

# Lenders Compliance Group

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Wednesday, March 2, 2011

## Risk-Based Pricing and Adverse Action Disclosures

On March 1, 2011, the Federal Reserve Board (FRB) and the Federal Trade Commission (FTC) proposed regulations regarding the credit score disclosure requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

The statute requires creditors to disclose credit scores and related information to consumers in risk-based pricing and adverse action notices under the Fair Credit Reporting Act (FCRA), if a credit score was used in setting the credit terms or taking adverse action.

We recently notified you about the required implementation of risk-based pricing rules, effective January 1, 2011. Our [Newsletter archive](#) contains additional, related information.

Public comments on the proposed rules under Regulations V and B are due 30 days after publication in the Federal Register, which is expected shortly.



### Regulation V

The FRB and FTC have proposed amending Regulation V (Fair Credit Reporting) to revise the content requirements for risk-based pricing notices and to add related model forms to reflect the new credit score disclosure requirements.

Specifically, the FRB and the FTC propose to amend their respective risk-based pricing rules to require disclosure of credit scores and information relating to credit scores in risk-based pricing notices if a credit score of the consumer is used in setting the material terms of credit. (These proposed amendments reflect the new requirements in section 615(h) of the FCRA that were added by section 1100F of the Dodd-Frank Wall Street Reform and Consumer Protection Act.)



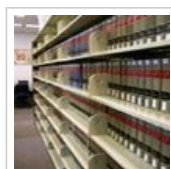
### Regulation B

The FRB proposed amending certain model notices in Regulation B (Equal Credit Opportunity), which combine the adverse action notice requirements for both Regulation B and the FCRA. The proposed amendments would revise the model notices to incorporate the new credit score disclosure requirements.

Specifically, certain model notices in Regulation B include the content required by both the ECOA and the FCRA adverse action provisions, so that creditors can use the model notices to comply with the adverse action requirements of both statutes. The FRB proposes to amend these model notices in Regulation B to include the disclosure of credit scores and information relating to credit scores if a credit score is used in taking adverse action. (These proposed amendments reflect the new content requirements in section 615(a) of the FCRA that were added by section 1100F of the Dodd-Frank Wall Street Reform and Consumer Protection Act.)



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Notice of Proposed Rulemaking, March 1, 2011

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