
CONSUMER FINANCIAL PROTECTION BUREAU

INFORMATION COLLECTION REQUEST

SUPPORTING STATEMENT PART A

FAIR CREDIT REPORTING ACT (REGULATION V) 12 C.F.R. 1022

(OMB CONTROL NUMBER: 3170-0002)

TERMS OF CLEARANCE: The Office of Management and Budget (OMB) Notice of Action dated July 31, 2014 provides “Prior to the renewal of this collection, [the Consumer Financial Protection Bureau] CFPB will consult with OMB on the placement of OMB control numbers on the model forms included in this collection.” After a review CFPB has determined that there are no separate “model forms” or instructions associated with this collection. The disclosure requirements are provided within the text and appendices of the applicable regulations,

ABSTRACT: The consumer disclosures included in Regulation V are designed to alert consumers that a financial institution furnished negative information about them to a consumer reporting agency, that they have a right to opt out of receiving marketing materials and credit or insurance offers, that their credit report was used in setting the material terms of credit that may be less favorable than the terms offered to consumers with better credit histories, that they maintain certain rights with respect to a theft of their identity that they reported to a consumer reporting agency, that they maintain rights with respect to knowing what is in their consumer reporting agency file, that they can request a free credit report, and that they can report a theft of their identity to the CFPB. Consumers then can use the information provided to consider how and when to check and use their credit reports.

A. JUSTIFICATION

1. Circumstances Necessitating the Data Collection

The Dodd-Frank Wall Street Reform and Consumer Protection Act, P.L. 111-203, 124 Stat. 1376 (2010) (Dodd-Frank Act) transferred rulemaking authority for most provisions of the Fair Credit Reporting Act (FCRA), 15 U.S.C. 1681 *et seq.*, to the Bureau of Consumer Financial Protection (CFPB), effective July 21, 2011.¹

¹ See Sections 1061 and 1088 of the Dodd-Frank Act.

Section 1088 of the Dodd-Frank Act, read in combination of Section 1061, amends the FCRA to vest the CFPB with rulemaking authority over most provisions of the FCRA, excepting providing rulemaking authority over certain motor vehicle dealers engaged primarily in the sale and servicing of motor vehicles, the leasing and servicing of motor vehicles, or both. The Dodd-Frank Act also provided the CFPB with enforcement authority over certain institutions that have been under the jurisdiction of other agencies.

Section 1088 of the Dodd-Frank Act states that the CFPB “shall prescribe such regulations as are necessary to carry out the purposes of this title, except with respect to sections 615(e) and 628 [of the FCRA],” and therefore on December 21, 2011, the CFPB issued an interim final rule (76 FR 79308) establishing the CFPB’s Regulation V (12 C.F.R. § 1022). The new Regulation V assembles applicable regulations, commentary, and model notices² formerly promulgated by the transferor agencies, with minor revisions to reflect accurate references and contact information.

Accordingly, the CFPB requests approval from the Office of Management and Budget (OMB) to continue requiring the disclosures described within Regulation V from certain populations over which the CFPB now has enforcement authority. This request is an extension without change of a currently approved OMB control number.

2. Use of the Information

The consumer disclosures included in Regulation V are designed alert consumers that a financial institution furnished negative information about them to a consumer reporting agency, that they have a right to opt out of receiving marketing materials and credit or insurance offers, that their credit report was used in setting the material terms of credit that may be less favorable than the terms offered to consumers with better credit histories, that they maintain certain rights with respect to a theft of their identity that they reported to a consumer reporting agency, that they maintain rights with respect to knowing what is in their consumer reporting agency file, that they can request a free credit report, and that they can report a theft of their identity to the CFPB. Consumers then can use the information provided to consider how and when to check and use their credit reports.

3. Use of Information Technology

Consistent with the aims of the Government Paperwork Elimination Act, PL 105-277, Title XVII, 112 Stat. 2681-749, 44 U.S.C. § 3504 note, the forms allow creditors to use applicable technologies to reduce compliance costs. Financial institutions may use any existing technology relevant to producing the notice, obtaining the consumer opt out determination, and maintaining records of the notice and opt out determination.

4. Efforts to Identify Duplication

² The disclosures requirements are substantially the same as those previously provided by model forms promulgated by the FRS, the FDIC, the NCUA, the OCC, and the FTC.

There is no duplication. The information is not available from any other source. This regulation is also enforced by other agencies under the following control numbers:

Agency Name	OMB Control Number
Federal Reserve System (FRS)	7100-0308
Federal Trade Commission (FTC)	3084-0144
Commodities Futures Trading Commission (CFTC)	3038-0067
National Credit Union Administration*	3133-0165
Office of Comptroller of the Currency	1557-0230
Federal Deposit Insurance Corporation**	3064-0161

*this collection has been submitted to OMB and is pending approval

** This collection is only for the dispute resolution procedures of Regulation V

However, each of these agencies is responsible for different regulated entities and these collections do not overlap, so there is no duplication of the information collections.

5. Efforts to Minimize Burdens on Small Entities

Regulation V includes model notices that businesses may use to comply with regulatory requirements, and which are very similar or identical to previous model notices circulated by the FRS, the FDIC, the NCUA, and the OCC, the, and the FTC. By minimizing the proposed alterations to model forms, the CFPB has sought to help businesses of all sizes reduce the burden or inconvenience of complying with the amendments to the regulations.

6. Consequences of Less Frequent Collection and Obstacles to Burden Reduction

The frequency of the disclosure requirements contained in Regulation V are transactional based (on occasion). Less frequent disclosures would reduce the protections to consumers that were contemplated by FCRA and Regulation V. The burden of complying is, however, diminished by the provision of model notices and that creditors may continue to use previous versions of the model notices.

7. Circumstances Requiring Special Information Collection

The collections of information in Regulation V are consistent with the applicable guidelines contained in 5 C.F.R. § 1320.5(d)(2).

8. Consultation Outside the Agency

In accordance with 5 C.F.R. § 1320.8(d)(1), the Bureau published a notice allowing the public 60 days to comment on the proposed extension of this currently approved collection of information. No Comments were received. Further and in

accordance with 5 C.F.R. § 1320.5(a)(1)(iv), the Bureau has published a notice in the Federal Register allowing the public 30 days to comment on the submission of this information collection request to the Office of Management and Budget.

9. Payments or Gifts to Respondents

No payments or gifts are provided to respondents.

10. Assurances of Confidentiality

Not applicable. No assurance of confidentiality is necessary because the CFPB does not collect any information under this collection.

11. Justification for Sensitive Questions

Not applicable. The CFPB does not collect any information under this collection, therefore, no sensitive or personally identifying information is collected by the CFPB as a result of these requirements.

