

**Pilot Study 2 on Processes for Determining the Accuracy of Credit
Bureau Information**

**Performed for the Federal Trade Commission
Under Contract FTC07H7185**

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October 15, 2008



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Executive Summary

The purpose of this pilot study is to refine and test research methodology for a national study on the accuracy of credit-bureau information in accordance with Section 319 of the Fair and Accurate Credit Transactions Act of 2003 (FACTA). This second pilot study was undertaken to see if a more efficient procedure could be employed to recruit and register participants than the sequential use of direct mail, telephone screening, mailed consent forms, and e-mail for registration instructions that were employed in the first pilot study. A second major objective was to see if explicit involvement of the researchers in preparing paperwork for filing disputes would result in a more complete investigation of possible errors in participants' credit files than would occur if all dispute activity were the responsibility of the participant. Again, consumers were engaged in thorough reviews of their credit reports and credit scores from the three major U.S. credit bureaus (Equifax, Experian and TransUnion). In cases where a consumer identified items that he or she believed to be reported erroneously, and where such items might have an adverse effect on the consumer's eligibility for credit, terms of credit (or expose the consumer to some credit-related risk such as identity theft), the research team assisted in the filing of formal disputes. The research team also tracked the outcomes of disputes by drawing new credit reports from the relevant bureaus after an appropriate delay to allow revisions to appear.

A secure internet research website was designed and implemented at the University of Missouri-St. Louis for providing information about the study, obtaining reproducible electronic consent, registering participants, and providing registered participants with vouchers for acquiring credit reports through the Fair Isaac myFICO.com website. Cooperating financial institutions informed a sample of their customers about the opportunity to participate in the study and referred them to the study website for additional information and registration. The study website created substantial efficiencies in recruitment over the direct mail approach used in the first pilot study. Referral of customers from financial institutions to the study website proved to be a highly effective channel that we would recommend for the national study.

Purely random selection of potential invitees is found again to produce a distribution of volunteering consumers with higher credit scores (and therefore, as explained in our report, a possibly lower incidence of errors in credit reports) than present in the national universe of consumers. A weighted random sampling approach, whereby more invitations are extended to groups of consumers who are likely to have lower credit scores would be necessary to produce a nationally representative sample. A limited test of this in a mailing to credit-union members produced a sample closer to national norms. Direct recruitment of individuals engaged in a nonprofit program for assistance in income-tax preparation, though more labor-intensive, was demonstrated to be another effective tactic for engaging individuals with a more challenging credit history and lower

credit scores. A combination of weighted random sampling and recruitment through social service agencies would likely prove effective in the national study.

The pilot study produced refined survey instruments, organizational tools and analytical structures for the national study. It demonstrated the value of facilitative mechanisms (especially a study website) for obtaining signed consent and authorizing the drawing of credit reports. It also demonstrated how additional involvement of the research team to prepare the paperwork for disputes results in a higher proportion of cases in which disputes are filed, and therefore in a more penetrating investigation into the accuracy of the credit-bureau data. We recommend providing such support for the national study, while recognizing that doing so makes it impossible to assess the likelihood that consumers alone will initiate a dispute to address various types of error with the support system currently in place.

In sum, the basic research procedures employed in the pilot studies are found again to be suitable for use in a study of national scale. They allow participants to be engaged without revealing their Social Security numbers or specific account numbers to the research team, and thus protect the privacy of personally identifying information. They enable thorough investigations of the integrity of credit-bureau information, provide data for estimating the frequency and severity of errors in existing files, and provide useful information about the workings of the dispute-resolution process.

We must emphasize again that, while we provide illustrative statistics from the pilot study to show the type of information that may be garnered with this research methodology, a much larger and more representative sample would be required to estimate the percentage of consumers nationwide who would similarly dispute the accuracy of information in their credit files. Furthermore, to generate a nationally representative sample (or sufficient numbers in a stratified sample for adjusting error rates to account for different response rates), it will be necessary to employ mechanisms such as weighted random sampling and targeted outreach to engage sufficient numbers of individuals with low credit scores.

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- Exhibit 3 – Checklist for Consumer to Prepare for In-Depth Review of Credit Reports
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Pilot Study 2 on Processes for Determining the Accuracy of Credit Bureau Information

Background and Purpose

This study is an extension of a pilot study conducted successfully in 2005-2006 to test the feasibility of engaging consumers in a comprehensive review of credit reports derived from the three major U.S. credit bureaus (Equifax, Experian and Trans Union). These pilot studies were undertaken to help prepare the FTC to conduct a national study of consumer information in major credit-bureau files in accordance with Section 319 of the Fair and Accurate Credit Transactions Act of 2003 (FACTA). The purpose of the national study is to determine the prevalence and severity of errors in the three major national credit-report repositories and the impact of those errors on representations of consumers' creditworthiness.

In the first pilot study, the research team found that, with proper support, consumers can be engaged for an intensive review of the accuracy of information in their credit reports, and the research process was found to produce the relevant data necessary for an objective analysis of the accuracy of information contained in the credit-bureau files. There were, however, two significant issues that merited further investigation before undertaking the national study. First, there was a greater representation among the participants of consumers with very high credit scores than consumers with very low credit scores. In designing the sampling plan for a national study, it would help to know what kind of representation may be expected to emerge from different recruiting channels so that necessary adjustments could be planned to produce nationally representative results. Second, some participants failed to complete the necessary paperwork to file disputes despite alleging that errors were found in their credit reports. Additional support seemed necessary to encourage the filing of disputes when warranted.

In this second pilot study, the research team developed and tested streamlined processes for recruiting consumers, obtaining reproducible electronic consent to the terms of engagement, registering disputes when relevant, assessing the impact of alleged errors on consumers' credit scores, and following the results of the dispute process. The goal was to complete the process for 100-120 participants and determine:

1. The effectiveness and efficiency of alternative recruitment channels for acquiring a representative sample of consumers in a national study
2. Whether preparation of dispute letters by the research team for review and execution by the consumers would improve follow-through in cases where there were allegations of potentially material errors in the credit reports
3. Whether a weighted stratified sampling plan would produce greater representation of consumers with low credit scores (whose reports are statistically more likely to contain errors), thus reducing the need for statistical adjustments for imbalanced representation when generalizing from the study to the universe of records in national repositories of credit data
4. Whether direct outreach to underrepresented segments of the population who lack internet access and computer is practicable in a study of this nature.

Based on findings from the extended pilot, the research team offers further recommendations to the FTC regarding the design of a national study to obtain unbiased estimates of the prevalence and severity of errors in the three national credit-report repositories. Finally, the study provides information about methods of sampling and analysis that may be employed to compensate for a greater inclination of persons with higher than normal credit scores to volunteer to participate.

In this report we describe the new recruitment process and methods employed to increase efficiency while still protecting consumers' private information. We furnish illustrations of computer web-pages and printed materials used to manage the recruitment process and guide the review of credit reports. We provide examples of correspondence generated for the participants to file disputes and describe the process for following up on disputes. Specifically, we investigate whether changes are made to the credit reports following the filing of consumer disputes and what the impact of those changes would have been on the consumers' credit scores. We illustrate the contents of the resulting research database and provide sample reports for analyzing the frequency of alleged errors and their impact of measures of consumers' creditworthiness. We provide statistics on yield and attrition at each stage, and discuss other issues that will need to be addressed in the conduct of the national study.

Study Methodology

The relevant population consists of adult members of households to whom credit has been extended in the form of credit cards, automobile loans, home mortgages and equity lines, or other forms of installment credit. Recruitment of individuals who met these criteria occurred through several channels involving:

1. Direct-mail solicitation with telephone follow-up to household addresses obtained from published telephone directories and public municipal records (the process used in the first pilot study).
2. Two cooperating financial institutions (Navy Federal Credit Union and Commerce Bank) whose executives wrote personal letters to randomly selected clients to inform them about the study and referred their clients to the study website for detailed information and registration.
3. Personal contact with clients of a community-based voluntary income tax preparation (VITA) program with multiple sites (primarily public libraries) in the St. Louis metropolitan area.

Recruiting and Engaging Participants

Introductory information about the study was conveyed via a letter from Dr. Peter Vander Nat on behalf of the FTC (Exhibit 1A). In both the direct mail solicitations and on a specially designed study internet website (ftcstudy.umsl.edu), Dr. Vander Nat's letter outlined the purpose of the study and encouraged participation of an adult with credit history that can be checked in databases of national credit bureaus. Navy Federal Credit Union and Commerce Bank, the two cooperating financial institutions, sent letters to

inform a small sample of their members and customers about the study and referred them to the study website. Copies of the financial institutions' referral letters are provided in Exhibit 1B and Exhibit 1C respectively. Samples of other correspondence from the research team to study participants are in Exhibits 1D through 1E.

