

H.L.C.
Measure HR2622
Amendment No. 10

Agreed To?	<u>YES</u> X	<u>No</u>	<u>Waive</u>
<u>Vice Versa</u> X	<u>Yes</u>		<u>Nays</u>

**Amendment Offered by Mr. Gutierrez
To the Amendment in the Nature of a
Substitute Offered by Mr. Bachus**

Page 28, after line 21, insert the following new section (and conform the table of contents accordingly):

1 **SEC. 504. STUDY OF EFFECTS OF CREDIT SCORES AND**
2 **CREDIT-BASED INSURANCE SCORES ON**
3 **AVAILABILITY AND AFFORDABILITY OF FI-**
4 **NANCIAL PRODUCTS.**

5 (a) **STUDY REQUIRED.**—The Federal Trade Commis-
6 sion, in consultation with the Office of Fair Housing and
7 Equal Opportunity of the Department of Housing and
8 Urban Development, shall conduct a study of—

9 (1) the effects of the use of credit scores and
10 credit-based insurance scores on the availability and
11 affordability of financial products and services, in-
12 cluding credit cards, mortgages, auto loans, and
13 property and casualty insurance;

14 (2) the degree of causality between the factors
15 considered by credit score systems and the quantifi-
16 able risks and actual losses experienced by busi-
17 nesses, including the extent to which, if any, each of



1 the factors considered or otherwise taken into ac-
2 count by such systems are accurate predictors of
3 risk or loss, and where the means square error of a
4 scoring model's predictions are considered in the
5 evaluation of accuracy;

6 (3) the extent to which, if any, the use of credit
7 scoring models, credit scores and credit-based insur-
8 ance scores result in disparate impact by geography,
9 income, ethnicity, race, color, religion, national ori-
10 gin, age, sex or marital status, and creed, including
11 the extent to which the consideration or lack of con-
12 sideration of certain factors by credit scoring sys-
13 tems could result in disparate effects and the extent
14 to which, if any, the use of underwriting systems re-
15 lying on these models could achieve comparable re-
16 sults through the use of factors with less disparate
17 impact; and

18 (4) the extent to which credit scoring systems
19 are used by businesses, the factors considered by
20 such systems, and the effects of variables which are
21 not considered by such systems.

22 (b) PUBLIC PARTICIPATION.—The Commission shall
23 seek public input about the prescribed methodology and
24 research design of the study required in subsection (a).

25 (c) REPORT REQUIRED.—



1 (1) IN GENERAL.—Before the end of the 18-
2 month period beginning on the date of the enact-
3 ment of this Act, the Federal Trade Commission
4 shall submit a detailed report on the study con-
5 ducted pursuant to subsection (a) to the Committee
6 on Financial Services of the House of Representa-
7 tives and the Committee on Banking, Housing, and
8 Urban Affairs of the Senate.

9 (2) CONTENTS OF REPORT.—The report sub-
10 mitted under paragraph (1) shall include the find-
11 ings and conclusions of the Commission together
12 with such recommendations for legislative or admin-
13 istrative action as the Commission may determine to
14 be necessary to ensure that credit and credit-based
15 insurances score are used appropriately and fairly to
16 avoid disparate effects.

17 (c) DEFINITIONS.—For purposes of this subsection,
18 the term “credit score” means a numerical value or a cat-
19 egorization derived from a statistical tool or modeling sys-
20 tem used to predict the likelihood of certain credit or in-
21 surance behaviors, including default.

