

[COMMITTEE PRINT]

July 18, 2003

**[Showing H.R. 2622, As Adopted by the Subcommittee on
Financial Institutions and Consumer Credit]**

108TH CONGRESS
1ST SESSION

H. R. 2622

IN THE HOUSE OF REPRESENTATIVES

JUNE 26, 2003

Mr. BACHUS (for himself, Ms. HOOLEY of Oregon, Mrs. BIGGERT, Mr. MOORE, Mr. LATOURETTE, Mr. KANJORSKI, Mr. CASTLE, Mrs. MALONEY, Mr. SHADEGG, Mr. FORD, Mr. TIBERI, Mr. HINOJOSA, Mr. HENSARLING, Mr. CROWLEY, Mr. SESSIONS, Mr. ROSS, Mr. MATHESON, Mr. DAVIS of Alabama, Mr. BAKER, Mr. KING of New York, Mr. LUCAS of Oklahoma, Mr. LUCAS of Kentucky, Mr. NEY, Mrs. KELLY, Mr. JONES of North Carolina, Mr. ISRAEL, Ms. HART, Mr. MILLER of North Carolina, Mrs. CAPITO, Mrs. MCCARTHY of New York, Mr. BARRETT of South Carolina, Mr. FEENEY, and Ms. HARRIS) introduced the following bill; which was referred to the Committee on Financial Services

[Strike out all after the enacting clause and insert in lieu thereof the part printed in roman]

[For text of introduced bill, see copy of bill as introduced on June 26, 2003]

A BILL

To amend the Fair Credit Reporting Act, to prevent identity theft, improve resolution of consumer disputes, improve the accuracy of consumer records, make improvements in the use of, and consumer access to, credit information, and for other purposes.



1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Fair and Accurate Credit Transactions Act of 2003”.

6 (b) TABLE OF CONTENTS.—The table of contents for
7 this Act are as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Definitions.

TITLE I—UNIFORM NATIONAL CONSUMER PROTECTION
STANDARDS

- Sec. 101. Uniform national consumer protection standards made permanent.

TITLE II—IDENTITY THEFT PREVENTION

- Sec. 201. Investigating changes of address.
- Sec. 202. Fraud alerts.
- Sec. 203. Truncation of credit card and debit card account numbers.
- Sec. 204. Summary of rights of identity theft victims.
- Sec. 205. Blocking of information resulting from identity theft.
- Sec. 206. Establishment of procedures for depository institutions to identify possible instances of identity theft.

TITLE III—IMPROVING RESOLUTION OF CONSUMER DISPUTES

- Sec. 301. Coordination of consumer complaint investigations.
- Sec. 302. Notice of dispute through reseller.
- Sec. 303. Prompt investigation of disputed consumer information.

TITLE IV—IMPROVING ACCURACY OF CONSUMER RECORDS

- Sec. 401. Reconciling addresses.
- Sec. 402. Prevention of repollution of consumer reports.
- Sec. 403. Notice by users with respect to fraudulent information.
- Sec. 404. Disclosure to consumers of contact information for users and furnishers of information in consumer reports.

TITLE V—IMPROVEMENTS IN USE OF AND CONSUMER ACCESS
TO CREDIT INFORMATION

- Sec. 501. Free reports annually.
- Sec. 502. Disclosure of credit scores.
- Sec. 503. Simpler and easier method for consumers to use notification system.
- Sec. 504. Requirement to disclose communications to a consumer reporting agency.
- Sec. 505. Study of effects of credit scores and credit-based insurance scores on availability and affordability of financial products.



TITLE VI—PROTECTING EMPLOYEE MISCONDUCT
INVESTIGATIONS

Sec. 601. Certain employee investigation communications excluded from definition of consumer report.

1 **SEC. 2. DEFINITIONS.**

2 Section 603 of the Fair Credit Reporting Act (15
3 U.S.C. 1681a) is amended by adding at the end the fol-
4 lowing new subsections:

5 “(r) RESELLER.—The term ‘reseller’ means a con-
6 sumer reporting agency that—

7 “(1) assembles and merges information con-
8 tained in the database of another consumer report-
9 ing agency or multiple consumer reporting agencies
10 concerning any consumer for purposes of furnishing
11 such information to any third party, to the extent of
12 such activities; and

13 “(2) does not maintain a database of the as-
14 sembled or merged information from which new con-
15 sumer reports are produced.

16 “(s) OTHER DEFINITIONS.—

17 “(1) BOARD; CREDIT; CREDITOR, CREDIT
18 CARD.—The terms ‘Board’, ‘credit’, ‘creditor’, and
19 credit card’ have the same meanings as in section
20 103 of the Truth in Lending Act.

21 “(2) COMMISSION.—The term ‘Commission’
22 means the Federal Trade Commission.



1 “(3) DEBIT CARD.—The term ‘debit card’
2 means any card issued by a financial institution to
3 a consumer for use in initiating electronic fund
4 transfers (as defined in section 903(6) of the Elec-
5 tronic Fund Transfer Act) from the account (as de-
6 fined in such Act) of the consumer at such financial
7 institution for the purpose of transferring money be-
8 tween accounts or obtaining money, property, labor,
9 or services.

10 “(4) ELECTRONIC FUND TRANSFER.—The term
11 ‘electronic fund transfer’ has the same meaning as
12 in section 903 of the Electronic Fund Transfer Act.

13 “(5) FEDERAL BANKING AGENCY.—The term
14 ‘Federal banking agency’ has the same meaning as
15 in section 3 of the Federal Deposit Insurance Act.

16 “(6) IDENTITY THEFT.—The term ‘identity
17 theft’ means a fraud committed using another per-
18 son’s identifying information, subject to such further
19 definition as the Commission and the Board may
20 prescribe, jointly, by regulation.”.



1 **TITLE I—UNIFORM NATIONAL**
2 **CONSUMER PROTECTION**
3 **STANDARDS**

4 **SEC. 101. UNIFORM NATIONAL CONSUMER PROTECTION**
5 **STANDARDS MADE PERMANENT.**

6 Section 624(d) of the Fair Credit Reporting Act (15
7 U.S.C. 1681t(d)) is amended—

8 (1) by striking “Subsections (b) and (c)” and
9 all that follows through “do not affect any settle-
10 ment,” and inserting “Subsections (b) and (c) do
11 not affect any settlement,”; and

12 (2) by striking “Consumer Credit Reporting
13 Reform Act of 1996” and all that follows through
14 the period at the end of paragraph (2) and inserting
15 “Consumer Credit Reporting Reform Act of 1996.”.

