

Webinar 39

Lending to Members *with* STUDENT LOAN DEBT

Hosted by Bob Schroeder, CLE



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Student Loan Statistics



- 40 million Americans owe \$1.2 trillion in student debt. This represents one in five households (CFPB).
- 40 million is more than the population of Canada, Poland, North Korea, Australia and more than 200 other countries. It is four times the population of Sweden.
- Federal loans total \$1.035 trillion and private loans \$165 billion.
- Credit Union share of the private loan market is \$2.8 billion.

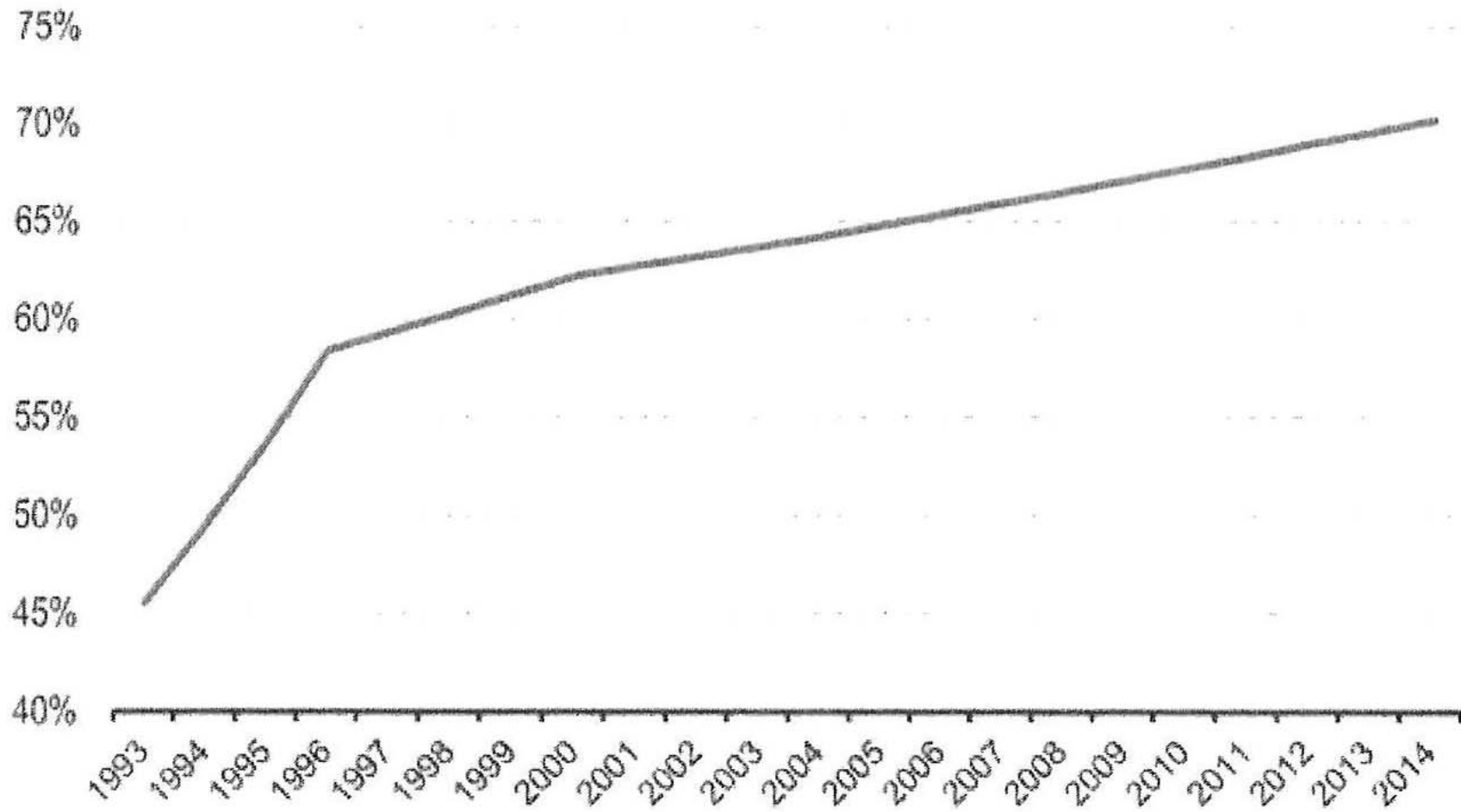
Student Loan Statistics



- 655 Credit Unions are issuing private student loans (*CU Times*).
- 39% of the federal student loans are in deferment and 61% in repayment with an average payment of \$279 per month per borrower (*Department of Education*).
- 71% of graduating students have student loans (Institute for College Access & Success).

More Students Taking on Debt

The percentage of students with loans in each year's graduating class..



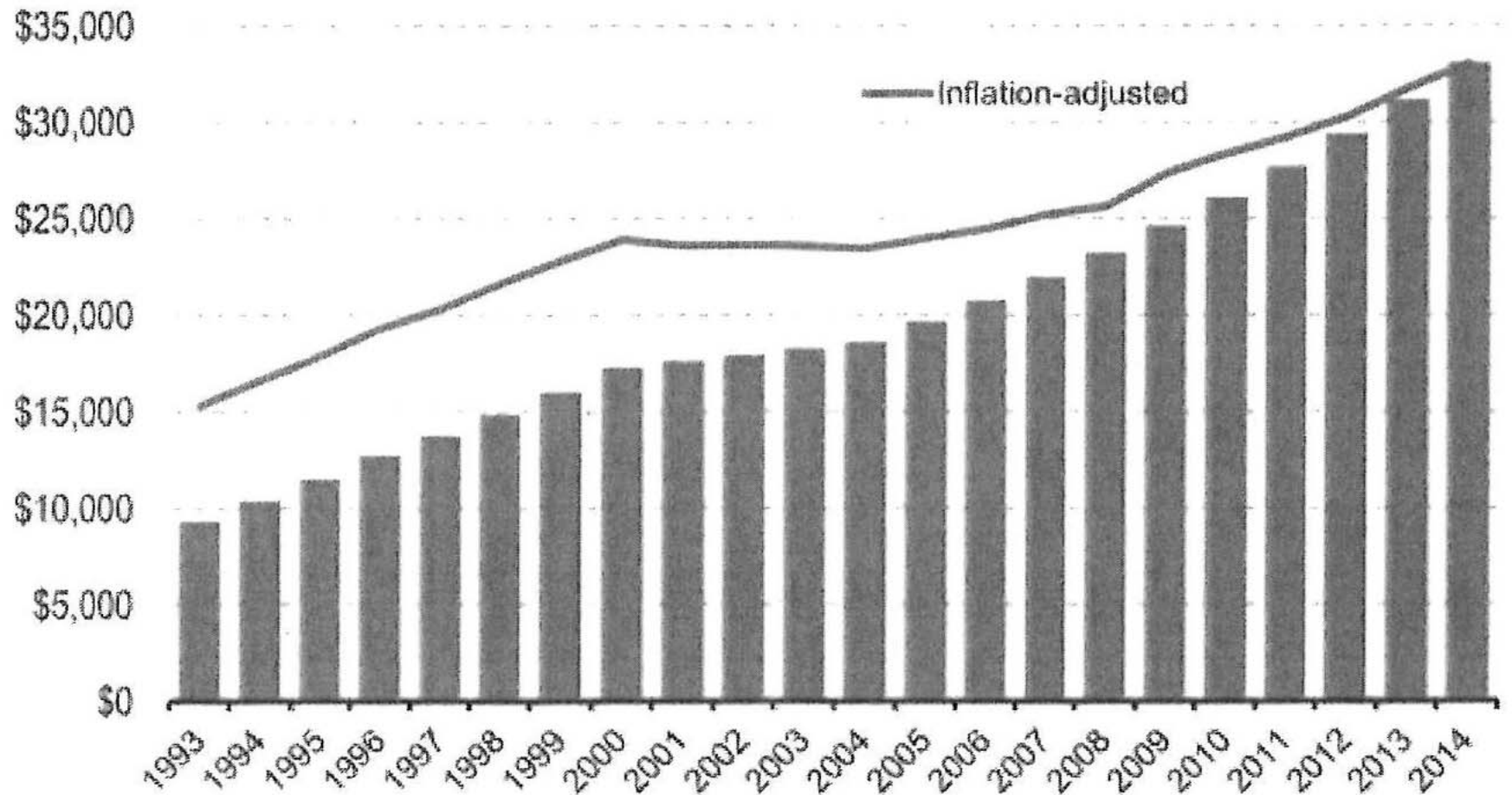
Source: Mark Kantrowitz analysis of National Center for Education Statistics data | WSI.com



- College students and their parents borrowed 22% of college costs during the 2013 - 2014 school year (*CNN Money*). This is down from 27% as a result of more kids going to 2-year schools.
- Those under the age of 30 hold 32% of the student loan debt (FRBNY). Those 30 – 39 hold 34% of the debt.
- The average student loan debt per borrower is \$29,400 (Institute of College Access & Success).
- 2014 graduates average \$33,000 in debt per borrower (Edvisors).

Class of 2014

Average debt per borrower in each year's graduating class.



Source: Mark Kantrowitz analysis of National Center for Education Statistics data | WSJ.com



- Each borrower averages 3.7 loans at \$9,000 each (Experian).
- \$1.2 Trillion in outstanding student loans are now greater than credit card debt and auto loans in America.
- 3.5% of the 40 million student loan borrowers owe more than \$100,000 in student loans (Federal Reserve statistics).
- 15% of current graduate and professional school students graduate with over \$100,000 in debt versus .03% of undergraduate students.



