

10

MAY 02 '06 PM 1:55 BOARD

May 1, 2006

National Credit Union Administration
Mary Rupp, Secretary of the Board
1775 Duke Street
Alexandria, VA 22314-3428

Subject: Comments on Procedures to Enhance the Accuracy and Integrity of Information Furnished to Consumer Reporting Agencies

Dear Ms. Rupp:

Boeing Employees' Credit Union (BECU) appreciates the opportunity to provide comments on Procedures to Enhance the Accuracy and Integrity of Information Furnished to Consumer Reporting Agencies. BECU is a state-chartered, federally insured credit union with assets of \$5.8 billion and a membership base of over 440,000. BECU, by definition within the Fair Credit Reporting Act, is a furnisher of information to the credit reporting agencies.

Here is the information you requested:

A1. Please describe, in detail, the types of errors, omissions, or other problems that may impair the accuracy and integrity of information furnished to CRAs. Please specify whether any such problems result in credit file information that (1) is incorrect, including inaccurate account information, public record data, or collection account data; (2) is out of date or includes stale account information; (3) is associated with the wrong consumer; (4) omits potentially significant information about the consumer account or transaction, such as credit limits for or positive information about the account; (5) is duplicative; (6) may mislead users of consumer reports; or (7) otherwise adversely affects consumers, particular types of consumers, or the credit reporting system. Please also describe the significance of such problems for consumers, particular groups of consumers (e.g., borrowers with poor or limited credit histories), users of consumer reports, and the credit reporting system.

There appears to be inconsistencies of how the three major credit reporting agencies (CRAs) disclose the consumer credit history we provide them. Even though we provide identical information to them, we find that the information the bureaus choose to report is different and often out dated. Our consumers dispute the information, we research it and then this requires us to ask the CRAs to correct their errors. Although the CRAs have a standard format to get the data, they do not key off the same field and the same data could be reported differently depending on the CRA and which fields they key off. The furnishers of the information have no control over this. Additionally, the CRAs provide different interpretations of how information should be disclosed – often deferring to whatever interpretation our IT systems vendor has relied on. Being dependent upon a vendor for our transaction system, we have very little say as to how information is provided to the CRAs and how the CRAs disclose the information.

A2. Please describe, in detail, the pattern, practices, and specific forms of activity that can compromise the accuracy and integrity of information furnished to CRAs. Relevant patterns, practices, and specific forms of activity may relate to any aspect of the information gathering and reporting process, such as the methods by which furnished information is collected, verified, edited, standardized and transferred. They may be of general applicability or relate to specific types of furnishers, such as financial institutions, creditors, or collection agencies, or specific types of CRAs, such as credit bureaus or tenant screening services. Examples of patterns,

practices, and specific forms of activity that may cause these problems include, but are not limited to, the sale of consumer debts to and among collection agencies, the conversion or translation of furnished information into standard form, and the frequency, timing, categories, and content of information that is furnished to CRAs.

We receive combined credit reports from our third party vendors where the information could be misleading. An example of this is when we have a mortgage applicant who has the same name as his father (junior-senior) and their credit reports have been combined and sent to us in that merged file. If there are discrepancies in the reports, the consumer thinks we are reporting it that way. The consumer has to perform certain steps to get the combined reports straightened out. All of this must be done in the time restraints that are placed in the sales contract between our consumer and the seller of the property they are trying to purchase. We recommend that these third party vendors have requirements to follow to separate up this information they provide.

Another item is that CRAs categorize home equity line of credit (HELOC) loans as revolving credit with the same impact as an unsecured credit card. Consumers often use the maximum credit line on a HELOC without knowing the serious impact that has on their credit score. These types of loans should be reported by the CRAs the same type of impact as a closed-end home equity loan.

A3. Please describe, in detail, any business, economic, or other reasons for the patterns, practices, and specific forms of activity described in question A2.

Another issue is if lenders who have debt sales and assign accounts to collection agencies will be required to update the information as consumers pay or pay down those debts. Responsibilities should be placed on the collection agencies to accurately report this information to the credit bureaus or their client that they're collecting for to enable them to report.

A4. Please describe, in detail, the policies and procedures that a furnisher should implement and maintain to identify, prevent, or mitigate those patterns, practices, and specific forms of activity that can compromise the accuracy and integrity of information furnished to a CRA.

Our IT department ensures that system reporting issues are addressed in a timely manner

A5. Please describe, in detail, the methods (including technological means) used to furnish consumer information to CRAs. Please describe, in detail, how the use of these methods can either enhance or compromise the accuracy and integrity of consumer information that is furnished to CRAs.

