

Decision Making

A Lost Art



Presented by
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Automated Scoring

Decisioning vs. Pricing

Loan Application #1

Amount Requested: \$10,000

Purpose: Household Goods

Applicant

Name: Jennifer XXXXXX

Address: 123 Main Street

City, State, Zip: Anytown, USA 12345

DOB: 6/01/1974 **30 Yr Old**

Employer: Med Inc

Years: 3 Years

Gross Income: \$44,000

Priced wrong, member has “D” FICO score, automated scoring model shows “B” pricing.

<SUBJECT>
XXXXX, Jennifer

<SSN>

<BIRTH DATE>
6/74

“D”

MODEL PROFILE

***EMPIRICA SCORE +571 : 038, 013, 018, 002 ***

38 Serious delinquency, and public record or collection filed
13 Time since delinquency too recent or unknown
18 Number of accounts with delinquency
02 Level of delinquency on accounts

CREDIT SUMMARY

TOTAL FILE HISTORY

	HIGH CRED	CRED LIM	BALANCE	PAST DUE	MNTHLY PAY AVBLE	
PR=0 COL=1 NEG=2 HSTNEG=4-19 TRD=15 RVL=12 INST=3 MTG=0 OPN=0 INQ=2						
REVOLVING:	\$3521	\$9900	\$2689	\$0	\$144	72%
INSTALLMENT:	\$1837	\$0	\$1658	\$0	\$48	
TOTALS:	\$5358	\$9900	\$4347	\$0	\$192	

COLLECTION

Subname	Subcode	ECO A	Opened	Closed	\$Placed	Creditor	MOP
Account#			Verified			Balance	Remarks
NathospColl	xxxxxxx	I	9/03		\$50	Medical	O9B
Xxxx			10/03A		\$50	Placed for Coll	

TRADES

Subname	Subcode	Opened	Highcred	Terms	Maxdelq	Paypat 1-12	MOP
Account#		Verified	Credlim	Pastdue	Amt-mop	Paypat 13-24	
ECO A	Collatrl/loantype	Clsd/pd	Balance	Remarks		MO 30/60/90	

Capital 1 BK	xxxxxxxxx	10/00	\$557				<u>R09</u>
xxxxxxxxxxxxx		8/04A	\$0		\$0		
I Credit Card		11/01P	\$0			Settled for <Full Bal	

Intel	xxxxxxxxx	5/00	\$366				<u>R09</u>
xxxxxxxxxxxxx		3/04A	\$400	\$0			
I Credit Account		1/02P	\$0			Profit and Loss Writeoff	

BankAmerica xxxxxxxx	7/04	\$560	Min74	1	R01
xxxxxxxxxxxxx	9/04A	\$500	\$0		
I Credit Card		\$560		001	
Capital 1 BK xxxxxxxx	2/04	\$374	Min15	<u>211111</u>	R01
xxxxxxxxxxxxx	8/04A	\$0	\$0		
I Credit Card		\$238		006 1/ 0/ 0	
HHLDBank xxxxxxxx	8/04	\$0			R01
xxxxxxxxxxxxx	8/04A	\$7500	\$0		
C Charge Acct		\$0			
Crss Cnty BK xxxxxxxx	7/03	\$1837	M48	111111111111	I01
xxxxxxxxxxxxx	8/04A	\$0	\$0	1	
I Unsecured		\$1658		13	
CBUSASears xxxxxxxx	4/93	\$2239	Min55	3/03	111111111111 R01
xxxxxxxxxxxxx	8/04A	\$1900	\$0		<u>111454321111</u>
I Charge Acct		\$1891	Acct Clsd by Consumer	48 2/ 1/ 3	
Crss Cnty BK xxxxxxxx	8/98	\$2053		6/03	111111111111 R01
xxxxxxxxxxxxx	8/04A	\$1900	\$0		<u>232112111111</u>
I Credit Card	7/03P	\$0	Acct Clsd by Consumer	48 5/ 1/ 0	
Frd Motor Cr xxxxxxxx	7/98	\$18,350	74M419		<u>121111121111</u> I01
Xxxxxxxxxxxxxx	8/04M	\$0		\$0	<u>122112222112</u>
C Automobile	8/04C	\$0	Closed	75 15/ 0/ 0	

ETC.... (6 paid and closed accounts)

INQUIRIES
DATE SUBCODE BNAME TYPE AMOUNT

CREDIT REPORT SERVICED BY:
TRANS UNION

Automated Credit Scoring

Characteristics	Value	Score
Starting Score		606
Time at Residence	108	11
Time at Job	37	16
Gross Income	\$3716.67	26
Type of Housing	3	0
Type of Report	Report with Trades	0
#6 Month Inquiries	0	45
#24 Month CF Inquiries	0	0
# Satis Trades	5	0
Trades Currently Past Due	0	0
30 + 60 Day Ratings	3	-46-
90+ Trade/Derog	4	-110-
# Open CF Trades	0	0
Age Oldest Trade	137	0
Ratio Revolving Trades	9.191%	68
Credit Score		616

Decision Tools, Not Pricing

Pricing Tools

Two Pieces of Risk-Based Lending

Decision Making

Is there a **co-signer**?

Is there **collateral**?

Can we get a **down payment**?

Is there **payroll deduction**?

Can we insure with the **payment protection plan**? (remember C, D, E always insure their loan)

Do they have the **ability to pay**?

What is their **debt ratio**?

Have they paid other loans **similar in nature**?

Do they **pay the credit union**?

Is my loan **bankruptcy proof**?

Pricing

Measures probability of **60 day default**

Rate to charge a member



First Time Buyer Program

Beware!

Loan Application #2

Amount Requested: \$16,759

Purpose: 2001 Chevy Blazer

Applicant

Name: James XXXXXX

Address: 123 Main Street

City, State, Zip: Anytown, USA 12345

DOB: 9/11/1983 **21 Yr Old**

Employer: ABC Inc

Years: 6 Months

Gross Income: \$20,800

System Approved: first time borrower meets all guidelines, pending verification of income and not to exceed 100% LTV which is \$15,025.

TRANS UNION CREDIT REPORT

<FOR>
DENNIS XXXXXXXX

<SSN>
xxx-xx-xxxx

<Birthdate>
09/11/83

<Current Address>
3 XXXXXXXXXXXX
XXXXXXXXXX XX xxxxx-xxxx

<Current Employer and Address>
ABC Inc

<Position>
Machine Operator

INQUIRIES

Date
4/22/04

Could B-U CU

Date
4/22/04

Credco

21 years-old

6 month job time

No credit

Financing full retail + insurance

End Result

- 1st payment default
- Delinquent \$1200 with no apparent consequences
 - First contact was 2 months after payment was due
 - Out of work = Doppler Radar

What would Rex do?

