

[DISCUSSION DRAFT]

113TH CONGRESS  
2D SESSION

**H. R.** \_\_\_\_\_

To amend the Fair Credit Reporting Act to improve the consumer reporting system, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Ms. WATERS introduced the following bill; which was referred to the Committee on \_\_\_\_\_

**A BILL**

To amend the Fair Credit Reporting Act to improve the consumer reporting system, 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.**

4 This Act may be cited as the “Fair Credit Reporting  
5 Improvement Act of 2014”.

6 **SEC. 2. FORECLOSURE CREDIT RESTORATION.**

7 (a) IN GENERAL.—Section 605(a) of the Fair Credit  
8 Reporting Act (15 U.S.C. 1681c(a)) is amended by adding  
9 at the end the following:

1           “(7) Any adverse item of information relating  
2           to a residential real property loan (including the  
3           origination and servicing of such a loan, any loss  
4           mitigation activities related to such a loan, and any  
5           foreclosure, deed in lieu of foreclosure, or short sale  
6           related to such a loan), if the action or inaction to  
7           which the item of information relates—

8                   “(A) resulted from unfair, deceptive, or  
9                   abusive acts or practices, or fraudulent or ille-  
10                   gal activities of, a financial institution, as deter-  
11                   mined by the Bureau, the Commission, or a  
12                   court of competent jurisdiction; or

13                   “(B) is related to acts, practices, or activi-  
14                   ties of a financial institution that are the sub-  
15                   ject of a settlement agreement between the fi-  
16                   nancial institution and a local or State govern-  
17                   ment or the Federal Government.”.

18           (b) RULEMAKING.—Not later than the end of the 18-  
19           month period beginning on the date of the enactment of  
20           this Act, the Bureau of Consumer Financial Protection  
21           shall issue regulations to implement section 605(a)(7) of  
22           the Fair Credit Reporting Act, as added by subsection (a).

1 **SEC. 3. REPORTING OF ADVERSE INFORMATION.**

2 (a) STATUTORY TIME PERIODS.—Section 605 of the  
3 Fair Credit Reporting Act (15 U.S.C. 1681c) is amend-  
4 ed—

5 (1) in subsection (a)—

6 (A) in paragraph (1), by striking “10  
7 years” and inserting “7 years”;

8 (B) in paragraph (2), by striking “seven  
9 years” and inserting “4 years”;

10 (C) in paragraph (3), by striking “seven  
11 years” and inserting “4 years”;

12 (D) in paragraph (4), by striking “seven  
13 years” and inserting “4 years”; and

14 (E) in paragraph (5), by striking “seven  
15 years” and inserting “4 years”;

16 (2) by amending subsection (b) to read as fol-  
17 lows:

18 “(b) MODIFICATION OF TIME PERIODS.—

19 “(1) IN GENERAL.—The Bureau may modify  
20 any time period described under subsection (a) if the  
21 Bureau conducts a review and determines such  
22 modification is necessary to prevent a significant ad-  
23 verse impact on—

24 “(A) the interests of consumers;

25 “(B) the availability and affordability of  
26 consumer financial products and services; or

1           “(C) the availability and use of consumer  
2           reporting products and services by users of such  
3           products and services.

4           “(2) SOLICITATION OF PUBLIC COMMENT.—In  
5           connection with conducting a review under this sub-  
6           section, the Bureau shall solicit comments from con-  
7           sumers, consumer reporting agencies, furnishers of  
8           credit information, civil rights advocates, consumer  
9           rights advocates, and other interested parties. Such  
10          solicitation for comment shall also be noticed in the  
11          Federal Register.

12          “(3) PUBLICATION OF DETERMINATION.—Fol-  
13          lowing each review made under this subsection, the  
14          Bureau shall publish a notice in the Federal Reg-  
15          ister containing—

16                 “(A) a summary of the review;

17                 “(B) comments received from the public  
18                 solicitation made in connection with the review;

19                 “(C) other evidence gathered by the Bu-  
20                 reau in connection with the review; and

21                 “(D) the determination made by the Bu-  
22                 reau and whether any time period will be modi-  
23                 fied as a result of such determination.”; and

1           (3) in subsection (c), by striking “7-year period  
2 referred to in paragraphs (4) and (6)” and inserting  
3 “4-year period referred to in paragraph (4)”.

4           (b) RECORDKEEPING BY FURNISHERS.—Section 623  
5 of the Fair Credit Reporting Act (15 U.S.C. 1681s–2) is  
6 amended by adding at the end the following:

7           “(f) RECORDKEEPING REQUIREMENT.—

8           “(1) IN GENERAL.—A person who furnishes in-  
9 formation relating to a consumer to a consumer re-  
10 porting agency shall maintain all relevant records  
11 necessary to substantiate such information, includ-  
12 ing any records establishing the liability and terms  
13 and conditions under which credit was extended to  
14 a consumer and any payment history with respect to  
15 such credit.

16           “(2) RETENTION PERIOD.—Records described  
17 under paragraph (1) shall be maintained until the  
18 information with respect to which the records relate  
19 can no longer be included in a consumer report pur-  
20 suant to section 605.

21           “(3) TRANSFER OF OWNERSHIP.—If a person  
22 providing information to a consumer reporting agen-  
23 cy is acquired by another person, or if another per-  
24 son acquires the right to repayment connected to  
25 such information, such other person shall be subject

1 to the requirements of this subsection with respect  
2 to such information to the same extent as the person  
3 who initially provided such information to the con-  
4 sumer reporting agency. The person selling or trans-  
5 ferring the right to repayment shall provide the in-  
6 formation described in paragraph (1) to the trans-  
7 feree or the acquirer.”.

