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S T A T E   O F   R H O D E   I S L A N D

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2003

A N A C T

RELATING TO COMMERCIAL LAW -- GENERAL REGULATORY PROVISIONS -- DECEPTIVE TRADE PRACTICES

Introduced By: Representatives Coogan, Ajello, Rose, Slater, and Lally

Date Introduced: January 29, 2003

Referred To: House Corporations

It is enacted by the General Assembly as follows:

SECTION 1. Sections 6-13.1-20 and 6-13.1-22 of the General Laws in Chapter 6-13.1 entitled "Deceptive Trade Practices" are hereby amended to read as follows:

6-13.1-20. ~~Credit reports -- Definitions~~. – Credit reports and credit scores – Definitions. -- As used in this chapter:

(1) "Credit bureau" means any person which for monetary fees, dues, or on a cooperative nonprofit basis regularly engages in whole or in part in the practice of assembling or evaluating consumer credit information or other information on consumers for the purpose of furnishing consumer credit reports to third parties~~;~~ , but does not include any governmental agency whose records are maintained primarily for traffic safety, law enforcement, or licensing purposes;

(2) (i) "Credit report" means any written, oral, or other communication of any information by a credit bureau bearing on a consumer's credit worthiness, credit standing or credit capacity, which is used or expected to be used or collected in whole or in part for the purpose of serving as a factor in establishing the consumer's eligibility for:

(A) Credit or insurance to be used primarily for personal, family, or household purposes;

(B) Employment purposes; or

(C) Other purposes authorized under the federal Fair Credit Reporting Act, 15 U.S.C. section 1681 et seq.

(ii) "Credit report" does not include:

(A) Any report containing information solely as to transactions or experiences between the consumer and the person making the report;

(B) Any authorization or approval of a specific extension of credit directly or indirectly by the issuer of a credit card or similar device;

(C) Any report in which a person who has been requested by a third party to make a specific extension of credit directly or indirectly to a consumer conveys his or her decision with respect to that request, if the third party advises the consumer of the name and address of the person to whom the request was made and the person makes the disclosures to the consumer required under the federal Fair Credit Reporting Act, 15 U.S.C. section 1681 et seq.; or

(D) Any report containing information solely on a consumer's character, general reputation, personal characteristics, or mode of living which is obtained through personal interviews with neighbors, friends, or associates of the consumer reported on, or with others with whom he or she is acquainted or who may have knowledge concerning those items of information only if the report is not used in granting, extending, or decreasing credit.

(3) “Credit score” means a numerical value or categorization derived from a statistical tool or modeling system used by a person who makes or arranges a loan to predict the likelihood of certain credit behaviors, including default. The numerical value or characterization derived from this analysis may also be referred to as a “risk predictor” or “risk score.” “Credit score” does not include any mortgage score or rating of an automated underwriting system that considers one or more factors in addition to credit information, including, but not limited to, the loan to value ratio, the amount of the down payment, or a consumer’s financial assets. “Credit score” does not include other elements of the underwriting process or underwriting decision.

(4) “Key factors” means all relevant elements or reasons adversely affecting the credit score for the particular individual listed in the order of their importance based upon their effect on the credit score.

6-13.1-22. ~~Access to credit reports.~~ – Access to credit reports and credit scores. – (a) Any consumer who requests disclosure of his or her credit file from a credit bureau shall be entitled to have mailed to the consumer, a copy of the information in the files of the credit bureau that pertains to the consumer at the time of the consumer's request for disclosure within four (4) working days of the request. The credit bureau may impose a reasonable charge for the report, but that charge shall not exceed eight dollars ($8.00) per report. The maximum charge for the report may be raised annually not to exceed the increase in the Consumer Price Index (CPI). The copy shall be furnished without charge if the request for a copy of the report is the result of a consumer being notified that adverse action has been taken on a credit application based on the credit report, provided the request for the report is made within sixty (60) days of receipt of the notice. Each credit bureau shall furnish without charge to any consumer who has provided verification of his or her identity and who requests a copy of his or her consumer credit report, two (2) complete consumer credit reports per calendar year.

(b) Upon a consumer's request for a credit score, a credit bureau shall supply to a consumer a notice which shall include the information described in subsections (1) through (5), inclusive, and a statement indicating that the information and credit scoring model may be different than the credit score that may be used by a lender.

(1) The consumer's current credit score or the consumer's most recent credit score that was previously calculated by the credit bureau for a purpose related to the extension of credit;

(2) The range of possible credit scores under the model used;

(3) All the key factors that adversely affected the consumer's credit score in the model used;

(4) The date the credit score was created; and

(5) The name of the person or entity that provided the credit score or credit file upon which the credit score was created.

(c) The information required in subsection (b) shall be provided in the same time frame and in the same manner as the information described in subsection (a). A credit bureau may charge a reasonable fee for providing the information required under subsection (b).

(d) This section shall not be construed to compel a credit bureau to develop or disclose a score if the credit bureau does not distribute scores that are used in connection with residential real property loans, or, develop scores that assist credit providers in understanding a consumer's general credit behavior and predicting his or her future credit behavior.

(e) This section shall not be construed to require a credit bureau that distributes credit scores developed by another person or entity to provide a further explanation of them, or to process a dispute arising pursuant to section 6-13.1-23, except that the credit bureau shall provide the consumer with the name, address, telephone and website for contacting the person or entity who developed the score or developed the methodology of the score. This subsection does not apply to a credit bureau that develops or modifies scores that are developed by another person or entity. This subsection shall not be construed to require a credit bureau to maintain credit scores in its files.

SECTION 2. This act shall take effect upon passage.

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EXPLANATION

BY THE LEGISLATIVE COUNCIL

OF

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RELATING TO COMMERCIAL LAW -- GENERAL REGULATORY PROVISIONS -- DECEPTIVE TRADE PRACTICES

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This act would require a credit bureau to furnish a consumer with their credit report once a year, upon request, without charge, and to furnish to a consumer a credit score for a reasonable fee.

This act would take effect upon passage.

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