12. Estimated Burden of Information Collection

Hours: 12,829,524

Exhibit 1: Total Burden for this regulation across all agencies with enforcement authority for Regulation V,

Information Collection Requirement	No. of Respondents	Type of IC	Frequency	Annual Responses	Average Response Time	Annual Burden Hours	Hourly Rate	Hourly Costs
Pre-employment Screening Disclosures	744,400	Disclosure	219	163,020,000	1.0	2,717,000	n/a ¹	n/a ¹
Adverse Action Notices	762,800	Disclosure	287	219,186,800	0.7	2,417,700	18.76	45,347,600
Investigative Procurement Disclosures	626	Disclosure	1,740	1,089,200	1.4	25,900	23.50	608,700
Mortgage Application Score Disclosures	18,000	Disclosure	550	9,898,300	0.4	66,900	30.48	2,039,200
Risk-based Pricing Notices	8,000	Disclosure	4,883	39,063,000	0.5	325,500	16.96	5,520,900
Pre-screen Opt-out Notices	***	Disclosure	***	***	0.0	0	0.00	0
Unsolicited Offer Opt-outs	47	Recordkeeping	122,679	5,765,900	0.0	0	0.00	0
Affiliate Marketing Notices	***	Disclosure	***	***	0.0	0	0.00	0
Fraud Alerts	3	Recordkeeping	323,133	969,400	4.6	74,800	15.25	1,140,800

Information Block Requests	3	Recordkeeping	85,067	255,200	13.0	53,200	15.24	810,700
Coordination of Complaints	3	Reporting	1	3	5,280.0	264	33.71	8,900
Credit Scores and Reports	3	Disclosure	14,133,333	42,400,000	2.2	1,526,400	0.00	0
Disputes with CRAs	16,047	Recordkeeping	2,336	37,478,000	9.0	5,621,700	15.00	84,301,900
Disputes with Furnishers	16,000	Recordkeeping	***	***	***	***	***	***
Furnisher Negative Information Disclosures	16,000	Disclosure	10,875	174,000,000	0.0	0	0.00	0
Reseller Permissible Purpose Disclosure	***	Recordkeeping	***	***	***	***	***	***
Totals:	779,073	//////////	//////////	693,125,805	//////////	12,829,524	//////////	139,787,600

¹The Bureau is not attributing a labor cost to consumer burden.

***The Bureau is requesting public comment and will consult with industry during the comment period to obtain an estimate.

Employment related consumer report disclosure requirements

Employment screening disclosure and consent

Before a consumer reporting agency (CRA) may furnish a consumer report³ for employment purposes, the person who requests the report from the agency shall disclose to the consumer, in writing on a document that consists solely of the disclosure, their intention to obtain the consumer report for employment purposes and receive authorization from the consumer, in writing, to procure that report. If a consumer applies for employment by mail, telephone, computer, or other similar means, the person requesting the report may provide this disclosure and receive consent from the consumer using one of these methods.

Adverse action disclosure

The Bureau estimates that there are 8.2 million positions hired annually at companies where the employer has procured each candidate’s consumer report.⁴ The Bureau assumes that each opening results in 20 completed applications, on average. Therefore the Bureau estimates that there are approximately 163 million consumers receiving pre-employment screening disclosures each year. If each consumer spends 1 minute, on average, to read the notice and authorize the prospective employer to

³ Generally, consumer reports are any written, oral, or other communication of any information by a consumer reporting agency bearing on a consumer’s credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living.

⁴ There were 62.7 million hires in the U.S. in the 12 months ending November 2016 and one survey reported that 13 percent of employers use credit reports to screen candidates for all positions. See Bureau of Labor Statistics, *Job Openings and Labor Turnover – November 2016* (January 2017), available at <https://www.bls.gov/news.release/jolts.nr0.htm> and Society for Human Resource Management, *Background Checking – The Use of Credit Background Checks in Hiring Decisions* (July 2012), available at <https://www.shrm.org/hr-today/trends-and-forecasting/research-and-surveys/Pages/creditbackgroundchecks.aspx>.

procure their consumer report, the annual burden of these notices on consumers is approximately 2.7 million hours annually. The Bureau does not attribute any time burden to employers since these notices are standardized. Therefore, the burden of sending these notices should be minimal.

Before a potential employer takes any adverse action based in whole or in part on information contained in a consumer report, the potential employer shall provide a copy of the report and a description of the rights of the consumer as prescribed by the Bureau.⁵ The Bureau assumes that 5 percent of applications are rejected as a result of information contained in a consumer report. The Bureau assumes that approximately 67 percent of adverse action notices are sent by mail or e-mail and result in minimal burden, and the remaining notices are provided in person and take approximately 2 minutes to deliver.⁶ Therefore the annual burden of adverse action notices is approximately 661,800 hours, resulting in annual labor costs of approximately \$18.6 million.⁷

Non employment consumer report disclosure requirements

Adverse action disclosure

Outside of employment, if any other person takes an adverse action based in whole or in part on information contained in a consumer report, that person must also provide a copy of the report and description of the rights of the consumer as prescribed by the Bureau. This requirement applies to any decision based on information in a consumer report, including but not limited to credit transactions, insurance transactions, and tenant screenings. The Bureau estimates that 34 percent of applications result in an adverse action, requiring notice.⁸ The Bureau estimates that there are 466.7 million annual inquiries outside of employment screenings.⁹ Therefore there are approximately 159.6 million adverse action notices provided to consumers outside of employment screenings annually. The Bureau assumes that approximately 67 percent of adverse action notices are sent by mail or e-mail and result in minimal burden, and the remaining notices are provided in person and take approximately 2 minutes to deliver.¹⁰ The Bureau estimates

⁵ In certain instances specific to national security investigations where the potential employer is the Federal Government, there are alternative requirements designed to shield sensitive information from being made available. The Bureau is not aware of available data which would allow it estimate burden in these cases, therefore the Bureau is assuming the burden is the same and is not differentiating between employment screenings and national security screenings in this analysis.

⁶ The Bureau does not have information to inform its estimate as to the number of consumers who receive these written notices by mail, in person, or electronically, so the Bureau has assumed that the distribution of methods is uniform.

⁷ The Bureau uses the median hourly wage of \$28.06 for Human Resources Workers (13-1070) to calculate labor costs. See Bureau of Labor Statistics, *National Occupational Employment and Wage Estimates* (May 2015), available at https://www.bls.gov/oes/current/oes_nat.htm (May 2015 BLS Wage Estimates).

⁸ Estimate based on the average credit rejection rate reported by consumers in the 2016 iterations of the FRBNY Survey of Consumer Expectations. Available at <https://www.newyorkfed.org/microeconomics/databank.html>.

⁹ Estimate obtained from the CFPB Consumer Credit Panel.

¹⁰ The Bureau does not have information to inform its estimate as to the number of consumers who receive these written notices by mail, in person, or electronically, so the Bureau has assumed that the distribution of methods is uniform.

that adverse action notices taking place outside of employment decisions result in annual burden of approximately 1.8 million hours and \$26.8 million in labor costs annually.¹¹

Investigation disclosure

Prior to a consumer report being furnished for an investigation, the person procuring the investigative consumer report shall certify to the CRA supplying the report that the consumer whose report is being furnished has or will receive a disclosure in writing. This disclosure will include a statement informing the consumer of the request and of the consumer's right to request additional information on the nature and scope of the investigation and the summary of consumer rights under 15 U.S.C. § 1681g. If a consumer requests the additional information, the person procuring the investigative consumer report must provide this additional disclosure to the consumer in writing.

The Bureau estimates that there are 1 million investigative inquiries made annually.¹² Given that the notice is standardized, the Bureau believes that sending these disclosures results in minimal time burden. The Bureau assumes that the large majority of consumers for whom an investigative report is being procured are aware of the investigation, and therefore a small number of consumers request additional information. If 5 percent of consumers request additional information regarding the nature and scope of the investigation and each subsequent disclosure takes 30 minutes to draft, then the annual burden as a result of these disclosures is approximately 25,900 hours and the annual labor cost is approximately \$608,700.¹³

Mortgage application credit score disclosure

Any person who uses a consumer credit score in connection with a consumer application for a mortgage loan secured by 1 to 4 units of residential real property must provide certain information to the consumer. This information must include a disclosure of the credit score used, the range of possible credit scores under the model that was used, all of the key factors that adversely affected the credit score of the consumer, the date on which the credit score was created, and the name of the person or entity that provided the score or file upon which the score was created. The consumer must also receive a notice to home loan applicants that is prescribed in 15 U.S.C. § 1681g.

