



Montgomery County Council

From the office of Councilmember Tom Perez

News Release

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Statement by Council President Tom Perez on New Credit Reporting Initiative and Partnership

I strongly support the partnership between the PRBC and the National Credit Reporting Association to enable millions of hard-working people to demonstrate their creditworthiness. This partnership is based on the simple proposition that information is power. This program will enable potential homeowners to provide critical information to potential lenders about their housing rental payment history, utility bill payment history, and other critical bill payment history.

Currently, millions of creditworthy borrowers are left out of the traditional credit mainstream in the United States, even though they are making rental payments and other bill payments in a timely manner. This partnership will provide an equal opportunity to help them build their credit scores with rental and other recurring payments.

This partnership is a progressive step forward in addressing the social and racial disparities associated with access to credit. Indeed, access to credit is one of the greatest civil rights challenges of the new millennium. Pursuing the American dream of homeownership is tough enough under the best of circumstances. For millions of racial and ethnic minorities, this dream is even more elusive because they are left out of the credit mainstream. This partnership will enable all creditworthy people to demonstrate that they are ready, willing, and able to realize the American dream.

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For Immediate Release:

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The National Credit Reporting Association and PRBC® join forces to help Consumers to Build Alternative Credit Histories.

NCRA Members to verify consumers' bill payment history and to distribute PRBC Reports

Center for Financial Services Innovation supports partnership

Washington, DC– October 3, 2005 – The National Credit Reporting Association (NCRA), a national trade organization of consumer reporting agencies and associated professionals that provide products and services to hundreds of thousands of credit grantors, employers, landlords and all types of general businesses today announced entering an agreement with PRBC®, a progressive national consumer reporting agency, to help consumers build a credit history with the recurring bills that they pay. PRBC is the first credit bureau to enable consumers to supplement their traditional credit report and score, if they have one, with on-time recurring bill payment information and payday advance repayments.

The agreement between the NCRA and PRBC gives NCRA's national network of Members an exclusive opportunity to work with PRBC to verify historical housing and recurring bill payment histories, and to add that valuable data to the traditional credit reports that they sell to their millions of customers. This unique relationship with NCRA also gives PRBC a national distribution network of skilled and reputable professionals in the consumer reporting industry for PRBC Reports.

“It is estimated that more than 70 million Americans make rent, mortgage, and other recurring bill payments that are not reported to traditional credit bureaus. As a result these consumer often have lower credit scores than they should, and pay more for housing, credit, and insurance than they deserve”, said Terry Clemans, Executive Director of NCRA. “I am optimistic that through NCRA’s partnership with PRBC, we can help millions of formerly overlooked consumers to build their credit history and provide them with an opportunity for equal participation in the mainstream economy.”

Currently, traditional credit reporting agencies do not track or score commonly recurring bills such as rent, private mortgages, self-storage, utilities, telephone, internet, cable TV, insurance premiums, or child care. As a result, fiscally-responsible consumers without good so-called “traditional” credit histories are effectively precluded from obtaining affordable home or auto loans, insurance discounts, or other asset building opportunities. This condition also makes obtaining employment, utility hook-ups, and telephone service more difficult and costly.

“PRBC is very pleased to partner with NCRA and its Membership because of their professionalism, code of ethics, and especially because of their recognized expertise in verifying consumer credit histories and reporting to millions of users of traditional credit reports, said PRBC Chairman and CEO, Michael Nathans. “The Equal Credit Opportunity Act requires any lender that uses a traditional credit report to assess the creditworthiness of applicants, to consider any additional payment account information in the applicants name or spouse’s name that may present a more complete and accurate assessment of creditworthiness, such as a PRBC Report. I am therefore very optimistic that PRBC’s relationship with NCRA Members will provide an equal opportunity for millions of consumers who have low- or no-traditional credit scores to demonstrate their creditworthiness with the commonly recurring bills they pay, and to secure their financial futures.”

