

It's YOUR Credit®
Analysis, Strategy, Correction & Management

May 10, 2006

MAY25'06 AM 7:38 BOARD

Federal Deposit Insurance Corporation
 Robert E. Feldman, Executive Secretary
 550 17th Street, Northwest
 Washington, DC 20429

Federal Trade Commission/Office of the
 Secretary
 Room 159-H / Annex C
 600 Pennsylvania Avenue, Northwest
 Washington, DC 02580

ATTN: Comments, FDIC

RE: Alert the FEDERAL GOVERNMENT TO CREDIT REPORT ERRORS

To Whom It May Concern:

I've been studying and applying the Rules of Credit for over 5 years now. I've found that many things are challenging about the system and with minimal effort could be improved. I've flowcharted the complete system (the score, the rules and the management) out, to help explain to my Mortgage Clients how & why the system works or doesn't work. Through those efforts I've discovered that "effect credit management" can increase disposable income by a minimum of \$1000/person/month.

Notwithstanding, I've taken this time to list four (4) of the more predominant and abusive issues. Additionally, I've included excerpts from letters I've written on my own behalf that address these challenges'.

1. National Bureaus inability to make a uniformed "hard inquiry" count rule for consumers.
 - a. **Result:** Lower Credit Scores for consumers (unwarranted) and higher cost of debt to Consumers' to the Benefit of the Financial Institutions' bottom lines.
 - b. **Typical Scenario:** a consumer shops for a mortgage loan and spends a reasonable time (30 to 45 days) shopping for the best Broker and Loan Rate (no less than a consumer does for a contractor to fix his/her home).
 - c. **Real LIFE Response to the aforementioned Issue:** Upon a current review of my credit report and after informing your organization of the same type errors in my letter dated 31 January 2006 (received in your office 6 February 2006), we've discovered that the following items are STILL not being reported correctly. Our discovery is confirmed and verified by your organization on 14 March 2006 (letter to me from TransUnion), yet you continue to report this information to all interested parties in spite of your Congressional mandate to report "fair and accurate".
 - i. The continued failure of the National Bureau to report fair and accurate information has added (actual damages) to my cost of debt, in my personal and business endeavors, 1/2 to 3/4 of a point (added cost of a loan as a result of a particular FICO®, Beacon 5.0®, or Classic 04® score) per loan. The dollar equivalent would be \$55,000 to \$82,000 on a \$360,000 loan (my current investment property). The aforementioned "added costs" are actual damages sustained as a result of the Bureaus' willful noncompliance of the Consumer Credit Protection Act, et al.
 - ii. Item: **Hard Inquiry Classification/Identification** – "hard inquires" count is NOT Fair and Accurate. Multiple "hard inquires" made within a reasonable time of one another in an effort to obtain the best pricing for Mortgage and

Automobile rates, are to grouped and counted as a "single hard inquiry" versus a "hard inquiry" for each one. This is done so that the Consumer is NOT unfairly punished for exercising their right to shop for the BEST rates available.

1. TransUnion "Hard Inquiry Count"
2. **Current Hard Inquiry Count (Exhibit A) = 23.** By using single/separate event analysis method, the Consumers Credit score is being lowered, with the National Bureau citing excessive hard inquiries.
3. RESULT = the Consumers right to shop for the best rate is counter productive, unilaterally benefiting the Finance Industry. This is FAR outside the Congressional mandate for Fair and Accurate as cited in the Fair Credit Reporting Act (FCRA) as amended by the Fair and Accurate Credit of 2003 (FACT Act of 2003).
4. FAIR and ACCURATE Reporting =
 - a. At most 7 "hard inquires" in a 24 month period;
 - b. At most 4 "hard inquires" in 12 months.
5. The following "hard inquires" are for the BEST MORTGAGE RATE for my secondary (investment property) ~~715 Blue Creek Road~~ Mortgage search currently in progress. Mortgage Reporters (Count 1 to 2).
 - a. FAC - 4/4/2006
 - b. FAC - 3/17/2006
 - c. FAC - 1/31/2006
 - d. Premiere Credit - 12/30/2005
 - e. Factual Data - 12/27/2005
 - f. LandAmerica Credit SVC - 12/27/2005
 - g. TransUnion Resid CR SO - 12/9/2005
6. The following "hard inquires" are for the BEST MORTGAGE RATE for my primary residence ~~as listed above~~ as listed above). Mortgage obtained June 23, 2005. Mortgage Reporters (Count 1).
 - a. Land Safe Credit - 6/9/2005
 - b. Land Safe Credit - 6/2/2005
 - c. LandAmerica Credit SVC - 5/26/2005
 - d. Land Safe Credit - 5/24/2005
 - e. Factual Data (listed as credit report brokers) - 5/23/2005
 - f. Steward Financial Inc. - 5/18/2005
 - g. Informative Research - 5/11/2005
7. The following "hard inquires" are for the BEST AUTOMOBILE LEASE RATE for my VEHICLE obtained November 1, 2004. Automobile Dealers (Count 1).
 - a. NCCINC/Fletcher Jones - 10/29/2004
 - b. Daimlrchrysv - 10/29/2004