The Bureau estimates that there are 9.9 million applications for mortgage loans annually which trigger the need for a disclosure to consumers.¹⁴ The Bureau provides model forms for lenders to use for this disclosure and the process of generating loan terms is generally automated, therefore the time burden of providing this disclosure is small. If each disclosure takes, on average, 30 seconds to modify for each consumer's situation, then the annual burden on mortgage lenders is approximately 66,900 hours and

¹¹ The Bureau uses the median hourly wage of \$15.25 for Customer Service Representatives (43-4021) to calculate labor costs. *See* May 2015 BLS Wage Estimates.

¹² Estimate obtained from the CFPB Consumer Credit Panel.

¹³ The Bureau uses the median hourly wage of \$23.47 for Paralegals and Legal Assistants (23-2011) to calculate labor costs. *See* May 2015 BLS Wage Estimates.

¹⁴ Estimate based on 2015 Agency Home Mortgage Disclosure Act data.

annual labor costs total approximately \$2.0 million.¹⁵

Risk-based pricing disclosure

Any person that (1) uses a consumer report in connection with an application for, or a grant, extension, or other provision of, credit to a consumer that is primarily for personal, family, or household purposes; and (2) provides credit to that consumer on material terms that are materially less favorable than the most favorable terms that it makes available to a substantial number of consumers, must provide the consumer with a risk-based pricing notice.¹⁶ Creditors must determine whether the terms that are offered to a consumer result in a significantly greater cost of credit by comparing the terms offered to other consumers for a specific credit product, or by using a credit score proxy method or a tiered pricing method as prescribed under Regulation V § 1022.72. If a person uses a consumer report to review an extension of credit made to the consumer and based on that consumer report increases the annual percentage rate on the consumer's account, that entity must also provide a risk-based pricing notice.

A person is not required to provide a risk-based pricing notice if the consumer applies for specific material terms and is granted those terms, as long as the material term is specified before the consumer applied for or requested credit. Similarly, a creditor is not required to provide the risk-based pricing notice to a consumer who receives a firm offer of credit from a prescreened solicitation, so long as that consumer is offered a specific material term. If a creditor provides the consumer with an adverse action notice, then the creditor is not required to provide a risk-based pricing notice. In addition, a creditor that is extending credit secured by a 1-4 family residential property is not required to provide a risk-based pricing notice, but must provide a separate credit score notice to any consumer whose credit report is used in the application (see discussion above).

The Bureau estimates that there are 174 million account openings that are potentially subject to risk-based pricing notices annually.¹⁷ Of these accounts, the Bureau estimates that 45 percent are opened by consumers with FICO scores below 700, and would potentially receive lesser terms.¹⁸ The Bureau does not have data available to estimate the number of opened accounts for which material terms were specified in advance; therefore the Bureau assumes that 50 percent of these new accounts resulted in a risk-based pricing notice. The Bureau is requesting comment on this assumption and data to improve this estimate. The Bureau estimates that 40 million accounts are opened with terms that are materially less favorable than the most favorable terms and result in a

¹⁵ The Bureau uses the median hourly wage of \$30.49 for Loan Officers (13-2072) to calculate labor costs. See May 2015 BLS Wage Estimates.

¹⁶ Generally, material terms refers to the annual percentage rate which varies based on the information in a consumer credit report and that has the most significant impact on consumers (e.g. the purchase APR on a credit card). In the case of credit for which there is no APR, material terms refers to the term that varies based on information in a consumer credit report and that has the most significant impact on consumers (e.g. the deposit required in connection with credit extended by a utility company).

¹⁷ Data retrieved from the CFPB's Consumer Credit Panel.

¹⁸ Estimate based on FICO score distributions reported as of October 2015, see <http://www.fico.com/en/blogs/risk-compliance/us-credit-quality-rising-the-beat-goes-on/>.

consumer receiving a risk-based pricing notice. The Bureau assumes that the large majority of creditors use systems which automatically populate these notices; however some creditors may modify notices manually. If each disclosure takes, on average, 30 seconds to modify for each consumer's situation, then the annual burden on creditors is approximately 325,500 hours and annual labor costs total approximately \$5.5 million.¹⁹

Consumer solicitation disclosure and opt-out requirements

Pre-screen opt out notice

Any person who uses a consumer report in connection with any credit or insurance transaction that is not initiated by the consumer shall provide with each written solicitation made to the consumer two notices. The first notice, referred to as the "short notice", shall state that the consumer has the right to opt out of receiving prescreened solicitations. It shall also provide a telephone number, maintained by the CRAs, that the consumer can call to opt out of these solicitations. The short notice shall also direct the consumer to the existence and location of the second notice, referred to as the "long notice". The long notice shall state that: information in the consumer's consumer report was used in connection with the transaction; the consumer received the offer because the consumer satisfied the selection criteria; the credit or insurance may not be extended if the consumer does not meet the selection criteria after the consumer responds to the offer (if applicable); the consumer has a right to prohibit the use of their file for unsolicited offers; and the consumer may exercise their right to prohibit unsolicited offers by notifying the CRA using a notification system that the CRA is required to establish and maintain. Any person who makes an offer of credit or insurance in this way must also maintain on file the criteria that was used to select the consumer to receive the offer and criteria that may be used for determining whether or not to extend credit or insurance pursuant to the offer.

The Bureau assumes that the burden related to providing the short notice and long notice is minimal. The notices are standardized, small, and may be included on the same page as other information provided by the offeror. Therefore these notices should take minimal time to include when designing an offer and rarely result in increased materials costs. The Bureau believes that the notification system used by CRAs to receive requests from consumers to prohibit unsolicited offers consists largely of a website and an automated phone line. The Bureau assumes that the time burden associated with these systems is minimal. The Bureau believes that companies using prescreened solicitation advertising campaigns likely maintain the selection criteria and offer criteria in their usual course of business for operations and marketing research, therefore the Bureau assumes that the maintenance of this information does not result in additional burden. The Bureau is seeking comment on these assumptions.

Unsolicited offer opt-out systems

Consumer reporting agencies must maintain notification systems permitting consumers to elect to be excluded from unsolicited credit and insurance transactions.

¹⁹ The Bureau uses the median hourly wage of \$16.96 for Credit Authorizers, Checkers, and Clerks (43-4041) to calculate labor costs. See May 2015 BLS Wage Estimates.

CRAAs that operate nationwide must maintain such a system jointly with other CRAAs. These systems must include a toll-free number that consumers may call to make a request to be excluded. When a CRA receives notification from a consumer through the notification system it maintains, it shall inform the consumer that the election is effective for a 5-year period if the consumer does not sign a notice of election form, and it shall provide a form to any consumer that requests one.

