



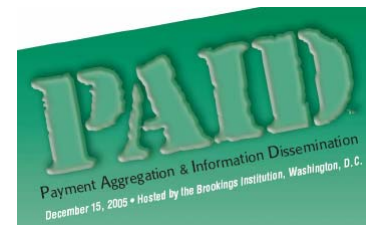
**Building credit with
housing, utilities, insurance,
and other commonly recurring bill payments**

is now everyone's equal credit opportunity.

prbc.com



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Roundtable on Using Alternative Data Sources in Credit Scoring

Challenges and Opportunities

December 15, 2005

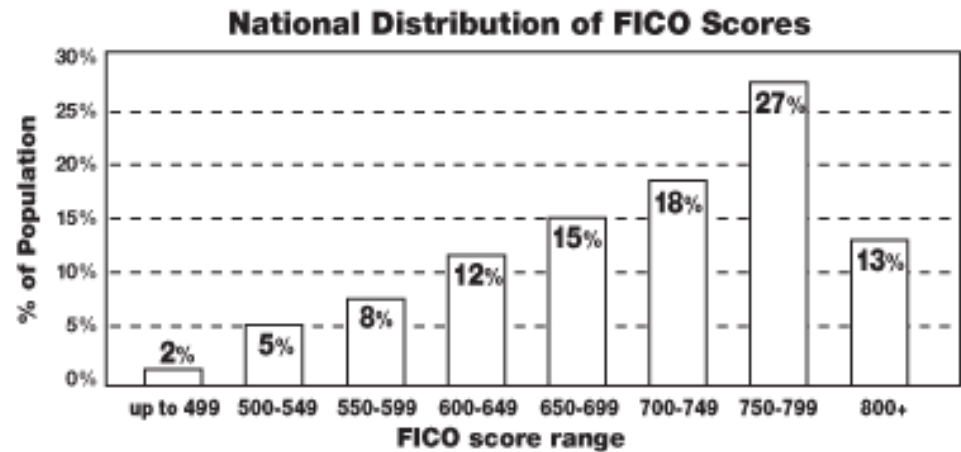
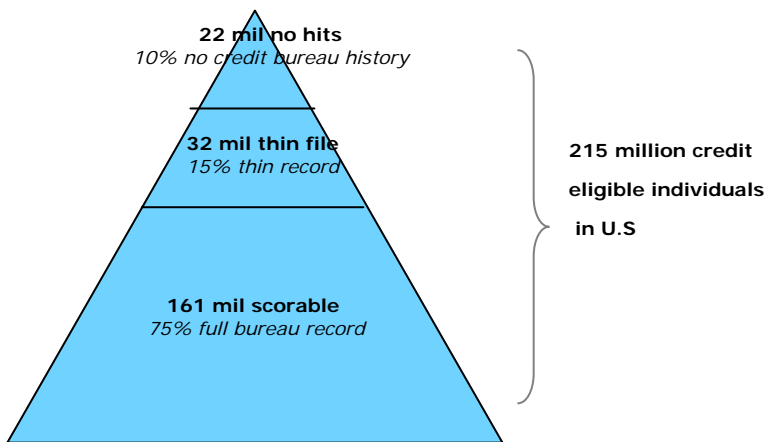


Market Gap - *The Voluntary Credit Reporting and Scoring Problem*

- The credit reporting system in the U. S. is entirely voluntary. Lenders and service providers are not required to report to a credit bureau.
 - Some PUCs prohibit utility companies from reporting
 - Traditional credit bureaus will not accept positive on-time payment data from smaller creditors
- Consumers whose on-time payments are not reported to a traditional credit bureau may have no credit score at all, or a lower credit score than they should, preventing them from building a credit history and assets.
- Traditional credit reporting and scoring practices that do not take rental, utility, telephone, and other commonly recurring bill payments into consideration, have an unintended but distinct disparate impact on millions of consumers when they apply for housing, credit, utility hook-up, insurance, and employment.
- Consumers must go into debt to build credit in a traditional credit bureau.
- Loans to consumers with low-or-no credit scores are difficult to securitize in the secondary markets, and ***cost significantly more.***

Large Population Eligible for Credit- and Asset-Building Financial Products and Services

80 Million U.S. Consumers, or 37% of the credit-eligible population have no FICO score or are under 700, and do not qualify for the best rates on mortgages, auto loans, or insurance.



