

H-6. Model form for risk-based pricing notice with credit score information

**[Name of Entity Providing the Notice]
Your Credit Report[s] and the Price You Pay for Credit**

What is a credit report?	A credit report is a record of your credit history. It includes information about whether you pay your bills on time and how much you owe to creditors.
How did we use your credit report[s]?	<p>We used information from your credit report[s] to set the terms of the credit we are offering you, such as the [Annual Percentage Rate/down payment].</p> <p>The terms offered to you may be less favorable than the terms offered to consumers who have better credit histories.</p>
What if there are mistakes in your credit report[s]?	<p>You have a right to dispute any inaccurate information in your credit report[s].</p> <p>If you find mistakes on your credit report[s], contact [insert name of CRA(s)], which [is/are] the [consumer reporting agency/consumer reporting agencies] from which we obtained your credit report[s].</p> <p>It is a good idea to check your credit report[s] to make sure the information [it contains/they contain] is accurate.</p>
How can you obtain a copy of your credit report[s]?	<p>Under federal law, you have the right to obtain a copy of your credit report[s] without charge for 60 days after you receive this notice. To obtain your free report[s], contact [insert name of CRA(s)]:</p> <p style="margin-left: 40px;"><i>By telephone:</i> Call toll-free: 1-877-xxx-xxxx</p> <p style="margin-left: 40px;"><i>By mail:</i> Mail your written request to: [Insert address]</p> <p style="margin-left: 40px;"><i>On the web:</i> Visit [insert web site address]</p>
How can you get more information about credit reports?	For more information about credit reports and your rights under federal law, visit the Federal Reserve Board’s web site at www.federalreserve.gov , or the Federal Trade Commission’s web site at www.ftc.gov .

Your Credit Score and Understanding Your Credit Score

Your credit score	<p>[Insert credit score]</p> <p>Source: [Insert source] Date: [Insert date score was created]</p>
What you should know about credit scores	<p>Your credit score is a number that reflects the information in your credit report. We used your credit score to set the terms of credit we are offering you.</p> <p>Your credit score can change, depending on how your credit history changes.</p>
The range of scores	<p>Scores range from a low of [Insert bottom number in the range] to a high of [Insert top number in the range].</p>
Key factors that adversely affected your credit score	<p>[Insert first factor] [Insert second factor] [Insert third factor] [Insert fourth factor] [Insert number of enquiries as a key factor, if applicable]</p>
[How can you get more information about your credit score?]	<p>[If you have any questions regarding your credit score, you should contact [entity that provided the credit score] at: Address: _____ _____</p> <p>[Toll-free] Telephone number: _____]</p>

H-7. Model form for account review risk-based pricing notice with credit score information

**[Name of Entity Providing the Notice]
Your Credit Report[s] and the Pricing of Your Account**

<p>What is a credit report?</p>	<p>A credit report is a record of your credit history. It includes information about whether you pay your bills on time and how much you owe to creditors.</p>
<p>How did we use your credit report[s]?</p>	<p>We have used information from your credit report[s] to review the terms of your account with us.</p> <p>Based on our review of your credit report[s], we have increased the annual percentage rate on your account.</p>
<p>What if there are mistakes in your credit report[s]?</p>	<p>You have a right to dispute any inaccurate information in your credit report[s].</p> <p>If you find mistakes on your credit report[s], contact [insert name of CRA(s)], which [is/are] [a consumer reporting agency/consumer reporting agencies] from which we obtained your credit report[s].</p> <p>It is a good idea to check your credit report[s] to make sure the information [it contains/they contain] is accurate.</p>
<p>How can you obtain a copy of your credit report[s]?</p>	<p>Under federal law, you have the right to obtain a copy of your credit report[s] without charge for 60 days after you receive this notice. To obtain your free report[s], contact [insert name of CRA(s)]:</p> <p><i>By telephone:</i> Call toll-free: 1-877-xxx-xxxx</p> <p><i>By mail:</i> Mail your written request to: [Insert address]</p> <p><i>On the web:</i> Visit [insert web site address]</p>
<p>How can you get more information about credit reports?</p>	<p>For more information about credit reports and your rights under federal law, visit the Federal Reserve Board’s web site at www.federalreserve.gov, or the Federal Trade Commission’s web site at www.ftc.gov.</p>