16 **TITLE II—IDENTITY THEFT**
17 **PREVENTION**

18 **SEC. 201. INVESTIGATING CHANGES OF ADDRESS.**

19 (a) **IN GENERAL.**—Section 605 of the Fair Credit
20 Reporting Act (15 U.S.C. 1681c) is amended by inserting
21 after subsection (f), the following new subsection:

22 “(g) **INVESTIGATION OF CHANGES OF ADDRESS.**—
23 The Federal banking agencies and the National Credit
24 Union Administration, in carrying out the responsibilities
25 of such agencies and Administration under subsection (k),



1 shall jointly prescribe regulations for credit card and debit
2 card issuers to ensure that, if any such issuer receives a
3 request for an additional or replacement card for an exist-
4 ing account within a short period of time after the issuer
5 has received notification of a change of address for the
6 same account, the issuer will follow reasonable policies and
7 procedures that require, as appropriate, that the issuer
8 not issue the additional or replacement card unless the
9 issuer—

10 “(1) notifies the cardholder of the request at
11 the former address of the cardholder and provides to
12 the cardholder a means of promptly reporting incor-
13 rect address changes;

14 “(2) notifies the cardholder of the request by
15 such other means of communication as the card-
16 holder and the card issuer previously agreed to; or

17 “(3) uses other means of assessing the validity
18 of the change of address, in accordance with reason-
19 able policies and procedures established by the card
20 issuer in accordance with the regulations prescribed
21 under subsection (k).”.

22 (b) CLERICAL AMENDMENTS.—

23 (1) The heading for section 605 of the Fair
24 Credit Reporting Act is amended to read as follows:



1 **“§ 605. Requirements relating to information con-**
2 **tained in consumer reports and to iden-**
3 **tity theft prevention.”.**

4 (2) The table of sections for title VI of the Con-
5 sumer Credit Protection Act is amended by striking
6 the item relating to section 605 and inserting the
7 following new item:

“605. Requirements relating to information contained in consumer reports and
to identity theft prevention.”.

8 (3) Section 624(b)(1)(E) of the Fair Credit Re-
9 porting Act (15 U.S.C. 1681t(b)(1)(E)) is amended
10 by inserting “and to identity theft prevention” after
11 “consumer reports”.

12 **SEC. 202. FRAUD ALERTS.**

13 Section 605 of the Fair Credit Reporting Act (15
14 U.S.C. 1681c) is amended by adding at the end the fol-
15 lowing new subsection:

16 “(i) FRAUD ALERTS.—

17 “(1) IN GENERAL.—Upon the request of a con-
18 sumer who asserts in good faith a suspicion that the
19 consumer has been or is about to become a victim
20 of fraud or related crime, and upon receiving proper
21 identification, a consumer reporting agency shall in-
22 clude a fraud alert in the file of that consumer.

23 “(2) NOTICE TO USERS.—A consumer reporting
24 agency shall communicate to each person procuring



1 a consumer report with respect to a consumer the
2 existence of a fraud alert in effect for such con-
3 sumer, regardless of whether a full credit report,
4 credit score, or summary report is requested.

5 “(3) PROHIBITION.—No user of a consumer re-
6 port with a fraud alert may issue or extend credit
7 in the name of the consumer to a person other than
8 the consumer without attempting to obtain the au-
9 thorization or preauthorization of the consumer in a
10 manner described in paragraph (4).

11 “(4) DEFINITION.—In this subsection, the term
12 ‘fraud alert’ means a clear and conspicuous state-
13 ment in the file of a consumer that notifies all pro-
14 spective users of a consumer report prepared or
15 maintained with respect to that consumer that the
16 consumer does not authorize the issuance or exten-
17 sion of credit in the name of the consumer unless—

18 “(A) the issuer or extender of such credit
19 first obtains verbal authorization from the con-
20 sumer at a telephone number designated by the
21 consumer; or

22 “(B) the issuer or extender of such credit
23 utilizes another reasonable means of commu-
24 nication to obtain the express authorization or
25 preauthorization of the consumer.



1 “(5) EXCEPTIONS.—

2 “(A) RESELLERS.—

3 “(i) IN GENERAL.—The provisions of
4 this subsection shall not apply to a reseller.

5 “(ii) LIMITATION.—If the information
6 provided by a reseller was derived from a
7 consumer report that was prepared or
8 maintained by another consumer reporting
9 agency and contained a fraud alert, the re-
10 seller shall preserve and maintain the
11 fraud alert in the information provided by
12 the reseller.

13 “(B) EXEMPT INSTITUTIONS.—The re-
14 quirement under this subsection to place a
15 fraud alert in a consumer file shall not apply
16 to—

17 “(i) a check services company, which
18 issues authorizations for the purpose of ap-
19 proving or processing negotiable instru-
20 ments, electronic funds transfers, or simi-
21 lar methods of payments; or

22 “(ii) a deposit account information
23 service company, which issues reports re-
24 garding account closures due to fraud, sub-
25 stantial overdrafts, automated teller ma-



1 chine abuse, or similar negative informa-
2 tion regarding a consumer, to inquiring
3 banks or other financial institutions for
4 use only in reviewing a consumer request
5 for a deposit account at the inquiring bank
6 or financial institution.

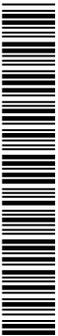
7 “(6) AUTHORITY FOR AGENCIES TO ESTABLISH
8 EFFECTIVE PERIODS.—The Commission and the
9 Board shall jointly prescribe, by regulation, the
10 length of the period during which any fraud alert
11 shall be maintained in the file of any consumer
12 under this subsection.”.

13 **SEC. 203. TRUNCATION OF CREDIT CARD AND DEBIT CARD**
14 **ACCOUNT NUMBERS.**

15 (a) IN GENERAL.—Section 605 of the Fair Credit
16 Reporting Act (15 U.S.C. 1681c) is amended by inserting
17 after subsection (k) (as added by section 206 of this title)
18 the following new subsection:

19 “(l) TRUNCATION OF CREDIT CARD AND DEBIT
20 CARD ACCOUNT NUMBERS.—

21 “(1) IN GENERAL.—Except as provided in this
22 subsection, no person that accepts credit cards or
23 debit cards for the transaction of business shall
24 print the expiration date or more than the last 5
25 digits of the card account number upon any receipt



1 provided to the cardholder at the point of the sale
2 or transaction.

3 “(2) LIMITATION.—This section shall apply
4 only to receipts that are electronically printed, and
5 shall not apply to transactions in which the sole
6 means of recording the person’s credit card or debit
7 card account number is by handwriting or by an im-
8 print or copy of the card.”.

9 (b) EFFECTIVE DATE.—The amendments made by
10 subsection (a) shall apply after the end of—

11 (1) the 3-year period beginning on the date of
12 the enactment of this Act, with respect to any cash
13 register or other machine or device that electroni-
14 cally prints receipts for credit card or debit card
15 transactions that is in use before January 1, 2005;
16 and

17 (2) the 1-year period beginning on the date of
18 the enactment of this Act, with respect to any cash
19 register or other machine or device that electroni-
20 cally prints receipts for credit card or debit card
21 transactions that is first put into use on or after
22 January 1, 2005.