**Watch out for young members
on spending sprees!**

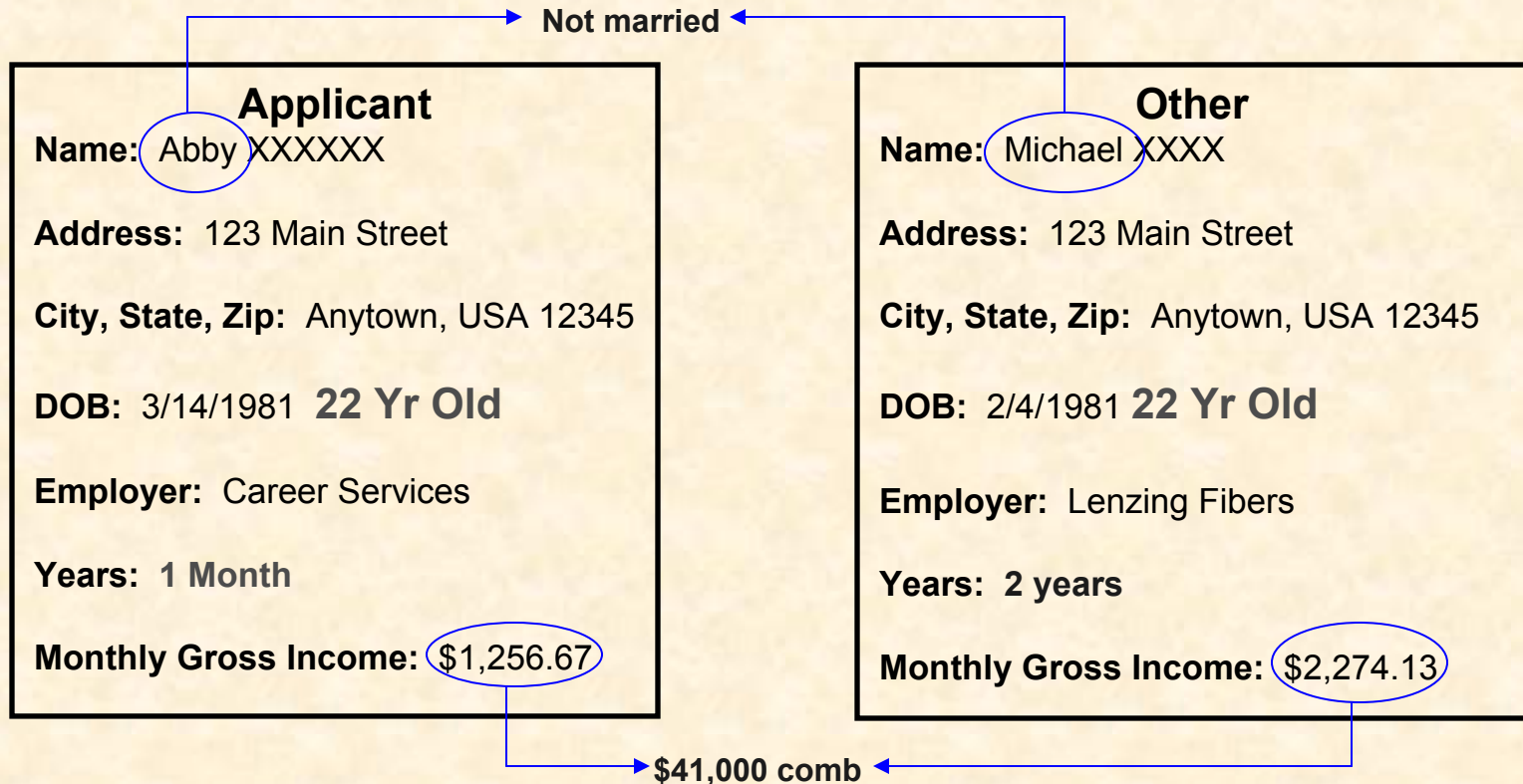
Loan Application #3

Amount Requested: \$6,154.34

Purpose: 1995 Toyota Tacoma

Young couple, E Paper. Spending

Bankrupt at 22. Bankrupt 6 mos.



ABBY XXXX
123 Main Street
Anytown, USA 12345
RPTD: 6-99 TO 6-03

SS: xxx-xx-xxxx E:

AGE: 22

HOW CAN WE IGNORE LEVEL OF DEBT AT AGE 22?

**BIG
PROBLEM!**

PROFILE SUMMARY

PUBLIC RECORDS-----0	PAST DUE AMT-----\$176	INQUIRIES----13	SATIS ACCTS-----15
INSTALL BAL-----\$42,002	SCH/EST PAY-----\$1,000	INQS/6 MO-----1	NOW DEL/DRG-----3
R ESTATE BAL--\$189,022	R ESTATE PAY----\$1,525	TRADELINE--20	WAS DEL/DRG-----2
TOT REV BAL-----\$7,828	TOT REV AVAIL-----2%	PAID ACCT---9	OLD TRADE-----6-99

SCORE SUMMARY

EXPERIAN/FAIR, ISAAC SCORE = 527 "E" – 22 years old

SCORE FACTORS:

- 38 Serious Delinquency and Public Record or Collection Filed
- 13 Length of Time (or unknown time) since Account Delinquency
- 10 Proportion of Balance to High Credit on BK Revolving or all Revolving Accts
- 18 Number of accounts delinquent

TRADES

Subscriber	Open	Amt-Type1	Amt-Type2	AcctCond	Pymt Status
Subscr # KOB Type Term ECOA	Bal Date	Balance	Status Date	Mos Rev	Pymt History
Account #	Last Pd	Month Pay	\$Past Due	Maximum	By Month
*NBGL-PARISIAN xxxxxxx DC CHG REV 1 xxxxxxx	10-00 4-02-03	\$78 – H	4-03	Transfer (32)	CURR ACCT BCCCCCCCCCCCCC CCCCCCCCCCCCC
*Could BU Credit Union xxxxxxx FC AUT 48 1 xxxxxxx	6-01 2-28-03	\$9,000 – 0	2-03	Transfer (21)	CURR ACCT CCCCCCCCCCCCC CCCCCCCC

Subscriber Subscr # KOB Type Term ECOA Account #	Open Bal Date Last Pd	Amt-Type1 Balance Month Pay	Amt-Type2 Status Date \$Past Due	AcctCond Mos Rev Maximum	Pymt Status Pymt History By Month
*Could BU Credit Union xxxxxxx FC UNS 10 1 xxxxxxxxxxxxxxxxxxxx	10-01 2-28-03	\$2,503 – O	2-03	Transfer (17)	CURR ACCT BCCCCCCCCCCCC CCCC
*Could BU Credit Union xxxxxxx BC AUT 24 7 xxxxxxxxxxxxxxxxxxxx	6-99 6-29-01	\$4,500 – O	6-01	(25)	TRANSFER BCCCCCCCCCCCC CCCCCCCCCCCC
*Chase xxxxxxx BC CRC REV 1 xxxxxxxxxxxx	9-01 8-27-03	\$1,500 – L	6-03	Closed (24)	CURR ACCT BCBCBCB---0B0 B0B0B0B0B00
Account closed at consumer's request					
*Receivables Management xxxxxxx YC COL UNK 1 xxxxxxxxxxxx	4-02 9-08-02	\$60 – O	9-02	Paid (3)	COLLACCT B-G
ORIGINAL CREDITOR: THE FAMILY PRACTICE CENTER WHI					
*American General Finan xxxxxxx FP SEC 12 1 XXXXXXXXXXXX	11-02 6-05-03	\$732 – O	6-03	Paid (7)	CURR ACCT BCCCCC
*First USA Bank N A xxxxxxx BC CRC REV 1 xxxxxxxxxxxxxxxxxxxx	8-01 2-20-02	\$2,000 – L	1-02	Paid (6)	CURR ACCT BB0B00
Account closed at consumer's request					
*Jeff Federal S & L xxxxxxx FS M/H 61 1 xxxxxxxxxxxx	8-00 12-31-01	\$4,083 – O	12-01	Paid (17)	CURR ACCT BCCCCCCCCCCCC CCCC

Subscriber Subscr # KOB Type Term ECOA Account #	Open Bal Date Last Pd	Amt-Type1 Balance Month Pay	Amt-Type2 Status Date \$Past Due	AcctCond Mos Rev Maximum	Pymt Status Pymt History By Month
*Capitol One Bank xxxxxxx BC CRC REV 1 xxxxxxxxxxxxxx	5-00 9-03-03 6-03	\$1,169 - H \$1,223 OL \$36	9-03 \$65	Open (41)	<u>30 DAY DEL</u> 1CCCCCCCCCCCC CCCCCCCCCCCC

Focus on members making minimum pymts, who are at or over limit.

*First USA Bank N A xxxxxxx CG CRC REV 1 xxxxxxxxxxxxxxxxxx	10-01 8-27-03 6-03	\$1,000 - L \$1,276 OL \$25	\$1,276 - H 8-03 \$45	Open (22)	<u>30 DAY DEL</u> 1CCCCCCCCCCCC CCCCCCCC
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*HHL D Bank xxxxxxx BC CRC REV 1 xxxxxxxxxxxxxxxxxx	11-00 8-26-03 6-03	\$3,250 - L \$3,529 OL \$71	\$3,529 - H 8-03 \$66	Open (34)	30 DAY DEL 1CCCCCCCCCCCC CCCCCCCCCCCC
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Look at AGE. Over Limit. ALL CREDIT CARDS IN TROUBLE!

