

109TH CONGRESS
2D SESSION

H. R. 6129

To amend the Credit Repair Organizations Act to clarify the applicability of certain provisions to credit monitoring services, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 20, 2006

Mr. ROYCE (for himself, Mr. KANJORSKI, Mr. PRICE of Georgia, Ms. BEAN, Mr. BACHUS, Mr. SCOTT of Georgia, Mr. SESSIONS, and Ms. GINNY BROWN-WAITE of Florida) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend the Credit Repair Organizations Act to clarify the applicability of certain provisions to credit monitoring services, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Credit Monitoring
5 Clarification Act”.

6 **SEC. 2. CLARIFICATION RELATING TO CREDIT MONI-**
7 **TORING SERVICES.**

8 (a) IN GENERAL.—Section 403 of the Credit Repair
9 Organizations Act (15 U.S.C. 1679a) is amended—

1 (1) by striking “For purposes of this title” and
2 inserting “(a) IN GENERAL.—For purposes of this
3 title”; and

4 (2) by adding at the end the following new sub-
5 section:

6 “(b) CLARIFICATION WITH RESPECT TO CERTAIN
7 CREDIT MONITORING SERVICES UNDER CERTAIN CIR-
8 CUMSTANCES.—

9 “(1) IN GENERAL.—Subject to paragraph (2),
10 the following shall not be considered activities de-
11 scribed in clause (i) of subsection (a)(3)(A):

12 “(A) The provision of, or provision of ac-
13 cess to, credit reports, credit monitoring notifi-
14 cations, credit scores and scoring algorithms,
15 and other credit score-related tools to a con-
16 sumer (including generation of projections and
17 forecasts of such consumer’s potential credit
18 scores under various prospective trends or hypo-
19 thetical or alternative scenarios).

20 “(B) Any analysis, evaluation, and expla-
21 nation of such actual or hypothetical credit
22 scores, or any similar projections, forecasts,
23 analyses, evaluations or explanations.

24 “(C) In conjunction with offering any of
25 the services described in subparagraph (A) or

1 (B), the provision of materials or services to as-
2 sist a consumer who is a victim of identity
3 theft.

4 “(2) CONDITIONS FOR APPLICATION OF PARA-
5 GRAPH (1).—Paragraph (1) shall apply with respect
6 to any person engaging in any activity described in
7 such paragraph only if—

8 “(A) the person does not represent, ex-
9 pressly or by implication, that such person—

10 “(i) will or can modify or remove, or
11 assist the consumer in modifying or remov-
12 ing, adverse information that is accurate
13 and not obsolete in the consumer’s credit
14 report; or

15 “(ii) will or can alter, or assist the
16 consumer in altering, the consumer’s iden-
17 tification to prevent the display of the con-
18 sumer’s credit record, history, or rating for
19 the purpose of concealing adverse informa-
20 tion that is accurate and not obsolete;

21 “(B) in any case in which the person rep-
22 represents, expressly or by implication, that it will
23 or can modify or remove, or assist the consumer
24 in modifying or removing, any information in
25 the consumer’s credit report, except for a rep-

1 resentation with respect to any requirement im-
2 posed on the person under section 611 or
3 623(b) of the Fair Credit Reporting Act, the
4 person discloses, clearly and conspicuously, be-
5 fore the consumer pays or agrees to pay any
6 money or other valuable consideration to such
7 person, whichever occurs first, the following
8 statement:

9 “‘NOTICE: Neither you nor anyone
10 else has the right to have accurate and
11 current information removed from your
12 credit report. If information in your report
13 is inaccurate, you have the right to dispute
14 it by contacting the credit bureau di-
15 rectly.’;

16 “(C) the person discloses, clearly and con-
17 spicuously, to the consumer the following state-
18 ment—

19 “(i) in writing; and

20 “(ii) except as provided in subpara-
21 graph (D), before the consumer pays or
22 agrees to pay any money or other valuable
23 consideration to such person, whichever oc-
24 curs first:

