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108TH CONGRESS
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H. R. 2622

[Report No. 108-263]

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.

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

SEPTEMBER 4, 2003

Additional sponsors: Mr. KENNEDY of Minnesota, Mr. SCOTT of Georgia, Mr. BOYD, Mr. WELDON of Florida, Mr. ROGERS of Michigan, Mr. FROST, Mr. RAMSTAD, Mr. MURPHY, Mr. SMITH of Washington, Mr. CANTOR, Mr. BLUNT, Mr. ADERHOLT, Mr. TERRY, Mr. DAVIS of Florida, Mr. MICA, Mr. SHAYS, Mr. STRICKLAND, Mr. BURTON of Indiana, Mr. KIND, Mr. DEAL of Georgia, Mr. SCHROCK, Mr. REYNOLDS, Ms. PRYCE of Ohio, Mr. EMANUEL, Mr. BEAUPREZ, and Mr. BOEHLERT

SEPTEMBER 4, 2003

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

[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.

Sec. 3. Effective dates.

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 and inactive accounts.

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.

Sec. 207. Study on the use of technology to combat 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. Reasonable investigation required.
Sec. 304. Duties of furnishers of information.
Sec. 305. 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.
Sec. 405. FTC study of the accuracy of 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.
Sec. 506. GAO study on disparate impact of credit system.
Sec. 507. Analysis of further restrictions on offers of credit or insurance.
Sec. 508. Study on the need and the means for improving financial literacy among consumers.
Sec. 509. Disclosure of increase in APR under certain circumstances.

TITLE VI—PROTECTING EMPLOYEE MISCONDUCT INVESTIGATIONS

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

TITLE VII—LIMITING THE USE AND SHARING OF MEDICAL INFORMATION IN THE FINANCIAL SYSTEM

- Sec. 701. Protection of medical information in the financial system.*
Sec. 702. Confidentiality of medical information in credit reports.

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 contained*
8 *in the database of another consumer reporting agency*

1 or multiple consumer reporting agencies concerning
2 any consumer for purposes of furnishing such infor-
3 mation to any third party, to the extent of such ac-
4 tivities; and

5 “(2) does not maintain a database of the assem-
6 bled or merged information from which new consumer
7 reports are produced.

8 “(s) *OTHER DEFINITIONS.*—

9 “(1) *BOARD; CREDIT; CREDITOR; CREDIT*
10 *CARD.*—The terms ‘Board’, ‘credit’, ‘creditor’, and
11 ‘credit card’ have the same meanings as in section
12 103 of the Truth in Lending Act.

13 “(2) *COMMISSION.*—The term ‘Commission’
14 means the Federal Trade Commission.

15 “(3) *DEBIT CARD.*—The term ‘debit card’ means
16 any card issued by a financial institution to a con-
17 sumer for use in initiating electronic fund transfers
18 (as defined in section 903(6) of the Electronic Fund
19 Transfer Act) from the account (as defined in such
20 Act) of the consumer at such financial institution for
21 the purpose of transferring money between accounts
22 or obtaining money, property, labor, or services.

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

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

4 “(6) *IDENTITY THEFT.*—*The term ‘identity theft’*
5 *means a fraud committed using another person’s*
6 *identifying information, subject to such further defi-*
7 *inition as the Commission and the Board may pre-*
8 *scribe, jointly, by regulation.*

9 “(7) *POLICE REPORT.*—*The term ‘police report’*
10 *means a copy of any official valid report filed by a*
11 *consumer with any appropriate Federal, State, or*
12 *local government law enforcement agency, or any*
13 *comparable official government document that the*
14 *Board and the Commission shall jointly prescribe in*
15 *regulations, that is subject to a criminal penalty for*
16 *false statements.”.*

17 **SEC. 3. EFFECTIVE DATES.**

18 (a) *IN GENERAL.*—*Except as provided in subsections*

19 (b) and (c)—

20 (1) *before the end of the 2-month period begin-*
21 *ning on the date of the enactment of this Act, the*
22 *Board of Governors of the Federal Reserve System*
23 *and the Federal Trade Commission shall jointly pre-*
24 *scribe regulations in final form establishing effective*

1 *dates for each provision of this Act (except as other-*
2 *wise specified); and*

3 *(2) the regulations prescribed under paragraph*
4 *(1) shall establish effective dates that are as early as*
5 *possible while allowing a reasonable time for the im-*
6 *plementation of the provisions of this Act, but in no*
7 *case shall the effective date be later than 10 months*
8 *after the date of issuance of such regulations in final*
9 *form.*

10 *(b) IMMEDIATE EFFECTIVE DATE.—The following pro-*
11 *visions shall take effect on the date of the enactment of this*
12 *Act:*

13 *(1) Title I.*

14 *(2) Section 201.*

15 *(3) Section 609(d)(1) of the Fair Credit Report-*
16 *ing Act (as added by the amendment in section*
17 *204(a)).*

18 *(4) Section 305.*

19 *(5) Section 505.*

20 *(6) Section 506.*

21 *(7) Title VI.*

22 *(c) EFFECTIVE DATE FOR PROTECTION OF MEDICAL*
23 *INFORMATION IN THE FINANCIAL SYSTEM.—Section 701*
24 *shall take effect at the end of the 180-day period beginning*
25 *on the date of the enactment of this Act, except that para-*

1 *graph (2) of section 604(g) of the Fair Credit Reporting*
2 *Act (as added by section 701) shall take effect on the later*
3 *of—*

4 *(1) the end of the 90-day period beginning on the*
5 *date the regulations required under paragraph (5)(B)*
6 *of such section 604(g) (as added by section 701) are*
7 *prescribed in final form; or*

8 *(2) the date specified in the regulations referred*
9 *to in paragraph (1).*

10 **TITLE I—UNIFORM NATIONAL**
11 **CONSUMER PROTECTION**
12 **STANDARDS**

13 **SEC. 101. UNIFORM NATIONAL CONSUMER PROTECTION**
14 **STANDARDS MADE PERMANENT.**

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

17 *(1) by striking “Subsections (b) and (c)” and all*
18 *that follows through “do not affect any settlement,”*
19 *and inserting “Subsections (b) and (c) do not affect*
20 *any settlement,”; and*

21 *(2) by striking “Consumer Credit Reporting Re-*
22 *form Act of 1996” and all that follows through the pe-*
23 *riod at the end of paragraph (2) and inserting “Con-*
24 *sumer Credit Reporting Reform Act of 1996.”.*

1 **TITLE II—IDENTITY THEFT**
2 **PREVENTION**

3 **SEC. 201. INVESTIGATING CHANGES OF ADDRESS AND IN-**
4 **ACTIVE ACCOUNTS.**

5 (a) *IN GENERAL.*—Section 605 of the Fair Credit Re-
6 *porting Act (15 U.S.C. 1681e) is amended by inserting after*
7 *subsection (f), the following new subsection:*

8 “(g) ‘*RED FLAG*’ PATTERNS OF POSSIBLE IDENTITY
9 *THEFT.*—

10 “(1) *INVESTIGATION OF CHANGES OF AD-*
11 *DRESS.*—*The Federal banking agencies and the Na-*
12 *tional Credit Union Administration, in carrying out*
13 *the responsibilities of such agencies and Administra-*
14 *tion under subsection (k), shall jointly prescribe regu-*
15 *lations for credit card and debit card issuers to en-*
16 *sure that, if any such issuer receives a request for an*
17 *additional or replacement card for an existing ac-*
18 *count within a short period of time after the issuer*
19 *has received notification of a change of address for the*
20 *same account, the issuer will follow reasonable poli-*
21 *cies and procedures that require, as appropriate, that*
22 *the issuer not issue the additional or replacement*
23 *card unless the issuer—*

24 “(A) *notifies the cardholder of the request at*
25 *the former address of the cardholder and provides*

1 to the cardholder a means of promptly reporting
2 incorrect address changes;

3 “(B) notifies the cardholder of the request
4 by such other means of communication as the
5 cardholder and the card issuer previously agreed
6 to; or

7 “(C) uses other means of assessing the valid-
8 ity of the change of address, in accordance with
9 reasonable policies and procedures established by
10 the card issuer in accordance with the regula-
11 tions prescribed under subsection (k).

12 “(2) *INACTIVE ACCOUNTS.*—*The Federal banking*
13 *agencies and the National Credit Union Administra-*
14 *tion, in carrying out the responsibilities of such agen-*
15 *cies and Administration under subsection (k), shall*
16 *consider including, as a possible ‘red flag’ pattern,*
17 *reasonable guidelines providing that when a trans-*
18 *action occurs with respect to a credit or deposit ac-*
19 *count that has been inactive for more than 2 years,*
20 *the creditor or depository institution shall follow rea-*
21 *sonable policies and procedures that provide for notice*
22 *to be given to a consumer in a manner reasonably de-*
23 *signed to reduce the likelihood of identity theft with*
24 *respect to such account.”.*

25 **(b) CLERICAL AMENDMENTS.**—

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

2
3 **“§ 605. Requirements relating to information con-**
4 **tained in consumer reports and to identity**
5 **theft prevention.”.**

6 (2) *The table of sections for title VI of the Consumer Credit Protection Act is amended by striking the item relating to section 605 and inserting the following new item:*

7
8 *“605. Requirements relating to information contained in consumer reports and to identity theft prevention.”.*

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

11 **SEC. 202. FRAUD ALERTS.**

12 *Section 605 of the Fair Credit Reporting Act (15 U.S.C. 1681c) is amended by adding at the end the following new subsection:*

13 **“(i) ONE-CALL FRAUD ALERTS.—**

14 **“(1) INITIAL ALERTS.—Upon the direct request**
15 *of a consumer, or an individual acting on behalf of*
16 *or as a personal representative of a consumer, who as-*
17 *serts, in good faith, a suspicion that the consumer has*
18 *been or is about to become a victim of fraud or re-*
19 *lated crime, including identity theft, a consumer re-*
20 *lated crime, including identity theft, a consumer re-*
21 *lated crime, including identity theft, a consumer re-*
22 *lated crime, including identity theft, a consumer re-*
23 *lated crime, including identity theft, a consumer re-*
24 *lated crime, including identity theft, a consumer re-*

1 *porting agency described in section 603(p) shall, if*
2 *the agency maintains a file on the consumer who is*
3 *making the request and has a reasonable belief that*
4 *the agency knows the identity of the consumer—*

5 *“(A) include a fraud alert in the file of that*
6 *consumer for a period of not less than 90 days*
7 *beginning on the date of such request, unless the*
8 *consumer specifically requests that such fraud*
9 *alert be removed before the end of such period;*

10 *“(B) disclose to the consumer that the con-*
11 *sumer may request a free copy of the file of the*
12 *consumer and provide the consumer, upon re-*
13 *quest, a free disclosure of the consumer’s file (as*
14 *described in section 609(a)) within 3 business*
15 *days after such request;*

16 *“(C) for 2 years after the date of such re-*
17 *quest, exclude the consumer from any list of con-*
18 *sumers prepared by the agency and provided to*
19 *any third party to offer credit or insurance to*
20 *the consumer as part of a transaction that was*
21 *not initiated by the consumer, unless the con-*
22 *sumer subsequently requests that such exclusion*
23 *be rescinded before the end of such period; and*

