

CALIFORNIA ASSOCIATION OF REALTORS®

January 4, 2005

Federal Trade Commission  
Office of the Secretary  
Room H-159 (Annex O)  
600 Pennsylvania Avenue, NW.  
Washington, DC 20580

2005 OFFICERS

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*Executive Vice President/  
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Re: FACTA Credit Score Fee, Project No. R411004

Dear Mr. Secretary:

On behalf of the more than 155,000 members of the California Association of REALTORS® (C.A.R.), I would like to submit the following remarks to the Federal Trade Commission (FTC) in response to their request for comment on what a "fair and reasonable fee" for a consumer credit score should be, and how the FTC may best regulate the national credit bureaus (bureaus) in accordance with the laws and intent of Congress in regards to this issue.

Over the last five years, as America climbed out of its most recent recession, it was the real estate industry that served as the backbone of the U.S. economy. As participants in every aspect of the real estate transaction, REALTORS® have an educated and informed perspective on the role of credit in every type of real estate transaction.

One of the vital tools for the real estate market is access to timely, accurate, and most important, affordable credit information. The credit worthiness of the borrower will dictate not only whether they receive a loan, but the terms of the loan. False and inaccurate credit information could cost the consumer tens-of-thousands of dollars over the life of a loan. Thus, C.A.R. continues to support laws and regulations that promote easy and unfettered access by consumers to their credit information.

In the advance notice of proposed rulemaking, the FTC stated, "that the current market in direct-to-consumer scores is competitive and healthy – there appears to be price dispersion, innovation, and a variety of products and sellers." C.A.R. agrees with the FTC that the current market based approach to pricing a consumer credit score has worked to make the scores' affordable. However, as the Fair and Accurate Credit Transactions Act of 2003 (FACT) is implemented this market will change and so will the bureaus that do business in it. C.A.R. strongly recommends that the FTC conduct an annual assessment of the bureaus' prices in relation to the market. This review should take into consideration the cost to lenders for access to the bureaus' consumer credit information. While it is reasonable for lenders to pass a portion of these costs on



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to consumers, it is critical that these fees reflect only access costs and are not used as a vehicle to assign additional charges to the consumer.

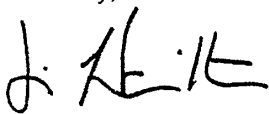
In addition, ease of access by consumers to their score is of critical importance. Currently, if a consumer wishes to order a stand alone score from a bureau, they must contact the bureau by phone or mail. The only option for consumers to access their credit score over the internet is to purchase it in conjunction with another more costly product (one the consumer may not wish to buy). Consumers should be given the option to access a stand alone score online to further competition among bureaus while increasing transparency.

Finally, the FTC should be on guard against the opportunity for bureaus and lenders to exploit consumers by demanding additional fees for access to their credit scores in relation to the real estate mortgage application process. According to Section 212 (c) of the FACT act, "DISCLOSURE OF CREDIT SCORES BY CERTAIN MORTGAGE LENDERS," a credit score must be disclosed to the applicants of a loan secured by 1 to 4 unit residential real property. This score is obtained by the lender through the current credit check and its fee passed on to the consumer. The additional step of presenting the score to the consumer creates no additional cost or burden to the lender or bureaus. Therefore, consumers should not be charged any additional fees to obtain their credit scores from lenders when applying for residential property mortgages.

In conclusion, we encourage the FTC to adopt a market based approach to setting a range of fees, conduct an annual assessment of the market, require credit bureaus to enable internet purchases of stand alone credit scores, and prevent additional fees for credit scores in conjunction with residential property mortgages.

Thank you for your consideration of our views. If we may provide you with any additional information, please do not hesitate to contact Janet M. Gagnon-Stovall, Director of Public Policy, by phone 213-739-8272, fax 213-739-7272, or email [janetg@car.org](mailto:janetg@car.org).

Sincerely,



Jim Hamilton  
President  
California Association of REALTORS®



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