



September 7, 2017

The Honorable Blaine Luetkemeyer, Chairman
The Honorable Lacy Clay, Ranking Member
Subcommittee on Financial Institutions and Consumer Credit
Committee on Financial Services
U.S. House of Representatives
2129 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Luetkemeyer and Ranking Member Clay,

As the Executive Director of the Coalition to Improve Credit Education (the Coalition), I strongly encourage you to fix the Credit Repair Organizations Act (CROA) so consumers and small business owners can more easily access innovative credit education. I have witnessed the positive impact that legitimate, personalized credit education can have on the lives of Americans — giving them hope for a financially secure future.

The Coalition represents more than 20 influential community development and financial literacy groups that have joined together to improve consumer access to financial education for all Americans¹. The Coalition also represents many thousands of individuals across the country that want and need access to new credit education services. While we differ in our focus and constituencies, the organizations and consumers that make up the Coalition do so out of a shared purpose of improving the financial wellbeing of consumers and small business owners.

The Coalition's objective is working with Congress to correct an unintentional yet harmful provision of CROA that effectively prevents consumers from receiving personalized credit education information and services from reputable companies, like the major credit bureaus and other legitimate financial education entities.

Since 2003, Congress and the federal agencies have implemented law and policy that has greatly increased the ability for consumers to access their credit reports and scores-- from free annual credit reports to credit score disclosures for risk-based pricing notices, and most recently through the credit scores on statements initiative. Consumers now know significantly more about how their credit reports and scores are used. This transparency is a positive step and has led consumers to seek out more information from the nationwide credit bureaus. However, the credit bureaus and other reputable companies are not easily able to answer the common question, "How do I improve my credit score?"

CROA was enacted in 1996 to address the problem of fraudulent solicitations and consumer scams around credit repair, an important issue on which the law has had a substantial and largely positive impact. However, the original law was never intended to prevent well-regulated financial education companies from providing legitimate credit education services. Unfortunately,

¹You can find a full list of the member organizations at: <http://www.mycreditlife.org/about-the-coalition/>

expansive court rulings² have interpreted the language of CROA to also cover legitimate consumer credit education services, and even common services like credit monitoring and identity protection.

During the last session of Congress, Representatives Ed Royce and Rubén Hinojosa introduced bipartisan legislation that would update CROA to ensure that the nationwide credit reporting agencies can provide consumers with timely, legitimate credit education. The bill received a positive hearing before the House Financial Institutions and Consumer Credit Subcommittee on September 27, 2016. Since that time, additional discussions with stakeholders have resulted in a consensus approach that would allow the major credit bureaus to provide those services while also enabling other responsible and innovative financial education companies to do so, so long as they agreed to increased oversight from the Federal Trade Commission (FTC) to protect consumer interests.

This common-sense fix to the law will help create a robust and competitive marketplace for legitimate credit education and identity protection services, while ensuring consumers are protected through ongoing increased oversight by the FTC. This solution will allow millions of Americans to chart a better credit terms for a loan for a new home or car, a credit card with better interest rates, or a better small business loan.

Research demonstrates the impact of personalized credit education. Last year, a study by the Policy and Economic Research Council³ found that nearly two-thirds of consumers and small businesses (62 percent) increased their credit scores within three months of receiving personalized credit education services.

On behalf of the Coalition to Improve Credit Education, and as someone who has spent my professional life dedicated to consumer financial literacy, I urge you to help move CROA reform legislation through this Congress.

Sincerely,



William (Bill) Cheeks
Executive Director
Coalition to Improve Credit Education

cc:

Chairman Jeb Hensarling
Ranking Member Maxine Waters
Representative Ed Royce
Members of the Subcommittee on Financial Institutions and Consumer Credit

² *Stout v. FreeScore*, 743 F.3d 680 (9th Cir. 2014)

³ <http://www.perc.net/publications/is-croa-choking-credit-report-literacy/>