24 *“(D) refer the information regarding the*
25 *fraud alert to each of the other consumer report-*

1 *ing agencies described in section 603(p), as re-*
2 *quired under section 621(f)(1).*

3 *“(2) EXTENDED ALERTS.—Upon the direct re-*
4 *quest of a consumer, or an individual acting on be-*
5 *half of or as a personal representative of a consumer,*
6 *who contacts a consumer reporting agency described*
7 *in section 603(p) to report details of an identity theft*
8 *and submits evidence that provides the agency with*
9 *reasonable cause to believe that such identity theft has*
10 *occurred, the agency shall, if the agency maintains a*
11 *file on the consumer who is making the request and*
12 *has a reasonable belief that the agency knows the*
13 *identity of the consumer—*

14 *“(A) include a fraud alert in the file of that*
15 *consumer and provide an opportunity for the*
16 *consumer to extend the alert for a period of up*
17 *to 7 years from the date of such request, unless*
18 *the consumer subsequently requests that such*
19 *fraud alert be removed before the end of such pe-*
20 *riod;*

21 *“(B) provide the consumer with the option*
22 *of including more complete information in the*
23 *consumer’s file, including a telephone number or*
24 *some other reasonable means of communication*
25 *that any person who requests the consumer’s re-*

1 port may utilize for authorization before estab-
2 lishing a new credit plan in the name of the con-
3 sumer; and

4 “(C) provide the consumer with at least 2
5 free disclosures of the information described in
6 section 609(a) during the 12-month period begin-
7 ning on the date of such request.

8 “(3) *ACTIVE DUTY ALERTS*.—Upon the direct re-
9 quest of an active duty military consumer, or an in-
10 dividual acting on behalf of or as a personal rep-
11 resentative of an active duty military consumer, who
12 contacts a consumer reporting agency described in
13 section 603(p), the agency shall, if the agency main-
14 tains a file on the consumer who is making the re-
15 quest and has a reasonable belief that the agency
16 knows the identity of the consumer—

17 “(A) include an active duty alert in the file
18 of that consumer during a period of not less than
19 12 months beginning on the date of the request,
20 unless the consumer requests that such active
21 duty alert be removed before the end of such pe-
22 riod;

23 “(B) for 2 years after the date of such re-
24 quest, exclude the consumer from any list of con-
25 sumers prepared by the agency and provided to

1 *any third party to offer credit or insurance to*
2 *the consumer as part of a transaction that was*
3 *not initiated by the consumer, unless the con-*
4 *sumer subsequently requests that such exclusion*
5 *be rescinded before the end of such period; and*

6 “(C) *refer the information regarding the ac-*
7 *tive duty alert to each of the other consumer re-*
8 *porting agencies described in section 603(p), as*
9 *required under section 621(f)(1).*

10 “(4) *PROCEDURES.—Each consumer reporting*
11 *agency described in section 603(p) shall establish poli-*
12 *cies and procedures to comply with the obligations of*
13 *paragraphs (1), (2), and (3), including procedures*
14 *that allow consumers to request initial, extended, or*
15 *active duty alerts in a simple and easy manner, in-*
16 *cluding by telephone.*

17 “(5) *NOTICE TO USERS.—No person who obtains*
18 *any information that includes a fraud alert under*
19 *this section from a file of any consumer from a con-*
20 *sumer reporting agency may establish a new credit*
21 *plan in the name of the consumer for a person other*
22 *than the consumer without utilizing reasonable poli-*
23 *cies and procedures described in paragraph (9).*

24 “(6) *REFERRALS OF FRAUD ALERTS.—Each con-*
25 *sumer reporting agency described in section 603(p)*

1 *that receives a referral of a fraud alert from another*
2 *such agency pursuant to paragraph (1)(D) or (3)(C)*
3 *shall follow the procedures required under subpara-*
4 *graphs (A), (B), and (C) of paragraph (1), in the*
5 *case of a referral under paragraph (1)(D), and sub-*
6 *paragraphs (A) and (B), in the case of a referral*
7 *under paragraph (3)(C), as if the agency received the*
8 *request from the consumer directly.*

9 “(7) *DUTY OF RESELLER TO RECONVEY*
10 *ALERT.—A reseller that is notified of the existence of*
11 *a fraud alert in a consumer’s consumer report shall*
12 *communicate to each person procuring a consumer re-*
13 *port with respect to such consumer the existence of a*
14 *fraud alert in effect for such consumer.*

15 “(8) *DUTY OF OTHER CONSUMER REPORTING*
16 *AGENCIES TO PROVIDE CONTACT INFORMATION.—If a*
17 *consumer contacts any consumer reporting agency*
18 *that is not a consumer reporting agency described in*
19 *section 603(p) to communicate a suspicion that the*
20 *consumer has been or is about to become a victim of*
21 *fraud or related crime, including identity theft, the*
22 *agency shall provide the consumer with information*
23 *on how to contact the Commission and the consumer*
24 *reporting agencies described in section 603(p) to ob-*

1 tain more detailed information and request alerts
2 under this subsection.

3 “(9) *FRAUD ALERT.*—

4 “(A) *DEFINITION.*—For purposes of this
5 subsection, the term ‘fraud alert’ means, at a
6 minimum, a statement—

7 “(i) in the file of a consumer that the
8 consumer may be a victim of fraud, includ-
9 ing identity theft, or is a consumer de-
10 scribed in paragraph (3); and

11 “(ii) that is transmitted in a manner
12 that facilitates a clear and conspicuous view
13 of the statement by any person requesting
14 such file.

15 “(B) *OTHER INFORMATION.*—A fraud alert
16 shall include information that notifies all pro-
17 spective users of a consumer report on the con-
18 sumer to which the alert relates that the con-
19 sumer does not authorize establishing any new
20 credit plan in the name of the consumer, unless
21 the user utilizes reasonable policies and proce-
22 dures to form a reasonable belief that the user
23 knows the identity of the person for whom such
24 new plan is established, which may include ob-
25 taining authorization or preauthorization of the

1 consumer at a telephone number designated by
2 the consumer or by such other reasonable means
3 agreed to.

4 “(10) *OTHER DEFINITIONS.*—For purposes of
5 this subsection, the following definitions shall apply:

6 “(A) *ACTIVE DUTY MILITARY CONSUMER.*—
7 The term ‘active duty military consumer’ means
8 a consumer in military service who—

9 “(i) is on active duty (as defined in
10 section 101(d)(1) of title 10, United States
11 Code) or is a reservist performing duty
12 under a call or order to active duty under
13 a provision of law referred to in section
14 101(a)(13) of title 10, United States Code;
15 and

16 “(ii) is assigned to service away from
17 the consumer’s usual duty station.

18 “(B) *NEW CREDIT PLAN.*—The term ‘new
19 credit plan’ means a new account under an open
20 end credit plan (as defined in section 103(i) of
21 this Act) or a new credit transaction not under
22 an open end credit plan.”.

1 **SEC. 203. TRUNCATION OF CREDIT CARD AND DEBIT CARD**
2 **ACCOUNT NUMBERS.**

3 (a) *IN GENERAL.*—Section 605 of the Fair Credit Re-
4 porting Act (15 U.S.C. 1681c) is amended by inserting after
5 subsection (k) (as added by section 206 of this title) the
6 following new subsection:

7 “(l) *TRUNCATION OF CREDIT CARD AND DEBIT CARD*
8 *ACCOUNT NUMBERS.*—

9 “(1) *IN GENERAL.*—Except as provided in this
10 subsection, no person that accepts credit cards or
11 debit cards for the transaction of business shall print
12 the expiration date or more than the last 5 digits of
13 the card number upon any receipt provided to the
14 cardholder at the point of the sale or transaction.

15 “(2) *LIMITATION.*—This section shall apply only
16 to receipts that are electronically printed, and shall
17 not apply to transactions in which the sole means of
18 recording the person’s credit card or debit card num-
19 ber is by handwriting or by an imprint or copy of
20 the card.”.

21 (b) *EFFECTIVE DATE.*—The amendments made by sub-
22 section (a) shall apply after the end of—

23 (1) the 3-year period beginning on the date of
24 the enactment of this Act, with respect to any cash
25 register or other machine or device that electronically

1 *prints receipts for credit card or debit card trans-*
 2 *actions that is in use before January 1, 2005; and*

3 *(2) the 1-year period beginning on the date of*
 4 *the enactment of this Act, with respect to any cash*
 5 *register or other machine or device that electronically*
 6 *prints receipts for credit card or debit card trans-*
 7 *actions that is first put into use on or after January*
 8 *1, 2005.*

9 **SEC. 204. SUMMARY OF RIGHTS OF IDENTITY THEFT VIC-**

10 **TIMS.**

11 *(a) IN GENERAL.—Section 609 of the Fair Credit Re-*
 12 *porting Act (15 U.S.C. 1681g) is amended by adding at*
 13 *the end the following new subsection:*

14 *“(d) SUMMARY OF RIGHTS OF IDENTITY THEFT VIC-*
 15 *TIMS.—*

16 *“(1) IN GENERAL.—The Commission, in con-*
 17 *sultation with the Federal banking agencies and the*
 18 *National Credit Union Administration, shall prepare*
 19 *a model summary of the rights of consumers under*
 20 *this title with respect to the procedures for remedying*
 21 *the effects of fraud or identity theft involving credit,*
 22 *electronic fund transfers, or accounts or transactions*
 23 *at or with a financial institution.*

24 *“(2) SUMMARY OF RIGHTS AND CONTACT INFOR-*
 25 *MATION.—If any consumer contacts a consumer re-*

1 *that the consumer identifies as information that re-*
2 *sulted from an alleged identity theft and confirms is*
3 *not information relating to any transaction by the*
4 *consumer not later than 5 business days after the date*
5 *of receipt by such agency of—*

6 “(A) *appropriate proof of the identity of a*
7 *consumer;*

8 “(B) *a police report evidencing the claim of*
9 *the consumer of identity theft;*

10 “(C) *the identification of the information*
11 *by the consumer; and*

12 “(D) *confirmation by the consumer that the*
13 *information is not information relating to any*
14 *transaction by the consumer.*

15 “(2) *NOTIFICATION.—A consumer reporting*
16 *agency shall promptly notify the furnisher of infor-*
17 *mation identified by the consumer under paragraph*
18 *(1)—*

19 “(A) *that the information may be a result*
20 *of identity theft;*

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

22 “(C) *that a block has been requested under*
23 *this subsection; and*

24 “(D) *of the effective date of the block.*

25 “(3) *AUTHORITY TO DECLINE OR RESCIND.—*

1 “(A) *IN GENERAL.*—*A consumer reporting*
2 *agency may decline to block, or may rescind any*
3 *block, of consumer information under this sub-*
4 *section if the consumer reporting agency reason-*
5 *ably determines that—*

6 “(i) *the information was blocked in*
7 *error or a block was requested by the con-*
8 *sumer in error;*

9 “(ii) *the information was blocked, or a*
10 *block was requested by the consumer, on the*
11 *basis of a misrepresentation of fact by the*
12 *consumer relevant to the request to block; or*

13 “(iii) *the consumer knowingly obtained*
14 *possession of goods, services, or moneys as a*
15 *result of the blocked transaction or trans-*
16 *actions, or the consumer should have known*
17 *that the consumer obtained possession of*
18 *goods, services, or moneys as a result of the*
19 *blocked transaction or transactions.*

20 “(B) *NOTIFICATION TO CONSUMER.*—*If the*
21 *block of information is declined or rescinded*
22 *under this paragraph, the affected consumer*
23 *shall be notified promptly, in the same manner*
24 *as consumers are notified of the reinsertion of in-*
25 *formation under section 611(a)(5)(B).*

1 “(C) *SIGNIFICANCE OF BLOCK.*—For pur-
2 poses of this paragraph, if a consumer reporting
3 agency rescinds a block, the presence of informa-
4 tion in the file of a consumer prior to the block-
5 ing of such information is not evidence of wheth-
6 er the consumer knew or should have known that
7 the consumer obtained possession of any goods,
8 services, or monies as a result of the block.

