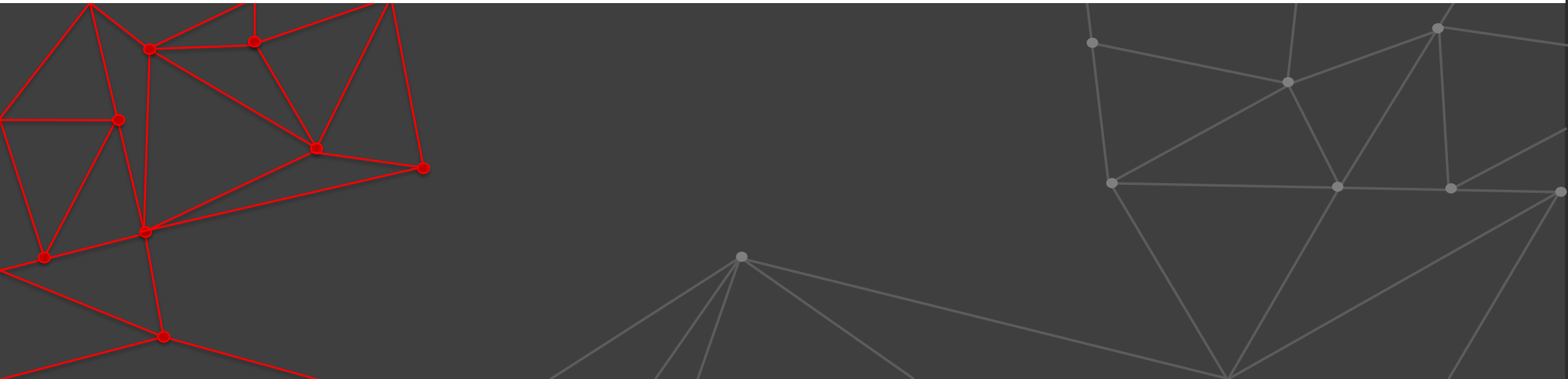




American Reporting Company





Becoming the Credit Concierge

For your first-time
homebuyers and
members.