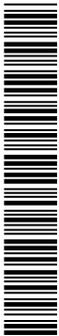
1 **SEC. 204. SUMMARY OF RIGHTS OF IDENTITY THEFT VIC-**
2 **TIMS.**

3 Section 609 of the Fair Credit Reporting Act (15
4 U.S.C. 1681g) is amended by adding at the end the fol-
5 lowing new subsection:

6 “(d) SUMMARY OF RIGHTS OF IDENTITY THEFT VIC-
7 TIMS.—

8 “(1) IN GENERAL.—The Commission, in con-
9 sultation with the Federal banking agencies and the
10 National Credit Union Administration, shall prepare
11 a model summary of the rights of consumers under
12 this title with respect to the procedures for rem-
13 edying the effects of fraud or identity theft involving
14 credit, electronic fund transfers, or accounts or
15 transactions at or with a financial institution.

16 “(2) SUMMARY OF RIGHTS AND CONTACT IN-
17 FORMATION.—If any consumer contacts a consumer
18 reporting agency and expresses a belief that the con-
19 sumer is a victim of fraud or identity theft involving
20 credit, electronic fund transfers, or accounts or
21 transactions at or with a financial institution, the
22 consumer reporting agency shall, in addition to any
23 other action the agency may take, provide the con-
24 sumer with the model summary of rights prepared
25 by the Commission under paragraph (1) and infor-



1 mation on how to contact the Commission to obtain
2 more detailed information.”.

3 **SEC. 205. BLOCKING OF INFORMATION RESULTING FROM**
4 **IDENTITY THEFT.**

5 Section 605 of the Fair Credit Reporting Act (15
6 U.S.C. 1681c) is amended by inserting after subsection
7 (i) (as added by section 202 of this title) the following
8 new subsection:

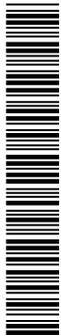
9 “(j) **BLOCK OF INFORMATION RESULTING FROM**
10 **IDENTITY THEFT.—**

11 “(1) **BLOCK.—**Except as provided in paragraph
12 (3), a consumer reporting agency shall block the re-
13 porting of any information in the file of a consumer
14 that the consumer identifies as information that re-
15 sulted from an alleged identity theft and confirms is
16 not information relating to any transaction by the
17 consumer not later than 5 business days after the
18 date of receipt by such agency of—

19 “(A) appropriate proof of the identity of a
20 consumer;

21 “(B) a copy of an official valid police re-
22 port evidencing the claim of the consumer of
23 identity theft;

24 “(C) the identification of the information
25 by the consumer; and



1 “(D) confirmation by the consumer that
2 the information is not information relating to
3 any transaction by the consumer.

4 “(2) NOTIFICATION.—A consumer reporting
5 agency shall promptly notify the furnisher of infor-
6 mation identified by the consumer under paragraph
7 (1)—

8 “(A) that the information may be a result
9 of identity theft;

10 “(B) that a police report has been filed;

11 “(C) that a block has been requested under
12 this subsection; and

13 “(D) of the effective date of the block.

14 “(3) AUTHORITY TO DECLINE OR RESCIND.—

15 “(A) IN GENERAL.—A consumer reporting
16 agency may decline to block, or may rescind
17 any block, of consumer information under this
18 subsection if the consumer reporting agency
19 reasonably determines that—

20 “(i) the information was blocked in
21 error or a block was requested by the con-
22 sumer in error;

23 “(ii) the information was blocked, or a
24 block was requested by the consumer, on
25 the basis of a misrepresentation of fact by

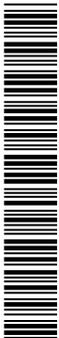


1 the consumer relevant to the request to
2 block; or

3 “(iii) the consumer knowingly ob-
4 tained possession of goods, services, or
5 moneys as a result of the blocked trans-
6 action or transactions, or the consumer
7 should have known that the consumer ob-
8 tained possession of goods, services, or
9 moneys as a result of the blocked trans-
10 action or transactions.

11 “(B) NOTIFICATION TO CONSUMER.—If
12 the block of information is declined or rescinded
13 under this paragraph, the affected consumer
14 shall be notified promptly, in the same manner
15 as consumers are notified of the reinsertion of
16 information under section 611(a)(5)(B).

17 “(C) SIGNIFICANCE OF BLOCK.—For pur-
18 poses of this paragraph, if a consumer report-
19 ing agency rescinds a block, the presence of in-
20 formation in the file of a consumer prior to the
21 blocking of such information is not evidence of
22 whether the consumer knew or should have
23 known that the consumer obtained possession of
24 any goods, services, or monies as a result of the
25 block.



16

1 “(4) EXCEPTIONS.—

2 “(A) VERIFICATION COMPANIES.—A con-
3 sumer reporting agency shall not be required to
4 comply with this subsection when such agency
5 is issuing information to entities described in
6 clause (i) or (ii) of subsection (i)(5)(B).

7 “(B) RESELLERS.—

8 “(i) NO RESELLER FILE.—The provi-
9 sions of this subsection do not apply to a
10 consumer reporting agency if the consumer
11 reporting agency—

12 “(I) is a reseller;

13 “(II) is not, at the time of the re-
14 quest of the consumer under para-
15 graph (1), otherwise furnishing or re-
16 selling a consumer report concerning
17 the information identified by the con-
18 sumer; and

19 “(III) informs the consumer, by
20 any means, that the consumer may re-
21 port the identity theft to the Commis-
22 sion to obtain consumer information
23 regarding identity theft.

24 “(ii) RESELLER WITH FILE.—The
25 sole obligation of the consumer reporting



1 agency under this subsection, with regard
2 to any request of a consumer under this
3 subsection, shall be to block the consumer
4 report maintained by the consumer report-
5 ing agency from any subsequent use if—

6 “(I) the consumer, in accordance
7 with the provisions of paragraph (1),
8 identifies, to a consumer reporting
9 agency, information in the file of the
10 consumer that resulted from identity
11 theft; and

12 “(II) the consumer reporting
13 agency is a reseller of the identified
14 information.

15 “(iii) NOTICE.—In carrying out its
16 obligation under clause (ii), the reseller
17 shall promptly provide a notice to the con-
18 sumer of the decision to block the file.
19 Such notice shall contain the name, ad-
20 dress, and telephone number of each con-
21 sumer reporting agency from which the
22 consumer information was obtained for re-
23 sale.

24 “(5) ACCESS TO BLOCKED INFORMATION BY
25 LAW ENFORCEMENT AGENCIES.—No provision of



1 this subsection shall be construed as requiring a con-
2 sumer reporting agency to prevent a Federal, State,
3 or local law enforcement agency from accessing
4 blocked information in a consumer file to which the
5 agency could otherwise obtain access under this
6 title”.

