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JOSEPH M. CHICOSKIE
3500 HEARST CASTLE WAY
PLANO, TEXAS 75025-3701

May 3, 2008

The National Credit Union Administration
Regulation Part 706
1775 Duke Street
Alexandria, VA 22314-3428

RE: Unfair/Deceptive Acts and Practices

Consumers will benefit from your effort to correct abusive credit card industry practices. The review should include regulation of how credit card companies report credit limits.

The limit on my credit card is   however the amount that is regularly reported for credit reporting purposes by Citibank is -$0-.

Previously, I complained about this practice to Citibank because it artificially lowers my FICO score. Everything that I read about FICO scoring supports the validity of my complaint. However, Citibank defends its practice and has not changed the way it reports. So what is a consumer to do? Please see the attachments for your reference.

This practice of under-reporting the credit limit is self serving for the credit card industry and penalizes the consumer because it misstates the "credit utilization" ratio. It generates a lower FICO score and artificially raises lending rates.

Please tell me if your proposal will address this abuse.

Regards,

Joseph M. Chicoskie

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JOSEPH M CHICOSKIE
3500 HEARST CASTLE WAY
PLANO, TEXAS 75025-3701

March 18, 2005

CitiBank Customer Service
Fax: 605-357-2073

RE: Credit Bureau Reporting Practice

Recently, I ordered a copy of my credit report and saw that CitiBank is reporting my historical credit limit as $0 at the same time it reports my monthly balance history. In fact. my credit limit during the reported two-year period ranged from . The historical reference should be correct. I brought the reporting error to the attention of the CRA. Subsequently, my amended report showed no change and I was told that CitiBank did not correct it—a copy is enclosed for your reference.

The dispute I have is that the $0 historical credit limit being reported is not correct and the ratio of the actual monthly balance to the credit limit is distorted. Further, a credit limit of $0 unfavorably skews my FICO credit score average. And, my credit score impacts costs including financing and insurance.

When I called CitiBank AAdvantage about this, I was told that while my statement shows a credit limit, there is, in fact, no preset limit for my account and that is why it is reported as $0 on the credit report history, but any advance beyond the) limit must be specifically requested. So, I do not understand why the credit limit reported to the CRA's is not the same as you report to me on my statement each month? Please explain this to me in writing.

Regards,

Joseph M Chicoskie

Post-it® Fax Note 7671	Date 1-18-05	# of pages ▶ 3
To CITIBANK	From J.M. CHICOSKIE	
Co./Dept. CUST. SERVICE	Co.	
Phone #	Phone #	
Fax # 605-357-2073	Fax # 972-618-0948	

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citi

Citibank (South Dakota), N.A.
P.O. Box 6241
Sioux Falls, SD 57117-6241

JOSEPH M CHICOSKIE
3500 HEARST CASTLE WAY
PLANO, TX 75025

March 25, 2005
Acct No:

DEAR JOSEPH M CHICOSKIE:

This letter is in response to your recent inquiry concerning your account.

As explained in the Card Agreement you have the right to charge in excess of the revolving credit line. The amount charged in excess of the revolving credit line must be repaid in full by the next payment due date. Your account has a revolving credit line of

Because you are allowed to charge in excess of the revolving credit line, we do not report to the credit bureaus the revolving credit line amount. We do report your account balance to the credit bureaus. We maintain that our credit reporting is accurate. By not reporting a revolving credit line the consumer is protected from appearing to be over the credit limit when they charge in excess of the revolving credit line.

If you have additional questions, please contact Customer Service at 1-800-950-5114 or for the hearing impaired TDD at 1-877-553-7803.

Sincerely,

K Aberson
Manager

CBR0055*

* FEDERAL REGULATION REQUIRES THE STATEMENT PRINTED ON THE REVERSE SIDE

Racking Up Points On Your Credit Score

As Lenders Tighten Standards, Potential Borrowers Focus On Ways to Raise Their Ratings; Joining the '700 Club'

BY ELEANOR LAISE

PEOPLE USED to obsess over frequent-flier miles. Now, with lending standards getting tighter, they're applying similar energy to improving their credit scores.

Jeffrey Sheldon, a 36-year-old Purcellville, Va., computer-systems administrator, has an enviable credit score of about 740. But he's planning to refinance his adjustable-rate mortgage in June and knows that lenders will be taking a particularly close look at his credit record.

