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Memo

To: ALS Customers

From: Technical Support
Advanced Lease Systems, Inc.

Re: Setting Account Status Codes, Payment Ratings, and Delinquency Dates for the Metro 2 format

Below you will find the logic that is used to populate the "Account Status Code", "Payment Rating", and "Date of First Delinquency" fields reported each time a Metro 2 data extract is processed. Keep in mind that if an account is marked as "Y" to "Exclude from reporting" on the Credit Bureau Update screen the account will not be included in your Metro 2 data extracts and the information below does not apply to these accounts.

Account Status Codes Reported

Throughout this document please be aware that when we refer to the "status code" we are referring to the user entered "status code" for each account. This field can be found/modified through the Credit Bureau Update program under the Optional Software Menu.

When we refer to the "Account Status Code" we are referring to field #17B on the "Base Segment" of the Metro 2 format. Please refer to your "Credit Reporting Resource Guide" to see the guidelines given for this field.

In most cases, the "status code" from each lease/loan account data record is used to populate the "Account Status Code" field. Under certain circumstances what gets placed in the Metro 2 format "Account Status Code" field could be different than what is in the "status code". It should also be understood that even if the Metro 2 specifications deem it necessary to put something different in the "Account Status Code" field than is in the "status code" field, in no instance do we modify the "status code" on the lease/loan account data record. It will always contain what was entered by a user or will be blank if cleared or never updated.

Here's how the "Account Status Code" is populated for the Metro 2 format.

1. First, the Metro 2 format program tests the user entered "status code" sitting on each Lease/Loan account for a valid setting. If it is not valid it is temporarily set to spaces (blank) during the Metro 2 data extract process. Valid codes are: 5, 11, 13, 61 – 65, 71, 78, 80, 82 – 84, 88, 89, 93 – 97, DA and DF.

2. Next, if the "status code" field is still populated after the above verification and the populated value is not equal to a 13 or 61- 65, the Metro 2 "Account Status Code" gets set to the value populated in the "status code" field. The Metro 2 data extract process will not change these codes. They will be reported as entered by the user.

3. If the user entered "status code" field is blank, 13 or 61 - 65 and the account is in an ALS active status of "NEW", "ACT", "PST", "INA", or "BKR" the account is then tested for a delinquency and the "Account Status Code" is set according to that test. It would be incorrect for active accounts to carry one of these "status codes" so the "status code" is overridden. The test is as follows:
 - a. A \$25.00 tolerance* is used to calculate the current "next payment due date".
 - b. The number of "days late" from the "next payment due date" to the system date when the Metro 2 data extract was created is calculated.
 - c. If the "days late" number is less than 32 the "Account Status Code" is set to 11.
 - d. If the "days late" number is between 32 and 59 the "Account Status Code" is set to 71.
 - e. If the "days late" number is between 60 and 89 the "Account Status Code" is set to 78.
 - f. If the "days late" number is between 90 and 119 the "Account Status Code" is set to 80.
 - g. If the "days late" number is between 120 and 149 the "Account Status Code" is set to 82.
 - h. If the "days late" number is between 150 and 179 the "Account Status Code" is set to 83.
 - i. If the "days late" number is greater than 179 the "Account Status Code" is set to 84.

4. If the "status code" is blank and the account has an ALS status of "TRM" the "Account Status Code" field gets set to 13. The account is marked closed and will not report again.

5. If the "status code" is a 13, 61, 62, 63, 64, or 65 and the account has an ALS status of "TRM", "INV", "SLD", or "REL", the "Account Status Code" is set to the user entered "status code". The account is marked closed and will not report again.

6. If the "status code" is blank, the account has an ALS status of "INV", "SLD", or "REL", and the inventory code used at inventory is not equal to a 4 (Repossession), 5 (Vol. Repossession), or 6 (Insurance), the "Account Status Code" is set to a 13. The account is marked closed and will not report again.

7. If the "status code" is blank, the account has an ALS status of "INV", and the inventory code used at inventory was a 4, 5 or 6, the "Account Status Code" is set to a 96. The account will continue to report that way until the asset is moved to a "SLD" or "REL" ALS status or a user populates the "status code" or the inventory code is changed.

8. If the "status code" is blank, the account has an ALS status of "SLD" or "REL", the inventory code used at inventory was a 4,5, or 6, and a loss was taken on the sale, the "Account Status Code" is set to a 97. The account will continue to report this way until a user changes the user entered "status code" or the inventory code is changed.

9. Accounts that have an ALS status of "TRM", "SLD", "INV", or "REL" and that are reporting an "Account Status Code" of 95, 96, or 97 will be marked as closed and will not report again as long as 7 years or more have passed since the date of that status change.

10. If a status code of DA or DF is entered the account will report on the next credit bureau report then will be updated to stop reporting. The "Exclude from Report" box will be checked on the Credit Bureau Update screen after the account has been reported. If you wish to start reporting the account again you must uncheck the "Exclude from Report" box on the Credit Bureau Update screen and update the status code to spaces or to one of the valid status codes.