Source: Fair Isaac Corporation: Website and Boston Globe 9/25/05

Source: Fair Isaac Web site

Introduction to *PRBC*®

Pay Rent, Build Credit, Inc. (*PRBC*®) is a national credit bureau powered by **IBM**, and:

- ✓ Advocates that *Payment Reporting Builds Credit*™
- ✓ Is the first credit bureau to provide the choice and tools to enable *all* consumers and small business owners to self-enroll to demonstrate their *willingness* and *ability* to pay bills and other financial obligations on time consecutively
- ✓ Enables consumers and small business owners having an SSN, ITIN, and/or EIN to show that they are fiscally responsible, without the need to go into debt
- ✓ Is supported with grants from the Ford Foundation and by Data Subscribers including Fannie Mae, Freddie Mac, and Citimortgage

Opportunity for Change –

The common wisdom is that to build a good credit history, it is important to pay your bills on time. Together we can help consumers to realize this promise.

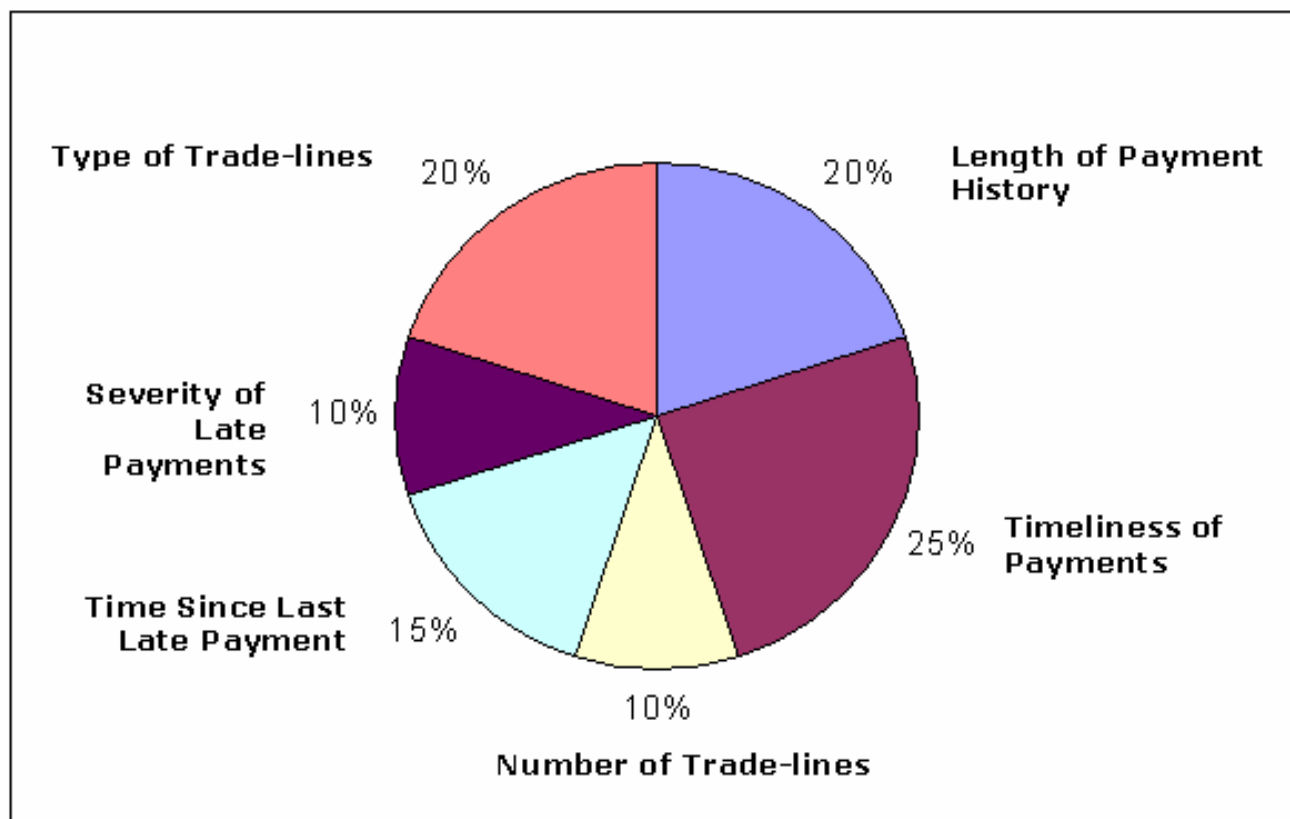
- ✓ **PRBC** accepts up to three (3) years of historical, as well as current payment data directly from consumers when verified by an FCRA-certified third party, and from payment processors, creditors, and billers that can deliver an XML upload to PRBC.
- ✓ **PRBC Reports**sm and **Bill Payment Score**sm (**BPS**sm) supplement “traditional” credit reports and scores and represent a proven history of the ABILITY + WILLINGNESS to pay on time consecutively.
- ✓ **PRBC Reports** do not stigmatize consumers by labeling them as “non-traditional” or somehow “different”, because everyone pays bills.
- ✓ **PRBC** does not charge consumers and business owners to self-enroll or to view their own PRBC data using a secure Internet connection.
- ✓ **PRBC** does not sell PRBC User’s names to solicitors.