The Bureau estimates that 6 percent of consumers have elected to opt out of unsolicited offers.²⁰ Taking into account population growth, in order for the percentage of opted-out consumers to remain constant, approximately 5.8 million opt-outs would have to take place annually.²¹ The Bureau assumes that 50 percent of consumers opt out electronically and that the other 50 percent of consumers opt out via an automated phone system. It is possible that some consumers mail their election to opt-out, but the Bureau assumes that the number of such instances is negligible. The Bureau believes that the maintenance of opt-out websites and automated phone systems result in minimal time burden for CRAAs.

Affiliate marketing opt-out disclosure

Before making a solicitation to a consumer based on eligibility information obtained from an affiliate, a consumer must receive a clear and conspicuous disclosure that the person may use information provided by the affiliate for the purposes of making solicitations to the consumer.²² The consumer must also be provided a reasonable opportunity and a reasonable and simple method to prohibit the use of their eligibility information in this way. The notice must be provided by an affiliate that has or has previously had a pre-existing business relationship with the consumer, or as part of a joint notice from members of an affiliated group, provided that at least one of the affiliates has or has previously had a pre-existing business relationship with the consumer. A consumer who opts out of receiving solicitations from a group of affiliates is granted an opt-out period of at least 5 years. A consumer who is opted out must be given an opportunity to renew their opt-out status before their election expires.

The Bureau believes that affiliate marketing notices are generally included with account opening agreements. Affiliate marketing notices are sometimes included with the initial and annual privacy notice.²³ In other instances, the notice may be a standalone

²⁰ See Board of Governors of the Federal Reserve System, *Report to the Congress on Further Restrictions on Unsolicited Written Offers of Credit and Insurance* (Dec 2004), at 4, available at <https://www.federalreserve.gov/boarddocs/rptcongress/UnsolicitedCreditOffers2004.pdf>.

²¹ The Bureau estimates that 288.3 million consumers have credit files and the U.S. population grows at a rate of approximately 0.8 percent annually. To maintain an opt-out percentage of 6 percent, annual opt-outs must reach approximately 2 percent (0.8 percent population growth plus 20 percent of the 6 percent of consumers previously opted out, to keep pace with the 5 year opt-out period expirations). Therefore opt-outs are estimated to occur approximately 5.8 million times per year. Population growth estimate obtained from The World Bank, available at <http://data.worldbank.org/indicator/SP.POP.GROW/>

²² Affiliate is defined as any company that is related by common ownership or common corporate control with another company.

²³ The affiliate marketing notice cannot be included with the privacy notice if a firm uses the alternative deliver method of posting the privacy notice to their website.

document; however the Bureau believes that the notice is rarely sent to a consumer by itself. Given that there exist model forms for affiliate marketing notices and the notices themselves are generally sent along with other disclosures, the Bureau assumes that the time burden required to provide these forms is minimal. The Bureau is seeking comment on this assumption and data to better estimate the impact of this requirement.

Identity theft and fraud reporting, recordkeeping, and disclosure requirements

Fraud reporting and required disclosures

Consumer reporting agencies must maintain policies and procedures to allow consumers to report suspected identity theft and fraudulent activity. Upon verifying the identity of a consumer who has alerted a CRA of potential fraud, a CRA shall include fraud alerts with any credit score generated for that consumer for a time period specified by the type of request, refer the information regarding the fraud alert to the other CRAs, disclose to the consumer that they may request a free copy of their consumer report, and provide the summary of consumer rights disclosure and the summary of rights of identity theft victims disclosure required under 15 U.S.C. § 1681g.

The Bureau estimates that 1 million consumers contact CRAs requesting fraud alerts annually.²⁴ The Bureau estimates that 407,200 of these alerts are received online, 126,000 alerts are received by telephone, and 436,200 of these alerts are received in the mail or by some other means.²⁵ The Bureau assumes that alerts received online are sufficiently automated so that the time burden is minimal. The Bureau believes that the majority of fraud alerts (90 percent) received by telephone are handled by an automated phone system and result in minimal time burden for CRAs. However, the remaining alerts received by phone and through other channels will require significant personnel time, which the Bureau assumes will result in an average burden of 10 minutes per alert. Therefore the Bureau estimates that the handling of fraud and identity theft alerts results in approximately 74,800 hours of burden to CRAs annually and \$1.14 million in annual labor costs.²⁶

Information block requests

Upon receipt of a request from a consumer to block information resulting from identity theft from being included in a consumer report, a CRA shall promptly notify the furnisher of the information identified by the consumer that the information may be the

²⁴ Estimate based on survey data from the U.S. Department of Justice. Approximately 17.6 million people were victims of identity theft in 2014, and an estimated 8.1 percent contacted a CRA. See U.S. Department of Justice, *Victims of Identity Theft, 2014* (Sep 2015), at 1 and 18, available at <https://www.bjs.gov/index.cfm?ty=pbdetail&iid=5408> (2015 DOJ Report).

²⁵ An estimated 42 percent of consumers submit disputes to CRAs online, 44 percent by mail, 13 percent by phone, and the remainder by fax, walk-ins, or other methods (for which the Bureau assumed resulted in burden resembling disputes submitted by mail). See Consumer Financial Protection Bureau, *Key Dimensions and Processes in the U.S. Credit Reporting System* (Dec 2012), at 27, available at http://files.consumerfinance.gov/f/201212_cfpb_credit-reporting-white-paper.pdf (2012 CFPB White Paper).

²⁶ The Bureau uses the median hourly wage of \$15.25 for Customer Service Representatives (43-4021) to calculate labor costs. See May 2015 BLS Wage Estimates.

result of identity theft, that a report has been filed, and that a block has been requested along with the effective dates for the block. If a CRA decides to decline or rescind a block of information, the CRA shall promptly notify the affected consumer in writing. The CRA shall include the business name, address, and telephone number of any furnisher that was contacted in connection with the decision to decline or rescind the block of information, and a notice that the consumer has the right to add a statement to the consumer's file disputing the accuracy or completeness of the disputed information.

The Bureau estimates that approximately 255,200 consumers make requests to block information annually.²⁷ The Bureau assumes that 50 percent of consumers make block requests online and 50 percent make block requests in writing.²⁸ The Bureau assumes that each request to block information takes, on average, 10 if requested online, and 15 minutes if requested by mail. Therefore, the Bureau estimates that consumer requests to block information result in 53,200 hours of burden annually and \$810,700 in annual labor costs.²⁹

Fraud related consumer complaints recordkeeping and annual report

Each nationwide CRA must submit an annual summary report to the Bureau on consumer complaints received by the agency on identity theft or fraud alerts. The Bureau believes that the mechanism to track complaints has already been established and results in minimal annual burden. The Bureau assumes that each of the 3 nationwide CRAs commits, on average, 80 hours of compliance officer time to draft each report and 8 hours of lawyer time for review. Therefore the Bureau estimates that these annual reports result in 264 hours of burden and \$8,900 of labor costs annually.³⁰

Credit score, consumer report, and disclosure requirements

Consumer report disclosure

Upon the request of a consumer, a CRA shall disclose to the consumer all of the information in that consumer's file at the time of the request; the sources of information in the consumer's file; a list of each person that procured a consumer report for a specified period in advance of the request (depending on the purpose for that report) including each person's address and telephone number; the dates, original payees, and amounts of any checks upon which any adverse characterization of the consumer is based; a record of all inquiries received by the agency in the previous year that identified the consumer in connection with a transaction that was not initiated by the consumer;

²⁷ Of the estimated 1 million consumers contacting CRAs to report fraud or identity theft, approximately 17.9 percent provided a copy of a police report. The police report is a prerequisite to obtaining a block of information; therefore the Bureau assumes that these consumers are submitting police reports to submit a request for a block of information. *See* 2015 DOJ Report, at 18.

