



April 14, 2017

Senator Mike Crapo
Chairman
Senate Committee on Banking, Housing and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Sherrod Brown
Ranking Member
U.S. Senate Committee on Banking, Housing & Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Crapo and Ranking Member Brown,

I want to commend you for seeking out legislative proposals for the Senate Banking Committee to consider that will both benefit consumers and spur economic growth. As the Executive Director of the Coalition to Improve Credit Education (CICE), I am writing to encourage you to fix the Credit Repair Organizations Act (CROA) to make it easier for consumers and small businesses to access innovative credit education. This simple fix would have an immediate impact on our nation's economy by empowering consumers to improve their credit scores nationwide. We believe that this bipartisan effort is ripe for consideration by the Committee during this Congress.

The Coalition to Improve Credit Education represents more than 20 influential community development, minority leadership, and financial literacy groups that have joined together to improve consumer access to financial education,¹ including: Operation HOPE, the Center for Financial Services Innovation; National Bankers Association; National Hispanic Caucus of State Legislators; National Black Caucus of State Legislators; National Baptist Convention of America International, Inc.; HomeFree-USA; Society for Financial Education and Professional Development; and the Credit Builders Alliance.

The Coalition's primary objective is working with Congress to correct an unintentional yet harmful provision of CROA that prevents consumers from receiving personalized credit education information and services from the major credit bureaus and other legitimate financial education entities.

As you know, CROA was intended to address the problem of fraudulent solicitations and consumer scams around credit repair, an important issue on which it has had a substantial and largely positive impact. For obvious reasons, the original law was never intended to cover the legitimate services provided by the credit bureaus, nor did Congress want to prevent well-regulated financial education companies from entering the market to provide those services.

¹ You can find a full list of the member organizations at: <http://www.mycreditlife.org/about-the-coalition/>



Unfortunately, subsequent court rulings have interpreted the language of CROA to also cover the nationwide credit bureaus, thus preventing them from providing valuable credit education and improvement tools to consumers. Specifically, the law now imposes an arduous three-business day waiting period before a nationwide credit bureau can call consumers back to provide credit education services. Independent research from the Policy and Economic Research Council (PERC) has shown that only six percent of consumers complete the registration process for such services after being forced to wait that long for a response.

During the last session of Congress, Representatives Ed Royce and Ruben Hinojosa introduced bipartisan legislation that would update CROA to ensure that the nationwide credit reporting agencies are able to provide consumers with timely, legitimate credit education. The bill received a positive hearing before the House Financial Institutions and Consumer Credit Subcommittee in September 2016.

Since then, additional discussions have resulted in a consensus approach that would allow the major credit bureaus to provide those services while also enabling other innovative financial education companies to do so, so long as they agreed to increased oversight from the Federal Trade Commission (FTC) to protect consumer interests. Representative Royce is expected to reintroduce that new bill soon. I have attached a draft of the bill as an attachment.

Consumers would remain fully protected. If the FTC finds that an entity has been engaged in credit repair, the entity is subject to CROA's provisions, enforced by the FTC. The FTC, CFPB and state attorney's general would continue to be able to protect consumers from unfair and deceptive acts or practices.

This common-sense fix to the law will help create a robust and competitive marketplace for legitimate credit education services, while ensuring consumers are protected through ongoing - and, as described above, increased - oversight by the Consumer Financial Protection Bureau, FTC, and states Attorneys General. A bipartisan approach like this will increase consumer access to personalized credit education information and services, so millions of Americans can chart a better financial future by getting a loan for a new home or car, securing a credit card with better interest rates, or finding an investment for a small business.

Whether it's helping a family in Boise finally realize the dream of homeownership or allowing a recent college graduate in Columbus escape a mountain of student loan debt, I have seen how better credit can improve lives. Last year PERC released a study showing that nearly two-thirds of consumers and small businesses (62 percent) were able to increase their credit scores within three months of receiving these types of personalized credit education services. In addition, nearly 90% of small business owners said they had a better understanding of credit reports and credit scores after completing an education session. Moreover, industry analysis shows that personalized credit education could improve a consumer's score by roughly 20 points. This would mean that the more than 23,000,000 consumers in the United States who are just 20 points or less from a prime score could realize an annual savings of more than \$2,800 on an average 30-year mortgage.



On behalf of the Coalition and as someone who has spent my life dedicated to consumer financial literacy, I encourage the Committee to pass legislation similar to the attached draft to ensure that consumers have access to legitimate, timely credit education.

Additional information on the Coalition to Improve Credit Education can be found on our web site at www.mycreditlife.org, and I would be delighted to meet with you or your staff to discuss this issue in more detail.

