

**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 2003<sup>1</sup> (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 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 or have little credit or 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) requires a furnisher to conduct a reasonable investigation of a dispute initiated directly by a consumer in certain circumstances. Under the final rule, furnishers must follow a process substantially similar to the process for handling disputes submitted

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

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. *If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.***

There are no alternatives that would result in lowering the burden on small institutions, while still accomplishing the purpose of the rule.

**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 part 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:***

The OCC issued a notice for 60 days of comment concerning the collection on April 2, 2018, 83 FR 14104. 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: 5 (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: 200 hours.

**Disclosure Burden**

Estimated number of respondents: 1,128.

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: 185,603 hours.

**Estimated Cost**

185,603 hours x \$117 = \$21,715,551

To estimate wages we reviewed data from May 2017 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 \$117 per hour, which is based on the average of the 90th percentile for seven occupations adjusted for inflation (2.2 percent), plus an additional 34.2 percent to cover private sector benefits for financial activities.

**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: 185,443 burden hours.

Current burden: 185,603 burden hours.

Difference: + 160 burden hours.

The increase in burden is due to the new charters issued.

**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.