



NATIONAL ASSOCIATION OF REALTORS®

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REGULATORY & INDUSTRY
RELATIONS DEPARTMENT

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Federal Trade Commission
FACT Free Reports
Post Office Box 1031
Merrifield, VA 22116-1031

Re: FACTA Free File Disclosures Proposed Rule, Matter No. R411005

The National Association of Realtors® is pleased to offer these comments to the Commission regarding the proposed rule implementing free annual file disclosures as required by the Fair and Accurate Credit Transactions Act (FACT Act). The National Association of Realtors® is the nation's largest trade association including institutes, societies and councils involved in all aspects of the residential and commercial real estate industries.

As Congress debated the FACT Act, the 1 million members of the National Association of Realtors® strongly supported several provisions in the bill intended to provide accurate, straightforward, and timely disclosures to consumers. Realtors® particularly supported the FACT Act provision requiring consumer reporting agencies to provide a free credit report annually to consumers when Congress.

The National Association of Realtors® has long standing policy supporting disclosure and transparency of consumer reports. That policy supports disclosure of credit scores because the credit report is so critical to homebuyers taking control of their financial affairs in preparation for seeking mortgage financing on a home. The credit report is a primary tool for homebuyers to complete the real estate transactions.

It is from this perspective that Realtors® comments on the proposed rule will focus on a few select questions that the Commission asks regarding establish the centralized source, the regional roll out and accommodation for extraordinarily heavy volume. Our concerns are on the subjects of creating a centralized source to provide the free credit reports to consumer, the regional rollout, and associated with the rollout, there matter of credit reporting agencies possibly using the centralized source for advertising or marketing credit scores, credit monitoring or credit counseling business.

Creating a centralized source to provide consumers with annual free credit reports is clearly the best approach for credit reporting agencies to compliance with the FACT Act requirement. The Commission proposes to rollout the centralized source for consumers on a regional basis,

commencing in the West and moving across the country to the Eastern seaboard. The 10-month rollout would make the free credit reports available nationwide by September 1, 2005.

The proposal to establish the centralized source and the regional roll out are within a reasonable timeframe to accomplish the transition to allow credit reporting agencies to build up their capacity to meet consumer demand.

We note that the proposal contemplates the potential for extraordinary volume based on a formula that roughly assumes a significant spike in requests from consumers. As the Commission proposes, anticipating extraordinary volumes of consumer requests is adequate. The response proposed is reasonable and is in accord with the FACT Act statutory requirements with due regard for protections against unfair or deceptive practices balanced with the appropriate and legitimate prospects that credit reporting agencies would advertise and promote their products through the centralized source.

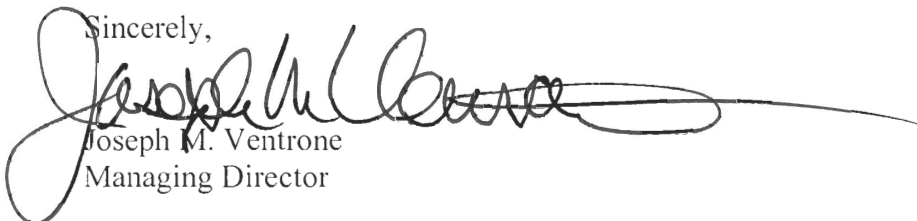
The proposed regulation unambiguous statement that "...communication or instructions, including any advertising or marketing, provided thorough the centralized source shall not interfere with, detract from, contradict, or otherwise undermine the purpose of the centralized source ..." is welcomed. In that regard, the examples that effectively forbid pop-ups and tying, "expressly or by implication," that a consumer must purchase a paid product to receive or understand the annual file disclosure are important. The examples should not be compromised in any fashion in the final regulation.

The proposed standard form to request a free annual credit report, Appendix D to Part 698, is a plain language form that provides for adequate information while providing consumer security by allow the use of a truncated Social Security number. The essential question of balancing adequate, minimum information to provide credit report disclosure and availability to consumer is met but there appears to be no unwarranted intrusion or opportunity for information abuse.

During the congressional debates in adopting the FACT Act some credit reporting agencies maintained that adequate transition time and due concern regarding compliance costs should be factored into the final law and, by extension, the regulations implementing the law. We would observe that from the Realtor[®] perspective the Commission has given due concern where required or requested and the Proposed Rule is a balanced approach to the requirements of the statute and the concerns of the credit reporting agency.

We appreciate the work of the Commission to meet the timetables established in the FACT Act to provide required guidance to the credit reporting industry and notice to consumers. The proposed regulation providing an annual free credit report disclosure procedure is to be applauded.

Sincerely,



Joseph M. Ventrone
Managing Director