



Credit Reporting Policy

The purpose of [REDACTED] Credit Reporting Policy is to ensure credit reporting is applied equally and fairly to all qualified loans in [REDACTED] loan portfolio. The policy was established to:

1. Ensure the accuracy and integrity of information being furnished about consumers.
2. Allow consumers to formally dispute the correctness of certain information that is furnished about them to Credit Report Agencies (CRA) directly with the data furnisher.

WHAT IS REPORTED

All active loans in our portfolio will be reported regardless of account status. Credit reporting procedures are applied equally to all loans; in no case shall procedures be modified and applied on a loan-by-loan basis.

In order to maintain the accuracy and integrity of the consumer files, historical consumer credit information must be reported in a factual and objective manner. Paid derogatory accounts, such as collections, should be reported as paid; they should not be deleted. It is imperative that inaccurate data be corrected and only inaccurate accounts be deleted from the credit reporting agencies' file.

[REDACTED] will "clearly and conspicuously" provide consumers with an address to dispute data reported.

Information may not be furnished that we know -- or consciously avoid knowing -- is inaccurate.

DATA REPORTING

[REDACTED] is a member of the Credit Builders Alliance (CBA), a nonprofit organization established to help non-traditional financial and asset building institutions serving low and moderate income individuals build client credit and financial access in order to grow their business and/or personal assets. CBA provides community lenders the ability to report loan repayment data to the major Credit Reporting Agencies (CRA) such as Experian and Trans Union.

Standard data reporting format known as "Metro 2" is used to report data to the consumer Credit Reporting Agencies via CBA. Metro 2 is the current standard format for reporting consumer credit. It meets all the requirements of the Fair Credit Reporting Act (FCRA), the Fair Credit Billing Act (FCBA), and the Equal Credit Opportunity Act (ECOA). It allows most accurate and complete information on consumers' credit history.

The Metro 2 file is generated by [REDACTED] loan servicing software "PIDC Portfol Economic Development Software". Consumer credit is reported on monthly basis and must be submitted to the CBA website by the 7th business day of each month reporting the prior month's activity (see Appendix A, operating procedure for details on submitting Metro 2 file to CBA). To correct information on a specific consumer between monthly reports, a Midmonth Correction Metro2 file can be sent from [REDACTED] to CBA with just information on that consumer.

PIDC Portfol Economic Development Software is used exclusively for managing [REDACTED] loan portfolio; all payments are posted to Portfol upon receipt, ensuring accuracy of the account status being reported. By using the established loan management software Portfol, the reporting of inaccurate or duplicative information is minimized.

Adopted:



CREDIT BUILDERS ALLIANCE

In order to ensure the consumer is identified properly, checks and balances are put in place regarding entry of data to the loan management software. Each month following a consumer "loan closing" the Metro 2 file associated with this consumer is examined for accuracy. Specific attention is given to all identifying information, ensuring it is the same as reported in the original loan application. Any inaccuracy should be corrected before the Metro 2 file is submitted to the Credit Reporting Agencies via CBA.

RECORDS RETENTION

██████████ will maintain records for seven years after notes expire. Records must contain enough information to substantiate the accuracy of any information furnished that is subject to direct dispute. At a minimum, invoices (electronic or hard copy), Portfol journal entry reports and monthly credit reporting logs must be maintained for each consumer.

STAFF TRAINING & CERTIFICATION

All staff responsible for reporting data to Credit Reporting Agencies via CBA is required to obtain Fair Credit Reporting Act (FCRA) Certification with the Consumer Data Industry Association (CDIA) before performing any tasks related to consumer credit reporting.

COMPLIANCE

FCRA Certified staff will keep abreast of changes and/or participate in training provided by the Consumer Data Industry Association (CDIA) to ensure compliance with requirements in the Fair Credit Reporting Act (FCRA).

