

Highlights of the “Comprehensive Consumer Credit Reporting Reform Act of 2016”

- **Fixes the Dispute Process.** Ends unjust and time-consuming burdens on consumers to remove errors from consumer reports, including creating a new right to appeal results of initial disputes conducted by consumer reporting agencies (CRAs) and furnishers); requiring furnishers to retain records for the same time periods that negative information remains on reports; mandating that consumers are provided copies of any documents relied on by CRAs or furnishers to determine the accuracy or completeness of disputed items when they are sent the results and requiring all furnishers, who regularly report negative information to CRAs, to notify their customers about this possibility and to alert their customers the first time derogatory information is actually sent to CRAs.
- **Restricts the Use of Credit Information for Employment.** Limits the unfounded, wide-spread use of credit information for employment purposes to two narrow instances: when required by local, state or federal law or for national security clearances.
- **Rehabilitates the Credit Standing of Struggling Private Education Loan Borrowers.** Gives distressed private education loan borrowers a chance to clean their impaired credit by requiring the removal from reports of adverse information related to delinquent or defaulted loans when borrowers make nine out of ten monthly on-time payments. Permits those facing extenuating and unusual life circumstances, such as service members receiving hazardous duty pay and residents in federally declared natural disaster areas, reasonable interruptions from these consecutive payment requirements.
- **Restores the Impaired Credit of Victims of Predatory Activities and Unfair Consumer Reporting Practices.** Reduces the prolonged, punitive retention periods that most adverse credit information remains on reports to four years (seven years for bankruptcies). Prohibits CRAs from including medical collections on reports until 180 days from the date of first delinquency to ensure consumers have time to resolve complex, confusing medical bills. Mandates paid or settled debt items, including medical collections, be removed from reports within 45 days. Allows borrowers, who have been victimized by unfair, deceptive or abusive acts or practices (UDAP) of residential mortgage lenders or servicers, to have adverse information related to mortgage loans removed from their reports. Requires the removal of negative information related to private education loans obtained to attend deceptive fraudulent for-profit colleges. Makes it easier for victims of fraud committed by someone that they have a preexisting relationship with like caregivers, domestic partners or family members, to have the adverse information related to the criminal actions of others removed from their reports.
- **Monitors the Development and Use of Credit Scores.** Empowers the Consumer Financial Protection Bureau (CFPB) with explicit authority to monitor the development of credit scoring models. Requires the Federal Housing Finance Agency to study using alternate, additional or updated credit scoring models as part of the seller-servicers guides used by Fannie Mae and Freddie Mac on an ongoing basis.
- **Provides Greater Consumer Access to and Understanding of Consumer Reports and Credit Scores.** Gives consumers a free credit score, actually used by creditors as practicable, when they obtain their free annual consumer reports. Requires mortgage, auto and private education lenders to provide

borrowers with free copies of any reports and scores that they used for underwriting, before consumers sign lease or loan agreements. Creates new instances in which consumers automatically receive free copies of reports and scores, such as when consumers appeal the results of reviews of disputed items by CRAs or furnishers.

- **Bans Misleading and Deceptive Marketing and Other Unfair Consumer Reporting and Credit Scoring Practices.** Ends CRAs' misleading practices of automatically converting free trial periods for many consumer reporting products and services into paid, monthly subscription services by requiring CRAs to provide explicit opt-ins at the end of trial promotions. Gives the CFPB discretion to cap the costs of any direct-to-consumers sales of products and services from CRAs that are unfair and unreasonable. Combats credit discrimination for consumers with limited English proficiencies by encouraging CRAs and furnishers to provide all their consumer reporting materials in the top ten most commonly spoken languages in the United States besides English and to hire and retain dispute and appeals staff who speak these languages.