

MINUTES OF THE HOUSE FINANCIAL INSTITUTIONS.

The meeting was called to order by Chairperson Ray Cox at 3:30 p.m. on February 14, 2001 in Room 527-S of the Capitol.

All members were present except:

Committee staff present:

Dr. Bill Wolff, Legislative Research
Bruce Kinzie, Revisor's Office
Maggie Breen, Committee Secretary

Conferees appearing before the committee:

Karen France, Kansas Association of Realtors
Erik Sartorius, Kansas Regional Association of
Realtors
Pat Tholen, J.C. Nichols Real Estate
Barb Conant, Kansas Trial Lawyers Association
Eric Ellman, Associated Credit Bureaus
Chuck Stones, Kansas Bankers Association

Others attending: See Attached List

Chairman Cox opened the hearing on HB 2254 - Enacting the California credit score disclosure act

Proponents:

Karen France, Director of Governmental Regulations - Kansas Association of Realtors, said her organization requested the legislation due a new element in the credit granting process called the credit score. Credit scoring is a critical factor in the mortgage lending decision. Large lenders have their own proprietary mortgage scoring models to make underwriting decisions. Though there are several disclosure requirements for lenders, to make to consumers in taking a loan application and in closing a mortgage loan, there is no requirement that lenders, or other risk score model users, disclose credit scores to mortgage applicants. Current law does not require disclosure of credit risk scores. This bill modeled after California legislation does. The bill applies to mortgage credit scores, not consumer credit scores. These credit scores should be disclosed to borrowers. Section 3, page 5 is the most important portion of the bill. (**Attachment 1**)

Erik Sartorius, Governmental Affairs Director - Kansas City Regional Association of Realtors, strongly encouraged passage of HB 2254. Many consumers are aware that they can receive their credit report and can correct errors within the report. They then incorrectly assume that if you have a good credit report you have a good credit score. That is not necessarily the case. Folks who are concerned about their credit worthiness tend to try to take steps to do the right things to ensure that their credit looks good when the time comes to refinance or buy a new home. The efforts they take can sometimes do just the opposite in terms of their credit score. They do not have the same protections and rights with credit scores as they do with credit reports. He requested the committees' support of the legislation. He distributed a 4 page booklet which contain best guesses on how to help your credit score. (**Attachment 2 & 3**)

Barb Conant, Director of Public Affairs - Kansas Trial Lawyers Association, said they support the bill because it gives consumers the statutory right to their credit information at a reasonable cost and in a timely manner. They offered two amendments which they feel would further strengthen the bill. The amendments would 1) also give the consumers' legal representative the right to the information as well and 2) would hold the consumer reporting agency accountable for court cost or attorney fees if they're found negligent. (**Attachment 4**)

Housing and Credit Counseling, Inc. - Written testimony only (**Attachment 5**)

Pat Tholen, J.C. Nichols Residential - Written testimony only (**Attachment 6**)

CONTINUATION SHEET

MINUTES OF THE FINANCIAL INSTITUTIONS, Room 527-S Statehouse, at 3:30 p.m. on February 14, 2001.

Opponents:

Eric Ellman, Associated Credit Bureau, said that there are three specific areas of the bill that they object to. First is the credit scoring proposal, second is trade line blocking which is addressed on page 10, lines 10-14 of **HB 2254**, and third is the broader over-hall of the existing Kansas credit reporting law. (**Attachment 7**)

Chuck Stones, Kansas Bankers Association, said that **HB 2254** is not needed. The consumer already receives more than adequate information. Regulation B requires a financial institution to disclose the reasons for a loan denial and, if necessary, how the consumer can obtain a free copy of their credit. Credit scoring has been around for a long time and is just one piece of the puzzle when determining whether a loan should be granted. He urged the committee to oppose the bill. (**Attachment 8**)

Dennis Hadley, Senior Vice President - Denison State Bank of Holton and Hoyt, Kansas, spoke in opposition to **HB 2254**. He has a background of 18 years in banking, 3 years in finance company business, 10 years as board member of the Credit Bureau of Topeka, past president of that credit bureau, and is in charge of the mortgage lending department of his bank. The bill seeks to over-hall yet duplicate a lot of things that are in place. He uses credit scores in some way every day but they are only a small part of the picture. The five C's of lending are: Character, Capacity, Capital, Collateral, and Conditions. Credit history and credit scoring serve only as an additional source to aid the lender at arriving at the loan approval or denial. There are current Reg. B requirements, which require the consumer a written denial of an application, with a specific reason for denial. Consumers may receive a copy of their credit file and can receive a copy of their score. The information is available through local credit bureaus across Kansas and also on the Internet. (**Attachment 9**)

Bob Kennedy, Community Bankers Association, representing locally owned and operating banks, said he agreed with everything that the opponents have said. He added that he is particularly concerned about the punitive portion. His organization's bankers don't like being drug into it and certainly don't want to be subject to punitive damages. (No written testimony)

Chairman Cox said the hearing on **HB 2254** would be discontinued at this time and continued on Monday, February 19.

Meeting adjourned at 4:30 p.m.

The next scheduled meeting is February 19, 2001

HOUSE FINANCIAL INSTITUTIONS COMMITTEE GUEST LIST

DATE: February 14, 2001

NAME	REPRESENTING
George Barbee	KAFS
Bob Kennedy	Community Bankers Assoc.
Alism Ransom	Federico Consulting
Ken Coches	Associated Credit Bureau
Eric J. ELLMAN	ASSOCIATED CREDIT BUREAUS
Mike Stewart	Trans Union
Don Murphy	Trans Union
Barb Conrad	Ks Trial Lawyers Assn
Anne Spiess	KAFSA
Erik Sartorius	K.C. Regional Assn. of Realtors
Karen France	Ks, ASSO OF REALTORS
Kathryn Olsen	Ks Bankers Assn
Chuck Jones	"
Dennis Hedley	Denison St Pauls Holton
Matt Cordance	HCBA
Jim Liu	DOB



Kansas Association of REALTORS®

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TO: MEMBERS OF THE HOUSE FINANCIAL INSTITUTIONS COMMITTEE

FROM: KAREN FRANCE, DIRECTOR OF GOVERNMENTAL AFFAIRS

DATE: FEBRUARY 14, 2001

RE: HB 2254, CONSUMER ACCESS TO CREDIT SCORES

Thank you for the opportunity to testify. On behalf of the Kansas Association of REALTORS®, I ask for your support of HB 2254

Credit scoring is a critical factor in the mortgage lending decision. Daily more than 30,000 mortgage loans are processed separately through Fannie Mae's and Freddie Mac's automated underwriting systems, which usually include a mortgage credit score. Large lenders have their own proprietary mortgage scoring models to make underwriting decisions. Though there are several disclosure requirements for lenders to make to consumers in taking a loan application and in closing a mortgage loan, there is no requirement that lenders or other risk score model users disclose credit scores to mortgage applicants. Yet there is growing sentiment that credit risk scores should be disclosed to borrowers, especially as automated underwriting and credit risk scoring gains prominence.

