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April 12, 2011

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

Re: Proposed Rule – Fair Credit Reporting – Reg V - Risk-Based Pricing Notices
Docket No. R-1407

Dear Ms. Johnson:

This letter is submitted in response to the Proposed Rule revising Regulation V of the Fair Credit Reporting Act regarding risk-based pricing notices, as required by the Dodd-Frank Act.

Securian Financial Group is a provider of loan forms, including risk-based pricing notices, to credit unions and banks nationwide.

We appreciate the opportunity to comment on this proposal.

Our comments respond to the two specific questions that the Board has asked. We also provide comment on the effective date, which we interpret to be sometime after July 21, 2011, and respectfully request an extension of that date.

EFFECTIVE DATE

We respectfully disagree with the Board's interpretation that the Dodd-Frank Act mandates an effective date of July 21, 2011.

We believe that Congress could not have possibly intended the effective date to be July 21, 2011, and that the Dodd-Frank Act does not in fact set such a date. This is because Dodd-Frank mandates that the *Consumer Financial Protection Bureau* issue regulations implementing the revisions that are the subject of this current rulemaking. As such, the effective date must be sometime after the CFPB comes into power, i.e., sometime after July 21, 2011. We also believe that Section 1100H allows for such an exception. We explain as follows:

Section 1100H states:

Except as otherwise provided in this subtitle and the amendments made by this subtitle, this subtitle and the amendments made by this subtitle, other than sections 1081 and 1082, shall become effective on the designated transfer date.

Section 1100F is an example of an “amendment made by this subtitle”. Specifically, Section 1100F amends section 615 of the Fair Credit Reporting Act to require the additional information regarding credit scores that will now be required in the risk-based pricing notices.

Additionally, Section 1088(a)(9), as the Board notes, amends section 615 of the FCRA to require the **Bureau** to issue regulations regarding the risk-based pricing notices.

As such, Congress could not have intended changes in the law to take effect on the date the CFPB becomes operational, when it also requires the CFPB to issue regulations regarding those changes. This is therefore an exception to the July 21, 2011 effective date, as allowed under Section 1100H. Thus, the Board has the authority to set an appropriate compliance date under its rulemaking authority, and we request that the Board do so, for the following reasons.

First, a mandatory compliance deadline of July 21st is simply unrealistic. The comment period for the FCRA revisions ends on April 14, 2011; the comment period for the Paperwork Reduction Act does not end until May 16th. Even assuming that the Board finalizes the rule quickly, say as early as June 1, that gives lenders and their loan form providers and data processors only six weeks to read and analyze the rules, revise the forms, map the forms, load the forms, test the forms, and put the forms into production. Additionally, creditors will also have to revise their adverse action notices to include credit score information. There is simply not enough time to make all the revisions to all of the forms in time for a July 21, 2011 mandatory compliance date.

We therefore respectfully request a mandatory compliance deadline of at least nine months from the date the final rule is published. This will allow loan form providers to create the new forms, data processors to map, reprogram, and load the forms, and will allow lenders to put the new forms into production.

CONTENT AND FORMAT OF THE MODEL FORMS

We provide comments directly in response to two specific questions that the Board has asked.

- 1. The Agencies request comment as to whether the proposed additional content for general risk-based pricing notices and account review notices in the proposed rules is appropriate.**

The Dodd-Frank Act, in Section 1100F, amends FCRA Section 615 to require additional content in the risk-based pricing notices if a creditor uses a credit score in its decisioning. This additional content is:

1. A numerical credit score used in making the credit decision;
2. The range of possible scores under the model used;
3. All of the key factors that adversely affected the credit score of the consumer in the model used, not to exceed four (unless the number of inquiries is one factor, in which case the number of factors listed cannot exceed five);
4. The date on which the credit score was created; and
5. The name of the person or entity that provided the credit score.

The proposed rule would include these five requirements. In addition, to provide context for the additional content requirements, the proposal would also require a statement that a credit score is a number that takes into account information in a consumer report and that a credit score can change over time to reflect changes in the consumer's credit history.

We believe the newly proposed content is appropriate. We also agree that it is not necessary to change the rules for the credit score exception notices.

2. The Agencies request comment on the design and content of the model forms. The Agencies specifically solicit comment on the ordering of the content in Model Forms H-6 (general RPB Notice under Reg V) and H-7 (Account Review Notice under Reg V), and B-6 (general RPB Notice under FTC Rules) and B-7 (Account Review Notice under FTC Rules), and whether the credit score and information relating to a credit score should be presented prior to the information on credit reports.

We believe that the information regarding credit score should be presented earlier in the form, but not necessarily prior to the information on credit reports. We also believe the information regarding credit reports can be shortened, enhanced, and more consistent with the information regarding credit reports.

We respectfully suggest that the model form H-6 be revised as follows. New language is in red italics, with notes explaining the changes below (also attached hereto as Exhibit A):

Your Credit Report, *Credit Score*¹, and the Price You Pay for Credit

What is a credit report?	A credit report is a record of your credit history. It includes information about whether you pay your bills on time and how much you owe to creditors.
How did we use your credit report?	<p>We used information from your credit report, <i>including your credit score</i>¹, to set the terms of the credit we are offering you, such as the Annual Percentage Rate.</p> <p>The terms offered to you may be less favorable than the terms offered to consumers who have better credit histories.</p>
<i>What is a credit score?</i> ²	<i>Your credit score is a number that reflects the information in your credit report. Your credit score can change, depending on how your credit history changes.</i>

<p>Your credit score is:³</p>	<p>Your credit score, which we obtained from the consumer reporting agency listed below, is:</p> <p>[insert credit score] as of [insert date]. Scores range from a low of [insert low] to a high of [insert high].</p>
<p>Key factors that adversely affected your credit score:⁴</p>	<p>[insert first factor]</p> <p>[insert second factor]</p> <p>[insert third factor]</p> <p>[insert fourth factor]</p> <p>[[Number of recent inquiries on credit report]]</p>
<p>What if there are mistakes in your credit report?</p>	<p>You have a right to dispute any inaccurate information in your credit report.</p> <p>If you find mistakes on your credit report, contact <u>the consumer reporting agency listed below</u>⁵, which is the consumer reporting agency from which we obtained your credit report.</p> <p>It is a good idea to check your credit report to make sure the information it contains is accurate.</p>
<p>How can you obtain a copy of your credit report?</p>	<p>Under federal law, you have the right to obtain a copy of your credit report without charge for 60 days after you receive this notice. To obtain your free report, contact:</p> <p>Credit Reporting Agency: _____</p> <p>By telephone: Call toll-free: _____</p> <p>By mail: Mail your written request to: _____</p> <p><i>You may also obtain copies of your credit reports once a year at no charge by visiting www.annualcreditreport.com</i>⁶</p>
<p>How can you get more information about credit reports <i>and credit scores</i>¹?</p>	<p>For more information about credit reports and your rights under federal law, visit the Federal Reserve Board's web site at www.federalreserve.gov, or the Federal Trade Commission's web site at www.ftc.gov.</p>

Notes:

1 – “credit score” – inserted references to credit score for clarifying explanation.

2 - “What is a Credit Score?” section – Worded this in question format to be consistent with the “What is a credit report?” section. Moved the credit score information below the first two credit report rows, as credit scores are one component of credit reports, and the flow seems logical.

3 – “Your credit score is” section: Added language explaining to the borrower that the credit score is obtained from the consumer reporting agency (rather than a score the lender creates). Consolidated the “range” row into this section. Since the range gives the consumer the reference point with which to understand the credit score, it is appropriate to place it directly with the score itself. A separate row just for the range seems unnecessary and only adds to the length of the

form. Additionally, we added “as of” to the date to make it clear that the date refers to the date of the score, rather than the date of the notice.

