

**Fair and Accurate Credit Transactions Act
Procedures for Enhancing the Accuracy and Integrity of Information Furnished to
Consumer Reporting Agencies**

The FDIC, the other federal financial institution regulatory agencies and the Federal Trade Commission have jointly published the attached Advance Notice of Proposed Rulemaking (ANPR) inviting comment to gather information that is useful for developing guidelines and regulations to implement section 312 of the Fair and Accurate Credit Transactions Act (FACT Act). Comments are due by May 22, 2006.

The Fair Credit Reporting Act (FCRA) contains a number of provisions designed to enhance the accuracy and integrity of data in consumer reports. In 2003, the FCRA was amended by the FACT Act to, among other things, enhance the ability of consumers to combat identity theft and increase the accuracy of consumer reports. Section 312 of the FACT Act requires the federal financial institution regulatory agencies and the Federal Trade Commission to issue guidelines and regulations concerning the accuracy and integrity of information furnished to credit bureaus.

Specifically, section 312 of the FACT Act requires the agencies to:

- Establish and maintain guidelines for use by entities that furnish information to credit bureaus regarding the accuracy and integrity of consumer information;
- Prescribe regulations that require furnishers to establish reasonable policies and procedures for implementing the guidelines; and
- Prescribe regulations that identify the circumstances under which furnishers will be required to reinvestigate a dispute concerning the accuracy of information contained in a consumer report based on a consumer's direct request.

Section 312 identifies the following criteria that the agencies must consider when developing the accuracy and integrity guidelines. The agencies are directed to:

- Identify patterns, practices and specific forms of activity that can compromise the accuracy and integrity of information;
- Review the methods used to furnish consumer information;
- Determine whether furnishers maintain and enforce policies to assure the accuracy and integrity of information; and
- Examine the policies and processes employed by furnishers to conduct reinvestigations and correct inaccurate consumer information.

Section 312 also identifies issues that the agencies should consider in developing joint rules that identify circumstances when furnishers must reinvestigate accuracy disputes raised directly by consumers, including:

- The regulations' costs and benefits;
- The regulations' impact on the overall accuracy and integrity of consumer reports;
- Whether direct contact by a consumer with a furnisher is likely to result in the most expeditious dispute resolution; and
- The potential impact on the credit reporting process if credit repair organizations are able to circumvent the FCRA provisions pertaining to direct dispute rules.

The attached ANPR contains a series of questions to gather information useful for developing the guidelines and regulations. Questions A1 through A10 address the accuracy and integrity guidelines and regulations, and Questions B1 through B8 address the direct dispute regulations. The agencies recognize that small institutions may present different issues than larger institutions. The agencies specifically invite comment from small institutions on the impact of a future proposal on current resources, and whether the goals of any proposal could be achieved through an alternative approach.

The FDIC encourages you to submit comments, together with supporting documentation, where applicable. Questions may be directed to David Lafleur, Policy Analyst, on (202) 898-6569 or John Jackwood, Acting Chief, Compliance Section, on (202) 898-3991 in the Division of Supervision and Consumer Protection; or Richard Schwartz, Counsel, on (202) 898-7424 or Richard Foley, Counsel, on (202) 898-3784 in the Legal Division.

Sandra L. Thompson
Acting Director
Division of Supervision and Consumer Protection