██████████ Credit Reporting Policy will be reviewed by the Plan and Policy Committee in March of 2012 to ensure it adheres to FCRA. Then, the policy will be reviewed as needed to ensure it is compliant, or as outlined in ██████████ Internal Controls Policy.

HANDLING DISPUTED CREDIT INFORMATION

Direct Disputes:

Upon receipt of direct dispute notice ██████████ will:

1. Acknowledge receipt of notice;
2. Conduct a reasonable investigation with respect to the disputed information;
3. Review all relevant information provided by the consumer with the dispute notice;
4. Complete its investigation of the dispute and report the results of the investigation to the consumer within 30 days.

All dispute notices must contain sufficient information to identify the account in dispute; the specific information disputed; an explanation of the basis for the dispute; and all supporting information, such as bank statements, cancelled checks, receipts, etc., ██████████ reasonably requires substantiating the basis of the dispute.

If the investigation finds the information reported is inaccurate, ██████████ will promptly notify Credit Builders Alliance (CBA) of the determination, CBA will assist in providing the credit bureaus with corrected information. All inaccurate information must be corrected in Portfol to update subsequent Metro 2 reports. To update Credit Reporting Agencies with corrected information on a specific borrower between monthly reports, a Midmonth Correction Metro 2 file can be sent to CBA with information of that consumer's corrected data. However, if ██████████ chooses to wait until the next credit reporting cycle, the Metro 2 file will reflect the correct information.

Adopted:



CREDIT BUILDERS ALLIANCE

e-OSCAR (Online Solution for Complete and Accurate Reporting) Disputes:

e-OSCAR is a web-based, Metro 2 compliant, automated system that enables Data Furnishers and Credit Reporting Agencies (CRAs) to respond to consumer credit history disputes in a streamlined and efficient manner. e-OSCAR is a communication tool – a credit bureau will open a case in e-OSCAR when it receives a consumer dispute to communicate the dispute to the creditor in question who is then responsible to re-verify the information being disputed and log their re-verification response through e-OSCAR.

CBA has been approved to act as an agent on behalf of community lenders. As such, CBA manages a centralized master e-OSCAR account with each community lender as a sub-account. By managing e-OSCAR centrally, CBA saves community lenders significant staff time and training while still being able to respond efficiently

CBA will monitor the e-OSCAR account daily on [REDACTED] behalf. Anytime CBA receives a dispute on behalf of [REDACTED], [REDACTED] will receive an email from CBA within 1 business day.

Trained CBA staff will assist [REDACTED] in verifying the information and correcting it if necessary within the 30 day period

In addition to disputes via e-OSCAR, [REDACTED] is responsible to respond directly to consumer disputes per the FACT Act Direct Dispute Rule effective starting July 2010. [REDACTED] will investigate disputes unless it determines the dispute is irrelevant or frivolous based on the following exemptions. If [REDACTED] determines that a direct consumer dispute requires investigation, [REDACTED] can request assistance from CBA staff on how to verify information. If [REDACTED] determines it is necessary to correct information related to a direct dispute, [REDACTED] will update PORTFOL and inform CBA staff to ensure that correction is correctly transferred to Credit Reporting Agencies.

In addition to disputes via e-OSCAR, [REDACTED] is responsible to respond directly to consumer disputes per the FACT Act Direct Dispute Rule effective starting July 2010. [REDACTED] will investigate disputes unless it determines the dispute is irrelevant or frivolous based on the following exemptions. If [REDACTED] determines that a direct consumer dispute requires investigation, [REDACTED] can request assistance from CBA staff on how to verify information. If [REDACTED] determines it is necessary to correct information related to a direct dispute, [REDACTED] will update PORTFOL and inform CBA staff to ensure that correction is correctly transferred to Credit Reporting Agencies.

