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**National Association of Federally-Insured Credit Unions**

January 29, 2020

The Honorable Nancy Pelosi  
Speaker  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Kevin McCarthy  
Minority Leader  
U.S. House of Representatives  
Washington, D.C. 20515

**Re: H.R. 3621, the Comprehensive CREDIT Act of 2020**

Dear Speaker Pelosi and Leader McCarthy:

I write to you today on behalf of the National Association of Federally-Insured Credit Unions (NAFCU) in regard to today's scheduled floor consideration of H.R. 3621, the *Comprehensive Credit Reporting Enhancement, Disclosure, Innovation, and Transparency Act of 2020* (Comprehensive CREDIT Act of 2020). NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve nearly 120 million consumers with personal and small business financial service products. NAFCU appreciates the well-intended focus on improving the consumer credit system, however, we maintain some concerns about the impacts H.R. 3621, as comprised, will have on lenders and consumer credit.

The Comprehensive CREDIT Act is a package of six bills that passed out of the Financial Services Committee in 2019:

- H.R. 3621, the *Student Borrower Credit Improvement Act*,
- H.R. 3614, the *Restricting Credit Checks for Employment Decisions Act*,
- H.R. 3618, the *Free Credit Scores for Consumers Act*,
- H.R. 3622, the *Restoring Unfairly Impaired Credit and Protecting Consumers Act*,
- H.R. 3629, the *Clarity in Credit Score Formation Act*, and
- H.R. 3642, the *Improving Credit Reporting for All Consumers Act*.

Although NAFCU is supportive of aspects of the legislation, we have concerns that some sections could increase the cost of credit and place unreasonable burdens on community institutions such as credit unions.

Here are our overall thoughts on different sections of the legislation:

- **Title I – Improvements to the Dispute Process** (from Title I of H.R. 3642): NAFCU is concerned that several sections in Title I would put onerous new burdens on community institutions such as credit unions, and potentially open the door to frivolous disputes and other abuses of the system that could overwhelm smaller institutions.

- **Title II – Free Credit Scores for Consumers** (from H.R. 3618): NAFCU is supportive of these provisions, which would provide consumers with free access to credit scores and should help consumers understand the credit process and their credit standing.
- **Title III – Student Borrower Credit Improvement Act** (from the original H.R. 3621): NAFCU is concerned that removing accurate adverse information related to private education loans from consumer reports could diminish the accuracy of credit reports, hindering credit unions' ability to make safe and sound lending decisions and potentially raising the overall cost of credit.
- **Title IV – Credit Restoration for Victims of Predatory Activities and Unfair Consumer Reporting Practices** (from Title I of H.R. 3622): NAFCU is sympathetic to the efforts in Title IV, which would shorten the amount of time adverse information remains on a credit report, as credit unions take pride in working with their members to rebuild their credit and reestablish financial stability. However, NAFCU is concerned that limiting this information could end up hindering credit unions' ability to make fully informed lending decisions.
- **Title V – Clarity in Credit Score Formation** (from H.R. 3629): Credit unions are already at the forefront in using non-traditional data to help their members obtain credit. NAFCU is concerned that increasing the involvement of the Consumer Financial Protection Bureau (CFPB) in establishing regulations for credit scoring models could cast doubt on credit unions' ability to continue existing efforts. It will be important that new efforts in this area do not restrict successful programs.
- **Title VI – Restrictions on Credit Check for Employment Decisions** (from H.R. 3614): Many financial institutions use background checks, which could include pulling a credit report, in hiring decisions. While it may not be a requirement in law, it could be an expectation from their examiner. NAFCU is concerned that these provisions do not seem to address such a conflict that could arise in the financial services sector. The bipartisan amendment made in order from Representatives Steil and McAdams would improve the bill, but it does not address the examiner expectation concern. We ultimately believe an exception should be made for regulated financial institutions from this provision.
- **Title VII – Prohibition on Misleading and Unfair Consumer Reporting Practices** (from Title II of H.R. 3642): NAFCU is generally supportive of these provisions, which would require consumer reporting agencies to provide consumers with clear information regarding their products and services as well as reasonable prices. NAFCU is also supportive of the provision that would treat multiple inquiries for the same type of loan made within a 120-day window as a single inquiry, protecting consumers' credit when comparison shopping.

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- **Title VIII – Protections Against Identity Theft, Fraud, or a Related Crime** (from Title II of H.R. 3622): NAFCU is generally supportive of these provisions to facilitate the removal of fraudulent activity from consumer reports, protecting victims of identity theft and improving the accuracy of consumer reports.

As recent events, including the Equifax data breach, have demonstrated, there is a need for some reforms of our nation's consumer credit reporting system. However, such reforms should be practical and carefully considered after seeking input from all parties involved – including consumers, regulators and financial institutions. It is with this in mind that we would urge further examination of reform of the consumer credit reporting system before the House moves forward in passing major credit reform legislation such as the Comprehensive CREDIT Act of 2020.

We appreciate the focus on improving the consumer credit reporting system, but we still have concerns with H.R. 3621 as constructed for floor consideration. We look forward to working with you to address these concerns as this legislation continues through the legislative process. Should you have any questions or require any additional information, please do not hesitate to contact me or Sarah Jacobs, NAFCU's Associate Director of Legislative Affairs, at 703-842-2231.

Sincerely,



Brad Thaler  
Vice President of Legislative Affairs

cc: Members of the U.S. House of Representatives