

Comment #: 45



NATIONAL AUTOMOBILE DEALERS ASSOCIATION  
8400 Westpark Drive • McLean, Virginia 22102  
703/821-7040 • 703/821-7041

**Legal & Regulatory Group**

July 16, 2004

**Via E-Mail**

Federal Trade Commission  
Office of the Secretary  
Room 159-H (Annex H)  
600 Pennsylvania Avenue, NW  
Washington, D.C. 20580

Re: FACT Act Section 318(a)(2)(C) Study, Matter No. P044804

Dear Sir/Madam:

The National Automobile Dealers Association (“NADA”) submits the following comments in response to the Federal Trade Commission’s (“FTC” or “Commission”) notice and request for comment on the study it will conduct under Section 318 of the Fair and Accurate Credit Transactions Act (“FACT Act”) regarding the effects of requiring that a consumer who has experienced an adverse action based on a credit report receives a copy of the same credit report that the creditor relied on in taking the adverse action. 69 Fed. Reg. 33,387 (June 15, 2004).

NADA represents approximately 20,000 franchised automobile and truck dealers who sell new and used vehicles and engage in service, repair and parts sales. Our members employ more than 1.3 million people nationwide. A significant number of our members are small businesses as defined by the Small Business Administration. Automobile dealers routinely obtain credit reports pursuant to the extension of credit to consumers and, consequently, have an interest in the topics raised in this study.

The FTC seeks comments on which entity, the Credit Reporting Agency (“CRA”) or the creditor, should be responsible for providing the consumer with the same report that the creditor relied on in taking the adverse action. Based on the current format of the credit reports furnished to creditors by CRA’s, we believe consumers would be ill-served by a requirement that creditors provide the consumer with the same report the creditor received. Credit reports provided by CRA’s to creditors may be difficult and challenging for the average consumer to interpret since they are often coded and would require a complete code guide or expert assistance to understand. Credit reports sent to consumers based on self-inquires differ extensively in format and content. Consumer requested reports include a complete history of credit, payments, accounts, etc. Reports requested by creditors are limited to relevant credit history and accounts, which are tailored specifically by CRA’s based on the inquiry. CRA’s maintain the most accurate and

NADA Comments to FTC

July 16, 2004

Page Two

current credit information and have the software capability to provide consumer-friendly credit reports. Thus, if users were required to provide a copy of the credit report to the consumer, it would be most reasonable and efficient for CRA's to initially provide a consumer-friendly paper or electronic report to creditors who could then make a copy for the consumer.

The Commission also seeks comment on potential costs to creditors associated with retooling their credit granting process to produce consumer-friendly versions of the consumer report. Most creditors rely solely on CRA's to provide credit reports. Our members are not equipped with the proper software and information systems to produce reports or revise them to a consumer-friendly version. At a minimum, this burden would require upgraded software, upgraded computer systems, training, etc. These efforts would be extremely costly and burdensome, particularly for smaller dealerships. In addition, a creditor created, consumer-friendly revision of the report could be inaccurate and ultimately increase the potential for error in the credit report. As mentioned previously, CRA's already have the capability to create consumer-friendly credit reports, thus it would be impractical for creditors to be tasked with this charge.

NADA appreciates the opportunity to comment on this matter.

Sincerely,

Smitha Koppuzha  
Staff Attorney