7 **SEC. 206. ESTABLISHMENT OF PROCEDURES FOR DEPOSI-**
8 **TORY INSTITUTIONS TO IDENTIFY POSSIBLE**
9 **INSTANCES OF IDENTITY THEFT.**

10 (a) IN GENERAL.—Section 605 of the Fair Credit
11 Reporting Act (15 U.S.C. 1681c) is amended by inserting
12 after subsection (j) (as added by section 205 of this title)
13 the following new subsection:

14 “(k) ‘RED FLAG’ GUIDELINES REQUIRED.—

15 “(1) IN GENERAL.—The Federal banking agen-
16 cies and the National Credit Union Administration,
17 in consultation with the Commission, shall jointly es-
18 tablish and maintain guidelines for use by insured
19 depository institutions in identifying patterns, prac-
20 tices, and specific forms of activity that indicate the
21 possible existence of identity theft with respect to ac-
22 counts, and update such guidelines as often as nec-
23 essary.

24 “(2) REGULATIONS.—The Federal banking
25 agencies and the National Credit Union Administra-



1 tion, in consultation with the Commission, shall
2 jointly prescribe regulations requiring insured depos-
3 itory institutions to establish reasonable policies and
4 procedures for implementing the guidelines estab-
5 lished pursuant to paragraph (1) when engaged in
6 other operations with respect to customer accounts
7 that relate to the safety and soundness of the insti-
8 tutions.

9 “(3) CONSISTENCY WITH VERIFICATION RE-
10 QUIREMENTS.—Policies and procedures established
11 pursuant to paragraph (2) shall not be inconsistent
12 with, or duplicative of, the policies and procedures
13 required under section 5318(l) of title 31, United
14 States Code.

15 “(4) INSURED DEPOSITORY INSTITUTION DE-
16 FINED.—For purposes of this subsection, the term
17 ‘insured depository institution’—

18 “(A) has the meaning given to such term
19 in section 3 of the Federal Deposit Insurance
20 Act; and

21 “(B) includes an insured credit union (as
22 defined in section 101 of the Federal Credit
23 Union Act).”.



1 (b) EFFECTIVE DATE.—The amendment made by
2 subsection (a) shall take effect at the end-of the 1-year
3 period beginning the date of the enactment of this Act.

4 **TITLE III—IMPROVING RESOLU-**
5 **TION OF CONSUMER DIS-**
6 **PUTES**

7 **SEC. 301. COORDINATION OF CONSUMER COMPLAINT IN-**
8 **VESTIGATIONS.**

9 Section 621 of the Fair Credit Reporting Act (15
10 U.S.C. 1681s) is amended by adding at the end the fol-
11 lowing new subsection:

12 “(f) COORDINATION OF CONSUMER COMPLAINT IN-
13 VESTIGATIONS.—

14 “(1) IN GENERAL.—The consumer reporting
15 agencies described in section 603(p) shall develop
16 and maintain procedures for the referral, to each
17 such agency, of any consumer complaint received by
18 any such agency alleging any identity theft or re-
19 questing a block or a fraud alert.

20 “(2) MODEL FORM AND PROCEDURE FOR RE-
21 PORTING IDENTITY THEFT.—The Commission, in
22 consultation with the Federal banking agencies and
23 the National Credit Union Administration, shall de-
24 velop a model form and model procedures to be used
25 by consumers who are victims of identity theft for



1 contacting and informing creditors and consumer re-
2 porting agencies of the fraud.

3 “(3) ANNUAL SUMMARY REPORTS.—Each con-
4 sumer reporting agency described in section 603(p)
5 shall submit an annual summary report to the Com-
6 mission on consumer complaints received by the
7 agency on identity theft or fraud alerts.”.

8 **SEC. 302. NOTICE OF DISPUTE THROUGH RESELLER.**

9 (a) REQUIREMENT FOR REINVESTIGATION OF DIS-
10 PUTED INFORMATION UPON NOTICE FROM A RE-
11 SELLER.—Section 611(a) of the Fair Credit Reporting
12 Act (15 U.S.C. 1681i(a)(1)(A)) is amended—

13 (1) in subparagraph (A) of paragraph (1)—

14 (A) by striking “If the completeness” and
15 inserting “Subject to subsection (e), if the com-
16 pleteness”;

17 (B) by inserting “, or indirectly through a
18 reseller,” after “notifies the agency directly”;
19 and

20 (C) by inserting “or reseller” before the
21 period at the end of such subparagraph;

22 (2) in subparagraph (A) of paragraph (2)—

23 (A) by inserting “or a reseller” after “dis-
24 pute from any consumer”; and



1 (B) by inserting “or reseller” before the
2 period at the end of such subparagraph; and

3 (3) in subparagraph (B) of paragraph (2), by
4 inserting “or a reseller” after “from any consumer”.

5 (b) REINVESTIGATION REQUIREMENT APPLICABLE
6 TO RESELLERS.—Section 611 of the Fair Credit Report-
7 ing Act (15 U.S.C. 1681i) is amended by adding at the
8 end the following new subsection:

9 “(e) REINVESTIGATION REQUIREMENT APPLICABLE
10 TO RESELLERS.—

11 “(1) EXEMPTION FROM GENERAL REINVESTIGATION
12 REQUIREMENT.—Except as provided in
13 paragraph (2), a reseller shall be exempt from the
14 requirements of this section.

15 “(2) ACTION REQUIRED UPON RECEIVING NO-
16 TICE OF A DISPUTE.—If a reseller receives a notice
17 from a consumer of a dispute concerning the com-
18 pleteness or accuracy of any item of information
19 contained in a consumer report on such consumer
20 produced by the reseller, the reseller shall, within 5
21 days—

22 “(A) if the reseller determines that the
23 item of information is incomplete or inaccurate
24 as a result of an act or omission of the reseller,



1 correct the information in the consumer report
2 or delete it; or

3 “(B) if the reseller determines that the
4 item of information is not incomplete or inac-
5 curate as a result of an act or omission of the
6 reseller, convey the notice of the dispute, to-
7 gether with all relevant information provided by
8 the consumer, to each consumer reporting agen-
9 cy that provided the information that is the
10 subject of the dispute.”.

11 (c) TECHNICAL AND CONFORMING AMENDMENT.—
12 The heading for paragraph (2) of section 611(a) of the
13 Fair Credit Reporting Act (15 U.S.C. 1681i(a)(2)) is
14 amended by striking “FROM CONSUMER”.

15 **SEC. 303. PROMPT INVESTIGATION OF DISPUTED CON-**
16 **SUMER INFORMATION.**

17 (a) STUDY REQUIRED.—The Board of Governors of
18 the Federal Reserve System and the Federal Trade Com-
19 mission shall jointly study the extent to which, and the
20 manner in which, consumer reporting agencies and fur-
21 nishers of consumer information to consumer reporting
22 agencies are complying with the procedures, time lines,
23 and requirements under the Fair Credit Reporting Act for
24 the prompt investigation of the disputed accuracy of any
25 consumer information and the prompt correction or dele-



1 tion, in accordance with such Act, of any inaccurate or
2 incomplete information or information that cannot be veri-
3 fied.

4 (b) REPORT REQUIRED.—Before the end of the 6-
5 month period beginning on the date of the enactment of
6 this Act, the Board of Governors of the Federal Reserve
7 System and the Federal Trade Commission shall jointly
8 submit a progress report to the Congress on the results
9 of the study required under subsection (a).