Crystal Rustad
American Reporting Company

AGENDA



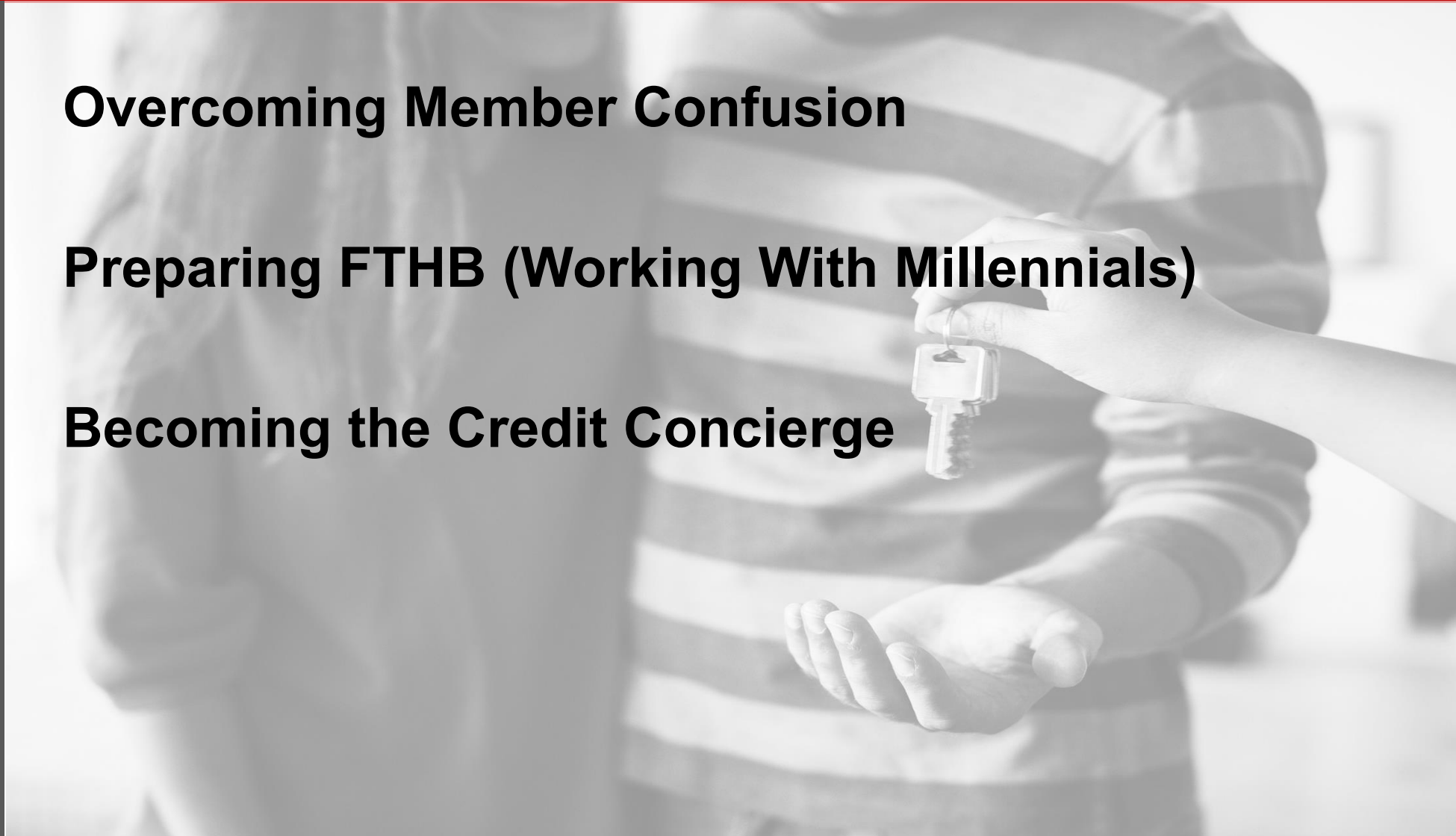
Overcoming Member Confusion

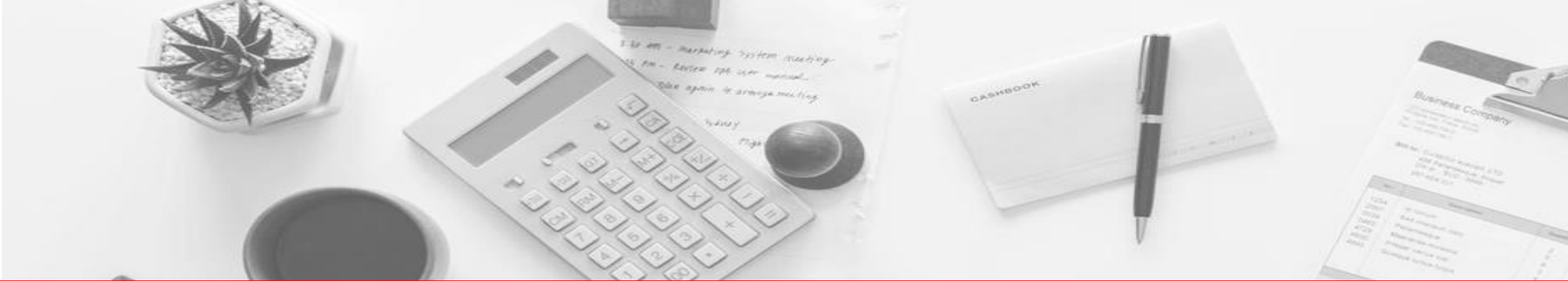


Preparing FTHB (Working With Millennials)



Becoming the Credit Concierge

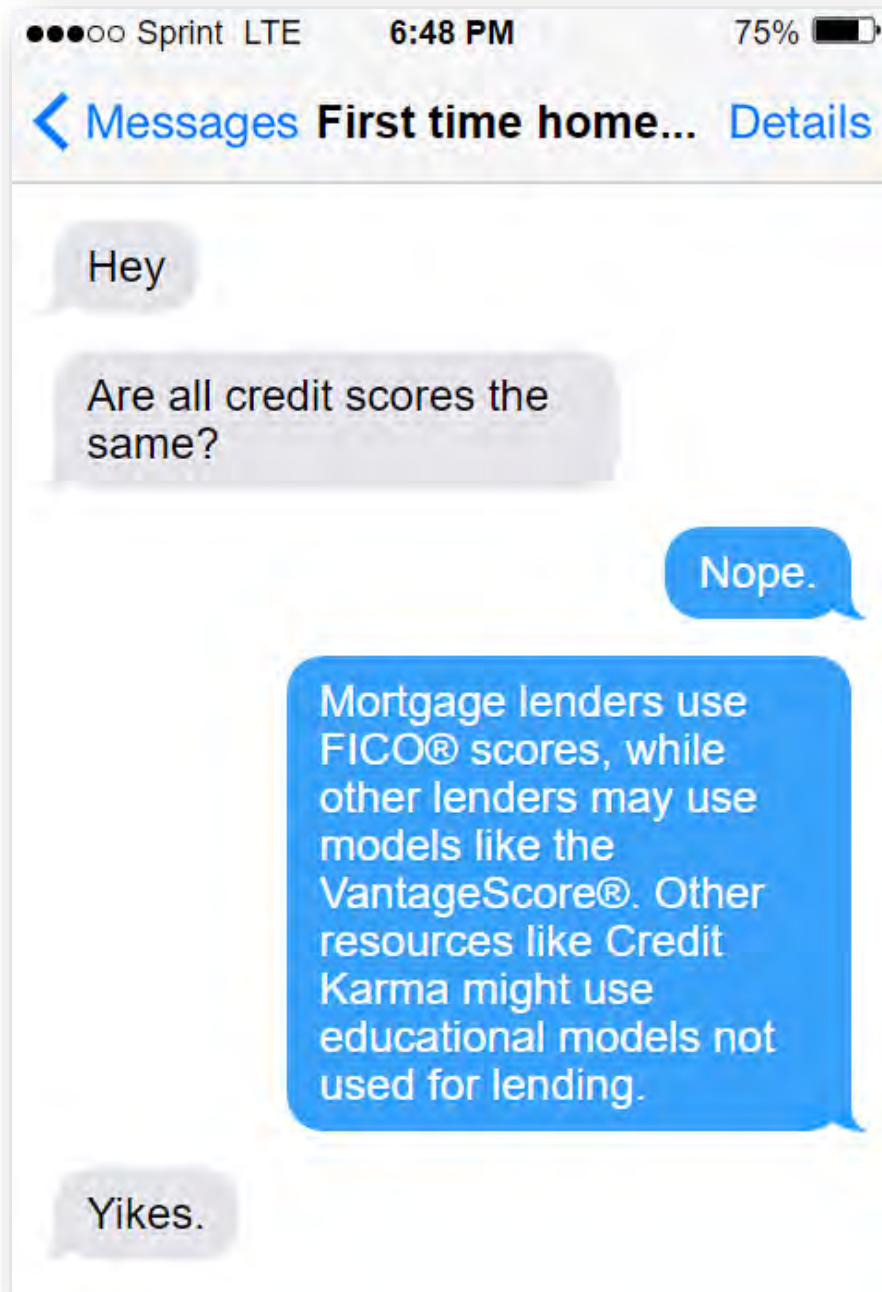




Credit Confusion:

What IS my credit score?!





So many credit scores.
So little time.

Major score models today:

MODEL	RANGE
FICO® Score	300 – 850
VantageScore® 2.0	501 – 990
VantageScore® 3.0	300 – 850
Experian Plus® Score	330 – 830
UltraFICO® Score*	300 – 850

*New opt-in credit model by Experian that utilizes info from your checking, savings and/or money market accounts to supplement data already in your credit profile. Information considered includes the amount, how long the accounts have been open and how active your accounts have been. It is meant to boost your existing FICO score, though mortgage lenders will likely not utilize directly as only one CRA is currently using this model.

