



Navigating the Credit Reporting Software Landscape

CBA Community Webinar Series
July 21, 2022

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This webinar is being recorded. The recording and presentation slides will be shared with a week.



Attendees will remain in listen-only mode. Interact with us via the chat.



Closed captions are available for the event.



Questions? Type them into the Q&A box.



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Monday, August 29th: 12:30 - 3:30 ET

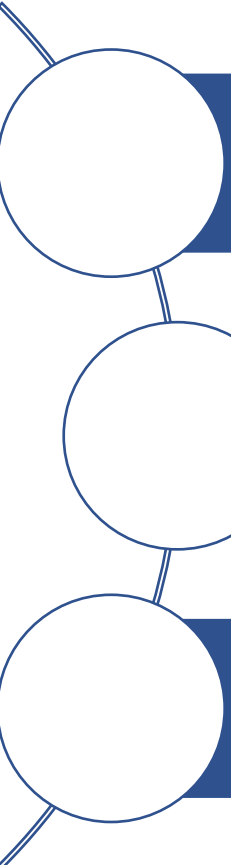
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Agenda



Discussion of Metro 2® format and its uses

Considerations when purchasing Metro 2® capable software

Credit reporting and software change



Objectives



Learn more about Metro 2® format and its uses



Understand common questions to ask when looking at purchasing or changing Metro 2® capable software



Recognize key considerations for changing software to help minimize credit reporting delays

Meet the Presenter



Elisabeth Johnson-Crawford

Chief Technical Officer
Credit Builders Alliance



Disclaimer

This information is not intended to be legal advice and may not be used as legal advice. CBA does not endorse any specific software for credit reporting. Every lender will have different needs, wants, budgets, and requirements for its software. Likewise, because software often can perform many functions for a loan fund, lenders should carefully evaluate options before investing in a software.



What is Metro 2® Format

File format accepted at the major credit reporting agencies that contains credit information about:

- **The creditor**
- **Borrowers and their identifying information**
- **Account identifying information**
- **Details on account performance**