10 (c) RECOMMENDATIONS.—The report under sub-
11 section (b) shall include such recommendations as the
12 Board and the Commission jointly determine to be appro-
13 priate for legislative or administrative action to ensure
14 that—

15 (1) consumer disputes with consumer reporting
16 agencies over the accuracy or completeness of infor-
17 mation in a consumer's file are promptly and fully
18 investigated and any incorrect, incomplete, or un-
19 verifiable information is corrected or deleted imme-
20 diately thereafter;

21 (2) furnishers of information to consumer re-
22 porting agencies maintain full and prompt compli-
23 ance with the duties and responsibilities established
24 under section 623 of the Fair Credit Reporting Act;
25 and



1 (3) consumer reporting agencies establish and
2 maintain appropriate internal controls and manage-
3 ment review procedures for maintaining full and
4 continuous compliance with the procedures, time
5 lines, and requirements under the Fair Credit Re-
6 porting Act for the prompt investigation of the dis-
7 puted accuracy of any consumer information and the
8 prompt correction or deletion, in accordance with
9 such Act, of any inaccurate or incomplete informa-
10 tion or information that cannot be verified.

11 (d) DEFINITIONS.—For purposes of this section, the
12 terms “consumer”, “consumer report”, and “consumer re-
13 porting agency” have the same meaning as in the Fair
14 Credit Reporting Act.

15 **TITLE IV—IMPROVING ACCU-**
16 **RACY OF CONSUMER**
17 **RECORDS**

18 **SEC. 401. RECONCILING ADDRESSES.**

19 Section 605 of the Fair Credit Reporting Act (15
20 U.S.C. 1681c) is amended by inserting after subsection
21 (g) (as added by section 201 of this Act) the following
22 new subsection.

23 “(h) NOTICE OF DISCREPANCY.—If a person has re-
24 quested a consumer report relating to a consumer from
25 a consumer reporting agency described in section 603(p),



1 the request includes an address for the consumer that sub-
 2 stantially differs from the addresses in the file of the con-
 3 sumer, and the agency provides a consumer report in re-
 4 sponse to the request, the consumer reporting agency
 5 shall—

6 “(1) notify the requester of the existence of the
 7 discrepancy; and

8 “(2) reconcile or resolve, in communication with
 9 the requester and within 30 days, any substantial
 10 variation between the addresses in the file of the
 11 consumer at the agency and the address contained
 12 in the request, in accordance with reasonable policies
 13 and procedures established by the consumer report-
 14 ing agency.”.

15 **SEC. 402. PREVENTION OF REPOLLUTION OF CONSUMER**
 16 **REPORTS.**

17 Section 623(a)(1) of the Fair Credit Reporting Act
 18 (15 U.S.C. 1681s-2(a)(1)) is amended by adding at the
 19 end the following new subparagraph:

20 “(D) INFORMATION KNOWN TO INCLUDE
 21 IDENTITY THEFT ACTIVITY.—A person may not
 22 furnish information to any consumer reporting
 23 agency that the person knows or has reasonable
 24 cause to believe (as defined in section 604(c)(1)



1 of the Expedited Funds Availability Act) has
2 resulted from identity theft.”.

3 **SEC. 403. NOTICE BY USERS WITH RESPECT TO FRAUDU-**
4 **LENT INFORMATION.**

5 Section 615 of the Fair Credit Reporting Act (15
6 U.S.C. 1681m) is amended by adding at the end the fol-
7 lowing new subsection:

8 “(e) NOTICE OF FRAUDULENT INFORMATION RE-
9 LATING TO IDENTITY THEFT.—If an agent acting as a
10 debt collector (as defined in title VIII) of a person who
11 furnishes information to any consumer reporting agency
12 uses information contained in a consumer report on any
13 consumer and learns that any such information so used
14 is the result of identity theft or otherwise is fraudulent,
15 the agent shall—

16 “(1) if such information—

17 “(A) originated from the person for whom
18 the debt collector is acting as agent, notify the
19 person of the fraudulent information; or

20 “(B) originated from a person other than
21 the person for whom the debt collector is acting
22 as agent, notify the consumer reporting agency
23 that provided the consumer report of the fraud-
24 ulent information, either directly or through the



1 person for whom the debt collector is acting as
2 agent; and

3 “(2) upon the request of the consumer, provide
4 the consumer with so much of the fraudulent infor-
5 mation in the consumer report on such consumer as
6 the consumer would be entitled to receive if the in-
7 formation were not fraudulent.”.

8 **SEC. 404. DISCLOSURE TO CONSUMERS OF CONTACT IN-**
9 **FORMATION FOR USERS AND FURNISHERS**
10 **OF INFORMATION IN CONSUMER REPORTS.**

11 Section 609(a) of the Fair Credit Reporting Act (15
12 U.S.C. 1681g(a)) is amended—

13 (1) in paragraph (2), by inserting “, including
14 addresses of the sources, and (if provided by the
15 sources of information) the telephone numbers iden-
16 tified for customer service for the sources of infor-
17 mation” after “sources of information” the 1st place
18 such term appears in such paragraph; and

19 (2) in paragraph (3)(B) by striking clause (ii)
20 and inserting the following new clause:

21 “(ii) the address and (if provided) the
22 telephone numbers identified for customer
23 service of the person.”.



1 **TITLE V—IMPROVEMENTS IN**
2 **USE OF AND CONSUMER AC-**
3 **CESS TO CREDIT INFORMA-**
4 **TION**

5 **SEC. 501. FREE REPORTS ANNUALLY.**

6 Section 612(c) of the Fair Credit Reporting Act (15
7 U.S.C. 1681j(c)) is amended to read as follows:

8 “(c) FREE ANNUAL DISCLOSURE.—Upon the direct
9 request of the consumer, a consumer reporting agency
10 shall make all disclosures pursuant to section 609 once
11 during any 12-month period without charge to the con-
12 sumer.”.

13 **SEC. 502. DISCLOSURE OF CREDIT SCORES.**

14 (a) STATEMENT ON AVAILABILITY OF CREDIT
15 SCORES.—Section 609(a) of the Fair Credit Reporting
16 Act (15 U.S.C. 1681g(a)) is amended by adding at the
17 end the following new paragraph:

18 “(6) If the consumer requests the credit file
19 and not the credit score, a statement that the con-
20 sumer may request and obtain a credit score.”.

21 (b) DISCLOSURE OF CREDIT SCORES.—Section 609
22 of the Fair Credit Reporting Act (15 U.S.C. 1681g) is
23 amended by inserting after subsection (d) (as added by
24 section 204 of this Act) the following new subsection:

25 “(e) DISCLOSURE OF CREDIT SCORES.—



1 “(1) IN GENERAL.—Upon the consumer’s re-
2 quest for a credit score, a consumer credit reporting
3 agency shall supply to a consumer a statement indi-
4 cating that the information and credit scoring model
5 may be different than the credit score that may be
6 used by the lender, and a notice which shall include
7 the following information:

8 “(A) The consumer’s current credit score
9 or the consumer’s most recent credit score that
10 was previously calculated by the credit report-
11 ing agency for a purpose related to the exten-
12 sion of credit.