²⁸ To make a request to block information a consumer must provide, among other things, a copy of an identity theft report which could not be provided by telephone.

²⁹ The Bureau uses the median hourly wage of \$15.25 for Customer Service Representatives (43-4021) to calculate labor costs. *See* May 2015 BLS Wage Estimates.

³⁰ The Bureau uses the median hourly wage of \$31.56 for Compliance Officers (13-1041) and the median hourly wage of \$55.69 for Lawyers (23-1011) to calculate labor costs. *See* May 2015 BLS Wage Estimates.

and, if the consumer requests the credit file and not the credit score, a statement that the consumer may request and obtain the credit score. The CRA must also include the summary of consumer rights under 15 U.S.C. § 1681g.

Credit score disclosure

Upon request, a CRA shall supply a consumer with their current credit score (or the most recent credit score that was previously calculated for a purpose related to the extension of credit), the range of possible credit scores under the model used, all of the key factors that adversely affected to consumer's credit score, the date on which the score was created, the name of the entity that provided the score or the file upon which the score was created, and a statement indicating that the information and scoring model may be different than the credit score that may be used by a lender. A CRA may charge a fair and reasonable fee to the consumer for providing this information.

Free credit scores and reports

All nationwide CRAs, upon the request of a consumer, must make all disclosures pursuant to 15 U.S.C. § 1681g once during any 12-month period free of charge.³¹ The nationwide CRAs maintain a centralized source for consumers to make these requests. Consumers may make requests through the centralized website, a dedicated toll-free phone number, or a mailing address. Consumers may also receive these disclosures without charge under other circumstances, including after a consumer receives an adverse action, in connection with a fraud alert, after notification from a debt collector that the consumer's credit rating may or has been adversely affected, during a period of unemployment, during a period where the consumer is a recipient of public welfare, or if the consumer has reason to believe that the file contains inaccurate information due to fraud.

The Bureau estimates that consumers request approximately 43.4 million credit reports and credit scores annually.³² Approximately 16 million are at no cost to the consumer, due to the annual free report requirement or one of the special circumstances described above. Approximately 26 million are paid for by the consumer or a reseller. The Bureau assumes that the large majority (90 percent) of such requests is made online, and the remainder is made through an automated phone line. Furthermore, the Bureau assumes that the delivery of these disclosures following a consumer request is a highly automated process. The Bureau assumes that the time burden of maintaining this system is minimal.

Dispute resolution and disclosure requirements

Disputes handled by consumer reporting agencies

Consumer reporting agencies, upon receiving a notice of dispute from a consumer, shall conduct an investigation with respect to the disputed information. If the CRA determines that the dispute is frivolous or irrelevant, then it shall notify the

³¹ Disclosures pursuant to 15 U.S.C. § 1681g include the consumer report, the consumer's credit score, and the summary of consumer rights.

³² See 2012 CFPB White Paper, at 27.

consumer of the determination, the reasons for the determination, and any information required to investigate the disputed information. If the CRA is unable to make a determination, the CRA shall promptly notify the furnisher of the dispute and provide the furnisher with information related to the dispute. The furnisher is then tasked with making a determination and notifying the CRA of that determination. Once a final determination has been reached, the CRA shall notify the consumer that the investigation is complete and include in that notification a consumer report that is based on the consumer's revised file; a notice that, if requested by the consumer, a description of the procedure used to make the determination can be provided by the CRA; a notice that the consumer has the right to add a statement to the consumer's file disputing the accuracy and completeness of the information; and a notice that the consumer has the right to request that the CRA furnish notification of deleted information to persons specified by the consumer within time periods specified in 15 U.S.C. § 1681i.

Disputes handled by furnishers

Furnishers of information to CRAs, upon receiving a notice of dispute from a consumer, shall conduct an investigation with respect to the disputed information; review all relevant information provided by the consumer; report the results of the investigation to the consumer; and, if the investigation finds that the information reported was inaccurate, modify, delete, or permanently block the reporting of that information; and promptly notify each CRA to which the person furnished the inaccurate information. If a furnisher determines that the dispute is frivolous or irrelevant, the furnisher shall notify the consumer by mail (or other means if authorized by the consumer) and include with that notification the reasons for the determination and identification of any information required to investigate the disputed information.

The Bureau estimates that CRAs receive approximately 8 million disputes annually.³³ As of 2011, the national CRAs reported little impact from the 2009 Furnisher Rule on the number of disputes CRAs received, suggesting that, at least at that time, the number of disputes received by furnishers was small.³⁴ For the purposes of this analysis, the Bureau is assuming that all disputes are initially sent to CRAs. The Bureau is requesting data to estimate the number of disputes sent directly to furnishers. The Bureau estimates that each consumer dispute results in, on average, 4.4 disputed trade lines.³⁵ Therefore the Bureau estimates that there are approximately 35 million disputed trade lines annually.

The Bureau estimates that 5 percent of disputed trade lines are frivolous or irrelevant.³⁶ The Bureau assumes that investigations of this type take approximately 5

³³ See 2012 CFPB White Paper, at 27.

³⁴ *Id.* at 34.

³⁵ The Bureau estimates that 8 million disputes result in 32 to 28 disputed trade line investigations. Taking the midpoint, the Bureau estimates that each dispute results in 4.4 disputed trade lines. See 2012 CFPB White Paper, at 27.

³⁶ Estimates based on findings from a 2012 FTC study of consumer credit reports. Of the 1001 participants in the study, 262 (26%) consumers identified at least one potentially material error on at least one of their credit reports, but only 206 (21%) of consumers had a modification as a result of their dispute. The Bureau uses the 5 percent that did not receive a modification as a proxy for frivolous and irrelevant disputes. See

minutes to complete. The Bureau estimates that another 10 percent of disputed trade lines can be handled by the CRAs without the help of a furnisher.³⁷ The Bureau assumes that this type of investigation tends to be clear-cut and will take, on average, approximately 5 minutes to complete. The Bureau estimates that the remaining 85 percent of disputed trade lines must be referred to a furnisher, and that these disputes take approximately 5 minutes of CRA time and 10 minutes of furnisher time. In total, the Bureau estimates that the handling of consumer disputes results in annual time burden to CRAs of approximately 2.8 million hours at a labor cost of \$42.3 million, and an annual time burden to furnishers of approximately 2.5 million hours at a labor cost of \$42.0 million.³⁸

Negative information disclosure requirements

If a financial institution furnishes or may furnish negative information to a CRA regarding credit extended to a consumer, the financial institution shall provide a notice of such furnishing of negative information, in writing, to the consumer. If a financial institution furnishes additional negative information to a CRA with respect to the same transaction, extension of credit, account, or customer, that institution is not required to provide additional notice to the customer. This notice must be clear and conspicuous, but may be included with any notice of default, any billing statement, or any other materials provided to the consumer (with the exception of the initial disclosures provided under section 127(a) of TILA). The notice may be provided to the consumer prior to the furnishing of negative information or within 30 days of the furnishing of negative information.

The Bureau believes that these negative information disclosures are given at account opening. The Bureau provides model forms of this notice and there is little modification needed to adapt the model notice for an institution. Furthermore, these model notices can be combined with certain other disclosures, and the model notice is only 2 sentences long. Therefore, the Bureau believes that the burden to provide this notice is negligible.