Subscriber Subscr # KOB Type Term ECOA Account #	Open Bal Date Last Pd	Amt-Type1 Balance Month Pay	Amt-Type2 Status Date \$Past Due	AcctCond Mos Rev Maximum	Pymt Status Pymt History By Month
*Jeff Federal S & L xxxxxxx FS SEC 83 4 xxxxxxxxxxxxxx	12-01 8-31-03 7-03	\$33,503 - O \$29,092 \$583	7-03 11%	OPEN (21)	CURR WAS 30-2 CC1C1CCCCCCCC CCCCCCCC

Pay attention to TERMS!

*Fashion Bug/SOANB xxxxxxx CG CRC REV 1 xxxxxxxxxxxxxxxxxx	5-01 9-17-03 10-01	\$500 - L \$0	\$19 - H 9-03	Open (29)	CURR ACCT 000000000000 0000000000CC
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*Lowes/MBGA xxxxxxx FF CHG REV 3 xxxxxxxxxxxxxxxxxx	12-02 9-12-03 9-03	\$600 - L \$594 \$17	\$594 - H 9-03	Open (11)	CURR ACCT CCCCCCCCCCCC
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Subscriber Subscr # KOB Type Term ECOA Account #	Open Bal Date Last Pd	Amt-Type1 Balance Month Pay	Amt-Type2 Status Date \$Past Due	AcctCond Mos Rev Maximum	Pymt Status Pymt History By Month
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*FTB/Mortgage xxxxxxx FM R/F 30Y 2 xxxxxxxxxxxxxx	12-02 9-05-03 9-03	\$103,834 – O \$103,099 \$742	9-03	Open (8)	CURR ACCT CCCCCCCC
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*HHL Bank/Parisian xxxxxxx FZ CHG REV 1 xxxxxxxxxxxxxx	10-00 9-02-03 2-02	\$78 – H \$0	8-03	Open (5)	CURR ACCT N0CCC
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*Jefferson Federal S & xxxxxxx FS R/C 20Y 4 xxxxxxxxxxxxxx	12-01 8-31-03 8-03	\$90,000 – O \$85,923 \$783	8-03	Open (20)	CURR ACCT CCCCCCCCCCCC CCCCCC
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Note: This loan was refinanced by FTB/MTG, member got 18,000 cash.

*CITIFinancial xxxxxxx FP UNS 60 4 xxxxxxxxxxxxxxxxxx	4-03 8-31-03 7-03	\$13,407 – O \$12,910 \$222	8-03	Open (5)	CURR ACCT CCCC
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4mo. ago! Paying 20%+

*HB/Bestbuy xxxxxxx ZR CHG REV 2 xxxxxxxxxxxxxxxxxx	2-03 8-21-03 7-03	\$1,400 – L \$1,206 \$46	\$1,411 – H 8-03	Open (7)	CURR ACCT CCCCCC
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BIG, BIG, BIG PROBLEM!! High-Risk Lender-Only 23 & Look at Debt!



INQUIRIES

Could BU Credit Union	4-21-03	XXXXXXXX FC
Total Credit Services	12-16-02	XXXXXXXX BM
First TENN/FHLMC	12-13-02	XXXXXXXX FM
Total Credit Services	11-08-02	XXXXXXXX BM
Could BU Credit Union	10-01-02	XXXXXXXX FC
INDPT NATL MTG/FHL	12-20-01	XXXXXXXX FM
RELS Reporting Service	12-19-01	XXXXXXXX FR
Lenders CR	12-18-01	XXXXXXXX FR
CB of East TENN	12-10-01	XXXXXXXX FM

Micheal XXXX
123 Main Street
Anytown, USA 12345
RPTD:

SS: xxx-xx-xxxx

AGE: 22

----- **PROFILE SUMMARY** -----

PUBLIC RECORDS-----0 PAST DUE AMT-----\$306 INQUIRIES----13 SATIS ACCTS-----11
INSTALL BAL-----\$29,092 SCH/EST PAY-----\$839+ INQS/6 MO----0 NOW DEL/DRG----3
R ESTATE BAL--\$189,022 R ESTATE PAY----\$1,525 TRADELINE--15 WAS DEL/DRG----1
TOT REV BAL-----\$10,923 TOT REV AVAIL-----0%+ PAID ACCT---5 OLD TRADE----10-99

----- **SCORE SUMMARY** -----

EXPERIAN/FAIR, ISAAC SCORE = **460** **E---**

SCORE FACTORS:

- 39 Serious Delinquency
- 21 Amount past due on accounts
- 13 Length of time (or unknown time) since account delinquency
- 18 Number of accounts delinquent

----- **TRADES** -----

Subscriber	Open	Amt-Type1	Amt-Type2	AcctCond	Pymt Status
Subscr # KOB Type Term ECOA	Bal Date	Balance	Status Date	Mos Rev	Pymt History
Account #	Last Pd	Month Pay	\$Past Due	Maximum	By Month
*Could BU Credit Union	5-02	\$2,500 - 0		Transfer	CURR ACCT
xxxxxxx FC UNS 10 1	2-28-03		2-03	(10)	BCCCCCCCCC
xxxxxxx					
*Could BU Credit Union	8-02	\$6,300 - 0			TRANSFER
xxxxxxx FC UNS 10 1	9-30-02		9-02	(2)	BC
xxxxxxx					
*First USA Bank	10-01	\$1,000 - L	\$1,364 - H	CLOSED	<u>DELINQ 60</u>
xxxxxxx BC CRC REV 3	9-26-03	\$1,364	9-03	(23)	<u>21</u> CCCCCCCCCCCC
xxxxxxxxxxxxx	6-03	\$27	\$70		CCCCCCCCCC

****Account closed at credit grantor's request****

Subscriber Subscr # KOB Type Term ECOA Account #	Open Bal Date Last Pd	Amt-Type1 Balance Month Pay	Amt-Type2 Status Date \$Past Due	AcctCond Mos Rev Maximum	Pymt Status Pymt History By Month
*Providian Financial xxxxxxx BC CRC REV 1 xxxxxxxxxxxxxxxxxxxx	3-02 9-26-03 6-03	\$2,000 - L \$2,037 \$62	\$2,037 - H 9-03	Closed (19) \$169	<u>DELINQ 60</u> 21CCCCCCCCCCC CCCCC
Account closed at consumer's request					
*Wal-Mart/MBGA xxxxxxx DZ CHG REV 1 xxxxxxxxxxxxxxxxxxxx	12-00 9-16-03 6-03	\$500 - L \$606 \$26	\$606 9-03	Closed (34) \$67	<u>DELINQ 60</u> 21CCCCCCCCCCC CCCCCCCCCCC0
Account closed at credit grantor's request					
*Chase xxxxxxx BC CRC REV 3 xxxxxxxxxxxxx	9-01 9-26-03	\$1,500 - L	8-03	Paid (25)	CURR ACCT BBCBCBCB---0B 0B0B0B0B0B00
Account closed at consumer's request					
*First USA Bank N A xxxxxxx BC CRC REV 3 xxxxxxxxxxxxx	8-01 2-20-02	\$2,000 - L	1-02	Paid (6)	CURR ACCT BB0B00
Account closed at consumer's request					
*Capital One Bank xxxxxxx BC CRC REV 1 xxxxxxxxxxxxx	11-00 4-19-01	\$37 - H	4-01	Paid (6)	CURR ACCT BCCCC
Account closed at consumer's request					
*Jeff Federal S & L xxxxxxx FS SEC 83 4 xxxxxxxxxxxxxxxxxxxx	12-01 8-31-03 7-03	\$33,503 - O \$29,092 \$583	7-03	Open (21)	CUR was 30-2 CC1C1CCCCCCC CCCCCCC