The study website (ftcstudy.umsl.edu) was constructed and administered at the University of Missouri-St. Louis to provide information to potential participants about the study itself and the nature and obligations of their engagement. Exhibit 2 contains a series of snapshots of the screens presented at the internet website. After verifying that they have read the materials and understood the terms of engagement, consumers can register for the study (with verifiable electronic consent), receive a voucher for obtaining the credit reports with credit scores from each of the three credit bureaus through Fair Isaac's myFICO.com website, and be referred automatically to myFICO.com to complete the transaction. Participants were given a logon ID to use for the myFICO account and, through the website, they provided the research associates a password that could be used for printing the credit reports. To protect confidentiality of consumer data and to prevent its misuse, digits of the participants' Social Security numbers (SSNs) and digits of all account numbers are suppressed by Fair Isaac in the computer screens and printed reports containing the credit-bureau data.

The UM-St. Louis study website was constructed to function in secure mode with non-persistent "cookies" (meaning that the information entered in the registration process would be erased from memory on the participants' computers at the conclusion of their session). Links were provided to the respective website security policies of each of the research partners (UM-St. Louis, the FTC, Fair Isaac Corp., and George Washington University), data security protocols were described, and the website was constructed to allow handicapped access and verified to meet P3P standards, which ensure that the user's browser can detect whether the privacy policy of the website is consistent with the user's own privacy settings and preferences. The Federal Trade Commission also performed an assessment of the registration website, as required by the E-Government Act of 2002. See, *Registration Web Site for the FACTA Credit Report Accuracy Study—Privacy Impact Assessment (February 2008)*. The latter may be accessed at: <http://www.ftc.gov/os/2008/02/080228pia.pdf>.

The website enabled the arrangements to be completed by participating consumers without divulging their social-security numbers to members of the research team. Participants provided reproducible electronic consent that authorized the University to obtain credit reports with credit scores from the three major U.S. credit bureaus and to review them in detail. Consenting individuals were also asked, in the confirming e-mail generated by the website, to sign and mail a hard copy of the consent form to the University.

Review of the Credit Reports

University research associates used the accounts established by the consumers with Fair Isaac at myFICO.com to print copies of current credit reports with credit scores. One copy of the reports was mailed to the consumer's home address along with a brochure describing the content and meaning of information in the credit report and with a checklist to guide them in review of the credit reports for accuracy (Exhibit 3). Another copy was retained by the University for succeeding steps in the study. Fair Isaac was informed when reports were drawn so that a frozen copy of the credit file as of that date could be saved for possible revision and rescoring if a consumer should allege that it contained some error. The process then proceeded with the following steps:

1. University research associates thoroughly reviewed the information in each of the credit reports and organized it in spreadsheets (Exhibit 4) designed to prepare for an in-depth review of the information with the consumer. Apparent inconsistencies between the bureau records were noted for further review.
2. An in-depth telephone interview (see guide in Exhibit 5) was conducted with the participant to review the credit reports and to identify possible errors. Where discrepancies were alleged, participants were informed whether the type of alleged error could have a significant impact on their credit scores (and therefore possibly affect their access to or cost of obtaining further credit). They were also alerted to whether an inaccuracy may affect actions from other uses of credit-bureau information (such as employment or insurance) or suggest a risk of identity theft.
3. The research associates employed an agreed set of decision rules (described later) to identify instances where the alleged errors should be considered as potentially material. In cases with potentially material errors (and in others where the consumers wished to correct *alleged* errors that seemed immaterial), the research associates prepared documentation (letters) for filing of disputes, using support available for the relevant bureaus through the myFICO website.
4. Changes were marked on the University's copies of relevant credit report(s) to "correct" alleged errors and, if meeting the materiality criterion, a copy of the changed pages was mailed to Fair-Isaac for re-scoring of the frozen file.

Filing Disputes and Determining the Results

5. Consumers completed the dispute letters prepared by the research associates by adding their SSNs, signing the letters and mailing them to the appropriate parties. They returned a prepaid postcard to the University verifying that they had posted the dispute letters (see Exhibit 6 A-E).
6. In instances where material changes in a credit score occurred from rescoring of a frozen file, (i.e., changes beyond normal cross-sectional variation in credit scores among the three agencies or changes that would take consumers over traditional thresholds for credit decisions), and in cases where other material errors (such as an allegation of erroneous merging of information from another consumer's file), a credit report was obtained by the University approximately six weeks after the filing of the dispute (giving sufficient time for the dispute to receive the proper attention).

7. Resulting changes were noted and recorded in the research database.

Option of Expedited Review with Written Verification of the Accuracy of Data

It became apparent in the course of the study that consumers with a clean credit history (no late payments or other derogatory entries) and with consistent information in each of the three bureaus' files, are very often able to review their reports quite quickly and the result of each of the first 70 reviews of this type was a report of no alleged errors in each case. In the last month of the study, the research team proposed to Dr. Vander Nat that we experiment with an expedited process for obtaining consumers' written verification that their credit reports are accurate. The motive for this experiment was to facilitate closure with some individuals who were hard to reach for the in-depth telephone interview, perhaps because they had reviewed their credit reports, found that they were accurate, and saw no potential benefit in reviewing the reports in detail with the research team. In the last month, the research team therefore sent a letter from the FTC (Exhibit 8) to participants with clean credit history and no identifiable inconsistencies among data provided by three credit bureaus, offering them the opportunity to verify that they had checked the information with the help of the checklist provided and found no inaccuracies. The letter was mailed to individuals to whom credit reports had been mailed at least two weeks previously and with whom the research associates had been unable to schedule interviews despite at least three attempts to reach the individuals by telephone and e-mail. A prepaid return envelope and questionnaire (Exhibit 9) were provided by which the participant could report the results of their own review and provide the demographic information used to characterize the samples. **We emphasize that this option was offered only to individuals with a clean credit history and with consistent information reported by all three credit bureaus.** This offer was extended to 16 individuals. Within one week of mailing the letter, five recipients called to arrange a brief telephone interview to complete the process. One of the five reported an immaterial error regarding an incorrect address; the remaining four found no errors in their credit reports. Four (4) expedited closing surveys were received by mail confirming that the participant found no errors. The expedited processes yielded a total of nine (9) out of sixteen (16) or 56.3%.

In Figure 1, we provide a flowchart of the study process and indicate the number of cases in the pilot study that were involved on each path. On the first page of Figure 1, we see that 142 participants were engaged. Credit reports with accompanying materials were mailed to these 142 individuals and 142 analytical spreadsheets were prepared for the telephone reviews. Sixteen (16) offers for expedited review were extended. Five (5) of these 16 individuals opted to undergo the telephone review; four (4) reported by mail that their credit reports were accurate. Telephone reviews were conducted with 124 participants (with reviews pending for 14 participants as of October 10, 2008). From the 124 cases for which the review of the credit records was completed by the participants over the telephone, there were 84 instances where there were no alleged inaccuracies in any of the bureau files and the process stopped for those individuals at that point. A total of 88 cases were closed with no errors alleged (84 with telephone review and 4 with confirmation of no errors in writing via the expedited process).