Reseller permissible purpose disclosure requirement

Any person who procures a consumer report for purposes of reselling information contained in the report must disclose to the CRA that originally furnishes the report (1) the identity of the end-user(s) of the information and (2) each permissible purpose for

Federal Trade Commission, *Report to Congress Under Section 319 of the Fair and Accurate Credit Transaction Act of 2003* (Jan 2015), at i, available at <https://www.ftc.gov/news-events/press-releases/2015/01/ftc-issues-follow-study-credit-report-accuracy>.

³⁷ The Bureau estimates that 15 percent of disputes are handled internally by CRAs, 5 percent of which the Bureau assumes are frivolous or irrelevant. Therefore CRAs have information available internally to make determinations for 10 percent of disputed trade lines beyond the 5 percent deemed frivolous or irrelevant. See 2012 CFPB White Paper, at 32.

³⁸ For CRAs, the Bureau uses the median hourly wage of \$15.25 for Customer Service Representatives (43-4051), and for furnishers, the Bureau uses the median hourly wage of \$16.96 for Credit Authorizers, Checkers, and Clerks (43-4041) to calculate labor costs. See May 2015 BLS Wage Estimates.

which the information is furnished to the end-user. The Bureau does not have comprehensive data with which to estimate the burden of this requirement and is requesting public comment to better inform its estimate. In the absence of better data, the Bureau assumes that this requirement is part of the regular cost of doing business for resellers and therefore results in minimal burden.

Government agency requests and reporting requirements

At the request of the Federal Bureau of Investigations, CRAs must provide certain information related to a consumer's credit report. Similarly, CRAs must provide certain information related to a consumer's credit report when requested to do so by other government agencies for counterterrorism purposes. The Bureau assumes that such requests are made in the conduct of an individualized investigation or equivalent and therefore, according to 5 C.F.R. § 1320.4(a), are not collections of information subject to the Paperwork Reduction act.

The Bureau is responsible for burden for the 135 institutions for which the Bureau has primary enforcement authority.³⁹ The Bureau is also responsible for half of the burden for non-depository institutions, not including motor vehicle dealers.⁴⁰ Therefore, the Bureau is assuming half of the burden for requirements of CRAs, firms conducting investigations, resellers, and employers procuring consumer reports for employment screening. The Bureau estimates that it is responsible for 63 percent of the burden for requirements of furnishers and for procurers of consumer reports who may send adverse action notices.⁴¹ Since the 135 institutions for which the Bureau has primary enforcement authority make approximately 25 percent of the mortgage loans, and non-depository institutions make approximately 45 percent of mortgage loans, the Bureau has assumed 48 percent (25 percent plus half of the 48 percent for non-DIs) of the burden for the mortgage application credit score requirement.⁴² The Bureau has assumed the same percentage of burden for risk-based pricing notices and pre-screen opt out notices. Using estimates from a study of

³⁹ As of February 2017, these are comprised of the 113 depository institutions with assets exceeding \$10 billion for four consecutive quarters and their 22 affiliates. Institutions subject to CFPB supervisory authority can be found here: <http://www.consumerfinance.gov/policy-compliance/guidance/supervision-examinations/institutions/>

⁴⁰ The Dodd-Frank Act exempts certain motor vehicle dealers from CFPB's enforcement authority. However, due to the difficulty of making a reliable estimate of those dealers, the FTC has attributed to itself the PRA burden for all motor vehicle dealers. This attribution does not change actual enforcement authority.

⁴¹ This estimate is based on trade line data from the CFPB's Consumer Credit Panel. The Bureau made assumptions about large depository institutions in the sample based on associated trade lines in an attempt to identify depository institutions that are large enough for the Bureau to have primary enforcement authority. The Bureau then calculated the share of trade lines associated with these institutions (burden for which the Bureau allocates to itself) and the share of trade lines associated with non-depository institutions (burden for which the Bureau splits with the FTC) to estimate the share of burden for which the Bureau is responsible for. The Bureau performed a similar calculation using inquiries in place of trade lines to estimate the burden allocation for adverse action notices. This calculation also resulted in the Bureau allocating 63 percent of the burden to itself.

⁴² Estimate based on 2015 Agency HDMA data.

privacy notices, the Bureau estimates that it is responsible for 95 percent of the burden for affiliate marketing opt-out notices.⁴³

A detailed reporting of the requirements, total burden, and burden allocated to the Bureau can be found below. In summary, the Bureau requests burden for the following:

Number of Respondents:	779,073
Total Annual Responses:	415,290,203
Total Annual Burden Hours:	6,093,412

Associated Labor Costs: \$81,081,400

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⁴³ The Bureau uses the share of very large financial institutions (by asset size) that share information to affiliates for marketing purposes (65.4 percent), reported in the study, weighted by the share of trade lines associated with large depository institutions in its Consumer Credit Panel to estimate the burden share associated with the depository institutions for which the Bureau has primary enforcement authority. The Bureau uses the share of all other sized institutions in the study that share information to affiliates for marketing purposes (26.6 percent) weighted by the share of trade lines associated with non-depository institutions in its Consumer Credit Panel to estimate the burden share associated with non-depository institutions. The Bureau allocates to itself the large depository share and half of the non-depository share. See Lorrie Fairth Cranor, Pedro Giovanni Leon & Blase Ur, *A Large-Scale Evaluation of U.S. Financial Institutions' Standardized Privacy Notices* (July 2014), at 28, available at <https://www.andrew.cmu.edu/user/pgl/financialnotices.pdf>.

Exhibit 2: CFPB’s share of the burden of all information collections in Regulation V

Information Collection Requirement	Annual Respondents	Time Per Response (in minutes)	Annual Burden Hours	Annual Labor Costs	Bureau Allocation of Burden	Annual Responses (CFPB)	Annual Burden Hours (CFPB)	Annual Labor Costs (CFPB)
Pre-employment Screening Disclosures	163,020,000	1	2,717,000	0	50%	81,510,000	1,358,500	0
Adverse Action Notices	219,186,800	0.661819	2,417,700	45,347,600	63%	138,087,700	1,523,200	28,569,000
Investigative Procurement Disclosures	1,089,200	1.426735	25,900	608,700	50%	544,600	13,000	304,400
Mortgage Application Score Disclosures	9,898,300	0.405524	66,900	2,039,200	48%	4,721,500	31,900	972,700
Risk-based Pricing Notices	39,063,000	0.499962	325,500	5,520,900	48%	48,633,100	155,300	2,633,500
Pre-screen Opt-out Notices	***	***	0	0	48%	***	0	0
Unsolicited Offer Opt-outs	5,765,900	0	0	0	50%	2,882,950	0	0
Affiliate Marketing Notices	***	***	0	0	95%	***	0	0
Fraud Alerts	969,400	4.629668	74,800	1,140,800	50%	484,700	37,400	570,400
Information Block Requests	255,200	12.50784	53,200	810,700	50%	127,600	26,600	405,400
Coordination of Complaints	3	88 hours	264	8,900	50%	2	132	4,500
Credit Scores and Reports	42,400,000	2.16	1,526,400	0	50%	21,200,000	0	0
Disputes with CRAs	37,478,000	9	5,621,700	84,301,900	50% (CRAs) and 63% (Furnishers)	37,478,000 ¹	2,947,300	47,617,000
Disputes with Furnishers	***	***	***	***	63%	***	***	***
Furnisher Negative Information Disclosures	174,000,000	0	0	0	63%	153,120,000	0	0
Reseller Permissible Purpose Disclosure	***	***	***	***	50%	***	***	***
Total	779,073²		12,829,524	139,787,600	//////////	415,290,203	6,093,412	81,081,400

¹Given the involvement of both CRAs and furnishers, the Bureau has assumed all responses.

