

Risk-Based Pricing Rules Compliance

Avantus' Risk-Based Pricing Notice Service can get your business compliant quickly, with no interruption in your business process.

The Federal Reserve Board and the Federal Trade Commission have approved final regulations that implement the **risk-based pricing provisions** of Section 311 of the Fair and Accurate Credit Transactions Act of 2003 ("FACT Act"), which amends the Fair Credit Reporting Act ("FCRA").

Lenders are required to comply with the new rule beginning January 1, 2011.

Your obligation as a Lender:

- According to the rule, the consumer must be notified when credit terms have been set based on their credit report, and that their terms may be less favorable than the terms provided to consumers with better credit histories.
- The consumer must also be informed that they can obtain a free credit report, to review the information that led to the credit decision.
- This risk-based pricing notice must be targeted to consumers who may be paying more for credit based on a credit score.
- To simplify the compliance process in the mortgage lending industry, the FTC has allowed that an **exception notice** may be delivered to the consumer in lieu of the targeted risk based pricing notice, as long as it is delivered to all consumers.

How can Avantus help?

Avantus can generate and deliver the exception notice with each credit report at no additional cost. The notice includes the required score used to set the material terms disclosure and corresponding national score distribution.

Avantus Mailing Service

For a nominal fee Avantus will mail, on your behalf, the risk-based pricing notice directly to the applicant(s) within one business day of when the credit report is requested. This is currently a successful process utilized for mailing the Notice to Home Loan Applicant (NHLA) rather than burdening in-house resources to mail the notices. This ensures that all applicants receive the proper notice in a clear and conspicuous manner and that the notice is segregated from any other material provided to the consumer; keeping your institution in compliance with the regulation.

AVANTUS TEST ACCOUNT 600 New Hill Rd. West Haven, CT 06516		Report ID: 62024	Date: 11/11/2010
Applicant Name: Nicole Green 140 Terrace Av West Haven, CT 06516			
AVANTUS TEST ACCOUNT Your Credit Score and the Price You Pay for Credit			
Your Credit Score Your credit score: 732 Source: Experian Date: 08-20-2010			
Understanding Your Credit Score			
What you should know about credit scores	Your credit score is a number that reflects the information in your credit report. Your credit report is a record of your credit history. It includes information about whether you pay your bills on time and how much you owe to creditors. Your credit score can change, depending on how your credit history changes.		
How we use your credit score	Your credit score can affect whether you can get a loan and how much you will have to pay for that loan.		
The range of scores	Scores range from a low of 300 to a high of 850. Generally, the higher your score, the more likely you are to be offered better credit terms.		
How your score compares to the scores of other consumers	Your credit score ranks higher than 63 percent of U.S. consumers.		
Key factors that adversely affected your credit score	Number of accounts delinquent. Proportion of balance to high credit on bank revolving or all revolving accounts. Number of recent inquiries. Number of accounts with balances.		
Checking Your Credit Report			
What if there are mistakes in your credit report?	You have a right to dispute any inaccurate information in your credit report. If you find mistakes on your credit report, contact the consumer reporting agency. It is a good idea to check your credit report to make sure the information it contains is accurate.		
How can you obtain a copy of your credit report?	Under federal law, you have the right to obtain a free copy of your credit report from each of the nationwide consumer reporting agencies once a year. To order your free annual credit report - By telephone: Call toll-free: 1-877-322-6228 On the web: Visit www.annualcreditreport.com By mail: Mail your completed Annual Credit Report Request Form (which you can obtain from the Federal Trade Commission's web site at http://www.ftc.gov/bcp/online/inclue/reqestformfinal.pdf) to: Annual Credit Report Request Service P.O. Box 100281 Atlanta, GA 30348-0281		
How can you get more information?	For more information about credit reports and your rights under federal law, visit the Federal Reserve Board's web site at www.federalreserve.gov, or the Federal Trade Commission's web site at www.ftc.gov.		

Sample Risk-Based Pricing Exception Notice

▶ We hope that these new services will simplify your compliance process as it relates to the Risk-Based Pricing Rule. If you have any questions feel free to contact us or visit our website at [Avantus.com](http://www.avantus.com).