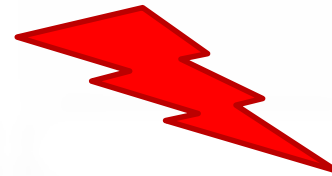
The UltraFICO® Hype

What is UltraFICO® Score?

Evidence of
\$AVING
and
keeping a
healthy
average balance

Maintaining
a bank account
over
time

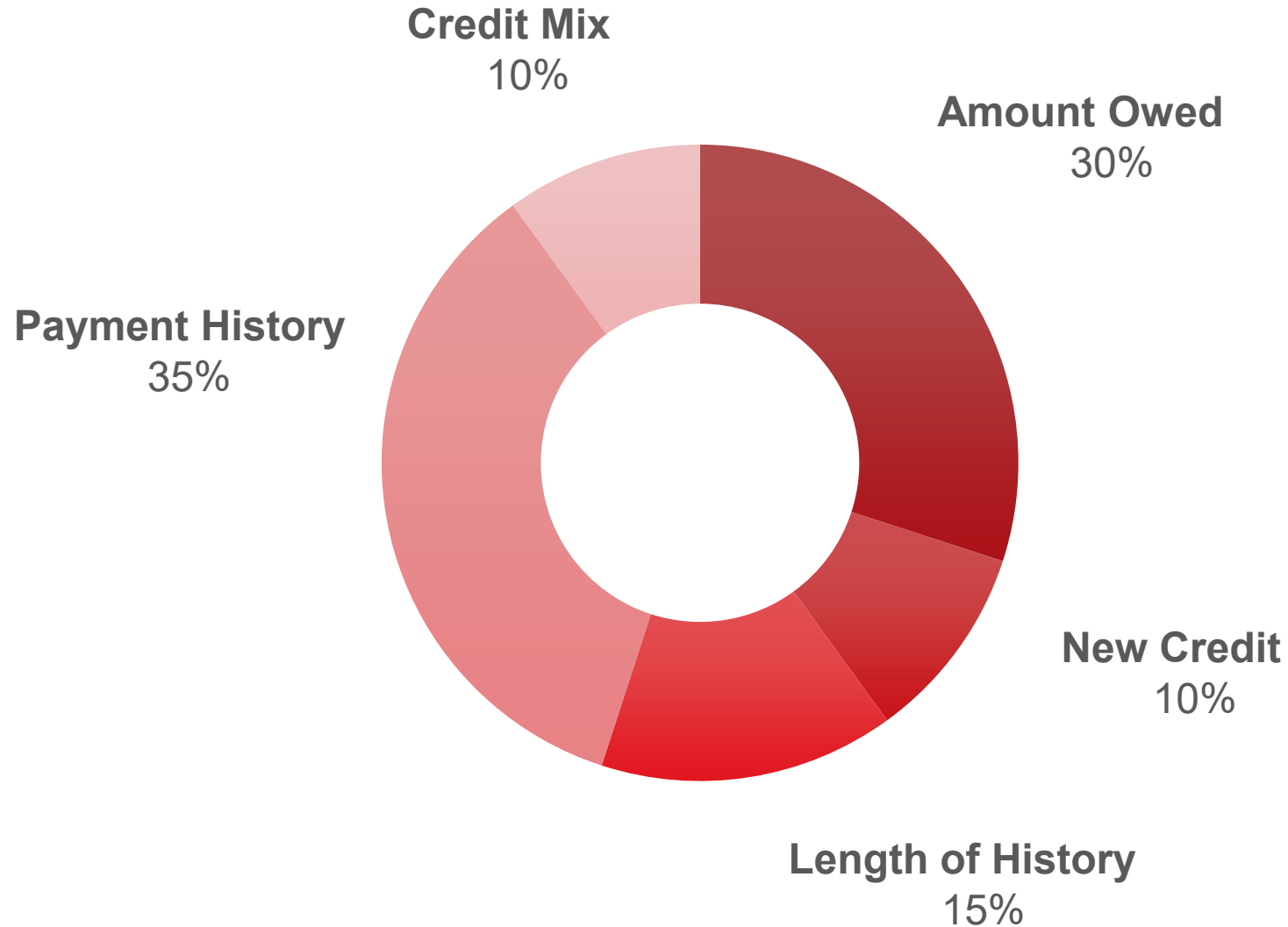
Avoiding
a negative
balance



Regularly
paying
bills &
making other
bank
transactions

Source MyFICO®

FICO® Score Model



Source: FICO®

How inquiries affect FICO® scores

AVERAGE
IMPACT
**TYPICALLY
LESS
THAN
5 POINTS**

**LESS
THAN
14%**
OF CONSUMERS
**LOSE MORE THAN 10 POINTS
DUE TO INQUIRIES**

only
**CONSUMER
INITIATED
INQUIRIES**
IMPACT SCORES

**INQUIRIES
ARE NOT A FACTOR**
for at least
57%
OF CONSUMERS

Source MyFICO®

Soft (*No Impact*) Inquiries

The following do not result in a hard inquiry (within the US):

- Requesting your personal credit report
- Promotional inquiries
- Review of existing accounts
- Applications for employment, insurance, or rentals

Source: FICO®

The 1-Inquiry Window



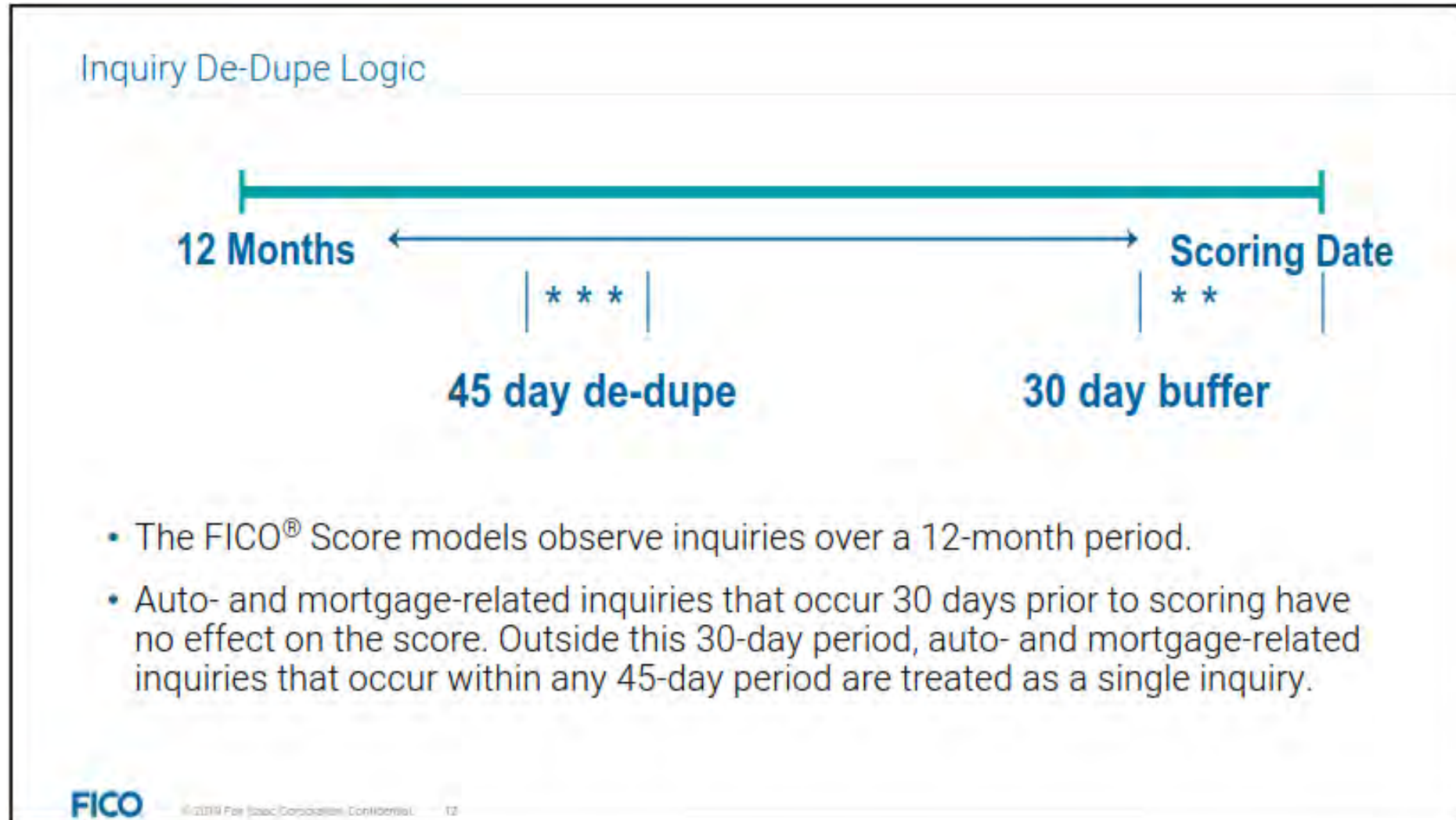
FOR FICO® SCORE V4 AND ABOVE:

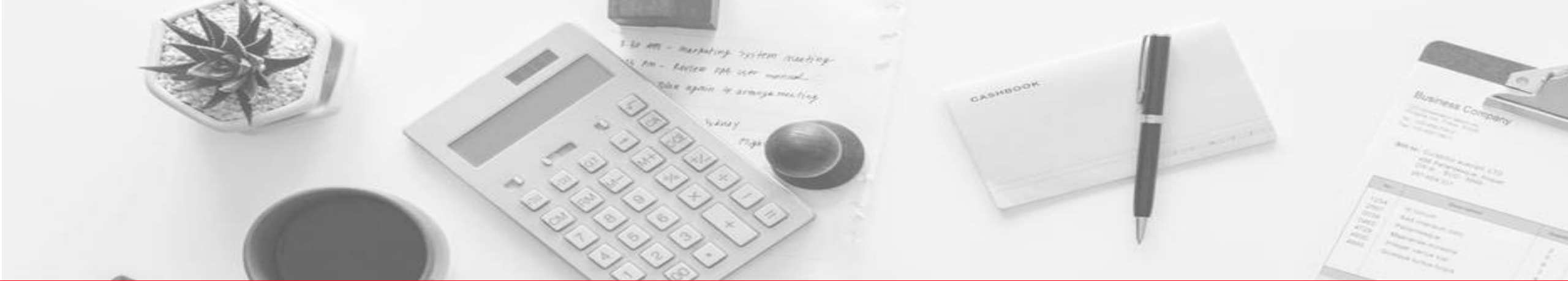
Multiple automobile, student loan, and mortgage related inquiries that occur within any **45 day period** are treated as a **single inquiry** for scoring.*

For older versions such as FICO® Score V2, there is a **14 day** window.

*30 day inquiry buffer (no inquiries scored for 30 days prior to credit pull date)

A 12 Month Review for Inquiry Scoring:



