CREDIT LENDERS℠
SERVICE AGENCY, INC.

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Mt. Laurel, New Jersey 08054

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(Continued from front page, "History of Credit Reporting")

If you've closed the account or the loan has been paid off, then that information shows up as well. If there were missed or late payments, this is where that appears.

- ▲ **Public records** - Information that might indicate your credit worthiness, such as tax liens, court judgements and bankruptcies. This information is readily available from public records.

- ▲ **Report inquiries** - This section includes all credit granters who have received a copy of your credit report. It also includes any others who were authorized to view it. In addition, lists of companies that have received your name and address in order to offer you credit are included. These companies don't actually see your report, but get your name if you meet their criteria for an offer of credit, insurance or other product. This is where all of those "pre-approved" credit card offers come from.

- ▲ **Dispute statements** - The report may also include any statements you've made disputing information on the report. Most credit bureaus allow both the consumer and the creditor to make statements to report what happened if there is a dispute about something on the report.

Things that don't appear on most credit reports include:

- ▲ Bank account balances
- ▲ Race
- ▲ Religion
- ▲ Health (although medical bills may show up as debts)
- ▲ Criminal records
- ▲ Income
- ▲ Driving records

There are different versions of credit reports available depending upon whom is requesting it. The **consumer** version includes all of the above information, as well as a listing of all inquiries for the report. The **business** version includes all of the above information, but only the inquiries made by companies with a "permissible purpose" -- this usually means someone you have initiated business with.

How Credit Scores are Different

You've probably heard about a **credit score** as well. Don't confuse your credit score with your credit report. Credit scores are based on formulas that use the information in your report, but they are not a part of your report. Fair Isaac and Company came up with a proprietary scoring formula that most creditors use, although there are other scoring methods that are used for various purposes. This score essentially boils down all of the information in your credit report to a single three-digit number. This gives creditors an easier way of making decisions about your creditworthiness. These numbers range from 300 to 850, with the higher number indicating a better credit risk.

Remember: Credit Related Support Issues will be handled directly through Factual Data's Technical Support Team at 1-800-673-5525, e-mail address is ts@factualdata.com.

CREDIT LENDERS℠
SERVICE AGENCY, INC.
Celebrating Our 20th Anniversary

2nd Quarter, 2003

Today's Information, Using Tomorrow's Technology

History of Credit Reporting

(Excerpts)

By Lee Ann Obringer

How did all of this get started? In the very early days, when people bought things on credit at the general store, the store clerk wrote the purchase amount on a piece of paper that was then put into a "cuff." A **cuff** was a paper tube that they wore on their wrist.

Eventually, someone had the idea of collecting all of the information from these clerks' cuffs and putting it together for other merchants to refer to before granting credit. The problem was, they only collected the bad information. The data also included character references, employment information, insurance information, and even driving records. There was no verification that the information was correct, and the customer had no way of knowing where it was coming from. The only groups that could access the information were lenders and merchants. These were known as **mutual protection societies** and **roundtables**, and their scope was limited geographically. This soon proved to be an inefficient way for businesses to protect themselves from bad debt.

In the 1830s, the first **third-party credit reporting agencies** were established. They were one of the first businesses that were national in scope, and actually functioned much like a modern-day franchise. They were set up as a network of offices across the country.

They differed from "mutual protection societies" in that they allowed anyone to access the credit information -- for a price. These "branches" paid a percentage of their profits to their CRA central office in exchange for credit information from other locations. When the typewriter and carbon paper were developed in the 1870s, they discovered even greater efficiencies. The information that was accumulated was more widely available, more accurate, and covered a much larger geographical area.

These new CRAs had to deal effectively with four groups: their subscribers, the consumers and businesses about whom they reported, their branch office correspondents, and the general public. Learning to work effectively with and keep these groups happy, as well as competing with other CRAs, helped form the agencies we know today.

Information in Your Credit Report

Information that makes up your credit report includes:

- ▲ **Personal identifying information** - This includes your name, address (current and previous), social security number, telephone number, birth date, your current and previous employers, and (on the version you get) your spouse's name may be included as well.