- The federal government in 2011-2012 issued 93% of all student debt (Forbes). Easy loans are correlated to the rising cost of college. Colleges have every incentive to raise the cost knowing that there is an endless supply of money.
- From 2005 to 2012 student loan debt increased 35%, adjusted for inflation, while salaries decreased 2.2% (Wall Street Journal).
- The average FICO score of those age 18-34 with student loans is 640, which is 20 points higher than those without student loans (Experian).



- Student loans are the only loan vehicle where lenders extend credit without knowing the borrowers ability and willingness to repay.
- Borrowers who find themselves unemployed, underemployed or without a degree will find it difficult to repay their student loans.
- Defaulting on student loans will result in lower credit scores, garnishment of wages, seizure of tax returns and taking a portion of Social Security, all without a court order.



- Seven million Americans (2% of the US Population) have been in default of their student loans.
- Those in default have had trouble getting transcripts released and getting hired because of negative credit. According to the Huffington Post in 2011 Tennessee suspended 21 nursing licenses because of defaulted student loans. The Montana Department of Justice from 2009 – 2012 suspended 617 Drivers License to those in default of student loans.
- According to the USA Today if the Federal Government were a private company they would be the most profitable in the world making \$50 billion. That is \$5 billion more than Exxon Mobile.



- How do you address student loan obligations in your loan underwriting?
- When you see a member with student loans what guidance do you offer your staff or the member?

What kinds of federal student loans are available? *(US Department of Education)*



Federal Perkins Loans:

- For undergraduate and graduate students
- Eligibility depends on student's financial need and availability of funds from the college
- Interest rate is 5%
- College is the lender; payment is owed to the college that made the loan
- Undergrad up to \$5,500 per year not to exceed \$27,500
- Grad's up to \$8,000 per year not to exceed \$60,000

What kinds of federal student loans are available? *(US Department of Education)*



Direct Subsidized Loans:

- For undergraduate students who are enrolled at least half-time and demonstrate financial need
- Loans first disbursed on or after July 1, 2014, and before July 1, 2015, interest rate is 4.66%
- Student is not usually charged interest on the loan during certain periods
- The U.S. Department of Education (ED) is the lender; payment is owed to ED
- Origination Fee 1.073%

What kinds of federal student loans are available? *(US Department of Education)*



Direct Unsubsidized Loans:

- For undergraduate and graduate students who are enrolled at least half-time; financial need is not required
- 4.66% interest rate for undergraduate students, and
- 6.21% interest rate for graduate and professional student
- Student is responsible for interest during all periods
- ED is the lender; payment is owed to ED
- \$5,500 - \$20,500 annually
- Origination fee 1.073%

What kinds of federal student loans are available? *(US Department of Education)*



Direct Plus Loans:

- For parents of dependent undergraduate students and for graduate or professional students; financial need is not required
- Student must be enrolled at least half-time and must be either a dependent undergraduate student for whom a parent is taking out a Direct PLUS Loan or a graduate or professional student who is receiving a Direct PLUS Loan
- For loans first disbursed on or after July 1, 2014, and before July 1, 2015, interest rate is 7.21%
- Borrower must not have negative credit history
- Borrower is responsible for interest during all periods
- ED is the lender; payment is owed to ED
- Maximum Amount is the cost of attendance
- Origination fee 4.292%



- The application process starts with the FAFSA or Free Application for Federal Student Aid

Required Entrance Counseling for Federal Loans



The Federal Government requires borrowers to complete entrance counseling before receiving a loan to ensure that they understand their responsibilities and the obligations they are assuming before disbursements can be made.

Topics include:

- Understand Your Loans
- Manage Your Spending
- Plan to Repay
- Avoid Default
- Make Finances a Priority



- **Private Student Loans** are non-federal loans made by a lender such as a bank or credit union state agency or school. Terms and conditions of loans vary by lender. The general consensus is a student should exhaust federal aid before turning to private student loans.

Advantages of the Federal Student Loans (FSL):



- Payments on FSL are not required until you graduate, leave school or change your enrollment status to less than half time.
- FSL have fixed interest rates
- For those who demonstrate a financial need the FSL may be interest free while in school and reduced interest rates thereafter.
- FSL can be obtained without a credit check, with the exception of the Direct Plus Loan
- FSL interest may be tax deductible.
- FSL offer consolidation programs
- FSL offers many repayment options.
- FSL may postpone or defer payments
- FSL has no prepayment fees
- FSL offers loan forgiveness programs

Bankruptcy and Education Loans



Here is the current legislative language, as amended by Section 220 of the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (BAPCPA), P.L. 109-8, effective October 17, 2005:

523(a) Exceptions to discharge

(8) unless excepting such debt from discharge under this paragraph would impose an undue hardship on the debtor and the debtor's dependents, for -- an educational benefit overpayment or loan made, insured, or guaranteed by a governmental unit, or made under any program funded in whole or in part by a governmental unit or nonprofit institution; or an obligation to repay funds received as an educational benefit, scholarship, or stipend; or any other educational loan that is a qualified education loan, as defined in section 221(d)(1) of the Internal Revenue Code of 1986, incurred by a debtor who is an individual;

Bankruptcy and Education Loans



IRS Code

(d) Definitions

For purposes of this section—

(1) Qualified education loan

The term “qualified education loan” means any indebtedness incurred by the taxpayer solely to pay qualified higher education expenses—

(A) which are incurred on behalf of the taxpayer, the taxpayer’s spouse, or any dependent of the taxpayer as of the time the indebtedness was incurred,

(B) which are paid or incurred within a reasonable period of time before or after the indebtedness is incurred, and

(C) which are attributable to education furnished during a period during which the recipient was an eligible student.

Such term includes indebtedness used to refinance indebtedness, which qualifies as a qualified education loan

Bankruptcy and Education Loans



Bankruptcy law exempts Federal and Private education loans and obligations from eligibility for discharge unless doing so would cause the consumer undue hardship. The problem is that undue hardship is not defined within bankruptcy law, leaving the bankruptcy courts to decide what this means.

While all courts are different, many use what's called the Brunner test to determine if requiring a consumer to continue to be responsible for an education debt would cause him or her undue hardship. There are essentially three criteria a consumer has to meet under the Brunner test.

Bankruptcy and Education Loans



First, continuing to pay the loan must cause the borrower to be unable to sustain a minimum standard of living.

Second, the borrower's financial situation must be unlikely to change in the future.

Finally, the borrower must have made a good-faith effort to pay his or her loans.

Examples would be:

50 year-old working a minimum wage or other low paid career.

A person with mental illness who is unable to keep a job.

Bankruptcy and Education Loans



If you pass the Brunner test you need to file an “Adversary Proceeding” to include the education loans in the Discharge.

Chapter XIII has the benefit or making payments based on the bankruptcy plan as opposed to contractual payments.



CU Student Choice, one of the many CUSO's helping credit unions offer private student loans to members wants to make sure their loan is considered an education loan and therefore:

1. Verify the School is certified and only lends to traditional non-profit 4-year schools. (2 year and for-profit schools have lower graduation rates)
2. Verifies the lower cost loans are maximized.
3. Disburse loan proceeds directly to the school

Student Loans and Underwriting Ratios



Lets take a look at four key underwriting ratios, guidelines used by LSCI and how student loans affect these ratios. The four ratios and LSCI guidelines are:

1. Debt to Income - 45% or less
2. Unsecured Debt to Annual Gross Income (AGI) - 25% or less
3. Secured Loans to AGI - 75% or less (50% or less for new borrowers or those with colorful credit)
4. Mortgage Debt to AGI - 2.5 or less

Student Loans and Underwriting Ratios



Typically student loans alters only the Debt to Income, ratio 1 of the above four ratios. At a recent University of Lending the discussion lead to the amount of monthly payments to use in the debt to income ratio when student loans in deferment. Some of the more aggressive CU's did not add a monthly payment on deferred student loans. Rex Johnson the founder of LSCI and class instructor suggested .006 or .6% of the original student loan balance is a good number to use. The class participants came up with three alternatives methods. When researching the Internet I found seven options for student loan repayment plans. These repayment plans include standard, graduated, extended, income based, pay as you earn, income contingent and deferment / forbearance ranging from 10 to 25 year terms.



The following is a chart with estimated monthly payments based on interest rates:

	Rate	120 Mo	300Mo
Direct Subsidized and Unsubsidized for Undergrad	4.66%	1.044%	.565%
Direct Unsubsidized Graduate and Professional	6.21%	1.121%	.657%
Direct Plus	7.21%	1.172%	.720%

To determine the monthly payment amount multiple the original loan amount times the payment factor in the above chart.

Federal Student Loan Repayment Plans:



Standard Repayment Plan: Payments are fixed with terms up to ten years. Minimum payment is \$50 per month.

Extended Repayment Plan: Payments are fixed or graduated with terms up to twenty-five years.

Federal Student Loan Repayment Plans:



Graduated Repayment Plan: If your income is low now, but you expect it to increase steadily over time, this plan may be right for you. Under this plan, your monthly payments start out low and increase every two years. Graduated repayment plans are made for up to 10 years. The payments will never be less than the amount of interest that accrues, and won't be more than three times greater than any other payment.

Federal Student Loan Repayment Plans:



Income-Based Repayment Plan: Income-Based Repayment (IBR) is designed to reduce monthly payments to assist with making your student loan debt manageable. If you need to make lower monthly payments, this plan may be for you. Payments are 10 - 15% of discretionary income (income in excess of 150% of the poverty rate).