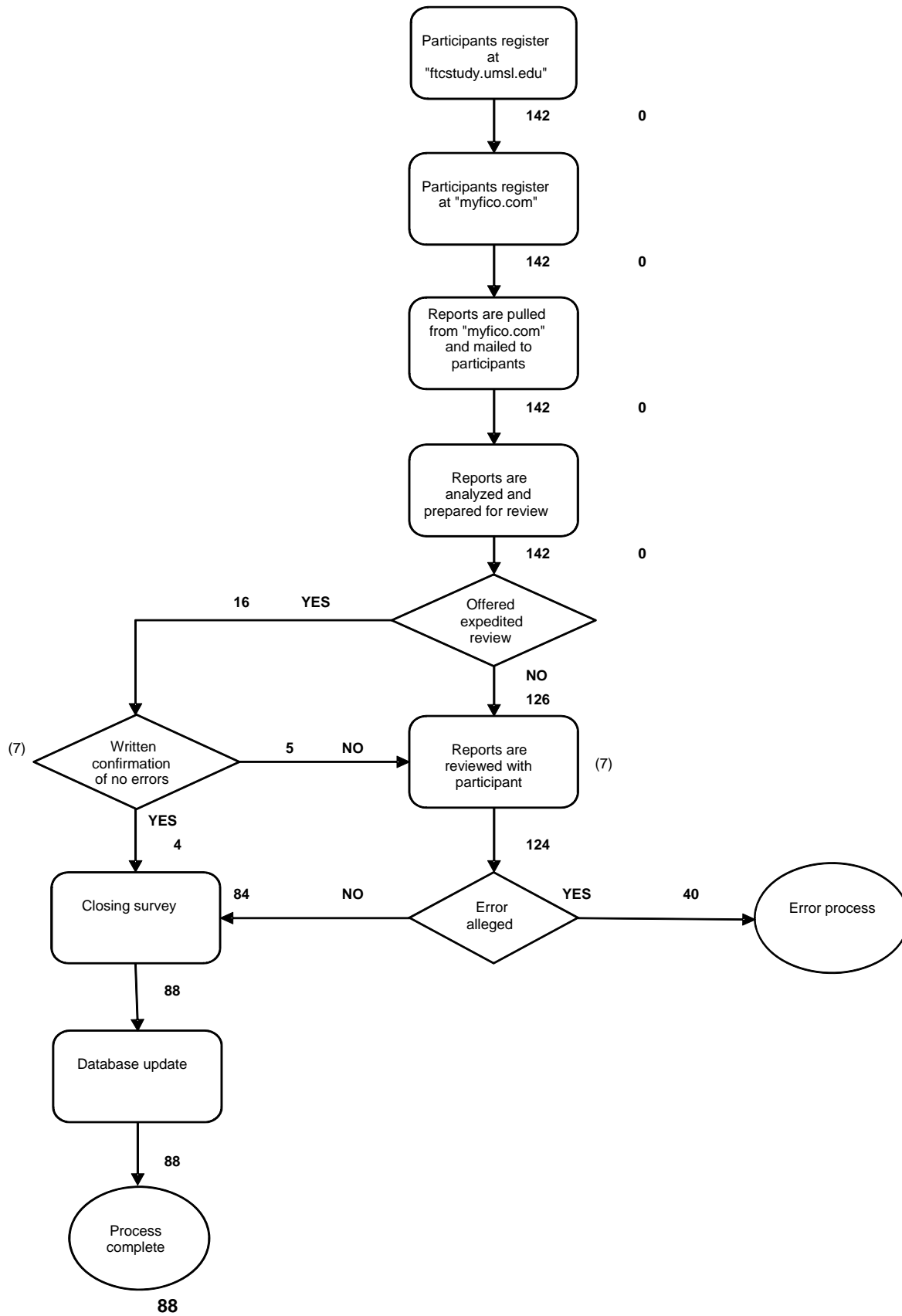


Figure 1 - Flowchart of the Study Process

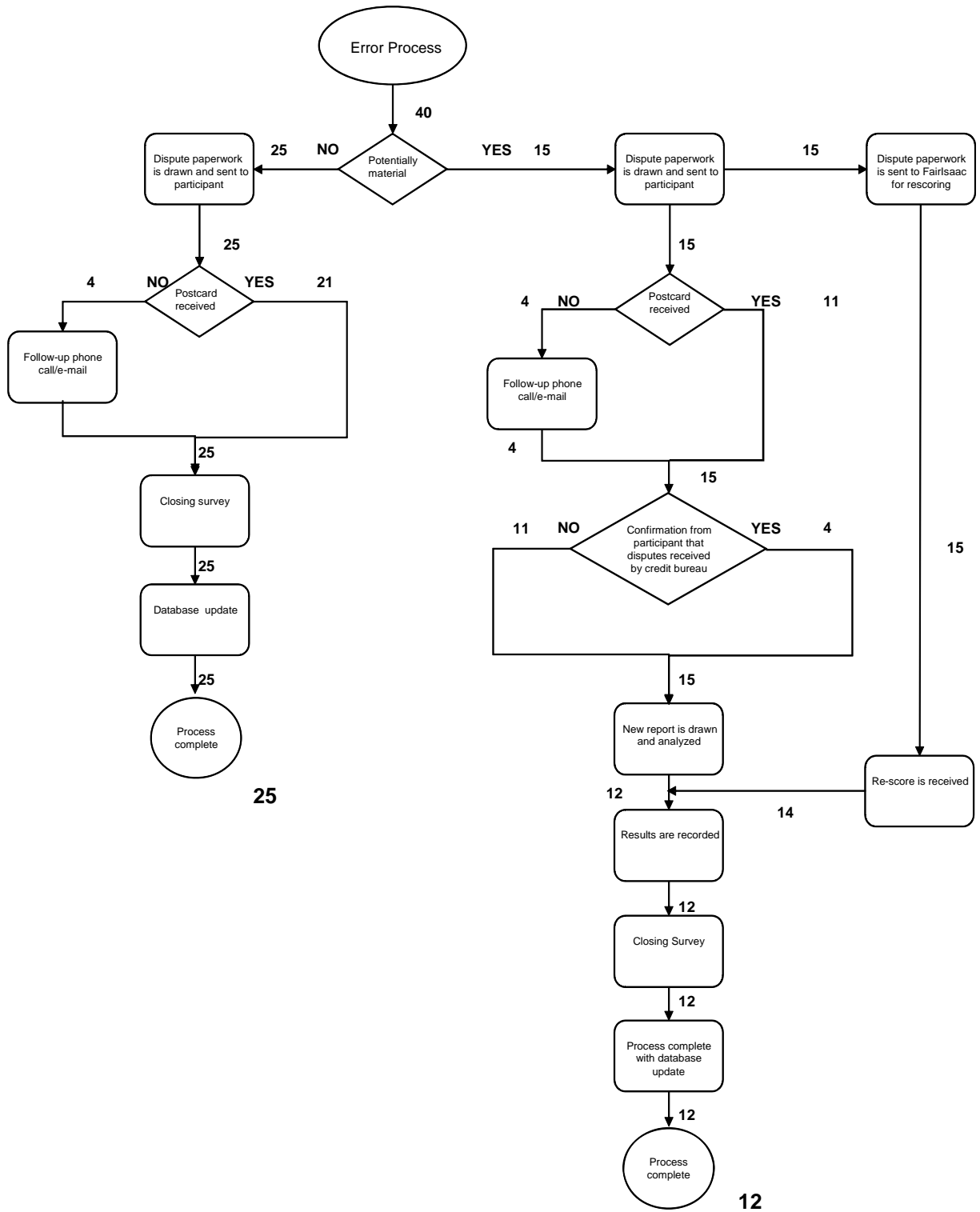


Figure 1 (cont.) Flowchart of the Study Process (Cases with Alleged Inaccuracies)

The other 40 cases were subjected to further review (second page of Figure 2) to categorize the errors and proceed through the dispute process, where appropriate. Each of these 40 cases was subjected to the materiality test and dispute paperwork was prepared in all 40 instances. In 15 of the 40 cases with alleged inaccuracies, there was the possibility of a material effect on the credit score, and the frozen credit report was re-scored by Fair Isaac. A second credit report was drawn six weeks after the dispute letters were sent to the credit bureaus (for 15 participants in the pilot study) and a detailed analysis of the materiality of errors and consequences of disputes was performed for these cases.

Training of the Research Associates

Thorough preparation by the research associates who conduct the in-depth reviews with consumers is essential for an effective review of the credit reports and protection of consumers' privacy. The principal investigators first familiarized the research associates with the process employed in the first pilot study and the information that is gathered to assess the accuracy of credit-bureau data. The research associates were familiarized with the data protection protocols for the study and certified as having taken the University's training program for researchers dealing with human subjects.

Using credit reports from the first pilot study (from which all personal identifying information had been redacted), the Principal Investigators acquainted the research associates with the detailed information in the credit reports and the data used to produce the credit scores. Members of the research team next participated in a one-day training program conducted by Dr. Jeffrey Feinstein from Fair Isaac in which he also reviewed the information in credit-bureau files, explained how various items contribute to an individual's credit score, and addressed questions about how various hypothetical changes in credit-bureau data would likely affect one's credit score. The research associates had access to Fair Isaac Corp. online training materials and helpline staff to address questions that arose in the course of the study and they had continual contact with the Principal Investigators to discuss specific issues as they arose.

Preparation for the Review of Individuals' Credit Reports

Before each interview, the research associates performed a careful review and cross-check of information available in the three credit reports and summarized them in a spreadsheet to facilitate the interview. They checked:

- current name, address and date of birth
- previous names and addresses
- employment history
- active accounts
- accounts with nonzero balances
- negative items (e.g., number and severity of reported delinquencies)
- derogatory public records (e.g., bankruptcy)
- total outstanding account balances including
 - mortgages

- installment loans
- revolving credit (home equity loans, revolving accounts and credit cards)
- inquiries in connection with credit applications
- length of credit history
- specific mortgage amounts and current balances
- automobile loans with origination amounts and current balances
- other installment credit with origination amounts and current balances
- specific open revolving accounts with credit limits and current balances
- number of accounts that have been submitted for collection
- total amounts that have been submitted for collection
- current balances on accounts under collection.

These are the key items from the credit reports that are used to assess creditworthiness and therefore would be expected to be reflected in the consumer's credit scores. In addition, the research associates computed summary statistics (such as credit utilization) from the detailed data and compared them with values summarized in the credit reports.

In preparing the spreadsheet, the research associates started with information from the credit bureau that had the greatest amount of information on file (often the one with the lowest credit score), and then extracted corresponding information and complementary information from the other bureaus' reports. The resulting spreadsheet (Exhibit 4) facilitates a comparison of the critical information in the reports from the three bureaus and complements the checklist mailed to the consumer with their copies of the credit reports.