- ▲ **Credit history** - This section includes your bill-paying history with banks, retail stores, finance companies, mortgage companies, and others who have granted you credit. It includes information about each account your have, such as when it was opened, what type of account it is, how much credit it includes (or the amount of the loan), what your monthly payment is, etc.

(Continued on back page)

DEPARTMENT SPOTLIGHT

VENDOR MANAGEMENT

This quarter, we are pleased to spotlight Nadeen Cooley, Manager of the Vendor Management Department and her team of professionals. Nadeen and her department are responsible for all of the ordering, tracking, and retrieving of Public Record and Appraisal products. Nadeen celebrated her fourteenth year with Credit Lenders this past April. Pictured are (reading left to right) Front Row: Christine O'Toole, Lauren Romeo, Gina Zeunner, Bunny Irwin, Tina Boyle, Tamika Gardner, Second Row: Nadeen Cooley, Latasha Brewington, Third Row: Tara Young, Shannin Capoferri, & Alphonso Rogers

FLOOD INSURANCE: ARE YOU IN THE ZONE?

By Insure.com website
(Excerpts)

The Federal Emergency Management Agency (FEMA) has placed more than 19,000 communities in the United States into a category of flood zones. Each community is able to participate in the agency's National Flood Insurance Program (NFIP), with premium rates determined by the risks of flooding. To indicate the risks in different parts of the country, FEMA has assigned a character from the alphabet to each zone.

The major zone categories are V and A, which have the highest risk of flooding. Older maps list B and C as minimal-risk zones, but those characters have been phased out and relabeled as X zones on new flood maps.

There are several ways to find out which zone applies to you. You can go to your town hall or city hall, where employees responsible for issuing building permits in your area have access to flood zone maps. If you are buying a home, your Realtor and your insurance agent should be able to help you.

V zones
These are the most hazardous of the Special Flood Hazard Areas, or SFHAs. V zones generally include the first row of beachfront properties. The hazards in these areas are increased because of wave velocity - hence the V designation. These property owners pay more than $1,000 annually and flood insurance is mandatory.

A zones
A zones - the next most volatile of the SFHAs - are subject to rising waters and are usually near a lake, river, stream or other body of water. Flood insurance is mandatory in all A zones, where premiums can be about $595 annually because of the high potential of flooding. A-zone maps also include AE, AH, AO, AR, and A99 designations, all having the same rates. The different A zones are named depending on the way in which they might be flooded.

MBA CONVENTION 2003

Credit Lenders Service Agency, Inc. exhibited at, and was a Gold Sponsor of the 20th Annual NE Regional Conference of Mortgage Bankers Association at the Taj Mahal in Atlantic City, NJ. Pictured left to right are Mike Williamson and Steve Wise.

X zones
These are minimal-risk areas where flood insurance is not mandatory. Homeowners in X zones (which are labeled B and C zones on older maps) pay as little as $306 annually. In certain cases, property owners may qualify for the $100-a-year preferred risk policy.

D zones
These are areas that have not been studied, but where flooding is possible. Flood insurance is available in participating communities

Background Screening

Learn more about how this process can help employers and candidates at the same time
(Excerpts)
By Lester S. Rosen

Employers are increasingly turning to background screenings of job applicants as a way of minimizing legal and financial exposure. Concerns about workplace violence, negligent-hiring lawsuits, wrongful termination and other problems are leading many employers to be more careful about who is hired in the first place.

For applicants, however, background screening can create an uneasy feeling that they are mistrusted from the start or that Big Brother is watching.

The fact is, however, that background screenings of job applicants benefit employers and employees alike. And with the recent changes in the Federal Fair Credit Reporting Act, job applicants have a great deal of legal protection.

For applicants, the advantages of working for a company that requires screening is that efforts have been made to ensure that co-workers have the qualifications and credentials they say they have. In addition, employers typically screen for criminal records, especially those involving violence or dishonesty.

For the employer, screening saves the time and money wasted in recruiting, hiring and training the wrong candidates and eliminates potential difficulties in the work force.

Of course, a background screening is not a full-fledged FBI-type investigation. Screening companies are typically looking for red flags indicating potential problems or resumes that are not factual or omit important information.

