



WASHINGTON BUREAU · NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE
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May 31, 2016

The Honorable Maxine Waters
U.S. House of Representatives
Washington, DC 20515

RE: NAACP SUPPORT FOR H.R. 5282 THE *COMPREHENSIVE CONSUMER CREDIT REPORTING REFORM ACT OF 2016*

Dear Congresswoman Waters:

On behalf of the NAACP, our nation's oldest, largest and most widely-recognized grassroots-based civil rights organization, I would like to thank you for your leadership in introducing H.R. 5282, the *Comprehensive Consumer Credit Reporting Reform Act of 2016*. This critical legislation, if passed, would overhaul the American credit reporting system so that it is fairer, more accurate, and less confusing for consumers. Furthermore, by restricting the use of credit information for employment, you are addressing a tragic catch-22 for the unemployed: workers who have fallen behind on their bills because they are unemployed are finding it harder to get the job that would make it possible for them to pay off their bills. This is especially problematic in the African American community, where unemployment rates tend to be approximately double that of the national average.

It is no secret that both credit reports and credit scores play a vital role in the economic lives of Americans. These reports often represent barriers to homeownership, owning an automobile, and sometimes even obtaining employment. That is why the NAACP is especially appreciative and supportive of the provisions in H.R. 5282 which restrict the use of credit information by potential employers and limits it to two narrow instances— when required by local, state or federal law or for national security clearances. Given that many experts also question the racial integrity of credit reports, the use of a potential employee's credit history as part of the hiring process can easily be seen as just one more tool in the arsenal of discrimination which is keeping too many racial and ethnic minorities from gainful employment.

H.R. 5282 also addresses another major concern of the NAACP regarding the over-reliance on credit reports, which is that these reports often include serious inaccuracies. A study from the Federal Trade Commission found showed that 21% of consumers had verified errors in their credit reports, 13% had errors that affected their credit scores, and 5% had errors serious

enough to cause them to be denied or pay more for credit.¹ The possibility of credit errors appearing on these reports only exacerbates an already difficult financial situation for many of our nation's most vulnerable communities. Unfortunately the process to fix these errors is unnecessarily complex and favored to the side of the creditor or debt collector over the consumer.

If enacted, this legislation would make the American credit reporting system more accurate and fair to consumers. Along with giving consumers a new right to appeal the results of initial disputes, by directing the Consumer Financial Protection Bureau (CFPB) to establish accuracy regulations we would be helping all American consumers. H.R. 5282 also protects consumers from the unfair impact of medical debt; address misleading marketing of credit monitoring subscriptions; increase access for security freezes to prevent identity theft; and helps victims of abusive lending and overly punitive negative reporting practices.

Due to a myriad of factors, including decades of predatory lending practices, as well as the proliferation of high-cost credit options such as payday lenders in many neighborhoods of color, combined with the lack of banks and credit unions, racial and ethnic minorities, as well as low income Americans, are more likely to have lower than average credit scores. Thus the communities we serve and represent thank you for your leadership in introducing this critical piece of legislation. Along with the entire NAACP, I look forward to joining forces with you and others who believe that this should be a national priority and that H.R. 5282 the *Comprehensive Consumer Credit Reporting Reform Act of 2016* should become law. Should you have any questions or comments, please feel free to contact me at (202) 463-2940.

Sincerely,



Hilary O. Shelton
Director, NAACP Washington Bureau &
Senior Vice President for Policy and Advocacy

¹ United States Federal Trade Commission. *Report to Congress Under Section 319 of the Fair and Accurate Credit Transactions Act of 2003*, by Jon Leibowitz, J. Thomas Rosch, Edith Ramirez, Julie Brill, and Maureen Ohlhausen. <https://www.ftc.gov/sites/default/files/documents/reports/section-319-fair-and-accurate-credit-transactions-act-2003-fifth-interim-federal-trade-commission/130211factareport.pdf>