From: Michael Poulos

Subject: Regulation B

Comments:

Re: Proposed Rule - Adverse Action Notices - Docket No. RIN No. 7100-AD67

Dear Ms. Johnson:

I am writing to oppose the recommended changes in the adverse action notice.

Currently, we provide a significant amount of information to the consumer that is denied credit. In addition to receiving a detailed explanation coupled with a discussion of their credit report, we provide a one page notice. These notices are system generated.

The proposed revisions to the adverse action notice would provide little or no value to the consumer. They receive much of that information already. If the proposed information is required, the notice would grow to multiple pages and would add significant processing and mailing costs to the process. Those costs would then be passed along to the consumer. As a result, they would be worse off.
In addition to opposing all the recommended changes, we strongly object to including:

All of the key factors that adversely affected the credit score, which may not exceed four factors, except that if one of the factors is the number of inquiries made with respect to the consumer report, the number of key factors shall not exceed five.

On behalf of our credit union, I have personally taught seminars on the composition of credit scores for over a decade. In addition, I have personally underwritten thousands of loan applications in the last 20 years.

The credit report routinely lists three or four reasons about factors that negatively affect the score. My experience as noted above has shown that the factors they identify rarely accurately identify why a score is what it is or how it could be higher. We routinely in our seminars, tell them to ignore the factors listed and have taught them other more relevant factors that impact their score.

For example, a consumer with a score of 802 (virtually perfect) still gets four reasons why the score isn't higher. It is similar to a student getting a 99 on a test and the teacher is required to give them four reasons why the score wasn't 100. When these situations come up, we then have to reassure the consumer that the factors are not relevant.

If you force us to include the factors on the notice, you will be doing consumers a significant disservice. In addition, because they will be confused

as to the relevance of the factors, they will be asking us what they mean and we will tell them to ignore them, as we do in our seminars.

Credit scores, depending upon the model used, function differently between models and you would be adding significant confusion to the process. You would be much better served reminding the consumer that various factors impact their score and recommend they seek the advice of their financial institution on how to improve their score.

In conclusion, the proposed changes provide no value to the consumer, cause an unintended consequence of confusing them, and ultimately makes all consumers pay more for credit.

Sincerely,

Michael D. Poulos