9 “(4) *EXCEPTIONS.*—

10 “(A) *VERIFICATION COMPANIES.*—This sub-
11 section shall not apply to—

12 “(i) a check services company, which
13 issues authorizations for the purpose of ap-
14 proving or processing negotiable instru-
15 ments, electronic funds transfers, or similar
16 methods of payments; or

17 “(ii) a deposit account information
18 service company, which issues reports re-
19 garding account closures due to fraud, sub-
20 stantial overdrafts, automated teller ma-
21 chine abuse, or similar negative informa-
22 tion regarding a consumer, to inquiring
23 banks or other financial institutions for use
24 only in reviewing a consumer request for a

1 *deposit account at the inquiring bank or fi-*
2 *nancial institution.*

3 “(B) RESELLERS.—

4 “(i) NO RESELLER FILE.—*This sub-*
5 *section shall not apply to a consumer re-*
6 *porting agency if the consumer reporting*
7 *agency—*

8 “(I) *is a reseller;*

9 “(II) *is not, at the time of the re-*
10 *quest of the consumer under paragraph*
11 *(1), otherwise furnishing or reselling a*
12 *consumer report concerning the infor-*
13 *mation identified by the consumer; and*

14 “(III) *informs the consumer, by*
15 *any means, that the consumer may re-*
16 *port the identity theft to the Commis-*
17 *sion to obtain consumer information*
18 *regarding identity theft.*

19 “(ii) RESELLER WITH FILE.—*The sole*
20 *obligation of the consumer reporting agency*
21 *under this subsection, with regard to any*
22 *request of a consumer under this subsection,*
23 *shall be to block the consumer report main-*
24 *tained by the consumer reporting agency*
25 *from any subsequent use if—*

1 “(I) the consumer, in accordance
2 with the provisions of paragraph (1),
3 identifies, to a consumer reporting
4 agency, information in the file of the
5 consumer that resulted from identity
6 theft; and

7 “(II) the consumer reporting
8 agency is a reseller of the identified in-
9 formation.

10 “(iii) NOTICE.—In carrying out its ob-
11 ligation under clause (ii), the reseller shall
12 promptly provide a notice to the consumer
13 of the decision to block the file. Such notice
14 shall contain the name, address, and tele-
15 phone number of each consumer reporting
16 agency from which the consumer informa-
17 tion was obtained for resale.

18 “(5) ACCESS TO BLOCKED INFORMATION BY LAW
19 ENFORCEMENT AGENCIES.—No provision of this sub-
20 section shall be construed as requiring a consumer re-
21 porting agency to prevent a Federal, State, or local
22 law enforcement agency from accessing blocked infor-
23 mation in a consumer file to which the agency could
24 otherwise obtain access under this title.”.

1 **SEC. 206. ESTABLISHMENT OF PROCEDURES FOR DEPOSI-**
2 **TORY INSTITUTIONS TO IDENTIFY POSSIBLE**
3 **INSTANCES OF IDENTITY THEFT.**

4 (a) *IN GENERAL.*—Section 605 of the Fair Credit Re-
5 porting Act (15 U.S.C. 1681c) is amended by inserting after
6 subsection (j) (as added by section 205 of this title) the fol-
7 lowing new subsection:

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

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

18 “(2) *REGULATIONS.*—The Federal banking agen-
19 cies and the National Credit Union Administration,
20 in consultation with the Commission, shall jointly
21 prescribe regulations requiring insured depository in-
22 stitutions to establish and adhere to reasonable poli-
23 cies and procedures for implementing the guidelines
24 established pursuant to paragraph (1) to identify pos-
25 sible risks to customer accounts or to the safety and
26 soundness of the institutions.

1 “(3) *CONSISTENCY WITH VERIFICATION RE-*
2 *QUIREMENTS.—Policies and procedures established*
3 *pursuant to paragraph (2) shall not be inconsistent*
4 *with, or duplicative of, the policies and procedures re-*
5 *quired under section 5318(l) of title 31, United States*
6 *Code.*

7 “(4) *INSURED DEPOSITORY INSTITUTION DE-*
8 *FINED.—For purposes of this subsection, the term ‘in-*
9 *sured depository institution’—*

10 “(A) *has the meaning given to such term in*
11 *section 3 of the Federal Deposit Insurance Act;*
12 *and*

13 “(B) *includes an insured credit union (as*
14 *defined in section 101 of the Federal Credit*
15 *Union Act).”.*

16 “(b) *EFFECTIVE DATE.—The amendment made by sub-*
17 *section (a) shall take effect at the end of the 1-year period*
18 *beginning on the date of the enactment of this Act.*

19 **SEC. 207. STUDY ON THE USE OF TECHNOLOGY TO COMBAT**
20 **IDENTITY THEFT.**

21 “(a) *STUDY REQUIRED.—The Secretary of the Treasury*
22 *shall conduct a study of the use of biometrics and other*
23 *similar technologies to reduce the incidence and costs of*
24 *identity theft by providing convincing evidence of who actu-*
25 *ally performed a given financial transaction.*

1 (b) *CONSULTATION.*—*The Secretary of the Treasury*
2 *shall consult with Federal banking agencies, the Federal*
3 *Trade Commission, and representatives of financial institu-*
4 *tions, credit reporting agencies, Federal, State, and local*
5 *government agencies that issue official forms or means of*
6 *identification, State prosecutors, law enforcement agencies,*
7 *and the biometric industry and other representatives of the*
8 *general public, in formulating and conducting the study re-*
9 *quired by subsection (a).*

10 (c) *AUTHORIZATION OF APPROPRIATIONS.*—*There are*
11 *authorized to be appropriated to the Secretary of the Treas-*
12 *ury for fiscal year 2004 such sums as may be necessary*
13 *to carry out the provisions of this section.*

14 (d) *REPORT REQUIRED.*—*Before the end of the 180-*
15 *day period beginning on the date of the enactment of this*
16 *Act, the Secretary shall submit a report to Congress con-*
17 *taining the findings and conclusions of the study required*
18 *under subsection (a), together with such recommendations*
19 *for legislative or administrative actions as may be appro-*
20 *priate.*

1 **TITLE III—IMPROVING RESOLU-**
2 **TION OF CONSUMER DIS-**
3 **PUTES**

4 **SEC. 301. COORDINATION OF CONSUMER COMPLAINT IN-**
5 **VESTIGATIONS.**

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

9 *“(f) COORDINATION OF CONSUMER COMPLAINT INVES-*
10 *TIGATIONS.—*

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

17 *“(2) MODEL FORM AND PROCEDURE FOR RE-*
18 *PORTING IDENTITY THEFT.—The Commission, in con-*
19 *sultation with the Federal banking agencies and the*
20 *National Credit Union Administration, shall develop*
21 *a model form and model procedures to be used by con-*
22 *sumers who are victims of identity theft for con-*
23 *tacting and informing creditors and consumer report-*
24 *ing agencies of the fraud.*

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

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

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

11 (1) *in subparagraph (A) of paragraph (1)—*

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

15 (B) *by inserting “, or indirectly through a*
16 *reseller,” after “notifies the agency directly”; and*

17 (C) *by inserting “or reseller” before the pe-*
18 *riod at the end of such subparagraph;*

19 (2) *in subparagraph (A) of paragraph (2)—*

20 (A) *by inserting “or a reseller” after “dis-*
21 *pute from any consumer”; and*

22 (B) *by inserting “or reseller” before the pe-*
23 *riod at the end of such subparagraph; and*

24 (3) *in subparagraph (B) of paragraph (2), by*
25 *inserting “or the reseller” after “from the consumer”.*

1 **(b) REINVESTIGATION REQUIREMENT APPLICABLE TO**
2 **RESELLERS.**—*Section 611 of the Fair Credit Reporting Act*
3 *(15 U.S.C. 1681i) is amended by adding at the end the fol-*
4 *lowing new subsection:*

5 **“(e) REINVESTIGATION REQUIREMENT APPLICABLE TO**
6 **RESELLERS.**—

7 **“(1) EXEMPTION FROM GENERAL REINVESTIGA-**
8 **TION REQUIREMENT.**—*Except as provided in para-*
9 *graph (2), a reseller shall be exempt from the require-*
10 *ments of this section.*

11 **“(2) ACTION REQUIRED UPON RECEIVING NOTICE**
12 **OF A DISPUTE.**—*If a reseller receives a notice from a*
13 *consumer of a dispute concerning the completeness or*
14 *accuracy of any item of information contained in a*
15 *consumer report on such consumer produced by the*
16 *reseller, the reseller shall, within 5 business days of*
17 *receiving the notice and free of charge—*

18 **“(A) determine whether the item of informa-**
19 **tion is incomplete or inaccurate as a result of an**
20 **act or omission of the reseller; and**

21 **“(B) if—**

22 **“(i) the reseller determines that the**
23 **item of information is incomplete or inac-**
24 **curate as a result of an act or omission of**

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

3 “(ii) if the reseller determines that the
4 item of information is not incomplete or in-
5 accurate as a result of an act or omission
6 of the reseller, convey the notice of the dis-
7 pute, together with all relevant information
8 provided by the consumer, to each consumer
9 reporting agency that provided the reseller
10 with the information that is the subject of
11 the dispute.

12 “(3) *RESELLER REINVESTIGATIONS.*—No provi-
13 sion of this subsection shall be construed as prohib-
14 iting a reseller from conducting a reinvestigation of
15 a consumer dispute directly.”.

16 “(c) *TECHNICAL AND CONFORMING AMENDMENT.*—The
17 heading for paragraph (2)(B) of section 611(a) of the Fair
18 Credit Reporting Act (15 U.S.C. 1681i(a)(2)(B)) is amend-
19 ed by striking “FROM CONSUMER”.

20 **SEC. 303. REASONABLE REINVESTIGATION REQUIRED.**

21 Section 611(a)(1)(A) of the Fair Credit Reporting Act
22 (15 U.S.C. 1681i(a)(1)(A)) is amended by striking “shall
23 reinvestigate free of charge” and inserting “shall, free of
24 charge, conduct a reasonable reinvestigation to determine
25 whether the disputed information is inaccurate”.

