JUNE 24, 2016

DEAR CLIENT:

As part of the previously announced National Consumer Assistance Plan and Experian's commitment to serving the needs of our business clients and consumers, we will be implementing some changes to our collection of Public Record data. The reason for this change is that the three nationwide Credit Reporting Agencies (CRAs), Experian®, Equifax®, and TransUnion®, have determined that some public record data does not meet minimum data standards and service levels for collection and timely updating.

This communication is intended to provide some early and preliminary details about enhanced Public Record data standards being adopted by the CRAs. These changes will go into effect no later than July 1, 2017.

The CRAs successfully collaborated and developed Public Record data standards and service levels for the collection and timely updating of public records supplied by our shared public record vendor.

At this time, we are continuing to work with Lexis Nexis to refine the requirements and service level expectations in a manner to ensure adherence, but still addresses the challenges and variances at the data sources themselves.

These challenges include:

- Varying PII availability on original record documents.
- Differences in automation and electronic docket availability from court to court.
- Variances in courthouse and recorder's office accessibility to collectors.
- Dissimilar timeframes for making public record updates available at the point of collection.

These enhanced Public Record standards will apply to new and existing Public Record data on the respective credit reporting databases of the CRAs.

While we cannot yet provide final details regarding exactly what public records will conform to the enhanced standards by the effective date, or fully gauge the impact on our consumer reporting database, our preliminary understanding and analysis reveals the following:

- We anticipate no change to **bankruptcy** public record data.
- We anticipate significant change to **civil judgment** public record data as preliminary analysis shows approximately 96% of this data may not meet the enhanced PII requirements. It is very likely that civil judgment public record data will not be part of Experian's core consumer credit database after July, 2017.
- We anticipate significant change to tax lien public record data as preliminary analysis shows that as much as 50% of this data may not meet the enhanced PII requirements. Data changes and impacts associated with the enhanced collection frequency requirements are still being investigated and analyzed.

In the coming months we expect to know with greater certainty, details on expected changes, readiness approaches and further insights and suggestions as to how to evaluate these changes for your business needs. Until more specific details can be provided, we suggest that your organization consider a general exercise in determining what impacts that the loss of tax lien and civil judgment data on consumer credit reports will have on your processes, if any.

The major credit scoring providers, FICO and VantageScore® Solutions, have been informed. VantageScore has completed an impact analysis and FICO has agreed to complete an impact analysis. Please see statements from each company below.

VantageScore® Solutions has conducted a thorough "worst case" scenario analysis of the impact of removing tax liens and civil judgment data from consumer credit files. We examined the impact on consumers' credit scores broadly as well as on the ability for VantageScore 3.0 to continue to rank order effectively. For consumers, slightly over eight percent of the scoreable U.S. population received a change in score, with an average score increase of 10 points. For VantageScore 3.0, predictive performance loss is minimal due to the fact that each scorecard within the algorithm incorporates a combination of derogatory behavioral attributes. Notwithstanding these findings, lenders should evaluate their proprietary and incumbent generic scores to determine the associated impact to performance and whether models should be redeveloped or replaced.

FICO® has performed an initial analysis on the potential impacts of the change to the CRAs' public records policy. FICO believes that the impacts on FICO Scores in the aggregate will be moderate. However, to best understand the precise impact of this change by the CRA's, a full analysis needs to be conducted. FICO is working with the CRA's to obtain the necessary data, which will isolate the changes to specific files and enable FICO to quantify the impact to the respective FICO® Scores. FICO will be prepared to share the results of the analysis as soon as it's complete.

We realize your organization's full understanding and readiness to any change is critically important. We will continue to update you and respond to your questions and inquiries in a timely manner.

For further information, please direct any questions to your primary Experian account representative or to [DataReporting@experian.com.](mailto:DataReporting@experian.com)

Respectfully

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