Normal Variation in Bureau Reports

The Fair Credit Reporting Act does not require creditors to report to all bureaus. Care was therefore taken to inform the consumer that all creditors do not report to all bureaus and that we were therefore concentrating on the presence of erroneous information in a file, rather than trying to identify information that could have been reported to the bureaus but which was not reported. We also reminded them that the bureaus could send reports at different stages in a billing cycle and that they may therefore be reporting an account balance for a different day of the month. Consumers were generally quite adept at recognizing these normal variations and validating the information reported for open accounts with balances.

Accounts with zero balances pose some difficulty to consumers (and the researchers) because sometimes they had been closed and re-established with a different name or account number (as after a corporate acquisition or report of stolen credit card). The credit bureaus do not use uniform and unambiguous descriptors for such events and there was sometimes uncertainty as to whether an account should be considered to be currently open when computing the consumer's total line of credit on revolving accounts.

When it appeared that the credit scores could be affected by "correcting" the *alleged* errors, the research associates marked the credit reports with explanations of the

discrepancies and sent copies of the marked reports to Fair Isaac for rescoring. The purpose of rescoring was to identify cases where the creditworthiness of the borrower *might* have been materially misrepresented (i.e., where access to credit or terms of credit may have been significantly affected if the *alleged* errors were substantiated and not corrected). The criteria used in selecting a report with *alleged* inaccuracies that might potentially have a material impact on a credit score (and therefore subject to rescoring) were:

1. Credit score less than 760 (a cutoff widely used to identify consumers with lowest credit risk and for extending credit on most favorable terms) AND
 - a. alleged error in number of negative items (such as late payments), or
 - b. alleged inaccurate number of public derogatories, or
 - c. alleged error in number of accounts sent to collection, or
 - d. alleged error in number of inquiries for new credit (hard pulls on the file),
or
 - e. alleged error in outstanding balances not attributable to normal monthly reporting variation, or
 - f. allegations of accounts on the report not belonging to the client, or
 - g. duplicate entries of the same information (such as late payments or outstanding obligations) that were double-counted in reported summaries of such items.

Results of rescoring were not shared with the consumers.

A summary record of the in-depth review and subsequent outcomes was inserted into a SAS (Statistical Analysis System) dataset for research and reporting purposes. The SAS record contained no identifying consumer information except the randomly generated ID that was used for the myFICO log on id (without password), the birth-date for computing the age of the consumer, the gender of the participant, ZIP code of residence and standard demographic characteristics obtained from the closing survey to characterize the composition of the sample. Items placed in the research database and derived from the data for analytical purposes are listed in Exhibit 10.

Measures to Protect Individual Consumer Data

Digits in the participants' social security number and account numbers are suppressed by Fair Isaac in the credit reports to ensure that no unauthorized use of account information can occur. A unique identifier (myFICO account number) was assigned to associate data with study participants. Copies of the printed credit reports were secured in a locked filing cabinet in an office dedicated to the project and credit reports were printed on a dedicated printer in that office. Access to the printed reports and the detailed data therein was limited to the University researchers and to trained professionals at Fair Isaac Corp. who imposed tentative revisions for rescoring of the frozen credit files. Only summary information (such as number of credit accounts, outstanding credit balances and credit scores) was reported and used in statistical analysis of study outcomes.

Time Burden for Participating Consumers

Some consumers prepare thoroughly in advance of the interview and enabled a review of even complicated situations to be done in an interview of 15-20 minutes. Other consumers did not find the time for significant preparation in advance of the telephone review. In such cases the interview took longer (20-50 minutes), often involving explanations of how negative items in the credit report might affect the credit score, or why inter-bureau differences arise in the credit scores. In every case in the pilot study, the review was able to be completed to the satisfaction of both the consumer and the research team. The interviews themselves took an average of 19 minutes. The median time was 15 minutes, with 90 percent taking between 5 and 45 minutes. The participants reported taking an average of 69 minutes (median of 53 minutes), with 90% taking between 10 and 180 minutes) to prepare for the interview.

Yields from Alternative Recruiting Channels

Planning for the national study requires estimates of the percentage of individuals that are likely to register for the study when informed of the opportunity through a particular recruiting channel; it also requires an indication of the likely distribution of credit scores that will naturally emerge from each channel. We pay particular attention to the distribution of credit scores, because the credit score is a comprehensive measure of creditworthiness that may be used for stratifying the analysis of reported errors and judging how representative the sample is of the universe of credit records. Taking into account the differences in reported error rates and dispute outcomes for consumers in different credit-score tiers, one may adjust estimates of average error rates to account for imbalance in a sample.

Recruiting for the study began with a direct-mail solicitation to 203 addressees spread throughout the United States. The process was effectively the same as employed in the first pilot study. Written consent to terms of participation was obtained from consumers, and they were given purchase vouchers and instructions for opening their accounts at the Fair Isaac website. This enabled the research team to initiate data collection with a familiar bench mark while negotiating arrangements and creating the infrastructure to receive referrals from financial institutions or other cooperating parties.

After the study website was created and tested, all further registration occurred through the study website (Exhibit 2). Successive waves of mailings were scheduled with the cooperating financial institutions and invitations were extended through information circulars and direct contact at VITA (Volunteer Income Tax Preparation Assistance) service sites in the St. Louis metropolitan area. Participation of VITA clients was limited to 10 (10% of the minimum number of participants to be engaged in the study). Intensive follow-up to recruit participants from the direct mailing stopped after the website was active, as the prime purpose of this pilot study was to examine the effectiveness of recruiting participants through referrals from financial institutions and other channels.

Yields from the various recruiting channels and the status of cases with completed reviews as of October 9, 2008 (six weeks after closure of registration of participants) are summarized in Table 1. The information is segmented according to recruitment channel and phase as follows:

1. Direct mail to a nationwide random sample from published telephone directories and public records
2. Navy Federal Credit Union Mailing 1 to a randomly selected sample of 500 members
3. Navy Federal Credit Union Mailing 2 to another 500 members selected with greater concentration on individuals expected to have very low credit scores than on individuals expected to have very high credit scores. This was to test whether such selection would create a more balanced representation of credit scores.
4. Navy Federal Credit Union Mailing 3, to another 500 members.
5. Commerce Bank Mailing 1 to 500 customers via a glossy insert with the monthly billing statement announcing an opportunity to participate in the study as an offering from the bank's Marketing department.
6. Commerce Bank Mailing 2 to 2000 customers via a separate letter announcing the opportunity to participate as an offering from the bank's Customer Service department.
7. Invitations to VITA clients extended through circulars at counseling sites and through personal contact
8. Miscellaneous engagement of associates of the participating financial institutions and a prospective large employer (approached as an alternative channel but not used, as our quota had been reached) to demonstrate and test the website and study process in the developmental stages while contributing to the results.

The last line in Table 1 shows the outcomes for cases following the completed reviews of the credit reports. In 31.3% of the reviewed cases, there were *allegations* of inaccuracy *in at least one of the three credit-bureau reports*. In 11.7% of the cases, an *alleged* inaccuracy met the materiality threshold adopted for the study and required follow-through with pulling of a new credit report to determine the outcome from a formal dispute.

**Table 1 - Yields from Alternative Recruitment Channels and Status of Reviewed Cases
(based on Data through September 17, 2008)**

Recruiting Channel	Letters Sent	Consents Rec'd.	Reports Drawn and Mailed	Reviews Done	Cases with <i>Alleged</i> Inaccuracies	Cases with Potentially Material Disputes	Cases with Dispute Outcomes Known	Reviewed Cases in Process
Direct mail	203	13	12	12	7	3	3	0
Navy Federal Mailing 1	500	25	25	24	11	4	4	0
Navy Federal Mailing 2	500	19	19	17	5	2	2	0
Navy Federal Mailing 3	500	8	8	7	2	0	0	0
Commerce Bank Mailing 1	500	7	7	7	0	0	0	0
Commerce Bank Mailing 2	2,000	48	48	39	9	3	0	3
VITA	N/A	10	10	9	4	3	3	0
Miscellaneous	N/A	19	13	13	2	0	0	0
Total		149	142	128	40	15	12	3
Subsequent status of cases with completed reviews				100%	31.3%	11.7%	9.4%	2.3%

The patterns of engagement were not uniform among the recruiting channels. To illustrate the differences, we next examine the involvement and retention at each stage of the research protocol that occurred through the individual recruiting channels. This will enable us better to produce a set of parameters for estimating the extent (and nature) of outreach required to produce a sample of the desired size in a national study. For each channel, we report: (1) the number of consumer contacts that were initiated and the number of consumers (participants) who progressed to the next stage of the study process (2) the marginal percentage of consumers who progress from each stage to the next stage, (3) the cumulative percentage of **attempted consumer contacts** who are engaged at each successive stage, and (4) the cumulative percentage of **registrants** for the study that reach each of the successive stages.