We acknowledge the benefits of automated underwriting with mortgage scoring, if properly used and with consumer safeguards. Credit and mortgage scoring associated with automated underwriting could make mortgage credit more widely available at lower costs.

Current law or regulation does not require disclosure of credit risk scores. Risk scores are not permanent data included in credit report files, and they are very dynamic – created at the time requested and can become immediately dated once used. However, properly explained, we believe consumers can become informed as to the existence of credit scores and the way to create and maintain strong scores.

We want to stress that this bill only applies to mortgage credit scores, not consumer credit scores. There were bills introduced in both houses of Congress last year. Senator Schumer has indicated his plans to introduce a new one in the Senate, but we do not yet have one in the House. We believe it will take a long time for Congress to get this handled.

We urge you to utilize and adopt the model before you. The California legislation was the product of most of the interested groups, even those who initially opposed it. We hope to come to similar agreement with Kansas groups involved in the real estate transaction to come up with a workable solution for consumers.

Thank you for your consideration.



Kansas City Regional Association of REALTORS®

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www.kcrealtorlink.com * e-mail: jcbr@kcrealty.org

6700 Corporate Dr, Suite 100 Kansas City, MO 66210 816-242-4200 fax 816-242-4212

www.kcboardofrealtors.org * e-mail: mkcbr@mkcbr.com

Testimony of Erik Sartorius
Governmental Affairs Director
Before the
House Financial Institutions Committee
Regarding
House Bill 2254 Fair Credit Score Disclosure Act

February 14, 2001

The Kansas City Regional Association of REALTORS® strongly encourages passage of House Bill 2254. The bill extends important consumer protections to credit scores, providing consumers full and fair access to their credit scores. In our area, lack of consumer protection in this regard is affecting Kansans both in terms of securing a mortgage as well as paying higher interest rates due to the mysterious scores.

The legislation would require lenders to provide consumers their credit score and disclose the factors used to determine that score. For a fee, consumers could get copies of their credit score when requesting copies of their credit files.

A few years ago, Congress passed the Fair Credit Reporting Act, ensuring that individuals could get copies of their credit report. This empowered consumers by giving them the ability to see the information contained in the credit report and correct inaccuracies, as well as understand the information used by lenders in determining whether to grant a mortgage.

Many consumers are now aware of their right to access their credit report. Most of these people incorrectly assume that a clean credit report will translate into a high credit score. This is not necessarily true.

Consumers who are aware of the possible effects their current use of credit in terms of how their future purchasing decisions could be affected often try to make wise consumer credit decisions. They may close credit accounts they no longer use, or transfer balances from an account with a high interest rate to one with a lower rate, in order to minimize their debt. Some credit scores, however, see such behavior as a negative factor, leaving the consumers penalized for their good intentions.

Consumers do not have the same protections and rights with credit scores as they do their credit reports. Lenders may tell consumers their credit scores, but are not required to do so. Further, consumers are left in the dark as to the factors used to determine their credit score and what steps they could take to improve their score. The Kansas City Regional Association of REALTORS® believes such secrecy does not benefit consumers in their quest for home ownership.

We respectfully seek your support of this legislation.



REALTOR® is a registered collective membership mark which may be used only by real estate professionals who are members of the NATIONAL ASSOCIATION OF REALTORS® and subscribe to its strict Code of Ethics

House Financial Institutions
2-14-01
Attachment 2

The Doorway to Good Credit

TURNING THE KEY TO A STRONG CREDIT SCORE

AND A MORTGAGE TO BUY YOUR HOME

A Good Credit Record Takes you Across the Threshold to Homeownership

If you're planning to look for and buy a home any time soon, your real estate agent will recommend that you look carefully at your **credit record** to assist you through the financing process when buying your home.

Your **credit record** demonstrates how well you have handled credit in the past and how you use it right now. Your credit record is kept electronically by three private companies, also known as national credit repositories: Equifax, Experian and Trans Union.

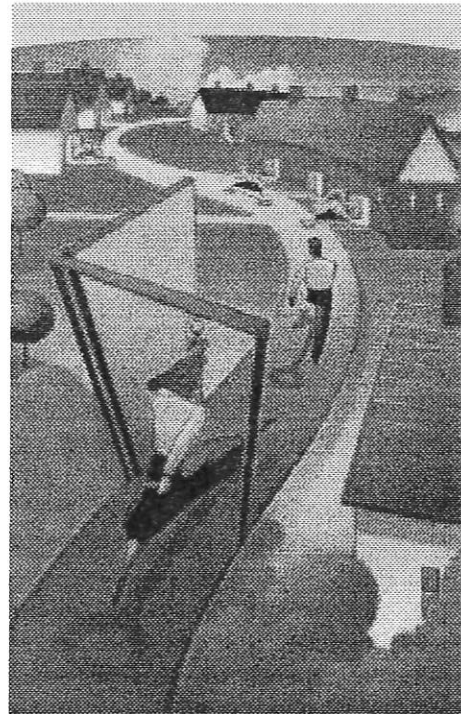
A **credit report** is a listing of the information in your credit record at any one of these companies. It lists your debts and payment history with people and companies who have loaned you money under an arrangement to pay it back, such as banks, credit card companies and department stores. It shows when you pay your bills (whether you pay bills on time) and how much you pay (whether you pay the proper amounts due). Your credit report also shows any history of tax liens or bankruptcies, even if any of these happened several years ago.

It is important to understand how significant your credit record is to getting a mortgage loan to buy your home. One of the first things you should do when you begin to search for a home is to order a copy of each of your credit reports and review them carefully. **(To find out how you can get copies of your credit reports, turn to the last two pages of this booklet.)** A real estate agent who is a REALTOR® is ready to work with you throughout the homebuying process—from helping you obtain and review your credit reports to providing helpful hints on qualifying for a mortgage—so you'll be ready to buy the home you select.

When you're finally ready to apply for a home loan, the lender you choose often gets a **credit score** as part of your credit report. A credit score is a computer-generated number that provides a snapshot of how likely you are to repay your debts.

A credit score is calculated by analyzing all the pieces of information in your credit record and summarizing them in a number. **Your credit score is important!** It will be used—along with your credit report and other information from your loan application—to determine whether you will get the financing to buy your home. Your credit score also may be used to determine the interest rate you get on your mortgage.

Pay attention to your credit and keep it on the right track. A good credit record will give you a strong credit score. And that's good news when you go out with either an agent who is a REALTOR® or a real estate agent to buy a home.