1 **SEC. 304. DUTIES OF FURNISHERS OF INFORMATION.**

2 (a) *IN GENERAL.*—Section 623(a) of the Fair Credit
3 Reporting Act (15 U.S.C. 1681s–2(a)) is amended—

4 (1) in paragraph (1)(A), by striking “knows or
5 consciously avoids knowing that the information is
6 inaccurate” and inserting “knows or has reasonable
7 cause to believe that the information is inaccurate”;

8 (2) in paragraph (1)—

9 (A) by redesignating subparagraphs (B)
10 and (C) as subparagraphs (C) and (D), respec-
11 tively;

12 (B) by inserting after subparagraph (A),
13 the following new subparagraph:

14 “(B) *REASONABLE PROCEDURES TO EN-*
15 *SURE ACCURACY.*—A person that regularly fur-
16 nishes information relating to consumers to a
17 consumer reporting agency described in section
18 603(p) shall maintain reasonable procedures de-
19 signed to ensure that the information furnished
20 is accurate.”; and

21 (C) by adding at the end the following new
22 subparagraph:

23 “(F) *DEFINITION.*—For purposes of sub-
24 paragraph (A), the term ‘reasonable cause to be-
25 lieve that the information is inaccurate’ means,
26 based on the procedures described in subpara-

1 *graph (B), has knowledge, other than solely alle-*
2 *gations by the consumer, that would cause a rea-*
3 *sonable person to have substantial doubts about*
4 *the accuracy of the information.”; and*

5 *(3) by adding at the end the following new para-*
6 *graph:*

7 “(6) *ABILITY OF CONSUMER TO DISPUTE INFOR-*
8 *MATION DIRECTLY WITH FURNISHER.—*

9 “(A) *IN GENERAL.—A consumer may dis-*
10 *pute directly with a person the accuracy of in-*
11 *formation that—*

12 “(i) *is contained in a consumer report*
13 *on the consumer prepared by a consumer*
14 *reporting agency described in section*
15 *603(p); and*

16 “(ii) *was provided by the person to*
17 *that consumer reporting agency in accord-*
18 *ance with paragraph (1)(B).*

19 “(B) *SUBMITTING A NOTICE OF DISPUTE.—*
20 *A consumer who seeks to dispute the accuracy of*
21 *information with a person under subparagraph*
22 *(A) shall provide a dispute notice directly to*
23 *such person at the address specified by the per-*
24 *son for such notices that—*

1 “(i) identifies the specific information
2 that is being disputed; and

3 “(ii) explains the basis for the dispute.

4 “(C) DUTY OF PERSON AFTER RECEIVING
5 NOTICE OF DISPUTE.—After receiving a notice of
6 dispute from a consumer pursuant to subpara-
7 graph (B), the person that provided the informa-
8 tion in dispute to a consumer reporting agency
9 referred to in subparagraph (A) shall—

10 “(i) conduct an investigation with re-
11 spect to the disputed information;

12 “(ii) review all relevant information
13 provided by the consumer with the notice;

14 “(iii) complete such person’s investiga-
15 tion of the dispute and report the results of
16 the investigation to the consumer before the
17 expiration of the period under section
18 611(a)(1) within which a consumer report-
19 ing agency would be required to complete
20 its action if the consumer had elected to dis-
21 pute the information under that section;
22 and

23 “(iv) if the investigation finds that the
24 information reported was inaccurate,
25 promptly thereafter report correct informa-

1 tion to each consumer reporting agency de-
2 scribed in section 603(p) to which the per-
3 son furnished the inaccurate information.”.

4 (b) *TECHNICAL AND CONFORMING AMENDMENTS.*—

5 (1) Section 621(c)(5)(A) of the Fair Credit Re-
6 porting Act (15 U.S.C. 1681s(c)(5)(A)) is amended by
7 striking “section 623(a)(1)” and inserting “para-
8 graph (1) or (6) of section 623(a)”.

9 (2) The heading for section 621(c)(5) of the Fair
10 Credit Reporting Act (15 U.S.C. 1681s(c)(5)) is
11 amended by striking “VIOLATION OF SECTION
12 623(a)(1)” and inserting “CERTAIN VIOLATIONS OF
13 SECTION 623(a)”.

14 **SEC. 305. PROMPT INVESTIGATION OF DISPUTED CON-**
15 **SUMER INFORMATION.**

16 (a) *STUDY REQUIRED.*—The Board of Governors of the
17 *Federal Reserve System and the Federal Trade Commission*
18 *shall jointly study the extent to which, and the manner in*
19 *which, consumer reporting agencies and furnishers of con-*
20 *sumer information to consumer reporting agencies are com-*
21 *plying with the procedures, time lines, and requirements*
22 *under the Fair Credit Reporting Act for the prompt inves-*
23 *tigation of the disputed accuracy of any consumer informa-*
24 *tion, the completeness of the information provided to con-*
25 *sumer reporting agencies, and the prompt correction or de-*

1 *letion, in accordance with such Act, of any inaccurate or*
2 *incomplete information or information that cannot be*
3 *verified.*

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

10 **(c) RECOMMENDATIONS.**—*The report under subsection*
11 *(b) shall include such recommendations as the Board and*
12 *the Commission jointly determine to be appropriate for leg-*
13 *islative or administrative action to ensure that—*

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

20 **(2)** *furnishers of information to consumer report-*
21 *ing agencies maintain full and prompt compliance*
22 *with the duties and responsibilities established under*
23 *section 623 of the Fair Credit Reporting Act; and*

24 **(3)** *consumer reporting agencies establish and*
25 *maintain appropriate internal controls and manage-*

1 *ment review procedures for maintaining full and con-*
2 *tinuous compliance with the procedures, time lines,*
3 *and requirements under the Fair Credit Reporting*
4 *Act for the prompt investigation of the disputed accu-*
5 *racy of any consumer information and the prompt*
6 *correction or deletion, in accordance with such Act, of*
7 *any inaccurate or incomplete information or infor-*
8 *mation that cannot be verified.*

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

13 **TITLE IV—IMPROVING ACCU-**
14 **RACY OF CONSUMER**
15 **RECORDS**

16 **SEC. 401. RECONCILING ADDRESSES.**

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

21 *“(h) NOTICE OF DISCREPANCY.—*

22 *“(1) IN GENERAL.—If a person has requested a*
23 *consumer report relating to a consumer from a con-*
24 *sumer reporting agency described in section 603(p),*
25 *the request includes an address for the consumer that*

1 *substantially differs from the addresses in the file of*
2 *the consumer, and the agency provides a consumer re-*
3 *port in response to the request, the consumer report-*
4 *ing agency shall notify the requester of the existence*
5 *of the discrepancy.*

6 “(2) *REGULATIONS.*—

7 “(A) *REGULATIONS REQUIRED.*—*The Fed-*
8 *eral banking agencies and the National Credit*
9 *Union Administration shall jointly prescribe*
10 *regulations providing guidance regarding rea-*
11 *sonable policies and procedures a user of a con-*
12 *sumer report should employ when such user has*
13 *received a notice of discrepancy under paragraph*
14 *(1).*

15 “(B) *POLICIES AND PROCEDURES TO BE IN-*
16 *CLUDED.*—*The regulations prescribed under sub-*
17 *paragraph (A) shall describe reasonable policies*
18 *and procedures for use by a user of a consumer*
19 *report—*

20 “(i) *to form a reasonable belief that the*
21 *user knows the identity of the person to*
22 *whom the consumer report pertains; and*

23 “(ii) *if the user establishes a con-*
24 *tinuing relationship with the consumer, and*
25 *the user regularly and in the ordinary*

1 *course of business furnishes information to*
2 *the consumer reporting agency from which*
3 *the notice of discrepancy pertaining to the*
4 *consumer was obtained, to reconcile the con-*
5 *sumer's address with the consumer report-*
6 *ing agency by furnishing such address to*
7 *such consumer reporting agency as part of*
8 *information regularly furnished by the user*
9 *for the period in which the relationship is*
10 *established.”.*

11 **SEC. 402. PREVENTION OF REPOLLUTION OF CONSUMER**
12 **REPORTS.**

13 *Section 623(a)(1) of the Fair Credit Reporting Act (15*
14 *U.S.C. 1681s-2(a)(1)) is amended by inserting after sub-*
15 *paragraph (D) (as so redesignated by section 304(2)(A)) the*
16 *following new subparagraph:*

17 “(E) *INFORMATION ALLEGED TO RESULT*
18 *FROM IDENTITY THEFT.—If a consumer submits*
19 *a police report to a person who furnishes infor-*
20 *mation to a consumer reporting agency that*
21 *states that information maintained by such per-*
22 *son that purports to relate to the consumer re-*
23 *sulted from identity theft, the person may not*
24 *furnish such information that purports to relate*
25 *to the consumer to any consumer reporting agen-*

1 *cy, unless the person subsequently knows or is*
2 *informed by the consumer that the information*
3 *is correct.”.*

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

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

9 “(e) *NOTICE OF FRAUDULENT INFORMATION RELAT-*
10 *ING TO IDENTITY THEFT.—If an agent acting as a debt*
11 *collector (as defined in title VIII) of a person who furnishes*
12 *information to any consumer reporting agency uses infor-*
13 *mation contained in a consumer report on any consumer*
14 *and learns that any such information so used is the result*
15 *of identity theft or otherwise is fraudulent, 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 all information which the con-*
5 *sumer would be entitled to receive if the information*
6 *related to the consumer other than by reason of iden-*
7 *tity theft.”.*

8 **SEC. 404. DISCLOSURE TO CONSUMERS OF CONTACT IN-**
9 **FORMATION FOR USERS AND FURNISHERS OF**
10 **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 identi-*
16 *fied for customer service for the sources of informa-*
17 *tion” after “sources of information” the 1st place such*
18 *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 **SEC. 405. FTC STUDY OF THE ACCURACY OF CONSUMER RE-**
2 **PORTS.**

3 (a) *STUDY REQUIRED.*—Until the final report is sub-
4 mitted under subsection (b)(2), the Federal Trade Commis-
5 sion shall conduct an ongoing study of the accuracy and
6 completeness of information contained in consumer reports
7 prepared or maintained by consumer reporting agencies
8 and methods for improving the accuracy and completeness
9 of such information.

10 (b) *BIENNIAL REPORTS REQUIRED.*—

11 (1) *INTERIM REPORTS.*—The Federal Trade
12 Commission shall submit an interim report to the
13 Congress on the study conducted under subsection (a)
14 at the end of the 6-month period beginning on the
15 date of the enactment of this Act and biennially there-
16 after for 8 years.

17 (2) *FINAL REPORT.*—The Federal Trade Com-
18 mission shall submit a final report to the Congress on
19 the study conducted under subsection (a) at the end
20 of the 2-year period beginning on the date the final
21 interim report is submitted to the Congress under
22 paragraph (1).

