditor that makes that decision based on its own policies and underwriting standards.

Professional Finance is a data furnisher and routinely reports new account activity as permitted via contractual arrangements with our clients (placements, payments, etc.) twice monthly (the 6th and the 21st of each month). We take this obligation very seriously and would never knowingly report inaccurate information. From a business-decision perspective, PFC encourages our clientele to allow reporting a 'collection' account as a necessary step to protect their best interests. Most lending institutions have underwriting standards that will defer financing or reject altogether a lending request until a collection account is paid and the consumer is able to provide sufficient proof of this.

(continued)

JULY 2010

ACA INTERNATIONAL PPMS CERTIFIED AGENCY

2009 BBB BUSINESS ETHICS AWARD

2009 BEST PLACES TO WORK IN COLLECTIONS



Professional Finance Company, Inc.

CREDIT REPORTING (CONTINUED)

Additionally, once an account is reported to a credit bureau, it remains on the consumer's credit report for not less than seven years (ten years for bankruptcies). Many states have statute of limitations that expire before the time an account may remain on a consumer's credit report (as an example, Texas has a four year statute of limitation on medical collections, but the adverse report will not be cleared from the consumer's report for seven years or until paid by the consumer). The consumer is faced with the decision to either pay the debt to clear it as an unpaid collection item or wait out the statute of limitations.



With the sheer volume of credit transactions processed daily, it would be a natural assumption that the potential exists for a system fraught with errors. However, because of the dispute process and the sophistication of technology, the Consumer Data Industry Association reports that less than two percent of those reports that resulted in a consumer dispute being filed actually had data deleted because it was an error. Moreover, the Federal Trade Commission reported that over 70% of disputes filed by consumers were responded to in an average of 14 days (the response requirement is 30 days!) and noted that 95% of consumers who filed a dispute seemed satisfied with the outcome.

The Fair Credit Reporting Act requires data furnishers to submit accurate information and prohibits the removal or deletion of information unless it is found to be inaccurate. This practice ensures data integrity to those credit bureau subscribers paying for, accessing and making decisions on the basis of the information present and a level-playing field for all consumers attempting to exercise their ability to obtain credit. Credit repair companies can not 'fix or clean-up' credit reports, only the passage of time can assure removal of accurately reported negative information. ***PFC has a contractual and legally enforceable requirement to update information that it reports to the credit bureaus. As a result, we rely upon our clients to promptly report payments, adjustments and any other information which may need to be updated to the affected consumer's credit report.***

If you would like more information about credit reporting or are concerned about its ramifications to your own business objectives or mission, we'd be happy to respond to your questions or concerns.

SAY GOOD-BYE TO PAPER...

PFC is saying "Good-Bye" to paper by implementing electronic remittance for all of our clients.



This beneficial and complimentary addition to our service provides secure funding of monies collected on your behalf. You will also receive your remittance approximately five days earlier and it is environmentally friendly!

To make this transition, we need your e-mail address and bank information. Once we have you set up, we will deposit your funds **directly** to your designated bank account followed by an encrypted e-mail containing your remittance statement.

Please send the following information to the e-mail address or fax number below:

- Voided check for your depository account
- E-mail address or addresses for remittance statements

E-mail: ccroissant@pfccollects.com

Fax: 1.866.636.9419

Phone: 970.352.5000 • 800.864.4391 • ext. 326

**THANK YOU TO THE HUNDREDS OF
CLIENTS WHO HAVE ALREADY PROVIDED US
WITH THIS INFORMATION!**

RELAY WRAP UP

2010 RELAY FOR LIFE OF WELD COUNTY

This year's Relay for Life was held on June 4th and 5th. The weekend weather was beautiful (unlike years past) giving relay participants an extra spring in their step.

PFC participated with 13 team members. As a team, PFC walked for 14 straight hours and raised over \$4,600 winning the Silver Team Award. During the festivities, team PFC gave away baked goods and other treats to help keep up the momentum of the relay.



Overall, the Weld County Relay raised over \$350,000 which is the second highest in a 12 state region. This was accomplished by a total of 161 teams and 2,138 participants.