Opening the Front Door

TO HOMEOWNERSHIP

More about Credit Scores and Getting a Home Loan

A **credit score** is a statistical way of predicting how likely it is that you will pay back a loan that might be made to you.

The most commonly used credit score today is known as a FICOSM score. Developed by Fair, Isaac & Co. Inc., the FICO score is a mathematical way to look at factors in your credit record that may affect your ability and willingness to repay a debt.

These factors can include your record of repaying loans, e.g., student loans, car loans and credit card bills; any public records you might have, like tax liens and bankruptcies; how often you apply for installment loans and new credit cards; and how much you actually owe. For example, if you charge up to the limit on your credit cards—even if combined they don't seem to add up to a lot of money—this might hurt your credit score. Or, if you have recently applied for several credit cards, including department store payment plans, bank credit cards or finance company accounts—even if you haven't begun to use them yet—your credit score might be affected negatively. However, if you show a pattern of managing your credit wisely, such as keeping credit card balances low or paying your bills on time consistently, your credit score will be affected positively.

Your lender looks at other information besides your credit score before deciding whether to make you a home loan. Lenders look at

- Employment history, including whether you are self-employed
- Monthly debt payments versus your current income
- Savings patterns and amount of savings
- The type of loan you want
- The value of the property you want to buy or refinance
- The amount of the down payment you plan to make or the equity that you have in your home already

All of these factors combined together make up your “loan application” profile.

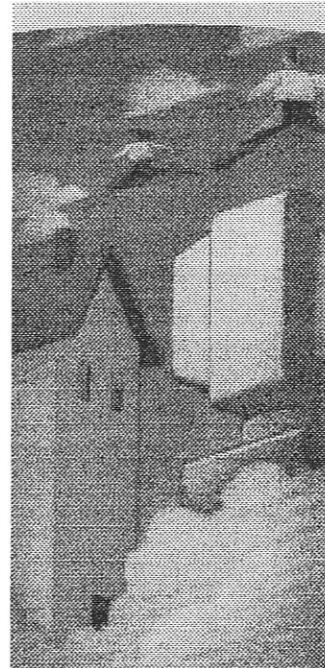
After collecting this information, the lender evaluates it to decide whether to approve the home loan. Until recently, this was done manually by reviewing each piece of information separately. Today, many lenders use automated underwriting, a computer-based process that evaluates the information easily, objectively and within minutes.

The lender then views the electronic recommendation along with other information gathered to create a full picture of your loan application and makes a final decision about your ability and willingness to repay your loan.

Credit scores and automated underwriting are widely used today because they speed up the mortgage approval process for consumers. What's more, by using credit scores, mortgage lenders treat each person objectively because the same standards apply to everyone. Credit scores assess each factor equally for every consumer, every time. They do not include race, religion, national origin, gender or marital status as factors. Credit scores are blind to demographic or cultural differences among people.

Step up to the front door and be smart about your credit.

Follow these **three rules of thumb** to learn how to manage your credit wisely.





1 The Front Door

Pay Your Bills on Time!

This is the single most important thing you can do.

How you've paid your bills in the past is usually the best indicator of how you'll pay in the future. Be sure to pay at least the minimum amount required by the date it is due on your account statement or invoice. You can always pay more, but you should never pay less than the minimum. Remember—being late on a payment is a negative mark on your credit record, even if you make up the payments later.

If you don't pay your bills on time, you can start today! Credit scores emphasize your most recent payment record.

2 The Side Door

Keep Credit Card Balances Low

Don't apply for too many loans or too many credit cards. This might be interpreted as a sign that you can easily get in over your head on payments you owe. Don't charge as much as your credit limits allow you to charge. Think about closing down accounts you never use and try to keep credit card balances low on your remaining credit lines.

Remember, though, that it is good for you to use credit because it demonstrates your ability and willingness to pay your bills. You must have some credit history to have a credit score. If you rarely or never borrow money or use a credit card, consider applying for a few credit cards and using them carefully, paying off the debt each month. But keep your overall debt at a reasonable level relative to your income.



3 The Gateway

Make Sure Your Credit Records are Accurate and Protect Them!

It's important that you review your credit reports from each of three private companies—Equifax, Experian and Trans Union—at least once a year to make sure they are right. **Your credit record, and therefore, your credit report may vary from one company to the other.** You don't want your credit score or mortgage application to be based on incorrect information in any of your reports. Simply contact all three companies that report on your credit—or national credit repositories as they are often called—listed below. If you've been denied credit, you can get your credit report for free by following instructions in the written notice you received denying you credit. Otherwise, you can receive a copy for a minimal fee.

**Equifax**

Credit Information Services
P.O. Box 740256
Atlanta, GA 30374-0256
Phone: 1 (800) 685-1111
Web Site: www.equifax.com

Experian

National Consumer Assistance Center
P.O. Box 949
Allen, TX 75013-0949
Phone: 1 (800) 682-7654
Web Site: www.experian.com

Trans Union

National Disclosure Center
P.O. Box 390
Springfield, PA 19064
Phone: 1 (800) 888-4213
Web Site: www.tuc.com

If you believe that any one of your credit reports contains mistakes and you wish to dispute or change the mistake, contact the national credit repository that developed the report. Under the Fair Credit Reporting Act (FCRA), the repository must complete an investigation of your disputed items within 30 days and provide you written notice of the results of the investigation within five days of its completion, including a copy of your credit report if it has changed based upon the dispute.

The Federal Trade Commission (FTC) is responsible for enforcing FCRA. The

FTC also publishes consumer-related credit brochures where you can obtain additional information on credit reports. To contact the FTC, call or write:

Federal Trade Commission

Public Reference Branch
6th & Pennsylvania Avenue, N.W.
Washington, D.C. 20850
Phone: (202) 326-2222
Web Sites: www.ftc.gov/ftc/consumer.htm and www.ftc.gov/ftc/moreinfo.htm

To learn more about credit scores, contact us at our address listed below.

This booklet is provided to you by



NATIONAL ASSOCIATION
OF REALTORS®



KANSAS TRIAL LAWYERS ASSOCIATION

Lawyers Representing Consumers

TO: Members of the House Committee on Financial Institutions

FROM: Barb Conant, Director of Public Affairs

RE: 2001 HB 2254

DATE: Feb. 14, 2001

Chairman Cox and members of the House Committee on Financial Institutions, thank you for the opportunity to comment on HB 2254. I am Barb Conant, director of public affairs for the Kansas Trial Lawyers Association.

HB 2254 provides consumers a statutory right to their credit information at a reasonable cost and in a timely manner. It also provides a process under which a consumer can dispute inaccurate information included in their file. KTLA supports the provisions within this bill.

We do suggest a couple of additions to the bill, which we believe would further strengthen its benefits to consumers.

