CREDIT REPORTING BEST PRACTICES

MAY 20TH, 2O15

Agenda
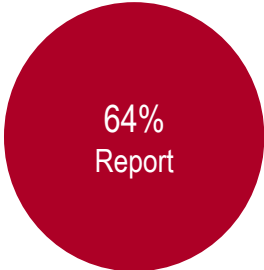
› Background

› What we heard

› Survey

› Benefits for BHPH Dealers

› Process Overview

› Questions

Background

2015 BHPH Survey Key Findings

> ## What is the status of credit in the BHPH industry?

Summary Findings	Majority of respondents pull credit reports	Overall, respondents have proficiency, if not high ability using credit reports to make applicant credit decision	Majority of respondents report credit histories to bureaus
	■ Volume of credit pulls across the three bureaus is relatively equal ■ Interestingly, not requiring credit data was the primary reason behind not pulling credit reports	■ Yet, 21% of **owners** indicate a beginner level understanding	**64%** Report

Among measured market, majority of respondents pull credit reports and report credit histories

Why Report?

- ✓ Compelling value proposition for your customers to help them build their credit
- ✓ Provides incentive for consumers to pay their payments on time
- ✓ Mitigates consumer fraud and strategic repossession
- ✓ Enables accurate risk assessment
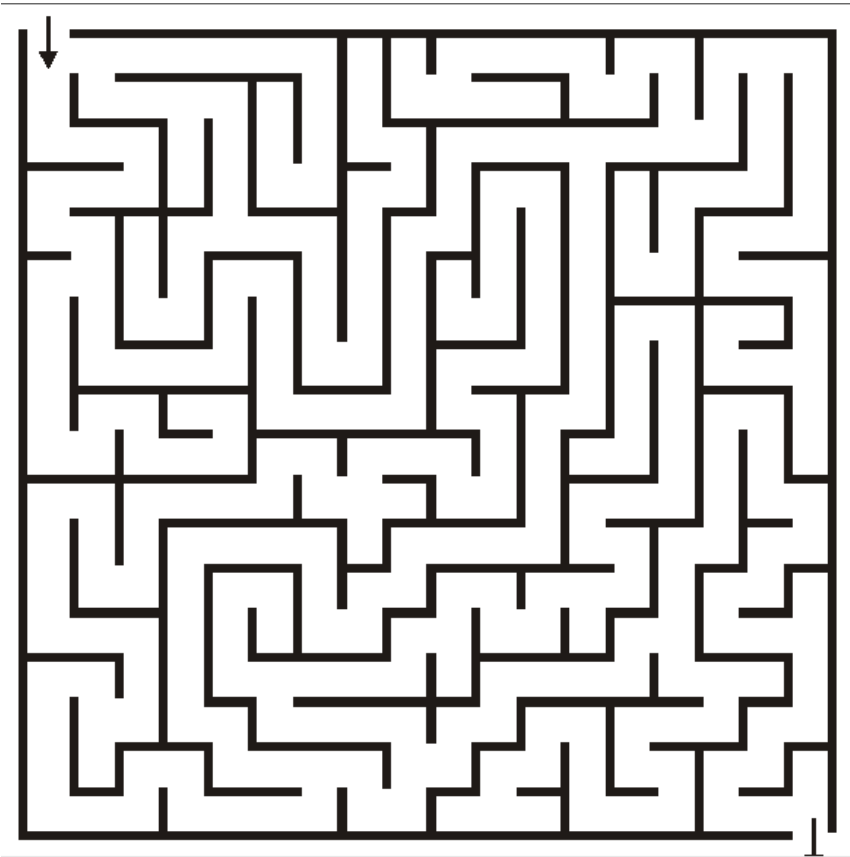- ✓ Heightened regulatory scrutiny
- ✓ Stay competitive

PROCESS

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Process Overview

Before

Now

Reporting Requirements

All new Equifax data furnishers are required to comply with certain basic requirements:

- Volume requirement is 500 active records per month or member of NABD or NIADA

- Data furnisher must be a credentialed Equifax data furnisher whose account is in good standing

- Submissions must be formatted in accordance with current Metro 2® standards

- Entire portfolio (all rates and conditions) must be reported on a monthly basis

Reporting Requirements (Con't)

