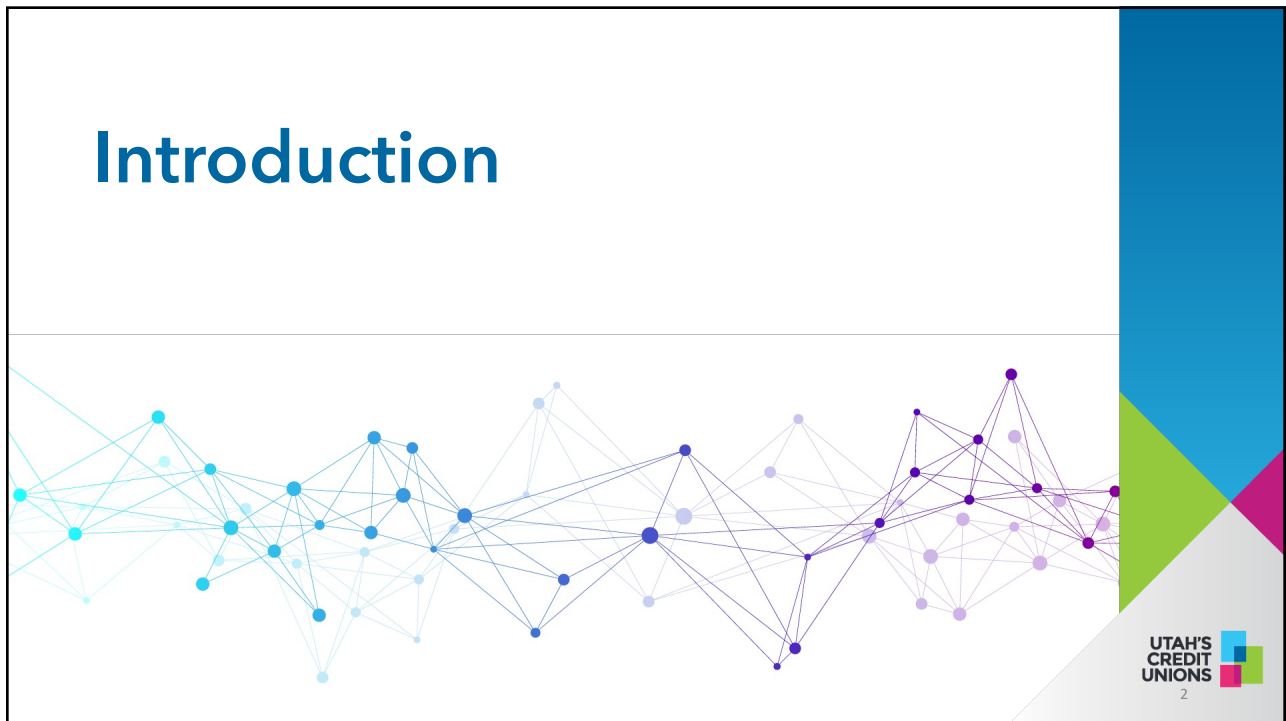




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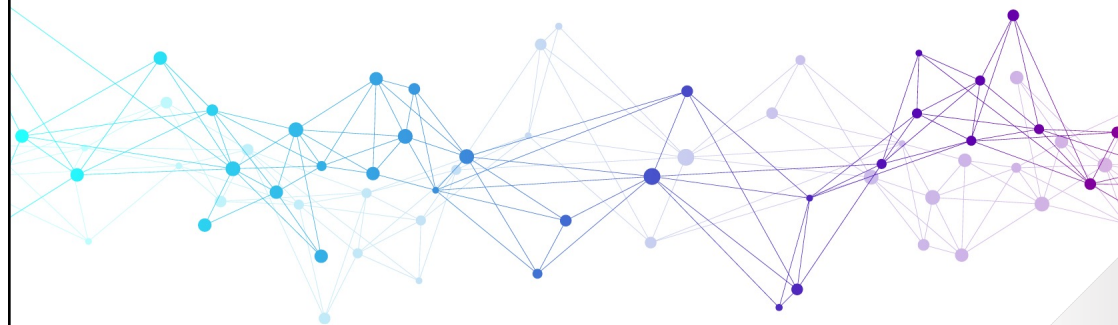
Purpose and Scope

The FCRA was enacted by Congress to serve the following principal purposes:

- To regulate the consumer-reporting industry, and to ensure the issuers of consumer reports provide information that is fair and equitable to consumers, and fair and accurate to report users.
- To prohibit consumer-reporting agencies (CRAs) from taking actions that are unfair or that adversely affect a consumer's credit and ability to obtain credit.
- To restrict the availability and use of consumer reports.