PRBC® partners with National Credit Reporting Association and Financial Service Institutions

- ✓ **FCRA-certified NCRA Members perform PRBC Verifications on up to (3) three years of prior bill payments using procedures that meet and exceed Fannie Mae, Freddie Mac, HUD, and FHA standards.**
- ✓ **Financial service institutions that are *PRBC Data Providers* enable their customers to build an *accurate* credit history at *low cost* by reporting recurring bill payments from the institution's bill payment information systems to *PRBC*.**
- ✓ **In this application the *PRBC* service is patent-pending and qualified as an innovative and responsive "community development service" under the Community Reinvestment Act by the Federal Reserve Board of Governors, Division of Consumer and Community Affairs, and by the New York State Banking Department.**

PRBC Bill Payment Scoresm

PRBC BPS 3.0 Factors



PRBC Reportssm Sample - No Fico

Visit www.prbcreports.com to view the entire Report

Illustrates a PRBC Reportsm for a consumer that:

- has no file with Equifax, Experian, or TransUnion
- has no FICO score,
- paid rent and three other bills on time consecutively for 12 months
- has a PRBC BPSsm 616 comprised of 4 “Tier I” type accounts
- meets the minimum credit history required for an FHA-insured mortgage

This PRBC Reportsm could help this consumer qualify when they apply for an apartment, mortgage, auto loan, insurance, utility hook-up, credit card, and employment. It could also help them save hundreds of dollars on a mortgage or auto loan, and to build assets.

PRBC Reportssm Sample - No Fico (cont'd)

ALERT INFORMATION
(Src/Id) Message

(EFX/01) File Warning: No Record Found
(EXP/01) File Warning: No Record Found
(TUC/01) File Warning: No Record Found

These file warnings indicate that there are no files found in any of the "big 3" credit bureaus.

This Summary Information indicates the type, number, and payment status of each account appearing in each of the "big 3" and PRBC.

SUMMARY INFORMATION

Account Matrix	Counts	Balances	Payments	Now Curr	Now Late	COff Repo	Clsd Paid	LastDlq	N30	N60	N90+
Collection	-	0	0	-	-	-	-	-	-	-	-
Revolving	-	0	0	-	-	-	-	-	-	-	-
Installment	-	0	0	-	-	-	-	-	-	-	-
Real Estate	-	0	0	-	-	-	-	-	-	-	-
Other/Unkn	-	0	0	-	-	-	-	-	-	-	-
Bill Pymt Data	4	-	1119	4	-	-	-	-	-	-	-
Payday Loans	-	-	0	-	-	-	-	-	-	-	-
Totals	4	-	1119	4	0	0	0		0	0	0

PRBC Reportssm Sample - No Fico (cont'd)

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PRBC PAYMENT DATA
Account Type      Count    Curr    Cons    Slow    Late    Since    Since
                  Pymts   Curr   Pymts   Pymts   Pymts   Slow    Late
-----
Rent              1       12     11     -       -       -       -
Cable             1       12     11     -       -       -       -
Electric         1       12     11     -       -       -       -
Phone            1       12     11     -       -       -       -
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SCORE INFORMATION
(Src/Id)          Score  Description
                  Factors (1-4)
-----
(PRBC/01)         00616  BILL PAYMENT SCORE (BPS)
                  05  LENGTH OF ACCOUNT PAYMENT HISTORY
                  06  NUMBER OF REPORTED ACCOUNTS
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PRBC BILL PAYMENT INFORMATION
Payee Name / Account Number
Open HighCr Payment Balance Rptd CMop Mnth# #Cu #Cn #Sl Cld# MaxDlq LagTime Ctg#
Type   Term      Rate   LDlq-Rate  #30 #60 #90  Hist  Pattern  Disp Ecoa Id
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Tier I Accounts (4)

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TIMBERLINE APTS/**1023
12-01 N/A 950 N/A 01-05 CURR 12 12 11 00 01-05 111111111111/111111111111 4 Days 4
RENT 00 00 00 NO INDV 01
TIME WARNER CABLE/*****6511
01-02 N/A 68 N/A 01-05 CURR 12 12 11 00 01-05 111111111111/111111111111 7 Days 1
CABLE 00 00 00 NO INDV 01
CONNECTIV POWER/*****7753
06-99 N/A 66 N/A 01-05 CURR 12 12 11 00 01-05 111111111111/111111111111 Early 1
ELEC 01 00 00 NO INDV 01
BELL ATLANTIC/*****5590
11-01 N/A 35 N/A 01-05 CURR 12 12 11 00 01-05 111111111111/111111111111 10 Days 1
PHONE 00 00 00 NO INDV 01
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PRBC Reportssm Sample – Old Derogatories

Visit www.prbcreports.com to view the entire Report

Illustrates a PRBC Reportsm for a consumer that has recovered from past credit problems that were due to circumstances beyond his control.

