

# The Neighborhood Partnership Fund

IDA FO Meeting Conference Call

Thursday, October 2, 2008

1:00 pm – 2:00 pm

## MINUTES

### Attending:

Cynthia Winter, The Neighborhood Partnership Fund

Karie Herrlinger, The Neighborhood Partnership Fund

Ben Helgren, NAYA

Deanne Goforth, NAYA

Michelle Puggarana, Portland Housing Center

Itzel Spehar, Portland Housing Center

Sarah Castagnola, Mercy Corp. NW

Dina Lukyanova, Mercy Corp. NW

Rebeca Potasnik, CASA

Vicky Frank, Credit Builders Alliance

Lonnie James, Warm Springs

### Pulling Credit Scores/Reports

Cynthia reviewed, of the attendees, which credit reports are already being pulled:

Portland Housing Center – Tri-merge

Mercy Corp – Experian

NAYA – not pulling yet

CASA – not pulling yet

Cynthia recapped why we are having this conversation. As we look at the evaluation of the IDA program, a person's credit score is an asset. We want to look at credit score when participants enter program—is there a change after they graduate? Do they increase their score? As we developed Outcome Tracker and the evaluation with PSU, we decided look at credit scores at intake and at exit. For folks who don't have a reason to pull credit scores already, how are we going to go about doing this? How do we do it without damaging the client's score? People doing lending have a reason to have a hit on their client's score anyway.

For the PSU evaluation purposes, there are three options:

- a) Everyone pull what they're already pulling, plus adding FOs who aren't pulling scores yet.
- b) Everyone pull score from the same agency.
- c) Participants required to pull their own score. Either the participant pays or the FO covers the cost out of their program funds.

Rebeca asked if Cynthia meant that the FO program person would be sitting down with the participant and helping them pull their report. Cynthia answered yes. This is more expensive and we would still need to determine which score to pull.

Vicky talked about what she has learned, having researched what's being done around the country. There are nonprofits pulling for "permissible purposes," such

as underwriting. These are hard-hit reports. They are also pulling for IDA and other clients. Vicky added that the hard hits are not a big hit on the score. There are also housing counseling entities who are pulling hit reports. Credit counseling entities can pull these as well. There are only one or two companies who can offer tri-merge soft inquiries. NW \_\_\_\_\_ created a partnership with First Advantage Credit Company for \$12 tri-merge reports for business lending and \$15 tri-merge reports for home lending. These are FICO scores.

“Permissible Purpose” - outcomes and counseling are not permissible purposes. The credit bureaus are streamlining who can sell reports for what purposes.

Vicky has been working with TransUnion for permission to pull outcome tracking FICO scores. As it stands right now, these scores would not be able to be shared with the clients. Vicky is working to have this changed so you could share the score with clients, but not give them a copy of the report. There would be a contract between the FO and TransUnion.

Vicky explained that the credit score from [www.annualcreditreport.com](http://www.annualcreditreport.com) is a “Vantage” score, not a FICO score. She added that when consumers purchase their FICO score, they are getting a different FICO score than a business would.

Someone asked about cost. Vicky said that TransUnion is willing to waive all monthly fees, instead charging on a per-report basis, on a tiered structure, beginning at \$5.35 per report.

Cynthia asked Vicky about the tri-pull scores already being pulled by some agencies and the TransUnion score. Vicky does not feel it would be a problem to use both types of scores.

Vicky said that FICO scores will be on the same scale; whereas the Vantage scores are on a different scale. Vicky added that credit score is a good tracker, but she cautioned that there are a lot of factors that go into the score.

Michelle explained that agencies who are counselors and lenders have to put up a very strong fire wall when it comes to audit, as to why the score is pulled—for lending versus credit counseling. Portland Housing Center pays First American Credit Company \$36.80 for a couple’s soft-pull versus \$15.58 for a hard-pull; and \$18.36 for an individual’s soft-pull versus \$11.58 for a hard-pull.

Cynthia said that after talking to PSU, as long as organizations use the same credit score company at intake as at exit, it will work.

Cynthia asked for input from organizations not pulling scores yet.

Deanne said that in the short term, they are going to have clients pull their score from [www.annualcreditreport.com](http://www.annualcreditreport.com) and NAYA will pay the cost. NAYA would like to use ARC of Washington. NAYA is figuring out fire walls and confidentiality issues. Vicky reiterated that using [www.annualcreditreport.com](http://www.annualcreditreport.com) is time consuming and you won’t get a FICO score. She asked Deanne who ARC was. Per Deanne, it’s the American Reporting Company. They were recommended by another nonprofit.

They would charge \$10 for a soft-pull tri-merge report. This would be for clients on the path to homeownership only. Cynthia asked Deanne if NAYA would be open to pulling TransUnion scores. Deanne said they definitely would be. NAYA wants to be able to do soft-pulls.

Rebeca said they are pulling TransUnion scores, because of cost, less complicated, can pull scores themselves, not relying on participants or partners.

Cynthia asked Vicky if TransUnion was ready to go and how would it work for organizations? Vicky said it's nearly ready and that organizations would have contracts directly with TransUnion. Then Vicky spoke to how CDA streamlines the process for organizations. They are a member organization and would like people to join—in doing so, get access and support. CDA is still working out how this will work.

There was some discussion about difference in score between agencies. Cynthia reiterated that as long as same bureau is used at exit as at entry, it will be fine. She asked that organizations pull from the agency you are most comfortable with. It needs to be a FICO score. For non-pulling organizations, you need to decide within your own organization; if interested in TransUnion, Cynthia will put you in touch with Vicky. Vicky invited people to call her directly to discuss what might be best for your organization.

Deanne asked for clarification: if use TransUnion, can you give the client their score? Vicky is finalizing this with TransUnion. You will definitely not be able to give the client the report. Deanne would like Vicky to explain the kind of support she would provide. Deanne is leery about compliance issues and would like some help—storing documents, etc.

Vicky explained that CDA would share best practices. Organizations need to get written consent from the consumer for credit score pulls. Get this at intake and have it include permission for the pull at exit or at some point in the future. Another option is to have consent for each pull.

Michelle would like clarification regarding at what point at exit to pull the report. Cynthia suggested that for cleanliness purposes, it should be at time of asset purchase. However, when the participant makes his/her savings goal, but then it's a while until they purchase their asset, or it becomes clear that the purchase may not happen, when to do the exit credit score pull? Michelle asked at what point in the purchase cycle—what are we trying to get at with the scores? Cynthia answered: Did going through the IDA Initiative process—financial education, budgeting, classes—did that improve the participant's credit score?

There was further discussion about when at exit to pull the score—soon after, later, at 12 months. Michelle added that it can be hard to find people a year after exit and there are so many other factors that can affect credit score, she feels the long-term pull would be too far out to implement.

Cynthia proposed pulling the score within 30 days of asset purchase. Sarah offered that the score be pulled at exit survey.

Cynthia asked if at exit survey would work for Portland Housing Center. Michelle agreed that it makes perfect sense.

Cynthia recapped:

1. Everyone will pull from whichever agency their organization is comfortable with as long as it's the same at exit as at entry, and it must be a FICO score.
2. Pull score at intake. Pull score at exit survey.
3. Those organizations interested in TransUnion scores will work directly with Vicky to set that up.

Cynthia asked Vicky how quickly this could get set up. Vicky offered 10/31/08, with CASA, NAYA and Lane MicroBusiness being the interested FOs. Cynthia will get Vicky's contact information and send it out in an email.

Lonnie has been talking to Vicky on his own and asked her to put the information she had already given him into context with today's information. Lonnie will continue to talk with Vicky off line.

Cynthia would like non-pulling organizations to be pulling reports no later than 11/01/08.

2:00 Cynthia adjourned the meeting.