8 (c) REMOVAL OF PAID OR SETTLED DEBT.—Section  
9 605(a) of the Fair Credit Reporting Act (15 U.S.C.  
10 1681c(a)), as amended by section 2(a), is further amended  
11 by adding at the end the following:

12 “(8) Any adverse information related to a fully  
13 paid or settled debt, including a medical debt, that  
14 had been characterized as delinquent, charged off, or  
15 in collection which, from the date of payment or set-  
16 tlement, antedates the report by more than 45 cal-  
17 endar days.”.

18 (d) PRIVATE EDUCATION LOAN CREDIT RESTORA-  
19 TION.—

20 (1) IN GENERAL.—The Fair Credit Reporting  
21 Act (15 U.S.C. 1681 et seq.) is amended by insert-  
22 ing after section 605B the following new section:

23 **“§ 605C. Private education loan credit restoration.**

24 “A consumer reporting agency may not make any  
25 consumer report containing any adverse item of informa-

1 tion relating to a private education loan (as such term is  
2 defined under section 140(a) of the Truth in Lending  
3 Act), if the consumer has made 9 consecutive on-time  
4 monthly payments (in accordance with the terms and con-  
5 ditions of the borrower’s original loan agreement or any  
6 other repayment agreement that antedates the original  
7 agreement) on such loan after the date on which the de-  
8 fault or other action or inaction to which the adverse item  
9 of information relates occurred.”.

10 (2) CLERICAL AMENDMENT.—The table of con-  
11 tents of the Fair Credit Reporting Act is amended  
12 by inserting after the item relating to section 605B  
13 the following:

“605C. Private education loan credit restoration.”.

14 **SEC. 4. CREDIT SCORE ALGORITHMS.**

15 The Fair Credit Reporting Act (15 U.S.C. 1681 et  
16 seq.) is amended—

17 (1) by adding at the end the following:

18 **“§ 630. Credit score algorithms.**

19 “(a) VALIDATED CREDIT SCORE ALGORITHMS.—The  
20 Bureau shall issue regulations applicable to a person that  
21 creates or maintains credit score algorithms, formulas,  
22 models, programs, or mechanisms used in making credit  
23 decisions to establish standards for validating the accuracy  
24 and predictive value of all such algorithms, formulas, mod-  
25 els, programs, or mechanisms, both before release for ini-

1 tial use and at regular intervals thereafter, for as long as  
2 such algorithms, formulas, models, programs, or mecha-  
3 nisms are made available by such person.

4 “(b) VALIDATION OF SCORING MODELS USED BY  
5 FANNIE MAE AND FREDDIE MAC.—The Federal Housing  
6 Finance Agency, in consultation with the Bureau, shall  
7 regularly examine the predictive value and appropriateness  
8 of the credit scoring algorithms, formulas, models, pro-  
9 grams, or mechanisms used to determine which residential  
10 real property loans are eligible for purchase by the Federal  
11 National Mortgage Association and the Federal Home  
12 Loan Mortgage Corporation to ensure such algorithms,  
13 formulas, models, programs, or mechanisms are empiri-  
14 cally derived and demonstrably and statistically sound.

15 “(c) PROHIBITION OF CERTAIN FACTORS RELATED  
16 TO FEDERAL CREDIT RESTORATION PROGRAMS.—

17 “(1) IN GENERAL.—A credit score algorithm  
18 may not take into account, in a manner adverse to  
19 a consumer’s credit score, any information in a con-  
20 sumer report concerning the consumer’s participa-  
21 tion in a Federal credit restoration program.

22 “(2) FEDERAL CREDIT RESTORATION PROGRAM  
23 DEFINED.—The term ‘Federal credit restoration  
24 program’ means—



1           “(A) a Federal program or statute that as-  
2           sists a consumer to rehabilitate their credit  
3           standing following a delinquency or default on  
4           a credit obligation as described in section  
5           605(a)(7) or 605C; and

6           “(B) any other program that the Bureau  
7           determines appropriate.”; and

8           (2) in the table of contents for such Act, by  
9           adding at the end the following:

“Sec. 630. Credit score algorithms.”.

10 **SEC. 5. STUDY ON THE USE OF ADDITIONAL AND ALTER-**  
11 **NATIVE CREDIT SCORING PRODUCTS.**

12           (a) STUDY.—The Federal Housing Finance Agency,  
13 in consultation with the Bureau of Consumer Financial  
14 Protection, shall carry out a study to examine the costs  
15 and benefits of implementing additional or alternative  
16 credit score products used to establish the eligibility cri-  
17 teria for loans purchased by the Federal National Mort-  
18 gage Association and the Federal Home Loan Mortgage  
19 Corporation. In conducting such examination, the Federal  
20 Housing Finance Agency and the Bureau of Consumer Fi-  
21 nancial Protection shall consider whether the use of such  
22 additional or alternative credit score products would—

23           (1) improve the accuracy, predictive value, and  
24           appropriateness of factors used in the credit scoring  
25           algorithms used by the Federal National Mortgage

1 Association and the Federal Home Loan Mortgage  
2 Corporation;

3 (2) improve the ability of the Federal National  
4 Mortgage Association and the Federal Home Loan  
5 Mortgage Corporation to more effectively manage  
6 credit risks;

7 (3) reduce operational risks associated with the  
8 reliance on one single provider of credit scores;

9 (4) improve the availability and affordability of  
10 residential real property loans;

11 (5) protect the interests of taxpayers; and

12 (6) any other factors deemed relevant by the  
13 Federal Housing Finance Agency or the Bureau of  
14 Consumer Financial Protection.

15 (b) REPORT.—Not later than the end of the 12-  
16 month period beginning on the date of the enactment of  
17 this Act, the Federal Housing Finance Agency, in con-  
18 sultation with the Bureau of Consumer Financial Protec-  
19 tion, shall issue a report to the Committee on Financial  
20 Services of the House of Representatives and the Com-  
21 mittee on Banking, Housing, and Urban Affairs of the  
22 Senate containing all findings and determinations made  
23 in carrying out the study required under subsection (a).