Sincerely,

A handwritten signature in black ink that reads "William Cheeks". The signature is written in a cursive, flowing style.

William (Bill) Cheeks
Executive Director
Coalition to Improve Credit Education

.....
(Original Signature of Member)

115TH CONGRESS
1ST SESSION

H. R. _____

To amend the Credit Repair Organizations Act to facilitate the development and provision of certain consumer credit services, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. ROYCE of California introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Credit Repair Organizations Act to facilitate the development and provision of certain consumer credit services, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Credit Services Protec-
5 tion Act of 2017”.

6 **SEC. 2. PROTECTION OF CONSUMER CREDIT SERVICES.**

7 (a) IN GENERAL.—The Credit Repair Organizations
8 Act (15 U.S.C. 1679 et seq.) is amended—

1 (1) by striking “title” each place such term ap-
2 pears and inserting “chapter”;

3 (2) by striking “**TITLE IV—CREDIT RE-**
4 **PAIR ORGANIZATIONS**” and inserting
5 “**TITLE IV—CONSUMER CREDIT SERV-**
6 **ICES**”;

7 (3) by inserting before the table of contents for
8 such Act the following:

9 “**CHAPTER 1—CREDIT REPAIR**”; and

10 (4) by inserting after section 413 the following:

11 “**CHAPTER 2—CREDIT AND IDENTITY**
12 **PROTECTION AND CREDIT EDUCATION**

“Sec. 421. Short title.

“Sec. 422. Findings.

“Sec. 423. Definitions.

“Sec. 424. Promotion of credit and identity protection services and credit edu-
cation services.

“Sec. 425. Applicability of Credit Repair Organizations Act to activities of au-
thorized credit services providers other than credit and identity
protection services or credit education services.

“Sec. 426. Relation to State law.

“Sec. 427. Process for obtaining status as authorized credit services provider.

13 “**SEC. 421. SHORT TITLE.**

14 “This chapter may be cited as the ‘Credit Services
15 Protection Act’.

16 “**SEC. 422. FINDINGS.**

17 “The Congress makes the following findings:

18 “(1) Consumer reports and credit scores have
19 become widely available to consumers. In order to
20 fully benefit from such access, however, consumers

1 also need the tools to understand and improve their
2 credit standing. By doing so consumers can gain
3 greater access to credit and on better terms, which
4 can help alleviate poverty, sustain the middle class,
5 and grow the economy.

6 “(2) Consumer reporting agencies have insight
7 into the behaviors and factors that affect consumers’
8 credit standing, while at the same time have a vest-
9 ed interest in maintaining the accuracy and integrity
10 of consumers’ credit data. Consumer reporting agen-
11 cies have developed tools and services that empower
12 consumers to understand their credit histories and
13 to manage and improve their credit standing.

14 “(3) As cyber-attacks and data breaches have
15 proliferated, consumers’ credit standing has also be-
16 come increasingly threatened by identity theft,
17 fraud, and other forms of unauthorized access. Con-
18 sumer reporting agencies have also developed credit
19 monitoring and other credit and identity protection
20 tools and services to help protect consumers from
21 these threats.

22 “(4) The provision of credit and identity protec-
23 tion services and credit education services should be
24 accompanied by reasonable and appropriate con-
25 sumer protections.

1 **“SEC. 423. DEFINITIONS.**

2 “For the purposes of this chapter, the following defi-
3 nitions apply:

4 “(1) **AUTHORIZED CREDIT SERVICES PRO-**
5 **VIDER.**—The term ‘authorized credit services pro-
6 vider’ means—

7 “(A) any consumer reporting agency de-
8 scribed under section 603(p) of the Fair Credit
9 Reporting Act, or any affiliate or subsidiary of
10 such a consumer reporting agency; or

11 “(B) any other entity that has obtained
12 status as an authorized credit services provider
13 under section 427.

14 “(2) **CREDIT.**—The term ‘credit’ has the mean-
15 ing given that term under section 403 of the Credit
16 Repair Organizations Act.

17 “(3) **CREDIT AND IDENTITY PROTECTION SERV-**
18 **ICE.**—The term ‘credit and identity protection serv-
19 ice’—

20 “(A) means any service offered, sold, pro-
21 vided, or performed to or for consumers for the
22 express or implied purpose of protecting a con-
23 sumer’s credit standing or to detect or prevent
24 the commission or remediate the consequences
25 of identity theft, fraud, data breach, or other

1 unauthorized financial or credit-related activity;
2 and

3 “(B) does not include—

4 “(i) any activity described in subpara-
5 graphs (A) through (C) of section
6 427(a)(2);

7 “(ii) any services marketed to a con-
8 sumer during a call or session with a con-
9 sumer reporting agency regarding the exer-
10 cise of any consumer right under the Fair
11 Credit Reporting Act or applicable State
12 laws prior to the consumer reporting agen-
13 cy meeting its obligations under the Fair
14 Credit Reporting Act or applicable State
15 law required for such call or session; or

16 “(iii) any services provided without
17 compliance with section 424(d).