Direct-mail recruiting yield, dispute rates and completion rates. Letters were mailed to 203 prospects (see Table 2). The research associates made personal telephone contact with 100 of the targeted consumers (49.3%) and 25 (25.0%) of those reached expressed interest in participating. Of those 25, 13 (52.0%) provided signed consent; 12 of the 13 (92.3%) established accounts at Fair Isaac for purchasing the credit reports. Reviews were completed with all 12 individuals (100%) to whom credit reports were mailed. Dispute paperwork was prepared for 7 of the 12 participants (58.3%), but only 3 of the 7 (42.9%) of the cases with *alleged* inaccuracies involved an item at one of the bureaus that met one of the materiality criteria. The cumulative effects of attrition at each stage are illustrated in the last two columns. The yield of participants from the direct-mail initiative was 5.9% of consumers to whom a letter was mailed. Dispute paperwork was prepared for 3.4% of prospects and 58.3% of participants. Follow-through to test the outcomes of disputes that met the materiality criterion was required for 1.5% of the prospects and 25.0% of participants.

Table 2 – Involvement at Successive Stages for Direct Mail Recruits

Stage in Research Protocol	Number	Marginal Percent	Cumulative Percent of Outreach	Cumulative Percent of Participants
Letters mailed	203	100	100	NA
Telephone contact made	100	49.3	49.3	NA
Expressed interest in participating	25	25.0	12.3	NA
Provided signed consent	13	52.0	6.4	NA
Established accounts	12	92.3	5.9	100
Purchased credit reports	12	100.0	5.9	100
Completed in-depth review	12	100.0	5.9	100
Dispute paperwork prepared	7	58.3	3.4	58.3
Material Disputes filed	3	42.9	1.5	25.0
Dispute outcomes determined	3	100.0	1.5	25.0

Credit-union recruiting yield, dispute rates and completion rates. In all, Navy Federal Credit Union mailed letters to 1,500 members (see Table 3). This resulted in participation of 52 consumers (3.5% of those informed about the study and referred to the website). Credit-report reviews were successfully completed for 48 of the 52 registrants (92.3%) and dispute paperwork was prepared in 18 of the 48 reviewed cases (37.5% of reviews). In 6 of the 18 cases with alleged errors, (33.3%), follow-up was required to determine the results of disputes that met the materiality criteria. Over all, 34.6% of participants *alleged* that there was some inaccuracy in one of the bureau reports and 11.5% of the participants identified an *alleged* inaccuracy that met our threshold for materiality.

Table 3 – Involvement at Successive Stages for Referrals from Navy Federal Credit Union

Stage in Research Protocol	Number	Marginal Percent	Cumulative Percent of Referrals	Cumulative Percent of Participants
Letters mailed	1,500	100	100	NA
Registered electronically	52	3.5	3.5	100
Credit reports mailed	52	100	3.5	100
Completed in-depth review	48	92.3	3.2	92.3
Dispute paperwork prepared	18	37.5	1.2	34.6
Material Disputes filed	6	33.3	0.4	11.5
Dispute outcomes determined	6	100	0.4	11.5

Bank recruiting yield, dispute rates and completion rates. In all, Commerce Bank mailed letters to 2,500 customers (see Table 4). This resulted in participation rates of 55 consumers (2.2% of those informed about the study). Credit-report reviews were completed for 46 of the 55 registrants (with others still pending as of October 15). This number provided the targeted number of 120 participants and leaves the possibility of expanding the pilot sample to the total of 142 individuals for whom credit reports were drawn. Dispute paperwork was prepared in 9 of the 46 reviewed cases (19.6%). Of those, only 3 (33.3%) met one of the materiality criteria. Follow-up was thus required to determine the results of disputes that met the materiality criteria in 3 of the 46 reviewed cases (6.5%). One of the three confirmed sending dispute letters to the credit bureaus by returning the postcard enclosed with the dispute material (see Exhibit 6E).

Table 4 – Involvement at Successive Stages for Referrals from Commerce Bank

Stage in Research Protocol	Number	Marginal Percent	Cumulative Percent of Referrals	Cumulative Percent of Participants
Letters mailed	2,500	100	100	NA
Registered electronically	55	2.2	2.2	100
Credit reports mailed	55	100	2.2	100
Completed in-depth review	46	pending	pending	pending
Dispute paperwork prepared	9	19.6	pending	pending
Material Disputes filed	3	33.3	pending	pending
Dispute outcomes determined	0	pending	pending	pending

VITA Recruitment. Recruitment and involvement of participants at the volunteer income tax preparation (VITA) sites has a dramatically different profile (see Table 5). Nine (9) reviews were completed for this targeted group; dispute paperwork was prepared in 4 cases of the 9 (44%) and follow-through for determining the results of disputes that met one of the materiality criteria was required in 3 of the 9 cases (33%).

Table 5 – Involvement at Successive Stages for VITA Referrals

Stage in Research Protocol	Number	Marginal Percent	Cumulative Percent of Referrals	Cumulative Percent of Participants
Letters mailed to previous clients	50	100	100	NA
Paper consent received	4	8.0	8.0	NA
Registered from direct mail	2	50.0	4.0	NA
Registered electronically (all sources)	10	NA	NA	100
Credit reports mailed	10	100	NA	100
Completed in-depth review	9	90.0	NA	90.0
Dispute paperwork prepared	4	44.4	NA	40.0
Material Disputes filed	unsure	unsure	NA	unsure
Dispute outcomes determined	3	pending	NA	30.0

This segment of the population was much more labor-intensive to serve. A higher proportion of the reports contained negative items; a higher percentage required the preparation of dispute letters and follow-through for potentially material disputes. Of the four cases where dispute paperwork was sent to participants, only one of the four participants returned the postcard indicating that the dispute had been registered with the

relevant credit bureau(s). In two cases, we received no confirmation that the dispute was filed, but all of the requested changes had been imposed, for both participants, on the credit reports drawn later. We have been unable to reach the non-responsive individuals by phone to see if the paperwork had been mailed.

Other participants. Finally, we have classified 13 participants in a miscellaneous (other) category. This group consists of individuals employed by potential referring institutions who were invited to experience the process as participants themselves before informing their associates and referring them to the study website for information and registration. This enabled us to test the website at progressive stages of development and to have executives of the respective organizations refer their clients with assurance that some of their employees had first-hand experience with the process. They could then, with comfort, vouch for the potential benefits afforded study participants with full understanding of the elaborate measures taken to protect the consumers’ personal information. Among these cases, there was a single instance where a dispute letter was prepared. It did not reach the materiality threshold.

Table 6 – Involvement at Successive Stages for Other Participants

Stage in Research Protocol	Number	Marginal Percent	Cumulative Percent of Participants
Letters mailed	NA	NA	
Registered electronically	13	NA	100
Credit reports mailed	13	100	100
Completed in-depth review	13	100	100
Dispute paperwork prepared	1	7.7	7.7
Material Disputes filed	0	0	0
Dispute outcomes determined	NR	NR	NR

Characteristics of the Resulting Sample

The credit scores themselves and the demographic information provided by the consumers enable us to characterize the composition of the sample. We use the distribution of credit scores as a primary indicator of the extent to which the sample composition is representative of the universe of credit scores maintained by the bureaus. The demographic data help us assess the extent to which the sample is reasonably representative of the universe of consumers affected by bureau data. The distributions of credit scores in the sample appear for two different groupings in Table 7 and Table 8.

Table 7 -- Distribution of Credit Scores for Participants

Score Range	Bureau A (percent)	Bureau B (percent)	Bureau C (percent)	Total (percent)
Under 610	11 (8.7)	9 (7.0)	10 (7.8)	30 (7.8)
610-689	13 (10.2)	13 (10.2)	14 (10.9)	40 (10.4)
690-749	25 (19.7)	23 (18.0)	22 (17.2)	70 (18.3)
750-789	47 (37.0)	32 (25.0)	26 (20.3)	105 (27.4)
790 plus	31 (24.4)	51 (39.8)	56 (43.8)	138 (36.0)

The score ranges in Table 7 were selected to approximate the quintiles in the universe of FICO credit scores that emerge in the process of calibrating the credit-scoring models. A representative sample of credit bureau reports would thus be expected to have approximately equal numbers of scores in the respective groups. The actual distributions that emerged in the pilot sample indicate that we had a strong tendency to engage individuals whose credit histories produce higher than average credit scores.

