
What does the notice on the front of this brochure mean?

A new federal law requires us to provide the following notice to consumers before any “negative information” may be furnished to a nationwide consumer reporting agency.

We may report information about your account to credit bureaus.

Late payments, missed payments, or other defaults on your account may be reflected in your credit report.

- *What does this notice mean?*
 - *What is a credit report or consumer report?*
 - *Why is good credit so important?*
 - *What’s in a consumer report?*
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 - *How long will negative information stay on such a report?*
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“Negative information” is information concerning delinquencies, late payments, insolvency, or any form of default. This notice does *not* mean that we will be reporting such information about you, only that we may report such information about consumers that have not done what they are required to do under our agreement with them.

After providing this notice, additional negative information may be submitted without providing another notice.

A consumer report (also called a credit report) is designed to provide information about your credit history to businesses and organizations.

Consumer reports are compiled by companies called consumer reporting agencies (CRAs) or credit bureaus. The purpose of a CRA is to put together information for your consumer report, keep it up to date, and make it available to those who have a legitimate business need—such as financial institutions you have asked for a loan or other services they offer, which may include an overdraft line of credit or overdrawn deposit accounts.

The availability of consumer reports to businesses, such as financial institutions, helps reduce the risk of financial loss that these businesses face. For consumers, the availability of consumer reports to the financial services industry means financial institutions can extend offers to consumers without an extensive previous relationship that might otherwise be required.

The availability of consumer reports also allows financial institutions to avoid losses they might experience from consumers who don’t pay their bills. Losses due to such consumers are ultimately passed on to consumers who *do* pay their bills in the form of increased fees and higher interest rates.

Finally, consumer reports allow a financial institution to counsel a consumer on the loan or other products that best fit that consumer’s financial needs.

Why is good credit so important?

Are you aware that your credit history and other personal information may affect your ability to obtain a good job, to rent or purchase a home, lease a vehicle, open a deposit account, and in some cases receive a preferred rate on your life insurance policy?

A credit score is a statistical measurement used to predict how likely you are to repay a loan based on experience with millions of consumers. As a result, it provides a fast and objective way to evaluate your credit history. As credit scoring has become more important, they are able to predict other characteristics about an individual. For instance, an individual with a particular credit score is less likely to overdraw a checking account. It’s important to remember that your credit history will follow you throughout your life. Making good decisions along the way will help a great deal when you’re ready to realize the American dream.

What’s in a consumer report?

Consumer reports obtained by those in the financial services industry vary as to their detail. Some reports come in the form of simple affirmative or negative answers to specific inquiries resulting in the acceptance or denial of your application. Other consumer reports come in the form of a “score.”

A scoring system assigns points for each factor in a consumer report that the financial institution considers important. The CRA will calculate a score for you based on your consumer report and provide this score to the financial institution. These scores cannot take into account factors such as race, gender, marital status, national origin, religion, or age.

Still other reports contain detailed consumer information. Detailed consumer reports typically include four types of information:

- Identification and employment information (name, address, social security number, spouse’s name, your current job, length of employment, and income)

- Information from public records (bankruptcy, civil suits, and tax liens)
- Credit information (specific information about each account, such as the date opened, credit limit or loan amount, balance, monthly payment, and payment pattern during the past several years)
- Names of those who have obtained a copy of your credit report within the last year (two years for employment-related requests). By law, inquiries made by the FBI are not recorded in certain circumstances (such as a counterintelligence investigation).

Can anyone get a copy of my consumer report?

No. You may obtain a copy of your consumer report at any time, but no one else may legally review your report unless they do so in connection with one of the following:

- A court order or federal grand jury subpoena
- You have given someone written permission
- An employment purpose, such as hiring or a promotion, where you have given the employer your permission
- Insurance underwriting
- Your application for a government license
- A legitimate business need, such as an application for credit or a deposit account
- In certain circumstances, a state or local child support enforcement agency

Every CRA must provide you with a free copy of your consumer report at your request when an “adverse action” is taken because of information supplied by the CRA.

For example, if your credit or deposit application is denied due to information contained in your consumer report, you will be notified of this adverse action and informed that the decision was based on your consumer report. The notice will tell you the name and address of the CRA that provided the consumer report.

Upon receiving the notice, you must request your copy of the consumer report from the CRA within a specified time. Otherwise, the CRA may charge a reasonable fee to provide you with your copy. Beginning in late 2004 or sometime in 2005 (depending on where in the U.S. you live), you are entitled to one free report a year regardless of whether or not an adverse action has been taken.

How long will negative information stay on my report?

Federal law specifies how long negative information may remain on your credit report. Generally, the time limit is seven years, with certain exceptions:

- Bankruptcy information can be reported for ten years;
- Information reported because of an application for a job with a salary of more than \$75,000 has no time limit;
- Information reported because of an application for more than \$150,000 worth of credit or life insurance has no time limit; and
- Information concerning a lawsuit or an unpaid judgment against you can be reported for seven years or until the statute of limitations runs out, whichever is longer.

Note: Positive information can remain on your report indefinitely.

Where can I go if I have more questions?

More detailed information regarding consumer reports can be obtained from the Federal Trade Commission. You may also have additional rights under state law. You should contact your state Attorney General or local consumer protection agency for more information about these rights.