- All files must be sent electronically via ePort, or through direct connection

- Out-of-cycle updates, as well as consumer dispute verifications, must be handled using the industry-mandated e-OSCAR (www.e-OSCAR-web.net) system

Metro 2® Format Benefits

› Report to all three major nationwide consumer reporting agencies with consistent, complete, and timely credit information

› Meets all requirements of the Fair Credit Billing Act (FCBA), the Fair Credit Reporting Act (FCRA), the Equal Credit Opportunity Act (ECOA), and all applicable state laws

Metro 2® Format Benefits (Con't)

› Allows credit information to be added and mapped to the consumer's file with greater consistency

› Accommodates cycle reporting of data, which allows timelier updating of the credit file

› The Payment History Profile (up to 24 months) makes it possible for the credit grantor to supply automated updates/corrections for the file rather than costly manual updates/corrections and reduces consumer disputes

CDIA
CONSUMER DATA INDUSTRY ASSOCIATION
Empowering Economic Opportunity

About e-OSCAR

Web-based, Metro 2 compliant, automated system that enables Data Furnishers and Credit Reporting Agencies to create and respond to consumer credit history disputes

❯ Enables "out-of-cycle" credit history updates to CRAs

❯ Disputes initiated by a CRA on behalf of a consumer are routed to the appropriate Data Furnisher and returned to the initiating CRA with updated information (if any)

❯ If an account is modified or deleted, carbon copies are sent to each CRA where there is a reporting relationship

About e-OSCAR

› E-OSCAR may not be used to add or create a record on a consumer's file or as substitute for "in-cycle" reporting to the CRAs

› Additional information about e-OSCAR (registration, billing, training, etc.) is available from the e-OSCAR home page www.e-OSCAR.org. Registered users login at www.e-OSCAR-web.net.

Consumer Data Industry Association

❯ Trade Association representing CRAs to federal and state legislators and media

❯ Sets industry reporting guidelines, and educates members

❯ www.cdiaonline.org

Becoming a Data Furnisher Checklist

STOP BY THE Equifax BOOTH and ask for Madison!!

✓Establish data furnishing membership with Equifax and obtain Reporting Member Number

✓Purchase Metro 2® credit reporting software (if necessary)

✓Contact eData Support Team and register for ePort

✓Download a copy of the Credit Reporting Resource Guide from the CDIA Website

Becoming a Data Furnisher Checklist

✓Create a test file comprised of records from a production environment and submit test file for review / validation

✓Review test results provided by your Data Analyst

✓Submit a corrected test file (if necessary)

✓Sign-off – provide Data Analyst with written approval to begin recurring production processing

✓Register with e-OSCAR after receiving confirmation of initial production load

Customer Monthly Checklist
(AKA How to Stay a Data Furnisher)

✓ Submit a production-ready file each month (furnishers who report on a cycle basis may report more frequently)

✓ Respond to Automated Consumer Disputer Verification (ACD) requests via e-Oscar

✓ Monitor your data to confirm accurate transmission through Automated Data View (ADV)

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What to expect when you have a Dispute

The CFPB expects each furnisher to comply with the FCRA by:

- ✓ Maintaining a system reasonably capable of receiving from CRAs information regarding disputes, including supporting documentation

- ✓ Conducting an investigation

- ✓ Reporting the results to the CRA that sent the dispute

- ✓ Providing corrected information to every nationwide CRA that received the information

- ✓ Modifying or deleting the disputed information

Automated Data View™ (ADV)

Online customer service tool that allows data furnishers to quickly view their consumer collections and trade line information in real-time

> Used for auditing and verification purposes

> Ongoing monitoring of

data

Best Practices from the Pilot

❯ Designate a point person, and become good friends with your data analyst

❯ When you receive an online application, it is suppose to be submitted ONLINE!
(Hint: Common Theme)

❯ Participate in the training programs offered by the Consumer Data Industry Association ("CDIA")

❯ Familiarize yourself with the Credit Reporting Resource Guide, and adhere to the standards and best practices described

Best Practices from the Pilot

› Ensure that you and your staff only refer to the most current version of the Credit Reporting Resource Guide. Revisions are published annually, usually around the 3rd or 4th Quarter

› Participate in a Metro 2® Workshop

› Periodically audit prior reports and corrections using Automated Data View™

› Notify your Data Analyst in advance of account number, software, or format/layout changes