Federal Student Loan Repayment Plans:



Pay As You Earn Plan: The Pay As You Earn Repayment Plan helps keep your monthly student loan payments affordable, and usually has the lowest monthly payment amount of the repayment plans that are based on your income. Payments are 10% of discretionary income.

Federal Student Loan Repayment Plans:



Income-Contingent Repayment (ICR) Plan: If you need to make lower Direct Loan payments, but you do not qualify for the IBR or Pay as you earn plans, the ICR Plan may be for you. Payments are the lower of 20% of discretionary income or fixed payments with a twelve-year term.

Federal Student Loan Repayment Plans:



Deferment / Forbearance: Under certain circumstances, you can receive a deferment or forbearance that allows you to temporarily postpone or reduce your federal student loan payments. Postponing or reducing your payments may help you avoid default. Deferment is more consumer-friendly as the interest does not accrue.



Under the IBR, pay as you earn and ICR plans, any remaining loan balance is forgiven if your federal student loans are not fully repaid at the end of the repayment period. For any income-driven repayment plan, the repayment period includes periods of economic hardship deferment and periods of repayment under certain other repayment plans. Whether you ultimately have a balance left to be forgiven at the end of your repayment period depends on a number of factors, such as how quickly your income rises and how large your income is relative to your debt. Because of these factors, you may fully repay your loan prior to the end of your repayment period.



Some may argue student loans are unsecured loans and should be included in Unsecured Debt to AGI, ratio 2. LSCI uses this ratio as a bankruptcy indicator and since student loans are not dischargeable in bankruptcy we recommend you exclude them from this calculation. This ratio identifies the dollar amount as a percentage of AGI one would benefit from filing bankruptcy. We believe your members will be tempted to file bankruptcy once their dischargeable debt exceeds 25% of their AGI. That is 25% of a year's earnings tax-free. Some may hold out for 30 or 35%, however we all have our limit.



Outstanding student loans do not change the Secured Debt to AGI, ratio 3 or the Mortgage Debt to AGI, ratio 4.

When a borrower has student loans outstanding is it reasonable to have the same limits on ratios 2 through 4 as those with no student loans outstanding? If you have student loans up to 50% of your AGI should you also have a car loan to 75% and a mortgage of 2.5 time your AGI?

I see many credit unions take losses on consolidation loans because they fail to realize the impact student loans have on their members. These loans would be great loans if the member did not have the additional burden of student loans. Here is an example of one:

Loan Example #1



- This member was approved for a consolidation loan in the amount of \$16,000. The AGI was \$59,000 working two jobs with \$47,000 from the main job.

Loan
Application
Date

Ordered: 04-08-2013
Date Reported: 04-08-2013
User ID:
Tracking:

DMS
DIGITAL MATRIX
SYSTEMS

Digital Matrix Systems
15301 Spectrum Drive, 2nd Floor
Addison, Texas 75001
www.dms.net

Ref No: _____

Bureaus: XPN

CREDIT REPORT INQUIRY

Borrower	SSN	DOB
Current Address		

CREDIT REPORT SUMMARY

Bureau	Score Name	Score	Score Rank
XPN	EXPERIAN/FAIR ISAAC RISK MODEL V2	709	47% 300 ————— 850
	10 - Ratio of balance to limit on bank revolving or other rev accts too high 08 - Too many inquiries last 12 months 14 - Length of time accounts have been established 09 - Too many accounts recently opened		
XPN	EXPERIAN/FAIR ISAAC AUTO LOAN MODEL V2	698	46% 350 ————— 900
	10 - Ratio of balance to limit on bank revolving or other rev accts too high 14 - Length of time accounts have been established 08 - Too many inquiries last 12 months 11 - Amount owed on revolving accounts is too high		
XPN	EXPERIAN BANKRUPTCY MODEL	575	
	K - Ratio of Bank Revolving balances to credit limits or lack of Bank Revolving account information H - Recently active or lack of Bank, Retail or Finance accounts I - Ratio of balances to total credit limit on all accounts G - Age of oldest reported account		

"A" Credit
Score

Code 10

1017
432
187 -

37% Used

Account Summary							Public Records						
Account Type	# of Accts	Current Balance	Est Monthly Payment	Type	Last Reported	Amount / Status	Count						
Mortgage	1	\$129,518	\$1,017	Bankruptcies			0						
Installment	8	\$31,302	\$0	Foreclosures			0						
Revolving	17	\$14,906	\$432	Repossessions			0						
Open-Ended	1	\$725	\$30	Total Count of Public Records			0						
Monthly Obligation			\$1479	Inquiry History									
				Inquiries in the Last 3 Months						0			
Total Revolving Limit		\$39,953		Inquiries in the Last 6 Months						0			
Revolving Credit Available	63%			Inquiries in the Last 12 Months						4			
Late Payment History	Mortgage			Installment			Revolving			Open-Ended			
	30	60	90+	30	60	90+	30	60	90+	30	60	90+	
	00-12 Months	0	0	0	0	0	0	0	0	0	0	0	
	13-24 Months	0	0	0	0	0	0	0	0	0	0	0	
	25+ Months	0	0	0	0	0	0	0	0	0	0	0	
Tradelines History													
Sum of all Tradelines				27	Months of Mortgage History				12				
Number of Derogatory Tradelines				0	Months of Installment History				65				
Number of Open Tradelines				18	Months of Revolving History				61				
Number of Rated Tradelines				18	Months of Open-Ended History				9				
Number of Paid-As-Agreed Tradelines				23	Number of Collection Records				0				
IDENTIFICATION													
Name			SSN	Drv Lic #		Fraud							
Bureau	Date Deceased	Date of Birth / Age		Date on File		Date Last Act		SSN Match					
<div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> </div>													
XPN													
MISCELLANEOUS ALERTS													
Bureau	Comments												
DMS	*** NO BANKRUPTCIES FOUND IN PUBLIC RECORDS ***												
XPN	Reported via A/R tape												
XPN	FACTA: Address Discrepancy. Reported via A/R tape, but different from inquiry												
XPN	FACTA: Address Discrepancy. Reported via A/R tape, but different from inquiry												
XPN	1202 NAME DOES NOT MATCH OFAC/PLC LIST												
PUBLIC RECORDS													
There were no Public Records found in this report													
TRADELINES													

Never missed a payment

Account Name		Date Open	Date Last Paid	Date Reported	KOB	Type	Status			
Bureau	Account Number	Balance	Limit	Payment	High Credit	Past Due	30	60	90+	MR
BR TOYOTA FSB		07-2012	03-06-2013	03-29-2013	BB	O	11 - This is an account in good standing			
XPN		\$725	\$1,500	\$30	\$813		0	0	0	8
BR CITI		01-2012	03-06-2013	03-25-2013	BC	R	11 - This is an account in good standing			
XPN		\$4,565	\$7,000	\$133	\$5,307		0	0	0	15
BR CHASE		01-2012	03-06-2013	03-25-2013	BC	R	11 - This is an account in good standing			
XPN		\$3,444	\$5,000	\$34	\$4,044		0	0	0	15
BR CITI		01-2012	03-06-2013	03-11-2013	BC	R	11 - This is an account in good standing			
XPN		\$4,870	\$7,000	\$142	\$5,572		0	0	0	14
BR FNB OMAHA		01-2012	03-06-2013	03-08-2013	BC	R	11 - This is an account in good standing			
XPN		\$89	\$4,600	\$10	\$575		0	0	0	14
BR AMEX		03-2011		03-02-2012	BC	R	12 - Account/paid satisfactorily			
XPN				\$1,012			0	0	0	10
BR REGIONS BANKCARD		03-2011	03-06-2013	03-14-2013	BC	R	11 - This is an account in good standing			
XPN		\$1,938	\$5,000	\$52	\$4,905		0	0	0	23
BR CAP ONE		03-2011	12-04-2012	03-10-2013	BC	R	11 - This is an account in good standing			
XPN		\$0	\$2,000	\$3	\$824		0	0	0	24
BR CITI		10-2010		10-18-2012	BC	R	12 - Account/paid satisfactorily			
XPN			\$500				0	0	0	25
BR CAP ONE		10-2010		03-18-2013	BC	R	11 - This is an account in good standing			
XPN		\$0	\$2,000				0	0	0	30

BR CHASE		09-2010	11-29-2011	03-18-2013	BC	R	11 - This is an account in good standing			
XPN		\$0	\$1,000	\$9	\$2,353		0	0	0	30
BR RBS CITIZENS NA		02-2010	12-12-2011	10-15-2012	BC	R	12 - Account/paid satisfactorily			
XPN			\$550		\$1,000		0	0	0	32
HF WFFNATLBNK		12-2009	04-04-2011	10-19-2012	HF	R	12 - Account/paid satisfactorily			
XPN			\$2,700		\$1,144		0	0	0	36
BR DISCOVER FIN SVCS LLC		05-2009	01-03-2010	03-13-2013	BC	R	11 - This is an account in good standing			
XPN		\$0	\$500	\$15	\$290		0	0	0	46
BR CAP ONE		09-2008	05-04-2009	03-26-2013	BC	R	11 - This is an account in good standing			
XPN		\$0	\$1,500	\$15	\$900		0	0	0	55
DS COMENITY BANK/EXPRESS		07-2008	08-20-2008	02-18-2009	CG	R	11 - This is an account in good standing			
XPN		\$0	\$250	\$10	\$210		0	0	0	8
DS MCYDSNB		06-2008	04-04-2011	03-08-2013	DZ	R	11 - This is an account in good standing			
XPN		\$0	\$1,500	\$4	\$572		0	0	0	58
BR FIA CSNA		03-2008	11-09-2012	03-12-2013	BC	R	11 - This is an account in good standing			
XPN		\$0	\$1,500	\$15	\$992		0	0	0	51
MG WELLS FARGO HM MORTGAG		04-2012	03-12-2013	04-01-2013	FM	M	11 - This is an account in good standing			
XPN		\$129,518		\$1,017	\$131,528		0	0	0	9