23 (3) *CONTENTS.*—Each report submitted under
24 this subsection shall contain a detailed summary of
25 the findings and conclusions of the Commission with
26 respect to the study required under subsection (a) and

1 *such recommendations for legislative and administra-*
 2 *tive action as the Commission may determine to be*
 3 *appropriate.*

4 **TITLE V—IMPROVEMENTS IN**
 5 **USE OF AND CONSUMER AC-**
 6 **CESS TO CREDIT INFORMA-**
 7 **TION**

8 **SEC. 501. FREE REPORTS ANNUALLY.**

9 (a) *FREE REPORTS ANNUALLY FROM NATIONWIDE*
 10 *CONSUMER REPORTING AGENCIES.*—Section 612 of the
 11 *Fair Credit Reporting Act (15 U.S.C. 1681j) is amended*
 12 *by adding at the end the following new subsection:*

13 “(e) *FREE ANNUAL DISCLOSURE.*—Upon the direct re-
 14 *quest of the consumer, a consumer reporting agency de-*
 15 *scribed in section 603(p) shall make all disclosures pursu-*
 16 *ant to section 609 once during any 12-month period with-*
 17 *out charge to the consumer.”.*

18 (b) *TECHNICAL AND CONFORMING AMENDMENT.*—Sec-
 19 *tion 612(c) of the Fair Credit Reporting Act (15 U.S.C.*
 20 *1681j(c)) is amended by inserting “that is not a consumer*
 21 *reporting agency described in section 603(p)” after “con-*
 22 *sumer reporting agency”.*

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

24 (a) *STATEMENT ON AVAILABILITY OF CREDIT*
 25 *SCORES.*—Section 609(a) of the *Fair Credit Reporting Act*

1 *(15 U.S.C. 1681g(a)) is amended by adding at the end the*
2 *following new paragraph:*

3 “(6) *If the consumer requests the credit file and*
4 *not the credit score, a statement that the consumer*
5 *may request and obtain a credit score.”.*

6 ***(b) DISCLOSURE OF CREDIT SCORES.—****Section 609 of*
7 *the Fair Credit Reporting Act (15 U.S.C. 1681g) is amend-*
8 *ed by inserting after subsection (d) (as added by section*
9 *204 of this Act) the following new subsection:*

10 ***“(e) DISCLOSURE OF CREDIT SCORES.—***

11 ***“(1) IN GENERAL.—****Upon the consumer’s request*
12 *for a credit score, a consumer reporting agency shall*
13 *supply to a consumer a statement indicating that the*
14 *information and credit scoring model may be dif-*
15 *ferent than the credit score that may be used by the*
16 *lender, and a notice which shall include the following*
17 *information:*

18 ***“(A) The consumer’s current credit score or***
19 *the consumer’s most recent credit score that was*
20 *previously calculated by the credit reporting*
21 *agency for a purpose related to the extension of*
22 *credit.*

23 ***“(B) The range of possible credit scores***
24 *under the model used.*

1 “(C) *All the key factors that adversely af-*
2 *ected the consumer’s credit score in the model*
3 *used, the total number of which shall not exceed*
4 *four, subject to paragraph (9).*

5 “(D) *The date the credit score was created.*

6 “(E) *The name of the person or entity that*
7 *provided the credit score or credit file upon*
8 *which the credit score was created.*

9 “(2) *DEFINITIONS.—For purposes of this section,*
10 *the following definitions shall apply:*

11 “(A) *CREDIT SCORE.—The term ‘credit*
12 *score’—*

13 “(i) *means a numerical value or a cat-*
14 *egorization derived from a statistical tool or*
15 *modeling system used by a person who*
16 *makes or arranges a loan to predict the*
17 *likelihood of certain credit behaviors, in-*
18 *cluding default (and the numerical value or*
19 *the categorization derived from this analysis*
20 *may also be referred to as a ‘risk predictor’*
21 *or ‘risk score’); and*

22 “(ii) *does not include—*

23 “(I) *any mortgage score or rating*
24 *of an automated underwriting system*
25 *that considers one or more factors in*

1 *addition to credit information, includ-*
2 *ing the loan to value ratio, the amount*
3 *of down payment, or a consumer's fi-*
4 *nancial assets; or*

5 *“(II) any other elements of the*
6 *underwriting process or underwriting*
7 *decision.*

8 *“(B) KEY FACTORS.—The term ‘key factors’*
9 *means all relevant elements or reasons adversely*
10 *affecting the credit score for the particular indi-*
11 *vidual listed in the order of their importance*
12 *based on their effect on the credit score.*

13 *“(3) TIMEFRAME AND MANNER OF DISCLO-*
14 *SURE.—The information required by this subsection*
15 *shall be provided in the same timeframe and manner*
16 *as the information described in subsection (a).*

17 *“(4) APPLICABILITY TO CERTAIN USES.—This*
18 *subsection shall not be construed so as to compel a*
19 *consumer reporting agency to develop or disclose a*
20 *score if the agency does not—*

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

23 *“(B) develop scores that assist credit pro-*
24 *viders in understanding a consumer's general*

1 *credit behavior and predicting the future credit*
2 *behavior of the consumer.*

3 “(5) *APPLICABILITY TO CREDIT SCORES DEVEL-*
4 *OPED BY ANOTHER PERSON.—*

5 “(A) *IN GENERAL.—This subsection shall*
6 *not be construed to require a consumer reporting*
7 *agency that distributes credit scores developed by*
8 *another person or entity to provide a further ex-*
9 *planation of them, or to process a dispute aris-*
10 *ing pursuant to section 611, except that the con-*
11 *sumer reporting agency shall provide the con-*
12 *sumer with the name and address and website*
13 *for contacting the person or entity who developed*
14 *the score or developed the methodology of the*
15 *score.*

16 “(B) *EXCEPTION.—This paragraph shall*
17 *not apply to a consumer reporting agency that*
18 *develops or modifies scores that are developed by*
19 *another person or entity.*

20 “(6) *MAINTENANCE OF CREDIT SCORES NOT RE-*
21 *QUIRED.—This subsection shall not be construed to re-*
22 *quire a consumer reporting agency to maintain credit*
23 *scores in its files.*

1 “(7) *COMPLIANCE IN CERTAIN CASES.*—*In com-*
2 *plying with this subsection, a consumer reporting*
3 *agency shall—*

4 “(A) *supply the consumer with a credit*
5 *score that is derived from a credit scoring model*
6 *that is widely distributed to users by that con-*
7 *sumer reporting agency in connection with resi-*
8 *dential real property loans or with a credit score*
9 *that assists the consumer in understanding the*
10 *credit scoring assessment of the credit behavior of*
11 *the consumer and predictions about the future*
12 *credit behavior of the consumer; and*

13 “(B) *a statement indicating that the infor-*
14 *mation and credit scoring model may be dif-*
15 *ferent than that used by the lender.*

16 “(8) *REASONABLE FEE.*—*A consumer reporting*
17 *agency may charge a reasonable fee for providing the*
18 *information required under this subsection.*

19 “(9) *USE OF ENQUIRIES AS A KEY FACTOR.*—*If*
20 *a key factor that adversely affects a consumer’s credit*
21 *score consists of the number of enquiries made with*
22 *respect to a consumer report, that factor shall be in-*
23 *cluded in the disclosure pursuant to paragraph (1)(C)*
24 *without regard to the numerical limitation in such*
25 *paragraph.”.*

1 (c) *DISCLOSURE OF CREDIT SCORES BY CERTAIN*
2 *MORTGAGE LENDERS.*—Section 609 of the Fair Credit Re-
3 *porting Act (15 U.S.C. 1681g) is amended by inserting*
4 *after subsection (e) (as added by subsection (b) of this sec-*
5 *tion) the following new subsection:*

6 “(f) *DISCLOSURE OF CREDIT SCORES BY CERTAIN*
7 *MORTGAGE LENDERS.*—

8 “(1) *IN GENERAL.*—Any person who makes or
9 *arranges loans and who uses a consumer credit score*
10 *as defined in subsection (e) in connection with an ap-*
11 *plication initiated or sought by a consumer for a*
12 *closed end loan or establishment of an open end loan*
13 *for a consumer purpose that is secured by 1 to 4 units*
14 *of residential real property (hereafter in this sub-*
15 *section referred to as the ‘lender’) shall provide the*
16 *following to the consumer as soon as reasonably prac-*
17 *ticable:*

18 “(A) *INFORMATION REQUIRED UNDER SUB-*
19 *SECTION(e).*—

20 “(i) *IN GENERAL.*—A copy of the infor-
21 *mation identified in subsection (e) that was*
22 *obtained from a consumer reporting agency*
23 *or was developed and used by the user of the*
24 *information.*

1 “(ii) *NOTICE UNDER SUBPARAGRAPH*
2 *(D).*—*In addition to the information pro-*
3 *vided to it by a third party that provided*
4 *the credit score or scores, a lender is only*
5 *required to provide the notice contained in*
6 *subparagraph (D).*

7 “(B) *DISCLOSURES IN CASE OF AUTOMATED*
8 *UNDERWRITING SYSTEM.*—

9 “(i) *IN GENERAL.*—*If a person who is*
10 *subject to this section uses an automated*
11 *underwriting system to underwrite a loan,*
12 *that person may satisfy the obligation to*
13 *provide a credit score by disclosing a credit*
14 *score and associated key factors supplied by*
15 *a consumer reporting agency.*

16 “(ii) *NUMERICAL CREDIT SCORE.*—
17 *However, if a numerical credit score is gen-*
18 *erated by an automated underwriting sys-*
19 *tem used by an enterprise, and that score is*
20 *disclosed to the person, the score shall be*
21 *disclosed to the consumer consistent with*
22 *subparagraph (C).*

23 “(iii) *ENTERPRISE DEFINED.*—*For*
24 *purposes of this subparagraph, the term ‘en-*
25 *terprise’ shall have the same meaning as in*

1 *paragraph (6) of section 1303 of the Federal*
2 *Housing Enterprises Financial Safety and*
3 *Soundness Act of 1992.*

4 “(C) *DISCLOSURES OF CREDIT SCORES NOT*
5 *OBTAINED FROM A CONSUMER REPORTING AGEN-*
6 *CY.—A person subject to the provisions of this*
7 *subsection who uses a credit score other than a*
8 *credit score provided by a consumer reporting*
9 *agency may satisfy the obligation to provide a*
10 *credit score by disclosing a credit score and asso-*
11 *ciated key factors supplied by a consumer report-*
12 *ing agency.*

13 “(D) *NOTICE TO HOME LOAN APPLI-*
14 *CANTS.—A copy of the following notice, which*
15 *shall include the name, address, and telephone*
16 *number of each consumer reporting agency pro-*
17 *viding a credit score that was used:*

18 “*NOTICE TO THE HOME LOAN APPLICANT*
19 “*In connection with your application for a home*
20 *loan, the lender must disclose to you the score that a con-*
21 *sumer reporting agency distributed to users and the lender*
22 *used in connection with your home loan, and the key factors*
23 *affecting your credit scores.*

24 “*The credit score is a computer generated summary*
25 *calculated at the time of the request and based on informa-*

1 tion a consumer reporting agency or lender has on file. The
2 scores are based on data about your credit history and pay-
3 ment patterns. Credit scores are important because they are
4 used to assist the lender in determining whether you will
5 obtain a loan. They may also be used to determine what
6 interest rate you may be offered on the mortgage. Credit
7 scores can change over time, depending on your conduct,
8 how your credit history and payment patterns change, and
9 how credit scoring technologies change.