Under Sec. 1. (a) / line 14 we suggest adding the language "or the consumer's legal representative" also allowing the consumer's attorney access to their client's credit history files. We suggest the same language be added in Sec. 1.(b) / line 17.

In Sec. 8(b) / line 13 we recommend that language be included that holds the negligent consumer reporting agency or user of the information liable for court costs and attorney fees regardless of whether actual damages were awarded. In some situations, actual monetary damages may be difficult to establish. For example, it may be difficult to put a dollar amount on being unjustly denied a home loan. However, with the addition of this language, after legally determining the consumer reporting agency or the user of the credit information were negligent in complying with Kansas law, the consumer could recover the costs of bringing the action and reasonable attorney fees.

I have attached a balloon to my testimony showing our suggested language and its placement.

Thank you for your consideration of our amendments and the opportunity to offer our comments on HB 2254. This bill provides consumers an important statutory right to access their credit information. With these changes, we encourage the committee to pass HB 2254.

Terry Humphrey, Executive Director

Jayhawk Tower • 700 SW Jackson, Suite 706 • Topeka, Kansas 66603-3758 • 785.23

E-Mail: triallaw@ink.org

House Financial Institutions
2-14-01
Attachment 4

HOUSE BILL No. 2254

By Committee on Financial Institutions

2-1

AN ACT concerning credit scores; enacting the fair credit score disclosure act.

Be it enacted by the Legislature of the State of Kansas:

Section 1. (a) Every consumer credit reporting agency, upon request and proper identification of any consumer, shall allow the consumer to visually inspect all files maintained regarding that consumer at the time of the request.

or the consumer's legal representative

(b) Every consumer reporting agency, upon contact by a consumer by telephone, mail or in person regarding information which may be contained in the agency files regarding that consumer, shall promptly advise the consumer of such consumer's rights under sections 7, 8 and 9, and amendments thereto, and of the obligation of the consumer reporting agency to provide disclosure of the files in person, by mail or by telephone pursuant to section 2, and amendments thereto, including the obligation of the consumer reporting agency to provide a decoded written version of the file or a written copy of the file with an explanation of any code, including any credit score used, and the key factors, as defined in section 3, and amendments thereto, if the consumer so requests that copy. The disclosure shall be provided in the manner selected by the consumer, chosen from among any reasonable means available to the consumer credit reporting agency. The consumer reporting agency shall determine the applicability of section 10, and amendments thereto, and inform the consumer of the consumer's rights under such section.

(c) All information on a consumer in the files of a consumer credit reporting agency at the time of a request for inspection under subsection (a), shall be available for inspection, including the names and addresses of the sources of information.

(d) (1) The consumer credit reporting agency also shall disclose the recipients of any consumer credit report on the consumer which the consumer credit reporting agency has furnished:

(A) For employment purposes within the two-year period preceding the request.

(B) For any other purpose within the 12-month period preceding the request.

1 (b) such amount of punitive damages as the court may allow; and
 2 (c) in the case of any successful action to enforce any liability under
 3 this section, the costs of the action together with reasonable attorney fees
 4 as determined by the court.

5 Sec. 8. Any consumer reporting agency or user of information which
 6 is negligent in failing to comply with any requirement imposed under
 7 K.S.A. 50-701 to 50-722, inclusive, and amendments thereto, with respect
 8 to any consumer is liable to that consumer in an amount equal to the sum
 9 of:

10 (a) Any actual damages sustained by the consumer as a result of the
 11 failure; and

12 (b) in the case of any successful action to enforce any liability under
 13 this section, the costs of the action together with reasonable attorney fees
 14 as determined by the court.

15 Sec. 9. Upon written request and the furnishing of sufficient iden-
 16 tification to identify the consumer and the subject file, every consumer
 17 credit reporting agency shall create reasonable procedures to prevent a
 18 consumer credit report or information from a consumer's file from being
 19 provided to any third party for marketing purposes or for any offer of
 20 credit not requested by the consumer. This section does not apply to the
 21 use of information by a credit grantor for purposes related to an existing
 22 credit relationship.

23 Sec. 10. (a) Whenever credit or insurance for personal, family or
 24 household purposes, or employment involving a consumer is denied or
 25 the charge for such credit or insurance is increased either wholly or partly
 26 because of information contained in a consumer report from a consumer
 27 reporting agency, the user of the consumer report shall so advise the
 28 consumer against whom such adverse action has been taken and supply
 29 the name and address of the consumer reporting agency making the
 30 report.

31 (b) Whenever credit for personal, family or household purposes in-
 32 volving a consumer is denied or the charge for such credit is increased
 33 either wholly or partly because of information obtained from a person
 34 other than a consumer reporting agency bearing upon the consumer's
 35 credit worthiness, credit standing, credit capacity, character, general rep-
 36 utation, personal characteristics or mode of living, the user of such infor-
 37 mation, or within a reasonable period of time, upon the consumer's writ-
 38 ten request for the reasons for such adverse action received within 60
 39 days after learning of such adverse action, shall disclose the nature of the
 40 information to the consumer. The user of such information shall clearly
 41 and accurately disclose to the consumer the right to make such written
 42 request at the time such adverse action is communicated to the consumer.

43 (c) No person shall be held liable for any violation of this section if

irrespective of whether
 actual damages were
 established,



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(785) 749-4224

Manhattan, Kansas
(785) 539-6666

Emporia, Kansas
(316) 342-7788



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ACCREDITED



COUNCIL ON ACCREDITATION
OF COMMUNITY FINANCIAL
INSTITUTIONS



HUD Comprehensive
Counseling Agency



United Ways of
Greater Topeka, Douglas, Flint Hill
and Riley Counties

February 14, 2001

**Support Statement for SB 185, An Act Concerning Credit Scores;
Enacting the Fair Credit Disclosure Act**

Housing and Credit Counseling, a nonprofit consumer counseling agency serving statewide in Kansas, encourages your **support** of SB 185.

Housing and Credit Counseling, Inc. (HCCI) provides, among other services, homebuyer and consumer credit counseling and classes for Kansas consumers. About 4000 Kansas per year are served in these two program areas.

HCCI has had an arrangement with our local (Experian) credit bureau to include credit scores on credit reports since 1997.

These reports are, in particular, invaluable for prospective first-time homebuyers. The information about current credit scores allows the clients to prepare their credit for homeownership, repair their credit for homeownership and, in the process, prepare better for financial success as homeowners.

Increasingly, both government and private home mortgage loan programs are being structured for consumers with specified credit scores and above. At the same time, families of loan products are being structured so that the lower the credit score, the higher the interest rate, and there are variables on downpayment as well. For first-time borrowers, particularly those of lower incomes, knowing their credit scores and how they are structured is critical both in accessing credit as well as securing appropriate products that will ensure long-term affordability.