12 mos

ED SLC CONDUIT I LLC	07-2008	08-17-2011	09-30-2011	BB	I	05 - Account transferred to another office
XPN			\$12,000			0 0 0 39
ED SLC CONDUIT I LLC	07-2008	08-17-2011	09-30-2011	BB	I	05 - Account transferred to another office
XPN			\$8,500			0 0 0 39
ED SALLIE MAE	07-2008	03-15-2013	03-31-2013	EL	I	11 - This is an account in good standing
XPN	\$7,699	\$0	\$8,500			0 0 0 20
ED SALLIE MAE	07-2008	03-15-2013	03-31-2013	EL	I	11 - This is an account in good standing
XPN	\$7,875	\$0	\$8,686			0 0 0 20
ED SLC CONDUIT I LLC	11-2007	08-17-2011	09-30-2011	BB	I	05 - Account transferred to another office
XPN			\$8,500			0 0 0 47
ED SLC CONDUIT I LLC	11-2007	08-17-2011	09-30-2011	BB	I	05 - Account transferred to another office
XPN			\$8,935			0 0 0 47
ED SALLIE MAE	11-2007	03-15-2013	03-31-2013	EL	I	11 - This is an account in good standing
XPN	\$8,058	\$0	\$8,935			0 0 0 20
ED SALLIE MAE	11-2007	03-15-2013	03-31-2013	EL	I	11 - This is an account in good standing
XPN	\$7,670	\$0	\$8,500			0 0 0 20

4 in 12
Months

9

13 in
last 24
Months

INQUIRIES						
Bureau	Date	Inquirer / Creditor			Member	KOB
XPN	09-06-2012	WELLS FARGO INTERNET				WP
XPN	08-31-2012	SOVEREIGN BANK				BB
XPN	06-28-2012	BANK OF AMERICA				BC
XPN	04-30-2012	VERIZON COMMUNICATION				UT
XPN	03-22-2012	KROLL FACTUAL DATA/060				FR
XPN	03-19-2012	BIRCHWOOD CREDIT SERV				FR
XPN	01-31-2012	SOVEREIGN BANK				BB
XPN	01-25-2012	BIRCHWOOD CREDIT SERV				FR
XPN	01-10-2012	CHASE				BC
XPN	01-10-2012	CBNA				BC
XPN	01-10-2012	FNB OMAHA				BC
XPN	01-10-2012	CAP ONE				BC
XPN	04-26-2011	FIA CSNA				BM
AKAS / ALIASES						
There were no AKA's / Aliases found in this report						
ADDRESS HISTORY						
Bureau	Dwell Type	Census Geo	Street		City, State, Zip	
Current / Former	Phone	Phone Date	Date Since	Date Reported	Status	
XPN	S	5107005				
Current			05-2012	11-2012		
XPN	A	1005000				
Former			12-2010	11-2012		
XPN	A	1705004				
2nd Former			03-2010	11-2010		
EMPLOYMENT HISTORY						
Bureau	Employer		Street		City, State, Zip	Phone
Current / Former		Date Hired	Date Verified	Veri Code		Occupation
XPN	INST . CANCER					
Current		08-2012	08-2012			
XPN						
Former		01-2012	01-2012			
CREDITOR CONTACT INFORMATION						
There was no Creditor Contact Info found in this report						



Many members will find it difficult to work two jobs for extended periods. Key ratios are as follows:

	One Job	Two Jobs	LSCI Guidelines
Mortgage Debt to AGI	2.75	2.2	2.5 or less
Unsecured Debt to AGI	32%	25%	25% or less
Vehicle Debt to AGI	0%	0%	50-75%
DTI Student loan deferred	35%	29%	
DTI student loan in repayment using 1% of loan amount	42%	34%	45%

Other Information:

Student & Unsecured Debt / AGI	98%	78%	
Inquiries last 24 months		13	2-3 per year expected
New accounts past 18 months (Exclude Mort)		5	
Balances on these 5 new accounts		\$9,310 (\$517 per month)	



We have concerns with the \$31,300 in four student loans and \$14,906 in unsecured debt. Please note the 13 inquiries, 5 new accounts indicating the member is living on inflated income. In addition the DTI ratio is with no car loan. What type of car does he have? Is it in good shape? How long can he go without a car loan?



Many credit unions have been ignoring student loans in underwriting. Our experience is members with student loans are well represented in CU's delinquencies and charge offs. When you see student loans you need to ask a series of questions:

- Are you still a student?
- What university are you attending?
- What degree do you expect to receive and when?
- What does the job outlook look like?
- What is the expected income level?
- How many additional loans will you need before graduation?



The student loans were opened in 2007 and 2008. Why are they in deferment? Is he back at school?

We believe this member was looking for a quick fix and was not serious about getting out of debt. The many inquiries and new trades lead us to believe this.

Applicant

08/05/2014 - 10:14:26 AM CT

16
months
after loan

Personal Information

Best Name

Other Name(s)

Best Social Security number

Other Social Security number(s)

Date of Birth

Best Address

Other Address(es)

Single-family dwelling

Reported 30 times from 05/10/2012 to 06/19/2014; Last subscriber 2311200 by Update

Apartment complex

Reported 5 times from 12/21/2010 to 11/16/2012 by Update
*Does not match inquiry

Apartment complex

Reported 03/02/2010 to 11/18/2010 by Update
*Does not match inquiry

Best Employer

MENTORS
Reported 05/2014 to 07/2014 by Inquiry

Other Employer(s)

HEALTH CARE
Reported 05/2013 by Inquiry

Messages

Informational Messages

Type

OFAC Message

Message

NAME DOES NOT MATCH OFAC/PLC LIST
0335 F 08TOO MANY INQUIRIES LAST 12 MONTHS
0335 V 08TOO MANY INQUIRIES LAST 12 MONTHS
0335 B X PRESENCE OF RECENT INQUIRIES

Demographics

Telephone

Best Telephone

- Residence
Reported by Inquiry

Other Telephones(s)

- Cellular
Reported by Update

- Residence
Reported by Update

Geo Code

State

County
023

Census Tract
510700

Block Group
5

Metro Area

Fraud ShieldSM Summary

Indicator(s)

Input SSN issued: 2006 - 2010

From 05/01/2014 Inquiry Count for SSN=3

From 05/01/2014 Inquiry Count for Address=7

Inquiry Address

On-file Address

Profile Summary

Disputed Accounts: 0

Delinquency
Counter: (Past 7
years)

30

60

90+

Derog

2

2

8

1

Public Records: 0

Past Due Amount: \$2,268

Total Inquiries:

14

Satisfactory Accts: 37

Installment Bal: \$70,917

Monthly Pay: \$252

Inquiries (Last 6 mo): 4

Now Delinq/Derog: 1

Real Estate Bal: \$126,385

Real Estate Pay: \$976

Total Tradelines: 39

Was Delinq/Derog: 1

Revolving Bal: \$10,626

Revolving Avail: 65%

Paid Accounts: 15

Oldest Tradeline: 11/2007

Inflated Income
\$10,626 / 16 =
\$664/mo.

*Not all trades are included in this calculation

Score Summary

Risk Model	Score	Code	Score Factor Description
Experian/Fair, Isaac Risk Model V2 (Score range: 300 - 850)	565	10	Ratio of balance to limit on bank revolving or other rev accts too high
		13	Time since delinquency is too recent or unknown
		14	Length of time accts have been established
		39	Serious delinquency
Experian/Fair, Isaac Auto Model V2 (Score range: 250 - 900)	552	10	Ratio of balance to limit on bank revolving or other rev accts too high
		13	Time since delinquency is too recent or unknown
		39	Serious delinquency
		09	Too many accounts recently opened
Experian Bankruptcy Model (Score range: 108 - 1200)	825	K	Bk revolving balances to credit limits ratio or lack of revolving acct info
		H	Recently active or lack of bank, retail or finance accounts
		C	Presence of derogatory accounts
		I	Ratio of balances to total credit limit on all accounts

Welcome to "D" street!

← A Code 10
16 months later!