***The Bureau has requesting public comment and has consulted and will continue to consult with industry to obtain an estimate. But so far no information has been received that would allow the Bureau to make an estimate on the burden of these items. We believe them to be *de minimus* at this time.

²This total reflects the Bureau’s estimate of the number of unique respondents affected by this regulation as many of the same entities respond to multiple information collection requirements. We estimate the number

of unique respondents to breakdown as follows:

Respondents:	Total
Furnishers	16,000
NCRA's	3
CRAs	44
Employers	744,400
Resellers	???
Prescreen and Affiliate Marketers	???
Investigative Law Firms & Private Investigators	626
MLOs	18,000
Total	779,073

13. Estimated Total Annual Cost Burden to Respondents or Recordkeepers
Exhibit 3: Material Cost Burden Summary

Description of Costs (O&M)	Action	Per Unit Costs	Quantity	Bureau Allocation	Costs
Pre-employment screening disclosures				50%	\$15,412,800
	In person	\$0.10	53,796,600		
	Mail	\$0.47	53,796,600		
Adverse Action Notices				63%	\$26,182,700
	In person	\$0.10	72,530,187		
	Mail	\$0.47	19,855,000		
Investigative Inquiries				50%	\$262,800
	Mail Disclosure	\$0.47	1,037,328		
	Mail Additional Information	\$0.67	51,866		
Mortgage Application Score Disclosures				48%	\$313,500
	In person	\$0.10	3,286,000		
	Mail	\$0.10	3,286,000		
Risk Based Pricing				48%	\$3,523,300
	In Person	\$0.10	12,890,790		
	Mail	\$0.47	12,890,790		
Unsolicited Offer Opt-Outs				50%	\$346,000
	Phone	\$0.24	2,882,926		
Affiliate Marketing Opt-out	***	***	***	95%	***
Fraud Alert				50%	\$257,300
	Phone	\$1.20	126,023		
	Mail	\$0.67	562,256		
Information Block Requests		\$0.47	12,759	50%	\$3,000
Credit Scores and Reports				50%	\$20,325,600
	Phone Request	\$0.36	4,406,621		
	Mail Report	\$1.77	22,033,105		
Disputes with CRAs				50% (CRAs)	\$642,800

				63% (Furnishers)	
	Frivolous Notice	\$0.47	1,757,525		
	Outcome Notice	\$.10	8,034,400		
	Total Burden Material Costs:	////////	//////////		\$66,627,000

The Bureau estimates that 163 million pre-employment screening disclosures are delivered to consumers annually. The Bureau does not have information to inform its estimate as to the number of consumers who receive these written disclosures by mail, in person, or electronically, so the Bureau has assumed that the distribution of methods is uniform. The Bureau estimates that notices sent electronically result in zero cost burden; notices provided in person result in the cost of a single sheet of printed paper, approximately \$0.10; and notices sent in the mail result in the cost of commercial postage and a single sheet of printed paper, approximately \$0.47.⁴⁴ Therefore, the Bureau estimates that the total material cost of providing pre-employment screening disclosures is approximately \$30.8 million annually. The Bureau allocates 50% of this cost to itself, resulting in \$15.4 million annually.

The Bureau estimates that there are 59.6 million employment-related adverse action notices and 159.6 million adverse action notices not employment-related delivered each year. The Bureau does not have information to inform its estimate as to the number of consumers who receive these notices by mail, in person, or electronically, so the Bureau has assumed that the distribution of methods is uniform. The Bureau estimates that notices sent electronically result in zero cost burden; notices provided in person result in the cost of a single sheet of printed paper, approximately \$0.10; and notices sent in the mail result in the cost of commercial postage and a single sheet of printed paper, approximately \$0.47. Therefore the Bureau estimates that the total material cost of providing adverse action notices is approximately \$41.6 million annually. The Bureau allocates 63% of this cost burden to itself, resulting in \$26.2 million annually.

The Bureau estimates that there are 1 million investigative inquiries made annually. The Bureau estimates that the disclosure of a consumer report being procured for investigative purposes is sent in the mail, resulting in the cost of commercial postage and a single sheet of printed paper, approximately \$0.47. The Bureau assumes that the large majority of consumers for whom an investigative report is being procured are aware of the investigation, and therefore a small number of consumers request additional information. If 5 percent of consumers request additional information regarding the nature and scope of the investigation and each subsequent disclosure results in a cost of approximately \$0.67, then the total material cost to persons requesting reports for

⁴⁴ Postage rates based on per unit costs of sending first-class letters, \$0.373. See USPS Business Price Calculator, available at <https://dbcalt.usps.com/Default.aspx>.

investigations is \$525,600 annually.⁴⁵ The Bureau allocates 50% of this cost burden to itself, resulting in \$262,800 annually.

The Bureau estimates that there are 9.9 million mortgage loan applications annually which trigger a disclosure of the consumer's credit score. The Bureau does not have information to inform its estimate as to the number of consumers who receive these disclosures by mail, in person, or electronically, so the Bureau has assumed that the distribution of methods is uniform. The Bureau estimates that disclosures delivered in person will cost \$0.10 and disclosures delivered by mail will also cost \$0.10 because the Bureau assumes that this disclosure can be included with other documents and will not require additional postage. The Bureau assumes that disclosures provided electronically result in zero material burden. The Bureau estimates that these disclosures triggered by mortgage loan applications results in costs to originators of \$657,200 annually. The Bureau allocates 48% of burden to itself, resulting in \$313,500 annually.

The Bureau estimates that 40 million accounts are opened with terms that are materially less favorable than the most favorable terms available. This results in a consumer receiving a risk-based pricing notice. The Bureau does not have information to inform its estimate as to the number of consumers who receive these disclosures by mail, in person, or electronically, so the Bureau has assumed that the distribution of methods is uniform. The Bureau estimates that this disclosure costs \$0.47 to send by mail and \$0.10 to deliver in person. The Bureau assumes disclosures sent electronically result in zero material burden. The Bureau estimates that sending risk-based pricing notices results in costs to creditors of approximately \$7.4 million annually. The Bureau allocates 48% of the burden to itself, resulting in \$3.5 million annually.

The Bureau assumes that 50 percent of consumers electing to opt out of unsolicited offers of credit and insurance transactions do so electronically, and 50 percent of consumers do so via an automated phone system. The Bureau estimates that 5.8 million consumers opt out annually. The Bureau estimates that each call takes approximately 2 minutes, and that each minute of automated phone system time costs CRAs approximately \$0.12. Therefore, the Bureau estimates that the cost to maintain the phone system is \$691,900 annually. The Bureau allocates 50% of the burden to itself, resulting in 346,000 annually. The Bureau assumes that there is no material burden when a consumer elects to opt out electronically. The Bureau does not possess data to estimate the number of election forms sent to consumers who have requested that they be excluded from unsolicited credit and insurance transactions for a period longer than the minimum 5 years. The Bureau is seeking comment on this issue and data to better estimate the impact of this requirement.