1 **SEC. 6. CONSUMER DISPUTES.**

2 (a) DISPUTES WITH CONSUMER REPORTING AGEN-  
3 CY.—

4 (1) DOCUMENTS RELATED TO A DISPUTE TO BE  
5 PROVIDED TO FURNISHERS OF INFORMATION.—Sec-  
6 tion 611(a) of the Fair Credit Reporting Act (15  
7 U.S.C. 1681i(a)) is amended—

8 (A) in subparagraphs (A) and (B) of para-  
9 graph (2), by striking “relevant” before “infor-  
10 mation”; and

11 (B) in paragraph (4), by striking “rel-  
12 evant” before “information”.

13 (2) DOCUMENTATION RELATED TO A REINVES-  
14 TIGATION TO BE PROVIDED TO CONSUMER.—Section  
15 611(a)(6)(B) of the Fair Credit Reporting Act (15  
16 U.S.C. 1681i(a)(6)(B)) is amended—

17 (A) in clause (iv), by striking “and” at the  
18 end;

19 (B) in clause (v), by striking the period  
20 and inserting “; and”; and

21 (C) by adding at the end the following:

22 “(vi) a copy of all information used by  
23 the consumer reporting agency in carrying  
24 out the reinvestigation.”.

25 (3) MAINTAINING RESOURCES AND STAFF TO  
26 CONDUCT REINVESTIGATIONS.—Section 611(a)(1) of

1 the Fair Credit Reporting Act (15 U.S.C.  
2 1681i(a)(1)) is amended by adding at the end the  
3 following:

4 “(D) MAINTAINING RESOURCES AND  
5 STAFF TO CONDUCT REINVESTIGATIONS.—Each  
6 consumer reporting agency shall maintain suffi-  
7 cient resources and trained staff to conduct re-  
8 investigations required under this section.”.

9 (b) REQUIREMENTS ON FURNISHERS OF INFORMA-  
10 TION.—Section 623 of the Fair Credit Reporting Act (15  
11 U.S.C. 1681s–2), as amended by section 3(b), is further  
12 amended by adding at the end the following:

13 “(g) MAINTAINING RESOURCES AND STAFF TO CON-  
14 DUCT INVESTIGATIONS AND REINVESTIGATIONS.—Each  
15 furnisher of information shall maintain sufficient re-  
16 sources and trained staff to conduct investigations and re-  
17 investigations required under this section.”.

18 (c) NOTICE OF CONSUMER DISPUTE RIGHTS.—Sec-  
19 tion 609(c) of the Fair Credit Reporting Act (15 U.S.C.  
20 1681g(c)) is amended—

21 (1) by striking “Commission” and inserting  
22 “Bureau” each place that term appears; and

23 (2) in paragraph (1)—

24 (A) in the heading, by striking “COMMIS-  
25 SION” and inserting “BUREAU”; and

1 (B) by adding at the end the following:

2 “(D) PUBLICATION OF SUMMARY  
3 RIGHTS.—Each consumer reporting agency  
4 shall post in a conspicuous manner, including  
5 on the website of the consumer reporting agen-  
6 cy, the summary of rights prepared by the Bu-  
7 reau under this paragraph.”.

8 **SEC. 7. STANDARDS AND PROCEDURES FOR CONDUCTING**  
9 **INVESTIGATIONS AND REINVESTIGATIONS OF**  
10 **DISPUTED INFORMATION.**

11 (a) INVESTIGATIONS BY CONSUMER REPORTING  
12 AGENCIES.—Section 611 of the Fair Credit Reporting Act  
13 (15 U.S.C. 1681i) is amended by adding at the end the  
14 following:

15 “(g) STANDARDS.—In any investigation or reinves-  
16 tigation by a consumer reporting agency of an item of in-  
17 formation being disputed by a consumer, the consumer re-  
18 porting agency shall, at a minimum—

19 “(1) verify that the consumer reporting agency  
20 has a record of the particular item of information  
21 being disputed; and

22 “(2) verify that the item of information being  
23 disputed is accurate and complete and relates to the  
24 consumer in whose file the information is located, in-  
25 cluding by—

1           “(A) conducting an independent analysis,  
2           separate from any furnisher investigation of  
3           such information, of all data the consumer re-  
4           porting agency possesses related to such infor-  
5           mation, in order to identify any inconsistencies  
6           or errors in such data; and

7           “(B) verifying that the personally identifi-  
8           able information connected to the item of infor-  
9           mation subject to the dispute is accurate and  
10          complete, including verifying the consumer’s full  
11          legal name, address, full social security number  
12          or other similar identification number, and date  
13          of birth.”.

14          (b) INVESTIGATION BY FURNISHERS OF INFORMA-  
15          TION.—Section 623 of the Fair Credit Reporting Act (15  
16          U.S.C. 1681s-2), as amended by section 6(b), is further  
17          amended by adding at the end the following:

18          “(h) STANDARDS.—In any investigation or reinves-  
19          tigation by a person who furnishes information to a con-  
20          sumer reporting agency of an item of information being  
21          disputed by a consumer, the person shall, at a minimum—

22                 “(1) verify that the person has a record of the  
23                 particular item of information being disputed;

24                 “(2) verify that the item of information being  
25                 disputed is accurate and complete and relates to the

1 consumer in whose file the information is located, in-  
2 cluding by—

3 “(A) conducting an analysis of all data the  
4 furnisher has, or has access rights to, related to  
5 such information, in order to identify any in-  
6 consistencies or errors in such data; and

7 “(B) verifying that the personally identifi-  
8 able information connected to the item of infor-  
9 mation subject to the dispute is accurate and  
10 complete, including verifying the consumer’s full  
11 legal name, address, full social security number  
12 or other similar identification number, and date  
13 of birth.”.