So when Mr. Sheldon was shopping for an auto loan last fall, he first compared rates online. Then, he allowed only two lenders to pull his credit report because he knew that lots of inquiries could drag down his score. Now, he's making extra payments so he can pay off the five-year auto loan in 3½ or four years. He figures the lower debt level will boost his score, which already is near the upper end of the 300-to-850 range of the FICO score, the widely used measure of consumer creditworthiness.

"It's a game you have to play," Mr. Sheldon says. Once every few months, he charges something on one of his lesser-used credit cards because he fears that issuers will close inactive accounts, reducing his total available credit and damaging his score.

The behavior of credit-score strivers can appear bizarre to the uninitiated. Many rejoice over joining the "700 club," feverishly apply for new credit cards they don't need, keep drawers full of old credit cards they barely use and fight for the removal of the smallest blemish on their credit reports.

Even consumers with good credit, like Mr. Sheldon, are pushing to improve their FICO scores—and with good reason. Whereas just a year or so ago a score of roughly 680 to 720 would qualify for the best rates from many lenders, that bar has now been raised to 720 to 750, credit experts say.

Many lenders are demanding higher scores because they've been burned by rising delinquency rates. In the fourth quarter, consumer credit delinquencies hit their highest level since 1992, according to the American Bankers Association.

"The rules have definitely changed," says John Ulzheimer, president of consumer education for Credit.com. "Back when they were giving money away to anyone who could fog a mirror, you didn't have to have those stratospherically high scores unless you were going after something really high-end."

At the same time, new scoring systems may complicate consumers' efforts to monitor and improve their scores. Fair Isaac Corp., the developer of the FICO score, is introducing a scoring model, dubbed FICO 08, that the company says will do a

Please turn to page D3

Keeping Score

Ways to boost your credit score:

- **Get a free copy of your report** at annualcreditreport.com and **search for errors.**
- **Make sure your card issuer reports your credit limit;** otherwise, your highest balance may be treated as your limit.
- **Don't open lots of new accounts in quick succession**—a sign of risk.
- **Create a blend of revolving credit**—such as credit cards—and installment loans to help raise your score.

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Racking Up Points on Your Credit Score

Continued from page D1

better job predicting the likelihood of a borrower defaulting on a loan.

These days, a clean credit record isn't just important if you're shopping for a loan: It could even affect your career. Potential employers, landlords and insurers routinely examine credit reports. "Having a good credit score is far more important now than it ever has been," says Ken McEldowney, executive director of Consumer Action, an education and advocacy group based in San Francisco.

Yet many consumers battling to improve their credit score have found the fight frustrating, costly and even futile. Some pay hundreds of dollars to credit-repair services or adopt strict credit regimens, only to find that their scores won't budge.

That doesn't discourage people like Simon Hernandez, who spends hours each quarter studying his credit report as part of his quest for a score of 750. The 34-year-old Denver respiratory therapist plans to buy a house sometime next year and fears his score in the mid-600s won't get him the best rates. He has two credit cards that he uses for gas and groceries and has sworn off applying for any other type of credit. Despite his diligence, he occasionally sees his score drop for no apparent reason. "I've spent hours looking to see if I'm missing something on my report," he says.

The basic steps to build and maintain a good credit score haven't changed: Pay your bills on time and don't max out your available credit. Payment history accounts for about 35% of the FICO score, while the amounts you owe—including the number of accounts with balances and the fraction of available credit used on credit cards—accounts for another 30%. Other factors include the length of credit history and the types of credit used.

Consumers shopping for a loan can protect their credit score by moving fast.

Another key step: Get a copy of your credit report. At annualcreditreport.com, you can get a free report from Equifax Inc., Experian Group Ltd. and TransUnion LLC, the main credit-reporting companies that provide records to lenders. (Consumers generally must pay to get their actual FICO scores.) Search reports for mistakes—more than a quarter of reports contain errors, according to a survey by the U.S. Public Interest Research Group, a Washington-based advocacy group. Dispute errors with the credit bureau as well as the lender. If the lender can't verify the information within 30 days, it will typically be removed from the report.

Also note whether credit-card issuers are reporting a credit limit for your account. Issuers don't always report these limits, and that omission may cause your highest balance on the card to be treated as your limit. That can make it appear as if you're using most of your available credit, dragging down your score.

Consumers shopping for a loan can protect their credit score by moving fast. The FICO system, aiming to distinguish between a search for lots of new credit and comparison shopping for a single loan, ignores all mortgage and auto-loan inquiries made in the 30 days before scoring. If you find a loan within that period, the inquiries won't drag down your score while you're rate shopping.

