

HOUSE No. 230

By Mr. Falzone of Saugus, petition of Mark V. Falzone and J. James Marzilli, Jr., relative to consumer credit scores of credit reporting agencies. Consumer Protection and Professional Licensure.

The Commonwealth of Massachusetts

In the Year Two Thousand and Seven.

AN ACT RELATIVE TO CONSUMER CREDIT SCORES.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Section 50 of chapter 93 of the General Laws, as
2 appearing in the 2000 Official Edition, is hereby amended by
3 inserting, after the definition of “Consumer reporting agency”, the
4 following definition:—

5 “Credit score”, a numerical value or a categorization derived from
6 a statistical tool or modeling system used by a person who makes or
7 arranges a loan to predict the likelihood of certain credit behaviors,
8 including default. The numerical value or the categorization derived
9 from this analysis may also be referred to as a risk predictor or risk
10 score. Credit score shall not include any mortgage score or rating of
11 an automated underwriting system that considers one or more factors
12 in addition to credit information, including, but not limited to, the
13 loan to value ratio, the amount of down payment, or a consumer’s
14 financial assets. Credit score shall not include other elements of the
15 underwriting process or underwriting decision.

1 SECTION 2. Said chapter 93 is hereby further amended by
2 inserting, after section 56, the following section:—

3 Section 56A. (a) Upon the consumer’s request for a credit score, a
4 consumer credit reporting agency shall supply to a consumer a
5 notice which shall include the information described in paragraphs
6 (1) to (5), inclusive, and a statement indicating that the information
7 and credit scoring model may be different than the credit score that
8 may be used by the lender; provided, however, that if the consumer
9 requests the credit file and not the credit score, then the consumer

10 shall receive the credit file and a statement that he or she may
11 request and obtain a credit score.

12 (1) The consumer's current credit score or the consumer's most
13 recent credit score that was previously calculated by the credit
14 reporting agency for a purpose related to the extension of credit.

15 (2) The range of possible credit scores under the model used.

16 (3) All the key factors that adversely affected the consumer's
17 credit score in the model used.

18 (4) The date the credit score was created.

19 (5) The name of the person or entity that provided the credit score
20 or credit file upon which the credit score was created.

21 (b) For the purposes of this section, "key factors" means all rele-
22 vant elements or reasons adversely affecting the credit score for the
23 particular individual listed in the order of their importance based on
24 their effect on the credit score.

25 (c) The information required by this section shall be provided in
26 the same time frame and manner as the information described in
27 section 56.

28 (d) This section shall not be construed to compel a consumer
29 reporting agency to develop or disclose a score if the agency does
30 not (1) distribute scores that are used in connection with residential
31 real property loans, or (2) develop scores that assist credit providers
32 in understanding a consumer's general credit behavior and pre-
33 dicting his or her future credit behavior.

34 (e) This section shall not be construed to require a consumer
35 credit reporting agency that distributes credit scores developed by
36 another person or entity to provide a further explanation of them, or
37 to process a dispute arising pursuant to this chapter, except that the
38 consumer credit reporting agency shall provide the consumer with
39 the name and address and website for contacting the person or entity
40 who developed the score or developed the methodology of the score.
41 This subdivision does not apply to a consumer credit reporting
42 agency that develops or modifies scores that are developed by
43 another person or entity.

44 (f) This section shall not be construed to require a consumer
45 reporting agency to maintain credit scores in its files.

1 SECTION 3. Section 59 of said chapter 93, as so appearing, is
2 hereby amended by inserting, after the word “fifty-six”, in lines 2, 7
3 and 13, the following words:— or fifty-six A.

1 SECTION 4. Section 62 of said chapter 93, as so appearing, is
2 hereby amended by inserting, after the word “report”, in line 19, the
3 following words:— or credit score.