18 “(4) CREDIT EDUCATION SERVICE.—The term
19 ‘credit education service’—

20 “(A) means any service offered, sold, pro-
21 vided, or performed to or for consumers for the
22 express or implied purpose of counseling, edu-
23 cating, or assisting consumers in under-
24 standing, managing, or prospectively improving

1 their credit standing, consumer report, credit
2 scores, or access to credit; and

3 “(B) does not include—

4 “(i) any activity described in subpara-
5 graphs (A) through (C) of section
6 427(a)(2);

7 “(ii) any services marketed to a con-
8 sumer during a call or session with a con-
9 sumer reporting agency regarding the exer-
10 cise of any consumer right under the Fair
11 Credit Reporting Act or applicable State
12 laws prior to the consumer reporting agen-
13 cy meeting its obligations under the Fair
14 Credit Reporting Act or applicable State
15 law required for such call or session; or

16 “(iii) any services provided without
17 compliance with section 424(d).

18 “(5) CONSUMER.—The term ‘consumer’ has the
19 meaning given that term under section 403 of the
20 Credit Repair Organizations Act.

21 “(6) CONSUMER REPORT.—The term ‘consumer
22 report’ has the meaning given that term under sec-
23 tion 603 of the Federal Credit Reporting Act.

1 **“SEC. 424. PROMOTION OF CREDIT AND IDENTITY PROTEC-**
2 **TION SERVICES AND CREDIT EDUCATION**
3 **SERVICES.**

4 “(a) INAPPLICABILITY OF THE CREDIT REPAIR OR-
5 GANIZATIONS ACT TO CREDIT AND IDENTITY PROTEC-
6 TION SERVICES AND CREDIT EDUCATION SERVICES.—
7 The Credit Repair Organizations Act shall not apply to
8 any authorized credit services provider to the extent such
9 provider offers, sells, provides, or performs credit and
10 identity protection services or credit education services.

11 “(b) PROHIBITED PRACTICES.—No authorized credit
12 services provider may—

13 “(1) make any statement, or counsel or advise
14 any consumer to make any statement, which is un-
15 true or misleading (or which, upon the exercise of
16 reasonable care, should be known by the authorized
17 credit services provider officer, employee, agent, or
18 other person to be untrue or misleading) with re-
19 spect to any consumer’s credit worthiness, credit
20 standing, or credit capacity to—

21 “(A) any consumer reporting agency (as
22 defined under section 603(f) of the Fair Credit
23 Reporting Act); or

24 “(B) any person—

25 “(i) who has extended credit to the
26 consumer; or

1 “(ii) to whom the consumer has ap-
2 plied or is applying for an extension of
3 credit;

4 “(2) make any statement, or counsel or advise
5 any consumer to make any statement, the intended
6 effect of which is to alter the consumer’s identifica-
7 tion to prevent the display of the consumer’s credit
8 record, history, or rating for the purpose of con-
9 cealing adverse information that is accurate and not
10 obsolete to—

11 “(A) any consumer reporting agency (as
12 defined under section 603(f) of the Fair Credit
13 Reporting Act); or

14 “(B) any person—

15 “(i) who has extended credit to the
16 consumer; or

17 “(ii) to whom the consumer has ap-
18 plied or is applying for an extension of
19 credit;

20 “(3) make or use any untrue or misleading
21 statement of the services offered by the authorized
22 credit services provider; or

23 “(4) engage, directly or indirectly, in any act,
24 practice, or course of business that constitutes or re-
25 sults directly in the commission of, or attempt to

1 commit, a fraud or deception on any person in con-
2 nection with the offer or sale of the services of the
3 authorized credit services provider.