“The new partnership between PRBC and the NCRA is one of the most significant recent developments in the credit reporting industry,” said Paul Wohkittel, President of NCRA and Lenders’ Credit Services, Inc. “Our members have realized for years that a substantial number of creditworthy potential borrowers do not participate in mainstream credit avenues in the United States. This segment of the population rarely benefits from the current lending practices.

The program that is being developed by NCRA and PRBC will finally allow them to qualify for major purchases by quantifying “alternative” sources of credit that they have utilized in a satisfactory manner. The innovative system developed by PRBC combined with the specialized customer service offered by local credit reporting agencies will enable these consumers to prove their potential value and obtain “A” rates from major lenders. The members of NCRA are excited to be a part of this community economic development undertaking.”

Jennifer Tescher, Director of The Center for Financial Services Innovation (CFSI), comments, "This program demonstrates how innovative, entrepreneurial partnerships can deliver positive results both for underbanked consumers and the financial services companies that serve them. We at CFSI appreciate and support NCRA's and PRBC's vision and commitment to improving access to credit and wealth-building opportunities for millions of responsible, underserved consumers."

PRBC is the first credit bureau to give consumers the choice and tools to demonstrate their ability and willingness to pay all of their bills on time consecutively. A PRBC Reportsm can be ordered that merges Equifax, Experian, and TransUnion credit reports and scores with a PRBC bill payment history and a Bill Payment Scoresm (BPSsm). PRBC Reports and the BPS are used to supplement a traditional credit report and score, or in the absence of one, to gain a more complete and accurate risk assessment of an applicant. The PRBC BPS can be easily understood by consumers and users of traditional credit scores alike. PRBC does not charge consumers a fee to enroll in the PRBC service or to view their own PRBC data. In addition, PRBC does not sell consumers’ private personal information to solicitors, telemarketers, direct mail firms, or for research purposes.

Earlier this summer, the concept of using alternative data sources to help consumers build credit histories was endorsed by the U.S. Congress in a hearing of the House Subcommittee on Financial Institutions and Consumer Credit.

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About The National Credit Reporting Association, Inc.

The National Credit Reporting Association is a national trade organization of consumer reporting agencies and associated professionals that provide products and services to

hundreds of thousands of credit grantors, employers, landlords and all types of general businesses. Headquartered in the Chicago suburb of Bloomingdale, Illinois, NCRA serves members in the United States and Puerto Rico. NCRA's membership includes mortgage credit reporting agencies, employment screening services, tenant screening companies, consultants and a variety of affiliate vendors. Members must agree to comply with all federal and state applicable laws, including the Fair Credit Reporting Act. This law defines the appropriate procedures for obtaining consumer credit information and defines the responsibilities of the users and furnishers of consumer information. Members must also adhere to the guidelines established in the NCRA Code of Ethics. These guidelines enable the credit reporting industry to operate only under the highest standards of integrity. NCRA's members are committed to solid ethical business practices. NCRA shares its knowledge and understanding of the industry with its members through the Annual Conference, Regional Seminars, The Credit Reporter and The Advocate publications. For more information visit us at www.ncrainc.org.

About PRBC

PRBC, a national credit bureau with a community economic development mission, is supported with a grant from the Ford Foundation and by Tier I Data Subscribers that include Citimortgage, Fannie Mae, and Freddie Mac. PRBC is guided by an Advisory Board and a Technical Steering Committee that include consumer advocates, educators, faith-based leaders, and industry professionals. PRBC's service is powered and secured by IBM, and can be accessed at www.PRBC.com.

About the Center for Financial Service Innovation

The Center for Financial Services Innovation, an initiative of ShoreBank Advisory Services, was founded in 2004 with support from The Ford Foundation. Its mission is to facilitate efforts to offer underbanked consumers across the economic, geographic and cultural spectrum asset-building opportunities that create value for both customers and companies. It provides funding and resources, enables partnerships, and develops and distributes authoritative information on how to respond to the needs of the underbanked both profitably and responsibly. CFSI works with banks, credit unions, technology vendors, alternative service providers, consumer advocates, and policy makers to forge pioneering relationships, products and strategies that will transform industry practice and the lives of underbanked consumers. For more on CFSI, go to www.cfsinnovation.com.