Subscriber Subscr # KOB Type Term ECOA Account #	Open Bal Date Last Pd	Amt-Type1 Balance Month Pay	Amt-Type2 Status Date \$Past Due	AcctCond Mos Rev Maximum	Pymt Status Pymt History By Month
*HB/Bestbuy xxxxxx ZR CHG REV 2 xxxxxxxxxxxxxxxxxxxx	2-03 9-21-03 9-03	\$1,400 - L \$1,171 \$35	\$1,411 - H 9-03	Open (8)	CURR ACCT CCCCCCCC
*Lowes/MBGA xxxxxx FF CHG REV 1 xxxxxxxxxxxxxxxxxxxx	12-02 9-12-03 9-03	\$600 - L \$594 \$17	\$594 - H 9-03	Open (11)	CURR ACCT CCCCCCCCCC
*FTB Mortgage xxxxxx FM R/F 30Y 2 xxxxxxxxxxxxxxxxxxxx	12-02 9-05-03 9-03	\$103,834 - O \$103,099 \$742	9-03	Open (8)	CURR ACCT CCCCCCCC
*AMEX xxxxxx BC CRC REV 1 xxxxxxxxxxxxxxxxxxxx	11-00 9-03-03	\$2,000 - L \$2,161 UNK	\$2,161 - H 9-03	Open (34)	CURR ACCT CCCCCCCCCCCC CCCCCCCCCCCC
*Jeff Federal S & L xxxxxx FS R/C 20Y 4 xxxxxxxxxxxxxxxxxxxx	12-01 8-31-03 5-03	\$90,000 - O \$85,923 \$783	8-03	Open (20)	CURR ACCT CCCCCCCCCCCC CCCCCC
*ASSOC/CITI xxxxxx BC CRC REV 1 xxxxxxxxxxxxxxxxxxxx	10-99 6-11-03 5-03	\$2,850 - L \$2,990 \$89	\$2,990 - H 6-03	Open (44)	CURR ACCT CCCCCCCCCCCC CCCCCCCCCCCC

-----INQUIRIES-----

Andrew Johnson Bank	3-20-03	XXXXXXXX BB
Could BU Credit Union	3-03-03	XXXXXXXX FC
Total Credit Services	12-16-02	XXXXXXXX BM
First TENN/FHLMC	12-13-02	XXXXXXXX FM
Lowes/MCCBG	12-04-02	XXXXXXXX FF
Total Credit Services	11-08-02	XXXXXXXX BM
Could BU Credit Union	8-06-02	XXXXXXXX FC
CREDCO	5-29-02	XXXXXXXX FR
Could BU Credit Union	5-15-02	XXXXXXXX FC
Providian Financial	2-26-02	XXXXXXXX BC
Independt NATL MTG/FHL	12-20-01	XXXXXXXX FM
RELS Reporting Service	12-19-01	XXXXXXXX FR
Lenders CR	12-18-01	XXXXXXXX FR

Look at the Member's: Age

Number of Trade Lines

Number of Inquiries.





You MUST Print Credit Reports and Write on Them!

Guidelines to Lending

Unsecured Traffic Light For Forecasting Bankruptcy

Ratio of unsecured debt outstanding/annual income:

OVER 50% MEMBER HAD \$20,000 IN UNSECURED DEBT

> 30%		Danger! Likely Bankruptcy
21 - 30%		RED! <i>Full stop & look</i>
11 - 20%		YELLOW! <i>Slow down & look</i>
0 - 10%		GREEN! <i>Go ahead, probably not a bankruptcy threat.</i>

If unsecured debt has been escalating in the last 18mo - ***Danger Sign***
SPENT \$14,000 IN 7 MONTHS!

If more than 75% of unsecured lines are used - ***(Capacity) Big Red Flag***
NO CAPACITY!

Unsecured Loans

“A+&A” Paper = up to 3 times monthly gross income is a good guideline.

“B & C” Paper = up to 2 times monthly gross income is a good guideline.

“D & E” Paper = up to 1 times monthly gross income is a good guideline.

**College Age Students Going
Bankrupt...It's a BIG Problem!**

Loan Application #4

Amount Requested: \$1,500.00

Purpose: Bills

Borrow \$1500 to pay BILLS!

Young 20/21 Yr. old. Needs \$1500 to pay bills, then comes back for \$800 so he can have down payment on car, then goes bankrupt 3 months later.

Applicant

Name: JerradXXXXXXXX

Address: 123 Main Street

City, State, Zip: Anytown, USA 12345

DOB: 02/08/1983 **20 Yr Old**

Employer: Rich Products

Years: 2 Years

Monthly Gross Income: \$1,655.33

**BANKRUPT
BEFORE 21**

Jerrad XXXX
123 Main Street
Anytown, USA 12345
RPTD: 7-02

SS: xxx-xx-xxxx E:

AGE: 20

----- **PROFILE SUMMARY** -----

PUBLIC RECORDS-----0 PAST DUE AMT-----\$0 INQUIRIES----7 SATIS ACCTS----2
INSTALL BAL-----\$0 SCH/EST PAY-----\$0+ INQS/6 MO----3 NOW DEL/DRG----1
R ESTATE BAL-----N/A R ESTATE PAY-----N/A TRADELINE---4 WAS DEL/DRG----1
TOT REV BAL-----\$266 TOT REV AVAIL-----0% PAID ACCT---3 OLD TRADE---9-01

----- **SCORE SUMMARY** -----

EXPERIAN/FAIR, ISAAC SCORE = **577** **Score as of 5/03**

SCORE FACTORS:

- 39 Serious Delinquency
- 18 Number of accounts delinquent
- 10 Proportion of balance to high credit on BK revolving or all revolving accts
- 14 Length of time accounts have been established

----- **TRADES** -----

Subscriber	Open	Amt-Type1	Amt-Type2	AcctCond	Pymt Status
Subscr # KOB Type Term ECOA	Bal Date	Balance	Status Date	Mos Rev	Pymt History
Account #	Last Pd	Month Pay	\$Past Due	Maximum	By Month
*WFNNB/Maurices	11-01	\$140 - L	\$266 - C	<u>CRGEOFF</u>	<u>DELINQ</u>
xxxxxxx CS CHG REV 1	4-29-03	<u>\$266</u>	12-02	(17)	LLLLL54321CC1
xxxxxxx	5-02				CCCC
*UN PLANTERS LAKEWAY AR	9-01	\$3,308 - 0		PAID	TRANSFER
xxxxxxx BB UNS 24 4	9-03-02		9-02	(12)	B1CCCCCCCC
xxxxxxx					

Subscriber Subscr # KOB Type Term ECOA Account #	Open Bal Date Last Pd	Amt-Type1 Balance Month Pay	Amt-Type2 Status Date \$Past Due	AcctCond Mos Rev Maximum	Pymt Status Pymt History By Month
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*EDSOUTH xxxxxxx EL EDU UNK-D1 xxxxxxxxxxxxxx	2-02 5-31-02	\$191 – 0	5-02	PAID (3)	CURR ACCT BCC
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DEFERRED PAYMENT START DATE: 11/05/2004

****Account closed at credit grantor's request****

*EDSOUTH xxxxxxx EL EDU UNK-D1 xxxxxxxxxxxxxx	2-02 5-31-02	\$309 – 0	5-02	PAID (3)	CURR ACCT BCC
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DEFERRED PAYMENT START DATE: 11/05/2004

****Account closed at credit grantor's request****

-----INQUIRIES-----

COULD BU CREDIT UNION	5-19-03	XXXXXXXX FC
ADS/MAURICES	4-11-03	XXXXXXXX CS
COULD BU CREDIT UNION	3-20-3	XXXXXXXX FC
LOWES/MCCBG	6-16-02	XXXXXXXX FF
UNION PLANTERS BANK	2-26-02	XXXXXXXX BB
ADS/MAURICES	11-26-01	XXXXXXXX CS
UNION PLANTERS BANK	9-06-01	XXXXXXXX BB

Good D & E versus Bad D & E

- Good Job
- Probably will continue
- Payroll Deduction
- Always paid credit union
- Not a bankruptcy threat

End Result

- Member comes back for \$800 so he has a down payment on a car.
- Goes bankrupt 3 months later.

**Bankruptcies Can Make Great
Loan Opportunities!**

Loan Application #5

Amount Requested: \$15,643.53

Purpose: Used Auto

Bkpt. Full Re-Affirmation. Paid off competitor. Great example of being Bkpt. Proof.

Applicant	
Name:	JamesXXXXXXXX
Address:	123 Main Street → 13 yrs @ add.
City, State, Zip:	Anytown, USA 12345
DOB:	07/01/1950 → 54 Yrs Old
Employer:	Lenzig
Years:	31 Years → Great Job Time!
Monthly Gross Income:	\$2,315.73

Other	
Name:	SharonXXXXXXXX
Address:	123 Main Street
City, State, Zip:	Anytown, USA 12345
DOB:	12/29/1952 → 52 Yrs Old
Employer:	
Years:	
Monthly Gross Income:	\$462.00 → \$5,000

\$33,000

JAMES XXXX
123 Main Street
Anytown, USA 12345
RPTD: 4-91 TO 2-03

SS: xxx-xx-xxxx E:

AGE: 53

Combined Inc=\$38,000

76% of Income=Unsecured

----- PROFILE SUMMARY -----

PUBLIC RECORDS-----0 PAST DUE AMT-----\$19 INQUIRIES----17 SATIS ACCTS----42
INSTALL BAL-----\$47,412 SCH/EST PAY-----\$2,197 INQS/6 MO----3 NOW DEL/DRG----1
R ESTATE BAL-----\$66,789 R ESTATE PAY-----\$601 TRADELINE--45 WAS DEL/DRG----2
TOT REV BAL-----\$29,874 TOT REV AVAIL----69%+ PAID ACCT--24 OLD TRADE-----10-82

----- SCORE SUMMARY -----

EXPERIAN/FAIR, ISAAC SCORE = 638 "C"

SCORE FACTORS:

- 38 Serious Delinquency and Public Record or Collection Filed
- 13 Length of Time (or unknown time) since Account Delinquency
- 02 Delinquency Reported on Accounts
- 10 Proportion of Balance to High Credit on BK Revolving or All Revolving Accounts

----- TRADES -----

Subscriber Subscr # KOB Type Term ECOA Account #	Open Bal Date Last Pd	Amt-Type1 Balance Month Pay	Amt-Type2 Status Date \$Past Due	AcctCond Mos Rev Maximum	Pymt Status Pymt History By Month
*ACCLAIM FINANCIAL SERV xxxxxxx YC COL 1 1 xxxxxxx	11-00 3-07-03	\$19 - 0 \$19	5-01 \$19	(23)	COLLACCT G-GG-G-GG-G-G G-GG-GGG-G
Original Creditor: Arch Wireless					
*UNION PLANTERS NATL BA xxxxxxx BB R/C 15Y 2 xxxxxxx	2-98 3-08-02	\$46,997 - 0	3-02	Transfer (27)	CURR ACCT BCCCCCCCCCCCC CCCCCCCCCCCC

Transferred to Another Lender

Subscriber Subscr # KOB Type Term ECOA Account #	Open Bal Date Last Pd	Amt-Type1 Balance Month Pay	Amt-Type2 Status Date \$Past Due	AcctCond Mos Rev Maximum	Pymt Status Pymt History By Month
*FIRST AMERICAN NATL BA xxxxxx BI I/L 60 1 xxxxxxxxxxxxxxxxxxxx	6-92 2-28-96	\$15,245 – L \$0	2-96	Paid (45)	CURR ACCT BCCCCCCCCCCCCC CCCCCCCCCCCC
*SUN TRUST xxxxxx BB UNK 18 1 xxxxxxxxxxxxxxxxxxxx	10-95 2-28-96	\$1,560 – O \$0	2-96	Paid (5)	CURR ACCT BCCCC
*SUN TRUST xxxxxx BB UNK 18 1 xxxxxxxxxxxxxxxxxxxx	8-95 10-31-95	\$1,123 – O \$0	10-95	Paid (3)	CURR ACCT BCC
*SUN TRUST xxxxxx BB UNK 24 1 xxxxxxxxxxxxxxxxxxxx	5-94 3-31-95	\$1,599– O \$0	3-95	Paid (11)	CURR ACCT BCCCCCCCCC
*CITIFINANCIAL xxxxxx FP UNS 48 1 xxxxxxxxxxxxxxxxxxxx	8-90 9-06-94	\$7,377 – O \$0	9-94	Paid (50)	CURR ACCT B
*NISSAN INFINITI LT xxxxxx FP UNS 48 2 xxxxxxxxxxxxxxxxxxxx	7-01 3-31-03 11-02	\$23,182 – O \$13,039 \$482	10-02	Open (20)	CURR WAS 30-2 CCCCCC11CCCC CCCCCC
*SEARS xxxxxx BC CRC REV 1 xxxxxxxxxxxxxxxxxxxx	4-99 4-22-03	\$15,000 – L \$0 12-02	\$4,513 – H 4-03	Open (48)	CURR ACCT 00000CCCC000 000000000000
*MBNA AMERICA BANK NA xxxxxx BC CRC REV 1 xxxxxxxxxxxxxxxxxxxx	12-02 4-19-03	\$5,000 – L \$0	12-02	Open (5)	CURR ACCT NNNNO

Subscriber Subscr # KOB Type Term ECOA Account #	Open Bal Date Last Pd	Amt-Type1 Balance Month Pay	Amt-Type2 Status Date \$Past Due	AcctCond Mos Rev Maximum	Pymt Status Pymt History By Month
*MBGA/JC PENNY xxxxxxx DC CHG REV 2 xxxxxxxxxxxxxxxxxxxx	6-83 4-18-03 3-03	\$2,900 – L \$78 \$15	\$642 – H 4-03	Open (55)	CURR ACCT CCCCCCCCCCCC CCCCCCCCC00
*MBNA AMERICA BANK NA xxxxxxx BC CRC REV 3 xxxxxxxxxxxxxxxxxxxx	7-01 4-15-03 4-03	\$7,400 – L \$1,149 \$25	\$1,514 – H 4-03	Open (22)	CURR ACCT CCCCCCCCC0- - 0- - - - -C
*BANK OF AMERICA xxxxxxx BC CRC REV 1 xxxxxxxxxxxxxxxxxxxx	12-00 4-14-03 4-03	\$7,500 – L \$3,443 \$31	\$7,520 – H 4-03	Open (28)	CURR ACCT CCCCCCCCCCCC CCCCCCCCCCCC
*MBNA AMERICA BANK NA xxxxxxx BC CRC REV 1 xxxxxxxxxxxxxxxxxxxx	5-96 4-11-03 4-03	\$22,300 – L \$18,863 \$91	\$19,041 – H 4-03	Open (84)	CURR ACCT CCCCC- - CCCCC CCCC-CCCCC
*CITIFINANCIAL RETAIL S xxxxxxx BB CHG REV 1 xxxxxxxxxxxxxxxxxxxx	11-02 4-10-03 3-03	\$2,071 – L \$1,400 \$63	\$2,072 4-03	Open (6)	CURR ACCT CCCCC
*CHASE NA xxxxxxx BC CRC REV 1 xxxxxxxxxxxxxxxxxxxx	5-95 4-04-03 10-02	\$17,200 – L \$0	\$12,828 4-03	Open (91)	CURR ACCT 0000CCCCCCCC CCCCCCCCCCCC
*DISCOVER FINANCIAL SVC xxxxxxx BC CRC REV 2 xxxxxxxxxxxxxxxxxxxx	2-87 4-02-03 10-02	\$11,500 – L \$0	\$3,838 2-03	Open (40)	CURR ACCT NN0000CCCCCCCC CCCCCCCCC000
*NATIONAL CITY BANK xxxxxxx BB AUT 61 2 xxxxxxxxxxxxxxxxxxxx	3-01 3-31-03 3-03	\$19,140 – O \$12,715 \$388	3-03	Open (24)	CURR ACCT CCCCCCCCCCCC CCCCCCCCCCCC

Subscriber Subscr # KOB Type Term ECOA Account #	Open Bal Date Last Pd	Amt-Type1 Balance Month Pay	Amt-Type2 Status Date \$Past Due	AcctCond Mos Rev Maximum	Pymt Status Pymt History By Month
*HUNTINGTON NATIONAL BA xxxxxxx BB AUL 66 1 xxxxxxxxxxxxxxxxxxxx	12-00 3-31-03	UNK \$12,673 \$333	3-03	Open (27)	CURR ACCT CCCCCCCCCCCC CCCCCCCCCCCC
*COULD BU CREDIT UNION xxxxxxx FC C/C LOC 1 xxxxxxxxxxxxxxxxxxxx	2-87 2-28-03 2-03	\$1,326 – L \$1,159 \$90	\$1,326 – H 2-03	Open (99)	CURR ACCT CCCCCCCCCCCC CCCCCCCCCCCC
*COULD BU CREDIT UNION xxxxxxx FC AUT 48 5 xxxxxxxxxxxxxxxxxxxx	5-01 2-28-03 2-03	\$13,194 – O \$8,966 \$264	2-03	Open (2)	CURR ACCT CC
*COUNTRYWIDE HOME LOANS xxxxxxx FM R/C 15Y 1 xxxxxxxxxxxxxxxxxxxx	9-02 2-28-03	\$68,000 – O \$66,789 \$601	2-03	Open (2)	CURR ACCT CC
*KAY JEWELERS xxxxxxx JA CHG REV 1 xxxxxxxxxxxxxxxxxxxx	3-00 1-23-03 1-03	\$4,576 – L \$3,782 \$415	\$4,576 1-03	Open (35)	CURR ACCT CCCCCCCC-CC C-CCCCCCCC
*WFNNB/CHADWICKS OF BOS xxxxxxx DZ CHG REV 1 xxxxxxxxxxxxxxxxxxxx	12-99 6-11-01	\$1,000 – L \$0 6-01	\$180 – H 6-01	Open (19)	CURR ACCT 0CCCCCCCC0000 0CCCC0
*JC PENNY/MCCBG xxxxxxx DZ ISC UNK 2 XXXXXXXXXXXXXXXXXXXX	6-83 9-21-99	\$498 – O \$0	9-99	Open (12)	CURR ACCT 000000000000
*BANK ONE-OHIO xxxxxxx BC CRC REV 2 xxxxxxxxxxxxxxxxxxxx	3-95 5-01-97 8-95	UNK \$0	4-95	Inactive (27)	CURR ACCT 0CCCCCCCCCCCC CCCCCCCCCCCC

Subscriber	Open	Amt-Type1	Amt-Type2	AcctCond	Pymt Status
Subscr # KOB Type Term ECOA	Bal Date	Balance	Status Date	Mos Rev	Pymt History
Account #	Last Pd	Month Pay	\$Past Due	Maximum	By Month
*LOWES/GECAP	10-82	\$230 – H		Inactive	CURR ACCT
xxxxxx FF CHG REV 4	4-18-96	\$0	1-91	(99)	NNNNNNNNNNNNNN
xxxxxxxxxxxxxxxxxxxx	7-88				NNNNNNNNNNNNNN

-----INQUIRIES-----

Equifax Mortg Services	1-08-03	XXXXXXXX FR
Could BU Credit Union	1-08-03	XXXXXXXX FC
Equifax Mortg Services	1-02-02	XXXXXXXX FR
Landsafe	9-12-02	XXXXXXXX FM
First American Credco	9-11-02	XXXXXXXX FR
Landsafe	8-30-02	XXXXXXXX FM
Credco	8-27-02	XXXXXXXX FR
CB of East Tenn	8-26-02	XXXXXXXX FM
Landsafe	7-11-02	XXXXXXXX FM
Landsafe	7-10-02	XXXXXXXX FM
Accurate Financial Ser	7-09-02	XXXXXXXX FR
Credit Infor Systems M	6-29-02	XXXXXXXX ZB
Could BU Credit Union	2-19-02	XXXXXXXX FC
MBNA Financial Service	2-08-02	XXXXXXXX BB
Chase USA	1-18-02	XXXXXXXX BB
Capital One Bank	9-07-01	XXXXXXXX BC
Could BU Credit Union	5-14-01	XXXXXXXX FC

**Older Member
Going Bankrupt**

Loan Application #6

Amount Requested: \$42,442.34

You don't loan \$42,000+
on a \$36,000 income!

Purpose: Refinance New Auto

Max=75% of income

Applicant	
Name: MackXXXXX	
Address: 123 Main Street	→ 3 yrs @ add.
City, State, Zip: Anytown, USA 12345	
DOB: 11/26/1936	→ 67 yrs old
Employer: Roadway Express	
Years:	
Monthly Gross Income: \$1,602.50	→ \$36,000 income

1. MBR was 67 and spending a lot of \$, look at old and new CBR.
2. Fastest growing segment in BKPT is 60 yrs & older.
3. Got a new car right before BKPT & is paying them!
4. Collection notes are weak. Follow up not recorded!

MACK XXXX SS: xxx-xx-xxxx E:
 123 Main Street
 Anytown, USA 12345
 RPTD: 1-01 TO 1-02

AGE: 67

**A TON of Non-Real estate debt,
 SCORE is MISLEADING.**

----- **PROFILE SUMMARY** -----

PUBLIC RECORDS-----0 PAST DUE AMT-----\$0 INQUIRIES-----2 SATIS ACCTS-----35
 INSTALL BAL-----**-\$81,704** SCH/EST PAY-----\$1,144 INQS/6 MO-----0 NOW DEL/DRG-----0
 R ESTATE BAL-----\$9,357 R ESTATE PAY-----\$511 TRADELINE---35 WAS DEL/DRG-----0
 TOT REV BAL-----\$542 TOT REV AVAIL---98%+ PAID ACCT---27 OLD TRADE-----4-89

----- **SCORE SUMMARY** -----

EXPERIAN/FAIR, ISAAC SCORE = **759** → **Great Score!!**

SCORE FACTORS:

- 06 Number of Finance Company Accounts
- 04 Too Many Bank Revolving Accounts
- 08 Number of Recent Inquiries
- 01 Current Balances on Accounts

----- **TRADES** -----

Subscriber Subscr # KOB Type Term ECOA Account #	Open Bal Date Last Pd	Amt-Type1 Balance Month Pay	Amt-Type2 Status Date \$Past Due	AcctCond Mos Rev Maximum	Pymt Status Pymt History By Month
*FIRST TENN BANK xxxxxxx BB R/C UNK 2 xxxxxxx **Account closed due to Refinance**	5-91 7-31-02	\$46,000 – O	7-02	Refinance (99)	CURR ACCT BCCCCCCCCCCCC CCCCCCCCCCCC
*FIRST USA BANK N A xxxxxxx BC CRC REV 1 xxxxxxx **Credit Card Lost or Stolen**	5-99 2-06-03	\$6,000 – L	\$1,281 – H	CRCLOST (41)	CURR ACCT B000000000000 CCCCCCCC000
*FIRST USA BANK N A xxxxxxx BC CRC REV 1 xxxxxxx **Credit Card Lost or Stolen**	5-99 12-06-01	\$6,000 – L	\$1,281 – H	CRCLOST (12)	CURR ACCT B000000000000

Subscriber	Open	Amt-Type1	Amt-Type2	AcctCond	Pymt Status
Subscr # KOB Type Term ECOA	Bal Date	Balance	Status Date	Mos Rev	Pymt History
Account #	Last Pd	Month Pay	\$Past Due	Maximum	By Month
*LEADER FEDERAL BANK xxxxxx FS R/E UNK 2 xxxxxxxxxxxxxxxxxxxx	4-89 3-31-94	\$13,901 – O \$0		Paid (61)	CURR ACCT B
*HOMEQ xxxxxx FM R/C 10Y 2 xxxxxxxxxxxxxxxxxxxx	9-99 5-03-00	\$9,535 – O			PAID B
*CAPITOL ONE BANK xxxxxx BC CRC REV 1 xxxxxxxxxxxxxxxxxxxx	12-01 4-10-03 4-03	\$886 – H \$542 \$17		Open (17)	CURR ACCT CCCCCCCCCCCCCC CCCC
*FIRST USA BANK N A xxxxxx BC CRC REV 1 xxxxxxxxxxxxxxxxxxxx	5-99 4-07-03 12-01	\$6,000 – L \$0	\$1,281 – H	Open (32)	CURR ACCT 000000000000 00CCCCCCCCCC0
*GANIS CREDIT CORP xxxxxx FZ REC 174 2 xxxxxxxxxxxxxxxxxxxx	3-01 4-01-03 3-03	\$61,650 – O \$57,097 \$635		Open (25)	CURR ACCT CCCCCCCCCCCCCC CCCCCCCCCCCCCC
*FIRST TENN BANK xxxxxx BB R/C UNK 2 xxxxxxxxxxxxxxxxxxxx	5-91 3-31-03 3-03	\$46,000 – O \$9,357 \$511		Open (8)	CURR ACCT CCCCCCCCCCCCCC CCCCCCCCCCCCCC
*COULD BU CREDIT UNION xxxxxx FC AUT 84 1 xxxxxxxxxxxxxxxxxxxx	4-01 2-28-03 2-03	\$30,707 – O \$24,607 \$492		Open (23)	CURR ACCT CCCCCCCCCCCCCC CCCCCCCCCC
*COULD BU CREDIT UNION xxxxxx FC C/C LOC 4 xxxxxxxxxxxxxxxxxxxx	2-00 2-28-03 12-00	\$15,000 – O \$0	\$10,016 – H	Open (36)	CURR ACCT NNNNNNNNNNNN NNNNNNNNNNNN-

Look at age & spending

Is MBR Trading, has to be upside down.