Creditors

Mortgage Accounts

* WELLS FARGO HM MORTGAG / 1995515 / FM - Mortgage Companies

Open Date	Original Amount	Status Date	Past Due	Last Paid Date	Scheduled Payment	Balance Date	Current Balance
04/27/2012	\$131,528	04/2014		06/08/2014	\$976	07/01/2014	\$126,385
Account Condition: Open					Account #:		
Payment Status: Current/was 150 days past due					Responsibility: Individual		
Account Type: Fha Real Estate Loan					Account Terms: 30 Year		
Payment History: (Up to 25 months)					Delinquency Counter: 30 60 90+ Derog		
					(Past 7 years)		
					Worst Delinquency: 1 1 4 0		
					Worst Delinq Date: 24		
					Months Reviewed: 24		

Installment Accounts

* ABC CU INION / 1720994 / FC - Credit Unions

Open Date	Original Amount	Charge Off Amount	Status Date	Past Due	Last Paid Date	Balance Date	Current Balance
04/12/2013	\$14,383	\$13,489	07/2014	\$2,268	03/03/2014	07/15/2014	\$13,489
Account Condition: Unpaid balance reported as loss					Account #:		
Payment Status: 180 days past due					Responsibility: Individual		
Account Type: Unknown - Credit Extension, Review, Or Collection					Account Terms: 48 Month		
Payment History: (Up to 25 months)					Delinquency Counter: 30 60 90+ Derog		
					(Past 7 years)		
					Worst Delinquency: 1 1 4 1		
					Worst Delinq Date: 16		
					Months Reviewed: 16		

Our loan

Paid down
\$894 before
charge off

* SLC CONDUIT I LLC / 1917481 / BB - All Banks -- Non-Specific

Open Date	Original Amount	Status Date	Past Due	Last Paid Date	Balance Date	Current Balance
07/21/2008	\$8,500	09/2011		08/17/2011	09/30/2011	
Account Condition: Transferred				Account #:		
Payment Status:	Paid/zero balance			Responsibility:	Individual	
Account Type:	Education Loan			Account Terms:	300 Month	
Payment History:	Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec			Delinquency Counter:	30	60 90+ Derog
(Up to 25 months)				(Past 7 years)	0	0 0 0 0
	2009			C C C C	Worst Delinquency:	
	2010	C C C C C C C C	C C C C	Worst Delinq Date:		
	2011	C C C C C C C B	B	Months Reviewed: 39		

Note: Student loan - payment deferred

* SLC CONDUIT I LLC / 1917481 / BB - All Banks -- Non-Specific

* SLC CONDUIT I LLC / 1917481 / BB - All Banks -- Non-Specific

Open Date	Original Amount	Status Date	Past Due	Last Paid Date	Balance Date	Current Balance
11/13/2007	\$8,935	09/2011		08/17/2011	09/30/2011	

Account Condition: Transferred
 Payment Status: Paid/zero balance
 Account Type: Education Loan
 Payment History: (Up to 25 months)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2009									C	C	C	C
2010	C	C	C	C	C	C	C	C	C	C	C	C
2011	C	C	C	C	C	C	C	B	B			

Account #:
 Responsibility: Individual
 Account Terms: 300 Month
 Delinquency Counter: (Past 7 years) 30 60 90+ Derog 0 0 0 0
 Worst Delinquency:
 Worst Delinq Date:
 Months Reviewed: 47

Note: Student loan - payment deferred

* SLC CONDUIT I LLC / 1917481 / BB - All Banks -- Non-Specific

Open Date	Original Amount	Status Date	Past Due	Last Paid Date	Balance Date	Current Balance
11/13/2007	\$8,500	09/2011		08/17/2011	09/30/2011	

Account Condition: Transferred
 Payment Status: Paid/zero balance
 Account Type: Education Loan
 Payment History: (Up to 25 months)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2009									C	C	C	C
2010	C	C	C	C	C	C	C	C	C	C	C	C
2011	C	C	C	C	C	C	C	B	B			

Account #:
 Responsibility: Individual
 Account Terms: 300 Month
 Delinquency Counter: (Past 7 years) 30 60 90+ Derog 0 0 0 0
 Worst Delinquency:
 Worst Delinq Date:
 Months Reviewed: 47

Note: Student loan - payment deferred

* SLC CONDUIT I LLC / 1917481 / BB - All Banks -- Non-Specific

Open Date	Original Amount	Status Date	Past Due	Last Paid Date	Balance Date	Current Balance
07/21/2008	\$12,000	09/2011		08/17/2011	09/30/2011	

Account Condition: Transferred
 Payment Status: Paid/zero balance
 Account Type: Education Loan
 Payment History: (Up to 25 months)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2009									C	C	C	C
2010	C	C	C	C	C	C	C	C	C	C	C	C
2011	C	C	C	C	C	C	C	B	B			

Account #:
 Responsibility: Individual
 Account Terms: 300 Month
 Delinquency Counter: (Past 7 years) 30 60 90+ Derog 0 0 0 0
 Worst Delinquency:
 Worst Delinq Date:
 Months Reviewed: 39

Note: Student loan - payment deferred

SANTANDER BANK NA / 2164880 / BB - All Banks -- Non-Specific

Open Date	Original Amount	Status Date	Past Due	Last Paid Date	Balance Date	Current Balance
02/07/2012	\$10,000	01/2013		05/08/2012	01/01/2013	

Account Condition: Paid/zero balance
 Payment Status: Current
 Account Type: Unsecured Loan
 Payment History: (Up to 25 months)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012												
2013	B											

Account #:
 Responsibility: Individual
 Account Terms: 36 Month
 Delinquency Counter: (Past 7 years) 30 60 90+ Derog 0 0 0 0
 Worst Delinquency:
 Worst Delinq Date:
 Months Reviewed: 1

* SALLIE MAE / 1993837 / EL - Student Loans

Open Date	Original Amount	Status Date	Past Due	Last Paid Date	Scheduled Payment	Balance Date	Current Balance
11/20/2007	\$8,500	07/2014		03/15/2013	\$0	07/31/2014	\$8,090

Account Condition: Open

* SALLIE MAE / 1993837 / EL - Student Loans

Payment Status: Current
 Account Type: Education Loan
 Payment History: Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec
 (Up to 25 months) 2012 C C C C C C C C C C C C
 2013 C C - - - - - - - - - - -
 2014 - - - - - - C
 Responsibility: Individual
 Account Terms: 300 Month
 Delinquency Counter: 30 60 90+ Derog
 (Past 7 years) 0 0 0 0
 Worst Delinquency:
 Worst Delinq Date:
 Months Reviewed: 36

Note: Student loan - payment deferred

* SALLIE MAE / 1993837 / EL - Student Loans

Open Date	Original Amount	Status Date	Past Due	Last Paid Date	Scheduled Payment	Balance Date	Current Balance
07/29/2008	\$8,500	07/2014		03/15/2013	\$0	07/31/2014	\$8,120

Account Condition: Open
 Payment Status: Current
 Account Type: Education Loan
 Payment History: Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec
 (Up to 25 months) 2012 C C C C C C C C C C C C
 2013 C C - - - - - - - - - - -
 2014 - - - - - - C
 Account #: Individual
 Responsibility: Individual
 Account Terms: 300 Month
 Delinquency Counter: 30 60 90+ Derog
 (Past 7 years) 0 0 0 0
 Worst Delinquency:
 Worst Delinq Date:
 Months Reviewed: 36

Note: Student loan - payment deferred

* SALLIE MAE / 1993837 / EL - Student Loans

Open Date	Original Amount	Status Date	Past Due	Last Paid Date	Scheduled Payment	Balance Date	Current Balance
11/20/2007	\$8,935	07/2014		03/15/2013	\$0	07/31/2014	\$8,803

Account Condition: Open
 Payment Status: Current
 Account Type: Education Loan
 Payment History: Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec
 (Up to 25 months) 2012 C C C C C C C C C C C C
 2013 C C - - - - - - - - - - -
 2014 - - - - - - C
 Account #: Individual
 Responsibility: Individual
 Account Terms: 300 Month
 Delinquency Counter: 30 60 90+ Derog
 (Past 7 years) 0 0 0 0
 Worst Delinquency:
 Worst Delinq Date:
 Months Reviewed: 36

Note: Student loan - payment deferred

* SALLIE MAE / 1993837 / EL - Student Loans

Open Date	Original Amount	Status Date	Past Due	Last Paid Date	Scheduled Payment	Balance Date	Current Balance
07/29/2008	\$8,686	07/2014		03/15/2013	\$0	07/31/2014	\$8,603

Account Condition: Open
 Payment Status: Current
 Account Type: Education Loan
 Payment History: Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec
 (Up to 25 months) 2012 C C C C C C C C C C C C
 2013 C C - - - - - - - - - - -
 2014 - - - - - - C
 Account #: Individual
 Responsibility: Individual
 Account Terms: 300 Month
 Delinquency Counter: 30 60 90+ Derog
 (Past 7 years) 0 0 0 0
 Worst Delinquency:
 Worst Delinq Date:
 Months Reviewed: 36

Note: Student loan - payment deferred

* US DEPT OF ED/GLELSI / 1132610 / EL - Student Loans

Open Date	Original Amount	Status Date	Past Due	Last Paid Date	Balance Date	Current Balance
01/15/2014	\$12,500	06/2014			06/30/2014	\$12,500

Account Condition: Open
 Payment Status: Current
 Account Type: Education Loan
 Payment History:
 Account #: Individual
 Responsibility: Individual
 Account Terms: Unknown
 Delinquency

9 mos
after loan

1 mo.
after loan

* FIA CSNA / 1214758 / BC - Bank Credit Cards

Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Worst Delinquency:
2012 C C C C C C C C C C C C Worst Delinq Date:
2013 C C C 0 B Months Reviewed: 53

Note: Purchased by another lender

* THD/CBNA / 3178962 / BC - Bank Credit Cards

Open Date	Credit Limit	Status Date	Past Due	Last Paid Date	Balance Date	Current Balance
05/17/2013	\$500	05/2014			05/23/2014	

Account Condition: Paid/zero balance
Payment Status: Current
Account Type: Revolving Charge Account
Payment History: (Up to 25 months)

Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec	Delinquency Counter: (Past 7 years)	30	60	90+	Derog
2013 0 0 0 0 0 0 0 0 0 0 0 0		0	0	0	0
2014 0 0 0 0 0 B					

Account #: Responsibility: Individual
Account Terms: Revolving
Worst Delinquency: 13
Worst Delinq Date: 13
Months Reviewed: 13

Note: Account closed at credit grantor's request

* DISCOVER FIN SVCS LLC / 3276502 / BC - Bank Credit Cards

Open Date	Credit Limit	High Balance	Status Date	Past Due	Last Paid Date	Balance Date	Current Balance
05/31/2009	\$500	\$290	09/2013		01/03/2010	09/13/2013	