There needs to be a more standard interpretation between the three major credit bureaus on how they report the data sent to them. Although they have a standard format to get the data, they do not key off the same fields and the same data sent to all three can be reported differently depending on the bureau and which fields they use. The furnisher has no control over this.

A6. Please describe, in detail, whether and to what extent furnishers maintain and enforce policies and procedures to ensure the accuracy and integrity of information furnished to consumer reporting agencies, including a description of any policies and procedures that are maintained and enforced, such as policies and procedures relating to data controls, points of failure, account termination, the re-reporting of deleted consumer information, the reporting of the deferral or suspension of payment obligations in unusual circumstances, such as natural disasters, or the frequency, timing, categories, and content of information furnished to consumer reporting agencies. Please assess the effectiveness of these policies and procedures and provide suggestions on how their effectiveness might be improved or enhanced. Please describe whether particular policies or procedures are especially necessary or relevant to particular methods of furnishing information. Please also describe how such policies and procedures are monitored and evaluated to ensure their effectiveness.

We have procedures for quality control check of our loans to ensure accurate information is being entered in the IT system. The electronic online system (EOSCAR) used to complete disputes is downloaded and stored on a quarterly basis.

A7. Please describe, in detail, any methods (including any technological means) that a furnisher should use to ensure the accuracy and integrity of consumer information furnished to a CRA.

Again, we feel there needs to be a more standard interpretation between the three major credit bureaus on how they report the data sent to them. Although they have a standard format to get the data, they do not key off the same fields and the same data sent to all three can be reported differently depending on the bureau and which fields they use. The furnisher has no control over this.

A8. Please describe, in detail, the policies, procedures, and processes used by furnishers to conduct reinvestigations and to correct inaccurate consumer information that has been furnished to consumer reporting agencies. Please include a description of the policies and procedures that furnishers use to comply with the FCRA requirement that they "review all relevant information provided by the CRA".

Our procedures require that if we receive notice that a consumer is disputing information we are reporting, we will not subsequently report that information to a CRA without providing notice of dispute to the CRAs.. We investigate and respond to all disputes within 30 days. If the information is verified to be inaccurate or incomplete, we will report the correct information to the CRA. We provide the consumer written notice of our investigation.

A9. Please describe, in detail, the policies, processes, and procedures that furnishers should use to conduct reinvestigations and to correct inaccurate consumer information that has been furnished to CRAs.

No opinion.

A10. Please describe, in detail, the policies and procedures of CRAs for ensuring the accuracy and integrity of information received from furnishers, including any policies, procedures, or other requirements imposed on furnishers (by contract or otherwise) to ensure the accuracy and integrity of information furnished to CRAs. Please describe specifically whether and to what extent those policies, procedures, or other requirements address particular problems that may affect information accuracy and integrity such as the accuracy of consumer address and other identifying information, updating records to link the correct consumer(s) to account information, the impact of different reporting formats, and duplicate reporting by collection agencies. Please also describe whether particular policies or procedures are especially necessary or relevant to particular types of furnishers.

No opinion.

Direct Dispute Regulations

A11. Please identify the circumstances under which a furnisher should or should not be required to investigate a dispute concerning the accuracy of information furnished to a CRA based upon a direct request from the consumer, and explain why.

We should investigate any valid claim. Credit reporting errors should be defined in a similar manner that billing right errors are under Regulation Z(i.e., what triggers an investigation). A creditor should have no obligation to re-investigate a subsequent dispute of the same reporting error once the investigation is concluded unless the consumer provides additional information. Some consumers contact the credit bureaus and us directly. That produces duplicate efforts on the furnishers' and the credit bureaus part.

B2. Please describe any benefits or costs to consumers from having the right to dispute information directly with the furnisher, rather than through a CRA, in some or all circumstances. Please address the circumstances under which direct disputes with furnishers would yield more, fewer, or the same benefits or costs for consumers as disputes that are first received and processed through the CRAs and then routed to furnishers for investigation. Please quantify any benefits or costs, if possible.

We recommend informing the consumer they can only dispute with one and not the other. We receive dispute claims where the consumer has also disputed directly with the credit bureau. We also recommend limiting the number of times a consumer can dispute. We receive repeated disputes that we provide the same response, as we are required to respond.

B3. Please describe any benefits to furnishers, CRAs, or the credit reporting system that may result if furnishers were required to investigate disputes based on direct requests from consumers in some or all circumstances. Please quantify any benefits, if possible.