Job applicants have recently been afforded substantial new legal rights to ensure the accuracy and fairness of the process. Congress amended the Fair Credit Reporting Act effective last September 30 to allow consumers to know exactly what is going on and to assert their rights in case of errors or mistakes. An applicant's rights are listed in detail on the Federal Trade Commission Web site at www.ftc.gov.

Under the FCRA, when an employer uses a background screening company to prepare a report, several steps must occur:

▲ The employer must clearly disclose to the applicant in a separate document that a report is being prepared. The disclosure can no longer be buried in an application in the fine print.

▲ A signed release is required before checking records such as criminal convictions or pending criminal cases, driving records, credit reports or educational credentials.

▲ An additional notice is required when a background firm checks references, such as asking previous employers about job performance.

▲ If an employer intends to deny employment based upon information in the report, the job applicant must receive a copy of the report and a notice of legal rights.

For a job applicant, honesty is always the best policy. Negative information honestly disclosed in an interview with an explanation may well have no effect. However, if the employer discovers it through a third party, then the lack of honesty may be the reason for not getting the position.

Even a criminal conviction cannot legally automatically disqualify a person from employment, without considering the nature of the offense, when it occurred, what the applicant has done since and whether it is related to job performance.

A BAD ATTITUDE WILL POISON THE WELL

njbiz
The Bottom Line
By Steve Adubato

Question: Why is a good attitude so important to a company?

Adubato: When someone on a team has a bad attitude, it destroys morale. It also builds barriers to effective communication. People don't share important information with someone who has a bad attitude. Ultimately that reduces the productivity and effectiveness of an organization. Sooner or later it will have a big impact on the company's bottom line.

Question: How do you keep a good attitude in tough times like these?

Adubato: First, you have no choice, no real choice. The alternative of obsessing over how bad things are guarantees a bad outcome, which means people will feel worse, productivity will go down, morale will be hurt. You will get a guaranteed bad result.

Question: So a Manager should make sure to keep his or her people looking on the bright side?

Adubato: No, it's not that. It's about trying to provide some perspective to the situation you face. Circumstances drive the attitude. From the research I've done on this subject and the people I've worked with, including some people who were terminally ill, I'm convinced that if there is anything you have control over, it's your attitude. As a manager or leader, you have an absolute responsibility to communicate that the glass is half full-or even a quarter full. You have to focus on what you have and what you can work with, rather than obsessing over what you don't have. With a positive attitude, at least you have a shot.

Question: How do you handle an employee with a bad attitude?

Adubato: You first need to define what you mean by a bad attitude. The manager has to be able to give a concrete example with lots of specifics. Then he or she has to show how that is affecting the organization's effectiveness.

Question: Many companies put up morale-boosting posters on their walls. Do those really help change attitude?

Adubato: By themselves, no. In an organization where the morale is really bad, posters put an exclamation point on how bad things are because they become a joke. A good attitude doesn't come from a sign. That campaign to get people to feel good about where they are only has value when the decisions made on a daily basis and the relations people have with each other are going well. I'm not against inspirational posters on the wall. But that poster can not be seen as a substitute to doing the hard work of leading a team with a positive attitude.

Question: But bad things do happen to good people.

Adubato: You're right. The glass is also half-empty, and you have the responsibility to share with your people the challenges and obstacles you face and how serious they may be. A serious manager or leader can do nothing but that. That's what Rudy Giuliani did after September 11. However, that is not the same as saying, "We might as well pack it in because the situation is so bad that there's nothing we can do to turn it around." A leader has to be candid but also give people reason to have hope. It's a delicate balance that the leader has to walk.

Question: Can you delegate attitude? If a leader is really feeling negative and sees that he or she is poisoning the atmosphere, is it better to get out of the way and let someone else be the cheerleader for a while?

Adubato: A leader certainly has to be aware of his or her own weaknesses and make decisions accordingly. You might be able to delegate that kind of leadership, but only for a certain amount of time. It's like a general who feels iffy about a battle. How long can he delegate his leadership? You can take a breather for a while. But realize that during that time your team members are going to be questioning whether you should be in a leadership position.

Bottom line: In a world in which so many things are beyond our ability to control, the only thing we have control over is our attitude and how we treat others.