Account Condition: Paid/zero balance
Payment Status: Current
Account Type: Credit Card, Terms REV
Payment History: (Up to 25 months)

Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec	Delinquency Counter: (Past 7 years)	30	60	90+	Derog
2011 0 0 0 0 0 0 0 0 0 0 0 0		0	0	0	0
2012 0 0 0 0 0 0 0 0 0 0 0 0		0	0	0	0
2013 0 0 0 0 0 0 0 0 0 B					

Account #: Responsibility: Individual
Account Terms: Revolving
Worst Delinquency: 52
Worst Delinq Date: 52
Months Reviewed: 52

Note: Account closed at consumer's request

* CITI / 1260847 / BC - Bank Credit Cards

Open Date	Credit Limit	High Balance	Status Date	Past Due	Last Paid Date	Balance Date	Current Balance
01/14/2012	\$7,000	\$5,572	07/2013		06/12/2013	07/09/2013	

Account Condition: Paid/zero balance
Payment Status: Current
Account Type: Credit Card, Terms REV
Payment History: (Up to 25 months)

Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec	Delinquency Counter: (Past 7 years)	30	60	90+	Derog
2012 C C C C C C C C C C C C		0	0	0	0
2013 C C C C C C C B					

Account #: Responsibility: Individual
Account Terms: Revolving
Worst Delinquency: 18
Worst Delinq Date: 18
Months Reviewed: 18

Note: Account closed at consumer's request

* WFFNATLBNK / 1366650 / HF - Home Furnishings Stores

Open Date	Credit Limit	High Balance	Status Date	Past Due	Last Paid Date	Balance Date	Current Balance
12/04/2009	\$2,700	\$1,144	10/2012		04/04/2011	10/19/2012	

Account Condition: Paid/zero balance
Payment Status: Current
Account Type: Revolving Charge Account
Payment History: (Up to 25 months)

Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec	Delinquency Counter: (Past 7 years)	30	60	90+	Derog
2010 C C C C C C C C C C C C		0	0	0	0
2011 C C C C 0 0 0 0 0 0 0 0		0	0	0	0
2012 0 0 0 0 0 0 0 0 0 B					

Account #: Responsibility: Individual
Account Terms: Revolving
Worst Delinquency: 54
Worst Delinq Date: 54
Months Reviewed: 54

* WFFNATLBNK / 1366650 / HF - Home Furnishings Stores

Months Reviewed: 36

Note: Account closed at credit grantor's request

* CITI / 1240000 / BC - Bank Credit Cards

Open Date	Credit Limit	Status Date	Past Due	Last Paid Date	Balance Date	Current Balance
10/06/2010	\$500	10/2012			10/18/2012	

Account Condition: Paid/zero balance Account #:

Payment Status: Current Responsibility: Individual

Account Type: Credit Card, Terms REV Account Terms: Revolving

Payment History: (Up to 25 months)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Delinquency Counter: (Past 7 years)	30	60	90+	Derog
2010										C	0	0	0	0	0	0	0
2011	0	0	0	0	0	0	0	0	0	C	0	0	0	0	0	0	0
2012	0	0	0	0	0	0	0	0	0	B							

Worst Delinquency: Worst Delinq Date: Months Reviewed: 25

Note: Account closed at credit grantor's request

RBS CITIZENS NA / 1248470 / BC - Bank Credit Cards

Open Date	Credit Limit	High Balance	Status Date	Past Due	Last Paid Date	Balance Date	Current Balance
02/27/2010	\$550	\$1,000	10/2012		12/12/2011	10/15/2012	

Account Condition: Paid/zero balance Account #:

Payment Status: Current Responsibility: Individual

Account Type: Credit Card, Terms REV Account Terms: Revolving

Payment History: (Up to 25 months)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Delinquency Counter: (Past 7 years)	30	60	90+	Derog
2010										C	C	C	0	0	0	0	0
2011	C	C	C	C	C	C	C	C	C	C	C	C	0	0	0	0	0
2012	C	0	0	0	0	0	0	0	0	B							

Worst Delinquency: Worst Delinq Date: Months Reviewed: 32

* AMEX / 1229200 / BC - Bank Credit Cards

Open Date	High Balance	Status Date	Past Due	Last Paid Date	Balance Date	Current Balance
03/06/2011	\$1,012	03/2012			03/02/2012	

Account Condition: Paid/zero balance Account #:

Payment Status: Current Responsibility: Individual

Account Type: Credit Card, Terms REV Account Terms: 1 Month

Payment History: (Up to 25 months)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Delinquency Counter: (Past 7 years)	30	60	90+	Derog
2011						0	0	0	0	C	C	C	0	0	0	0	0
2012	C	C	B														

Worst Delinquency: Worst Delinq Date: Months Reviewed: 10

Note: Account closed at consumer's request

TOYOTA FSB / 1440470 / BB - All Banks -- Non-Specific

Open Date	Credit Limit	High Balance	Status Date	Past Due	Last Paid Date	Scheduled Payment	Balance Date	Current Balance
07/01/2012	\$1,800	\$1,673	07/2014		07/10/2014	\$46	07/31/2014	\$1,245

Account Condition: Open Account #:

Payment Status: Current Responsibility: Individual

Account Type: Credit Card, Terms REV Account Terms: Revolving

Payment History: (Up to 25 months)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Delinquency Counter: (Past 7 years)	30	60	90+	Derog
2012									0	C	0	0	0	0	0	0	0
2013	C	C	C	C	C	C	C	C	C	C	C	C	0	0	0	0	0
2014	C	C	C	C	C	C	C										

Worst Delinquency: Worst Delinq Date: Months Reviewed: 24

WF CRD SVC / 3270007 / BC - Bank Credit Cards

1 mo.
after loan

WF CRD SVC / 3270007 / BC - Bank Credit Cards

Open Date	Credit Limit	Status Date	Past Due	Last Paid Date	Balance Date	Current Balance
05/24/2013	\$1,000	07/2014			07/28/2014	\$0
Account Condition: Open						
Payment Status: Current				Account #:		
Account Type: Credit Card, Terms REV				Responsibility: Individual		
Payment History: (Up to 25 months)				Account Terms: Revolving		
				Delinquency Counter: 30 60 90+ Derog		
2013				(Past 7 years)		
2014				Worst Delinquency: 0 0 0 0		
				Worst Delinq Date:		
				Months Reviewed: 15		

CHASE / 3182310 / BC - Bank Credit Cards

Open Date	Credit Limit	High Balance	Status Date	Past Due	Last Paid Date	Scheduled Payment	Balance Date	Current Balance
01/10/2012	\$5,000	\$4,044	07/2014		04/19/2013	\$34	07/27/2014	\$0
Account Condition: Open								
Payment Status: Current				Account #:				
Account Type: Credit Card, Terms REV				Responsibility: Individual				
Payment History: (Up to 25 months)				Account Terms: Revolving				
				Delinquency Counter: 30 60 90+ Derog				
2012				(Past 7 years)				
2013				Worst Delinquency: 0 0 0 0				
2014				Worst Delinq Date:				
				Months Reviewed: 31				

5 mos
after loan

DISCOVER FIN SVCS LLC / 3276502 / BC - Bank Credit Cards

Open Date	Credit Limit	High Balance	Status Date	Past Due	Last Paid Date	Scheduled Payment	Balance Date	Current Balance
09/13/2013	\$2,500	\$2,488	07/2014		07/10/2014	\$45	07/27/2014	\$2,214
Account Condition: Open								
Payment Status: Current				Account #:				
Account Type: Credit Card, Terms REV				Responsibility: Individual				
Payment History: (Up to 25 months)				Account Terms: Revolving				
				Delinquency Counter: 30 60 90+ Derog				
2013				(Past 7 years)				
2014				Worst Delinquency: 0 0 0 0				
				Worst Delinq Date:				
				Months Reviewed: 10				

CAP ONE / 1270246 / BC - Bank Credit Cards

Open Date	Credit Limit	High Balance	Status Date	Past Due	Last Paid Date	Scheduled Payment	Balance Date	Current Balance
09/03/2008	\$1,500	\$900	07/2014		05/04/2009	\$15	07/26/2014	\$0
Account Condition: Open								
Payment Status: Current				Account #:				
Account Type: Credit Card, Terms REV				Responsibility: Individual				
Payment History: (Up to 25 months)				Account Terms: Revolving				
				Delinquency Counter: 30 60 90+ Derog				
2012				(Past 7 years)				
2013				Worst Delinquency: 0 0 0 0				
2014				Worst Delinq Date:				
				Months Reviewed: 71				

6 mos
after loan

BK OF AMER / 1230206 / BC - Bank Credit Cards

Open Date	Credit Limit	Status Date	Past Due	Last Paid Date	Balance Date	Current Balance
10/24/2013	\$500	07/2014			07/24/2014	\$0
Account Condition: Open						
Payment Status: Current				Account #:		
Account Type: Credit Card, Terms REV				Responsibility: Individual		
Payment History:				Account Terms: Revolving		
				Delinquency		

BK OF AMER / 1230206 / BC - Bank Credit Cards

(Up to 25 months)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Counter: (Past 7 years)	30	60	90+	Derog
2013										C	-	-	0	0	0	0	0
2014	-	-	-	-	-	-	-	-	-	-	-	-					

Worst Delinquency:
Worst Delinq Date:
Months Reviewed: 10

CITI / 1260847 / BC - Bank Credit Cards

Open Date	Credit Limit	High Balance	Status Date	Past Due	Last Paid Date	Scheduled Payment	Balance Date	Current Balance
01/11/2012	\$3,500	\$5,307	07/2014		04/26/2013	\$20	07/22/2014	\$39