13 “(B) The range of possible credit scores
14 under the model used.

15 “(C) All the key factors that adversely af-
16 fected the consumer’s credit score in the model
17 used, the total number of which shall not ex-
18 ceed four.

19 “(D) The date the credit score was cre-
20 ated.

21 “(E) The name of the person or entity
22 that provided the credit score or credit file upon
23 which the credit score was created.

24 “(2) DEFINITIONS.—For purposes of this sec-
25 tion, the following definitions shall apply:



1 “(A) CREDIT SCORE.—The term ‘credit
2 score’—

3 “(i) means a numerical value or a cat-
4 egorization derived from a statistical tool
5 or modeling system used by a person who
6 makes or arranges a loan to predict the
7 likelihood of certain credit behaviors, in-
8 cluding default (and the numerical value or
9 the categorization derived from this anal-
10 ysis may also be referred to as a ‘risk pre-
11 dictor’ or ‘risk score’); and

12 “(ii) does not include—

13 “(I) any mortgage score or rating
14 of an automated underwriting system
15 that considers one or more factors in
16 addition to credit information, includ-
17 ing the loan to value ratio, the
18 amount of down payment, or a con-
19 sumer’s financial assets; or

20 “(II) any other elements of the
21 underwriting process or underwriting
22 decision.

23 “(B) KEY FACTORS.—The term ‘key fac-
24 tors’ means all relevant elements or reasons ad-
25 versely affecting the credit score for the par-



1 ticular individual listed in the order of their im-
2 portance based on their effect on the credit
3 score.

4 “(3) TIMEFRAME AND MANNER OF DISCLO-
5 SURE.—The information required by this subsection
6 shall be provided in the same timeframe and manner
7 as the information described in subsection (a).

8 “(4) APPLICABILITY TO CERTAIN USES.—This
9 subsection shall not be construed so as to compel a
10 consumer reporting agency to develop or disclose a
11 score if the agency does not—

12 “(A) distribute scores that are used in con-
13 nection with residential real property loans; or

14 “(B) develop scores that assist credit pro-
15 viders in understanding a consumer’s general
16 credit behavior and predicting the future credit
17 behavior of the consumer.

18 “(5) APPLICABILITY TO CREDIT SCORES DE-
19 VELOPED BY ANOTHER PERSON.—

20 “(A) IN GENERAL.—This subsection shall
21 not be construed to require a consumer credit
22 reporting agency that distributes credit scores
23 developed by another person or entity to provide
24 a further explanation of them, or to process a
25 dispute arising pursuant to section 611, except



1 that the consumer credit reporting agency shall
2 provide the consumer with the name and ad-
3 dress and website for contacting the person or
4 entity who developed the score or developed the
5 methodology of the score.

6 (B) EXCEPTION.—This paragraph shall
7 not apply to a consumer credit reporting agency
8 that develops or modifies scores that are devel-
9 oped by another person or entity.

10 “(6) MAINTENANCE OF CREDIT SCORES NOT
11 REQUIRED.—This subsection shall not be construed
12 to require a consumer reporting agency to maintain
13 credit scores in its files.

14 “(7) COMPLIANCE IN CERTAIN CASES.—In com-
15 plying with this subsection, a consumer credit re-
16 porting agency shall—

17 “(A) supply the consumer with a credit
18 score that is derived from a credit scoring
19 model that is widely distributed to users by that
20 consumer credit reporting agency in connection
21 with residential real property loans or with a
22 credit score that assists the consumer in under-
23 standing the credit scoring assessment of the
24 credit behavior of the consumer and predictions



1 about the future credit behavior of the con-
2 sumer; and

3 “(B) a statement indicating that the infor-
4 mation and credit scoring model may be dif-
5 ferent than that used by the lender.

6 “(8) REASONABLE FEE.—A consumer credit re-
7 porting agency may charge a reasonable fee for pro-
8 viding the information required under this sub-
9 section.”.

10 (c) DISCLOSURE OF CREDIT SCORES BY CERTAIN
11 MORTGAGE LENDERS.—Section 609 of the Fair Credit
12 Reporting Act (15 U.S.C. 1681g) is amended by inserting
13 after subsection (e) (as added by subsection (b) of this
14 section) the following new subsection:

15 “(f) DISCLOSURE OF CREDIT SCORES BY CERTAIN
16 MORTGAGE LENDERS.—

17 “(1) IN GENERAL.—Any person who makes or
18 arranges loans and who uses a consumer credit score
19 as defined in subsection (e) in connection with an
20 application initiated or sought by a consumer for a
21 closed end loan or establishment of an open end loan
22 for a consumer purpose that is secured by 1 to 4
23 units of residential real property shall provide the
24 following to the consumer as soon as reasonably
25 practicable:



1 “(A) A copy of the information identified
2 in subsection (e) that was obtained from a cred-
3 it reporting agency or was developed and used
4 by the user of the information. In addition to
5 the information provided to it by a third party
6 that provided the credit score or scores, a lend-
7 er is only required to provide the notice con-
8 tained in subparagraph (D).

9 “(B) If a person who is subject to this sec-
10 tion uses an automated underwriting system to
11 underwrite a loan, that person may satisfy the
12 obligation to provide a credit score by disclosing
13 a credit score and associated key factors sup-
14 plied by a consumer credit reporting agency.
15 However, if a numerical credit score is gen-
16 erated by an automated underwriting system
17 used by an enterprise, and that score is dis-
18 closed to the person, it shall be disclosed to the
19 consumer consistent with subparagraph (C).
20 For purposes of this subparagraph, the term
21 ‘enterprise’ shall have the meaning provided in
22 paragraph (6) of section 1303 of the Federal
23 Housing Enterprises Financial Safety and
24 Soundness Act of 1992.



1 “(C) A person subject to the provisions of
2 this subsection who uses a credit score other
3 than a credit score provided by a consumer re-
4 porting agency may satisfy the obligation to
5 provide a credit score by disclosing a credit
6 score and associated key factors supplied by a
7 consumer credit reporting agency.

8 “(D) A copy of the following notice, which
9 shall include the name, address, and telephone
10 number of each credit bureau providing a credit
11 score that was used:

12 ‘NOTICE TO THE HOME LOAN APPLICANT

13 ‘In connection with your application for a home loan,
14 the lender must disclose to you the score that a credit bu-
15 reau distributed to users and the lender used in connection
16 with your home loan, and the key factors affecting your
17 credit scores.

18 ‘The credit score is a computer generated summary
19 calculated at the time of the request and based on infor-
20 mation a credit bureau or lender has on file. The scores
21 are based on data about your credit history and payment
22 patterns. Credit scores are important because they are
23 used to assist the lender in determining whether you will
24 obtain a loan. They may also be used to determine what
25 interest rate you may be offered on the mortgage. Credit



1 scores can change over time, depending on your conduct,
2 how your credit history and payment patterns change, and
3 how credit scoring technologies change.