Again, we encourage you to support SB 185 and its requirement for credit scoring disclosure. Not only do consumers have the right to know, but the information is critical for "opening the door" for consumers to access today's array of loan products.

For further information, please contact:
Karen A. Hiller, Executive Director x308
Nancy R. Artzer, Homebuyer Counselor x321

Testimony of Pat Tholen
J.C. Nichols Residential, Overland Park, Kansas
for
The Fair Credit Disclosure Act

Mr. Chairman and members of the committee, thank you for allowing me to appear before you today in support of House Bill 2254, the Fair Credit Disclosure Act.

I have taken a special interest in the availability of credit score information due to the experiences of my clients. Over the past year or so, I have seen a growing number of them tripped up one way or another by credit scores. I believe it is very important that consumers are allowed access to their credit scores and the factors behind them so consumers can make informed decisions about their credit behavior.

The importance of credit scores becomes more apparent with each passing year. Most all of my clients are on what most all of us would deem solid financial ground. They make good salaries, they have investments and savings, and from the information on their credit reports it appears they have good credit histories.

Time and again, though, when seeking a mortgage they get blindsided by their credit score. While in their cases the score does not result in an outright denial of their application, they are left to pay a higher rate on the loan. This puts buyers in a difficult bind. They can either take the rate offered by the lender, or they can go somewhere else.

Unfortunately, few, if any, lenders publish or make known any rate other than their best available rate. As such, buyers have no way of knowing whether the rate they have been offered is the best rate they could find for their circumstances. The only option would be to pay another lender another application fee, and \$150 to \$300 can add up quickly.

Giving borrowers access to their credit scores and the reasoning behind them will help borrowers avoid the shock of these disheartening experiences. They need to know how their credit, in terms of a credit score, will be viewed by a lender before they apply for a loan. Doing so will give them the opportunity to change behaviors that they may think demonstrate judicious use of credit, but are actually treated negatively in a credit scoring model.

I thank you for the opportunity to appear before you today, and strongly urge your support for House Bill 2254.



TRANS UNION

555 West Adams Street
Chicago, IL 60661
Telephone: (312) 258-1717

News Release

Trans Union Announces It Will Offer Credit Scores Directly to Consumers

CHICAGO May 15, 2000 Trans Union LLC today announced plans to provide consumers with tools to help them more effectively manage their financial health. The company is developing a credit score that will be offered to consumers, free of charge, when they request a copy of their Trans Union credit report. The score is expected to be available before the end of the year.

The timing is right for this consumer service. Consumers have become empowered in their use of financial information through the Internet. They are banking on-line, reviewing daily valuations of their investments, even trading their own stock portfolio, explains Harry Gambill, Trans Union president and chief executive officer. At Trans Union, we understand that consumers financial transactions are more effective when they can manage all aspects of their financial health.

According to Trans Union, the credit score will provide consumers with a snapshot of their credit profile at a specific point in time. Credit scores are used by credit grantors banks, retailers, etc. to assist in the evaluation of a consumer s creditworthiness and predict the likelihood the consumer will pay as agreed. Trans Union is the first major information services organization to commit to providing a score directly to consumers.

We want to make this tool available to every U.S. consumer that wants it and are exploring options for broad distribution, says Gambill. At the very least Trans Union s consumer credit scoring information will be made available before the end of the year to consumers who request a copy of their credit report on-line at www.transunion.com, by phone or by mail.

In addition to the credit score, Trans Union will provide consumers with the factors influencing the rating so as to help them understand how to maintain or improve their credit standing.

By planning ahead and using the tools we provide, consumers will have the opportunity to review and better understand credit scoring before applying for mortgages, credit cards and auto loans, says Gambill.

Headquartered in Chicago, Trans Union LLC is one of the nation s leading information services providers. Using its large database of consumer credit information, Trans Union develops tools that facilitate financial transactions between lenders and consumers, making it possible for consumers to enjoy the benefits of good financial health. Trans Union has stringent privacy protocols to protect the confidentiality and proper use of consumer information maintained in its database. The company operates regional consumer relations facilities in Crum Lynne, PA and Fullerton, CA.

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news release

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Experian announces comprehensive consumer credit education program

New service provides consumer credit risk scores and detailed credit education online

Orange, Calif. – February 8, 2001-- Experian, a leading information solutions company, today announced the structure of its new consumer credit education program. The new program will be launched in phases, with most components available by July 1, 2001, and will provide consumers with the ability to receive their credit reports and dispute them on-line, receive a credit risk score, and learn how to better manage their financial health through a variety of educational tools. All services will be available through Experian's recently announced consumer credit website, www.CreditExpert.com.

"Consumers have an increasing desire to take charge of their personal financial information including receiving and understanding their credit risk scores," said Steve Krenzer, chief operating officer of Experian's E-commerce Solutions business unit. "A comprehensive education process must accompany this new information so consumers can reap the maximum benefit. www.CreditExpert.com will offer the most features of any online credit information site in an incredibly user-friendly format."

Upon launch consumers will have access to the same industry-leading information that businesses have used in making credit decisions. Scores range from a low of 340 to a high of 820 as risk indicators for credit grantors. In addition to their Experian risk score, consumers will receive score factors, education about how to interpret them and suggested steps to take in improving their scores. The risk score will be available for \$6.00. The price of a credit report will remain \$8.50, or as authorized by individual state laws.

"We're excited about providing consumers with the industry's most complete array of credit tools to better manage their personal finances," said Laura DeSoto, Experian's vice president of CreditExpert.com. "CreditExpert.com offers a meaningful look at the consumer's total credit picture—credit reports, risk scores, the ability to question credit entries, interpret the scores and model changes in their credit profiles--all in real time. Consumers can determine, and then make, real changes that may improve their credit standing and they can be confident they're doing so on Experian's highly secure Web site."

-more-

Additional features available on July 1 include: Credit Manager, a comprehensive credit management service designed to help consumers better understand, protect and manage their credit health; an electronic registration and protection service for debit/credit and other in-wallet consumer information; the automated dispute of credit report entries and tri-bureau credit report services.

Technology: Experian's delivery service was developed using a secure Web server allowing users' browser programs to interact with Experian via an encrypted session. Experian employs a Secure Sockets Layer (SSL) 128-bit connection that scrambles ordinary text or data into cyphertext to safeguard sensitive information.

Experian is an information solutions company. It uses the power of information to help its clients target prospective customers, manage existing customer relationships and identify opportunities for profitable growth. Through multi-channel delivery of its web-based products and services, Experian enables its clients to conduct secure and profitable e-business. Experian is a subsidiary of The Great Universal Stores PLC and has headquarters in Nottingham, UK and Orange, California. Its 12,000 people support clients in more than 50 countries. Annual sales are about \$1.5 billion. For more information, visit the company's Web site, www.experian.com.