2 years later

- Look at the score drop
- 759 'A' to 542 'E'

MACK XXXX
123 Main Street
Anytown, USA 12345
RPTD: 2-04 TO 6-04

SS: xxx-xx-xxxx

E: Retired
AGE: 68 RPTD: 5-99 I

----- **PROFILE SUMMARY** -----

PUBLIC RECORDS-----1	PAST DUE AMT----\$1,911	INQUIRIES-----9	SATIS ACCTS-----36
INSTALL BAL-----\$99,283	SCH/EST PAY-----\$1,254	INQS/6 MO-----2	NOW DEL/DRG-----4
R ESTATE BAL-----\$0	R ESTATE PAY-----\$0+	TRADELIN-----42	WAS DEL/DRG-----2
TOT REV BAL-----\$645	TOT REV AVAIL----95%+	PAID ACCT----32	OLD TRADE-----3-91

----- **SCORE SUMMARY** -----

EXPERIAN/FAIR, ISAAC SCORE =

542

SCORE FACTORS:

- 38 Serious Delinquency and Public Record or Collection Filed
- 13 Length of Time (or Unknown Time) Since Account Delinquency
- 20 Length of Time Since Legal Item Filed or Collection Item Reported
- 10 Proportion of Balance to High Credit on BK Revolving or all Revolving Accounts

We gave him more than he could afford.

75% of annual income is max, you want to finance!!

----- **PUBLIC RECORDS** -----

*US BKPT CT XX XXXXXXXX XXXXXXXXXX	6-25-04	XXXXXXXX 1	BK 7-PETIT
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----- **TRADES** -----

Subscriber Subscr # KOB Type Term ECOA Account #	Open Bal Date Last Pd	Amt-Type1 Balance Month Pay	Amt-Type2 Status Date \$Past Due	AcctCond Mos Rev Maximum	Pytm Status Pytm History By Month
*E*TRADE CONSUMER FINAN xxxxxxx FZ REC 174 2 xxxxxxx	3-01 6-30-04	\$61,650 – O \$37,590 11-03	\$37,590 11-03	Chargeoff (40)	<u>DELINQ 90</u> LLLLLLLLL3-1CC CCCCCCCCCCCC
Transferred to Recovery					
*CHASE MANHATTAN MTGE xxxxxxx FM R/C 15Y 2 xxxxxxx	6-03 7-15-04 6-04	\$28,500 – O \$0	7-04	BK7PET (6)	CURR ACCT 9CCCC

Subscriber Subscr # KOB Type Term ECOA Account #	Open Bal Date Last Pd	Amt-Type1 Balance Month Pay	Amt-Type2 Status Date \$Past Due	AcctCond Mos Rev Maximum	Pymt Status Pymt History By Month
*BANK ONE xxxxxxx BB AUT 120 2 xxxxxxx	4-03 5-21-04 12-03	\$23,605 – O \$23,972 \$1,095		Repossess (14)	<u>DELINQ 90</u> <u>K321</u> CCCCCCCC

Did they take house also, same month we made loan, look at spending.

*FIRST TENN BANK xxxxxxx BB R/C UNK 2 xxxxxxxxxxxxxxxxxxxx	5-91 7-31-02	\$46,000 – O		Refinance (99)	CURR ACCT BCCCCCCCCCCCC CCCCCCCCCCCC
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****Account Closed due to Refinance****

*CENLAR xxxxxxx FS R/C 15Y 4 xxxxxxxxxxxxxx	6-03 12-05-03	\$28,500		Transfer (6)	CURR ACCT B-CCCC
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2 months after our loan, look at spending.

*FIRST USA BANK N A xxxxxxx BC CRC REV 1 xxxxxxx	5-99 2-06-03	\$6,000 – L 2-03	\$1,281 – H	CRCLOST (41)	CURR ACCT B00000000000 CCCCCCCC000
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****Credit Card Lost or Stolen****

*HHLDBANK xxxxxxx BC CRC REV 1 xxxxxxx	1-95 4-30-00 7-99	\$10,000 – L 7-99	\$700 – H	Closed (64)	CURR ACCT B000000000C0 00000000- - -
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****Account Closed at Grantor's Request****

*CITI xxxxxxx BC CRC REV 1 xxxxxxx	7-96 2-28-98 10-96	UNK \$0		Closed (20)	CURR ACCT B0- - - -0- - - - - - - - 0CC0
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****Account Closed at Consumer's Request****

*COULD BU CREDIT UNION xxxxxxx FC UNK 12 1 xxxxxxxxxxxxxxxxxxxx	2-04 7-31-04 \$45	\$502 – O \$502 \$191		Open (6)	DELINQ 120 4321CC
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Subscriber Subscr # KOB Type Term ECOA Account #	Open Bal Date Last Pd	Amt-Type1 Balance Month Pay	Amt-Type2 Status Date \$Past Due	AcctCond Mos Rev Maximum	Pymt Status Pymt History By Month
*CAPITAL ONE FSB xxxxxxx BC NTE 36 1 xxxxxxxxxxxxxxxxxxxx	4-03 7-02-04 2-04	\$5,000 – O \$3,881 \$156	7-04 7-04	Open (16)	<u>DELINQ 90</u> <u>321</u> CCCCCCCCCCC CCC
Same mo. As our loan.					
*COULD BU CREDIT UNION xxxxxxx FC AUT 84 1 xxxxxxxxxxxxxxxxxxxx	4-03 7-31-04 7-04	\$42,442 – O \$9,707 \$596	7-04	Open (11)	<u>CURR WAS 90</u> <u>C321</u> CCCCCCC
*CHRYSLER FINANCIAL xxxxxxx FC AUT 24 5 xxxxxxxxxxxxxxxxxxxx	3-04 6-30-04 6-04	\$24,220 – O \$23,631 \$442	6-04	Open (5)	CURR ACCT CCCCC
Note: MBR got himself a new car.					
*CAPITAL ONE BANK xxxxxxx BC CRC REV 1 xxxxxxxxxxxxxxxxxxxx	12-01 6-11-04 3-04	\$886 – H \$645 \$12	6-04	Open (31)	<u>DELINQ 90</u> CCCCCCCCCCCCC CCCCCCCCCCCCC
*COULD BU CREDIT UNION xxxxxxx FC AUT 84 4 xxxxxxxxxxxxxxxxxxxx	2-00 12-31-00	\$15,000 – L \$10,016 – H	3-00	Inactive (10)	CURR ACCT 0CCCCCCCCC
*LOWES/GECAP xxxxxxx FF CHG REV 1 xxxxxxxxxxxxxxxxxxxx	5-92 4-18-96	UNK \$0	6-92	Inactive (49)	CURR ACCT NNNNNNNNNNNN NNNNNNNNNNNN

-----INQUIRIES-----

COULD BU CREDIT UNION	5-05-04	XXXXXXXX FC
COULD BU CREDIT UNION	2-13-04	XXXXXXXX FC
THE CITIZENS BANK OF E	1-30-04	XXXXXXXX BB
NCO FINANCIAL SYSTEMS	10-07-03	XXXXXXXX FR
CREDIT RESOURCE GROUP	9-30-03	XXXXXXXX ZS
EQUIFAX MORTG SERVICES	-29-03	XXXXXXXX ZB
MORTGAGE FEDL/FHLMC	4-29-03	XXXXXXXX FM
CAPITOL ONE FSB	4-24-03	XXXXXXXX BC
COULD BU CREDIT UNION	4-15-03	XXXXXXXX FC

Filed 3 mos. Later

Note: Attys Tell them, go buy a new car, then they re-affirm!