14 **SEC. 8. ACCURACY AND COMPLETENESS OF COMPLIANCE**  
15 **PROCEDURES.**

16 Subsection (b) of section 607 of the Fair Credit Re-  
17 porting Act (15 U.S.C. 1681e) is amended to read as fol-  
18 lows:

19 “(b) **ACCURACY AND COMPLETENESS OF REPORT.—**

20 “(1) **IN GENERAL.—**A consumer reporting  
21 agency shall follow reasonable procedures when pre-  
22 paring a consumer report to assure maximum pos-  
23 sible accuracy and completeness of the information  
24 concerning the individual to whom the consumer re-  
25 port relates.

1           “(2) BUREAU RULE TO ASSURE MAXIMUM POS-  
2           SIBLE ACCURACY AND COMPLETENESS.—

3           “(A) RULE.—Not later than 1 year after  
4           the date of enactment of this subsection, the  
5           Bureau shall issue a final rule establishing the  
6           procedures that a consumer reporting agency  
7           must follow to assure maximum possible accu-  
8           racy and completeness of all consumer reports  
9           furnished by the agency in compliance with this  
10          subsection.

11          “(B) CONSIDERATIONS.—When formu-  
12          lating the rule required under subparagraph  
13          (A), the Bureau shall consider if requiring the  
14          matching of the following information would  
15          improve the accuracy and completeness of such  
16          consumer reports:

17                 “(i) The full name of a consumer.

18                 “(ii) The date of birth of a consumer.

19                 “(iii) The full social security number  
20                 of a consumer.

21                 “(iv) Any other information that the  
22                 Bureau determines would aid in assuring  
23                 maximum possible accuracy and complete-  
24                 ness of such consumer reports.”.



1 **SEC. 9. RESTRICTIONS ON THE USE OF CONSUMER RE-**  
2 **PORTS FOR EMPLOYMENT PURPOSES.**

3 Section 604(b) of the Fair Credit Reporting Act (15  
4 U.S.C. 1681b(b)) is amended—

5 (1) in paragraph (1)—

6 (A) by redesignating subparagraph (B) as  
7 subparagraph (C);

8 (B) in subparagraph (A)(ii), by striking  
9 “and” at the end; and

10 (C) by inserting after subparagraph (A)  
11 the following:

12 “(B) in the case of a consumer report that  
13 contains any information bearing on the con-  
14 sumer’s creditworthiness, credit standing, or  
15 credit capacity, the person who obtains such re-  
16 port from the agency certifies to the agency  
17 that—

18 “(i) either—

19 “(I) the person is required to ob-  
20 tain the report by a local, State, or  
21 Federal law or regulation;

22 “(II) the information contained  
23 in the report is being used with re-  
24 spect to a national security investiga-  
25 tion (as defined under paragraph  
26 (4)(D)); or

1                   “(III) the information is a valid  
2                   predictor of employee performance in  
3                   the specific position of employment  
4                   and is a more reliable predictor of  
5                   such employee performance than al-  
6                   ternative scoring methods, as deter-  
7                   mined by the Bureau;

8                   “(ii) none of the cost associated with  
9                   obtaining an employee or applicant’s con-  
10                  sumer report are passed on to the em-  
11                  ployee or applicant; and

12                  “(iii) the information in the employee  
13                  or applicant’s consumer report is kept con-  
14                  fidential; and”;

15                  (2) in paragraph (2)(A)—

16                         (A) in clause (i), by striking “and” at the  
17                         end;

18                         (B) by redesignating clause (ii) as clause  
19                         (iii); and

20                         (C) by inserting after clause (i) the fol-  
21                         lowing:

22                                 “(ii) in the case of a person who  
23                                 makes a certification required pursuant to  
24                                 paragraph (1)(B)(i), a clear and con-  
25                                 spicuous disclosure has been made in writ-

1 ing to the consumer at any time before the  
2 report is procured or caused to be procured  
3 stating the person’s reason for seeking to  
4 procure the credit report; and”;

5 (3) in paragraph (3)(A)—

6 (A) in clause (i), by striking “and” at the  
7 end;

8 (B) in clause (ii), by striking the period  
9 and inserting a semicolon; and

10 (C) by adding at the end the following:

11 “(iii) the name, address and telephone  
12 number of the consumer reporting agency  
13 that furnished the consumer report (in-  
14 cluding a toll-free telephone number estab-  
15 lished by the agency if the agency compiles  
16 and maintains files on consumers on a na-  
17 tionwide basis), and the date on which the  
18 consumer report was furnished; and

19 “(iv) the specific factors from the con-  
20 sumer report upon which the adverse ac-  
21 tion was based.”.

22 **SEC. 10. DISCLOSURES ON PRODUCTS AND SERVICES.**

23 Section 609 of the Fair Credit Reporting Act (15  
24 U.S.C. 1681g) is amended by adding at the end the fol-  
25 lowing:

1           “(h) DISCLOSURES ON PRODUCTS AND SERVICES.—  
2 The Bureau, in coordination with the Federal Trade Com-  
3 mission, shall issue regulations within 18 months of the  
4 date of the enactment of this subsection requiring each  
5 consumer reporting agency and reseller to clearly and con-  
6 spicuously disclose all material terms and conditions, in-  
7 cluding any fee and pricing information associated with  
8 any products or services offered, advertised, marketed, or  
9 sold to consumers by the agency or reseller. Such disclo-  
10 sures shall be displayed prominently on the agency or re-  
11 seller’s website and all other locations where products or  
12 services are offered, advertised, marketed, or sold to con-  
13 sumers.”.