10 “Because the score is based on information in your
11 credit history, it is very important that you review the cred-
12 it-related information that is being furnished to make sure
13 it is accurate. Credit records may vary from one company
14 to another.

15 “If you have questions about your credit score or the
16 credit information that is furnished to you, contact the con-
17 sumer reporting agency at the address and telephone num-
18 ber provided with this notice, or contact the lender, if the
19 lender developed or generated the credit score. The consumer
20 reporting agency plays no part in the decision to take any
21 action on the loan application and is unable to provide you
22 with specific reasons for the decision on a loan application.

23 “If you have questions concerning the terms of
24 the loan, contact the lender.’.

1 “(E) *ACTIONS NOT REQUIRED UNDER THIS*
2 *SUBSECTION.—This subsection shall not require*
3 *any person to do any of the following:*

4 “(i) *Explain the information provided*
5 *pursuant to subsection (e).*

6 “(ii) *Disclose any information other*
7 *than a credit score or key factor, as defined*
8 *in subsection (e).*

9 “(iii) *Disclose any credit score or re-*
10 *lated information obtained by the user after*
11 *a loan has closed.*

12 “(iv) *Provide more than 1 disclosure*
13 *per loan transaction.*

14 “(v) *Provide the disclosure required by*
15 *this subsection when another person has*
16 *made the disclosure to the consumer for that*
17 *loan transaction.*

18 “(F) *NO OBLIGATION FOR CONTENT.—*

19 “(i) *IN GENERAL.—Any person’s obli-*
20 *gation pursuant to this subsection shall be*
21 *limited solely to providing a copy of the in-*
22 *formation that was received from the con-*
23 *sumer reporting agency.*

24 “(ii) *LIMIT ON LIABILITY.—No person*
25 *has liability under this subsection for the*

1 *content of that information or for the omis-*
2 *sion of any information within the report*
3 *provided by the consumer reporting agency.*

4 “(G) *PERSON DEFINED AS EXCLUDING EN-*
5 *TERPRISE.—As used in this subsection, the term*
6 *‘person’ does not include an enterprise (as de-*
7 *fin ed in paragraph (6) of section 1303 of the*
8 *Federal Housing Enterprises Financial Safety*
9 *and Soundness Act of 1992).*

10 “(2) *PROHIBITION ON DISCLOSURE CLAUSES*
11 *NULL AND VOID.—*

12 “(A) *IN GENERAL.—Any provision in a*
13 *contract that prohibits the disclosure of a credit*
14 *score by a person who makes or arranges loans*
15 *or a consumer reporting agency is void.*

16 “(B) *NO LIABILITY FOR DISCLOSURE UNDER*
17 *THIS SUBSECTION.—A lender shall not have li-*
18 *ability under any contractual provision for dis-*
19 *closure of a credit score pursuant to this sub-*
20 *section.”.*

21 “(d) *INCLUSION OF KEY FACTOR IN CREDIT SCORE IN-*
22 *FORMATION IN CONSUMER REPORT.—Section 605(d) of the*
23 *Fair Credit Reporting Act (15 U.S.C. 1681c(d)) is amend-*
24 *ed—*

1 (1) by striking “DISCLOSED.—Any consumer re-
2 porting agency” and inserting “DISCLOSED.—

3 “(1) TITLE 11 INFORMATION.—Any consumer re-
4 porting agency”; and

5 (2) by adding at the end the following new para-
6 graph:

7 “(2) KEY FACTOR IN CREDIT SCORE INFORMA-
8 TION.—Any consumer reporting agency that furnishes
9 a consumer report that contains any credit score or
10 any other risk score or predictor on any consumer
11 shall include in the report a clear and conspicuous
12 statement that a key factor (as defined in section
13 609(e)(2)(B)) that adversely affected such score or
14 predictor was the number of enquiries, if such a pre-
15 dictor was in fact a key factor that adversely affected
16 such score.”.

17 **SEC. 503. SIMPLER AND EASIER METHOD FOR CONSUMERS**
18 **TO USE NOTIFICATION SYSTEM.**

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

23 (b) SIMPLIFIED NOTICE AND RESPONSE FORMAT FOR
24 USERS.—Section 615(d) of the Fair Credit Reporting Act
25 (15 U.S.C. 1681m(d)) is amended—

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

3 (2) by inserting after paragraph (1) the fol-
4 lowing new paragraph:

5 “(2) *SIMPLE AND EASY NOTIFICATION.*—Any
6 statement given the consumer under paragraph (1)(E)
7 shall be in a simple and easy to understand format
8 and shall describe the simple and easy method estab-
9 lished under section 604(e)(5)(A)(i) for the consumer
10 to respond.”.

11 **SEC. 504. REQUIREMENT TO DISCLOSE COMMUNICATIONS**
12 **TO A CONSUMER REPORTING AGENCY.**

13 (a) *IN GENERAL.*—Section 623(a) of the Fair Credit
14 *Reporting Act (15 U.S.C. 1681s–2(a))* is amended by in-
15 *serting after paragraph (6) (as added by section 304(3))*
16 *the following new paragraph:*

17 “(7) *NEGATIVE INFORMATION.*—

18 “(A) *NOTICE TO CONSUMER REQUIRED.*—

19 “(i) *IN GENERAL.*—If any financial
20 institution that extends credit and regularly
21 and in the ordinary course of business fur-
22 nishes information to a consumer reporting
23 agency described in section 603(p) furnishes
24 negative information to such an agency re-
25 garding credit extended to a customer, the

1 *financial institution shall provide a notice*
2 *of such furnishing of negative information,*
3 *in writing, to the customer.*

4 “(i) *NOTICE EFFECTIVE FOR SUBSE-*
5 *QUENT SUBMISSIONS.—After providing such*
6 *notice, the financial institution may submit*
7 *additional negative information to a con-*
8 *sumer reporting agency described in section*
9 *603(p) with respect to the same transaction,*
10 *extension of credit, account, or customer*
11 *without providing additional notice to the*
12 *customer.*

13 “(B) *TIME OF NOTICE.—*

14 “(i) *IN GENERAL.—The notice required*
15 *under subparagraph (A) shall be provided*
16 *to the customer prior to, or no later than 30*
17 *days after, furnishing the negative informa-*
18 *tion to a consumer reporting agency de-*
19 *scribed in section 603(p).*

20 “(ii) *COORDINATION WITH NEW AC-*
21 *COUNT DISCLOSURES.—If the notice is pro-*
22 *vided to the customer prior to furnishing*
23 *the negative information to a consumer re-*
24 *porting agency, the notice may not be in-*
25 *cluded in the initial disclosures provided*

1 *under section 127(a) of the Truth in Lend-*
2 *ing Act.*

3 “(C) *COORDINATION WITH OTHER DISCLO-*
4 *SURES.—The notice required under subpara-*
5 *graph (A)—*

6 “*(i) may be included on or with any*
7 *notice of default, any billing statement, or*
8 *any other materials provided to the cus-*
9 *tomers; and*

10 “*(ii) must be clear and conspicuous.*

11 “(D) *MODEL DISCLOSURE.—*

12 “*(i) DUTY OF BOARD TO PREPARE.—*
13 *The Board shall prescribe a brief model dis-*
14 *closure a financial institution may use to*
15 *comply with subparagraph (A), which shall*
16 *not exceed 30 words.*

17 “*(ii) USE OF MODEL NOT RE-*
18 *QUIRED.—No provision of this paragraph*
19 *shall be construed as requiring a financial*
20 *institution to use any such model form pre-*
21 *scribed by the Board.*

22 “*(iii) COMPLIANCE USING MODEL.—A*
23 *financial institution shall be deemed to be*
24 *in compliance with subparagraph (A) if the*
25 *financial institution uses any such model*

1 *form prescribed by the Board, or the finan-*
2 *cial institution uses any such model form*
3 *and rearranges its format.*

4 “(E) *USE OF NOTICE WITHOUT SUBMITTING*
5 *NEGATIVE INFORMATION.—No provision of this*
6 *paragraph shall be construed as requiring a fi-*
7 *nancial institution that has provided a customer*
8 *with a notice described in subparagraph (A) to*
9 *furnish negative information about the customer*
10 *to a consumer reporting agency.*

11 “(F) *SAFE HARBOR.—A financial institu-*
12 *tion shall not be liable for failure to perform the*
13 *duties required by this paragraph if, at the time*
14 *of the failure, the financial institution main-*
15 *tained reasonable policies and procedures to*
16 *comply with this paragraph.*

17 “(G) *DEFINITIONS.—For purposes of this*
18 *paragraph, the following definitions shall apply:*

19 “(i) *NEGATIVE INFORMATION.—The*
20 *term ‘negative information’ means informa-*
21 *tion concerning a customer’s delinquencies,*
22 *late payments, insolvency, or any form of*
23 *default.*

24 “(ii) *CUSTOMER; FINANCIAL INSTITU-*
25 *TION.—The terms ‘customer’ and ‘financial*

1 *institution' have the same meaning as in*
2 *section 509 of the Gramm-Leach-Bliley*
3 *Act.”.*

4 **(b) MODEL DISCLOSURE FORM.**—*Before the end of the*
5 *6-month period beginning on the date of the enactment of*
6 *this Act, the Board of Governors of the Federal Reserve Sys-*
7 *tem shall adopt the model disclosure required under the*
8 *amendment made by subsection (a) after notice duly given*
9 *in the Federal Register and an opportunity for public com-*
10 *ment in accordance with section 553 of title 5, United*
11 *States Code.*

12 **SEC. 505. STUDY OF EFFECTS OF CREDIT SCORES AND**
13 **CREDIT-BASED INSURANCE SCORES ON**
14 **AVAILABILITY AND AFFORDABILITY OF FI-**
15 **NANCIAL PRODUCTS.**

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

20 *(1) the effects of the use of credit scores and cred-*
21 *it-based insurance scores on the availability and af-*
22 *fordability of financial products and services, includ-*
23 *ing credit cards, mortgages, auto loans, and property*
24 *and casualty insurance;*

1 (2) *the degree of causality between the factors*
2 *considered by credit score systems and the quantifi-*
3 *able risks and actual losses experienced by businesses,*
4 *including the extent to which, if any, each of the fac-*
5 *tors considered or otherwise taken into account by*
6 *such systems are accurate predictors of risk or loss,*
7 *and where the means square error of a scoring model's*
8 *predictions are considered in the evaluation of accu-*
9 *racy;*

10 (3) *the extent to which, if any, the use of credit*
11 *scoring models, credit scores and credit-based insur-*
12 *ance scores result in disparate impact by geography,*
13 *income, ethnicity, race, color, religion, national ori-*
14 *gin, age, sex or marital status, and creed, including*
15 *the extent to which the consideration or lack of con-*
16 *sideration of certain factors by credit scoring systems*
17 *could result in disparate effects and the extent to*
18 *which, if any, the use of underwriting systems relying*
19 *on these models could achieve comparable results*
20 *through the use of factors with less disparate impact;*
21 *and*