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FAIR, ISAAC and EQUIFAX FORM STRATEGIC ALLIANCE TO PROVIDE CONSUMERS PREMIER ONLINE CREDIT SCORE SERVICES

Partnership is industry first to open door to consumer credit decisioning standard

San Rafael, CA, and Atlanta, GA, January 11, 2001 - As part of an ongoing initiative to empower consumers to understand and act on issues affecting their credit standing, Fair, Isaac and Company (NYSE:FIC) and Equifax (NYSE:EFX) today announced a new strategic alliance designed to enlighten consumers about how credit decisions are made and enable them to impact and improve their individual credit standing.

The new online credit score service, available in the first quarter of 2001, will provide consumers with an individual Equifax Profile™, a BEACON® score and a personalized score analysis designed to help consumers understand how their scores may be interpreted by lenders and affected by their credit behavior. The FICO® score - the premier risk score developed by Fair, Isaac - is calculated on the Equifax Credit Profile™.

"We forged this alliance with Fair, Isaac to enlighten, enable and empower consumers to improve their credit health," said Tom Chapman, Equifax Chairman and CEO. "By combining our strength as the leader in consumer credit information with Fair, Isaac's world-class analytics, we will be the premier source for the credit score information consumers are demanding."

Equifax is the first consumer-reporting agency to offer consumers unique insights into the factors evaluated by Fair, Isaac to arrive at FICO credit risk scores. This represents a key advantage to consumers since FICO scores are the "gold standard" used for credit decisioning by the vast majority of financial institutions. U.S. lenders use FICO scores to make billions of credit decisions each year, including more than 75 percent of mortgage loan originations.

"Just as the FICO score is an industry standard for credit risk assessment, the educational services we are creating will set the standard for explaining scores to consumers," said Tom Grudnowski, CEO of Fair, Isaac. "We will provide the tools to not only review an individual's credit information, but to help them understand how that data may be analyzed to predict the risk associated with a credit application."

Fair, Isaac and Equifax, long-standing partners in creating credit risk management products, are forging the multi-year agreement to create innovative and unique online credit services for the benefit of consumers. Together, the two companies are developing a suite of products and services that will offer consumers greater insight into how personal credit standing is measured, how financial institutions award credit, and how consumers

can take steps to positively impact their credit standing.

The new score explanation service represents a continuation of ongoing consumer initiatives for both companies. Equifax was the first credit-reporting agency to offer consumers online access for the Equifax Credit Profile™, and has recently launched a new monitoring service - Equifax Credit Watch™ - that alerts consumers within 24 hours of any change to their credit file. Fair, Isaac has led an overall industry shift in developing more open, informative and accessible credit scoring criteria, decisioning factors and steps that consumers can take to improve financial health and credit standing.

About Fair, Isaac

Fair, Isaac and Company is a global provider of customer analytics and decision technology. Widely recognized for its pioneering work in credit scoring, Fair, Isaac revolutionized the way lending decisions are made. Today the company helps clients in multiple industries increase the value of customer relationships. Fair, Isaac has made the Forbes list of the top 200 U.S. small companies seven times in the last eight years, and was named by InformationWeek as one of the top 50 application service providers. Headquartered in San Rafael, California, Fair, Isaac has 21 offices worldwide.

About Equifax

Equifax (www.equifax.com), a worldwide leader in enabling and securing global commerce, brings buyers and sellers together through its information management, transaction processing, direct marketing, and customer relationship management businesses.

Atlanta-based Equifax (NYSE:EFX) serves the financial services, retail, credit card, transportation, telecommunications/utilities, information technology and healthcare industries and government. Equifax adds knowledge, expertise, convenience and security to provide value-added solutions and processes for its customers wherever they do business, including the Internet and other networks.

Equifax employs about 13,000 associates in 17 countries with sales in almost 50 and has \$1.9 billion in revenue.

Statements in this press release that relate to Equifax's future plans, objectives, expectations, performance, events and the like are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and the Securities Exchange Act of 1934. Future events, risks and uncertainties, individually or in the aggregate, could cause actual results to differ materially from those expressed or implied in these statements. Those factors could include changes in worldwide and U.S. economic conditions that materially impact consumer spending and consumer debt, changes in demand for the Company's products and services, risks associated with the integration of acquisitions and other investments, the spin-off of Payment Services on a timely basis without adverse impact on the Company's operations, and other factors discussed in the "forward-looking information" section in the management's discussion and analysis included in the annual report on Form 10-K for the year ended December 31, 1999 and 10-Q for the period ending September 30, 2000.

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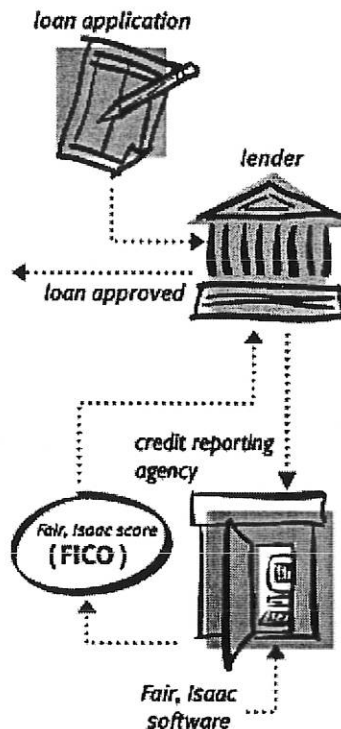
LINKS

As a business solutions company, Fair, Isaac provides accurate, objective risk assessment tools to lenders. Credit scoring is one such tool. A credit bureau risk score — commonly known as a FICO® score — is a snapshot of your credit risk picture at a particular point in time. It's a number lenders use to help them decide: "If I give this person a loan or credit card, how likely is it that I will get paid back on time?" Fair, Isaac develops the software used by banks and credit reporting agencies to generate scores, but Fair, Isaac does not calculate credit scores or have access to them.



Path of a credit score

When you apply for a loan, your bank sends a request to one of the national credit reporting agencies to run a credit bureau score. The credit bureau then uses Fair, Isaac's software to calculate a score from your credit bureau report. Once the score is calculated, it is returned to your lender.



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How Scoring Works

Along with the credit report, lenders can also buy a credit score based on the information in the report. That score is calculated by a mathematical equation that evaluates many types of information that are on your credit report at that agency. By comparing this information to the patterns in hundreds of thousands of past credit reports, the score identifies your level of future credit risk.

In order for a FICO® score to be calculated on your credit report, the report must contain at least one account which has been open for six months or greater. In addition, the report must contain at least one account that has been updated in the past six months. This ensures that there is enough information — and enough recent information — in your report on which to base a score.