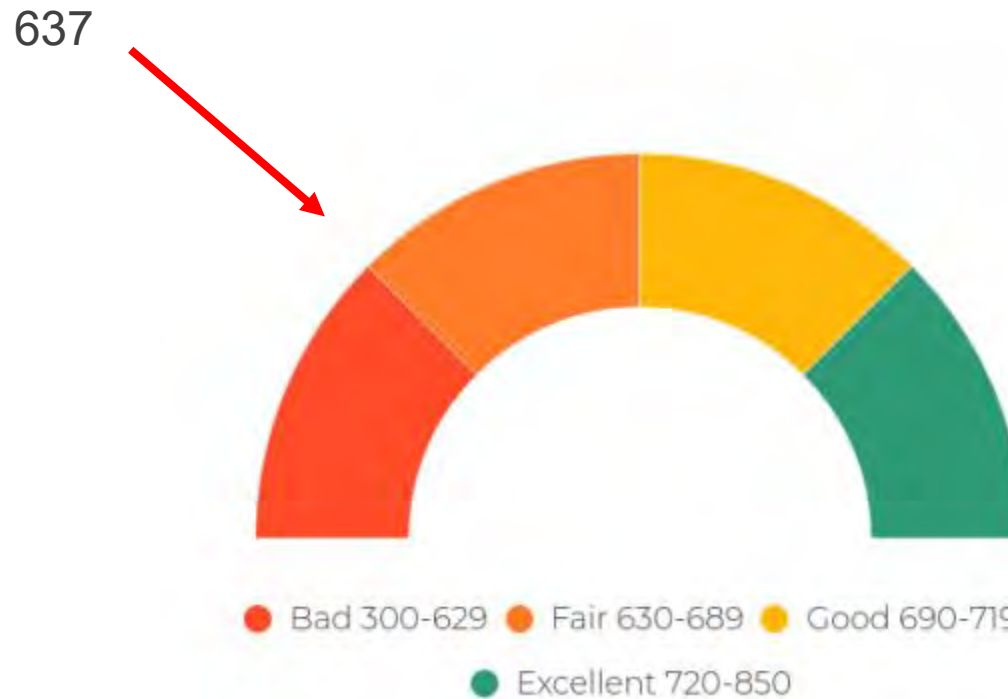


FTHB and Millennials:

The younger the member, the lower the score?



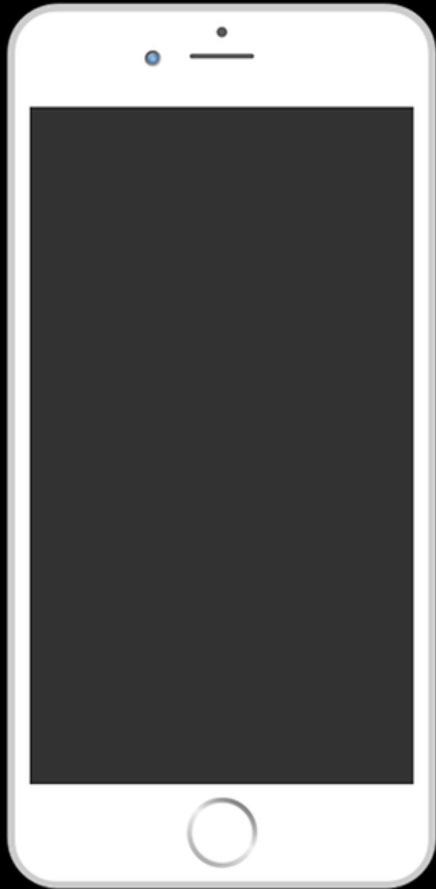
Average score of a millennial



This behavior is not establishing credit.



What accounts *do* millennials have?



UBER



FICO® Score minimum standards

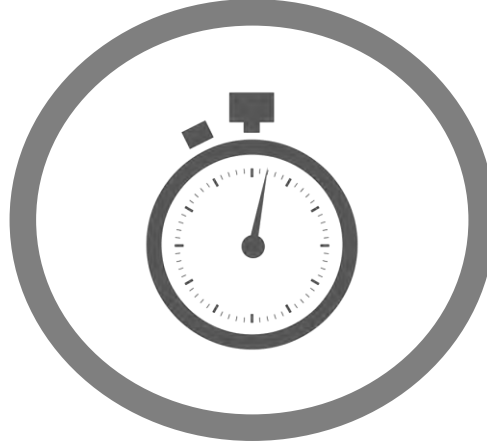
- At least one open account for six months
- At least one account updated to the credit bureaus in the past six months
- No indication of deceased status on the credit report
- FICO® Score models include robust, recent information

Source: FICO

How to avoid a thin credit file:



Have at least one credit account reported to a credit bureau for at **least six months.**



Take your time: opening too many accounts at once can hinder your credit score more than improve it.



Have multiple **types of credit:** revolving, installment, active, paid, etc.

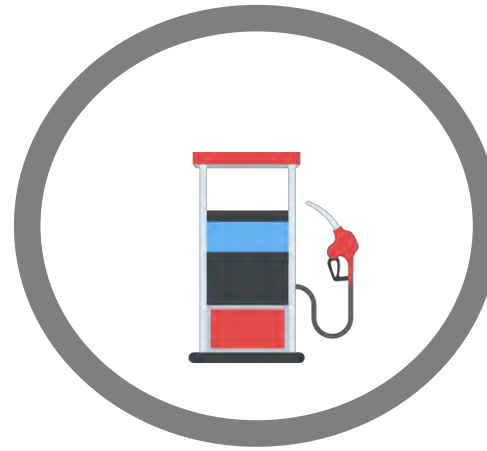
Where to establish new credit



- Banks
- Credit Unions



Department
Stores



- Independent Card
Issuers:
- Gas Cards
 - Retail
 - Etc.



Authorized
User Accounts

www.bankrate.com is a good source to search for the best rates on new accounts.

Non-Traditional Credit

Fannie Mae and Freddie Mac accept:

- Rent
- Utilities
- Insurance

Please Note:

Non-traditional credit typically does not report to the credit bureaus. Check with your lender for a complete list of approved non-traditional credit.

How to improve credit scores:

- Pay active past due accounts to a current status.
- Pay down outstanding revolving debt as close to zero as possible. If you are unable to pay off accounts completely, pay them below 25% of the credit limit.
- Request deletion letters for any derogatory information that does not belong to you.
- Do not close existing accounts. This may affect the length of credit history and lower the credit score.
- Do not open numerous new accounts prior to loan funding.