This PRBC Reportsm reflects two Fair Isaac scores and one Equifax score ranging from 513 to 598 (568 average), along with a PRBC BPSsm of 781. Despite past credit difficulties, this consumer may qualify for a Fannie Mae or Freddie Mac mortgage.

The difference in mortgage interest rates between a 568 FICO score and a 621 FICO score can be as many as 250 basis points (2.5%), totaling \$5,625/year (\$468/month) in consumer savings on a \$225,000 mortgage.

Scoring Models	Score	Description
PRBC/01	781	BILL PAYMENT SCORE (BPS)
EPX/01	592	BEACON 96 Auto
EXP/01	513	Fair, Isaac 1.0
TUC/01	598	FICO Risk Score, Classic Auto 95

Without inclusion of the PRBC BPSsm of 781, the average credit bureau score would be 568, which is not an accurate or complete reflection of this applicant's creditworthiness.

CONSUMER STATEMENT INFORMATION		
(Src/Id)	Rptd	Statement
(PRBC/01)	12-04	MY CREDIT PROBLEMS DURING THE 2002 CALENDAR YEAR WERE DUE TO SEVERE MEDICAL HARDSHIPS ENDURED BY MY FAMILY. PLEASE TAKE INTO CONSIDERATION MY RECENT FAVORABLE HISTORY WHEN REVIEWING MY APPLICATION. THANK YOU.

PRBC ReportsSM Sample (cont'd)

SUMMARY INFORMATION										
Account Matrix	Counts	Balances	Payments	Now Curr	Now Late	COff Repo	Clsd Paid	LastDlq	#Times/24 m	
Collection	1	0	0	-	1	-	1	04-2000	-	-
Revolving	6	694	94	5	1	-	1	04-2002	-	-
Installment	1	5,086	0	-	1	-	1	08-2000	-	-
Real Estate	-	0	0	-	-	-	-	-	-	-
Other/Unkn	-	0	0	-	-	-	-	-	-	-
Bill Pymt Data	6	-	1637	6	-	-	-	09-2002	-	-
Payday Loans	3	300	300	3	-	-	2	-	-	-
Totals	14	6,080	2031	14	3	0	5	09-2002	0	0

PRBC ReportsSM are the only credit reports that display **on-time** payday advance repayments.

PRBC PAYDAY LOAN INFORMATION							
Payee Name	Open	Amnt	Balance	Status	Lst-Updt	LagTime	
ADVANCE AMERICA	02-15-05	300	300	Open	02-05		
ADVANCE AMERICA	01-15-05	350	350	Clsd	01-05	3 Days Early	
CHECK INTO CASH - CLAYMONT	06-15-04	400	400	Clsd	06-04	1 Days Early	

PRBC PAYMENT DATA							
Account Type	Count	Curr Pymts	Cons Curr	Slow Pymts	Late Pymts	Since Slow	Since Late
Rent	1	35	33	1	-	29	-
Child Support	1	36	35	-	-	-	-
Insurance	1	36	35	-	-	-	-
Cable	1	36	35	-	-	-	-
Electric	1	35	33	-	1	-	29
Phone	1	36	35	-	-	-	-

PRBC® Equal Credit Opportunity Advisory

October 3, 2005

Under the Equal Credit Opportunity Act (ECOA), all consumers have a legal right to have their PRBC Reportsm and Bill Payment Scoresm taken into consideration when traditional credit reports and scores are used to evaluate their creditworthiness.

ECOA § 202.6 Rules concerning evaluation of applications.

(b) Specific rules concerning use of information.

(6) Credit history. To the extent that a creditor considers credit history in evaluating the creditworthiness of similarly qualified applicants for a similar type and amount of credit, in evaluating an applicant's creditworthiness a creditor shall consider:

(i) The credit history, when available, of accounts designated as accounts that the applicant and the applicant's spouse are permitted to use or for which both are contractually liable;
{4-30-03 p.7216}

(ii) On the applicant's request, any information the applicant may present that tends to indicate that the credit history being considered by the creditor does not accurately reflect the applicant's creditworthiness;

Note: A PRBC Reportsm and Bill Payment Scoresm (BPSsm) demonstrate a proven track record of the ability and willingness to pay on time, consecutively. When used to supplement a traditional credit report and score, or in the absence of one, a PRBC Report and BPS provide a more complete and accurate reflection of an applicant's creditworthiness.

For more information visit www.prbc.com.



Thank you.

Everyone's equal credit opportunity

www.prbc.com