Some popular strategies to boost credit ratings can actually backfire. While some consumers assume that applying for new credit will raise their available credit and boost their score, "You don't want to increase your limits in a short period of time because that can be a great sign of risk," says Rod Griffin, senior manager of public education at Experian. And though it may seem prudent to close old credit-card accounts that you're not using, that can also sink your score.

New credit-scoring models, meanwhile, are putting new wrinkles into the credit-repair game. Fair Isaac's new FICO 08 scoring model, for example, disregards "authorized user" records when calculating scores. Bottom line: People's credit scores will be affected by cards on which they're named as account holders, not authorized users. Experian and TransUnion plan to offer lenders the new scores in coming months.

Fair Isaac took this action after concerns were raised about credit-repair companies charging consumers to be listed as an authorized user on a credit card of a stranger. The new FICO model means people who have little credit history aside from their authorized-user status should apply for their own cards or get listed as a joint account holder.

Relative to older versions of FICO, the new model also generally places more emphasis on having a variety of credit types, such as installment loans and revolving accounts like credit cards, while increasingly penalizing people who use a big chunk of their available credit. Since the credit bureaus have developed their own scores to compete with FICO, consumers should know which one they are getting when they order their credit score. FICO scores from the three main credit-reporting companies are available at myfico.com.

Some consumers are discovering that all their tinkering is having little effect. Darrell Booker, 30, a database administrator in Richmond, Va., has tried all sorts of strategies to boost his score. Over the past year or so, he has tried to get some late payments removed from his credit report, disputed a paid account that showed up on his credit report as unpaid and paid hundreds of dollars to a company that promised to help him clean up his credit. But the only real boost to his score came when he focused on paying off his credit cards.

"Let me focus on things I know I can totally control," he says, "and that's reducing my debt."

Fixing the Score

A pristine credit record is particularly valuable when financial institutions are tightening lending standards. Below, some tips on boosting your FICO score, the widely used measure of consumer creditworthiness:

What to Do

- **Order your credit report and search for errors.** You can get free reports from annualcreditreport.com. Dispute mistakes.
- **Pay your bills on time.** Your payment track record accounts for about 35% of your FICO score.
- **Be patient.** Negative information like late payments will generally drop off your credit report after seven years.
- **Maintain a healthy mix of credit.** A blend of revolving credit, such as credit cards, and installment loans can help boost your score. This is even more important under FICO 08, a new scoring model.
- **Consider applying for your own credit cards or becoming a joint account holder** if you're listed as only an 'authorized user' on a card.

What Not to Do

- **Don't max out your available credit.** Keep credit-card balances low relative to your credit limit. This is even more important under FICO 08.
- **Don't dawdle when shopping for the best rate on a loan.** Confine loan shopping to a few weeks so that credit inquiries won't weigh on your score.
- **Don't open up a bunch of credit-card accounts you don't need,** thinking the higher level of available credit will boost your score. Your FICO score will generally drop a few points with each new account.
- **Don't close old credit-card accounts** in an attempt to improve your score. You'll lower your total available credit, which could damage your score.

Sources: Fair Isaac; WSJ research

WALL STREET JOURNAL 4-22-08

Credit cards that hurt your credit score

By Kristin Arnold • Bankrate.com

A no-limit credit card, often considered a valuable perk for cardholders, could, in fact, damage your credit score and make any debt you take on more expensive.

"Consumers who are thinking of opening one of these no-limit credit cards may want to think how deeply their scores will be affected," says Craig Watts, spokesman for Fair Isaac Corp., which developed the well-known FICO score.

The problem is something called "credit utilization," which is the ratio of a cardholder's actual debt to his or her potential debt. In other words, if a consumer has a $10,000 credit limit and a $5,000 balance, the credit utilization is 50 percent. Credit utilization accounts for 30 percent of your credit score. The lower it is, the better it is for your credit score.

However, if the card has no limit, the credit-scoring company can't make the credit-utilization calculation, and that has an impact on credit scores.

Watts says credit card companies that offer no-preset-limit cards will, typically, allow credit-scoring companies to use the highest balance in place of the limit to calculate your credit utilization. So, if the cardholder has a $20,000 balance one month, that becomes the limit used for credit utilization.

What's not reported matters
But card companies don't always report the highest balance.

Anthony Citrano, a partner in a Cambridge, Mass., public relations firm, opened a Citibank World MasterCard account in November of 2004. Within two months, his credit score dropped 50 points at Experian and 35 points at Equifax. Inquiries to the credit bureaus revealed that Citibank wasn't reporting his highest balance.