In our opinion there are no benefits because the CRAs provide us with the information we need in order to process the dispute. The consumer doesn't always have accurate information to process a dispute.

B4. Please describe any costs, including start-up costs, to furnishers and any costs to CRAs or the credit reporting system, of requiring a furnisher to investigate a dispute based on a direct request by a consumer in some or all circumstances. Please address the circumstances under which direct disputes with furnishers would cost more, less, or the same to process, excluding start-up costs, as compared to disputes that are first received and processed through the CRAs and then routed to furnishers for investigation. Please quantify any costs, if possible. To the extent applicable, please discuss the percentage of disputes processed through CRAs that (1) involve an error by the CRA (rather than a problem with the information provided by the furnisher), (2) are determined to be frivolous or irrelevant, or (3) result in changes to consumer credit files. Does section 623(a)(8)(F)(ii) timing requirement for a Notice of Determination that a consumer dispute is frivolous or irrelevant imposes additional costs (upon determining that a claim is frivolous, the person must notify the consumer, not later than 5 business days after making the determination, by mail or if ok by the consumer, other means available)? If so, please provide quantitative data about such costs.

Currently, we receive approximately 500 disputes a month directly from the CRAs and an average of 175 directly from the consumer. 100 of these we would define as frivolous or repeated. We estimate 10 minutes of research time per dispute. There is also postage cost of the response letters.

B5. Please discuss whether it is the current practice of furnishers to investigate disputes about the accuracy of information furnished to a CRA based on direct requests by consumers. For those furnishers that currently investigate such direct disputes, please identify and discuss the following: (a) the circumstances under which the furnisher will and will not investigate such a direct dispute; (b) the furnisher's experience with receiving and identifying direct disputes submitted by credit repair organizations; (c) the differences between the furnisher's existing procedures for resolving direct disputes (including time frames and communications with the consumer) and the procedures set forth in section 623(a)(8) of the law, and the costs and other implications of modifying those procedures to conform to section 623(a)(8); (d) whether the percentage of direct disputes for a portfolio of accounts varies for different lines of business (e.g., mortgage, auto lending, unsecured credit); (e) whether the costs of resolving direct disputes varies for different lines of business; and (f) the percentage of disputes received directly from consumers and from the consumer reporting agencies, the percentage of duplicate disputes that are received both directly from consumers and the consumer reporting agencies, and any practices designed to detect and process such duplicate disputes.

We currently receive disputes directly from the consumer and the credit bureaus. We research every one we receive. Our procedures currently comply with 623(a)(8) timeframe. We only take requests from our consumers whom we have been able to verify.

B6. Please describe the impact on the overall accuracy and integrity of consumer reports if furnishers were required, under some or all circumstances, to investigate disputes concerning the accuracy of information furnished to consumer reporting agencies based on the direct request of a consumer.

There would not be a direct impact as we already investigate the direct disputes. However, we recommend that "frivolous" be defined. Of the 500 we currently investigate each month, 100 of them we would define as frivolous i.e. repeated disputes, accurate information is being reported, however consumer is disputing just to get information shown as "consumer disputes" on credit report).

B7. Please describe the circumstances in which direct contact by the consumer with the furnisher would likely result, or alternatively, would likely not result, in the most expeditious resolution of any dispute concerning the accuracy of information furnished to a CRA.

We feel it would not result in the most expeditious manner if the consumer did not provide enough or inaccurate information to investigate the dispute or if the furnisher did not comply with the requirements (i.e., not complying within the timeframe allowed). Additionally, credit bureaus gather all the necessary information to investigate, otherwise it takes us longer.

B8. Section 623(a)(8)(G) provides that any direct dispute requirement would not apply to any notice of dispute submitted by, prepared on behalf of the consumer by, or submitted on a form supplied by, a credit repair organization. In prescribing the regulations mandated under section 623(a)(8), section 623(a)(8)(b)(iv) requires the regulators to weigh the "potential impact on the credit reporting process if credit repair organizations are able to circumvent the prohibition in subparagraph (G) of that section." Please describe the potential impact on the credit reporting process if a person that meets the definition of a credit repair organization is able to circumvent section 623(a)(8)(G).

Thank you for the opportunity to respond to the proposal. We look forward to the final outcome.

Sincerely,



Gary J. Oakland
President and CEO



Joe Brancucci
Vice President of Product and Delivery Channel Management and Chief Lending Officer