The Bureau is seeking comment on the burden experienced by financial institutions as a result of the requirement to provide an affiliate marketing opt-out notice. The Bureau does not possess data with which to accurately estimate the burden imposed by this requirement.

⁴⁵ This estimate assumes postage costs of \$0.37 and 3 sheets of paper, printed, double-sided, at a cost of \$0.10 each.

The Bureau estimates that 126,000 fraud alerts are requested by telephone, of which 90 percent are handled by an automated system which costs CRAs approximately \$0.12 per minute to maintain. The Bureau assumes that each call lasts, on average, 10 minutes. Therefore, the Bureau estimates that the automated systems used to receive fraud alerts cost \$136,100 annually. The Bureau estimates that an additional 436,200 fraud alerts are received by mail and the remaining alerts are received electronically. The Bureau assumes that for alerts sent electronically, the CRA can provide the required summary of consumer rights and the summary of rights for identity theft victims electronically at no cost. For the alerts received by telephone or mail, the summary of rights disclosures must be mailed, at an estimated cost of \$0.67 per disclosure.⁴⁶ Therefore the Bureau estimates that providing these disclosures to consumers costs CRAs \$514,500 annually. The Bureau allocates 50% of the burden to itself, resulting in \$257,300 annually.

The Bureau estimates that approximately 255,000 consumers make requests to block information resulting from fraud or identity theft annually. The Bureau estimates that 5 percent of these requests are denied, or approved and later rescinded, triggering the requirement to notify the consumer involved of the decision. The Bureau estimates that this notice is sent in the mail, resulting in the cost of commercial postage and a single sheet of printed paper, approximately \$0.47. Therefore the Bureau estimates that these notices result in material costs of approximately \$6,000 to CRAs annually. The Bureau allocates 50% of the burden to itself, resulting in \$3,000 annually.

The Bureau estimates that consumers request approximately 43.4 million credit reports and credit scores annually.⁴⁷ The Bureau assumes that the large majority (90 percent) of such requests is made online, and the remainder is made through an automated phone line. The Bureau assumes that the online requests result in zero material burden and the automated phone line costs CRAs approximately \$0.12 per minute to operate. If each phone call lasts, on average, 3 minutes, then the annual material cost to receive requests for credit scores and reports is approximately \$1.6 million annually.

The Bureau estimates that the average credit report is 25 pages in length. With each report, CRAs must include the summary of consumer rights, which the Bureau estimates adds 3 pages. The Bureau assumes that approximately 50 percent of reports are delivered electronically at no cost, and the rest are delivered by mail.⁴⁸ Therefore approximately 21.7 million consumers receive, on average, 14 pages printed pages (double-sided) in the mail as a result of a request for a consumer report. The Bureau estimates the cost to CRAs of sending a consumer report is, on average, \$1.77. Therefore

⁴⁶ This estimate assumes postage costs of \$0.37 and 3 sheets of paper, printed, double-sided, at a cost of \$0.10 each.

⁴⁷ See 2012 CFPB White Paper, at 27.

⁴⁸ Although the Bureau assumes the large majority of credit report requests are made electronically, the Bureau believes that many consumers prefer physical copies of their credit reports and will request that their reports be mailed.

the Bureau estimates that the material cost of sending credit reports is \$40.6 million annually. The Bureau allocates 50% of the burden to itself, resulting in \$20.3 million annually.

The Bureau estimates that CRAs receive approximately 8 million disputes annually and approximately 35 million disputed trade lines annually. While each trade line results in its own investigation, the Bureau assumes that, with the exception of frivolous or irrelevant disputes, CRAs send result notices for disputes containing multiple disputed trade lines. The Bureau estimates that approximately 5 percent of disputed trade lines are frivolous and irrelevant and, therefore, receive a separate determination notice. The Bureau believes that each of the 8 million disputes also result in CRAs sending notices of results. The Bureau estimates that 42 percent of these notices are sent electronically, and the remaining 58 percent of notices are sent by mail.⁴⁹ The Bureau assumes notices sent electronically result in zero material burden, that frivolous and irrelevant notices sent by mail cost \$0.47, and that results notices sent by mail cost \$0.10.⁵⁰ Therefore, the Bureau estimates that notices to consumers as a result of CRA investigations result in costs of approximately \$1.3 million to CRAs annually.⁵¹ The Bureau allocates 50% of the CRA burden and 63% of the furnisher burden to itself, resulting in \$642,800 annually.

Using the same methodology to allocate burden to the Bureau based on the respondents found in the previous section, the Bureau requests burden for the following:

Material Costs: \$66,627,000

14. Estimated Cost to the Federal Government

There are no additional costs to the Federal Government.

15. Program Changes or Adjustments

⁴⁹ The Bureau assumes that disputes delivered electronically can be responded to electronically and disputes delivered by other means are responded to by mail. The Bureau estimates that 42 percent of disputes are delivered electronically. *See* 2012 CFPB White Paper, at 27.

⁵⁰ Results notice must be sent with a copy of the consumer's updated consumer report. The materials and postage costs for these reports are included in the larger discussion of consumer report costs, above. The Bureau assumes that the results notice will only add one sheet of paper at a cost of \$0.10 and will be included in the mailing containing the consumer report; therefore it will not result in additional postage.

⁵¹ Five percent of the 35 million disputed trade lines (1.75 million) result in postage and printing costs of approximately \$0.47, totaling 827,800. Fifty-eight percent of the 8 million disputes (4.64 million) result in results notices sent by mail at a cost of \$0.10, totaling \$464,000. Therefore the total cost to creditors is approximately \$1.3 million.

	Total Respondents	Annual Responses	Burden Hours	Cost Burden (O & M)
Total Annual Burden Requested	779,073	415,290,203	6,093,412	\$66,627,000
Current OMB Inventory	155	677,536	4,156,000	0
Difference (+/-)	+778,918	+414,612,667	+1,937,412	+\$66,627,000
Program Change				
Discretionary				
New Statute				
Violation				
Adjustment	+778,918	+414,612,667	+1,937,412	+\$66,627,000

The Bureau reports no program changes to Regulation V at this time. The adjustment of +778,918 respondents is due to the Bureau estimating the burden associated on firms for which the Bureau has enforcement authority. After a full review, it was determined that the Bureau did not account for all FCRA requirements on these firms previously. The adjustment of +1,937,412 hours is largely a result of the estimation of burden of requirements under FCRA for which an estimate had not previously existed. This is the first time that the impact of these requirements has been estimated, resulting in an increase in requested PRA burden. This increase does not represent new requirements or a substantial increase in burden due to existing requirements. The adjustment of +\$66,627,000 in cost burden is also a result of newly estimated requirements.

16. Plans for Tabulation, Statistical Analysis, and Publication

Not applicable.

17. Display of Expiration Date

The OMB number will be displayed in the PRA section of the final rule and in the codified version of the Code of Federal Regulations. Further, the OMB control number and expiration date will be displayed on the Federal government’s electronic PRA docket at www.reginfo.gov.”

18. Exceptions to the Certification Requirement

The Bureau certifies that this collection of information is consistent with the requirements of 5 C.F.R. § 1320.9, and the related provisions of 5 C.F.R. § 1320.8(b)(3) and is not seeking an exemption to these certification requirements.

Supporting Statement Part B, Collections of Information Using Statistical Methods

Not applicable. This collection of information does not use statistical methods.

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