14 **SECTION 11. DISCLOSURE OF CREDIT SCORE AND EDU-**  
15 **CATIONAL CREDIT SCORE.**

16           (a) IN GENERAL.—Section 609(f) of the Fair Credit  
17 Reporting Act (15 U.S.C. 1681g(f)) is amended to read  
18 as follows:

19           “(f) DISCLOSURE OF CREDIT SCORE AND EDU-  
20 CATIONAL CREDIT SCORE.—

21                   “(1) IN GENERAL.—Upon the request of a con-  
22 sumer for a credit score, a consumer reporting agen-  
23 cy shall supply to the consumer a statement con-  
24 taining—

1           “(A) a current credit score generated using  
2           the scoring algorithm, formula, model, program,  
3           or mechanism that is most frequently used to  
4           generate credit scores, subject to regulations of  
5           the Bureau; or

6           “(B) to the extent it is not practicable to  
7           generate such a credit score, a consumer report-  
8           ing agency shall supply to the consumer an edu-  
9           cational credit score.

10          “(2) REQUIREMENTS.—A statement provided  
11          under paragraph (1) shall include—

12           “(A) the most recent credit score that was  
13           provided to a creditor or the most current edu-  
14           cational credit score;

15           “(B) a minimum of 4 key factors that ad-  
16           versely affected the credit score or educational  
17           credit score, except that if one of the key fac-  
18           tors consists of the number of enquiries made  
19           with respect to a consumer report, that factor  
20           shall be provided to the consumer in addition to  
21           the factors required by this subparagraph;

22           “(C) to the extent possible, specific actions  
23           a consumer could take with respect to each key  
24           factor listed in subparagraph (B) to improve

1 the consumer's credit score or educational cred-  
2 it score;

3 “(D) a minimum of 4 key factors that  
4 positively affected the credit score or edu-  
5 cational credit score;

6 “(E) the range of possible credit scores or  
7 educational credit scores under the model used;

8 “(F) the distribution of credit scores or  
9 educational credit scores among consumers who  
10 are scored under the same scoring model using  
11 the same scale as that of the score that is pro-  
12 vided to the creditor or consumers—

13 “(i) in the form of a bar graph con-  
14 taining a minimum of 6 bars that illus-  
15 trates the percentage of consumers with  
16 credit scores or educational credit scores  
17 within the range of scores reflected in each  
18 bar; or

19 “(ii) by another clear and readily un-  
20 derstandable graphical depiction, state-  
21 ment, or illustration comparing the con-  
22 sumer's credit score or educational credit  
23 score to the scores of other consumers, as  
24 determined by the Bureau;

1           “(G) the date on which the credit score or  
2 educational credit score was created; and

3           “(H) the name of the person that provided  
4 the credit score or educational credit score.

5           “(3) ADDITIONAL REQUIREMENTS FOR EDU-  
6 CATIONAL CREDIT SCORES.—

7           “(A) NOTICE.—If an educational credit  
8 score is provided pursuant to paragraph (1), a  
9 consumer reporting agency shall clearly and  
10 conspicuously include in a prominent location  
11 on the statement, in boldface type of 18 point  
12 font or larger, and in a text box with boldface  
13 outer borders, the following notice:

14 **“NOTICE.**

15           ““The educational credit score provided to you is not  
16 a credit score that a lender is likely to use. There are  
17 many different credit scores derived from a wide variety  
18 of models used by lenders and creditors. An educational  
19 credit score is merely an educational tool. It is intended  
20 to provide consumers with a basic understanding of how  
21 the information contained in a consumer report may affect  
22 the terms and conditions of credit that are available. The  
23 credit scores you receive directly from different lenders  
24 and creditors may not be the same as an educational credit  
25 score. There are a number of reasons for this:

1           “(1) each company uses its own formula for  
2           calculating credit scores and the differences in the  
3           formulas may lead to differences in your scores;

4           “(2) companies may produce scores that give  
5           results on different scales, and

6           “(3) not all lenders or creditors report to every  
7           consumer reporting agency, and therefore the infor-  
8           mation contained in your consumer report that the  
9           consumer reporting agencies use to calculate your  
10          educational credit score may differ among agencies.’.

11           “(B) PROHIBITION.—A consumer report-  
12          ing agency shall be prohibited from referring to  
13          an educational credit score as a credit score in  
14          any application, solicitation, marketing, or other  
15          informational materials or media.

16           “(C) WEBSITE DISCLAIMER.—A consumer  
17          reporting agency shall clearly and conspicuously  
18          display on the home page of their website, and  
19          as part of any application, solicitation, or mar-  
20          keting material or media providing information  
21          related to an educational credit score, the fol-  
22          lowing notice, in boldface type of 18 point font  
23          or larger and in a text box with boldface outer  
24          borders:



1 **“WARNING.**

2 “There is no “one” credit score. There are many  
3 scoring formulas derived from a wide variety of models  
4 available to a consumer and used by lenders and creditors.  
5 Different lenders use different scoring formulas, so your  
6 score can vary from lender to lender. An educational credit  
7 score is not a credit score that a lender is likely to use.  
8 Educational credit scores are merely intended to be used  
9 as an educational tool to help consumers understand how  
10 the information contained in a consumer report may affect  
11 the terms and conditions of credit that are available to  
12 a consumer.’.

13 “(4) 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) of this  
17 section.

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

22 “(A) distribute credit scores used by a per-  
23 son who makes or arranges a loan or extends  
24 credit to predict the likelihood of certain credit  
25 behaviors; or

1           “(B) develop educational credit scores that  
2           assist in understanding the general credit be-  
3           havior of a consumer and predicting the future  
4           credit behavior of the consumer.