4 “(c) MANDATORY DISCLOSURE.—Except as other-
5 wise provided by law, an authorized credit services pro-
6 vider shall disclose, in writing or electronically, the fol-
7 lowing disclosure, or a substantially similar disclosure, to
8 the consumer prior to the authorized credit services pro-
9 vider commencing credit and identity protection services
10 or credit education services to the consumer:

11 “Consumer Credit File Rights

12 “You have a right to dispute inaccurate information
13 in your credit report free of charge by contacting the cred-
14 it bureau directly. However, neither you nor any other
15 company or organization has the right to have accurate,
16 current, and verifiable information removed from your
17 credit report. Under Federal law, the credit bureau must
18 remove accurate, negative information from your report
19 only if it is over 7 years old. Bankruptcy information can
20 be reported for 10 years. It is unlawful to conceal, distort,
21 or otherwise provide misleading information to a credit bu-
22 reau.

23 “You have a right to obtain a free copy of your credit
24 report annually from each of the three nationwide credit
25 bureaus at www.annualcreditreport.com.

1 “You have a right to obtain a copy of your credit
2 report from a credit bureau at any other time for a reason-
3 able fee. There is no fee, however, if you have been turned
4 down for credit, employment, insurance, or a rental dwell-
5 ing because of information in your credit report within the
6 preceding 60 days. The credit bureau must provide at no
7 cost to you someone to explain to you any information in
8 the credit file disclosure you receive from the credit report-
9 ing agency. You are entitled to receive a free copy of your
10 credit report if you are unemployed and intend to apply
11 for employment in the next 60 days, if you are a recipient
12 of public welfare assistance, or if you have reason to be-
13 lieve that there is inaccurate information in your credit
14 report due to fraud.

15 “Credit bureaus are required to follow reasonable
16 procedures to ensure that the information they report is
17 accurate. However, mistakes may occur.

18 “You may, on your own, notify a credit bureau in
19 writing, through a toll-free telephone number established
20 by the credit bureau or through a function of the credit
21 bureau’s website, if available, that you dispute the accu-
22 racy of information in your credit file. The credit bureau
23 must then investigate your dispute and modify or remove
24 inaccurate or incomplete information. The credit bureau
25 may not charge any fee for this service. Any pertinent in-

1 formation and copies of all documents you have concerning
2 an error should be given to the credit bureau.

3 “If the credit bureau’s investigation does not resolve
4 the dispute to your satisfaction, you may send a brief
5 statement to the credit bureau, to be kept in your file,
6 explaining why you think the record is inaccurate. The
7 credit bureau must include a summary of your statement
8 about disputed information with any report it issues about
9 you.

10 “There are many different credit score models that
11 can give an assessment of your relative risk of default for
12 the same credit report. This risk of default is typically
13 expressed in a three-digit number known as a credit score.

14 “There are various types of credit scores, and lenders
15 use a variety of different types of credit scores to make
16 lending decisions.

17 “The Federal Trade Commission is one of the agen-
18 cies that regulates credit bureaus. For more information
19 visit www.consumer.ftc.gov.

20 “(d) RIGHT TO TERMINATION OF CONTRACT.—

21 “(1) IN GENERAL.—A consumer shall have the
22 right to terminate a contract for credit and identity
23 theft protection services and credit education serv-
24 ices within three business days beginning on the

1 date that the consumer enters into such contract
2 with the authorized credit services provider.

3 “(2) REASONABLE VALUE PROVIDED.—If a
4 consumer terminates a contract pursuant to para-
5 graph (1), the authorized credit services provider
6 shall be entitled to the reasonable value for services
7 actually rendered prior to termination, not to exceed
8 the total amount paid by the consumer, but an au-
9 thorized credit services provider is not entitled to re-
10 tain any fees if no services were rendered.

11 “(e) ENFORCEMENT BY FEDERAL TRADE COMMIS-
12 SION.—A violation of this section shall be treated as a vio-
13 lation of a rule issued under section 18(a)(1)(B) of the
14 Federal Trade Commission Act (15 U.S.C. 57a(a)(1)(B))
15 regarding unfair or deceptive acts or practices. The Fed-
16 eral Trade Commission shall enforce this section in the
17 same manner, by the same means, and with the same ju-
18 risdiction, powers, and duties as though all applicable
19 terms and provisions of the Federal Trade Commission
20 Act (15 U.S.C. 41 et seq.) were incorporated into and
21 made a part of this section.

1 **“SEC. 425. APPLICABILITY OF CREDIT REPAIR ORGANIZA-**
2 **TIONS ACT TO ACTIVITIES OF AUTHORIZED**
3 **CREDIT SERVICES PROVIDERS OTHER THAN**
4 **CREDIT AND IDENTITY PROTECTION SERV-**
5 **ICES OR CREDIT EDUCATION SERVICES.**

6 “(a) **ENFORCEMENT BY FEDERAL TRADE COMMIS-**
7 **SION.**—The Credit Repair Organizations Act shall be en-
8 forced solely by the Federal Trade Commission in accord-
9 ance with subsections (a) and (b) of section 410 of that
10 Act with respect to any authorized credit services provider.

