

**The Washington Report by Montserrat Miller
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Credit scores, and when disclosure of such is required, is the topic of this month's column.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-209) ("Dodd-Frank Act"), which passed last year is bringing about many changes, including greater disclosure of "credit scores". Recently, I co-authored an Arnall Golden Gregory LLP Client Alert on this topic with my colleague Kevin Coy. You will find the [Client Alert](#) on my firm's webpage under Publications. A brief overview of the Client Alert follows.

The Dodd-Frank Act amends the Fair Credit Reporting Act ("FCRA"), 15 U.S.C. § 1681 et. seq., to require any person (not only creditors) that uses a credit score to take an adverse action against a consumer to make additional disclosures to consumers as part of the adverse action notice already required by FCRA Section 615(a).

This new requirement is scheduled to become effective on July 21, 2011, which has been established as the "designated transfer date" for the transfer of functions under various consumer protection laws, including the FCRA, to the new Consumer Financial Protection Bureau ("CFPB"). While the new requirement does not take effect until July, users of credit scores need to consider whether they have any obligations in advance so that any necessary changes can be made to adverse action notices and related processes by the effective date in July.

Section 1100F of the Dodd-Frank Act expands current adverse action notice requirements to "any person" that takes an adverse action, based in whole or in part on a numerical credit score, to also provide written or electronic disclosure of the credit score to consumers. Arguably, the new adverse action notice requirements apply to any user of a credit score that takes an adverse action under FCRA, not just creditors. For example, if a landlord takes an adverse action based on a traditional "credit score" in connection with a consumer's application for a typical apartment lease, the new credit-score adverse action notice disclosure requirements may apply, even if the lease is not a credit transaction. Conversely, if the landlord used a customized score that was not used by lenders to predict credit behavior, the score disclosure requirements would not apply.

An illustrative example of a credit score disclosure notice can be found in the Federal Register notice of March 15, 2011 regarding risk-based pricing provisions. Reference the model [disclosure](#) entitled "Your Credit Score and Understanding Your Credit Score".

Please read the [Client Alert](#) for more information regarding the new Dodd-Frank Act requirement regarding disclosure of credit scores in the context of an adverse action.

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