Your Credit Score and Understanding Your Credit Score

Your credit score	<p>[Insert credit score]</p> <p>Source: [Insert source] Date: [Insert date score was created]</p>
What you should know about credit scores	<p>Your credit score is a number that reflects the information in your credit report. We used your credit score to set the terms of credit we are offering you.</p> <p>Your credit score can change, depending on how your credit history changes.</p>
The range of scores	<p>Scores range from a low of [Insert bottom number in the range] to a high of [Insert top number in the range].</p>
Key factors that adversely affected your credit score	<p>[Insert first factor] [Insert second factor] [Insert third factor] [Insert fourth factor] [Insert number of enquiries as a key factor, if applicable]</p>
[How can you get more information about your credit score?]	<p>[If you have any questions regarding your credit score, you should contact [entity that provided the credit score] at: Address: _____ _____ [Toll-free] Telephone number: _____]</p>

BILLING CODE 6210-01-C
 BILLING CODE 6750-01-C

**Federal Trade Commission
 16 CFR Chapter I**

Authority and Issuance

For the reasons discussed in the joint preamble, the Federal Trade Commission is amending chapter I, title 16, Code of Federal Regulations, as follows:

PART 640—DUTIES OF CREDITORS REGARDING RISK-BASED PRICING

■ 5. The authority citation for part 640 continues to read as follows:

Authority: Pub. L. 108-159, sec. 311; 15 U.S.C. 1681m(h).

■ 6. Section 640.4 is amended as follows:

- A. Paragraphs (a)(1)(vii) and (viii) are revised.
- B. Paragraph (a)(1)(ix) is added.
- C. Paragraphs (a)(2)(vii) and (viii) are revised.
- D. Paragraph (a)(2)(ix) is added.
- E. Paragraph (b)(2) is revised.

■ F. Paragraph (d) is added.

§ 640.4 Content, form, and timing of risk-based pricing notices.

- (a) * * *
- (1) * * *
- (vii) A statement informing the consumer how to obtain a consumer report from the consumer reporting agency or agencies identified in the notice and providing contact information (including a toll-free telephone number, where applicable) specified by the consumer reporting agency or agencies;
- (viii) A statement directing consumers to the Web sites of the Federal Reserve Board and Federal Trade Commission to obtain more information about consumer reports; and
- (ix) If a credit score of the consumer to whom a person grants, extends, or otherwise provides credit is used in setting the material terms of credit:
 - (A) A statement that a credit score is a number that takes into account information in a consumer report, that the consumer's credit score was used to set the terms of credit offered, and that

a credit score can change over time to reflect changes in the consumer's credit history;

- (B) The credit score used by the person in making the credit decision;
- (C) The range of possible credit scores under the model used to generate the credit score;
- (D) All of the key factors that adversely affected the credit score, which shall not exceed four key factors, except that if one of the key factors is the number of enquiries made with respect to the consumer report, the number of key factors shall not exceed five;
- (E) The date on which the credit score was created; and
- (F) The name of the consumer reporting agency or other person that provided the credit score.
- (2) * * *
- (vii) A statement informing the consumer how to obtain a consumer report from the consumer reporting agency or agencies identified in the notice and providing contact information (including a toll-free telephone number, where applicable)

specified by the consumer reporting agency or agencies;

(viii) A statement directing consumers to the Web sites of the Federal Reserve Board and Federal Trade Commission to obtain more information about consumer reports; and

(ix) If a credit score of the consumer whose extension of credit is under review is used in increasing the annual percentage rate:

(A) A statement that a credit score is a number that takes into account information in a consumer report, that the consumer's credit score was used to set the terms of credit offered, and that a credit score can change over time to reflect changes in the consumer's credit history;

(B) The credit score used by the person in making the credit decision;

(C) The range of possible credit scores under the model used to generate the credit score;

(D) All of the key factors that adversely affected the credit score, which shall not exceed four key factors, except that if one of the key factors is the number of enquiries made with respect to the consumer report, the number of key factors shall not exceed five;

(E) The date on which the credit score was created; and

(F) The name of the consumer reporting agency or other person that provided the credit score.

