BLACK HILLS
FEDERAL CREDIT UNION
A Member-Owned, Not-For-Profit Cooperative
PO Box 1420, Rapid City, SD 57709-1420

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

RE: Docket No. R-1407

Dear Ms. Johnson:

We are writing to express our concerns with the proposed changes, effective July 21, to the Fair Credit Reporting Act and Regulation B regarding Risked Based Pricing and Adverse Action notices.

Our primary concern is consumer focused. We agree that it is important to educate consumers about their credit, their credit score, and how both may affect their ability to obtain credit and the terms and conditions they may be offered. The current requirement for Risk Based Pricing and Adverse Action accomplishes this. The proposed changes to the Risk Based Pricing Notice, however, require that the key factors contributing to the consumer's credit score be disclosed on the Notice. These factors are described as "the key factors ***adversely*** affecting your credit score."
In our opinion, the "key factors" should not be disclosed on all Notices because:

- It creates a negative tone.
- It's confusing to consumers, especially those who are approved for a loan or have a very high credit score.
- The confusion will result in many more questions for employees of financial institutions who do not have the necessary information or training to adequately explain the credit reporting agencies scoring model.

While financial institutions use credit scores and review credit history to make loan decisions and set material terms, they do not calculate the score for the consumer. It makes sense for financial institutions to disclose what information they used, where they received the information, and how they used the information. To disclose more than that to the consumer is beyond the realm of that financial institution's knowledge and expertise and places an undue burden on the employees without an added benefit to the consumer.

In addition to our concerns above, the newly proposed rule creates more challenges:

- Changes made so quickly to a new regulation increase the risk of misunderstanding and errors when implementing the change.
- Financial Institutions will have to dedicate more staff time to amending forms and procedures.
- Additional training will be required for front line staff that will be charged with completing the forms.

Overall, the effect of these proposed changes will not be consumer friendly because the changes will result in confusion for the consumer and will place an undue burden on front line employees.

Sincerely,

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