8. The following "hard inquires" are Unauthorized and Fraud (not initiated by myself or through an existing relationship) as stated in Letters¹ dated 6/8/2004 and 11/01/2004; all sent certified mail to the National Bureaus and the Subscribers.

- a. Van RU Credi - 8/24/2004
- b. ED Fund - 5/21/2004 (due to expire - 2 year limit)
- c. Bank of America - 5/18/2004 (due to expire - 2 year limit)
- d. Bank of America - 5/17/2004 (due to expire - 2 year limit)

iii. I am demanding (AGAIN) these items be **REINVESTIGATED** pursuant to the Fair Credit Reporting Act (FCRA) 15 U.S.C. § 1681(i) - **Procedures in Cases of Disputed Accuracy**. Upon your (Credit Reporting Agency - CRA) receiving the results of the re-investigation we (the Consumer and Consumer Advocate) are requesting **NOTICE** pursuant to FCRA 15 U.S.C. § 1681(i) (a) (6) - **Notice of Results of Reinvestigation**.

iv. This demand is in accordance with the Fair Credit Reporting Act (FCRA) volume 15 of the United States Code sections 1681 as amended by the FACT Act of 2003 and the Fair Debt Collection Practices Act (FDCPA) volume 15 United States Code sections 1692. Be advised that any continued violations of use of information in a manner which is NOT fair and equitable, **with regard to the CONFIDENTIALITY, ACCURACY, RELEVANCY, AND PROPER UTILIZATION OF SUCH INFORMATION**, can result in legal remedies which include, but are not limited to, actual damages sustained by the consumer or up to \$1,000.00, which ever is greater, per violation [15 U.S.C. §§ 1681(n), 1681(o)], plus Attorney fees.

v. We have included (AGAIN) a copy of the relevant credit file as provide by your credit referral partner (TRUECREDIT) with these items highlighted. We will expect a "fair and accurate" disclosure to result from this demand. If there are any questions we will make ourselves available at a mutually convenient time.

d. Exhibit 1 "TransUnion" response letter.

2. National Bureau's inability to properly classify Home Equity Lines of Credit (revolving debt /mortgage debt /both?).

a. **Result:** Lower Credit Scores for consumers (unwarranted) and higher cost of debt to Consumers' at the Benefit of the Financial Institutions' bottom lines.

b. **Typical Scenario:** the Consumer wants to buy a new home or improve an existing home. The Mortgage Industry talks the Consumer into a "Home Equity loan", under the guise of it being the lowest, most efficient and quickest solution.

i. What the Mortgage Industry doesn't do, is advise the Consumer as to the affect of this type of loan in long term (1 year or greater) expense.

1. Cost of Debt increases a result of the Consumers credit score decline.

¹ Documented evidence is available upon request

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2. National Bureaus classify this type of loan as...

- a. Mortgage Loan?
- b. Revolving debt loan?
- c. Other debt loan? Or all 3?
- d. Result Credit Score "domino affect", down it goes.

3. All 3 National Bureaus are currently classifying it (the HELOC) differently. This action or lack of a uniformed position results in 3rd Party Agencies reporting a mixed balance of credit for the Consumer. The debt now shows up as a duplicate (mortgage, revolving and other) and those results mean an inaccurate total debt balance.

4. Additionally, the mis-classification as "revolving" immediately causes a "utilization" issue, which also drives down the score and increases the cost of debt to the Consumer

5. Try calling the National Bureaus and telling them that this Home Equity Line of Credit in a Mortgage Debt and NOT a revolving debt. Their response, "we only report what the Financial Institutions tell us", "You'll have to call your Financial Institution and tell them to reclassify it".

REAL Life Response to the aforementioned Issue: "work in progress".

3. National Bureau's inability to apply the "Fair and Accurate" mandate of the Fair Credit Reporting Act as Amended by the Fair and Accurate Credit Reporting Act of 2003, to issues of proper debt reporting.

a. **Result:** Consumer guilty until proven innocent. Credit score tumbles and once again increased cost of debt to the benefit of the Financial Institutions.

b. **Typical Scenario:** Consumer reviews their credit report. The Consumer discovers that some Subscriber says that they owe an amount (debt) that isn't correct. The Consumer writes a "Don't Owe Letter" and the National Bureau does its investigation (Validation of the Debt).

i. One Standard of Proof for the Consumer and another Standard of Proof for the Subscriber

1. One would think that the Merchant Subscriber, being the professional business that it is, would be held to a higher "standard of proof" than the average consumer. However, it has been my experience that the National Bureau verifies information with Merchant Subscribers by faxing a "fill-out" form and telephoning for Q & A on the Consumers alleged obligations to the Merchant Subscriber.

2. On the other hand the Consumer must provide valid documentation (written hardcopy) on any and all claims of wrongful reporting.

c. **REAL Life Response to the aforementioned Issue:** [Subscriber Letter] - Please be advised that we are in receipt of your letter dated 13 March 2006 and received in our office 25 March 2006, wherein you informed us that we owe \$1,005.37 to the Ford Motor Credit Company. Since we do not believe we owe this debt, we are requesting that you comply

with Fair Debt Collection Practices Act (FDCPA) §§ 806 through 809. Your compliance/noncompliance will validate the alleged claim.

i. The following information is requested:

1. The name of the original creditor;
2. What goods or services were purchased with the money you claim we owe;
3. All documents validating the actual use of any goods and services alleged to have been minimized by said use.
4. All documentation proving that we owe this debt pursuant to California Corporation Code § 8333;
 - a. Further, pursuant to the rules of contracts and evidence.
5. A copy of your license to practice debt collection in the state of Nevada.

ii. We are also requesting that you send a copy of this letter to the original creditor notifying them that we dispute this debt so that they cannot report [continue to report] it as delinquent on our credit report. Likewise, if you have reported this debt to any Credit Reporting Agencies (CRAs), we request that you also report to them that we dispute owing the debt and have demanded written validation (above) of same pursuant to our rights & remedies under Fair Credit Reporting Act (FCRA) §§ 616, 617 (15 U.S.C. § 1681). Please notify us immediately, when you have done so. If you need to contact us in the future, we insist that you do so by mail. All future contact should be by mail ONLY.

d. **REAL Life Response to the aforementioned Issue:** [National Bureau Letter] - Upon reviewing the relevant credit report, we (consumer & consumer advocate) discovered that the following item is not being reported accurately and is damaging the aforementioned clients' credit rating:

- i. The Client does not have and has not had any account(s) with [enter creditor information]. Further, it should be obvious that something is wrong when (1) the amount claimed is inconsistent with my credit limits (low of \$7,000.00 to \$500,000.00); and (2) inconsistent with the credit obligation history (no late payments).
- ii. We (the Consumer & Consumer Credit Advocate) have notified the "Debt Collector" via Certified Mail that the information being reported by them is NOT ACCURATE. However, the "Debt Collector" continues to report the information with a note stating that the Consumer disputes the validity and the Credit Reporting Agencies have lowered the "credit scores" citing the collection account as a major cause.
- iii. Once a claim is disputed by the consumer (15 USC § 1681 and/or 15 USC § 1692), the item itself should become neutral (not effect the scoring) until the items validity has been determined. However, it appears to be the practice of the Credit Reporting Agencies to maintain the "guilty until proven innocent" approach to Fairness and Accuracy. The Fair Credit Reporting Act mandates in its "Statement of Purpose" (15 USC § 1681) Reasonable Procedures.

1. "It is the purpose of this title to require that consumer reporting agencies (CRAs) adopt reasonable procedures for meeting the needs of commerce for consumer credit, personnel, insurance, and other information in a manner which is fair and equitable to the

consumer, with regard to the confidentiality, accuracy, relevancy, and proper utilization of such information in accordance with the requirements of this title.”

iv. The Credit Reporting Agency isn't "Fair and Equitable" to the Consumer if they are reporting information where the Accuracy, Relevancy and Proper Utilization of Information provided by the Subscriber "Debt Collector" are...

1. In violation of Fair Debt Collection Practices;
 - a. Failure to Validate the Debt - 15 USC § 1692g;
 - b. Failure to Communicate to the Consumer the alleged Debt
 - c. Claim prior to reporting same to the Credit Reporting Agencies - 15 USC § 1692f; and
 - c. In question by all parties (Consumer and Subscriber Debt Collector) as to whom this debt belongs to.

v. The continued reporting of this alleged debt becomes particularly heinous (15 USC § 1681n) when it directly affects (identified as negatively influencing score) the credit rating of the consumer in spite of acknowledgment (via statement of subscriber) of the aforementioned issues by all parties thereto.

vi. We (the Consumer and the Consumer Credit Advocate) are demanding these items be **REINVESTIGATED** pursuant to the Fair Credit Reporting Act (FCRA) 15 USC § 1681(i) - **Procedures in Cases of Disputed Accuracy**. Upon your (Credit Reporting Agency - CRA) receiving the results of the re-investigation we (the Consumer & the Consumer Credit Advocate) are requesting NOTICE pursuant to FCRA 15 USC § 1681(i) (a) (6) - **Notice of Results of Reinvestigation**.

vii. This demand is in accordance with the Fair Credit Reporting Act (FCRA) volume 15 of the United States Code sections 1681 and the Fair Debt Collection Practices Act (FDCPA) volume 15 United States Code sections 1692. Be advised that any continued violations of use of information in a manner which is NOT fair and equitable, with regard to the CONFIDENTIALITY, ACCURACY, RELEVANCY, AND PROPER UTILIZATION OF SUCH INFORMATION, can result in legal remedies which include, but are not limited to, actual damages sustained by the consumer or up to \$1,000.00, which ever is greater, per violation [15 U.S.C. §§ 1681(n), 1681(o)], plus Attorney fees.

viii. We (the Consumer & the Consumer Credit Advocate) have included a copy of the relevant credit file with these items circled in red. Thank you very much for your attention to this matter.

4. Merchant Subscribers who use the Fair and Accurate Credit Reporting Act of 2003 amendments to refuse the Consumer challenge to the validity of the alleged debt, when the Consumer gets help from 3rd Parties.

2. **Result:** Consumer is left to translate all aspects of the Credit Reporting System for themselves to the benefit of the lender population.

b. **Typical Scenario:** the Consumer reads a credit report and discovers that the information is incorrect. They then seek out counsel and advise. The advisor gives the Consumer a form letter to submit and the Subscriber doesn't respond citing the aforementioned "NEW" rule.

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- c. **Real LIFE Response to the aforementioned Issue:** Please be advised that we are in receipt of your letter dated [enter date], wherein you informed us that we (the consumer & the consumer advocate) are prohibited from “communication or release of any information from your files regarding any consumer unless the relationship is one that is covered by the Fair Credit Reporting Act (FCRA) or the Fair Debt Collection Practices Act (FDCPA)”. Further, you stated that the Fair and Accurate Credit Transaction Act of 2003 (FACT Act 2003) does not require investigations for disputes filed by a “credit repair agency”.
 - i. **Resolution:** The actual amendment to the FCRA by the FACT Act of 2003 reads as follows...(c) ABILITY OF CONSUMER TO DISPUTE INFORMATION DIRECTLY WITH FURNISHER.—Section 623(a) of the Fair Credit Reporting Act (15 U.S.C. 1681s-2(a)), as amended by this Act, is amended by adding at the end the following:
 1. “(8) ABILITY OF CONSUMER TO DISPUTE INFORMATION DIRECTLY WITH FURNISHER.—
 2. “(G) EXCLUSION OF CREDIT REPAIR ORGANIZATIONS. — This paragraph (number 8) shall not apply if the notice of the dispute is submitted by, is prepared on behalf of the consumer by, or is submitted on a form supplied to the consumer by, a credit repair organization, as defined in section 403(3), or an entity that would be a credit repair organization, but for section 403(3)(B)(i).”
 - ii. Although we work with “credit improvement” for the Consumer, we are a “Mortgage Company” Our (the Consumer and the Consumer Advocate) communications that address “Credit Issues” are submitted **WITH** the Consumer (each communication is signed by BOTH Consumer & Consumer Advocate and submitted with a copy of the Consumers’ driver’s license), **NOT:** *“submitted by, or prepared on behalf of the consumer by, or submitted on a form supplied to the consumer by, a credit repair organization, as defined in section 403(3), or an entity that would be a credit repair organization, but for section 403(3)(B)(i).”*
 - iii. Our efforts with the Consumer are an attempt to counsel and educate same on the credit reporting industry and to help the Consumer obtain better loan rates through improved credit scores. Although your endeavor at conveying information is appreciated, it can be construed as an attempt to delay the Consumer rights to “Fairness and Accuracy” in reporting. Please be reminded that the FACT Act of 2003 also changed the measurement of “Willful Noncompliance”, “Negligent Noncompliance” and “Administrative Enforcement”. To wit, your compliance/noncompliance can always validate the issue.
 - iv. Notwithstanding, we are sure that the aforementioned **Amendment** was not and is not an attempt of Congress to unbalance the scale of “Fairness and Accuracy” in reporting, by taking away the Consumers right to seek understanding, guidance and teamwork in communicating, an already very complicated system, to and with Corporate America.

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May 10, 2006

We are writing this letter in an effort to help the United States Federal Government correct a system that has great potential. The idea of Federal Intervention is excellent and can help the general public to greatly benefit by increasing their "disposable income" levels. An increase in "disposable income" will add to our current Gross Domestic Product. Additionally, an improved Credit System will help set a global model that will be beneficial to the all countries.

If there are any questions I will make myself available at a mutually convenient time.

Sincerely,



Michael Finnucci
President/Counsel and Consumer Advocate

Attachments – TransUnion Letter

- Cc: Office of the Comptroller of the Currency
Federal Reserve
Office of Thrift Supervision
- National Credit Union Administration
Las Vegas Revue Journal – Editor
Los Angeles Times – Editor



~~CONFIDENTIAL~~

~~2653 WEST HORIZON RIDGE BOULEVARD, BS 300
HERNANDON, NEVADA 89052
PHONE: 702.218.1305 • FAX: 702.446.8025~~

5/10/2006

417



2 Baldwin Place
1510 Chester Pike
Crum Lynne, Pa 19022
www.transunion.com

March 14, 2006

Michael Finucci

2654 W. Horizon Ridge Parkway
Suite B5200
Henderson, NY 89052

Dear Mr. Finucci:

This letter is in response to our telephonic conversations on March 13, 2006 and March 14, 2006.

According to our system, the inquiries that you were questioning do not state they were for mortgage purposes; therefore, when calculating your credit score, they were not combined into one inquiry for each 30 day period.

In order for this situation to be resolved, the creditors must code their inquiries for mortgage purposes when pulling a copy of your credit report from TransUnion.

The creditors may contact us directly to make this correction.

I hope this information is helpful to you.

If you have any addition questions, you may contact us at 610-546-4848.

Sincerely,


Marianne Litwa
Senior Investigator