(b) * * *

(2) *Model forms.* Model forms of the risk-based pricing notice required by Sec. 640.3(a) and (c) are contained in Appendices B-1 and B-6 of this part. Appropriate use of Model form B-1 or B-6 is deemed to comply with the requirements of § 640.3(a) and (c). Model forms of the risk-based pricing notice required by § 640.3(d) are contained in Appendices B-2 and B-7 of this part. Appropriate use of Model form B-2 or B-7 is deemed to comply with the requirements of § 640.3(d). Use of the model forms is optional.

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(d) *Multiple credit scores*—(1) *In general.* When a person obtains or creates two or more credit scores and uses one of those credit scores in setting the material terms of credit, for example, by using the low, middle, high, or most recent score, the notices described in paragraphs (a)(1) and (2) of this section must include that credit score and information relating to that credit score required by paragraphs (a)(1)(ix) and (a)(2)(ix). When a person obtains or creates two or more credit scores and uses multiple credit scores in setting the material terms of credit by,

for example, computing the average of all the credit scores obtained or created, the notices described in paragraphs (a)(1) and (2) of this section must include one of those credit scores and information relating to credit scores required by paragraphs (a)(1)(ix) and (a)(2)(ix). The notice may, at the person's option, include more than one credit score, along with the additional information specified in paragraphs (a)(1)(ix) and (a)(2)(ix) of this section for each credit score disclosed.

(2) *Examples.* (i) A person that uses consumer reports to set the material terms of credit cards granted, extended, or provided to consumers regularly requests credit scores from several consumer reporting agencies and uses the low score when determining the material terms it will offer to the consumer. That person must disclose the low score in the notices described in paragraphs (a)(1) and (2) of this section.

(ii) A person that uses consumer reports to set the material terms of automobile loans granted, extended, or provided to consumers regularly requests credit scores from several consumer reporting agencies, each of which it uses in an underwriting program in order to determine the material terms it will offer to the consumer. That person may choose one of these scores to include in the notices described in paragraph (a)(1) and (2) of this section.

■ 7. Section 640.6 is amended by revising paragraphs (c)(1) and (c)(3)(i) to read as follows:

§ 640.6 Rules of construction.

* * * * *

(c) *Multiple consumers*—(1) *Risk-based pricing notices.* In a transaction involving two or more consumers who are granted, extended, or otherwise provided credit, a person must provide a notice to each consumer to satisfy the requirements of § 640.3(a) or (c). Whether the consumers have the same address or not, the person must provide a separate notice to each consumer if a notice includes a credit score(s). Each separate notice that includes a credit score(s) must contain only the credit score(s) of the consumer to whom the notice is provided, and not the credit score(s) of the other consumer. If the consumers have the same address, and the notice does not include a credit score(s), a person may satisfy the requirements by providing a single notice addressed to both consumers.

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(3) *Examples.* (i) Two consumers jointly apply for credit with a creditor. The creditor obtains credit scores on

both consumers. Based in part on the credit scores, the creditor grants credit to the consumers on material terms that are materially less favorable than the most favorable terms available to other consumers from the creditor. The creditor provides risk-based pricing notices to satisfy its obligations under this subpart. The creditor must provide a separate risk-based pricing notice to each consumer whether the consumers have the same address or not. Each risk-based pricing notice must contain only the credit score(s) of the consumer to whom the notice is provided.

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PART 698—MODEL FORMS AND DISCLOSURES

■ 8. The authority citation for part 698 continues to read as follows:

Authority: 15 U.S.C. 1681e, 1681g, 1681j, 1681m, 1681s, and 1681s-3; Pub. L. 108-159, sections 211(d), 214(b), and 311; 117 Stat. 1952.

■ 9. Appendix B to Part 698 is amended by revising paragraphs 1., 2., and 4, and adding Model Forms B-6 and B-7 to read as follows:

Appendix B to Part 698—Model Forms for Risk-Based Pricing and Credit Score Disclosure Exception Notices

1. This appendix contains four model forms for risk-based pricing notices and three model forms for use in connection with the credit score disclosure exceptions. Each of the model forms is designated for use in a particular set of circumstances as indicated by the title of that model form.