Two Tools to Boost CU Mortgage Power

CreditXpert®

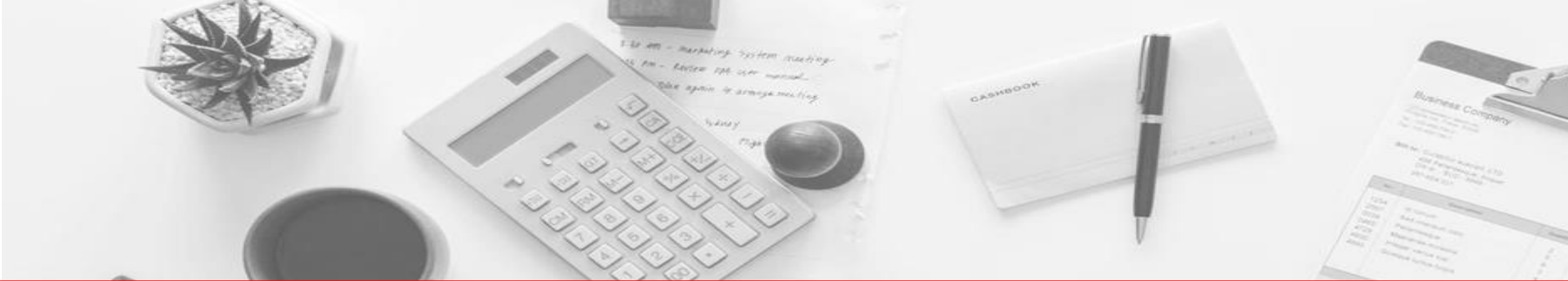
- Provides insight into what scores may be possible to qualify member or improve to new interest tier
- Used widely by Mortgage Brokers, Independent Bankers and Mortgage Lenders
- Includes several tools to recognize, simulate and suggest best changes for positive credit impact
- Does NOT know or use FICO® algorithms
- Paid by lender per bureau contracts

Two Tools to Boost CU Mortgage Power

Rapid ReScore

- Administered by credit bureaus
- Based on creditor documentation
- Permanent change to borrower's file
- Typically improves FICO® Scores
- ARC provides free file analysis
- 2-4 days for completion.
- Paid by lender per bureau contracts





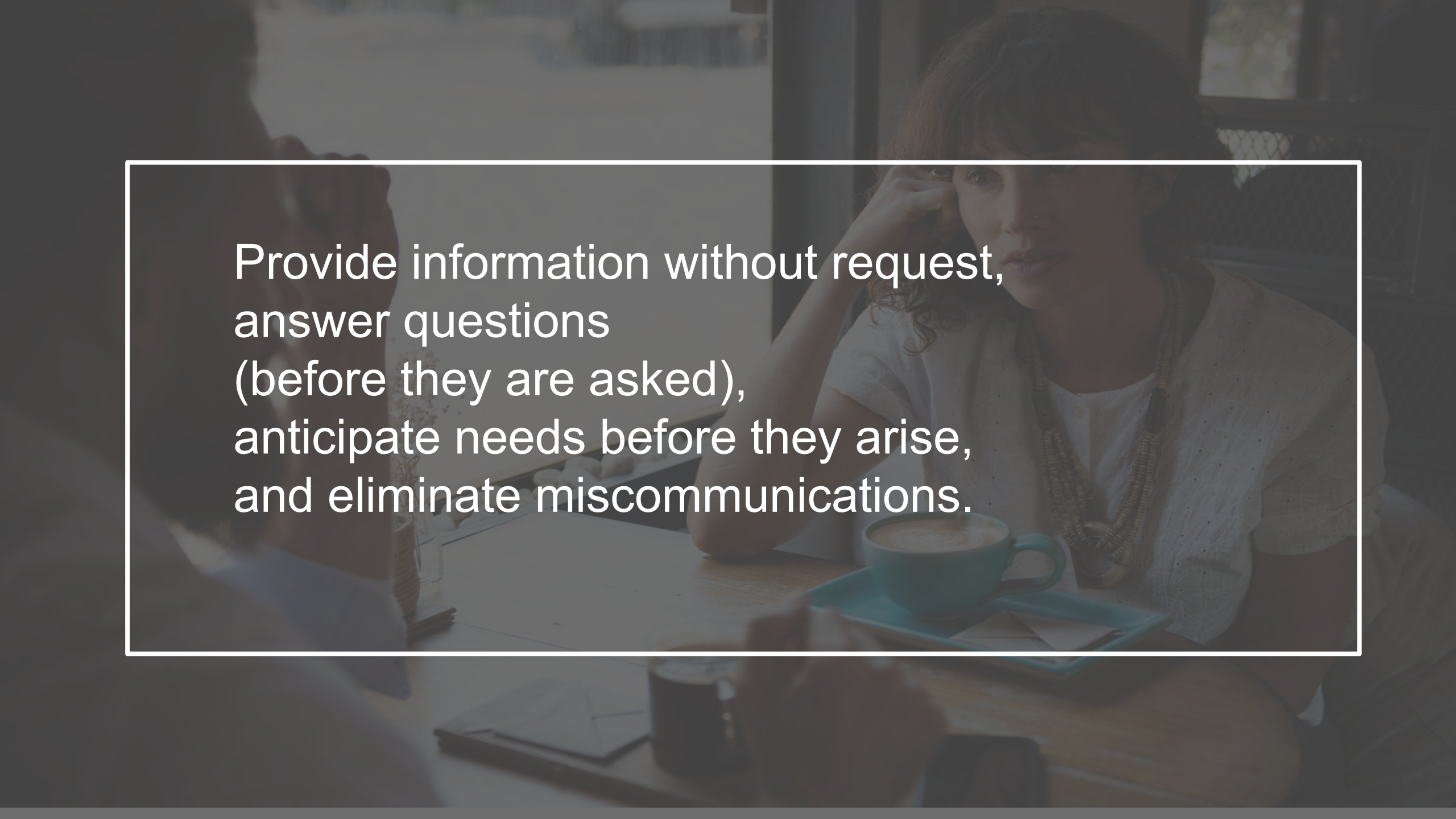
Becoming a Credit Concierge



A woman with dark hair and bangs is sitting at a wooden table in a cafe. She is wearing a white button-down shirt and a long necklace. She has her hand to her face, looking thoughtful or listening. In front of her is a teal cup of coffee on a matching tray. The background is slightly blurred, showing other parts of the cafe.

