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CREDIT LENDERSSM
SERVICE AGENCY, INC.

Celebrating Our 20th Anniversary

3rd Quarter, 2002

Today's Information, Using Tomorrow's Technology

(Continued from front page, "Criminal, Credit Checks Increase")

Begin by determining general criteria that will promote a safe working environment for all. For example, include in hiring policies a prohibition on hiring anyone with a history of physical violence or specific felonious behaviors. Then consider each job individually, and identify the types of criminal histories that would be incompatible with the position. "If the job requires someone to operate a cash register or collect receipts, you want to establish a policy that anyone with a recent history of theft or embezzlement will not be considered," Carlson said.

That concept of "recent" is also key to creating policy. A 30-year-old criminal record shouldn't hold the same weight as a fresh conviction, so consider establishing a grace period for some types of offenses. "Above all, be completely consistent," said Carlson.

Many hands, light work

Most companies use a third party to perform investigations. This can be a real time saver. A third party also will be knowledgeable about state laws and compliance issues, and will be able to understand the complex documentation.

Not all criminal background checks will yield the same quality results, so a venter must be chosen carefully. "Standard reports will list the charge, the offense, the disposition of the crime and the sentence served," Carlson said. "I'd encourage employers to order the more detailed county court report that can illuminate more facts about the offense." The term "sex offender," for example, can cover a broad spectrum of crimes, from public nudity to the most heinous types of abuse.

Consent, confidentiality

Be aware that the federal Fair Credit Reporting Act requires third-party investigators to secure the applicant's written consent. If a criminal record is found, applicants must be allowed to question the accuracy of the investigation and must receive a copy of the report and notification of their legal rights before the decision to deny the job is made final. They also may submit an explanatory statement of the circumstances surrounding the conviction.

Ten percent of all job applicants are found to have past convictions, often after they have been asked directly about it.

EmpFACTS, a product of Credit Lenders Service Agency, Inc., is your solution to all your investigative and hiring needs.

CRIMINAL, CREDIT CHECKS INCREASE

(EXCERPTS)

By *MARTHA FRASE-BLUNT*

Society For Human Resource Management

A top executive scientist at Becton Dickinson, one of the nation's largest medical device companies, recently was discovered to be a convicted murderer. And last spring, Lucent Technologies learned that its director of recruiting previously had pleaded guilty to five felony charges, including forgery and grand theft. These cases are at the extreme, but statistics show that any company is likely to have at least one employee hiding a shadowy past.

Avoiding Litigation

But before checking out your employees or job applicants, check the rules. There are more legal protections in place for job candidates than employers when it comes to background checks, but these vary across the country. According to Kathryn Carlson, director of ADP's Product and Compliance Sector, "Every state has enacted its own set of regulations on what is appropriate for employers to check, and what information they may use.

Accordingly, the employer should be prepared to show a sound business reason not to hire based on the criminal record. Before withdrawing or declining to make a job offer to an applicant found to have a criminal record, the employer should weigh three factors: the nature of the job, the nature of the conviction and when the crime occurred.

For example, a five-year-old DUI (driving under the influence) conviction may be irrelevant when hiring someone who won't be using a company vehicle, but a recent sexual assault may come into play if the position requires the employee to work after hours with keys to the building.

Clearly, this is not an exact science, but companies can protect themselves from accusations of discrimination by establishing and documenting universal standards that address the findings of criminal background checks.

WORKING WITH BUYERS WHO HAVE HAD CREDIT ISSUES (EXCERPTS)

By *BRIAN SACKS*

The New Jersey Mortgage Press

Have you ever had a buyer with credit issues who came in to get pre-qualified or pre-approved? Based on their poor credit history, you may have said, "Go do 'thus and such' and come back and see us in six months." Yes? Did the buyer ever come back? No, probably not. Actually, when a lender says, "Come back in six months," it is often just a polite way of saying, "Go away and do not bother me."

There are alternatives. Many people with credit issues can qualify for a loan or can be helped to re-establish their credit-worthiness so that in several months, they can qualify for a loan.