4 'Because the score is based on information in your
5 credit history, it is very important that you review the
6 credit-related information that is being furnished to make
7 sure it is accurate. Credit records may vary from one com-
8 pany to another.

9 'If you have questions about your credit score or the
10 credit information that is furnished to you, contact the
11 credit bureau at the address and telephone number pro-
12 vided with this notice, or contact the lender, if the lender
13 developed or generated the credit score. The credit bureau
14 plays no part in the decision to take any action on the
15 loan application and is unable to provide you with specific
16 reasons for the decision on a loan application.

17 'If you have questions concerning the terms of
18 the loan, contact the lender.'

19 '(E) This section shall not require any
20 person to do the following:

21 '(i) Explain the information provided
22 pursuant to subsection (e).

23 '(ii) Disclose any information other
24 than a credit score or key factor, as de-
25 fined in subsection (e).



1 “(iii) Disclose any credit score or re-
2 lated information obtained by the user
3 after a loan has closed.

4 “(iv) Provide more than one disclo-
5 sure per loan transaction;

6 “(v) Provide the disclosure required
7 by this section when another person has
8 made the disclosure to the consumer for
9 that loan transaction.

10 “(F) Any person’s obligation pursuant to
11 this section shall be limited solely to providing
12 a copy of the information that was received
13 from the consumer credit reporting agency. No
14 person has liability under this section for the
15 content of that information or for the omission
16 of any information within the report provided
17 by the consumer credit reporting agency.

18 “(G) As used in this subsection, the term
19 ‘person’ does not include an ‘enterprise’ as de-
20 fined in paragraph (6) of section 1303 of the
21 Federal Housing Enterprises Financial Safety
22 and Soundness Act of 1992.

23 “(2) Any provision in a contract that prohibits
24 the disclosure of a credit score by a person who
25 makes or arranges loans or a consumer credit re-



1 reporting agency is void. A lender shall not have liabil-
2 ity under any contractual provision for disclosure of
3 a credit score.”.

4 **SEC. 503. SIMPLER AND EASIER METHOD FOR CONSUMERS**
5 **TO USE NOTIFICATION SYSTEM.**

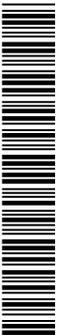
6 (a) **IN GENERAL.**—Section 604(e)(5)(A)(i) of the
7 Fair Credit Reporting Act (15 U.S.C. 1681b(e)(5)(A)(i))
8 is amended by inserting “in a simple and easy manner
9 and” after “notify the agency,”.

10 (b) **SIMPLIFIED NOTICE AND RESPONSE FORMAT**
11 **FOR USERS.**—Section 615(d) of the Fair Credit Report-
12 ing Act (15 U.S.C. 1681m(d)) is amended—

13 (1) by redesignating paragraphs (2), (3), and
14 (4), as paragraphs (3), (4) and (5); and

15 (2) by inserting after paragraph (1) the fol-
16 lowing new paragraph:

17 “(2) **SIMPLE AND EASY NOTIFICATION.**—Any
18 statement given the consumer under paragraph
19 (1)(E) shall be in a simple and easy to understand
20 format and shall describe the simple and easy meth-
21 od established under section 604(e)(5)(A)(i) for the
22 consumer to respond.”.



1 **SEC. 504. REQUIREMENT TO DISCLOSE COMMUNICATIONS**
2 **TO A CONSUMER REPORTING AGENCY.**

3 (a) IN GENERAL.—Section 623(a) of the Fair Credit
4 Reporting Act (15 U.S.C. 1681s-2(a)) is amended by add-
5 ing at the end the following new paragraph:

6 “(6) NEGATIVE INFORMATION.—

7 “(A) NOTICE TO CONSUMER REQUIRED.—

8 “(i) IN GENERAL.—If any financial
9 institution that extends credit and regu-
10 larly and in the ordinary course of business
11 furnishes information to a consumer re-
12 porting agency that compiles and main-
13 tains files on consumers on a nationwide
14 basis, furnishes negative information to
15 such an agency regarding credit extended
16 to a customer, the financial institution
17 shall provide a notice of such furnishing of
18 negative information, in writing, to the
19 customer.

20 “(ii) NOTICE EFFECTIVE FOR SUBSE-
21 QUENT SUBMISSIONS.—After providing
22 such notice, the financial institution may
23 submit additional negative information to a
24 consumer reporting agency that compiles
25 and maintains files on consumers on a na-
26 tionwide basis with respect to the same



1 transaction, extension of credit, account, or
2 customer without providing additional no-
3 tice to the customer.

4 “(B) TIME OF NOTICE.—

5 “(i) IN GENERAL.—The notice re-
6 quired under subparagraph (A) shall be
7 provided to the customer prior to, or no
8 later than 30 days after, furnishing the
9 negative information to a consumer report-
10 ing agency that compiles and maintains
11 files on consumers on a nationwide basis.

12 “(ii) COORDINATION WITH NEW AC-
13 COUNT DISCLOSURES.—If the notice is
14 provided to the customer prior to fur-
15 nishing the negative information to a con-
16 sumer reporting agency, the notice may
17 not be included in the initial disclosures
18 provided under section 127(a) of the Truth
19 in Lending Act.

20 “(C) COORDINATION WITH OTHER DISCLO-
21 SURES.—The notice required under subpara-
22 graph (A)—

23 “(i) may be included on or with any
24 notice of default, any billing statement, or



1 any other materials provided to the cus-
2 tomer; and

3 “(ii) must be clear and conspicuous.

4 “(D) MODEL DISCLOSURE.—

5 “(i) DUTY OF BOARD TO PREPARE.—

6 The Board shall prescribe a brief model
7 disclosure a financial institution may use
8 to comply with subparagraph (A), which
9 shall not exceed 30 words.

10 “(ii) USE OF MODEL NOT RE-
11 QUIRED.—No provision of this paragraph
12 shall be construed as requiring a financial
13 institution to use any such model form pre-
14 scribed by the Board.

15 “(iii) COMPLIANCE USING MODEL.—A
16 financial institution shall be deemed to be
17 in compliance with subparagraph (A) if the
18 financial institution uses any such model
19 form prescribed by the Board, or the fi-
20 nancial institution uses any such model
21 form and rearranges its format.

22 “(E) USE OF NOTICE WITHOUT SUBMIT-
23 TING NEGATIVE INFORMATION.—No provision
24 of this paragraph shall be construed as requir-
25 ing a financial institution that has provided a



1 customer with a notice described in subpara-
2 graph (A) to furnish negative information about
3 the customer to a consumer reporting agency.

4 “(F) SAFE HARBOR.—A financial institu-
5 tion shall not be liable for failure to perform
6 the duties required by this paragraph if, at the
7 time of the failure, the financial institution
8 maintained reasonable policies and procedures
9 to comply with this paragraph.