11 “(b) **CIVIL LIABILITY AND ADMINISTRATIVE EN-**
12 **FORCEMENT.**—Sections 409 and 410(c) of the Credit Re-
13 pair Organizations Act shall not apply to any authorized
14 credit services provider.

15 **“SEC. 426. RELATION TO STATE LAW.**

16 “(a) **EXEMPTION FOR AUTHORIZED CREDIT SERV-**
17 **ICES PROVIDERS.**—The provisions of this chapter super-
18 sede any law or regulation of any State with respect to
19 the subject matter of this chapter or the Credit Repair
20 Organizations Act to the extent that the State law would
21 apply to any authorized credit services provider.

22 “(b) **STATE LAWS REGARDING UNFAIR OR DECEP-**
23 **TIVE ACTS OR PRACTICES NOT AFFECTED.**—Except for
24 any provision contained in any State law superseded under
25 subsection (a), this section is not intended to preempt any
26 law of any State that prohibits unfair or deceptive acts

1 or practices, including the making of false or misleading
2 statements in the marketing of products or services.

3 **“SEC. 427. PROCESS FOR OBTAINING STATUS AS AUTHOR-**
4 **IZED CREDIT SERVICES PROVIDER.**

5 “(a) **REQUIREMENTS FOR OBTAINING STATUS.**—Any
6 person not described under section 423(1)(A) that seeks
7 to obtain status as an authorized credit services provider
8 shall be deemed to have obtained such status upon pro-
9 viding to the Federal Trade Commission a written certifi-
10 cation that contains the following:

11 “(1) A statement setting forth the person’s full
12 corporate organization, all affiliates of the person,
13 and all officers, directors, and any other individuals
14 with substantial management oversight over the per-
15 son.

16 “(2) A statement that the person has elected to
17 adhere to, and duly represents and warrants annu-
18 ally and publicly, the following standards:

19 “(A) The person, or any of its affiliates,
20 does not advise or assist consumers in modi-
21 fying or removing, or attempting to modify or
22 remove, adverse information that is accurate
23 and not obsolete from a consumer’s consumer
24 report.

1 “(B) The person, or any of its affiliates,
2 does not assist consumers in altering a con-
3 sumer’s existing credit record, credit history, or
4 credit score by concealing or distorting, or at-
5 tempting to conceal or distort, adverse informa-
6 tion that is accurate and not obsolete.

7 “(C) The person, or any of its affiliates,
8 does not assist consumers in interacting with
9 consumer reporting agencies described in sec-
10 tion 603(f) of the Fair Credit Reporting Act in
11 any manner which interferes with the lawful op-
12 eration of such consumer reporting agencies.

13 “(D) The person’s services are provided to
14 consumers on the basis of a written contract.

15 “(E) The person provides consumers with
16 notice prior to entering into a contract or
17 agreement for services, and a right to cancella-
18 tion, in accordance with the provisions of this
19 chapter.

20 “(3) A statement that the person—

21 “(A) on a biennial basis, will obtain an as-
22 sessment of the person’s compliance with the
23 representations and warranties in this sub-
24 section from a qualified, objective, independent,
25 third-party professional; and

1 “(B) will retain such assessment and pro-
2 vide the assessment to the Federal Trade Com-
3 mission not later than 10 days after the Fed-
4 eral Trade Commission requests the assess-
5 ment.

6 “(4) A statement that the person, or any of its
7 affiliates does not use the term ‘credit repair’ in its
8 marketing of credit and identity protection services
9 and credit education services.

10 “(b) REVOCATION.—The Federal Trade Commission
11 shall have the authority to rescind a person’s status ob-
12 tained under subsection (a) if the Federal Trade Commis-
13 sion determines that the person has failed to comply with
14 the obligations and standards set forth in subsection (a).

15 “(c) RETROACTIVE REVOCATION.—If the Federal
16 Trade Commission determines that a person who has ob-
17 tained status as an authorized credit services provider
18 under subsection (a), or any of the person’s affiliates, has
19 engaged in any activity described under subparagraphs
20 (A) through (C) of subsection (a)(2), the person shall be
21 deemed to have not obtained status as an authorized credit
22 services provider at the time the activity occurred and
23 shall be subject to all provisions of law otherwise applica-
24 ble to such activity, including the Credit Repair Organiza-
25 tions Act.”.

1 (b) **EFFECTIVE DATE.**—The amendments made by
2 this section shall take effect after the 60-day period begin-
3 ning on the date of the enactment of this Act.