Payment Ratings Reported

"Payment Ratings" must be calculated for any accounts that have an "Account Status Code" set to 5, 13, 65, 88, 89, 94 or 95. If the "Account Status Code" is not equal to one of these values the "Payment Rating" field is set to a blank. If the "Account Status Code" is set to one of these codes the payment rating is set as follows:

1. On active accounts the "next payment due date" is calculated using a \$25.00 tolerance*.
2. The system date when the Metro 2 extract was created is used against the calculated "next payment due date" on active accounts and against the effective date entered at lease/loan termination for terminated accounts to determine the number of days delinquent (days late).
 - a. If the "days late" number is less than 32 the "Payment Rating" field is set to zero.
 - b. If the "days late" number is between 31 and 59 the "Payment Rating" field is set to 1.
 - c. If the "days late" number is between 60 and 89 the "Payment Rating" field is set to 2.
 - d. If the "days late" number is between 90 and 119 the "Payment Rating" field is set to 3.
 - e. If the "days late" number is between 120 and 149 the "Payment Rating" field is set to 4.
 - f. If the "days late" number is between 150 and 179 the "Payment Rating" field is set to 5.
 - g. If the "days late" number is greater than 179 the "Payment Rating" field is set to 6.

Date of First Delinquency (DOFD)

1. All new accounts added to the system will start with a DOFD of 00/00/00.
2. When an account becomes 32 or more days delinquent the DOFD will be set to 30 days after the "next payment due date". Even if that date would be a weekend date, holiday, etc., the DOFD will be set to the date that is 30 days from the "next payment due date".
3. Each night in the cycle process a calculation for delinquency on **active** accounts will be done and DOFDs set when the following occurs:
 - a. First, the "next payment due date" will be calculated based on a \$25.00 tolerance*.
 - b. If the account is current, less than 32 days since the "next payment due date", the DOFD will be reset to 00/00/00.
 - c. If the account is not current, 32 or more days have expired since the "next payment due date", and the DOFD is already populated (DOFD is not equal to

00/00/00) the account will be skipped for update. This will maintain the date the account first went delinquent.

- d. If the account is not current, 32 or more days have expired since the “next payment due date”, and the DOFD is not populated (DOFD is equal to 00/00/00), the DOFD will be set to 30 days from the “next payment due date”.
4. When the Metro 2 format data extract process is run in “live mode” (Answer to screen question Test Data? Y/N is N) the DOFD will be set when the following is true:
 - a. If the process reports an “Account Status Code” of 71, 78, 80, 82, 83, or 84 based on the current delinquency on “active” accounts and the DOFD is currently 00/00/00. The DOFD will be set to 30 days from the “next payment due date”.
 - b. If the process calculates a “payment rating” of greater than 0 on “Account Status Codes” of 5, 13, 65, 88, 89, 94, or 95 and the DOFD is currently 00/00/00, the DOFD will be set to 30 days from the “next payment due date”.
 5. When the Metro 2 format is run in “live mode” and the process reports an “Account Status Code” of 11 for “current” (less than 32 days delinquent) the DOFD will be reset to 00/00/00.
 6. When the Metro 2 format is run in “live mode” and the process reports a “Payment Rating” of zero when the “Account Status Code” is a 5, 13, 65, 88, 89, 94, or 95, the DOFD will be reset to 00/00/00.

Business Leases/Loans

When business accounts are reported the first guarantor coded as a Joint or Co-Maker will be reported in the base segment with an ECOA code of 1. The business will then be reported in the first J2 segment with an ECOA code of W. If you have entered additional Co-Makers or Joints the ECOA code for the base segment will change from a 1 to a 2 or 7 depending on which type of guarantor you are listing.

If there are no Co-Makers or Joints entered on a business account, the account will not be reported to the bureau.

For more information on ECOA codes see your credit bureau reporting guide.

Note: When the Metro 2 format is run in “test mode “ (Answer to screen question Test Data? Y/N is Y) the above DOFDs will be calculated and reported but will not be changed on the Lease/Loan record.

* Using a \$25.00 tolerance means that for purposes of this process we add \$25.00 to what the customer has actually paid in base rent payments. We then calculate what their “next payment due date” would be based on that figure. This means that if a customer keeps a balance rolling around that is under the \$25.00 tolerance they will never be considered delinquent and will not be reported as such to the bureaus. Anything over \$24.99 due could be considered delinquent after 30 days.

Difference between co-maker and joint in credit bureau reporting

Field # 37 - ECOA Code – Base Segment

1. If there are no Joins or Co-Makers this is set to a 1
2. If there is even 1 Joint in the 5 Guarantors it is set to a 2
3. If there is even 1 Co-Maker in the 5 Guarantors it is set to a 7
4. Users can manually enter "X", "T" or "Z" for main account holder using credit bureau update. Entering these codes will cause the account to report 1 more time with the code entered then will be excluded from future reports.
 - a. T = Terminated
 - b. X = Deceased
 - c. Z = Delete Consumer

We determine whether to place the Joint or Co-maker into a J1 or a J2 segment solely on a match to the Lessee's full address. If address 1, address 2, city, state & zip match EXACTLY (no typos or anything) then the information is placed in a J1. If any of these fields do not match it goes to a J2.

Field #10 – ECOA Code - J1 or J2 segments

1. If the guarantor type is a joint the code is set to a 2
2. If the guarantor type is a co-maker the code is set to a 5
3. If the account is a business deal where the "Lessee" information (business name etc. on file) is swamped out with the first Joint or Co-Maker found this code will be set to a "W" to indicate that the information about this J2 (would always be a different address) is about the business.
4. Users can manually enter "X", "T" or "Z" for each guarantor using credit bureau update. Entering these codes will cause the guarantor to report 1 more time with the code entered then will be excluded from future reports. If the account is a business lease with only 1 qualifying guarantor the account will stop reporting unless another qualifying guarantor is entered.
 - a. T = Terminated
 - b. X = Deceased
 - c. Z = Delete Consumer

Other than the above – we do nothing else with the fact the guarantor is a Joint or a Co-Maker.