How Do People Score?

About FICO scores

Credit bureau scores are often called "FICO scores" because most credit bureau scores used in the US are produced from software developed by Fair, Isaac and Company (FICO). FICO scores are provided to lenders by the three major credit reporting agencies: Equifax, Experian and Trans Union.

What FICO Scores Ignore

FICO scores provide the best guide to future risk based solely on credit report data. The higher the score, the lower the risk. But no score says whether a specific individual will be a "good" or "bad" customer. And while many lenders use FICO scores to help them make lending decisions, each lender has its own strategy, including the level of risk it finds acceptable for a given credit product. There is no single "cutoff score" used by all lenders.

More than one score

In general, when people talk about "your score," they're talking about your current FICO score. However, there is no *one* score used to make decisions about you. This is true because:

Other names for FICO scores

- **Credit bureau scores are not the only scores used.** Many lenders use their own scores, which often will include the FICO score as well as other information about you.
- **FICO scores are not the only credit bureau scores.** There are other credit bureau scores, although FICO scores are by

far the most commonly used. Other credit bureau scores may evaluate your credit report differently than FICO scores, and in some cases a higher score may mean *more* risk, not less risk as with FICO scores.

- **Your score may be different at each of the three main credit reporting agencies.** The FICO score from each credit reporting agency considers only the data in your credit report *at that agency*. If your current scores from the three credit reporting agencies are different, it's probably because the information those agencies have on you differs.
- **Your FICO score changes over time.** As your data changes at the credit reporting agency, so will any new score based on your credit report. So your FICO score from a month ago is probably not the same score a lender would get from the credit reporting agency today.

Ask us for more information on Fair, Isaac solutions.
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What a FICO® Score Considers

Listed in the hypertext links below are the five main categories of information that FICO scores evaluate, along with their general level of importance. Within these categories is a complete list of the information that goes into a FICO score. **How a Score Breaks Down**

1. PAYMENT HISTORY *What is your track record?*
2. AMOUNTS OWED *How much is too much?*
3. LENGTH OF CREDIT HISTORY *How established is yours?*
4. NEW CREDIT *Are you taking on more debt?*
5. TYPES OF CREDIT USE *Is it a "healthy" mix?*

Please note that:

- **A score takes into consideration all these categories of information, not just one or two.** No one piece of information or factor alone will determine your score.
- **The importance of any factor depends on the overall information in your credit report.** For some people, a given factor may be more important than for someone else with a different credit history. In addition, as the information in your credit report changes, so does the importance of any factor in determining your score. Thus, it's impossible to say exactly how important any single factor is in determining your score — even the levels of importance shown here are for the general population, and will be different for different credit profiles. What's important is the *mix* of information, which varies from person to person, and for any one person over time.
- **Your FICO score only looks at information in your credit report.** However, lenders look at many things when making a credit decision including your income, how long you have worked at your present job and the kind of credit you are requesting.
- **Your score considers both positive and negative information in your credit report.** Late payments will lower your score, but establishing or re-establishing a good track record of making payments on time will raise your score.

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Interpreting Your Score

When a lender receives your Fair, Isaac credit bureau risk score, up to four "score reason codes" are also delivered. These explain the top reasons why your score was not higher. If the lender rejects your request for credit, and your FICO® score was part of the reason, these score reasons can help the lender tell you why your score wasn't higher.

These score reasons are more useful than the score itself in helping you determine whether your credit report might contain errors, and how you might improve your score over time. However, if you already have a high score (for example, in the mid-700s or higher) some of the reasons may not be very helpful, as they may be marginal factors related to the last three categories described previously (length of credit history, new credit and types of credit in use).

Common score reasons

Here are the top 10 most frequently given score reasons. Note that the specific wording given by your lender may be different from this.

- Serious delinquency
- Serious delinquency, and public record or collection filed
- Derogatory public record or collection filed
- Time since delinquency is too recent or unknown
- Level of delinquency on accounts
- Number of accounts with delinquency
- Amount owed on accounts
- Proportion of balances to credit limits on revolving accounts is too high
- Length of time accounts have been established
- Too many accounts with balances

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Kansas Bankers Association

800 SW Jackson, Suite 1500

Topeka, KS 66612

785-232-3444 Fax - 785-232-3484 kbacs@ink.org

2-14-01

TO: House Financial Institutions Committee
From: Chuck Stones, Senior Vice President

RE: HB 2254

Mr. Chair and Members of the Committee:

The Kansas Bankers Association appreciates the opportunity to appear before you regarding HB 2254. I have with me today, Dennis Hadley. Dennis is a Senior Vice President at the Denison State Bank in Holton. Dennis is an experienced loan officer and has served as the Chairman of the KBA's Lending Committee.

Dennis will give you comprehensive reasons why we oppose this legislation. Therefore, my testimony will only be summary in nature.

- HB 2254 is NOT needed. The consumer already receives more than adequate information and disclosures. Regulation B requires a financial institution to disclose to a consumer the reasons for a loan denial, and if necessary, how that consumer can obtain a free copy of his or her credit bureau report.
- Lending is both science and art. People without adequate lending experience should not attempt to make loan decisions. This only confuses the consumer.

Thank you for your consideration and we urge you to oppose HB 2254.

Mr. Chairman:

Members of the House Financial Institution Committee:

My name is Dennis Hadley, Senior Vice President, Denison State Bank, of Holton, Ks and Hoyt, Ks. I have been in banking for the last 18 years and Finance for three years prior to that. I am a native Kansan and my mother was a career banker in the state of Kansas, also. I have been a board member and past chairman of the Credit Bureau of Topeka for the last ten years.

I speak to you today, regarding House Bill 2254. This is a bill that has grown its roots in California and because of this I appreciate the fact that you are looking so closely and researching so thoroughly the bill that is before you. This bill seeks to overhaul, but yet duplicate, the current credit reporting activity in the state of Kansas. I wish to specifically address the credit scoring requirements of this bill. Credit scoring has been around since the 1950's. It is a statistical method of assessing risk on a consumer. The credit score summarizes in a number the relative likelihood that an individual will repay a loan. That number or score is calculated from a scorecard, which consists of a list of credit related variables proven to be predictive of risk. FairIsaac and Co., Inc. initiated this scorecard. There are different scores for auto lending, mortgage lending and even bankruptcy. These scores are utilized by the three national credit bureau companies. Equifax uses the Beacon score, Trans Union the Empirica score and Experian uses the FairIsaac model. These three bureaus and their scoring models only reflect the information that is provided by lenders across the nation to the individual credit bureaus.