Exemptions (no investigation required):

1. If the consumer dispute does not relate to:
 - a. the consumer's liability for debt with the furnisher;
 - b. the terms of that debt;
 - c. the consumer's performance or conduct concerning an account or relationship with the furnisher; or
 - d. any other information regarding an account that bears on the seven characteristics listed in the definition of "consumer report".
2. If the consumer does not submit direct dispute notice to:
 - a. An address provided by the furnisher that is included on a consumer report;
 - b. An address "clearly and conspicuously" specified by the furnisher for submitting direct disputes that is provided to the consumer in writing or electronically; or
 - c. Any business address of the furnisher if the furnisher has not provided an address by one of the other two methods.

Adopted:



CREDIT BUILDERS ALLIANCE

3. The consumer's dispute notice does not contain the required content.
4. The consumer's identifying information such as name, DOB, SSN, Phone # and address.
5. Information derived from public records, such as judgments, bankruptcies, liens and other legal matters.
6. Information related to fraud alerts or active duty alerts.
7. Information provided to a consumer reporting agency by another furnisher.
8. Reasonably believes the dispute comes from a "credit repair organization".
9. Reasonably determines the dispute to be "frivolous or irrelevant". A dispute qualifies as frivolous or irrelevant if:
 - a. The consumer did not provide sufficient information to investigate the dispute as required;
 - b. The direct dispute is "substantially the same" as a prior dispute (whether submitted directly or through a credit bureau) with respect to which [REDACTED] has already satisfied the applicable requirements. A dispute with additional information submitted is not substantially the same; or
 - c. The dispute relates to one or more of the exemptions already listed.

Upon making a determination that a dispute is frivolous or irrelevant the consumer must be notified of the determination within five business days by mail (or other method authorized by the consumer). The notice must include the reason for the determination and identify the information that the consumer must submit to trigger the [REDACTED] obligation to investigate the dispute.

Disputed information, once removed from the consumer file, cannot be reinserted unless it is found to be accurate at a later date.

DATA VERIFICATION

In addition to the ongoing Metro 2 file reviews outlined elsewhere in this policy, it is imperative that periodic evaluations of our practices occur. Therefore, [REDACTED] will review and verify random samples of information provided to CBA on a quarterly basis. This standard procedure will consist of verifying 10% of consumer's information.

Adopted:



CREDIT BUILDERS ALLIANCE

APPENDIX A

Guidelines:

Primary Borrower Criteria:

- Corporation - majority owner will be listed as primary borrower.
- LLC - First signer on the LLC documents will be listed as primary borrower.

Co-Borrower Criteria:

- Business is always listed as co-borrower unless d/b/a

Operating procedure:

Submitting information to Credit Reporting Agency (CRA):

1. Generate Metro2 file using Portfol Loan Management Software.
 - a. From the main menu select **Processing & Reporting** tab.
 - b. Click on **Accounting** to expand the selection. Once expanded click on **Portfolio Mgt.** to expand the selection.
 - c. Click on **Export Credit Report**, a new window will be displayed.
 - d. Confirm process month ending date. This should be the last day of the month for the preceding month.
 - e. Click on **Validate** button. If validation is unsuccessful, correct any errors that occur. Do not proceed until the validation is successful.
 - f. Click on **Preview Overrides** button. Review all manual overrides. Several loans have manual overrides enabled on Field 9, they are overridden to: 10 ("Business Loan (indiv personally liable)"), these are ok. Any other manual override should be investigated and corrected if necessary. Do not proceed until manual override report is reviewed and confirmed.
 - g. Confirm path in Step 3 – File Export box; the path should point to E:\Data\Loan Funds\PORTFOL\Credit Reporting\Metro2Export. Click on **Export** button. Examine report produced carefully. Special attention should be paid to new loans and delinquent loans.
2. Upload Metro2 file to secure CBA site, at https address provided by CBA. Login and upload the file. You will receive an email shortly after acknowledging receipt of the file.

Note: The procedure listed above may change if Portfol updates the software.

Overrides:

If Portfol does not report Metro 2 Account Type Code =10 you need to override the code. *Metro 2 field #9 - Account Type Code = 10 (Business Loan -individual personally liable)*

Adopted: