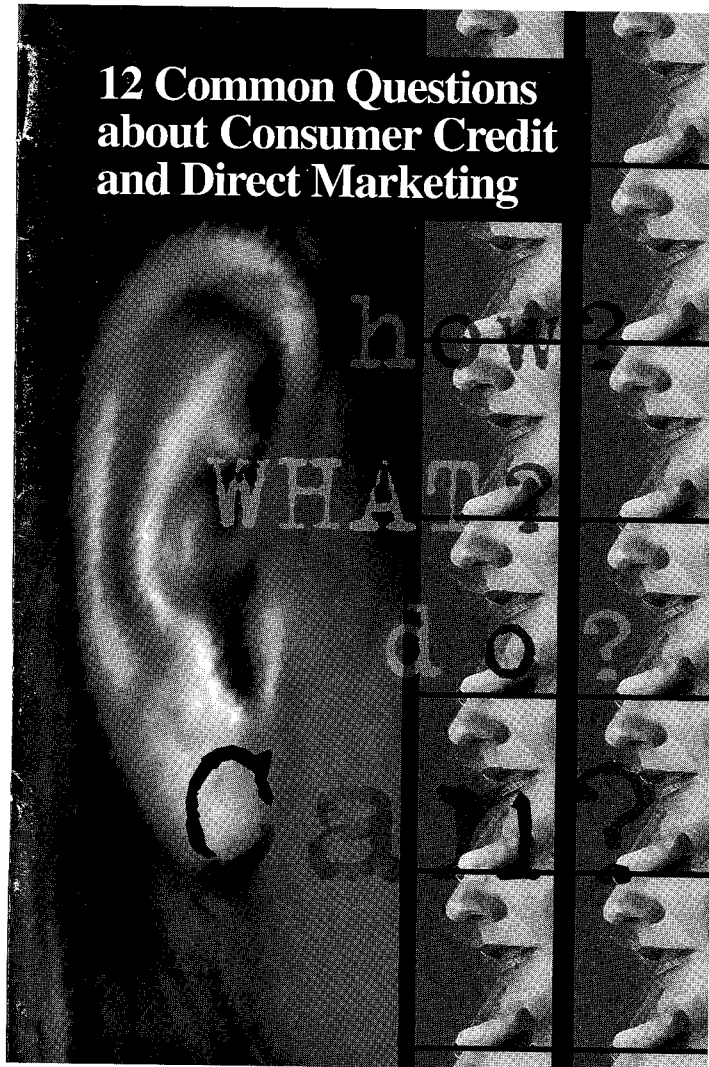


12 Common Questions about Consumer Credit and Direct Marketing



Dear fellow employee,

It's happened to nearly all of us at one time or another. We're at a dinner party, talking on the phone with a friend, or visiting with a neighbor over the backyard fence when a question comes up about TRW's credit reporting business. Too often, we're not sure how to answer.

This booklet is designed to help you in those situations. It contains answers to 12 of the most common questions about credit reporting and direct marketing lists, two of TRW Information Systems & Services's business activities.

If you'd like more detailed information, the TRW IS&S Communications Department publishes a series of reports about consumer credit, business credit, direct marketing and real estate data. Call 1.714.385.7500 for complimentary copies of these materials.

D. Van Skilling
Executive Vice President and General Manager
TRW Information Systems & Services

What is a consumer credit report?



A consumer credit report is a factual record of an individual's credit payment history. It is provided to a qualified credit grantor for a purpose permitted by law. Its main purpose is to help a lender quickly and objectively decide whether to grant you credit.

If you are one of the 180 million people in the United States with a charge account, car loan, student loan or home mortgage, then information about you probably is stored in the TRW consumer credit database.

Most of the information in your consumer credit report comes directly from the companies you do business with. TRW compiles the data and then provides it to lenders when you ask for a new credit card or loan.

What information does a consumer credit report contain?

2.

The typical consumer credit report includes four types of information:

- **Identifying information:** your name (including generation, such as Sr., Jr., III), nicknames, current and previous addresses, Social Security number, year of birth, current and previous employers and, if applicable, your spouse's name.
- **Credit information:** the credit accounts you have with banks, retailers, credit card issuers and other lenders.

For each account, your credit report will list the type of loan (revolving credit, student loan, mortgage, etc.), the date you opened the account, your credit limit or loan amount, the account balance, and your payment pattern during the past two years. The report also states whether anyone else besides you (your spouse or cosigner, for example) is responsible for paying the account.

Positive credit information remains on your report indefinitely; negative information remains up to seven years.
- **Public record information:** state and county court records related to bankruptcies, tax liens or monetary judgments. In some states, credit reports list overdue child support payments.

Bankruptcy information can remain on your credit report for up to 10 years; other public record information can remain for up to seven years.

- **Inquiries:** the names of everyone who obtained a copy of your credit report for any reason. The inquiries section of your report contains a list of everyone who accessed your report for up to two years, as required by federal law.

What information is *not* in a credit report?

3.

Your TRW credit report does *not* contain any information about your race, religious preference, medical history, personal lifestyle, personal background, political preference or criminal record. Nor is there information about your checking or savings accounts.

How can I get a copy of my credit report?

4.

There are three ways, two of which won't cost you a cent. In each case, TRW will mail your report within four days of receiving your request.

Please include the following **necessary information** with your request for your credit report:

- your full name (including generation, such as Jr., Sr., III);
- your current and previous addresses for a five-year period;
- your spouse's first name, if married;
- your Social Security number; and
- your year of birth.

TRW will provide you a copy of your report:

- free of charge, upon written request, once a year. TRW is the only credit reporting company offering consumers this complimentary report. To protect your privacy, in addition to the "necessary information" listed above, please include your signature and proof of your current address (such as a photocopy of your driver's license, current billing statement or other document that lists your name and address) to:

TRW Complimentary Credit Report
Request
P.O. Box 2350
Chatsworth, CA 91313-2350

- free of charge, whenever your request for credit is denied, if you write or call us within 60 days of the denial. In addition to the "necessary information" listed on the previous page, please send a photocopy of your denial letter to:

TRW National Consumer Assistance
Center
P.O. Box 949
Allen, TX 75002-0949

- for \$8, plus applicable state tax, in all states except Maine (\$2), Maryland (\$5.25) and Vermont (\$7.50). Please send the "necessary information" listed on the previous page to:

TRW National Consumer Assistance
Center
P.O. Box 2104
Allen, TX 75002-2104

What should I do if I find an error in my credit report?

5.

First, get a copy of your report and review it carefully. If you find an error, simply call or write the credit bureau (as instructed on your credit report). The bureau will check with the source of the information and send you an update. If you continue to disagree with the information, you can add a statement to the credit report.

Please be specific with your dispute: "I was never late with my payment" or "That is not my account." Simply saying "This is wrong" does not give the credit grantor adequate information to help you resolve your dispute.

Because the credit bureau must ask the source of the information for a response, the dispute process can take up to 30 days.

Can "credit repair" clinics fix my bad credit?

6.

Some consumers pay so-called credit clinics hundreds and even thousands of dollars to "fix" their credit report, but only time can heal bad credit.

Federal law mandates the time periods that *accurate* negative information remains on a credit report.

Any consumer can dispute *inaccurate* information at no charge. TRW credit reports contain easy-to-follow instructions for disputing inaccurate information.

If you need help repaying creditors, managing debt or setting up a personal budget, consider obtaining professional help from a group such as Consumer Credit Counseling Service. CCCS is a reputable, nonprofit organization with offices nationwide. For the office nearest you, call 1.800.388.2227.

How does a credit bureau help me?

7.

If you're like most consumers in the United States, your ability to own a home, purchase a car, fund a college education, travel and make routine purchases hinges on your responsible use of credit.

Because an automated credit reporting system works quietly in the background on your behalf, you have unlimited options in your financial life. For example, you can:

- purchase a home in one area of the country based on the good credit record you established while living in another part of the country;
- shop for and be offered financial services from institutions in other regions of the country;
- use a credit card to rent a video or travel to a favorite vacation destination;
- pay for emergency medical treatment;
- negotiate a deal for a new car and drive it off the lot within a few hours; and
- catch an airplane at the last minute.

Credit reporting also helps foster intense competitive marketing battles among financial services providers. This competition provides you with:

- lower interest rates;
- reduced annual fees;

- special toll-free customer service phone numbers;
- customer recognition programs; and
- purchase protection plans, among other benefits.

Do credit bureaus decide whether I should get credit?



No. Only credit grantors make lending decisions.

A credit bureau's business is credit reporting. It collects information from credit grantors such as banks, savings and loans, credit unions, finance companies and retailers. It stores this information in a computer database, then provides it to credit grantors when you apply for a new credit card or loan.

Each credit grantor decides what standards you must meet to be granted credit. The credit bureau does not track the decision a credit grantor makes after ordering a credit report, favorable or not.

How are credit granting decisions made?

9.

Potential creditors review credit applications primarily in relation to risk. They try to predict whether you'll repay your debts on time by evaluating your character, capacity and credit.

- **Character:** Credit grantors develop a feeling of your financial character through such objective factors as length of residency and employment. They get this information from your credit application.
- **Capacity:** Capacity refers to the amount of debt you can realistically pay given your income. Lenders look at your living expenses, current debts and the additional payments that the proposed new obligation would require. This information comes from your credit application and credit report.
- **Credit:** Lenders also examine your existing credit relationships: credit cards, bank loans, mortgages, etc. They ask questions such as: What are your credit limits? How close to those limits are your current balances? How long have you had each account? Do you pay your bills on time? The answers come primarily from your credit report.

How does divorce affect a person's credit?

10

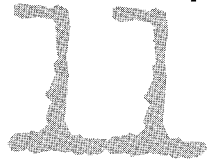
When you obtained credit, you and your spouse signed a contract agreeing to pay your bills. A divorce decree doesn't change that contract. When you divorce, each of you remains fully liable for your debts.

There are several ways you can prevent credit obligations from making divorce more difficult than it is — and reestablish your own distinct credit lines after divorce occurs.

- Communicate with your soon-to-be ex-spouse. Make as clean a financial cut as possible.
- Communicate with your creditors. Decide on which debt belongs to whom, then ask each company and bank that extended you credit to transfer the debt to the name of the person who will be responsible.
- During divorce negotiations, keep your joint bills current, even if it means paying for your spouse. If you don't, your creditors could become more reluctant to release one party from joint liability.
- Ask the credit grantor to remove your spouse's name as an authorized user or close the joint account to additional charges.

- If your spouse runs up large amounts of debt, you should cancel as many of the accounts as possible. Inform all creditors, in writing, that you are not responsible for these debts. This may not prevent them from trying to collect, but it does show that you attempted to act responsibly.
- Any agreement to assume responsibility for joint debts should be recognized as part of the divorce settlement.
- Upon your divorce settlement, you and your ex-spouse might consider obtaining individual consolidation loans to cover your share of the joint bills. Pay off the joint bills with your individual loans and close all joint accounts. This will ensure you'll be responsible only for those bills you agreed to pay. It also will help you establish or reestablish credit in your own name.

How does my name get on a mailing list?



There are three major ways your name might get put onto a mailing list:

- Magazines, credit card companies, clubs and organizations, charities, manufacturers and retailers make lists of their subscribers, customers, members and donors available to other businesses for a rental fee.

If you subscribe to a magazine, have a credit card, belong to an organized group, donate money or return a warranty card for a purchase you made, your name will likely appear on these lists.

- List compilers purchase information from various public and private sources to develop consumer databases for specific marketing purposes. (There are tens of thousands of list compilers, including TRW Target Marketing Services, a TRW Inc. business unit.)

Compilers rent their lists to a wide range of businesses and charitable organizations for marketing purposes. Nearly everyone's name appears on compiled lists.

- Credit bureaus (including TRW Information Services, a division of TRW Inc.), under carefully controlled procedures, provide lists of creditworthy consumers to companies that offer credit. This is called a "prescreened" list. It is the only list TRW sells that uses credit information.

If you have at least one credit card and pay your bills on time, your name will likely appear on prescreened lists. When it does, a company will send you a firm offer of credit. To obtain the credit, all you usually have to do is sign your name and mail your response back.

How can I remove my name from marketing lists?

12

Write a letter giving your complete name, name variations and mailing address to:

Mail Preference Service
Direct Marketing Association
P.O. Box 9008
Farmingdale, NY 11735

TRW Consumer Opt Out
TRW Target Marketing Services
701 TRW Parkway
Allen, TX 75002

To remove your name from many telephone solicitation lists, send your complete name, address and phone number with area code to:

Telephone Preference Service
Direct Marketing Association
P.O. Box 9014
Farmingdale, NY 11735

Once you write, you'll remain on the DMA lists for five years and the TRW list indefinitely. (The TRW list will remove your name and phone number from all lists that TRW supplies to direct marketers.) It may take up to three months before you notice a significant reduction in the amount of direct mail and phone calls you receive.

Please be aware, though, that opting out will not eliminate solicitations from local merchants, religious and charitable associations, professional and alumni associations, and political candidates and office holders.

To eliminate mail from these groups — as well as mail addressed to “occupant” or “resident” — you’ll need to write directly to each source.