BE REALISTIC

The first thing to realize when you are working with clients who have had credit issues is that they are going to pay more to get a loan--both the client and agent must be aware of this. Both must understand that imperfect credit often means that the client will be paying somewhat higher interest rates and a few more points for a mortgage. The lender is not going to take a risk on someone with a sub-par credit track record without "covering" that risk with higher rates and points. That is fair. Folks who had paid their debts fully and on time should reap the rewards of their conscientiousness with lower rates and points. Those who had not, but have "mended their ways," should be given another chance; but they will have to pay a bit of a price for their past poor performance.

The client, agent and loan officer should begin by taking a careful look at the situation. The best way to do this is to have the client

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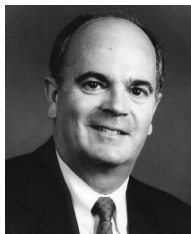
PROMOTIONS

Credit Lenders is proud to announce the promotion of Sandra McPherson to Vice President of Accounting and Finance. Sandra's previous position was Assistant Vice President and she has been with the company for over thirteen years.



NEW HIRES

Credit Lenders is pleased to announce the hiring of Jim Guilshan as our Regional Sales Director in the Northern New Jersey and New York area. Jim comes to us with 25 years of expertise.



In addition, Joseph Patrick has also joined our organization as Regional Sales Manager of North Carolina. Joe's experience consists of 32 years in the consumer lending industry.

Jim and Joe will be looking forward to extending the same quality service that is representative of Credit Lenders.

(Continued from front page, inset, "Working With Buyers ...")

sit down with the lender to determine the issues that will affect the client's ability to obtain a loan. Has there been a bankruptcy or a foreclosure? What does the person's credit report look like? How much cash does the person have to work with? What is the person's current income?

The lender and borrower should also carefully check the borrower's credit reports from all three credit bureaus. After a bankruptcy, debts that have been discharged often still appear on the credit report as having not been paid. The borrower should write to the credit bureaus and have the information updated.

Next, the entire file should be reviewed by an underwriter. If the client qualifies for a loan, the lender can then issue a pre-approval letter. If the underwriter says that the client does not qualify-- or more likely (if the loan officer has done his or her job well)--the loan officer realizes after the initial meeting with the client (before giving anything to an underwriter) that the client is not mortgage-ready, then the lender should work with the client to get them "mortgage-ready."

BE AWARE OF PSYCHOLOGICAL AND EMOTIONAL SITUATIONS

Be aware that when you are talking to someone about past financial problems, you are often asking them to rehash unpleasant, and often traumatic, events and experiences. Very

OUR COMMITMENT

Ted Hinderer and I formed the company in 1982 because we believed that we could be the superior information supplier and better serve the needs of the financial community. Our products and services have expanded since our early years, but our commitment to provide the fastest, most accurate information to meet our clients' needs remains steadfast. We have over 1000 clients who have placed their confidence in us and we seek to repay that confidence every day. We have never given less than our highest quality service, nor will we ever. Feel free to visit our web site any time at: www.creditlenders.com.



Tom Swider

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.

few people want to come in and start telling you about their past troubles. When they do, it will often be through tears. Your degree of empathy and your ability to explain why the person must tell you about these things will make the difference in the quality of information that you get.

First and foremost, you should assure the person that you will keep the information confidential to the extent that you can. You should let the applicant know that you will need to share the information with the underwriter and perhaps with your processor--you should let the underwriter and processor know that you expect them to also respect the confidence of the applicant.

You should also explain to the applicant why you need the information; that is, you need it in order to convince the underwriter that the applicant did not just wake up one morning and decide not to pay their bills. You must be able to explain why the adverse financial situation arose and why it will not arise again, and you must also be able to document the facts of the situation in order to support the explanations.

By letting the applicant know what information you are looking for and why you are looking for it, you will make the process easier for both the applicant and yourself.