Table 8 – Comparison of Score Distributions for Fixed Intervals in Credit Scores

Score Range	Sample percent	Bureau percent
Under 600	7	12
600-649	3	12
650-699	9	15
700-749	17	20
750-799	41	28
800 plus	23	13

With information derived from Fair Isaac historical records, we are also able to compare the distributions of credit scores in our sample with national distributions in 50-point intervals (Table 8). The implications are the same. The sample contains a greater proportion in the upper credit-score intervals and a smaller proportion in the lower credit-score intervals. The skewness in this pilot study is even more pronounced than in the first pilot study – except in the case of the weighted sampling in the second mailing from the Navy federal Credit Union and in the targeted recruitment from the VITA program. In those cases, where an explicit effort was made to increase representation of individuals with scores in the lower credit-score quintiles, the distributions of credit scores more closely approximated the national norms (see Table 9). Using data from past loan applications, a Navy Federal analyst constructed a statistical model (using binary decision trees) that predicted the credit score quintile in which the member would most likely fall. Twice as many individuals predicted to have credit scores in the lowest quintile were

selected for that mailing than individuals predicted to fall in the highest quintile (while still having 40% of the addressees in these two groups).

Table 9 – Distribution of Credit Scores from Weighted Mailing and Targeted Direct Recruitment

Credit-Score Range	Number (percent) In Navy Federal Weighted Sample	Number (percent) from VITA Program
Under 610	2 (6.5)	5 (55.6)
610-689	3 (17.7)	1 (11.1)
690-749	3 (17.7)	1 (11.1)
750-789	4 (23.5)	2 (22.2)
790 plus	5 (29.4)	0 (0)

Past and current VITA participants were invited strictly as a convenience sample (i.e., with no further analysis that reflected other characteristics).

As in the first pilot study, we found that individuals in good credit standing (high credit scores with correspondingly low probability of default on debt) were more inclined to register for the study than individuals with low credit scores. Achieving sufficient numbers (though not necessarily equal) numbers of individuals in each quintile will be important in the national study for estimating over-all error rates and consequences of errors. Generally, credit records with low credit scores have more entries with negative connotation and therefore greater risk of containing the items in their reports that tend to be challenged.

The demographics of the sample revealed a reasonable distribution according to gender and age. The sample consisted of 56 women (43.8%) and 72 men (56.3%). Ages of participants were distributed with:

- 4.7% under 25 years old
- 13.3% between 25 and 34
- 21.1% between 35 and 44
- 21.9% between 45 and 54
- 22.7% between 55 and 64
- 15.6% over 65.

Eighty-one percent (80.5%) reported their race as white; 12.5% as black; 2.3% as Hispanic; 0.8% Asian and 3.9% other. In the national study, some targeted outreach

would be required to include a representative number of Hispanic participants. Sixty-six percent (66.1%) of participants were married; 2.4% lived with a partner; 16.5% were never married; 15.0% were divorced, separated, or widowed.

Sixty-six percent (66.1%) were college graduates of those 33.1% had graduate degrees. 32.8% were categorized as being in professional occupations; 14.4% in administrative or managerial jobs; 8.8% in the trades; 8.8% in sales; 8.0% in clerical; 6.4% disabled and 20.8% retired.

Of the 128 participants, 126 (98.4%) furnished a figure for household income. The responses were distributed as follows:

- 6.4% with household income below \$25K
- 16.7% between \$25K and \$50K
- 22.2% between \$50K and \$75K
- 15.9% between \$75K and \$100K
- 34.1% over \$100K.

Procedures would have to be employed in a national study to offset bias toward older and more affluent consumers. With the ZIP codes used in the mailing addresses, we have the ability to compare geo-demographic characteristics for participating versus nonparticipating households in the target population and could use sequential sampling techniques to increase participation in segments that are underrepresented as the sample evolves. Average real-estate valuations (and recent changes herein), mortgage delinquency rates, and credit-card delinquencies could be acquired from governmental agencies and financial institutions and used to construct a sampling frame. Outreach through social service agencies might also be needed to secure sufficient participation of individuals with lower credit scores and from groups with lower socio-economic status.

One might speculate that requiring the consumer to use the internet to participate in the study may itself bias the sample toward more affluent segments of the population. The so-called digital divide between households with internet service and those without is gradually disappearing, as 73% of U.S. households are estimated now to have internet access (<http://www.internetworldstats.com>, October 15, 2008). Nevertheless, some representation of consumers without internet access may be desirable.

Illustrative Findings from the Pilot Study

In this section we provide some prototypical results to illustrate the information that would be garnered from a national study. Based on the intensive reviews of the credit reports, we produce a comprehensive summary of the results of the each consumer's review of the accuracy of items in his or her credit reports. Specifically, we note whether there is an *allegation* of a significant inaccuracy (other than inconsequential typographical errors) involving:

- an incorrect current address
- an error in previous addresses (listing an address with which the person had no prior affiliation)

- an error in employment history (citing an employer for whom the person had not worked)
- an alleged reporting of invalid accounts (accounts that were claimed not to belong to the participant or cosigned by the participant)
- a reporting of an allegedly incorrect balance on an account (a balance beyond the limits that could have been reached at any time in the reporting period)
- a reporting of inquiries for credit that were allegedly not initiated by the consumer
- a reporting of negative items (late payments) that allegedly had not occurred
- an *alleged* error in the total number of accounts that could have had nonzero balances at any time in the reporting period
- an *alleged* error in the number of public derogatories (e.g., bankruptcies)
- accounts submitted for collection and current balances thereon
- an *alleged* error in the individual bureau's measure of revolving credit utilization that could not be explained by differential treatment of home equity loans.

Recall that we employ a further screen to determine whether an *alleged* error could potentially affect an individual's credit score by a material amount. If the case involves a potentially material error, we expose the account to rescoring of the frozen file, help the consumer engage in the dispute process, and draw a later credit report to determine the outcome. Recall that an *alleged* error was classified as potentially material if the credit score from the bureau was less than 760 (the cutoff for classifying a consumer as having very low credit risk) and the review of the credit report uncovered:

- an alleged error in number of negative items (such as late payments), or
- an alleged inaccurate number of public derogatories, or
- an alleged error in number of accounts sent to collection, or
- an alleged error in number of inquiries for new credit (hard pulls on the file), or
- an alleged error in outstanding balances not attributable to normal monthly reporting variation, or
- an allegation of accounts on the report not belonging to the client, or
- duplicate entries of the same information (such as late payments or outstanding obligations) that were double-counted in reported summaries of such items.

In Table 10, we summarize the outcomes from the review of the credit reports for participants in the different credit-score quintiles. Over all, 11.7% of participants (15 of 128) alleged that there was at least one error that met our materiality criterion in one of their three bureau reports. As expected, the percentage of consumers having *allegations* of material errors is higher among those with low credit scores than among those with high credit scores (dropping from 50.0% among those with an average credit score below 610 to zero among those with an average credit score over 790).

Table 10 – Allegations of Errors according to Credit Score Groupings

Credit Score Category	Total Number Of Completed Cases In Study	Cases with No <i>Alleged</i> Errors	Cases with No <i>Alleged</i> Error in Material Category	Cases with At Least One <i>Alleged</i> Error in the Material Category	Percent of Cases with at Least One <i>Alleged</i> Error in the Material Category
Under 610	10	4	5	5	50.0
610-689	12	8	8	4	33.3
690-749	27	19	23	4	14.8
750-789	35	26	33	2	5.7
790 plus	44	31	44	0	0
Totals	128	88	113	15	11.7

We present these statistics to illustrate the nature of the general relationship between credit score and tendency to allege that there are errors in the credit bureau data. The sample size is far too small to provide a reliable estimate of accuracy for the universe of credit reports. **We must emphasize that a much larger and more representative sample would be required to estimate the percentage of consumers nationwide who would similarly dispute the accuracy of information in their credit files.**

At the time of preparation of this report, sufficient time had passed to draw a second credit report to determine the results of disputes in 12 of the 15 cases with *alleged* errors of potentially material magnitude. The outcomes for each of the 12 cases are presented in Table 11A and Table 11B.

First, in Table 11A we indicate, for each case with an alleged inaccuracy that met the threshold of being potentially material (and therefore resulted in the filing of a dispute with subsequent follow-up):

- the number of unique and potentially material errors in the comprehensive credit record (treating an alleged error that appears in more than one bureau file as a single error)
- the total number of bureau disputes (treating an alleged error that occurs in three bureau files, for example, as three errors in the aggregate credit record)
- the number of bureau disputes that were changed fully in consonance with the request of the consumer in his or her dispute letters
- the number of bureau disputes for which a partial change was imposed that addressed the consumer’s concern expressed in the dispute letter
- the number of bureau disputes for which no revision was imposed
- the number of bureaus with which a dispute was filed for the consumer

- the number of bureaus that made all the requested changes to the consumer's credit record
- the number of bureaus that made some changes that addressed the consumer's concerns
- the number of bureaus that made no changes to the credit record that addressed the consumer's concerns.