Account Condition: Open
Payment Status: Current
Account Type: Credit Card, Terms REV
Payment History: (Up to 25 months)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Delinquency Counter: (Past 7 years)	30	60	90+	Derog
2012								C	C	C	C	C	0	0	0	0	0
2013	C	C	C	C	C	0	0	0	0	0	0	0					
2014	C	0	0	0	0	0	0	C									

Worst Delinquency:
Worst Delinq Date:
Months Reviewed: 31

CHASE / 3182310 / BC - Bank Credit Cards

Open Date	Credit Limit	High Balance	Status Date	Past Due	Last Paid Date	Scheduled Payment	Balance Date	Current Balance
09/22/2010	\$1,000	\$2,353	07/2014		11/29/2011	\$9	07/20/2014	\$0

Account Condition: Open
Payment Status: Current
Account Type: Credit Card, Terms REV
Payment History: (Up to 25 months)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Delinquency Counter: (Past 7 years)	30	60	90+	Derog
2012								C	C	C	C	C	0	0	0	0	0
2013	C	C	C	C	C	C	C	C	C	C	C	C					
2014	C	C	C	C	C	C	0										

Worst Delinquency:
Worst Delinq Date:
Months Reviewed: 46

FNB OMAHA / 0203010 / BC - Bank Credit Cards

1 mo.
after loan

Open Date	Credit Limit	High Balance	Status Date	Past Due	Last Paid Date	Scheduled Payment	Balance Date	Current Balance
05/01/2013	\$1,400	\$1,500	07/2014		07/10/2014	\$28	07/19/2014	\$1,293

Account Condition: Open
Payment Status: Current
Account Type: Credit Card, Terms REV
Payment History: (Up to 25 months)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Delinquency Counter: (Past 7 years)	30	60	90+	Derog
2013								C	C	C	C	C	0	0	0	0	0
2014	C	C	C	C	C	C	C										

Worst Delinquency:
Worst Delinq Date:
Months Reviewed: 14

CAP ONE / 1270246 / BC - Bank Credit Cards

Open Date	Credit Limit	Status Date	Past Due	Last Paid Date	Balance Date	Current Balance
10/06/2010	\$2,000	07/2014			07/18/2014	\$0

Account Condition: Open
Payment Status: Current
Account Type: Credit Card, Terms REV
Payment History: (Up to 25 months)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Delinquency Counter: (Past 7 years)	30	60	90+	Derog
2012								0	0	0	0	0	0	0	0	0	0
2013	0	0	0	0	0	0	0	0	0	0	0	0					
2014	0	0	0	0	0	0	0										

Worst Delinquency:
Worst Delinq Date:
Months Reviewed: 46

AMEX / 1229200 / BC - Bank Credit Cards

Open Date	Credit Limit	High Balance	Status Date	Past Due	Last Paid Date	Balance Date	Current Balance
05/17/2011	\$6,100	\$6,159	07/2014			07/16/2014	\$5,835
Account Condition: Open					Account #:		
Payment Status: Current					Responsibility:		Individual
Account Type: Credit Card, Terms REV					Account Terms:		Revolving
Payment History: (Up to 25 months)					Delinquency Counter:		30 60 90+ Derog
2013					(Past 7 years)		0 0 0 0
2014 C C C C C C C C					Worst Delinquency:		
					Worst Delinq Date:		
					Months Reviewed:		14

SANTANDER BANK NA / 1510883 / BC - Bank Credit Cards

Open Date	Credit Limit	Status Date	Past Due	Last Paid Date	Balance Date	Current Balance
03/10/2008	\$1,500	07/2014			07/15/2014	\$0
Account Condition: Open				Account #:		
Payment Status:	Current				Responsibility:	Individual
Account Type:	Credit Card, Terms REV				Account Terms:	Revolving
Payment History: (Up to 25 months)	Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec	Delinquency Counter: (Past 7 years)			30 60 90+ Derog	
	2013	C C C			0 0 0 0	
	2014	C C C C C C 0				
		Worst Delinquency:				
		Worst Delinq Date:				
		Months Reviewed:			10	

FNB OMAHA / 0203010 / BC - Bank Credit Cards

Open Date	Credit Limit	High Balance	Status Date	Past Due	Last Paid Date	Scheduled Payment	Balance Date	Current Balance							
01/01/2012	\$1,000	\$575	07/2014		04/08/2013	\$10	07/10/2014	\$0							
Account Condition: Open					Account #:										
Payment Status: Current					Responsibility: Individual										
Account Type: Credit Card, Terms REV					Account Terms: Revolving										
Payment History: (Up to 25 months)					Delinquency Counter: (Past 7 years)										
2012					C	C	C	C	C	C	30	60	90+	Derog	
2013					C	C	C	C	0	0	0	0	0	0	0
2014					0	0	0	0	0	0	0				
					Worst Delinquency:										
					Worst Delinq Date:										
					Months Reviewed:				30						

CAP ONE / 1270246 / BC - Bank Credit Cards

Open Date	Credit Limit	High Balance	Status Date	Past Due	Last Paid Date	Scheduled Payment	Balance Date	Current Balance		
03/11/2011	\$2,000	\$824	07/2014		12/04/2012	\$3	07/10/2014	\$0		
Account Condition: Open						Account #:				
Payment Status: Current						Responsibility:	Individual			
Account Type: Credit Card, Terms REV						Account Terms:	Revolving			
Payment History: (Up to 25 months)						Delinquency Counter:	30	60	90+	Derog
2012						(Past 7 years)	0	0	0	0
2013						Worst Delinquency:				
2014						Worst Delinq Date:				
						Months Reviewed:	40			

MCYDSNB / 1362830 / DZ - Department And Variety Stores -- Non-Specific

Open Date	Credit Limit	High Balance	Status Date	Past Due	Last Paid Date	Scheduled Payment	Balance Date	Current Balance
06/06/2008	\$100	\$572	07/2014		04/04/2011	\$4	07/08/2014	\$0
Account Condition: Open					Account #:			
Payment Status: Current					Responsibility:	Individual		
Account Type: Revolving Charge Account					Account Terms:	Revolving		
Payment History:					Delinquency			

MCYDSNB / 1362830 / DZ - Department And Variety Stores -- Non-Specific

(Up to 25 months)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Counter: (Past 7 years)	30	60	90+	Derog
2012								0	0	0	0	0	0	0	0	0	0
2013	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2014	0	0	0	0	0	0	0	0									

Worst Delinquency:
Worst Delinq Date:
Months Reviewed: 74

COMENITY BANK/EXPRESS / 1348760 / CG - General Clothing Store

Open Date	Credit Limit	High Balance	Status Date	Past Due	Last Paid Date	Scheduled Payment	Balance Date	Current Balance
07/21/2008	\$250	\$210	02/2009		08/20/2008	\$10	02/18/2009	\$0

Account Condition: Inactive
Payment Status: Current
Account Type: Revolving Charge Account
Payment History: Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec
(Up to 25 months)

2008	2009	0	0										Delinquency Counter: (Past 7 years)	30	60	90+	Derog
	0	0											0	0	0	0	0

Worst Delinquency:
Worst Delinq Date:
Months Reviewed: 8

Inquiries

Date	Subscriber	Amount	Type	Terms
07/23/2014	ABC CREDIT UNION / 1720094 / Credit Unions	UNK	Unknown - Credit Extension, Review, Or Collection	N/A
07/21/2014	SANTANDER BANK NA / 2160361 / All Banks -- Non-Specific	UNK	Unknown - Credit Extension, Review, Or Collection	N/A
05/21/2014	SANTANDER BANK NA / 2160361 / All Banks -- Non-Specific	UNK	Unknown - Credit Extension, Review, Or Collection	N/A
02/24/2014	STRATEGIC INFORMATION / 1973444 / Mortgage Reporters	UNK	Real Estate Specific Type Unknown	N/A
10/15/2013	BK OF AMER / 1928303 / Bank Credit Cards	UNK	Unknown - Credit Extension, Review, Or Collection	N/A
05/26/2013	CAP ONE / 1214383 / Bank Credit Cards	UNK	Unknown - Credit Extension, Review, Or Collection	N/A
05/23/2013	DISCOVER FINANCIAL SER / 1922526 / Bank Credit Cards	UNK	Unknown - Credit Extension, Review, Or Collection	N/A
05/23/2013	ACS/MASS EDU FIN AUTH / 6996216 / Student Loans	UNK	Unknown - Credit Extension, Review, Or Collection	N/A
05/17/2013	AMEX / 1234990 / Bank Credit Cards	UNK	Unknown - Credit Extension, Review, Or Collection	N/A
05/17/2013	WF CRD SVC / 3205930 / Bank Credit Cards	UNK	Unknown - Credit Extension, Review, Or Collection	N/A
05/17/2013	FNB OMAHA / 0203040 / Bank Credit Cards	UNK	Unknown - Credit Extension, Review, Or Collection	N/A
04/08/2013	ABC CREDIT UNION / 1720094 / Credit Unions	UNK	Unknown - Credit Extension, Review, Or Collection	N/A
09/06/2012	WELLS FARGO INTERNET / 2192450 / Credit Card Processors	UNK	Unknown - Credit Extension, Review, Or Collection	N/A
08/31/2012	SANTANDER BANK NA / 2160361 / All Banks -- Non-Specific	UNK	Unknown - Credit Extension, Review, Or Collection	N/A

END -- Experian Credit Profile Report

10
inquiries
16 mos.
after our
loan



A review of his credit report after charge off reflects 10 new inquiries and 8 new trade lines, including student loans shortly after the consolidation loan. A better interview would have identified the problem and avoid this charge off.



