



Network Credit Services

"Your Credit Reporting Specialists" a company of 

January 2007

To All Network Credit Mortgage Clients:

This letter includes some important changes occurring in the credit industry that may have a considerable impact on your business, which is anticipated to start during the first quarter of 2007. If your company pulls a credit report and then shares it with another company or underwriting engine (a process the industry has termed "**Re-Issue**" for years), the upcoming changes will impact you. An explanation of the changes, possible impact and new industry requirements are listed below.

"Joint-Use" is a term that refers to the sharing of a single credit report among the many entities involved in securing a consumers mortgage loan. "Joint-Use" is a long-standing practice recognized in the FCRA, by the Federal Trade Commission, and by the Office of the Comptroller of the Currency. It has been over a decade since Congress last addressed the issue of end-user disclosure, resulting in provisions of the FCRA that have governed end-user disclosure for more than nine years. At present, a credit report compiled for a particular mortgage transaction is routinely understood to be "jointly-used" by all persons or entities legitimately engaged with the disclosed end-user in originating that mortgage. In other words, your company who is the original requesting end-user of the credit report has been able to share the report ("Joint-Use"), utilizing a process the industry refers to as "Re-Issue". The ability to pull a single credit report and have it re-issued to a lender or lenders to be used in their underwriting decision without incurring additional credit bureau charges (other than the technology charges involved in the re-issue process), has been the accepted practice and one that we have offered to our customers for years.

Recently, however, the credit bureaus have chosen to radically re-interpret the nearly decade-old laws relating to end-user disclosure. The credit bureaus are now calling "Joint-Use" a "**Secondary-Use**" which, by their interpretation, requires an additional inquiry be placed on the consumers file. When this inquiry is posted by the bureaus with the new end-user name of any and all lenders that you shared the credit file with, a charge will also be incurred. It is important to know that credit will NOT be pulled again, only a "soft inquiry" will be posted on the consumers file so that the consumer is made aware of who has looked at their file during the mortgage loan process.

The bureaus and technology partners have not yet finalized the cost for posting these secondary-use inquiries, however, some are proposing their charge would be the same as if a NEW credit report was pulled. We have been advised that final figures will be available later in January; however, we did not want to wait any longer to send you this information. Based upon the proposed costs we have received, we are ESTIMATING the cost for EACH "Secondary-Use" will be \$6 for an individual and \$12 for a joint report or more.

NAMB (National Association of Mortgage Brokers) along with NCRA (National Credit Reporting Association) are both fighting this change, which is being brought on by the credit bureaus. NAMB believes that this significant increase in costs will ultimately limit consumers' ability to comparison shop for loans. Both associations are currently lobbying in Washington, DC for help in fighting the bureaus current change in policy. Although Network Credit certainly hopes for some relief regarding the new bureau policies, we still have had to program, test and be ready to comply or face the possibility of being turned off by the credit bureaus.

In addition to the secondary-use reporting, the bureaus are also requiring us to have all of our customers sign a new service agreement that includes their particular requirements for anyone accessing their data. We are compiling all three bureau's requirements into one document. It will be long, very wordy and we do apologize, but it is an absolute requirement by the credit bureaus if we are going to provide you with access to their data. Please be watching for more information regarding this, as it will be out soon.

Please forward this information to others in your company that need to be aware of these changes. If you have any questions regarding this, please contact your Network Credit Account Executive, or our office for more information. Thank you again for your business.

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