4 – Key factors – changed the 5th bracket to double brackets with the language, “Number of recent inquiries on credit report” for better explanation and accuracy. The 5th bracket/key factor is only applicable if one factor was the number of inquiries. This is also consistent with the proposed Reg B changes for adverse action notices.

5 – contact “the consumer reporting agency listed below”. We see no reason to repeat the name and/or contact information of the consumer reporting agency that the creditor used. This only lengthens the form, increases chances for mistakes, and could cause confusion. Stream-lined forms are consumer-friendly forms.

6 – www.annualcreditreport.com - Inserted a sentence informing consumers that they can also get a free report once annually from the FTC at www.annualcreditreport.com. While not part of the risk-based pricing rule, this seems like an appropriate (and only?) opportunity to inform consumers of this tool. It would also be consistent with the intent of the risk-based pricing rules to inform and educate consumers regarding credit reports. It could also arguably be considered to be more accurate, as presumably a consumer can obtain a free report even after the 60 days mandated by the RBP rules expires (at least if the consumer has not already obtained the report within the past year). This can let consumers know that if they allow the 60 days to lapse, they will still be able to obtain free credit reports.

We would suggest the same changes to the account review forms and the FTC forms.

CONCLUSION

We generally agree with the content and structure of the proposed rules. However, we feel that the model forms can be improved to be even more consumer- and creditor-friendly.

We also believe that Dodd-Frank does NOT mandate a July 21, 2011 effective date. We ask that the Board set a mandatory compliance deadline at least nine months after the date of publication of the final rule.

Thank you for your consideration.

Sincerely,

/s/

Catherine Klimek
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EXHIBIT A - SUGGESTED CHANGES TO MODEL FORM – Securian Financial Group
Your Credit Report, *Credit Score*, and the Price You Pay for Credit

<p>What is a credit report?</p>	<p>A credit report is a record of your credit history. It includes information about whether you pay your bills on time and how much you owe to creditors.</p>
<p>How did we use your credit report?</p>	<p>We used information from your credit report, <i>including your credit score</i>, to set the terms of the credit we are offering you, such as the Annual Percentage Rate.</p> <p>The terms offered to you may be less favorable than the terms offered to consumers who have better credit histories.</p>
<p><i>What is a credit score?</i></p>	<p><i>Your credit score is a number that reflects the information in your credit report. Your credit score can change, depending on how your credit history changes.</i></p>
<p><i>Your credit score is:</i></p>	<p><i>Your credit score, which we obtained from the consumer reporting agency listed below, is:</i></p> <p><i>[insert credit score] as of [insert date]. Scores range from a low of [insert low] to a high of [insert high].</i></p>
<p><i>Key factors that adversely affected your credit score:</i></p>	<p><i>[insert first factor]</i></p> <p><i>[insert second factor]</i></p> <p><i>[insert third factor]</i></p> <p><i>[insert fourth factor]</i></p> <p><i>[[Number of recent inquiries on credit report]]</i></p>
<p>What if there are mistakes in your credit report?</p>	<p>You have a right to dispute any inaccurate information in your credit report.</p> <p>If you find mistakes on your credit report, contact <u><i>the consumer reporting agency listed below</i></u>, which is the consumer reporting agency from which we obtained your credit report.</p> <p>It is a good idea to check your credit report to make sure the information it contains is accurate.</p>
<p>How can you obtain a copy of your credit report?</p>	<p>Under federal law, you have the right to obtain a copy of your credit report without charge for 60 days after you receive this notice. To obtain your free report, contact:</p> <p><i>Credit Reporting Agency:</i> _____</p> <p><i>By telephone:</i> Call toll-free: _____</p> <p><i>By mail:</i> Mail your written request to: _____</p> <p>_____</p> <p><i>You may also obtain copies of your credit reports once a year at no charge by visiting www.annualcreditreport.com⁶</i></p>
<p>How can you get more information about credit reports <i>and credit scores</i>?</p>	<p>For more information about credit reports and your rights under federal law, visit the Federal Reserve Board's web site at www.federalreserve.gov, or the Federal Trade Commission's web site at www.ftc.gov.</p>