2. Model form B-1 is for use in complying with the general risk-based pricing notice requirements in § 640.3 if a credit score is not used in setting the material terms of credit. Model form B-2 is for risk-based pricing notices given in connection with account review if a credit score is not used in increasing the annual percentage rate. Model form B-3 is for use in connection with the credit score disclosure exception for loans secured by residential real property. Model form B-4 is for use in connection with the credit score disclosure exception for loans that are not secured by residential real property. Model form B-5 is for use in connection with the credit score disclosure exception when no credit score is available for a consumer. Model form B-6 is for use in complying with the general risk-based pricing notice requirements in § 640.3 if a credit score is used in setting the material terms of credit. Model form B-7 is for risk-based pricing notices given in connection with account review if a credit score is used in increasing the annual percentage rate. All forms contained in this appendix are models; their use is optional.

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4. Optional language in model forms B-6 and B-7 may be used to direct the consumer

to the entity (which may be a consumer reporting agency or the creditor itself, for a proprietary score that meets the definition of a credit score) that provided the credit score for any questions about the credit score, along with the entity's contact information.

Creditors may use or not use the additional language without losing the safe harbor, since the language is optional.

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 B-6 Model form for risk-based pricing notice with credit score information

B-7 Model form for account review risk-based pricing notice with credit score information

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 BILLING CODE 6210-01-P;6750-01-P

B-6. Model form for risk-based pricing notice with credit score information

**[Name of Entity Providing the Notice]
 Your Credit Report[s] and the Price You Pay for Credit**

What is a credit report?	A credit report is a record of your credit history. It includes information about whether you pay your bills on time and how much you owe to creditors.
How did we use your credit report[s]?	We used information from your credit report[s] to set the terms of the credit we are offering you, such as the [Annual Percentage Rate/down payment]. The terms offered to you may be less favorable than the terms offered to consumers who have better credit histories.
What if there are mistakes in your credit report[s]?	You have a right to dispute any inaccurate information in your credit report[s]. If you find mistakes on your credit report[s], contact [insert name of CRA(s)] , which [is/are] the [consumer reporting agency/consumer reporting agencies] from which we obtained your credit report[s]. It is a good idea to check your credit report[s] to make sure the information [it contains/they contain] is accurate.
How can you obtain a copy of your credit report[s]?	Under federal law, you have the right to obtain a copy of your credit report[s] without charge for 60 days after you receive this notice. To obtain your free report[s], contact [insert name of CRA(s)] : <i>By telephone:</i> Call toll-free: 1-877-xxx-xxxx <i>By mail:</i> Mail your written request to: [Insert address] <i>On the web:</i> Visit [insert web site address]
How can you get more information about credit reports?	For more information about credit reports and your rights under federal law, visit the Federal Reserve Board's web site at www.federalreserve.gov , or the Federal Trade Commission's web site at www.ftc.gov .

Your Credit Score and Understanding Your Credit Score

<p>Your credit score</p>	<p>[Insert credit score]</p> <p>Source: [Insert source] Date: [Insert date score was created]</p>
<p>What you should know about credit scores</p>	<p>Your credit score is a number that reflects the information in your credit report. We used your credit score to set the terms of credit we are offering you.</p> <p>Your credit score can change, depending on how your credit history changes.</p>
<p>The range of scores</p>	<p>Scores range from a low of [Insert bottom number in the range] to a high of [Insert top number in the range].</p>
<p>Key factors that adversely affected your credit score</p>	<p>[Insert first factor] [Insert second factor] [Insert third factor] [Insert fourth factor] [Insert number of enquiries as a key factor, if applicable]</p>
<p>[How can you get more information about your credit score?]</p>	<p>[If you have any questions regarding your credit score, you should contact [entity that provided the credit score] at: Address: _____ _____</p> <p>[Toll-free] Telephone number: _____]</p>

Your Credit Score and Understanding Your Credit Score

Your credit score	<p>[Insert credit score]</p> <p>Source: [Insert source] Date: [Insert date score was created]</p>
What you should know about credit scores	<p>Your credit score is a number that reflects the information in your credit report. We used your credit score to set the terms of credit we are offering you.</p> <p>Your credit score can change, depending on how your credit history changes.</p>
The range of scores	<p>Scores range from a low of [Insert bottom number in the range] to a high of [Insert top number in the range].</p>
Key factors that adversely affected your credit score	<p>[Insert first factor] [Insert second factor] [Insert third factor] [Insert fourth factor] [Insert number of enquiries as a key factor, if applicable]</p>
[How can you get more information about your credit score?]	<p>[If you have any questions regarding your credit score, you should contact [entity that provided the credit score] at: Address: _____ _____</p> <p>[Toll-free] Telephone number: _____]</p>