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

7           “(A) IN GENERAL.—This subsection shall  
8           not be construed to require a consumer report-  
9           ing agency that distributes credit scores devel-  
10          oped by another person or entity to provide a  
11          further explanation of them, or to process a dis-  
12          pute arising pursuant to section 611, except  
13          that the consumer reporting agency shall pro-  
14          vide the consumer with the name, address, and  
15          website for contacting the person or entity who  
16          developed the score or developed the method-  
17          ology of the score.

18          “(B) EXCEPTION.—This paragraph shall  
19          not apply to a consumer reporting agency that  
20          develops or modifies credit scores that are de-  
21          veloped by another person or entity.

22          “(7) MAINTENANCE OF SCORES NOT RE-  
23          QUIRED.—This subsection shall not be construed to  
24          require a consumer reporting agency to maintain  
25          credit scores or educational credit scores in its files.

1           “(8) FAIR AND REASONABLE FEES.—A con-  
2           sumer reporting agency may charge a fair and rea-  
3           sonable fee that shall not exceed \$10 (as adjusted by  
4           the Bureau on January 1st of each year to reflect  
5           proportional changes in the Consumer Price Index,  
6           with fractional changes rounded to the nearest 50  
7           cents, as determined by the Bureau, for providing  
8           the information required under this subsection) and  
9           that shall be clearly disclosed to the consumer before  
10          the consumer incurs any obligation to pay the fee.  
11          Such fee shall not apply to a credit score or edu-  
12          cational score provided pursuant to section 612(h).

13           “(9) DEFINITIONS.—For purposes of this sub-  
14          section, the following definitions shall apply:

15           “(A) CREDIT SCORE.—The term ‘credit  
16          score’ means a numerical value or a categoriza-  
17          tion derived from a statistical tool or modeling  
18          system used by a person who makes or ar-  
19          ranges a loan or extends credit to predict the  
20          likelihood of certain credit behaviors, including  
21          default, as determined by the Bureau (the nu-  
22          merical value or the categorization derived from  
23          such analysis may also be referred to as a ‘risk  
24          predictor’ or ‘risk score’).

1           “(B) EDUCATIONAL CREDIT SCORE.—The  
2 term ‘educational credit score’ means a numer-  
3 ical value or categorization derived from a sta-  
4 tistical tool or modeling system based upon in-  
5 formation from a consumer report for the pur-  
6 pose of predicting the likelihood of certain cred-  
7 it behaviors or outcomes.

8           “(C) KEY FACTORS.—The term ‘key fac-  
9 tors’ means relevant elements or reasons affect-  
10 ing the credit score for the particular indi-  
11 vidual, listed in the order of importance based  
12 on the effect of each element or reason on the  
13 credit score or educational credit score.

14           “(D) CREDITOR.—The term ‘creditor’—  
15           “(i) means a creditor, as defined in  
16 section 702 of the Equal Credit Oppor-  
17 tunity Act (15 U.S.C. 1691a), except that  
18 such creditor shall regularly and in the or-  
19 dinary course of business—

20                   “(I) obtain or use consumer re-  
21 ports, directly or indirectly, in connec-  
22 tion with a credit transaction;

23                   “(II) furnish information to con-  
24 sumer reporting agencies, as described

1 in section 623, in connection with a  
2 credit transaction; or

3 “(III) advance funds to or on be-  
4 half of a person, based on an obliga-  
5 tion of the person to repay the funds  
6 or repayable from specific property  
7 pledged by or on behalf of the person;  
8 and

9 “(ii) does not include a creditor de-  
10 scribed in clause (i)(III) that advances  
11 funds on behalf of a person for expenses  
12 incidental to a service provided by the  
13 creditor to that person.”.

14 (b) CONFORMING AMENDMENTS.—The Fair Credit  
15 Reporting Act (15 U.S.C. 1681 et seq.) is amended—

16 (1) in section 605(d)(2), by striking “section  
17 609(f)(2)(B)” and inserting “section 609(f)(9)”;

18 (2) in section 615—

19 (A) by striking “section 609(f)(2)(A)” and  
20 inserting “section 609(f)(9)” each place that  
21 term appears; and

22 (B) by striking “set forth in subpara-  
23 graphs (B) through (E) of section 609(f)(1)”  
24 and inserting “with respect to a credit score,

1 described in section 609(f)(2)” each place that  
2 term appears.

3 **SEC. 12. DISCLOSURE OF CREDIT SCORES BY CERTAIN**  
4 **MORTGAGE LENDERS.**

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

7 (1) by redesignating paragraph (2) as para-  
8 graph (4);

9 (2) in paragraph (1)—

10 (A) by striking subparagraphs (B), (C),  
11 (E), and (F);

12 (B) by redesignating subparagraph (D) as  
13 paragraph (2);

14 (C) by redesignating subparagraph (G) as  
15 paragraph (3);

16 (D) by amending subparagraph (A) to read  
17 as follows:

18 “(A) The numerical credit score or scores  
19 used in making the decision to make or arrange  
20 the loan.

21 “(B) The range of possible credit score or  
22 scores under the model used.

23 “(C) A minimum of 4 key factors (as de-  
24 fined in subsection (f)) that adversely affected  
25 the credit score or scores, except that if one of

1 the key factors consists of the number of  
2 enquiries made with respect to a consumer re-  
3 port, that factor shall be provided to the con-  
4 sumer in addition to the factors required by  
5 this subparagraph.

6 “(D) The distribution of credit scores  
7 among consumers who are scored under the  
8 same scoring model using the same scale as  
9 that of the score that is provided to the creditor  
10 or consumers—

11 “(i) in the form of a bar graph con-  
12 taining a minimum of 6 bars that illus-  
13 trates the percentage of consumers with  
14 credit scores or educational credit scores  
15 within the range of scores reflected in each  
16 bar; or

17 “(ii) by another clear and readily un-  
18 derstandable graphical depiction, state-  
19 ment, or illustration comparing the con-  
20 sumer’s credit score or educational credit  
21 score to the scores of other consumers, as  
22 determined by the Bureau.

23 “(E) The date on which the credit score or  
24 scores was created.

1           “(F) The name of the person that provided  
2           the credit score or scores.”;

3           (3) in paragraph (2) (as redesignated), by in-  
4           serting “or scores” after “affecting your credit  
5           score”;

6           (4) in paragraph (4)(B) (as redesignated), by  
7           inserting “or scores” after “credit score”; and

8           (5) by inserting at the end the following new  
9           paragraphs:

10           “(5) ACTIONS NOT REQUIRED UNDER THIS  
11           SUBSECTION.—This subsection shall not require any  
12           person to disclose any credit score or related infor-  
13           mation obtained by the user after a loan has closed.

14           “(6) LIMIT ON LIABILITY.—No person has li-  
15           ability under this subsection for the content of that  
16           information or for the omission of any information  
17           within the report provided by the consumer report-  
18           ing agency.”.

19   **SEC. 13. FREE ANNUAL DISCLOSURE OF CREDIT SCORES**  
20                           **OR EDUCATIONAL CREDIT SCORES.**

21           Section 612 of the Fair Credit Reporting Act (15  
22   U.S.C. 1681j) is amended—

23           (1) in subsection (a)—

24                   (A) in paragraph (1)—



1 (i) in subparagraph (A), by inserting  
2 after “section 609” the following: “(includ-  
3 ing the disclosure of a credit score or edu-  
4 cational credit score under subsection (f)  
5 of such section)””; and

6 (ii) in subparagraph (C), by inserting  
7 “, credit scores, and educational credit  
8 scores” after “consumer reports” each  
9 place such term appears;

10 (B) in paragraph (2), by inserting “, credit  
11 score, or educational credit score” after “con-  
12 sumer report”;

13 (C) in paragraph (3), by inserting “, credit  
14 score, or educational credit score” after “con-  
15 sumer report”; and

16 (D) in paragraph (4), by inserting “, credit  
17 scores, or educational credit scores” after “con-  
18 sumer reports”;

19 (2) in subsection (b), by inserting after “section  
20 609” each place such term appears the following:  
21 “(including the disclosure of a credit score or edu-  
22 cational credit score under subsection (f) of such  
23 section)”;

24 (3) in subsection (c), by inserting after “section  
25 609” the following: “(including the disclosure of a

1 credit score or educational credit score under sub-  
2 section (f) of such section”);

3 (4) in subsection (d), by inserting after “section  
4 609” the following: “(including the disclosure of a  
5 credit score or educational credit score under sub-  
6 section (f) of such section)”;

7 (5) in subsection (f)(1)(A), by inserting after  
8 “section 609” the following: “(including the disclo-  
9 sure of a credit score or educational credit score  
10 under subsection (f) of such section)”;

11 (6) by adding at the end the following:

12 “(h) FREE ANNUAL DISCLOSURE OF CREDIT  
13 SCORES OR EDUCATIONAL CREDIT SCORES.—

14 “(1) IN GENERAL.—Each consumer reporting  
15 agency described in section 603(p) shall provide a  
16 free annual credit score or educational credit score  
17 once during any 12-month period, upon the request  
18 of a consumer without charge to the consumer.

19 “(2) CENTRALIZED SOURCE.—Paragraph (1)  
20 shall only apply with respect to a request from a  
21 consumer made using the centralized source estab-  
22 lished pursuant to section 211(d) of the Fair and  
23 Accurate Credit Transactions Act of 2003.

24 “(3) EDUCATIONAL CREDIT SCORE DEFINED.—  
25 For purposes of this section, the term ‘educational

1 credit score' has the meaning given such term under  
2 section 609(f)(9).”.

3 **SEC. 14. RENEWAL NOTICE.**

4 The Fair Credit Reporting Act, as amended by sec-  
5 tion 4, is further amended—

6 (1) by adding at the end the following

7 **“§ 631. Promotional periods**

8 “(a) **TERMINATION NOTICE.**—With respect to any  
9 product or service of a consumer reporting agency that  
10 is provided to a consumer under promotional terms, the  
11 consumer reporting agency shall provide clear and con-  
12 spicuous notice to the consumer when the promotional pe-  
13 riod ends.

14 “(b) **OPT-IN REQUIREMENT.**—With respect to any  
15 product or service of a consumer reporting agency that  
16 is provided to a consumer under promotional terms, the  
17 consumer reporting agency may not continue to provide  
18 such product or service to the consumer after the end of  
19 the promotion period unless the consumer specifically  
20 agrees at the end of the promotional period to continue  
21 receiving the product or service.”; and

22 (2) in the table of contents for such Act, by  
23 adding at the end the following:

“Sec. 631. Promotional periods.”.

1 **SEC. 15. INJUNCTIVE RELIEF.**

2 (a) IN GENERAL.—The Fair Credit Reporting Act  
3 (15 U.S.C. 1681 et seq.) is amended—

4 (1) in section 616—

5 (A) in subsection (a), by striking “(a) IN  
6 GENERAL.—” and inserting “(a) DAMAGES.—  
7 ”;

8 (B) by redesignating subsections (c) and  
9 (d) as subsections (d) and (e), respectively; and

10 (C) by inserting after subsection (b) the  
11 following:

12 “(c) INJUNCTIVE RELIEF.—In addition to any other  
13 remedy set forth in this section, a court may award injunc-  
14 tive relief to require compliance with the requirements im-  
15 posed under this title with respect to any consumer. In  
16 the event of any successful action for injunctive relief  
17 under this subsection, the court may award to the pre-  
18 vailing party costs and reasonable attorney fees (as deter-  
19 mined by the court) incurred during the action by such  
20 party.”; and

21 (2) in section 617—

22 (A) in subsection (a), by striking “(a) IN  
23 GENERAL.—” and inserting “(a) DAMAGES.—  
24 ”;

25 (B) by redesignating subsection (b) as sub-  
26 section (c); and

1 (C) by inserting after subsection (a) the  
2 following:

3 “(b) INJUNCTIVE RELIEF.—In addition to any other  
4 remedy set forth in this section, a court may award injunc-  
5 tive relief to require compliance with the requirements im-  
6 posed under this title with respect to any consumer. In  
7 the event of any successful action for injunctive relief  
8 under this subsection, the court may award to the pre-  
9 vailing party costs and reasonable attorney fees (as deter-  
10 mined by the court) incurred during the action by such  
11 party.”.

12 (b) ENFORCEMENT BY FEDERAL TRADE COMMIS-  
13 SION.—Section 621(a)(2)(A) of the Fair Credit Reporting  
14 Act (15 U.S.C. 1681s(a)(2)(A)) is amended—

15 (1) by striking “(A) KNOWING VIOLATIONS.—”  
16 and inserting “(A) NEGLIGENT, WILLFUL, OR  
17 KNOWING VIOLATIONS.—”; and

18 (2) by inserting “negligent, willful, or” before  
19 “knowing”.

20 **SEC. 16. REQUIREMENT FOR DISPUTE RESOLUTION STAFF**  
21 **TO BE ABLE TO CORRECT RECORDS.**

22 Section 611(a)(1) of the Fair Credit Reporting Act  
23 (15 U.S.C. 1681i(a)(1)), as amended by section 6(a)(3),  
24 is further amended by adding at the end the following:

1           “(E) REQUIREMENT FOR DISPUTE RESO-  
2           LUTION STAFF TO BE ABLE TO CORRECT  
3           RECORDS.—Each consumer reporting agency  
4           shall ensure that agency staff with the responsi-  
5           bility for investigating disputed information and  
6           communicating with consumers also have the  
7           ability and responsibility to directly correct er-  
8           rors identified in a consumer report.”.

9   **SEC. 17. INDICATION OF DISPUTE BY CONSUMER AND USE**  
10                           **OF DISPUTED INFORMATION.**

11           (a) INDICATION OF DISPUTE.—Section 605(f) of the  
12   Fair Credit Reporting Act (15 U.S.C. 1681c(f)) is amend-  
13   ed by striking “pursuant to section 623(a)(3) that infor-  
14   mation regarding a consumer who was furnished to the  
15   agency is disputed by the consumer” and inserting “that  
16   information regarding a consumer is disputed by the con-  
17   sumer, either by the consumer (directly or indirectly  
18   through a reseller) pursuant to section 611 or by a fur-  
19   nisher of the information pursuant to section 623(a)(3)”.

20           (b) NOTIFICATION BY FURNISHER.—Section  
21   623(a)(3) of the Fair Credit Reporting Act (15 U.S.C.  
22   1681s-2(a)(3)) is amended by inserting before the period  
23   the following: “and, if the person has already furnished  
24   such information to a consumer reporting agency, the per-

1 son shall notify such agency within 5 business days that  
2 the information is disputed by the consumer”.

3 (c) LIMITATION ON THE USE OF DISPUTED INFOR-  
4 MATION.—Section 605(f) of the Fair Credit Reporting Act  
5 (15 U.S.C. 1681c(f)) is further amended by adding at the  
6 end the following: “Unless the consumer reporting agency  
7 determines that a dispute is frivolous or irrelevant, such  
8 disputed information may not be considered or taken into  
9 account in a manner adverse to the consumer by any cred-  
10 it scoring algorithm or any user of a consumer report, in-  
11 cluding in a credit score or an educational credit score.”.

12 **SEC. 18. ESTABLISHING CONSUMER’S RIGHT TO SHOP FOR**  
13 **AFFORDABLE CREDIT.**

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

17 “(i) TREATMENT OF CERTAIN GROUPED  
18 ENQUIRIES.—With respect to enquiries made with a con-  
19 sumer reporting agency for a consumer report or credit  
20 score with respect to a consumer, any credit scoring algo-  
21 rithm or model shall treat the enquiries as a single  
22 enquiry, if the enquiries—

23 “(1) are made within the same 120-day period;  
24 and

1           “(2) are all for the purpose of determining the  
2           consumer’s creditworthiness for purposes of the  
3           same category of loan from among the following:

4                   “(A) A residential real property loan.

5                   “(B) An automobile loan.

6                   “(C) A private education loan (as such  
7           term is defined under section 140(a) of the  
8           Truth in Lending Act).”.

9   **SEC. 19. STUDY ON NON-TRADITIONAL DATA.**

10       (a) **STUDY.**—The Bureau of Consumer Financial  
11   Protection shall carry out a study on whether the inclusion  
12   of more non-traditional data on a consumer report used  
13   in connection with a credit transaction involving the exten-  
14   sion of credit to, or review or collection of an account of,  
15   the consumer would increase access to credit.

16       (b) **REPORT.**—Not later than the end of the 1-year  
17   period following the date of the enactment of this Act, the  
18   Bureau shall issue a report to the Congress containing all  
19   findings and determinations made in carrying out the  
20   study required under subsection (a).

21       (c) **NON-TRADITIONAL DATA DEFINED.**—For pur-  
22   poses of this section, the term “non-traditional data”  
23   means data related to telecommunications, utility pay-  
24   ments, rent payments, remittances, wire transfers, and  
25   such other items as the Bureau determines appropriate.



1 **SEC. 20. BUREAU RULEMAKING.**

2       Except as otherwise provided, not later than the end  
3 of the 2-year period beginning on the date of the enact-  
4 ment of this Act, the Bureau of Consumer Financial Pro-  
5 tection shall issue final rules to implement the amend-  
6 ments made by this Act.