

From: Beverley Rutherford  
Sent: Friday, July 16, 2004 10:15 AM  
To: FactAStudy

Subject: FACT Act Section 318(a)(2)(C) Study, Matter No. P044804

Thank you for the opportunity to provide comments for your study on whether providing the same credit report used in the credit decision would help consumers who have experienced adverse action identify errors. I am responding on behalf of a state-chartered credit union in Virginia with over 150,000 members.

While we do understand the intent of the study would be to evaluate whether providing the credit report relied upon in the credit decision would increase the consumers' ability to identify errors and remove fraudulent information from their credit reports, we believe there are adequate measures in place currently, as well as required in the near future, that will enable a consumer to accomplish this. As you indicated, Section 615 of the Fair Credit Reporting Act requires lenders who take adverse action based on a consumer report, to provide specific information to consumers so they may obtain a free copy of their credit report. In addition, FACTA will require consumer reporting agencies to provide a free credit report to consumers every 12 months, as well as require creditors to send notice to consumers prior to, or after, providing negative information to a consumer reporting agency. In our organization, information about the content of the credit report is shared with the member, although we typically do not provide a copy.

At our credit union over a 14-month period, we sent approximately 23,000 adverse action notices. Because of this volume, we see potential issues/concerns affecting both the consumer and creditor:

\* The cost of credit will increase for all borrowers, even those with satisfactory or outstanding credit, as the additional costs of providing this information will increase the cost of credit overall. We have estimated based on our volume, reprogramming changes, and additional resources that the initial cost would be \$80,000. We believe an increased cost of credit would result whether the credit report is mandated to be provided by the lender, or the consumer reporting agency. In addition, we do not anticipate the credit report content would change dramatically between the time credit is granted and the receipt of the free credit report to justify the additional cost.

\* If provided by the lender, the format of the credit report may need to be changed. The type of credit report we use is not as "user-friendly" as the ones provided through the consumer reporting agency, thus a guide would need to be provided and/or additional reprogramming charges to change the report to a friendlier version.

\* If the lender provides the credit report, the expectation of some consumers is that the lender will be able to facilitate correction of errors on the report, although the error may not be reported by that particular

lender.

Should you need further clarification or additional information on these comments, please feel free to contact me.

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