1 “Your Rights Concerning Your Consumer
2 Credit File

3 ““You have a right to obtain a free copy
4 of your credit report once every 12 months
5 from each of the nationwide consumer reporting
6 agencies. To request your free annual credit re-
7 port, you may go to
8 www.annualcreditreport.com, or call 877-322-
9 8228, or complete the Annual Credit Report
10 Request Form and mail it to: Annual Credit
11 Report Request Service, P.O. Box 105281, At-
12 lanta, GA 30348-5281. You can obtain addi-
13 tional copies of your credit report from a credit
14 bureau, for which you may be charged a reason-
15 able fee. There is no fee, however, if you have
16 been turned down for credit, employment, in-
17 surance, or a rental dwelling because of infor-
18 mation in your credit report within the pre-
19 ceding 60 days. The credit bureau must provide
20 someone to help you interpret the information
21 in your credit file. You are entitled to receive a
22 free copy of your credit report if you are unem-
23 ployed and intend to apply for employment in
24 the next 60 days, if you are a recipient of pub-
25 lic welfare assistance, or if you have reason to

1 believe that there is inaccurate information in
2 your credit report due to fraud.

3 “‘You have the right to cancel your con-
4 tract with a credit monitoring service without
5 fee or penalty at any time, and if you have pre-
6 paid for more than one month of a credit moni-
7 toring service, you will receive a pro rata refund
8 if you cancel.

9 “‘The Federal Trade Commission regu-
10 lates credit bureaus and credit monitoring serv-
11 ices. For more information contact:

12 “‘Federal Trade Commission

13 “‘Washington, D.C. 20580

14 “‘1-877-FTC-HELP

15 “‘www.ftc.gov.’”;

16 “(D) in the case where a consumer pays or
17 agrees to pay for the service during a telephone
18 call, an in-person conversation or other oral
19 communication, the person discloses to the con-
20 sumer the following statements:

21 “(i) during the telephone call, in-per-
22 son conversation or other oral communica-
23 tion and before the consumer pays or
24 agrees to pay for the service, whichever oc-
25 curs first—

1 “(I) you have a right to obtain a
2 free copy of your credit report once
3 every 12 months from each of the na-
4 tionwide consumer reporting agencies;

5 “(II) if the contract is for a cred-
6 it monitoring service, the following ad-
7 ditional statement: ‘You may cancel
8 the credit monitoring service without
9 fee or penalty at any time’; and

10 “(III) if the consumer is billed
11 for a credit monitoring service on
12 other than a monthly basis, the fol-
13 lowing additional statement: ‘You will
14 receive a pro rata refund if you can-
15 cel’; and

16 “(ii) within 30 days of the telephone
17 call, in-person conversation or other oral
18 communication, the written statement pro-
19 vided for in subparagraph (C); and

20 “(E) in any case in which the person offers
21 a subscription to a credit monitoring program
22 to a consumer—

23 “(i) the consumer may cancel the
24 credit monitoring service at any time upon

1 written notice to the person without pen-
2 alty or fee for such cancellation; and

3 “(ii) in any case in which the con-
4 sumer is billed for the credit monitoring
5 service on other than a monthly basis, the
6 person shall make a pro rata refund to the
7 consumer of any fee prepaid by the con-
8 sumer. The pro rata refund shall be cal-
9 culated from the date that the person re-
10 ceives the consumer’s notice of cancellation
11 until the end of the period. The person
12 shall issue the refund required under this
13 subparagraph to the consumer within 60
14 days of receipt of the consumer’s notice of
15 cancellation.”.

16 (b) CLARIFICATION OF NONEXEMPT STATUS.—Sec-
17 tion 403(a) of the Credit Repair Organizations Act (15
18 U.S.C. 1679a) (as so redesignated by subsection (a) of
19 this section) is amended, in paragraph (3)(B)(i), by insert-
20 ing “and is not for its own profit or for that of its mem-
21 bers” before the semicolon at the end.