In Table 11B we illustrate the information available to enable a thorough analysis of the impact of ultimate revisions to the credit reports upon the consumer's credit scores. Specifically, we record the credit scores derived from:

1. each of the initial credit reports (frozen files) analyzed by the consumer with help from the research associates
2. the new files pulled to determine the effects of revisions made to the files of the bureaus with whom the consumer filed disputes
3. the frozen files rescored after imposing revisions that had been made by the credit bureaus in consonance with the requests of consumers in their dispute letters (involving a second rescoring for cases where only partial revisions were imposed by the bureau).

In the last two columns of Table 11B, we illustrate two summary measures of the impact of changes made to the credit reports. The first measure is the resulting change in lowest bureau credit score. The second measure is the maximum change in credit score that occurred for the consumer where a bureau applied revisions to the credit file (partial or full) that addressed issues raised in the dispute letters.

We provide these results for the individual cases to illustrate the information that, in a national study, would be accumulated to characterize the frequency of *alleged* errors for various population segments and the results of disputes filed to deal with them. In reports for a study with a nationally representative sample, statistics could be produced to reveal:

- *alleged* error rates for major population segments
 - credit-score groupings
 - major demographic groups
- results of disputes filed for alleged errors that met the chosen materiality threshold for the study
 - whether the new file contained revisions that were fully consonant with the consumer's request for change, whether partial revisions were imposed that addressed the dispute, or whether no changes were imposed following the dispute
 - changes in credit scores
 - on files with disputes but no requested changes imposed to the record
 - on files with disputes and requested changes partially imposed on the record
 - on files with disputes and requested changes fully imposed on the record.

Table 11A – Dispute Summary for Each Case where a Dispute Was Filed re an *Alleged* Inaccuracy Classified as Potentially Material

Case	Number of Potentially Material Errors	Number of Bureau Disputes	Number of Fully Consonant Revisions	Number of Partially Consonant Revisions	Number Unchanged	Number of Bureau Contacts Involved	Number with All Changes Imposed	Number with Partial Change	Number with No Changes
FTCG47L	1	2	1	0	1	2	1	0	1
FTCE68J	2	2	0	0	2	2	0	0	2
FTC7L90	1	1	0	0	1	1	0	0	1
FTCGN72	2	4	1	0	3	3	0	1	2
FTCSXL4	2	2	2	0	0	1	1	0	0
FTC7X60	1	2	2	0	0	2	2	0	0
FTC0KD0	1	1	1	0	0	1	1	0	0
FTCFP8A	1	3	2	1	0	3	2	1	0
FTCID00	2	2	2	0	0	2	2	0	0
FTC8RH3	1	2	2	0	0	2	2	0	0
FTCJE9W	5	7	7	0	0	3	3	0	0
FTCUANS	2	4	4	0	0	3	3	0	0
TOTAL	21	32	24	1	7	25	17	2	6

Table 11B – Changes in Credit Scores Following Rescoring of Frozen Credit-Bureau Files for Each Case where a Dispute Was Filed re an *Alleged Inaccuracy* Classified as Potentially Material

Case	Initial Credit Score Bureau A	Initial Credit Score Bureau B	Initial Credit Score Bureau C	Rescored Credit Score Bureau A	Rescored Credit Score Bureau B	Rescored Credit Score Bureau C	Revision Imposed (Y=yes N=No P=Partial)
FTCG47L	752	666	654	N/A	745	753	P
FTCE68J	760	780	728	802	N/A	728	N
FTC7L90	737	706	701	N/A	N/A	738	N
FTCGN72	543	560	541	548	560	541	P
FTCSXL4	492	477	453	N/A	477	N/A	Y
FTC7X60	723	734	792	785	785	N/A	Y
FTC0KD0	809	727	823	N/A	806	N/A	Y
FTCFP8A	680	668	655	727	668	665	P
FTCID00	684	679	677	684	N/A	718	Y
FTC8RH3	487	588	558	545	623	N/A	Y
FTCJE9W	493	511	530	496	511	530	Y
FTCUANS	513	634	600	524	618	660	Y

Additional perspective can be gained by examining the outcomes of the dispute process according to the type of *alleged* error for which consumers filed a dispute. In Table 12, we show how this information may be accumulated across the different cases for which disputes were filed. The types of alleged error could be examined in terms of:

- their frequency of report
- their frequency of correction
- the average changes in consumer credit scores
 - on files with disputes but no requested changes imposed to the record
 - on files with disputes and requested changes partially imposed on the record
 - on files with disputes and requested changes fully imposed on the record.

In the first pilot study (http://www.ftc.gov/reports/FACTACT/FACT_Act_Report_2006.pdf) we described other types of information that similarly may be garnered from the data. We do not repeat the illustrations here, as the purpose of this second pilot was not to generate comparative statistics based on small samples; rather it was to test the impact of changes in recruitment method, in the form of support provided for filing disputes, and in the statistics collected to characterize the outcomes for cases in which disputes were filed.

Table 12 – Outcomes of Disputes for Alleged Errors of Different Types

Type of Alleged Error	Number of Potentially Material Errors	Number of Bureau Disputes	Number of Full Corrections	Number of Partial Corrections	Number Unchanged
Incorrect Collection Account Reported	6	9	7	0	2
Incorrectly reported late payment	3	5	1	0	4
Incorrectly reported consumer finance account	1	1	0	0	1
Multiple report of account in bankruptcy	2	4	4	0	0
Multiple report of account with late payment	2	2	2	0	0
Paid account reported as delinquent	1	1	1	0	0
Current collection balance reported incorrectly	1	1	1	0	0
Closed account reported delinquent	1	3	2	1	0
Chapter 7 accounts reported delinquent	4	6	6	0	0
Totals	21	32	24	1	7

Changes from Pilot 1 to Pilot 2 in Analyzing Cases with *Alleged* Errors

A specific type of error may have a different impact on the credit score for one consumer than for another (or for a single consumer at different points in time), depending on other information in the respective credit files. A late payment, for example, may be quite old and therefore not affect the credit score significantly. Several late payments may be removed from a credit record without affecting the credit score significantly if there are many other late payments that remain in the file. In the first pilot study, the principal investigators and professionals at Fair Isaac used an intervening review of each file to characterize each case as likely or unlikely to experience a significant change in credit score and classified the errors as material or immaterial based on the circumstances of the case itself.

In this pilot study, we used uniform criteria to categorize an *alleged* error according to whether it could potentially have a material impact on the credit score of any consumer. We prepared the dispute paperwork in all such instances and followed the consequences.

The impact of changes to the credit files following disputes may be measured by the resulting changes in credit score attributable to changes in the credit files that address the consumers' disputes. We can produce that information in two ways. First (and primarily), to eliminate the effects of other information that may have appeared in the credit report in the meantime (such as changes in credit utilization or appearance of a new negative item), we can generate new credit scores by rescoring the frozen files after revising them (a second time, if necessary) to reflect changes in the bureau records that address the consumers' disputes. Recognizing that the impact of a change in credit score can depend on other information in the credit file, we can also compare the credit scores from the new credit reports drawn to determine whether the requested changes in a dispute were applied to the file, with the credit scores from the frozen credit reports that were reviewed by the consumer.

Implications for the Conduct of the National Study

The research methodology and procedures used in this pilot study were found to be suitable for a comprehensive investigation of the accuracy of credit-bureau information in a study of national scale. They enable thorough investigations of the integrity of credit-bureau information, provide data for estimating the frequency and severity of errors in existing files, and provide useful information about the workings and efficacy of the dispute-resolution process.

The study website created substantial efficiencies in recruitment over the direct mail approach used in the first pilot study. Referral of clients from financial institutions to the study website proved to be a highly effective channel that we would recommend for the national study. To generate a nationally representative sample (or sufficient numbers in a stratified sample for adjusting error rates to account for different response rates), it will be necessary, however, to employ mechanisms such as weighted random sampling and

targeted outreach to engage sufficient numbers of individuals in population segments prone to low credit scores.

In that regard, a limited test of a weighted selection mechanism when preparing a mailing to credit-union members produced a sample closer to national norms. Direct recruitment of individuals engaged in a nonprofit program for assistance in income-tax preparation also proved to be an effective tactic for engaging individuals with more challenging credit histories and lower credit scores.

We recommend that the national study use multiple channels for referring potential participants to the study website including:

- referrals from banks that ensure national geographical coverage
- referrals from S&L's that ensure national coverage
- referrals from employers to their employees, with weight given to younger individuals and to persons in lower job categories to compensate for the greater tendency of higher-income individuals to participate
- referrals using brochures or letters to clients of social service agencies to reach segments of the population that may have had difficulties in managing their credit
- mechanisms to increase the representation of the Hispanic population and modification of the study website for use in Spanish.

In addition, there should be direct recruitment of individuals through on-site visits to social service agencies (including voluntary income tax preparation programs) as a means of reaching segments of the population without personal internet access. A combination of weighted random sampling through the aforementioned referral channels and direct recruitment through social-service agencies would likely prove effective in generating a sufficiently representative sample.