"It made it look like I was using all of my available credit, which is ironic, because I'm unlimited in how much I can charge on my Citibank credit card," says Citrano.

When he called the Citibank customer service department to get an explanation, he says he was told that they had received numerous complaints about his particular problem but offered no solution. Instead, they instructed him to fax a dispute letter.

Citrano eventually received a letter explaining that "the consumer is protected from appearing to be over the credit limit," since he has no preset spending limit on his credit card and no limit is reported.

"I understand not reporting a credit limit if one does not exist," Citrano says, "but to report zero as a high balance seems dishonest and deliberately destructive."

When Bankrate.com inquired about Citrano's problem, a Citibank media relations specialist issued the following statement:

"Card agreement states that the customer has flexibility to make purchases in excess of his/her credit limit. Therefore, we do not report to the credit bureaus the revolving credit line amount. We do report the current balance to the credit bureaus and maintain that our credit reporting is accurate."

Creditors who do not report high balances are not breaking any rules under the Fair Credit Reporting Act, according to Office of the Comptroller spokesman, Dean DeBuck.

A customer service manager at Citibank offered Citrano the opportunity to close the card or switch to another Citibank product.

'The thing is, I like the card. It gives me rewards like air miles, and I have perks that are not offered on other cards. I'm a businessman who spends a lot of money using my credit cards, but I never expected that with my income, and credit score and history, that I would be faced with disintegrating credit."

What consumers can do

Since credit card companies that offer no-limit cards will often use the highest balance in place of the limit to calculate your credit utilization, there is a way to improve a credit score.

Watts says consumers who hold no-limit credit cards can work around the lack of a credit limit by running up a high balance one month and paying it off. That way, you have a high-balance number in place of a credit limit, reducing your credit utilization percentage. Of course, that only works if the credit card issuer reports the highest balance.

If it doesn't, one recourse would be to close the account. Another would be to ask your creditor to report your balance. However, according to Terry Clemans, executive director of the National Credit Reporting Association, there is no guarantee that your credit limit or highest balance will be reported month to month.

"We always hope that any and all information about consumers is reported to the credit bureaus, and we can only hope that if more people learn about this, the issues will take center stage," says Clemans.

However, one concern is that most people don't know what the no-limit card has done to their credit rating.

"Generally speaking, most of the affluent consumers with no-limit credit cards might not notice a significant drop in their credit score because they are very busy," says author and consumer advocate Evan Hendricks. "These are businesspeople with busy lives and

Credit Education

Credit Scores

What's in Your Score

What's Not In Your Score

How Scoring Helps You

Improving Your Score

Facts & Fallacies

Credit Reports

What's in Your Report

How Mistakes Are Made

Checking Your Report

Average Credit Statistics

Credit Inquiries

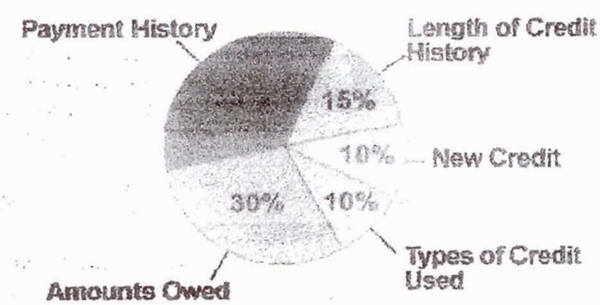
Calculators

Glossary

What's In Your Score

en Español

FICO Scores are calculated from a lot of different credit data in your credit report. This data can b
five categories as outlined below. The percentages in the chart reflect how important each of the
determining your score.



These percentages are based on the importance of the five categories for the general population
groups - for example, people who have not been using credit long - the importance of these cate
somewhat different.

Payment History

- Account payment information on specific types of accounts (credit cards, retail accounts, finance company accounts, mortgage, etc.)
- Presence of adverse public records (bankruptcy, judgements, suits, liens, wage attachme collection items, and/or delinquency (past due items)
- Severity of delinquency (how long past due)
- Amount past due on delinquent accounts or collection items
- Time since (recency of) past due items (delinquency), adverse public records (if any), or c any)
- Number of past due items on file
- Number of accounts paid as agreed

Amounts Owed

- Amount owing on accounts
- Amount owing on specific types of accounts
- Lack of a specific type of balance, in some cases
  Number of accounts with balances
- * Proportion of credit lines used (proportion of balances to total credit limits on certain types accounts)
- Proportion of installment loan amounts still owing (proportion of balance to original loan a types of installment loans)

Length of Credit History

- Time since accounts opened
- Time since accounts opened, by specific type of account