22 (4) *the extent to which credit scoring systems are*
23 *used by businesses, the factors considered by such sys-*
24 *tems, and the effects of variables which are not con-*
25 *sidered by such systems.*

1 (b) *PUBLIC PARTICIPATION.*—*The Commission shall*
2 *seek public input about the prescribed methodology and re-*
3 *search design of the study required in subsection (a).*

4 (c) *REPORT REQUIRED.*—

5 (1) *IN GENERAL.*—*Before the end of the 18-*
6 *month period beginning on the date of the enactment*
7 *of this Act, the Federal Trade Commission shall sub-*
8 *mit a detailed report on the study conducted pursu-*
9 *ant to subsection (a) to the Committee on Financial*
10 *Services of the House of Representatives and the Com-*
11 *mittee on Banking, Housing, and Urban Affairs of*
12 *the Senate.*

13 (2) *CONTENTS OF REPORT.*—*The report sub-*
14 *mitted under paragraph (1) shall include the findings*
15 *and conclusions of the Commission, together with such*
16 *recommendations for legislative or administrative ac-*
17 *tion as the Commission may determine to be nec-*
18 *essary to ensure that credit and credit-based insur-*
19 *ances score are used appropriately and fairly to avoid*
20 *disparate effects.*

21 (d) *CREDIT SCORE DEFINED.*—*For purposes of this*
22 *section, the term “credit score” means a numerical value*
23 *or a categorization derived from a statistical tool or mod-*
24 *eling system used to predict the likelihood of certain credit*
25 *or insurance behaviors, including default.*

1 **SEC. 506. GAO STUDY ON DISPARATE IMPACT OF CREDIT**
2 **SYSTEM.**

3 (a) *STUDY REQUIRED.*—The Comptroller General
4 shall conduct a study of the credit system to determine the
5 extent to which, if any, discrimination exists with regard
6 to the availability and the terms of credit which has a dis-
7 parate impact on the basis of race, color, income and edu-
8 cation level, geographic location, age, sex, sexual orienta-
9 tion, national origin, or marital status and the nature of
10 any such discriminatory effect.

11 (b) *REPORT REQUIRED.*—Before the end of the 2-year
12 period beginning on the date of the enactment of this Act,
13 the Comptroller General shall submit a report to the Con-
14 gress on the findings and conclusions of the Comptroller
15 General pursuant to the study conducted under subsection
16 (a), together with such recommendations for legislative or
17 administrative action as the Comptroller General may de-
18 termine to be appropriate.

19 **SEC. 507. ANALYSIS OF FURTHER RESTRICTIONS ON OF-**
20 **FERS OF CREDIT OR INSURANCE.**

21 (a) *IN GENERAL.*—The Board of Governors of the Fed-
22 eral Reserve System shall conduct a study of—

23 (1) the ability of consumers to avoid receiving
24 written offers of credit or insurance in connection
25 with transactions not initiated by the consumer; and

1 (2) *the potential impact any further restrictions*
2 *on providing consumers with such written offers of*
3 *credit or insurance would have on consumers.*

4 (b) *REPORT.—The Board of Governors of the Federal*
5 *Reserve System shall submit a report summarizing the re-*
6 *sults of the study required under subsection (a) to the Con-*
7 *gress no later than 12 months after the date of the enact-*
8 *ment of this Act, together with such recommendations for*
9 *legislative or administrative action as the Board may deter-*
10 *mine to be appropriate.*

11 (c) *CONTENT OF REPORT.—The report described in*
12 *subsection (b) shall address the following issues:*

13 (1) *The current statutory or voluntary mecha-*
14 *nisms that are available to a consumer to notify lend-*
15 *ers and insurance providers that the consumer does*
16 *not wish to receive written offers of credit or insur-*
17 *ance.*

18 (2) *The extent to which consumers are currently*
19 *utilizing existing statutory and voluntary mecha-*
20 *nisms to avoid receiving offers of credit or insurance.*

21 (3) *The benefits provided to consumers as a re-*
22 *sult of receiving written offers of credit or insurance.*

23 (4) *Whether consumers incur significant costs or*
24 *are otherwise adversely affected by the receipt of writ-*
25 *ten offers of credit or insurance.*

1 (5) *Whether further restricting the ability of*
2 *lenders and insurers to provide written offers of credit*
3 *or insurance to consumers would affect—*

4 (A) *the cost consumers pay to obtain credit*
5 *or insurance;*

6 (B) *the availability of credit or insurance;*

7 (C) *consumers' knowledge about new or al-*
8 *ternative products and services;*

9 (D) *the ability of lenders or insurers to*
10 *compete with one another; and*

11 (E) *the ability to offer credit or insurance*
12 *products to consumers who have been tradition-*
13 *ally underserved.*

14 **SEC. 508. STUDY ON THE NEED AND THE MEANS FOR IM-**
15 **PROVING FINANCIAL LITERACY AMONG CON-**
16 **SUMERS.**

17 (a) *STUDY REQUIRED.—The Comptroller General*
18 *shall conduct a study to assess the extent of consumers'*
19 *knowledge and awareness of credit reports, credit scores,*
20 *and the dispute resolution process, and on methods for im-*
21 *proving financial literacy among consumers.*

22 (b) *FACTORS TO BE INCLUDED.—The study required*
23 *under subsection (a) shall include the following issues:*

24 (1) *The number of consumers who view their*
25 *credit reports.*

1 (2) *Under what conditions and for what pur-*
2 *poses do consumers primarily obtain a copy of their*
3 *consumer report (such as for the purpose of ensuring*
4 *the completeness and accuracy of the contents, to pro-*
5 *tect against fraud, in response to an adverse action*
6 *based on the report, or in response to suspected iden-*
7 *tity theft) and approximately what percentage of the*
8 *total number of consumers who obtain a copy of their*
9 *consumer report do so for each such primary purpose.*

10 (3) *The extent of consumers' knowledge of the*
11 *data collection process.*

12 (4) *The extent to which consumers know how to*
13 *get a copy of a consumer report.*

14 (5) *The extent to which consumers know and un-*
15 *derstand the factors that positively or negatively im-*
16 *pect credit scores.*

17 (c) *REPORT REQUIRED.—Before the end of the 9-*
18 *month period beginning on the date of the enactment of this*
19 *Act, the Comptroller General shall submit a report to the*
20 *Congress on the findings and conclusions of the Comptroller*
21 *General pursuant to the study conducted under subsection*
22 *(a), together with such recommendations for legislative or*
23 *administrative action as the Comptroller General may de-*
24 *termine to be appropriate, including recommendations on*
25 *methods for improving financial literacy among consumers.*

1 **SEC. 509. DISCLOSURE OF INCREASE IN APR UNDER CER-**
2 **TAIN CIRCUMSTANCES.**

3 *Section 609 of the Fair Credit Reporting Act (15*
4 *U.S.C. 1681m) is amended by inserting after subsection (f)*
5 *(as added by section 502(c) of this title) the following new*
6 *subsection:*

7 *“(g) DISCLOSURE TO CONSUMER.—*

8 *“(1) IN GENERAL.—The ability of a credit card*
9 *issuer to increase any annual percentage rate appli-*
10 *cable to a credit card account, or to remove or in-*
11 *crease any introductory annual percentage rate of in-*
12 *terest applicable to such account, for reasons other*
13 *than actions or omissions of the card holder that are*
14 *directly related to such account shall be clearly and*
15 *conspicuously disclosed to the consumer by the credit*
16 *card issuer in any disclosure or statement required to*
17 *be made to the consumer under this title in connec-*
18 *tion with a credit card solicitation that is not initi-*
19 *ated by the consumer.*

20 *“(2) REGULATIONS AND MODEL STATEMENTS.—*
21 *The Board, in consultation with the Federal banking*
22 *agencies and the National Credit Union Administra-*
23 *tion, shall develop such guidelines in regulations as*
24 *necessary to assure that the information to be dis-*
25 *closed to consumers pursuant to paragraph (1) is*
26 *clearly and conspicuously provided in a prominent*

1 *location in any credit card solicitation that is not*
 2 *initiated by the consumer, and shall include model*
 3 *disclosure statements to be used by credit card issuers*
 4 *in making the disclosures required to be provided to*
 5 *the consumer by paragraph (1).”.*

6 **TITLE VI—PROTECTING EM-**
 7 **PLOYEE MISCONDUCT INVES-**
 8 **TIGATIONS**

9 **SEC. 601. CERTAIN EMPLOYEE INVESTIGATION COMMU-**
 10 **NICATIONS EXCLUDED FROM DEFINITION OF**
 11 **CONSUMER REPORT.**

12 *(a) IN GENERAL.—Section 603 of the Fair Credit Re-*
 13 *porting Act (15 U.S.C. 1681a) is amended by inserting*
 14 *after subsection (p) the following new subsection:*

15 *“(q) EXCLUSION OF CERTAIN COMMUNICATIONS FOR*
 16 *EMPLOYEE INVESTIGATIONS.—*

17 *“(1) COMMUNICATIONS DESCRIBED IN THIS SUB-*
 18 *SECTION.—A communication is described in this sub-*
 19 *section if—*

20 *“(A) but for subsection (d)(2)(D), the com-*
 21 *munication would be a consumer report;*

22 *“(B) the communication is made to an em-*
 23 *ployer in connection with an investigation of—*

24 *“(i) suspected misconduct relating to*
 25 *employment; or*

1 “(ii) compliance with Federal, State,
2 or local laws and regulations, the rules of a
3 self-regulatory organization, or any pre-
4 existing written policies of the employer;

5 “(C) the communication is not made for the
6 purpose of investigating a consumer’s credit wor-
7 thiness, credit standing, or credit capacity; and

8 “(D) the communication is not provided to
9 any person except—

10 “(i) to the employer or an agent of the
11 employer;

12 “(ii) to any Federal or State officer,
13 agency, or department, or any officer, agen-
14 cy, or department of a unit of general local
15 government;

16 “(iii) to any self-regulatory organiza-
17 tion with regulatory authority over the ac-
18 tivities of the employer or employee;

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

20 “(v) pursuant to section 608.