Q: So, what is Concierge Service?

A: A French term traditionally used in hospitality. Now widely used to imply proactive and thorough customer service, which seeks to:

A woman with dark, curly hair is sitting at a wooden table in a cafe. She is wearing a white short-sleeved shirt and a long, multi-strand necklace. She has her hand resting on her chin and is looking off to the side with a thoughtful expression. In front of her is a teal-colored cup of coffee with a latte art design, sitting on a matching teal tray. The background is slightly blurred, showing other people and the interior of the cafe.

Provide information without request,
answer questions
(before they are asked),
anticipate needs before they arise,
and eliminate miscommunications.

Top Ways to Provide 'Concierge' Service:

Credit Monitoring
&
Alerts

Fraud Alert vs.
Security Freeze

Credit
Authorization

Verifying Credit
Report Information

Credit Repair
Warning Signs

Credit Mistakes
To Avoid

Credit monitoring and alerts

Product Name	Trial Period & Price
Identity Guard	Free 30-Day Trials Available \$16.99/month per individual \$22.99/month per couple \$24.99/month family
FREEScores and More	Free 30-Day Trials Available \$14.99/month
PrivacyGuard	\$14.99/month
Experian	\$19.99/month (with annual pre-pay)
LifeLock	\$24.70/month (with annual pre-pay)
myFICO	\$27.42/month (paid annually)
CreditKarma	Free
TransUnion	\$19.95/month

Credit Locks vs. Credit Freeze

Credit Locks

- Offered by all 3 bureaus
- No charge, can be done from mobile device

Credit Freeze

- Can be placed temporarily or permanent
- Members will need PIN to unfreeze
- No charge from the bureaus
- Will interrupt or delay accessing credit data



Why did you pull my credit?



COMMUNICATE CLEARLY

- Credit is being pulled.
- Will result in inquiry.
- DOB/SSN is permission.

OBTAIN DOCUMENTATION

- Written preferred.
- Verbal acceptable.
- Maintain documents.

HANDLE ERRORS

- Notify bureaus
- Give exact details
- Provide correct info.

Set expectations now, avoid confusion later.

Verifying Credit Report Information

1. VERIFY
2. RE
3. DISPUTE

Identify errors or mistakes and get them removed.

CREDIT													
E O C A	W H O S E	CREDITOR	DATE REPORTED	DATE OPENED	HIGH CREDIT OR LIMIT	BALANCE	PAST DUE	MO REV	30	60	90+	STATUS	SOURCE
				DLA	ACCT TYPE	TERMS							
B	B	HOMECOME FIN ACCT000034 CONVENTIONAL REAL ESTATE MORTGAGE	11/18	06/17 11/18	\$54000 MTG	\$52729 360 \$404	\$0	13	0	0	0	AS AGREED XP/TU/EF	
B	B	SM SERVICING ACCT000030 Late Dates: LAST LATE DATE 01/13	11/18	09/16 11/18	\$28700 EDU	\$30933 241 \$221	\$0	48	0	0	0	1 CUR WAS 90 XP/TU/EF	
B	B	CAP ONE BK ACCT000027	12/18	12/14 12/18	\$1620 REV	\$641 MIN \$34	\$0	49	0	0	0	AS AGREED XP/TU/EF	
COLLECTION ACCOUNTS													
E O C A	W H O S E	CREDITOR	DATE REPORTED	DATE OPENED	HIGH CREDIT OR LIMIT	BALANCE	PAST DUE	MO REV	30	60	90+	STATUS	SOURCE
				DLA	ACCT TYPE	TERMS							
B	B	BK SUN PR ACCT000006	03/13	08/02 10/12	- OTHE	- -	-	-	-	-	-	BANKRUPTCY EE	
B	B	CITI AUTO ACCT000019 Late Dates: 10/15-90, 9/15-60, 8/15-30, 7/15-30, 6/15-30, 5/15-30 SECURED LOAN	11/15	06/12 10/15	\$8379 AUTO	- 036 -	-	27	4	1	1	CHARGE OFF XP/TU/EF	

1. VERIFY

Verify name, address, SSN, and DOB data.
Compare it to what you entered.

SOURCE OF INFORMATION	
1	EXPERIAN - PULLED ON: 12/19/18 NAME: DAVID C TESTCASE 000000002 DOB: 01/30/72 NAME: DAVID E TESTCASE 000000002 DOB: N/A NAME: DAVID TEST CASE 000000002 DOB: N/A NAME: DAVID C CASE 000000002 DOB: N/A SSN: 000000002 ADDRESS: 504 N GRANDVIEW ST STE 2, ANTHILL, MO 65488-0001 - REPORTED 12/13 - 08/18 ADDRESS: 9280 ADELPHI RD APT 103, ANTHILL, MO 65488 - REPORTED 11/02 - 07/16 ADDRESS: 102 W WILDWOOD ST, ANTHILL, MO 65488 - REPORTED 05/11 - 12/13 EMPLOYER: COUNTY HEALTH DEPT// - REPORTED 11/16 EMPLOYER: LABCORP// - REPORTED 11/15
2	TRANSUNION - PULLED ON: 12/19/18 - INFILE DATE: 02/01/88 NAME: DAVID C TESTCASE NAME: CASE,DAVID,TEST NAME: DOB: 01/30/72 SSN: 000000002 ADDRESS: 504 N GRANDVIEW ST #2, ANTHILL, MO 65488 - REPORTED 12/13 ADDRESS: 9280 ADELPHI RD #103, ANTHILL, MO 65488 ADDRESS: 102 W WILDWOOD ST, ANTHILL, MO 65488 EMPLOYER: COUNTY HEALTH DEPT/PHARMACY TECH/ PHONE: 555-0119 - RESIDENCE
3	EQUIFAX - PULLED ON: 12/19/18 - INFILE DATE: 04/20/88 NAME: DAVID CURRAN TESTCASE DOB: 01/30/92 NAME: DAVID TESTCASE TESTCASE NAME: DAVID TESTCASE CASE NAME: DAVID C TESTCASECASE NAME: DAVID C TESTCASE SSN: 000000002 ADDRESS: 504 N GRANDVIEW ST STE 2, ANTHILL, MO 65488-0001 - REPORTED 12/13 ADDRESS: 9280 ADELPHI RD APT 103, ANTHILL, MO 65488-0001 - REPORTED 05/12 ADDRESS: 102 W WILDWOOD ST, ANTHILL, MO 65488 - REPORTED 03/13 EMPLOYER: COUNTY HEALTH DEPT/PHARMACY TECH/ANTHILL, MO EMPLOYER: LABCORP/LAB ASST/ANTHILL, MO EMPLOYER: MEGACORP//ANTHILL, MO

2. REVIEW

Thoroughly review tradelines and collection accounts.