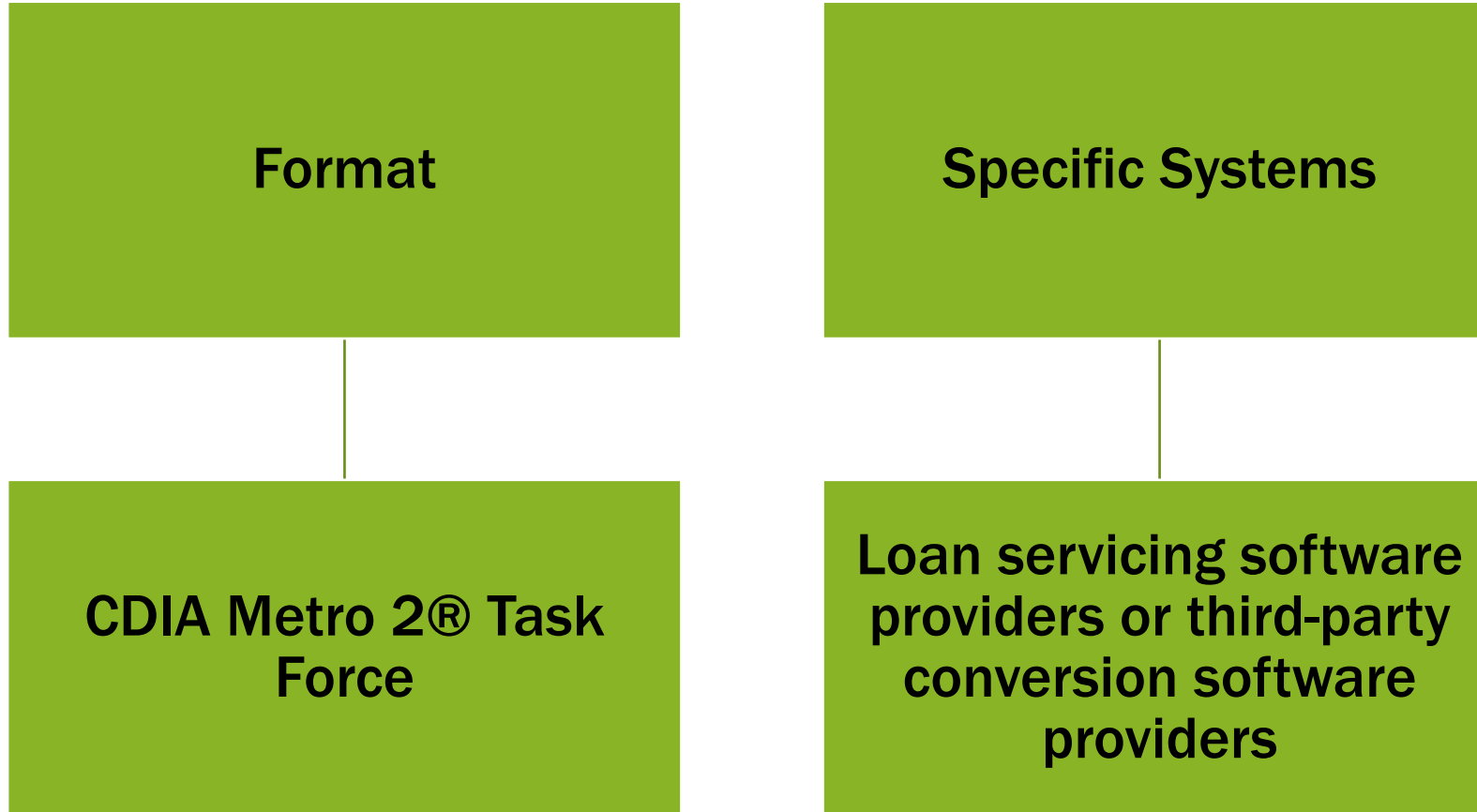


Why is Metro 2® Format Needed

- **Helps transmit accurate data to consumer credit reporting agencies**
- **Provides standardized guidance on handling different reporting situations, across industries**



Who Creates Metro 2®



How Data Furnishers Get Metro 2® Format

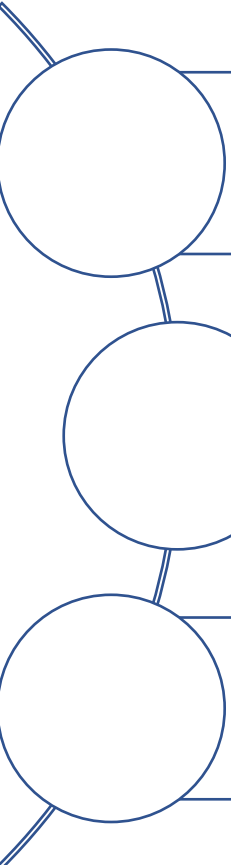
Purchase a loan servicing software with Metro 2® capabilities

Purchase a third-party conversion software

CDIA, CRAs, and CBA DO NOT offer Metro 2® software



There are Many Metro 2® Capable Software



Long-time servicing or accounting software providers who have it built into their systems

Newer options where a software company has built it out OR is looking to offer another service to its users

Bottom Line: If you want to report to the consumer bureaus, you need Metro 2® format



Qualities of Good Credit Reporting Software

- ✓ **Flexibility to handle different situations**
- ✓ **Responsiveness to specific type of lending you are involved in**
- ✓ **Reliable customer support or technical assistance**
- ✓ **Ability to easily correct inaccurate information**
- ✓ **Adherence to most recent version of Credit Reporting Resource Guide**



The CRRG

The Credit Report Resource Guide (CRRG) effectively serves as your credit reporting dictionary

- **Published annually by the Consumer Data Industry Association (CDIA)**
- **Defining document for Metro 2®, the credit reporting language**
- **Formatting guidelines**
- **Available codes and meaning**



Why Purchase Metro 2® Capable Software

Required for credit reporting

Those looking into alternate options



What Do You Need from Your Software?

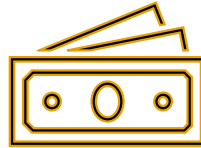
Credit reporting is often only **one** component of software. You may also need to consider:

- ✓ Servicing or accounting needs
- ✓ Ability to accurately process your portfolio
- ✓ Report generation, outcome and metric tracking, and even data collection
- ✓ Integration with other systems
- ✓ Ability to grow with your programs



Buyer Beware!

**Anyone who
overpromises and
is not upfront
about costs**



**Those who can't offer
definitive, realistic
timelines**



**Those who don't
have Metro 2®
format but say they
can build it**



**Those who struggle
to answer basic
credit reporting
questions**



If You're Not Yet Reporting

- What are pain points with your current loan management software?
- Will reporting exacerbate those pain points?
- How reliable and accurate are the calculations in your current system?
- How easy is it to update the transaction history or delinquency records if an error is discovered?
- What needs to be added to your Policies & Procedures to cover how you use your software?



Consideration 1: Price and Features

Price

- Low: Below \$1000
- Medium: \$1000 - \$3000
- High: \$3000 +
- Costs that are one-off vs. on-going costs or subscriptions
- Do you need extra assistance like tech support?

Features

- What modules do you need?
- Do you want to generate other reports or track data?
- Do you need to integrate with other programs or software?
- How customized and/or automated do you need the software?



Consideration 2: Access to Software

What level of technical support is needed?

How many users need access?

Are licenses included? Are they one-time or subscription?

Is the software desktop-based or cloud-based?



Consideration 3: Specialized Reporting



Do you require any specialized features or modules?



Will you need additional features if you grow or expand?



How much editing ability will you feasibly require?



How much back history can you report?



General Questions to Consider

- How ready is your organization for navigating a software change?
- What level of training will your staff require?
- How much will need to be customized?
- How much money are you willing to invest? Can you get costs covered by a funder or grant?
- When do you **need** the software up and running? Is this a hard or a soft deadline?



Software Is an Investment



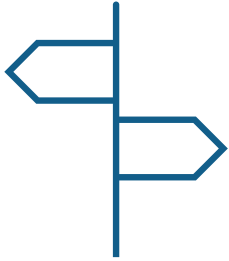
Remember!

Any servicing or reporting software will likely be an expensive purchase and something you ideally do not want to move away from.

Avoid impulse decisions and do your research before purchasing any system.



Why Change Software?



Current software doesn't meet needs or has flaw in some area, credit reporting or otherwise



Organizational change, like making changes to lending program, or even just receiving a grant to update or invest in software



If You are Currently Reporting

- ✓ Can you manage both old and new systems during transition?
- ✓ Can you still get assistance from your soon-to-be former software provider?
- ✓ Is this an opportunity to improve reporting or processes?
- ✓ Do you need to update your Policies & Procedures?



How Hard Is It to Switch Software?

**Data
transfer**

**Required
training**

**What's a
realistic
timeline?**



Required Metro 2® Fields

Certain fields need to stay the same for credit reporting. Changes to these fields can cause substantial issues to your reporting, including mixing up your data with another lender's data or account duplications showing on credit reports.



Subscriber codes



Identification number



**Account number,
date opened,
portfolio/account type**



Issues that Can Arise During a Changeover

Least Serious that are More Easily Fixed

- Changes to borrower PII
- New or very different Special Comment Codes
- Date of first delinquency has changed

More Serious that Might Require Assistance to Fix

- Changes to loan terms/duration
- Borrowers missing from specific loans or new borrowers appearing on loans they previously weren't listed on

Most Serious that Will Cause Issues if Reported

- Accounts missing from new file that should be reporting
- Changes to account identifying information, including account number



Reference the CRRG

Exhibit 15

Data Conversion Checklist

The purpose of the Data Conversion Checklist is to guide data furnishers through one of the following processes by focusing on the critical steps and questions that must be answered.

CRRG pages 5-57 through 5-59 have a checklist with important questions to address prior to changing to a new software. Not all are relevant, but adhering to these can keep the changeover process running as smoothly as possible.



What is CBA's Role in Software Change

- Limited working knowledge on different software
- Ability to share how we have seen others use different software – the good, the bad, the ugly
- Can review existing reporting to identify important issues to watch
- Ask developers questions and advocate for members
- Attention focused on reporting and what's contained in a file rather than how Metro 2® format is built



Checklists

For Speaking with Software Provider

- Follow up as deadlines approach
- Make sure they utilize your identification number and bureau IDs
 - Don't create their own
- Consult with CBA about what appears in file and any critical fields that have changed or are missing
- Consider if you'll still need access to old system

For Communicating with Borrowers

- They should prepare for possible reporting delays
- Ensure all staff interacting with borrowers are aware of timeline or any delays
- Create a script for responding to questions about reporting
- Potentially prepare for disputes or correction request



Action Items

- ✓ Talk to other lenders – what do they use and what do they think about it?
- ✓ Talk to CBA point of contact!
- ✓ Contact the CBA Bureau Services team at help@creditbuildersalliance.org
- ✓ Review what you need to be able to report and other functionality



Summary

- Realistically evaluate your present and future needs and limitations
- Approach software as an opportunity and investment
- Prepare for delays, surprises, and extra work
- Communicate – internally, with CBA, with peers, with software reps
- Have a Plan B



Questions?

help@creditbuildersalliance.org