3

Adverse Action



4

Adverse Action Disclosure

- Disclosure is required when a creditor denies or increases the cost of a consumer's credit or deposit account based on third-party information.
- The FCRA notice may be combined with the ECOA notice.



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Credit Bureau Information

If information related to an adverse credit decision came from a credit bureau, the creditor must disclose certain items to the applicant.



6

6

Credit Bureau Information

FCRA Credit Bureau Adverse Action Content

- That information from a credit bureau was used in the credit decision.
- The name, address and telephone number (toll-free if a nationwide bureau) of the credit bureau used.
- A statement that the credit bureau did not make the decision to take the adverse action.
- Notice of the consumer's right to get a free copy of his credit report from the bureau upon written request, within 60 days.
- Notice of the consumer's right to dispute with the bureau the accuracy or completeness of any information contained in his report.
- The creditor does not have to include the nature of the information contained in the report.

7

Credit Score Information

Creditors must also disclose credit scores and related information to consumers in risk-based pricing and adverse action notices under the FCRA if a credit score was used in setting the credit terms or taking adverse action.

8

Credit Score Information

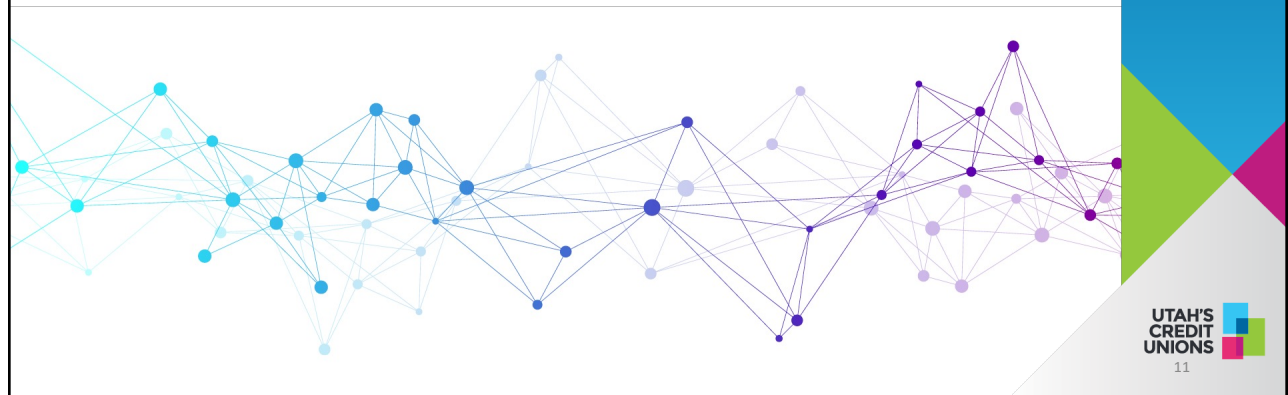
FCRA Credit Score Disclosure Content

- A statement that a credit score takes into account information in a consumer report and a credit score can change over time
- The specific numerical credit score used in making the credit decision
- The range of possible scores
- Key factors that adversely affected the credit score such as late payments and high credit utilization
- The date on which the credit score was created
- The name of the entity that provided the credit score.

Combined FCRA/ECOA Adverse Action Notice

- Both the FCRA and ECOA contain adverse action notice requirements.
- Regulation B provides model notices that allow creditors to comply with both statutes' requirements.

Notice to Home Loan Applicants



11

Notice to Home Loan Applicants

If a credit union uses credit scores in connection with mortgage loan applications, they must provide the following disclosures to applicants:

- The “Notice to Home Loan Applicants”
- The credit score(s) used in connection with the application
- Key factors that make up the credit score(s)
- Mortgage loan applications include purchase money mortgages, refinanced loans, home equity loans, second mortgages, and home equity lines of credit secured by 1 to 4 units of residential real property.

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Timing

- The notice and score disclosure must be provided as soon as “reasonably practical.”
- The notice is required whether or not the loan is approved.
- For privacy purposes, each applicant should receive a separate notice.

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Model Notice

Notice to home loan applicants

In connection with your application for a home loan, the lender must disclose to you the score that a consumer-reporting agency distributed to users and the lender used in connection with your home loan, and the key factors affecting your credit scores.