22 (c) REVISION OF DISCLOSURE REQUIREMENT.—Sec-
23 tion 405(a) of the Credit Repair Organizations Act (15
24 U.S.C. 1679c) is amended by striking everything after the
25 heading of the disclosure statement contained in such sec-

1 tion and inserting the following new text of the disclosure
2 statement:

3 “You have a right to dispute inaccurate information
4 in your credit report by contacting the credit bureau di-
5 rectly. However, neither you nor any ‘credit repair’ com-
6 pany or credit repair organization has the right to have
7 accurate, current, and verifiable information removed
8 from your credit report. The credit bureau must remove
9 accurate, negative information from your report only if it
10 is over 7 years old. Bankruptcy information can be re-
11 ported for 10 years.

12 “You have a right to obtain a free copy of your credit
13 report once every 12 months from each of the nationwide
14 consumer reporting agencies. To request your free annual
15 credit report, you may go to www.annualcreditreport.com,
16 or call 877–322–8228, or complete the Annual Credit Re-
17 port Request Form and mail it to: Annual Credit Report
18 Request Service, P.O. Box 105281, Atlanta, GA 30348–
19 5281. You can obtain additional copies of your credit re-
20 port from a credit bureau, for which you may be charged
21 a reasonable fee. There is no fee, however, if you have
22 been turned down for credit, employment, insurance, or
23 a rental dwelling because of information in your credit re-
24 port within the preceding 60 days. The credit bureau must
25 provide someone to help you interpret the information in

1 your credit file. You are entitled to receive a free copy
2 of your credit report if you are unemployed and intend
3 to apply for employment in the next 60 days, if you are
4 a recipient of public welfare assistance, or if you have rea-
5 son to believe that there is inaccurate information in your
6 credit report due to fraud.

7 “You have a right to sue a credit repair organization
8 that violates the Credit Repair Organizations Act. This
9 law prohibits deceptive practices by credit repair organiza-
10 tions.

11 “You have the right to cancel your contract with any
12 credit repair organization for any reason within 3 business
13 days from the date you signed it.

14 “Credit bureaus are required to follow reasonable
15 procedures to ensure that the information they report is
16 accurate. However, mistakes may occur.

17 “You may, on your own, notify a credit bureau in
18 writing that you dispute the accuracy of information in
19 your credit file. The credit bureau must then reinvestigate
20 and modify or remove inaccurate or incomplete informa-
21 tion. The credit bureau may not charge any fee for this
22 service. Any pertinent information and copies of all docu-
23 ments you have concerning an error should be given to
24 the credit bureau.

1 “If the credit bureau’s reinvestigation does not re-
2 solve the dispute to your satisfaction, you may send a brief
3 statement to the credit bureau, to be kept in your file,
4 explaining why you think the record is inaccurate. The
5 credit bureau must include a summary of your statement
6 about disputed information with any report it issues about
7 you.

8 “The Federal Trade Commission regulates credit bu-
9 reaus and credit repair organizations. For more informa-
10 tion contact:

11 “Federal Trade Commission

12 “Washington, D.C. 20580

13 “1-877-FTC-HELP

14 “(877-382-4357)

15 “www.ftc.gov.”.

16 (d) EFFECTIVE DATE.—Section 403(b)(2)(E) of the
17 Credit Repair Organizations Act shall take effect upon the
18 enactment of this Act. The requirements for written dis-
19 closures under sections 403(b)(2)(B), 403(b)(2)(C) and
20 403(b)(2)(D), as applicable, shall take effect 90 days after
21 enactment of this Act.

22 (e) DISCLOSURE UPDATES.—The written disclosures
23 required under section 403(b)(2)(D) and section 405(a)
24 of the Credit Repair Organizations Act (15 U.S.C. 1679
25 et seq.) (as amended by this Act) shall, if any changes

- 1 are made to the centralized source contact information for
- 2 obtaining a free credit report, be updated by the parties
- 3 distributing the disclosures.