Sunday, April 28, 2002

CREDIT LENDERS DIGS OUT THE DATA

(EXCERPTS)

By EILEEN SMITH

Courier-Post Staff

MOUNT LAUREL

You'd be hard pressed to get a loan without a credit report. Some day soon, it might be difficult to get a job without a background check. Credit Lenders Service Agency, Inc. has been doing the former for 20 years. But the company's fastest-growing niche is in employee checks, called EmpFACTS- that is, making sure candidates haven't fudged the information on their job applications. "If you're hiring truck drivers, you want to make sure the guy hasn't lost his license," said Thomas Swider, Credit Lenders' President. "Or you wouldn't want to hire a health care worker to look after your mother without doing a criminal background check."

Most folks - more than 95 percent - provide honest information. But Swider remembers the nurse who worked at area hospitals for 24 years, earning glowing recommendations at each post. An EmpFACTS check revealed the woman had never been to nursing school. The kind of information that is uncovered depends on how deep the customer wants to dig. For a modest fee, a prospective employer can obtain what Credit Lenders calls a "Quick I.D." which can be obtained in as little as 15 seconds. An extensive check might include county and state criminal checks, Quick I.D., educational background verifications and substance abuse testing.

Swider said EmpFACT's client list ballooned after Sept. 11, when businesses such as flight schools began scrutinizing prospective hires and customers. Companies who invest time and money in training workers say background checks are worth the up-front expenditure. "Getting an objective evaluation of the information candidates put on their job applications has been invaluable to us," said Drew Freed, President of Collegeville, Pa.-based UTI, a manufacturer of medical devices. "When we make a mistake in employment it's expensive."

Credit Lenders screens applicants at UTI's facility in suburban Philadelphia, as well as 10 other branches nationwide. Freed said the check has foiled applicants who lied when they said they held college degrees - or didn't have criminal records. A number of illegal aliens were nabbed using fraudulent Social Security numbers purchased on the black market. "The government catches up with Social Security fraud eventually, but it can take years," Swider said. "We can catch it in four hours."

In the early 1980s, it took three weeks to compile a simple credit report. Ted Hinderer, an Operations Manager for a credit bureau, and Swider, a Sales Rep, figured they could do it better and faster in their own business.

Founded in 1982, Credit Lenders began in Hinderer's basement in Brooklawn. The only employees were Hinderer, Swider and their wives. That happened to be the same time the home-equity loan was rolled out, creating a boomlet in the credit industry. The partners began to bundle services such as title searches and mortgage transfers.

Within two years, the payroll swelled to more than 300 workers, who processed 800 applications a day working in shifts. Typists were so much in demand, the company recruited the fastest students in high school typing classes. Hinderer, once the Delaware state typing champion, turned out 98 words a minute, error-free.

Twenty years later, the partnership and the marriages remain intact. The company now has 165 employees and recently moved into larger digs, a 21,000-square-foot office here.

But technology has revolutionized the business. For example, it now takes only 24 workers - 20 in-house staff and four telecommuters - to process 2,000 credit reports a day. That speed is due to software that enables Credit Lenders to combine data from the three major credit reporters - Transunion, Equifax and Experian - remove the duplication and process the document into a single, orderly report.

Still, there is a lot of leg work in other elements of the credit business. Staffers in the field pore over deeds in county courthouses going back 60 years, checking such variables as flood zones. "We will soon have the technology for electronic signatures, but we are at least 10 years away from getting rid of those big deed books," Swider said. "Of New Jersey's 21 counties, only Ocean County has started to automate."

In 2001, Credit Lenders generated revenue of \$14 million, its best year ever; Swider said the company will surpass that mark in 2002. Seventy percent of the business still comes from home equity loans. The client list includes Commerce Bancorp, PNC Bank, First Union and Aurora Financial Services.

"They are super fast and we count on them to search properties and do credit reports, appraisals and title work," said Gary Pelehaty, President of Bordentown-based Peoples Savings Bank. "It's vital in a hot real estate market for bankers to give customers answers quickly." Speed - as in guaranteeing credit checks within four hours - has earned Credit Lenders a 45 percent market share in New Jersey.

"Credit reports and background checks can reveal a lot about a person's character," Swider said. "We live in a world where we're all taking a closer look at people."