

**Supporting Statement
Procedures to Enhance the Accuracy and
Integrity of Information Furnished to Consumer
Reporting Agencies under Section 312 of the
Fair and Accurate Credit Transactions Act of 2003
OMB Control No. 1557-0238**

A. Justification.

1. Circumstances that make the collection necessary:

Section 312 of the Fair and Accurate Credit Transactions Act of 2003¹ (FACT Act) requires the issuance of guidelines for use by furnishers regarding the accuracy and integrity of the information about consumers that they furnish to consumer reporting agencies and to prescribe regulations requiring furnishers to establish reasonable policies and procedures for implementing the guidelines. Section 312 also requires the issuance of regulations identifying the circumstances under which a furnisher must reinvestigate disputes about the accuracy of information contained in a consumer report based on a direct request from a consumer.

2. Use of the information:

Because consumer reports are used to determine whether, and in some cases on what terms, consumers may be eligible for credit, insurance, employment, rental housing, and other important products, services, or benefits, the accuracy of the information in those reports is important. A number of studies have examined the accuracy of consumer report information. These studies have identified a number of potential issues that may affect the accuracy of consumer report information, including stale account information, furnishing only negative information about an account, inaccurate or incomplete public record data, inaccurate or incomplete collection account data, and unreported credit limits. These potential credit file issues may lower a consumer's credit score, decrease credit availability, and increase the cost of credit for certain consumers, particularly those who are new to the credit system, have very little credit, or have relatively low credit scores.

Twelve CFR 1022.42(a) requires furnishers to establish and implement reasonable written policies and procedures regarding the accuracy and integrity of consumer information that they provide to a consumer reporting agency (CRA).

Twelve CFR 1022.43(a) permits consumers to initiate disputes directly with the furnishers in certain circumstances, instead of having to go through a CRA as permitted by the Fair Credit Reporting Act. Under the final rule, furnishers must follow a process substantially

¹ Pub. L. No. 108-159, 117 Stat. 1952 (Dec. 4, 2003) (revising 15 U.S.C. 1681s-2).

similar to the process for handling disputes submitted through a CRA.

Twelve CFR 1022.43(f)(2) incorporates the section 312 statutory requirement that a furnisher must notify a consumer by mail or other means (if authorized by the consumer) not later than five business days after making a determination that a dispute is frivolous or irrelevant. Twelve CFR 1022.43(f)(3) incorporates the section 312 content requirements for the notices.

3. *Consideration of the use of improved information technology:*

The collection of information does not require the use of automated, electronic, mechanical, or other technological collection techniques, however, institutions may adopt any technology relevant to producing or delivering the information.

4. *Efforts to identify duplication:*

There is no duplication. Neither the information nor similar information is available from any other source.

5. *Methods used to minimize burden if the collection has a significant impact on a substantial number of small entities:*

Not applicable.

6. *Consequences to the Federal program if the collection were conducted less frequently:*

If the collection is not conducted or conducted less frequently, the requirements of the statute would not be met.

7. *Special circumstances that would cause an information collection to be conducted in a manner inconsistent with 5 CFR 1320:*

Not applicable. This collection will be conducted consistent with the guidelines in 5 CFR part 1320.

8. *Efforts to consult with persons outside the agency:*

On May 11, 2015, the OCC published a 60-day *Federal Register* notice requesting public comment on the renewal of the information collection. 80 FR 26989. No comments were received.

9. Payment or gift to respondents:

None.

10. Any assurance of confidentiality:

The information will be kept confidential to the extent permitted by law.

11. Justification for questions of a sensitive nature:

There are no questions of a sensitive nature.

12. Burden estimate:

Reporting Burden

Estimated number of respondents: 1 (new charter).

Estimated reporting burden per respondent: 40 hours. (24 hours in the first year to implement written policies; 8 hours in the first year to amend procedures for handling complaints received directly from consumers; and 8 hours to implement the new dispute notice requirement.)

Total estimated annual reporting burden: 40 hours.

Disclosure Burden

Estimated number of respondents: 1,464.

Estimated number of frivolous or irrelevant disputes: 476,000.

Estimated number of additional non-frivolous or irrelevant disputes: 318,582.

Estimated burden per dispute notice: 14 minutes.

Total Estimated Disclosure Burden: 185,403 hours.

Total Burden

Total estimated annual burden: 185,443 hours.

Estimated Cost

185,443 hours x \$101 = \$18,297,743

To estimate average hourly wages we reviewed data from May 2014 for wages (by industry and occupation) from the U.S. Bureau of Labor Statistics (BLS) for depository credit intermediation (NAICS 522100). To estimate compensation costs associated with the rule, we use \$101 per hour, which is based on the average of the 90th percentile for seven occupations adjusted for inflation (2 percent), plus an additional 30 percent to cover private sector benefits. Thirty percent represents the average private sector costs of employee benefits.

13. Estimate of total annual costs to respondents (excluding cost of hour burden in Item #12):

None.

14. Estimate of annualized costs to the Federal government:

None.

15. Change in burden:

Former burden: 1,918 respondents; 185,643 burden hours.

Current burden: 1,464 respondents; 185,443 burden hours.

Difference: - 454 respondents; - 200 burden hours.

The decrease in burden is due to the availability of more accurate burden estimates.

16. Information regarding collections whose results are to be published for statistical use:

The OCC has no plans to publish the data for statistical purposes.

17. Reasons for not displaying OMB approval expiration date:

Not applicable.

18. Exceptions to the certification statement:

None.

B. Collections of Information Employing Statistical Methods

Not applicable.