10 “(G) DEFINITIONS.—For purposes of this
11 paragraph, the following definitions shall apply:

12 “(i) NEGATIVE INFORMATION.—The
13 term ‘negative information’ means infor-
14 mation concerning a customer’s delin-
15 quencies, late payments, insolvency, or any
16 form of default.

17 “(ii) CUSTOMER; FINANCIAL INSTITU-
18 TION.—The terms ‘customer’ and ‘finan-
19 cial institution’ have the same meaning as
20 in section 509 of the Gramm-Leach-Bliley
21 Act.”.

22 (b) MODEL DISCLOSURE FORM.—Before the end of
23 the 6-month period beginning on the date of the enact-
24 ment of this Act, the Board of Governors of the Federal
25 Reserve System shall adopt the model disclosure required



1 under the amendment made by subsection (a) after notice
2 duly given in the Federal Register and an opportunity for
3 public comment in accordance with section 553 of title 5,
4 United States Code.

5 **SEC. 505. STUDY OF EFFECTS OF CREDIT SCORES AND**
6 **CREDIT-BASED INSURANCE SCORES ON**
7 **AVAILABILITY AND AFFORDABILITY OF FI-**
8 **NANCIAL PRODUCTS.**

9 (a) **STUDY REQUIRED.**—The Federal Trade Commis-
10 sion, in consultation with the Office of Fair Housing and
11 Equal Opportunity of the Department of Housing and
12 Urban Development, shall conduct a study of—

13 (1) the effects of the use of credit scores and
14 credit-based insurance scores on the availability and
15 affordability of financial products and services, in-
16 cluding credit cards, mortgages, auto loans, and
17 property and casualty insurance;

18 (2) the degree of causality between the factors
19 considered by credit score systems and the quantifi-
20 able risks and actual losses experienced by busi-
21 nesses, including the extent to which, if any, each of
22 the factors considered or otherwise taken into ac-
23 count by such systems are accurate predictors of
24 risk or loss, and where the means square error of a



1 scoring model's predictions are considered in the
2 evaluation of accuracy;

3 (3) the extent to which, if any, the use of credit
4 scoring models, credit scores and credit-based insur-
5 ance scores result in disparate impact by geography,
6 income, ethnicity, race, color, religion, national ori-
7 gin, age, sex or marital status, and creed, including
8 the extent to which the consideration or lack of con-
9 sideration of certain factors by credit scoring sys-
10 tems could result in disparate effects and the extent
11 to which, if any, the use of underwriting systems re-
12 lying on these models could achieve comparable re-
13 sults through the use of factors with less disparate
14 impact; and

15 (4) the extent to which credit scoring systems
16 are used by businesses, the factors considered by
17 such systems, and the effects of variables which are
18 not considered by such systems.

19 (b) PUBLIC PARTICIPATION.—The Commission shall
20 seek public input about the prescribed methodology and
21 research design of the study required in subsection (a).

22 (c) REPORT REQUIRED.—

23 (1) IN GENERAL.—Before the end of the 18-
24 month period beginning on the date of the enact-
25 ment of this Act, the Federal Trade Commission



1 shall submit a detailed report on the study con-
2 ducted pursuant to subsection (a) to the Committee
3 on Financial Services of the House of Representa-
4 tives and the Committee on Banking, Housing, and
5 Urban Affairs of the Senate.

6 (2) CONTENTS OF REPORT.—The report sub-
7 mitted under paragraph (1) shall include the find-
8 ings and conclusions of the Commission together
9 with such recommendations for legislative or admin-
10 istrative action as the Commission may determine to
11 be necessary to ensure that credit and credit-based
12 insurances score are used appropriately and fairly to
13 avoid disparate effects.

14 (d) CREDIT SCORE DEFINED.—For purposes of this
15 section, the term “credit score” means a numerical value
16 or a categorization derived from a statistical tool or mod-
17 eling system used to predict the likelihood of certain credit
18 or insurance behaviors, including default.



1 **TITLE VI—PROTECTING EM-**
2 **PLOYEE MISCONDUCT INVES-**
3 **TIGATIONS**

4 **SEC. 601. CERTAIN EMPLOYEE INVESTIGATION COMMU-**
5 **NICATIONS EXCLUDED FROM DEFINITION OF**
6 **CONSUMER REPORT.**

7 (a) IN GENERAL.—Section 603 of the Fair Credit
8 Reporting Act (15 U.S.C. 1681a) is amended by inserting
9 after subsection (p) the following new subsection:

10 “(q) EXCLUSION OF CERTAIN COMMUNICATIONS FOR
11 EMPLOYEE INVESTIGATIONS.—

12 “(1) COMMUNICATIONS DESCRIBED IN THIS
13 SUBSECTION.—A communication is described in this
14 subsection if—

15 “(A) but for subsection (d)(2)(D), the
16 communication would be a consumer report;

17 “(B) the communication is made to an em-
18 ployer in connection with an investigation of—

19 “(i) suspected misconduct relating to
20 employment; or

21 “(ii) compliance with Federal, State,
22 or local laws and regulations, the rules of
23 a self-regulatory organization, or any pre-
24 existing written policies of the employer;



1 “(C) the communication is not made for
2 the purpose of investigating a consumer’s credit
3 worthiness, credit standing, or credit capacity;
4 and

5 “(D) the communication is not provided to
6 any person except—

7 “(i) to the employer or an agent of
8 the employer;

9 “(ii) to any Federal or State officer,
10 agency, or department, or any officer,
11 agency, or department of a unit of general
12 local government;

13 “(iii) to any self-regulatory organiza-
14 tion with regulatory authority over the ac-
15 tivities of the employer or employee;

16 “(iv) as otherwise required by law; or

17 “(v) pursuant to section 608.

18 “(2) SUBSEQUENT DISCLOSURE.—After taking
19 any adverse action based in whole or in part on a
20 communication described in paragraph (1), the em-
21 ployer shall disclose to the consumer a summary
22 containing the nature and substance of the commu-
23 nication upon which the adverse action is based, ex-
24 cept that the sources of information acquired solely
25 for use in preparing what would be but for sub-



1 section (d)(2)(D) an investigative consumer report
2 need not be disclosed.

3 “(3) SELF-REGULATORY ORGANIZATION DE-
4 FINED.—For purposes of this subsection, the term
5 ‘self-regulatory organization’ includes any self-regu-
6 latory organization (as defined in section 3(a)(26) of
7 the Securities Exchange Act of 1934), any entity es-
8 tablished under Title I of the Sarbanes-Oxley Act of
9 2002, any board of trade designated by the Com-
10 modity Futures Trading Commission, and any fu-
11 tures association registered with such Commission.”.

12 (b) TECHNICAL AND CONFORMING AMENDMENT.—
13 Section 603(d)(2)(D) of the Fair Credit Reporting Act (15
14 U.S.C. 1681a(d)(2)(D)) is amended by inserting “or (q)”
15 after “subsection (o)”.