The credit score is a computer-generated summary calculated at the time of the request and based on information that a consumer reporting agency or lender has on file. The scores are based on data about your credit history and payment patterns. Credit scores are important because they are used to assist the lender in determining whether you will obtain a loan. They may also be used to determine what interest rate you may be offered on the mortgage. Credit scores can change over time, depending on your conduct, how your credit history and payment patterns change, and how credit-scoring technologies change.

Because the score is based on information in your credit history, it is very important that you review the credit-related information that is being furnished to make sure it is accurate. Credit records may vary from one company to another.

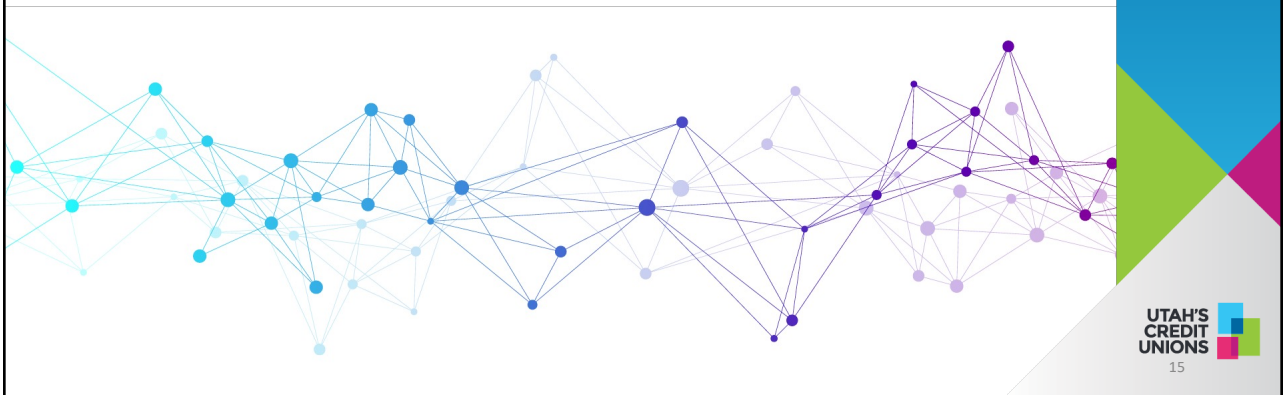
If you have questions about your credit score or the credit information that is furnished to you, contact the consumer reporting agency at the address and telephone number provided with this notice, or contact the lender, if the lender developed or generated the credit score.

The consumer-reporting agency plays no part in the decision to take any action on the loan application and is unable to provide you with specific reasons for the decision on a loan application.

If you have questions concerning the terms of the loan, contact the lender.

14

Medical Information



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Medical Information

- Certain restrictions apply to medical information contained in consumer reports.
- Medical information includes information that was created or derived from:
 - A health provider or consumer that relates to the past, present, or future physical, mental, or behavioral condition of an individual
 - The providing of health care to an individual
 - The payment or provision of health care to an individual
- Medical information includes consumer report information related to medical debts.
- The definition of medical information does not include the age or gender of the consumer, demographic information about the consumer, or any other information that does not relate to the physical, mental or behavioral health or condition of the consumer, including the existence or value of any insurance policy.

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Prohibitions

Credit unions may obtain and use medical information in determining credit eligibility if the following three requirements are met:

- The information relates to debts, expenses, income, benefits, assets, collateral, or the purpose of the loan, including the use of the proceeds.
- The credit union uses the information in a manner and to an extent no less favorable than it would use comparable information that is not medical information in a credit transaction. (Medical expenses or income may be treated more favorably.)
- The credit union does not take the consumer's physical, mental, or behavioral, condition or history, type of treatment, or prognosis into account as part of any credit eligibility determination.
- A creditor may obtain such information in connection with determining credit eligibility if it is received unsolicited.
- Any unsolicited medical information the creditor receives cannot be used for later credit eligibility determinations.

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Exceptions

Additional exceptions under the rule include:

- Determining whether the use of a power of attorney or legal representative is necessary and appropriate.
- Complying with applicable requirements of local, state, or federal laws.
- When such information is included in a consumer report from a credit bureau, as permitted under the FCRA, and is used for the purpose for which the consumer provided written consent.
- For fraud prevention and detection.
- Verifying the medical purpose of a loan and use of proceeds with regard to financing of medical products or services.
- If the consumer or the consumer's legal representative requests in writing, on a separate form signed by the consumer or legal representative, that the creditor use specific medical information in determining credit eligibility to accommodate the consumer's particular circumstances.

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