21 “(2) *SUBSEQUENT DISCLOSURE.*—After taking
22 any adverse action based in whole or in part on a
23 communication described in paragraph (1), the em-
24 ployer shall disclose to the consumer a summary con-
25 taining the nature and substance of the communica-

1 *tion upon which the adverse action is based, except*
2 *that the sources of information acquired solely for use*
3 *in preparing what would be but for subsection*
4 *(d)(2)(D) an investigative consumer report need not*
5 *be disclosed.*

6 “(3) *SELF-REGULATORY ORGANIZATION DE-*
7 *FINED.—For purposes of this subsection, the term*
8 *‘self-regulatory organization’ includes any self-regu-*
9 *latory organization (as defined in section 3(a)(26) of*
10 *the Securities Exchange Act of 1934), any entity es-*
11 *tablished under title I of the Sarbanes-Oxley Act of*
12 *2002, any board of trade designated by the Com-*
13 *modity Futures Trading Commission, and any fu-*
14 *tures association registered with such Commission.”.*

15 (b) *TECHNICAL AND CONFORMING AMENDMENT.—Sec-*
16 *tion 603(d)(2)(D) of the Fair Credit Reporting Act (15*
17 *U.S.C. 1681a(d)(2)(D)) is amended by inserting “or (q)”*
18 *after “subsection (o)”.*

1 **TITLE VII—LIMITING THE USE**
2 **AND SHARING OF MEDICAL**
3 **INFORMATION IN THE FINAN-**
4 **CIAL SYSTEM**

5 **SEC. 701. PROTECTION OF MEDICAL INFORMATION IN THE**
6 **FINANCIAL SYSTEM**

7 *(a) IN GENERAL.—Section 604(g) of the Fair Credit*
8 *Reporting Act (15 U.S.C. 1681b(g)) is amended to read as*
9 *follows:*

10 *“(g) PROTECTION OF MEDICAL INFORMATION.—*

11 *“(1) LIMITATION ON CONSUMER REPORTING*
12 *AGENCIES.—A consumer reporting agency shall not*
13 *furnish for employment purposes, or in connection*
14 *with a credit or insurance transaction, a consumer*
15 *report that contains medical information about a con-*
16 *sumer, unless—*

17 *“(A) if furnished in connection with an in-*
18 *surance transaction, the consumer affirmatively*
19 *consents to the furnishing of the report;*

20 *“(B) if furnished for employment purposes*
21 *or in connection with a credit transaction—*

22 *“(i) the information to be furnished is*
23 *relevant to process or effect the employment*
24 *or credit transaction; and*

1 “(ii) the consumer provides specific
2 written consent for the furnishing of the re-
3 port that describes in clear and conspicuous
4 language the use for which the information
5 will be furnished; or

6 “(C) such information is restricted or re-
7 ported using codes that do not identify, or pro-
8 vide information sufficient to infer, the specific
9 provider or the nature of such services, products,
10 or devices to a person other than the consumer,
11 unless the report is being provided to an insur-
12 ance company for a purpose relating to engaging
13 in the business of insurance other than property
14 and casualty insurance.

15 “(2) *LIMITATION ON CREDITORS.*—*Except as*
16 *permitted pursuant to paragraph (3)(C) or regula-*
17 *tions prescribed under paragraph (5)(A), a creditor*
18 *shall not obtain or use medical information per-*
19 *taining to a consumer in connection with any deter-*
20 *mination of the consumer’s eligibility, or continued*
21 *eligibility, for credit.*

22 “(3) *ACTIONS AUTHORIZED BY FEDERAL LAW,*
23 *INSURANCE ACTIVITIES AND REGULATORY DETER-*
24 *MINATIONS.*—*Section 603(d)(3) shall not be construed*
25 *so as to treat information or any communication of*

1 *information as a consumer report if the information*
2 *or communication is disclosed—*

3 *“(A) in connection with the business of in-*
4 *surance or annuities, including the activities de-*
5 *scribed in section 18B of the model Privacy of*
6 *Consumer Financial and Health Information*
7 *Regulation issued by the National Association of*
8 *Insurance Commissioners (as in effect on Janu-*
9 *ary 1, 2003);*

10 *“(B) for any purpose permitted without au-*
11 *thorization under the Standards for Individually*
12 *Identifiable Health Information promulgated by*
13 *the Department of Health and Human Services*
14 *pursuant to the Health Insurance Portability*
15 *and Accountability Act of 1996, or referred to*
16 *under section 1179 of such Act, or described in*
17 *section 502(e) of Public Law 106–102; or*

18 *“(C) as otherwise determined to be nec-*
19 *essary and appropriate, by regulation or order*
20 *and subject to paragraph (6), by the Commis-*
21 *sion, any Federal banking agency or the Na-*
22 *tional Credit Union Administration (with re-*
23 *spect to any financial institution subject to the*
24 *jurisdiction of such agency or Administration*
25 *under paragraph (1), (2), or (3) of section*

1 621(b), or the applicable State insurance author-
2 ity (with respect to any person engaged in pro-
3 viding insurance or annuities).

4 “(4) *LIMITATION ON REDISCLOSURE OF MEDICAL*
5 *INFORMATION.*—Any person that receives medical in-
6 formation pursuant to paragraphs (1) or (3) shall not
7 disclose such information to any other person except
8 as necessary to carry out the purpose for which the
9 information was initially disclosed, or as otherwise
10 permitted by statute, regulation, or order.

11 “(5) *REGULATIONS AND EFFECTIVE DATE FOR*
12 *PARAGRAPH (2).*—

13 “(A) *REGULATIONS REQUIRED.*—Each Fed-
14 eral banking agency and the National Credit
15 Union Administration shall, subject to para-
16 graph (6) and after notice and opportunity for
17 comment, prescribe regulations that permit
18 transactions under paragraph (2) that are deter-
19 mined to be necessary and appropriate to protect
20 legitimate operational, transactional, risk, con-
21 sumer, and other needs, consistent with the in-
22 tent of paragraph (2) to restrict the use of med-
23 ical information for inappropriate purposes.

24 “(B) *FINAL REGULATIONS REQUIRED.*—The
25 Federal banking agencies and the National Cred-

1 *it Union Administration shall prescribe the reg-*
2 *ulations required under subparagraph (A) in*
3 *final form before the end of the 6-month period*
4 *beginning on the date of the enactment of the*
5 *Fair and Accurate Credit Transactions Act of*
6 *2003.*

7 “(6) *COORDINATION WITH OTHER LAWS.—No*
8 *provision of this subsection shall be construed as al-*
9 *tering, affecting, or superseding the applicability of*
10 *any other provision of Federal law relating to med-*
11 *ical confidentiality.”.*

12 **(b) RESTRICTION ON SHARING OF MEDICAL INFORMA-**
13 **TION.—Section 603(d) of the Fair Credit Reporting Act (15**
14 **U.S.C. 1681a(d)) is amended—**

15 **(1) in paragraph (2), by striking “The term”**
16 **and inserting “Except as provided in paragraph (3),**
17 **the term”;** and

18 **(2) by adding at the end the following new para-**
19 **graph:**

20 **“(3) RESTRICTION ON SHARING OF MEDICAL IN-**
21 **FORMATION.—Except for information or any commu-**
22 **nication of information disclosed as provided in sec-**
23 **tion 604(g)(3), the exclusions in paragraph (2) shall**
24 **not apply with respect to information disclosed to**

1 any person related by common ownership or affiliated
2 by corporate control if—

3 “(A) the information is medical informa-
4 tion; or

5 “(B) the information is an individualized
6 list or description based on a consumer’s pay-
7 ment transactions for medical products or serv-
8 ices, or an aggregate list of identified consumers
9 based on payment transactions for medical prod-
10 ucts or services.”.

11 **SEC. 702. CONFIDENTIALITY OF MEDICAL CONTACT INFOR-**
12 **MATION IN CREDIT REPORTS.**

13 (a) *DUTIES OF MEDICAL INFORMATION FUR-*
14 *NISHERS.*—Section 623(a) of the Fair Credit Reporting Act
15 (15 U.S.C. 1681s–2(a)) is amended by inserting after para-
16 graph (7) (as added by section 504(a)) the following new
17 paragraph:

18 “(8) *DUTY TO PROVIDE NOTICE OF STATUS AS*
19 *MEDICAL INFORMATION FURNISHER.*—A person whose
20 *primary business is providing medical services, prod-*
21 *ucts, or devices, or the person’s agent or assignee, who*
22 *furnishes information to a consumer reporting agency*
23 *on a consumer shall be considered a medical informa-*
24 *tion furnisher for the purposes of this title and shall*
25 *notify the agency of such status.”.*

1 (b) *RESTRICTION OF DISSEMINATION OF MEDICAL*
2 *CONTACT INFORMATION.*—Section 605(a) of the Fair Credit
3 *Reporting Act (15 U.S.C. 1681c(a)) is amended by adding*
4 *the following new paragraph:*

5 “(6) *The name, address, and telephone number of*
6 *any medical information furnisher that has notified*
7 *the agency of its status, unless—*

8 “(A) *such name, address, and telephone*
9 *number are restricted or reported using codes*
10 *that do not identify, or provide information suf-*
11 *ficient to infer, the specific provider or the na-*
12 *ture of such services, products, or devices to a*
13 *person other than the consumer; or*

14 “(B) *the report is being provided to an in-*
15 *surance company for a purpose relating to en-*
16 *gaging in the business of insurance other than*
17 *property and casualty insurance.”.*

18 (c) *NO EXCEPTIONS ALLOWED FOR DOLLAR*
19 *AMOUNTS.*—Section 605(b) of the Fair Credit Reporting
20 *Act (15 U.S.C. 1681c(b)) is amended by striking “The pro-*
21 *visions of subsection (a)” and inserting “The provisions of*
22 *paragraphs (1) through (5) of subsection (a)”.*

23 (d) *COORDINATION WITH OTHER LAWS.*—No provi-
24 *sion of any amendment made by this section shall be con-*
25 *strued as altering, affecting, or superseding the applica-*

1 *bility of any other provision of Federal law relating to med-*
2 *ical confidentiality.*

3 (e) *FTC REGULATION OF CODING OF TRADE*
4 *NAMES.—Section 621 of the Fair Credit Reporting Act (15*
5 *U.S.C. 1681s) is amended by inserting after subsection (f)*
6 *(as added by section 301 of this Act) the following new sub-*
7 *section:*

8 “(g) *FTC REGULATION OF CODING OF TRADE*
9 *NAMES.—If the Commission determines that a person de-*
10 *scribed in paragraph (8) of section 623(a) has not met the*
11 *requirements of such paragraph, the Commission shall take*
12 *action to ensure the person’s compliance with such para-*
13 *graph, which may include issuing model guidance or pre-*
14 *scribing reasonable policies and procedures as necessary to*
15 *ensure that such person complies with such paragraph.”.*

16 (f) *TECHNICAL AND CONFORMING AMENDMENTS.—*
17 *Section 604(g) of the Fair Credit Reporting Act (15 U.S.C.*
18 *1681b(g)) (as amended by section 701) is amended—*

19 (1) *in paragraph (1) by inserting “(other than*
20 *medical contact information treated in the manner*
21 *required under section 605(a)(6))” after “a consumer*
22 *report that contains medical information”; and*

23 (2) *in paragraph (2) by inserting “(other than*
24 *medical information treated in the manner required*

1 *under section 605(a)(6))” after “a creditor shall not*
2 *obtain or use medical information”.*

3 *(g) EFFECTIVE DATE.—The amendments made by this*
4 *section shall take effect at the end of the 15-month period*
5 *beginning on the date of the enactment of this Act.*

Union Calendar No. 150

108TH CONGRESS c
1ST SESSION c

H. R. 2622

[Report No. 108-263]

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. c

SEPTEMBER 4, 2003c

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed c