

ZIONS BANCORPORATION

*Corporate Compliance
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Salt Lake City, UT 84111*

September 17, 2004

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

RE: Docket No. OP-1209

Fax: (202) 452-3819
regs.comments@federalreserve.gov

Thank you for providing us with the opportunity to comment on the Notice of **Study and Request for Information** as **published** in the Federal Register on August 5, 2004.

Our institution is a \$30+ billion-dollar **bank** holding **company** with banking **offices** located in **the** states of Arizona, **California**, Colorado, Idaho, Nevada, New Mexico, Utah and Washington. We engage in loan servicing activities that include the reporting of consumer credit information to consumer reporting agencies.

We appreciate the efforts the Board is **raking** to obtain information **from** furnishers of credit information **and** we hope you find **our** response helpful in making appropriate **and** reasonable recommendations for legislative or **administrative actions**. While we understand the **goal** of **such** actions is to identify weaknesses and improve the **process** for resolving consumer disputes, **we are** sure you agree that it should be done efficiently and without **imposing** undue regulatory burden on furnishers of credit information or on consumer reporting agencies,

As a **furnisher** of credit information, we responded to **only** those questions that pertain to us **as follows**:

General information

- Of all disputes received by the furnisher, what percentage of the disputes or complaints comes through a **consumer** reporting agency? What percentage comes directly **from** consumers? What percentage comes **from** other sources (e.g., credit repair entities)?

Our Consumer Loan Servicing Department receives **60%** of its disputes from consumer reporting agencies, **20%** from consumers, and **20%** from internal requests. **Currently**, the number of disputes received from credit repair entities is negligible.

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Our Mortgage Subservicer receives **75%** of its disputes from consumer reporting agencies, and the remainder from the consumer or on the consumer's behalf (such as from an attorney or refinancing broker). Our Mortgage Subservicer receives almost no disputes from credit repair entities.

Disputes communicated by consumers directly to furnishers

- Does the **furnisher** provide **an** address for consumers to use if **they** want to dispute information directly with the **furnisher**? If not, why? **If an** address is provided, how **is** the consumer informed about this address?

Our Consumer Loan Servicing Department provides the address in payment books, on monthly statements, **and** on past due notices.

Our Mortgage Subservicer does not have specific addresses for consumers **to** use to dispute information. The general correspondence address is used with **research mail** staff identifying credit reporting disputes. The general address is **also** provided in RESPA required transfer notices. Disputes may also be received from consumers by internet (**email** or website).

- Regardless of whether **an** address **is** provided, what **is** the **furnisher's** process and **timeline** in handling disputes and complaints that come directly **from** consumers?

Our Consumer Loan Servicing Department typically receives disputes by phone or **fax**. The Department researches the account and, if applicable, corrected information is updated on **EOSCAR** (our electronic reporting system) within five **to** ten business days.

Our Mortgage Subservicer's standard **timeline** for **processing** disputes and complaints from consumers is **14** days; however, **most** are completed sooner. In addition, written complaints are treated as "**qualified** written requests" under **RESPA**, **so** an acknowledgment letter **is** sent promptly following receipt of **a** complaint. **A** stop is placed on credit reporting pending completion of research. The dispute **is** researched and, if appropriate, a credit correction is sent to the consumer reporting agency and **the** consumer is **so** notified in **writing**. If the credit reporting was accurate, the borrower is provided with a written explanation.

- Under **what** circumstances do **furnishers** currently investigate disputes regarding **information** in **a** consumer **file**, based on a direct request of the **consumer**?

All disputes received directly from consumers as well **as** those received indirectly via a consumer reporting agency are investigated and researched for accuracy.

- Is sufficient relevant information provided to the **furnisher** by the consumer? If **not**, what relevant information is often **missing**, **and why**? If relevant information **is** lacking, **how** does **the** furnisher resolve the dispute?

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Sufficient information is not always provided **by** the consumer. Occasionally, the account number is incomplete because the **consumer** provides the account number from a copy of the credit report, which does not disclose a full account number. In order to locate the account, internal records **can** be searched, or an account number can be obtained from the **credit bureau**, by pulling a **“bullseye,”** a service available through Experian, that provides information on an individual account.

Generally, sufficient information is provided to our Mortgage **Subservicer**. If **insufficient** information is provided, the consumer is contacted for more information. Consumers occasionally neglect to send the consumer report upon which their complaint is based. If the report was issued by one of the consumer reporting **agencies** used for reporting, it is **generally** easy to resolve **the** dispute. If the report is a merged report obtained from an independent entity, resolving the dispute becomes more difficult because information on the **merged** report often bears little resemblance **to** what was actually reported.

Other furnisher duties

- **How** does the furnisher ensure that it complies **with** the applicable statutory requirements **regarding** the accuracy **and** completeness of information it **reports** to the consumer reporting agency?

Information about a consumer (i.e., name, address, social security number, etc.) is obtained **at** the time of loan application and entered into our loan application processing system. The accuracy of the information is verified throughout loan processing in order to insure accuracy at loan closing. Information about the consumer is automatically transferred from the **loan** application processing system **to** the loan servicing **system**.

The loan servicing system is the source system used for reporting credit history to the various consumer reporting agencies. This **reporting is** system generated monthly based on loan status **codes**.

- What are the **furnisher’s** procedures and timelines if it **finds** the information **is** not complete or accurate?

If our Consumer Loan Servicing Department determines that we reported incomplete or inaccurate information, we correct the information in our loan servicing system and submit **a** correction via **E-OSCAR**. This process takes no longer than five to ten business days.

If our Mortgage Subservicer determines that information was **not** complete and accurate, a Universal Data Form is sent to the consumer reporting agencies **via E-OSCAR**

- What are the **furnisher’s** procedures and timelines for reporting when a delinquency **began** on an account that **has** been placed for collection, charged **off**, or subjected to **similar** action?

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Our Consumer Loan Servicing Department reports to consumer reporting agencies on a monthly basis. All past **due** accounts over thirty days are reported as such, which is the first delinquency date that is ultimately shown **on** the credit report.

Our Mortgage Subservicer reports to consumer reporting agencies **on** the fifth day of each calendar month (or the next business day **if** the fifth is not a business day). Changes in status occurring in the period from the prior month are reported based on pre-determined loan codes.

- **What** are the furnisher's procedures and timelines for notifying a consumer reporting agency that a **consumer** has voluntarily closed a credit account with the furnisher?

In our Consumer Loan Servicing Department, accounts closed **by** consumers are noted as **such** in our loan servicing system. Accounts with that designation are included in the monthly reporting.

With our mortgage subservicer, voluntary closing would only occur **with** a payoff. The transaction would then be reported as paid **off** on the next monthly tape delivered to the consumer reporting agencies.

Disputes communicated by consumers to consumer reporting agencies

- **What** are the furnisher's procedures and timelines for investigating the disputes and reviewing the information provided?

Our Consumer Loan Servicing Department researches the account history **to** match the consumer's name, social security number and address and **to** determine the **timing** of the payment compared **to** the payment due dates. This process typically takes five to ten business days,

The timeline for our Mortgage Subservicer's research and response to Consumer Dispute Verification **Forms** sent by the consumer reporting agencies is five days. These disputes are received and filed using the **E-OSCAR** system.

- **Is** sufficient relevant information provided to the furnisher by **the** consumer through the consumer reporting agency? **Is all** relevant information **from** a consumer provided to the **furnisher** through the consumer reporting agency? **Not, what** relevant information is often **missing, and why? If relevant information is** lacking, how does the furnisher resolve **the** dispute?

Our Consumer Loan Servicing Department has no issues with information received **by** consumers through consumer reporting agencies.

Information received by our Mortgage Subservicer is often extremely truncated with electronic delivery. **Consumer** reporting agencies only provide **a** brief summary of the basis for the consumer's dispute, not necessarily the full description provided by the consumer. Our Mortgage Subservicer **will** review the file and all available information to determine the basis for the dispute.

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- If the furnisher finds that the information it reported to the consumer reporting **agency was** incomplete or inaccurate, what **steps** does the furnisher take?

When our Consumer Loan Servicing Department discovers that incorrect or inaccurate reporting has occurred, the error is corrected in the loan servicing system. In addition, updates are sent to consumer reporting agencies using the electronic E-OSCAR system,

If information previously reported was incomplete or inaccurate, our Mortgage Subservicer submits a Consumer Dispute Verification response that indicates the correction to be made.

- **If** the furnisher **does not** find **the** information reported to **the** consumer reporting agency to be incomplete or inaccurate, what steps does the furnisher take?

If we determine **the** information to be accurate, **the** consumer dispute verification response will indicate that it **was** correct as reported.

- Describe **any** guidelines or procedures that **may apply** to **the** treatment of information that continues to be **disputed** by the **consumer** after the formal dispute process **has** been concluded. **How often** do the furnisher and consumer **fail** to reach **an** agreement after the conclusion of the formal dispute process, for example, where the consumer maintains that the **disputed** information is inaccurate **and** the furnisher maintains that it **is** accurate?

For consumer loan servicing, **a** consumer may occasionally dispute an item more than **once**. Typically these disputes are forwarded **to us** by the credit reporting agency. While we may have already corrected the disputed information on our system and submitted those corrections **to** the credit reporting agency, **the** credit reporting agency may not have completed **the** update to their system (**a** timing difference). **If** we determine that we reported accurately **and** receive subsequent disputes from the consumer, we will indicate in our loan servicing system that the account **is** being disputed.

For accounts serviced by our Mortgage Subservicer, it is rare that a dispute cannot be resolved. **If** the consumer continues **to** dispute the information, **the** account is coded as disputed. **If** consumers have continued disputes, they are advised to file **a** statement with the consumer reporting agencies.

Recommendations

- What, **if any**, legislative or regulatory changes do you recommend besides changes **made** by the **FACT Act and its** implementing rules? **How would** these recommendations **improve** the **system**? What benefits or burdens should be considered?
 1. We believe independent entities, not furnishers, **should** be held accountable for the merged reports they provide and they should be responsible for resolving disputed information with the consumer.

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One of the biggest problems our Mortgage Subservicer faces is investigating and responding to consumer disputes related to information obtained from a merged credit report provided **by an** independent entity. Although our **subservicer** accurately reports information to the consumer reporting agencies (and the consumer reporting agencies presumably accurately transmit information to the independent entity), information **on** the merged report often bears little resemblance to what is actually reported. While the underlying cause is **not known**, it seems that errors may have occurred when the data was merged by the independent entity, resulting in inaccurate reports being provided to consumers.

It is inefficient and expensive to investigate and attempt to correct problems that **are** completely outside of the furnisher's control. Following standard procedures for investigating and correcting data reported to the consumer reporting agencies might not **always** resolve the dispute. Corrections filed with **the** consumer reporting agencies may not reach the **entities** that provided an inaccurate report that is the basis for the consumer dispute.

2. We strongly **recommend** adding provisions that would pre-empt all state statutes regulating credit reporting disputes. **As a servicer** of loans originated in multiple states, it is difficult, inefficient, and expensive to establish procedures **to ensure** compliance with various state **laws** that may be inconsistent with and more burdensome than federal statutes.

Our Mortgage Subservicer provides services for various types of financial institutions in nearly all **states**, plus some **U.S.** Territories. **Pre-empting** state and territorial laws would provide more consistency, increase **efficiency**, and lower servicing costs.

Again, thank you for providing us with **an opportunity** to **comment** on ways to reduce regulatory burden. If you have **any** questions **concerning our** comments, please contact JoAnne Pogue at 801.974.7075.

Sincerely,



Kathy Gately, CRCM
Corporate Credit Compliance Manager