

Lender*VP

Driving Lending to New Heights

Regulation V—Hits the road running

Just when we all thought we could breathe a sigh of relief from the barrage of regulatory changes, Regulation V hits us square between the eyes. Regulation V places disclosure requirements upon institutions using risk based pricing models when determining the interest rates on member loans. The verbiage of Regulation V is confusing to the point that it took a conference call with compliance attorney Tom Leduc, to pinpoint the exact requirements. Tom's recommendations and opinions are the basis on which we completed this project and it can be sent to you upon your request. In the event you would like to have a formal opinion identified with your credit union name, Tom has agreed to send you one for \$50 per credit union.

In a nutshell the regulation requires a disclosure to members stating that their loan rate might not be the best rate offered by the credit union. The body of the regulation describes two distinct methodologies that can be used to determine which member receives the additional disclosure. The first methodology incorporates a 60/40 rule which must be extrapolated from your approved loan data and recalculated every 24 months. The second is a disclosure which is simply handed out to all members to whom you have extended credit. In accordance with attorney Tom Leduc's recommendation, CU*Answers will program the forms that correlate to the second methodology.

As the January 1, 2011 deadline looms, our loan forms department has been deluged with requests for custom loan forms. After four weeks, the requests sent from their forms provider continue to pour in. Regulation V provided form samples in the appendix which allowed our Lender VP and Audit Link teams

to carefully review the ramifications and the process of producing these new forms for our clients. The prospect of creating forms on an individual basis would be costly and we needed a more economical solution. We consulted with Tom Leduc to advise in the process. His recommendations and opinions will become part of the documentation we supply to our credit unions with the new forms.

So what are we going to do? This project will launch the first week of November. Expect to receive the proper disclosure from CU*Answers, similar to the way we provide you with an adverse action notice. The form itself will be uploaded to your CU*BASE library so it's available to print during the loan application process or as a standalone document. To minimize the costs of this obligatory form, we are building this process cooperatively for all clients. The shared cost per credit union will be \$200 up front with a maintenance fee of \$50/yr. This form is subject to data population and must be monitored on a regular basis, therefore the requisite annual maintenance charge.

We encourage you to contact your forms provider to assure your complete set of forms complements each other and meets compliance standards. This could be a concern primarily if you offer multi-feature open-end lending. If you consider adopting this form and want it programmed for your credit union, please fill out the accompanying request form and fax it to the number listed.



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Your Credit Reports and the Price You Pay for Credit

Your Credit Score

Your Credit Score	Score: _____ Date: _____ Source: _____
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Understanding Your Credit Score

What you should know about credit scores	<p>Your credit score is a number that reflects the information in your credit report.</p> <p>Your credit report is a record of your credit history. It includes information about whether you pay bills on time and how much you owe to creditors.</p> <p>Your credit score can change, depending on how your credit history changes.</p>																		
How we use your credit score	<p>Your credit score can affect whether you can get a loan and how much you will have to pay for that loan.</p>																		
The range of score	<p>Scores range from a low of _____ to a high of _____.</p> <p>Generally, the higher your score, the more likely you are to be offered better credit terms.</p>																		
How your score compares to the scores of other consumers*	<table border="1" style="margin: 10px auto; border-collapse: collapse;"> <caption>Percentage of Consumers by Credit Score Range</caption> <thead> <tr> <th>Score Range</th> <th>% of Consumers</th> </tr> </thead> <tbody> <tr> <td>Less than 499</td> <td>~2</td> </tr> <tr> <td>500-549</td> <td>~5</td> </tr> <tr> <td>550-599</td> <td>~8</td> </tr> <tr> <td>600-649</td> <td>~12</td> </tr> <tr> <td>650-699</td> <td>~15</td> </tr> <tr> <td>700-749</td> <td>~18</td> </tr> <tr> <td>750-799</td> <td>~27</td> </tr> <tr> <td>800 or more</td> <td>~13</td> </tr> </tbody> </table>	Score Range	% of Consumers	Less than 499	~2	500-549	~5	550-599	~8	600-649	~12	650-699	~15	700-749	~18	750-799	~27	800 or more	~13
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*Source: Federal Reserve Bank report to Congress on Credit Scoring, August 2007. <http://www.federalreserve.gov/boarddocs/RptCongress/creditscore/creditscore.pdf>, Page 133

Checking Your Credit Report

What if there are mistakes on your credit report?	You have a right to dispute any inaccurate information in your credit report. If you find mistakes on your credit report, contact the consumer reporting agency.
How you can obtain a copy of your credit report	<p>Under federal law, you the right to obtain a free copy of your credit report from each of the nationwide consumer reporting agencies once a year.</p> <p>To order your free annual credit report:</p> <p>Call toll-free: 1-877-322-8228</p> <p>Visit: www.annualcreditreport.com</p> <p>Mail your completed Annual Credit Report Request Form (which you can obtain from the Federal Trade Commission's website at www.ftc.gov/bcp/conline/include/requestformfinal.pdf) to:</p> <p style="text-align: center;">Annual Credit Report Request Service P.O. Box 105281 Atlanta, GA 30348-5281</p>
How can you get more information?	For more information about credit reports and your rights under federal law, visit the Federal Reserve Board's website at www.federalreserve.gov , or the Federal Trade Commission's website at www.ftc.gov .