E C O A	W H O S E	CREDIT										
		CREDITOR	DATE REPORTED	DATE OPENED	HIGH CREDIT OR LIMIT	BALANCE	PAST DUE	MO REV	30	60	90+	STATUS
				DLA	ACCT TYPE	TERMS						
B	B	HOMECOME FIN ACCT000034 CONVENTIONAL REAL ESTATE MORTGAGE	11/18	06/17 11/18	\$54000 MTG	\$52729 360 \$404	\$0	13	0	0	0	AS AGREED XP/TU/EF
B	B	SM SERVICING ACCT000030 Late Dates: LAST LATE DATE 01/13	11/18	09/16 11/18	\$28700 EDU	\$30933 241 \$221	\$0	48	0	0	1	CUR WAS 90 XP/TU/EF
B	B	CAP ONE BK ACCT000027	12/18	12/14 12/18	\$1620 REV	\$641 MIN \$34	\$0	49	0	0	0	AS AGREED XP/TU/EF
E C O A	W H O S E	COLLECTION ACCOUNTS										
		CREDITOR	DATE REPORTED	DATE OPENED	HIGH CREDIT OR LIMIT	BALANCE	PAST DUE	MO REV	30	60	90+	STATUS
				DLA	ACCT TYPE	TERMS						
B	B	BK SUN PR ACCT000006	03/13	08/02 10/12	- OTHE	- -	-	-	-	-	-	BANKRUPTCY EE
B	B	CITI AUTO ACCT000019 Late Dates: 10/15-90, 9/15-60, 8/15-30, 7/15-30, 6/15-30, 5/15-30 SECURED LOAN	11/15	06/12 10/15	\$8379 AUTO	- 036 -	-	27	4	1	1	CHARGE OFF XP/TU/EF

3. DISPUTE

Identify errors or mistakes and get them removed.

CREDIT												
E C O A	W H O S E	CREDITOR	DATE REPORTED	DATE OPENED	HIGH CREDIT OR LIMIT	BALANCE	PAST DUE	MO REV	30	60	90+	STATUS
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B	B	HOMECOME FIN ACCT000034 CONVENTIONAL REAL ESTATE MORTGAGE	11/18	06/17 11/18	\$54000 MTG	\$52729 360 \$404	\$0	13	0	0	0	AS AGREED XP/TU/EF
B	B	SM SERVICING ACCT000030 Late Dates: LAST LATE DATE 01/13	11/18	09/16 11/18	\$28700 EDU	\$30933 241 \$221	\$0	48	0	0	1	CUR WAS 90 XP/TU/EF
B	B	CAP ONE BK ACCT000027	12/18	12/14 12/18	\$1620 REV	\$641 MIN \$34	\$0	49	0	0	0	AS AGREED XP/TU/EF
COLLECTION ACCOUNTS												
E C O A	W H O S E	CREDITOR	DATE REPORTED	DATE OPENED	HIGH CREDIT OR LIMIT	BALANCE	PAST DUE	MO REV	30	60	90+	STATUS
				DLA	ACCT TYPE	TERMS						SOURCE
B	B	BK SUN PR ACCT000006	03/13	08/02 10/12	- OTHE	- -	-	-	-	-	-	BANKRUPTCY EE
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Credit Repair Warning Signs

- May charge fees before any work is completed
- May promise or imply to delete legitimate credit items
- **May ask lender for a copy of ARC credit report**
- These actions may violate the Credit Repair Organizations Act (CROA) or contracts with the credit bureaus and may be considered as predatory
- Bureaus can restrict access to lenders who violate this regulation
- A better alternative – refer borrowers to a HUD certified counselor at www.hud.gov



Credit 'Best Practices' Before A Home Purchase

- Continue to make payments on time
- Avoid consolidating or restructuring loans
- Talk to your loan professional before changing jobs
- Stay with the same financial institution
- Keep your money in the same accounts if possible
- Avoid any large purchases (car, furniture, etc.)
- Be truthful on your loan application
- Don't over-extend yourself

Be an informed consumer

- Financial literacy is the key. Take the CFA Credit Score Quiz here: <http://creditscorequiz.org> to check your knowledge.
- Don't fear credit – we can use it to our advantage.
- Do your research on high cost alternative financial services – payday loans; peer-to-peer lending; finance companies - that may not report to the credit bureaus or help generate credit scores.
- Avoid credit repair and debt management scams. Go to www.consumer.ftc.gov/topics/dealing-debt for more information.

Resources

- Review credit at least once per year for accuracy at www.annualcreditreport.com
- For a list of HUD certified housing counselors go here: www.apps.hud.gov
- For more information about FICO® Scores go to www.myfico.com or www.ficoscore.com/education.
- For more information about VantageScore® go here: www.your.vantagescore.com

Bureau Resources:

Equifax: www.equifax.com/personal

Experian: www.experian.com

TransUnion: www.transunion.com



Contact Us

We would love to hear from you.

Crystal Rustad | Regional Account Executive

Direct: 503.839.0993

E-mail: crystalr@arcreports.com

ARC Customer Service

Direct: 800.992.1058

E-mail: CS@arcreports.com

ARC Rapid Re-Score

E-mail: rescore@arcreports.com

THANK YOU.

