



Federal Reserve, Federal Trade Commission Propose Risk-Based Pricing Disclosure

The Federal Reserve Board and the Federal Trade Commission announced proposed regulations to amend the Fair and Accurate Credit Transactions Act of 2003 (FACT Act) on Thursday, May 8, 2008. The proposed rules would implement risk-based pricing provisions in section 311 of the Fact Act.

The proposed rules generally require a creditor to provide a risk-based pricing notice to a consumer when the creditor uses a consumer report to grant or extend credit to the consumer on material terms that are materially less favorable than the most favorable terms available to a substantial proportion of consumers from or through that creditor. The proposed rules also include certain exceptions to the general rule, including exceptions for creditors that provide a consumer with a disclosure of the consumer's credit score in conjunction with additional information that provides context for the credit score disclosure.

The proposed regulation will soon be published in the Federal Register; the comment period will end 90 days after publication.

The proposed rule is available on the Federal Reserve Board's website at:

<http://www.federalreserve.gov/newsevents/press/bcreg/bcreg20080508a1.pdf>

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