I recommend a new ratio for those with student loans. Unsecured debt plus student loans to Annual Gross Income. If this ratio is over 50% you must use caution when structuring new loans. Members with excessive student loans may file bankruptcy when dischargeable debt is less than 25% of their AGI. The student loans may not be discharged in bankruptcy, however the extra student loan debt pressures the member to get rid of any debt they can. You have to have a conversation with the member about bankruptcy and their attitude about it.



Let your members know all the reasons you like the loan and you want to do everything you can to help them out. Tell them you lend out federally insured money and you have examiners that must be satisfied. Ask them for approval to ask personal questions. Once you get their approval, ask if they have ever considered filing bankruptcy. No right or wrong answer. Let them know that it's OK to file bankruptcy. If they file bankruptcy we want them to file now, before our consolidation loan. If they file after we consolidate their bills we will take the loss while the high interest rate lenders receive full payment with interest. Once you have an understanding on the member's attitude about bankruptcy it should be easier to come up with a solution.

Loan Example #2



Let me share with you an experience I had at a credit union I was working with. The following are loan notes. The member names were changed to protect their identities.

“Connie came in and was embarrassed about an NSF fee on their account. She was talking with a MSR and they suggested for her to talk with a Loan Specialist to see what we could be done to assist them. Connie came in and did a credit review with a Loan Specialist. After reviewing everything, we thought the best option was to refer them to a credit counselor for assistance with the credit card debt. Bob from LSCI was visiting and wanted to talk with Connie and Sam to see if there may be a different way to handle it.



Connie & Sam have been members of the credit union for 15 years and we have their payrolls coming in. Connie works for the local clinic as a surgical tech. Sam is a general manager at a local restaurant. This is a good job and he is currently making \$52,000 a year. Connie reduced her hours down to 20 hours a week in 2010 to return to school. She graduated in August of 2013 with her BA of Science & Nursing. Since then, she has been studying for her boards, which were in April. Once she passes her boards, she will increase her pay to \$27.50 per hour from \$23.45. If she should not pass them, she will be able to maintain her current job at her current pay rate.



They currently have 2 vehicles, 2012 Forrester & 2011 Legacy. The Legacy is on lease with approximately \$5,800 left. The Forrester is at 3.97% and they owe approximately \$15,400. Both vehicles are in good shape. They bought their home in 2009. Since buying the home, they have remodeled their daughter's bathroom, re-roofed the back patio and partially finished the basement. Connie has a 401K with approximately \$40,000 in it. Sam does not have any 401K.

Connie & Sam have used their credit cards to live on since Connie went part time. This is amounted to over \$33,000 in unsecured debt. Bankruptcy is not an option for them. They feel like bankruptcy is a "cop out" and would make them feel like failures. She has student loans that are coming due. They are struggling financially and need assistance."



Pretty good loan notes! How does your CU compare? I remember the calls well. The husband was more adamant about not filing bankruptcy and stated that if he filed bankruptcy he would be a failure in the eyes of his recently deceased father. It was a quite powerful statement. We even discussed the strength of their relationship. Large unsecured debt consolidations loans are only as strong as the marriage. A divorce would certainly result in a bankruptcy and charge-off.

The following is a list of their non-student loan unsecured obligations:

Creditor	Balance	Monthly Payment
Kohl's	\$1,441	\$184
Marathon	\$1,230	\$62
Levin	\$2,668	\$94
Pottery Barn	\$716	\$73
Care Credit	\$1,599	\$87
Care Credit	\$3,300	\$138
Milestone	\$681	\$157
Best Buy	\$1,645	\$54
Best Buy	\$1,985	\$152
Citi Card	\$7,491	\$235
Sears	\$1,237	\$40
Discover	\$1,388	\$47
Discover	\$5,019	\$101
Citi Card	\$3,427	\$81
Total	\$33,825	\$1,505

This is a list of their student loan obligations:

Loan	Balance	Monthly Payment
Student loan 1	\$41,800	\$259
Student loan 2	\$10,100	\$177
Student loan 3	\$10,100	\$177
Student loan 4	\$11,000	\$233
Student loan 5	\$24,500	\$200 (In Deferment)
Total Student Loans	\$97,500	\$1,046



One of the loan officers at the credit union has experience working with members and consolidating federal student loans. After discussion with this member we recommended they contact the appropriate authorities and consolidate her student loans. She came back with the following solution. She was able to consolidate five loans into one with a balance of \$97,500 and starting monthly payments of \$400, reducing her monthly payments by \$646 per month. This is not a fixed payment and the monthly payment will increase every 2 years for a total of 12 times making it a 25-year repayment plan.

Once the member reduced their student loan payments \$646 per month the credit union was able to come up with a consolidation loan that made sense. A financial makeover was complete:

Before:	Balance	Payment
14 Unsecured Loans (non-student loans)	\$33,825	\$1,505
5 Student Loans	<u>\$97,500</u>	<u>\$1,046</u>
19 Total Loans	\$131,325	\$2,551
DTI 71% with Connie Part Time		

After:	Balance	Payment
One Signature loan (\$800 cash out)	\$34,625	\$893
One Student Loan	<u>\$97,500</u>	<u>\$400</u>
Total	\$132,125	\$1,293
DTI 39% with Connie Full Time, 36% if she gets her raise		

Reducing the member's monthly obligations by \$1,258!

Finance Charges to be collected by the CU - \$18,955

Continuing a lifelong relationship with these members – priceless!

The loan was closed using a Letter of Understanding:

Letter of Understanding - Debt Consolidation Loans

You have requested a debt consolidation loan from XYZ Credit Union. Your motivation for requesting such a loan at this time:

You are not happy with the interest rates you are currently paying on your credit cards. Your balances don't appear to be going down due to the minimum payment requirements and the interest rates. The credit card companies keep tacking on fees and adjusting your rates. You can more easily handle one payment rather than multiple payments.

The credit union is happy to offer this service to you and is pleased you have made this decision to become debt-free. Based on the payment and rates we agreed upon, you will be debt-free in 5 years allowing you to increase payments to your student loans. You also have agreed to keep the direct deposit in place and have payments automatically deducted.

The credit union understands your desire to not re-open these credit cards. We have both discussed that a debt consolidation loan will not work if the credit cards are re-opened or continue to be used.

We've discussed other options such as:

Bankruptcy

Trying to settle with the credit card companies Etc.

The above options did not appeal to you, which would impact your credit and drive your score down.

You understand the money that the credit union is loaning belongs to your fellow members. Sometimes members have the best intentions, but continue spending and get back in trouble plus ultimately end up going bankrupt. In those cases, the credit union takes the loss and all those credit card companies that were overcharging you walk away with the big profits they made, while your fellow credit union members end up losing money and get lower dividend rates. The credit union sincerely believes your intentions are not to have this happen.

The credit union is very proud of your decision and commitments. We want to be your financial institution for the rest of your life and will always be there for you. Good luck and let us know how we can help in the future.

Signed by the member:

Date:

Witness (Employee closing the loan): _____ Date:

1 copy goes to the member 1 copy goes in the member's file



Reducing the monthly payment on the student loans allowed these members to “buy time” to get the consolidation loan paid off and then attacking the student loans with the additional \$893.00 a month once the consolidation loan is paid. This plan would pay off the student loans within 10 years after the five-year consolidation loan is paid. This is a fifteen-year plan, which puts them at about 65 when they are completely debt free and ready for retirement.



The following are links to the web pages that were used by these members to obtain their consolidation of student loans. The only caveat is that private student loans will not qualify for this, however, there are some loans with private financial institutions that are actually federally backed loans and those will be eligible.

<https://studentloans.gov/myDirectLoan/consolidationPaper.action>

<https://studentaid.ed.gov/repay-loans/consolidation>

As student loans become more prevalent your credit union will need a student loan expert to assist members in navigating the system.



We recommend using caution when working with members who have a substantial amount of student loans. Caution does not mean turn the loan down. Ask the tough questions about bankruptcy before granting loans that will not survive bankruptcy. The above example is a good loan, only because the credit union knows the member's attitude about bankruptcy. The \$18,955 in finance charges the credit union is expecting to collect would not have happened without the CU helping the member consolidate their student loans. Most credit unions would have declined the loan and/or referred them to a credit counselor and received less than a \$1,000 in investment income and possibly lose the relationship with the member.



I want to give special thanks to my friends at Community One Credit Union of Ohio, including Jason Norris, Melissa Harness, Gina Jones and Evelyn Canterbury for contributing to this presentation.

Summary and LSCI Recommendations:



- Create a Student Loan expert in your credit union to coach members who find themselves with financial challenges due to excessive student loan debt.
- Do not ignore student loan debt not yet in repayment. Calculate debt to income ratios with and without student loans in repayment.
- Understand other ratio limits such as Secured Loans to Annual Gross Income and Mortgage Loans to Annual Gross Income should be lowered to those with excessive Student Loan debt.
- Add an underwriting ratio of Unsecured Loans including Student Loans to Annual Gross Income. When it is over 50% have the loan officer explain why they feel the CU will be repaid in the loan notes.
- Exhaust all your efforts to assist your members before referring them to financial management service providers outside of your CU.

LSCI specializes in training your employees and have a number of consultants available to assist you.



Thank you for attending!

Coming up...

Management Institute for CEOs and Managers –

Orlando, FL – February 3-5, 2015

Phoenix, AZ – September 15-17, 2015

University of Lending Crystal Lake –

March 2-6, 2015

May 11-15, 2015

August 10-14, 2015

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