

Consumer Credit Reporting

Guidelines for Debt Buyers & Third Party Collection Agencies

Presented by:
CDIA Metro 2[®] Format
Task Force

Introduction

Focus of today's session is to review the specific reporting guidelines for Debt Buyers and Third Party Collection Agencies.


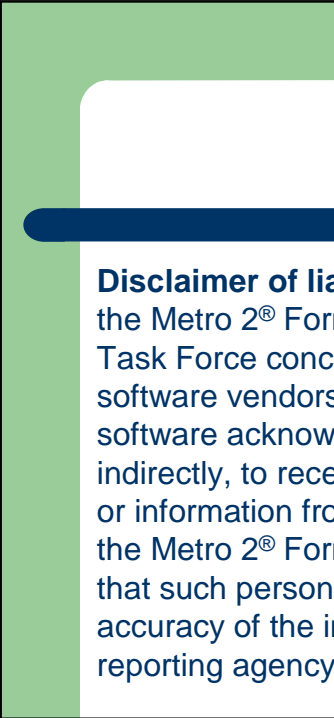


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Discussion Topics

Account Information

- Identification Number
- Consumer Account Number
- Portfolio Types, Account Types, Terms Duration
- Amount Fields
- Account Status Codes
- Special Comment Codes
- Compliance Condition Codes
- Date Fields
- Original Creditor Information

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Discussion Topics

Consumer-specific Information

- Consumer Identification
- ECOA Codes
- Consumer Information Indicators



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Account Information

- Identification Number (Field 5)
 - Unique number that identifies your company
 - Specifies where your information is verified
- Consumer Account Number (Field 7)
 - Unique number that identifies the consumer's account on your system

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Account Information

- Portfolio Type (Field 8) = O (Open)
- Account Type (Field 9)
 - Debt Buyers = 0C
 - Collection Agencies = 48
 - Returned Checks = 77
- Terms Duration (Field 13) = 001
- Terms Frequency (Field 14) = Blank fill (not applicable)



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Account Information

- Highest Credit or Original Loan Amount (Field 12)
 - Debt Buyers = original amount as of the date account was purchased
 - Collection Agencies = original assigned amount as of the date placed for collection
 - Returned Checks = original amount of the check, excluding fees and interest

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Account Information

- Current Balance (Field 21) = total current balance on the account
- Amount Past Due (Field 22) = total amount past due on the account

These amounts may include fees and interest, depending on state and federal laws.

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Account Information

- Account Status Codes (Field 17A)
 - 93 = Collection account
 - 62 = Paid collection account

Do not delete paid collection accounts.



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Account Information

- Account Status Codes
 - DF = Delete entire account due to confirmed fraud
 - DA = Delete entire account for reasons other than fraud
 - Debt Buyers must delete accounts that have been forwarded or sold to another entity.
 - Collection Agencies must delete accounts that have been canceled and returned to the creditor.
 - This value should also be used for accounts reported in error.

Do not delete paid in full collection accounts!

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Account Information

- **Special Comment Code (Field 19)**
Used in conjunction with Account Status Codes to further define accounts

For example, Special Comment 'AU' (Account paid in full for less than the full balance) could be reported with Account Status '62' (paid collection).

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Account Information

- **Compliance Condition Code (CCC) (Field 20)**
 - Meets reporting requirements of the Fair Credit Reporting Act (FCRA) and/or Fair Credit Billing Act (FCBA)
 - Required field when condition applies to the account being reported



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Compliance Condition Codes Disputed Accounts

- **Fair Credit Reporting Act (FCRA):**
 - XB = Account information disputed by consumer
 - XC = Completed investigation of FCRA dispute – consumer disagrees
- **Fair Credit Billing Act (FCBA):**
 - XF = Account in dispute under FCBA
 - XG = FCBA dispute resolved – consumer disagrees
- **FCRA/FCBA:**
 - XH = Account previously in dispute – investigation completed, reported by data furnisher

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Account Information

- Compliance Condition Code

Report code one time only when condition applies. Code will be retained until another code or the removal value is reported.

Date of Account Information	CCC	Action
01/10/2012	XB	XB is added to file.
02/10/2012	Blank	XB is retained.
03/10/2012	Blank	XB is retained.
04/10/2012	XH	XB is replaced by XH.

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Compliance Condition Codes

Optionally, CCCs may be reported every month as long as the condition applies.

Example:

Date of Account Information	CCC	Action
01/10/2012	XB	XB is added to file.
02/10/2012	XB	XB is retained.
03/10/2012	Blank	XB is retained.
04/10/2012	XH	XB is replaced by XH.

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Account Information (CCC)

- Removal Code

XR = Removes most recently reported CCC

Example:

Date of Account Information	CCC	Action
04/10/2012	XH	XH is added to file.
05/10/2012	Blank	XH is retained.
06/10/2012	XR	XH is removed.

- *Do NOT use XR as a default value.*
- If a Compliance Condition Code does not apply, blank fill this field.

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Account Information

- Date Opened (Field 10)
 - Debt Buyers = date the account was purchased
 - Collection Agencies = date the account was placed or assigned to you
 - Returned Checks = date the check was written



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Account Information

- FCRA Compliance/Date of First Delinquency (Field 25)
 - Debt Buyers = the date of the first delinquency with the original creditor that led to the account being sold
 - Collection Agencies = the date of the first delinquency with the original creditor that led to the account being placed for collection
 - Returned Checks = the date the check was returned for insufficient funds. If not available, report the date of the check.