The credit underwriting process requires an understanding and evaluation of many different factors related to a credit application. Among these are the applicant's willingness to pay, ability to repay the debt, the amount of the down payment, and the value of the property to serve as adequate collateral. Because the needs of the market place are ever changing, today's loan officers are challenged to find ways to blend the traditional concept of loan underwriting with new evolving processes for measuring and evaluating the credit worthiness of a borrower in a timely manner. This requires a more comprehensive underwriting approach, one that is based on a thorough understanding of the different types of risk factors and how they relate to the various strengths and weaknesses in a credit application.

There are a number of tools that can assist loan officers in not only exercising the flexibility needed to evaluate the different types of applications but also in making better, quicker, and more consistent decisions. The three most important tools which enable a loan officer to make an informed decision for each credit applicant, are his or her common sense, good judgment, and an empirically based assessment of the applicant's credit history. As a loan officer of a rural Kansas bank, along with approximately four hundred other community banks in Kansas, we utilize the credit score as only one of many pieces of the credit underwriting process. We must never forget the five C's of credit underwriting: Character, Capacity, Capital, Collateral, and Conditions. These five C's of lending are the foundation of credit underwriting and are utilized everyday in the loan approval process. Credit history and scoring serve as only an additional source to aid the lender at arriving at the loan approval or denial.

Only the untrained or uninformed will jump to a conclusion that a credit score only will approve or deny a consumer in Kansas. This is so untrue. The sponsors of this bill are concerned that credit scores alone are causing an approval or denial of a Kansas consumer. It is only in the mortgage lending industry where Freddy Mac and Fanny Mae have set guidelines to utilize credit scoring as a major piece of the credit decision. The above national mortgage lenders are governed by Congress in order to standardize the mortgage lending business across the country. This bill seeks to affect all lending, whether it be consumer, commercial, ag, or mortgage throughout the state of Kansas; from Caney, Kansas to Stockton, Kansas. Please don't assume that one industry, i.e. . . . the mortgage industry, should dictate the bond that the community banks of Kansas have with their customer.

This scenario exists today where a merchant or a representative of a seller will pull a credit report on a prospective buyer. Not completing full underwriting of an application and based upon the credit score alone, they will advise the prospective buyer that he should be or would be approved. Upon the formal credit investigation of this application by a Kansas lender, a denial may occur because of a character, capacity, capital, collateral, or conditions issue, none of which have any impact on the consumer's credit score. This is why mandated disclosures of credit scores could be totally misleading to the consumer. There are Kansas lenders that may specialize in loaning to consumers, based upon the five C's of credit, which may offset a negative credit score or indicate a higher risk. This is an example of taking a greater risk and they price their products accordingly. There are those lenders, however, that do not take such a risk and deny someone because of the five C's, even though the consumers credit score may be positive. I know of many Kansas consumers, male or female that are the breadwinners of the household. Their spouse who may not work, but has the time to be credit active, may have a higher credit score than the actual breadwinner of the family. These are only a few examples of why mandatory disclosure of credit scores could totally mislead the consumer.

Finally, there are current Reg. B requirements, which require the consumer a written denial of an application, with a specific reason for denial. Attached is a copy of such notice. Nowhere on the denial is a score a reason for denial. Consumers may receive a copy of their credit file and can receive a copy of their score. This information is available through local credit bureaus across Kansas and also the Internet. With the current government oversight in place, rules and regulations are already managing this and protecting the consumer. Regulators ensure that the lenders of Kansas are following these laws. I believe this bill does nothing to improve current laws or regulations that are already in place. It only duplicates and serves to confuse the consumers of Kansas. Let's not let California based legislation influence how we protect the consumers of Kansas. The system is not broken. The laws and regulations in place currently serve the consumers and lenders of Kansas very well.

Respectfully yours,

Dennis Hadley

NOTICE ACTION TAKEN

Date _____
SSN/TIN _____

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided that the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal Agency that administers compliance with this law concerning this creditor is:

KANSAS CITY REGIONAL DIRECTOR

Federal Deposit Insurance Corporation
2345 Grand Avenue, Suite 1500
Kansas City, MO 64108

Dear _____

Thank you for your Application for _____

Based upon your Application we must inform you that:

We are unable to make a decision on your Application because it is missing the following information: _____

Please furnish this information to us on or before _____ at the address listed above or we will be unable to give your Application further consideration.

We are unable to offer you credit on the terms that you requested, but can offer you credit on the following terms: _____

If this offer is acceptable to you, please notify us on or before _____ at the address listed above.

If checked, our principal reasons for denying your original request are indicated below.

We are regrettably unable to approve your request. Our principal reasons for this decision are indicated below.

Where applicable, the following are our principal reasons for taking adverse action:

- Insufficient number of credit references provided.
- Unacceptable type of credit references provided.
- Unable to verify credit references.
- Income insufficient for amount of credit requested.
- Excessive obligations in relation to income.
- Unable to verify income.
- Temporary or irregular employment.
- Unable to verify employment.
- Other. Specify: _____
- Length of employment.
- Length of residence.
- Temporary residence.
- Unable to verify residence.
- No credit file.
- Limited credit experience.
- Poor credit performance with us.
- Delinquent past or present credit obligations with others.
- Garnishment, attachment, foreclosure, repossession, collection action or judgment.
- Bankruptcy.
- Value or type of collateral not sufficient.
- Lack of established earnings record.
- Slow or past due in trade or loan payments.

If you have any questions regarding this notice, you should contact _____

Telephone _____

DISCLOSURE OF USE OF INFORMATION OBTAINED FROM AN OUTSIDE SOURCE:

- Our credit decision was based in whole or in part on information obtained from an affiliate or from an outside source other than a consumer reporting agency. Under the Fair Credit Reporting Act, you have the right to obtain a disclosure of the nature of this information if you submit a written request to us no later than 60 days after you receive this notice.
- Our credit decision was based in whole or in part on information obtained in a report from the consumer reporting agency listed below. However, the reporting agency did not make the decision and is unable to supply you with specific reasons for why we have denied credit to you. You have a right under the Fair Credit Reporting Act to know the information contained in your credit file at the consumer reporting agency. Under the Fair Credit Reporting Act, you have the right to obtain a free copy of this report if you submit a written request to the agency named below no later than 60 days after you receive this notice. Under the Fair Credit Reporting Act you also have the right to dispute with the consumer reporting agency the accuracy or completeness of any information in the report.

Name: _____ Telephone: _____

Address: _____

NOTICE OF RIGHT TO RECEIVE COPY OF APPRAISAL
You have the right to a copy of the appraisal report used in connection with your application for credit. If you wish a copy, please write to us at the mailing address we have provided. We must hear from you no later than 90 days after we notify you about the action taken on your credit application or you withdraw your application. In your letter, give us the following information: Loan or application number, if known, date of application, name(s) of loan applicant(s), property address, and your current mailing address.

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