Canadian Loan Example

Loan Application #7

Amount Requested: \$

Purpose: 1997 Pontiac Sunfire

Determining why the score is so low!

Applicant

Name: Brenda XXXXXX

Address: 123 Main Street

City, Province, Postal Code: Anytown, Canada A1B2C3

Status: Rent

Lived here: 2 years

DOB: 12/29/1974 **29 Yr Old**

Employer: Revenue

Years: 5 Years

Gross Income: \$50,000

Equifax

Consumer Report

Identification

10/28/04

Name: Brenda XXXXXXXX
Current Address: 123 Main Street, Anytown, Canada A1B2C3
Date of Birth: 1974/12/29

Beacon

640

Serious delinquency
Too many accounts with balances
Proportion of balances to credit limits on rev. accounts is too high
Too many inquiries last 12 months

Bank Nav. Index 175

Number of revolving trades with high utilization
Number of national card takes with high utilization
Average age of national card trades
Number of inquiries in last 12 months

Member Inquiries

<u>Date</u>	<u>Member No</u>	<u>Member Name</u>	<u>Telephone</u>
6/22/04		T.C.C.	
4/2/04		T.C.C. Yes Plan	
2/23/04		Scotia Bank	
2/20/04		TD Canada Trust	
2/20/04		T.C.C. Yes Plan	
1/08/04		Civil Serv Coop	
1/07/04			
1/06/04			
12/28/02		Bell Mobility	
9/09/02		Could B-U Credit Union	

Total number of inquiries: 10

Summary

Pub/Other	Trade Oldest-Newest	Total	High Credit	Rating for R/O/I/M/C
2	09/94-10-04	11	800-18K	11-One

Public Records/Other Information

Secured Loan:

Filed	Court Name	Court No	Maturity
04/04	Cent Reg Tor		4/09
Creditor/Amt:	Retail Services Company \$25351		
Description:	Security Disposition Unknown		

07/00	Cent Reg Tor
Creditor/Amt:	Bank of Montreal \$14415
Description:	Security of Disposition Unknown

Trade Information

Member Trades:

Bus/ID Code	Rptd	Opnd	HC	Terms	Bal	PDA	RT 30/60/90	MR	DLA
CDN Tire									
I	10/04	06/01	3391	99	3297	0	R1 0/0/0	39	9/04
T.C.C.									
J	09/04	06/04	8729	342	8402	0	I1 0/0/0	2	09/04
Description:	Auto Loan Monthly Payments								
WFFA									
I	09/04	04/04	18K	422	17K	0	I1 0/0/0	4	09/04
Description:	Auto Loan Monthly Payments								
Ixxxxxxx	9/04	02/97	1000		989	0	R1 7/0/0	72	09/04
Prev Hi Rate:	<u>R2-11/03, R2-05/03, R2-08/01</u>								
Description:	Amount in H/C Column is credit limit Personal Line of Credit								

Bus/ID Code	Rptd	Opnd	HC	Terms	Bal	PDA	RT 30/60/90	MR	DLA
Ixxxxxxx	09/04	09/02	7750	247	2733	0	11 0/0/0	23	09/04
Description: Monthly Payments									

Bank of Montreal									
	09/04	07/00	14K	305	0	0	11 0/0/0	48	04/02
Description: Auto Loan Account Paid									

TD Visa									
	09/04	06/97	1000	29	951	0	R1 1/0/0	72	09/04
Prev. Hi Rates: <u>R2-03/01</u>									
Description: Amount in H/C Column is credit limit									

Bank of Montreal MC									
J	09/04	06/97	800	22	760	0	R1 5/1/0	72	9/04
Prev Hi Rates: <u>R2-07-02, R2-11/01, R3-09/01</u>									
Description: Amount in H/C Column is credit limit									
Monthly payments									

HBC Card									
I	07/04	01/96	2800		0	0	R1 6/1/0	72	9/02
Prev Hi Rates: <u>R2-09/00, R3-09/99, R2-08/99</u>									
Description: Inactive Account									
Closed at consumer's request									

Credit Utilization: 84% 40670 34132

Approving the Marginal Secured Loans

- Good job
- Probably will continue
- Payroll deduction
- Evidence pays car loans
- If bankruptcy threat – 25% of annual income is unsecured
- If not a bankruptcy threat – loan high book plus 1 month gross income
- Go up to 50% of annual income

**Who should
Approve Loans?**

Loan Approval Authority

<u>Condition</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
1. Risk Score	640 +	550+	Any Score
2. Valid Credit Report	- 4 trade lines	same	N/A
	- 2 yrs. est. credit	same	N/A
	- 1 trade line in excess of \$5,000	same	N/A
3. Max. Loan Amt.	To: \$10,000 not to exceed	To: \$15,000 not to exceed	To: \$30,000 not to exceed
Unsecured			
	- 3 times mo. gross income on scores of 680+	- SAME	- 4 times mo. gross income on scores of 680+
	- 2 times mo. gross income on score of 640-679	- 2 times mo. gross income on score of 600-679	- 3 times mo. gross income on all other scores
		- 1 times mo. gross income on score below 600	

<u>Condition</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
4. Total Unsecured Debt	With our loan cannot exceed 20%	30% of member's annual income	No restriction on total unsecured
Note: Total unsecured debt must include upside down amt on car loans	of member's annual income		debt
5. Max. Loan Amt. on Secured Vehicle Loan	To: \$25,000	To: \$50,000	To: \$100,000
	Not to exceed 75% of members gross annual income	Not to exceed 75% of members gross annual income on score of 600+	On any score 75% of gross annual income Exception: may go over 75% for mbs who make very strong down payment and mbrs who have very little other debt
		- 50% of gross annual income all other scores	
6. Max. LTV on Vehicle Loans	Retail	Retail + 1 month gross income	any score Retail + 1 month gross income
7. Home Equity or 2nd Mtg	\$35,000 not to exceed 80% LTV	\$75,000 not to exceed 80% LTV (TX only) all other states 100%	\$150,000 not to exceed 80% LTV (TX only) all other states 100%
			work out loan (collections) 125% LTV

<u>Condition</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
8. Determining the Value of the Vehicle	must have print out on book value:	Same as Level 1	Same as Level 1
	A) Vehicle being purchased		
	B) Vehicle being traded		
	New cars must have MSRP		
9. Turndown Authority	Cannot Reject any Loan Request	Same as Level 3	Can Deny any secured or unsecured loans. If Level 2 or 3 rejects a loan they must talk to member.
	However, must recommend as if it was their decision		
10. Max. Term on Unsecured Loans	\$5,000 or less (3 yrs.)	SAME	Can set any term provided it is in the best interest of Credit
	\$5,000 to \$10,000 (4 yrs.)	SAME	Union and Member
		\$10,000 to \$15,000 (5 yrs.)	
11. Max. Terms on Secured Loans	60 months on loan	72 months \$25,000 to \$35,000	same as above
		84 months \$36,000 to \$50,000	

Centralized, Decentralized or Both?

What's Best? What Works?

Centralized- The Lending Center

**Internet
Lending**

**7/24 Call
Center
Hot Transfer**

**Mail Loan
Apps. Visa
Apps.**

Outbound

**Indirect
Lending**

**Loan Phone
Center**

**Member Service
Phone Center**

MUST be staffed with Level 1, 2, & 3.

Decentralized Lending

Branches & Service Centers Staffing

- **MGR/Seasoned Loan Officer = Level 3**
- **MSR, FSR. = Level 2**
- **Tellers & Designated Others = Level 1**

Introducing “Fast Trak Lending”

<Rex Johnson's On-line Institute> *presents Webinar Seminar 4*

Indirect Lending – It is a Blessing or a Curse **January 19, 2005**

- Is it possible:
 - to grow your loans 25-40% per year
 - finance 110-130% of the auto's value
- Are you in control of:
 - application taking
 - closings
 - training

Mark your
calendars!!