Do not change the Date of First Delinquency due to subsequent repayment agreements.

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Status	Definition	Date of Acct. Information	Date of 1 st Delinquency
Account reported by original credit grantor.			
11	Current	10/15/2011	Zero fill
71	Delinq 30	11/15/2011	11/01/2011
78	Delinq 60	12/15/2011	11/01/2011
80	Delinq 90	01/15/2012	11/01/2011
Account goes to Debt Buyer or Collection Agency.			
93	Collection	02/29/2012	11/01/2011
93	Collection	03/31/2012	11/01/2011
62	Paid Collection	04/30/2012	11/01/2011

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Account Information

- FCRA Compliance/Date of First Delinquency

If the original credit grantor does not provide an accurate Date of First Delinquency, consult with your Legal department to determine if there is a date that is acceptable according to the FCRA.

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Account Information

- Date of Last Payment (Field 27) = date of the most recent payment
- Date Closed (Field 26) = When Account Status Code is 62 (paid collection), report the date the account was paid in full.

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Account Information

- Original Creditor Name (K1 Segment, Field 2)
 - Debt Buyers = report the name of the company/creditor that originally opened the account for the consumer, even if the account had been sold multiple times to different debt buyers.
 - Collection Agencies = report the name of the company/creditor that originally opened the account for the consumer, even if the account had been turned over to multiple collection agencies.
 - Returned Checks = report the name of the payee; i.e., name of the company to which the check was written.

The consumer must be able to recognize the original creditor's name.

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Account Information

- Options for reporting Original Creditor Names that reveal sensitive information:
 1. Report name of institution – not type of service.
Example:
City Hospital **Drug Rehabilitation Center**
 2. Report corporate name if different from the commercial name.
 3. Do not report the account if neither of above options protect the consumer's privacy.

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Account Information

- Creditor Classification (K1 Segment, Field 3)
Indicates type of business for the original creditor
 - 15 different classification codes are available for reporting.

Example: If the original creditor is a department store, code '01' represents 'retail'.

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Account Information

- Medical Debts
 - Report the name of the original creditor.
 - Report Creditor Classification '02' for 'Medical/Health Care'.

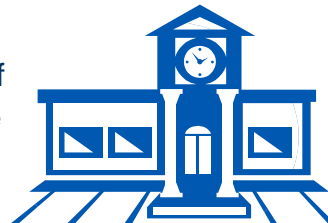
The reporting of Creditor Classification '02' provides identification of medical debts, which assists with compliance of the FCRA.

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Account Information – Debt Buyers Only

- Purchased Portfolio Name (K2 Segment)
 - Report Portfolio Indicator '1'.
 - Report the name of the company from which the portfolio was purchased.

Do not report the K2 Segment if the name of the company is the same as the name reported in the K1 Segment.



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Consumer Information

- Report complete consumer identification information for the legally liable consumers.
 - Full name, including Generation Code
 - Full Address
 - Social Security Number
 - Date of Birth



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Consumer Information

- ECOA Code
(Base Segment, Field 37; J1 and J2 Segments, Field 10)
 - Meets the reporting requirements of the Equal Credit Opportunity Act (ECOA)
 - Defines the relationship of the consumer to the account
 - Separate ECOA Code for each consumer reported on an account (primary and associated borrowers)

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Consumer Information

- ECOA Codes
 - 1 = Individual
 - 2 = Joint Contractual Liability
 - 5 = Co-maker or Guarantor
 - 7 = Maker
 - X = Consumer Deceased
 - Z = Delete Consumer

Only inaccurately reported consumers should be deleted.

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Consumer Information

- Consumer Information Indicator (CII)
(Base Segment, Field 38; J1 and J2 Segments, Field 11)
 - Separate CII field for each consumer reported on an account (primary and associated borrowers)
 - Contains a value that indicates a special condition that applies only to the consumer on whom it is reported

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Consumer Information Indicators

- 3 Categories of CII:
 - Bankruptcy/Personal Receivership
 - Reaffirmation of Debt/Reaffirmation Rescinded
 - Credit grantor cannot locate consumer / consumer located

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Consumer Information Indicators Cannot Locate

- T = Credit grantor cannot locate consumer
- U = Consumer now located
(removes previously reported 'T' indicator)



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Consumer Information Indicator

Report code one time only when condition applies. Code will be retained until another code or the removal value is reported.

Example:

Date of Account Information	CII	Action
01/10/2012	T	T is added to file.
02/10/2012	Blank	T is retained.
03/10/2012	Blank	T is retained.
04/10/2012	U	T is removed.

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Consumer Information Indicator

Optionally, CIIs may be reported every month as long as the condition applies.

Example:

Date of Account Information	CII	Action
01/10/2012	T	T is added to file.
02/10/2012	T	T is retained.
03/10/2012	T	T is retained.
04/10/2012	U	T is removed.

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Consumer Information Indicators

Example: Only primary borrower filed petition for Chapter 7:

- Base Segment CII = **A**
(Chapter 7 Petition)
- J1 Segment CII = **Blank**
(Bankruptcy not applicable)

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Consumer Information Indicators

Example: Both borrowers filed petition for Chapter 7:

- Base Segment CII = **A**
(Chapter 7 Petition)
- J1 Segment CII = **A**

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Consumer Information Indicators

Example: Two different CIIs:

- Base Segment CII = **A**
(Chapter 7 Petition)
- J1 Segment CII = **T**
(Credit grantor cannot locate consumer)



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Credit Reporting Resource Guide®

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