Additional involvement of the research associates in preparing dispute letters for cases with alleged inaccuracies in credit-bureau files dramatically increased participation in the dispute process and enabled a more thorough study of credit-bureau accuracy. We recommend that this type of support be offered in the national study.

Planning Parameters for the National Study

The national study will require representation with diverse demographic characteristics from all geographical regions (including urban and nonurban residents from each of the 50 states). To achieve estimation precision of plus or minus three percent in over-all percentage statistics with 95% confidence, a total of 1000-1100 fully completed cases will be needed. We suggest the following guidelines for estimating the effort required to complete the national study (assuming a total sample of 1000 completed cases) is to be obtained).

- Use a study website (as in Pilot 2 but with English and Spanish versions) with referrals from banks and S&L's as the primary recruitment channel (for 550 participants)

- Use referrals to the study website from employers to ensure occupational diversity in the sampling frame (for 250 participants)
- Use referrals to the study website from VITA programs and social service agencies to reach the population segments with lower credit scores (for 50 participants)
- Recognizing the additional cost, use direct recruitment by mail and telephone only as needed to achieve the desired geographic and demographic representation (for 50 participants)
- Use direct (face-to-face) recruitment through from VITA programs and social-service agencies to enroll participants who do not have internet access (for 50 participants).

Effect of the Blend of Recruitment Channels on Study Costs

The most efficient channel involves much less effort on the part of research associates for each completed case. The cost of the national study will depend on the extent of outreach required through the other channels. Based on our experience in the two pilot studies, we have produced estimates of the relative variable costs (primarily research associate time) that would be incurred for each completed case from the alternative recruiting channels. Considering the recruiting yields, the effort involved in recruitment, in scheduling (and re-scheduling) the comprehensive reviews, and the effort expended in the dispute process, we express the estimated costs as a multiple of those incurred in serving the referrals from financial institutions to the study website (the recommended primary recruiting channel). We include those relative cost estimates with other characteristics of the recruiting channels in Table 13. For example, note that we estimated the total costs of completing the process for individuals recruited by direct mail and telephone follow-up to be three times the total cost of completing the process for individuals referred by financial institutions to the study website (the primary channel).

If the channels are used with our suggested mix, the cost of completing the study for 1000 new participants would be equivalent to serving $550+250+3*50+3*50+5*50 = 1350$ individuals via referrals from financial institutions and employers to the study website alone. The implication of this is that the study costs would be increased by approximately 35% if our suggested mechanisms are used to engage segments of the population without internet access and hard-to-reach groups that are likely to have lower credit scores.

We did not offer financial incentives to encourage participation and follow-through for study registrants; nor did the cooperating financial institutions charge for their expenses. If such incentives were to be offered to all or selected segments of the population, or to cooperating referring institutions and agencies, the fixed and variable costs for activities in the national study would consequently change.

Table 13 - Recruiting Channel Characteristics and Workload Impact

Recruiting Channel	Variable Cost Ratio (Estimated)	Administrative Overhead	Geographical Representation	Yield (participants per contact)	Targeted Engagement Potential
Bank and S&L Referrals to Study Website	1.0	Low	High	Low	Med
Employer referrals to website	1.0	Med	Med	Potentially Medium	Med
VITA and Service Agency referrals to website	3.0	Hi	Low	Low	High
Direct mail With Telephone Follow-up	3.0	Med	High	Med	Med
In-Person Recruitment from Service Agencies	5.0	High	Low	Med	High

Acknowledgements

The investigators are grateful to executives and senior staff at Navy Federal Credit Union and Commerce Bank for their help in testing study protocols, and for offering a sample of their members and customers the opportunity to participate by referring them to the study website. The involvement of these institutions was integral to the success of this second pilot study and to the design of efficient procedures for use in the national study.

Exhibit 1 – Solicitation and Referral Letters for Recruiting and Engaging Participants



Exhibit 1A
UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

Your household has been selected for possible participation in a study on the accuracy of credit reports. The Congress of the United States has directed the Federal Trade Commission (FTC) to perform this study. You may already know that the FTC is the nation's consumer protection agency. If you wish to read more about the FTC and this directive from Congress, please visit the FTC's web site (instructions given below). You will see that we are preparing a pilot study before we carry out a national study of credit reports. Your name was selected for the pilot study by a procedure designed to create a representative random sample for the study.

As you know, accuracy in credit reporting is very important to consumers. The information in credit reports can be the key to getting or setting the terms of a mortgage, a loan, credit cards, insurance, and even a job. The purpose of the FTC's study is to see if the information in credit reports is accurate. Participants will benefit from a careful review of their own credit files and from an opportunity to correct items that they believe to be in error. The study includes strict measures to protect the confidentiality of a consumer's personal identifying information (more on this below).

The FTC has retained researchers from the University of Missouri-St. Louis, who will also be working with researchers from George Washington University and the Fair Isaac Corporation, to execute this study. A representative will be calling by telephone soon to confirm whether a member of your household fits the study criteria. (Please wait for this call before deciding to return a consent form.) The researcher will ask some "yes/no" questions, such as whether a member of your household has had a credit card or loan from a financial institution. If you meet the criteria, a researcher will explain more fully what the study involves.

In brief, participants receive credit reports and credit scores from the three major U.S. credit bureaus at no cost. They also receive free expert advice in understanding and reviewing their credit reports. For a cross-section of participants, researchers will conduct an in-depth telephone interview to help them identify possible inaccuracies. In cases where participants identify items

FEDERAL TRADE COMMISSION

that seem to be wrong, the researchers guide the participants in filing formal disputes with the relevant parties and they track the results of the disputes to determine if corrections are applied to credit-bureau files. Participants thus benefit from a careful review of their own credit files and from an opportunity to correct items that they believe to be in error. Overall, the study will help American consumers and financial institutions by testing the accuracy of the credit reporting system.

This study is designed carefully to protect your privacy, and your participation is voluntary. Enclosed is a copy of a consent form that we require of all participants. Participants give the researcher written permission to arrange for delivery of the credit reports and to review them over the phone to help identify possible inaccuracies. You may be assured that we are collecting this information only for the purpose of this study and that the use of this information is protected and regulated by law. (See *Privacy Act Statement* below).

If you would like to know more about this project or to verify the information in this request, please visit the FTC's web site.* Thank you for considering this important matter.

Sincerely,

Peter J. Vander Nat, Ph. D.
FTC Coordinator for Pilot Study

Pilot Study Approved by
Office of Management and Budget
OMB Control No. 3084-0133
Expiration: March 31, 2009

* At www.ftc.gov/os/statutes/fcrajump.htm, click the link to: "*FTC Announces Pilot Study and Requests Comments to Aid Accuracy Study.*" The comment period is no longer open; this site is now for reference.

Privacy Act Statement. As noted above, Congress has directed the FTC to do this study, and The Fair and Accurate Credit Transactions Act of 2003 permits the collection of information from you for the purpose of this study. The FTC's researchers will be collecting this information, but the FTC does not intend to make any of your personal information part of its own records. To the extent that the Privacy Act of 1974 applies, your information would be treated as part of the agency's legal records system. You can read about routine uses of such records on the FTC's Web site at: <http://www.ftc.gov/foia/sysnot/i-1.pdf> or <http://www.ftc.gov/foia/sysnot/i-1.wpd>. Your participation is completely voluntary, but please understand that if you choose not to provide information that we need for the study, then you cannot qualify to be a participant in the study.

Exhibit 1B



Office of the President

April 21, 2008

Dear [REDACTED]:

Navy Federal has agreed to participate in a credit report study being conducted by the Federal Trade Commission (FTC). Under congressional mandate, the FTC is studying the accuracy of credit bureau information and the processes in place for disputing errors in credit bureau files. The FTC has engaged researchers from George Washington University, the University of Missouri – St. Louis, and Fair Isaac Corporation to perform a pilot study with a random sample of members/customers from several financial institutions.

Credit bureau reports and credit scores affect eligibility for home mortgages, automobile loans, and other forms of credit; they are also considered when determining interest charges and costs of insurance to consumers. This study will measure how many credit reports actually do have errors and will examine the appeals process for correcting erroneous information. I believe this is an excellent opportunity for our members to ensure the integrity of information stored in their credit bureau records and arrange for the correction of any errors that may negatively affect their costs of credit or insurance.

This letter is to notify you that you are one of the Navy Federal members selected at random for possible participation in this study. The FTC study is open for the next 30 days. If you agree to participate in this study, you should register at the following Internet address (please note that "www" is not required for the address):

ftcstudy.umsl.edu

When registering use study code **nf001**

Your decision to participate is entirely optional and will have no impact on your Navy Federal membership or accounts. You will interact directly with the FTC research team – Navy Federal will not be involved in collecting data from participants and will not know if you choose to participate. If you have difficulty in registering at the website, please call the university researchers at 314-516-6169 or toll-free at 1-866-991-6169.

Should you have any questions for Navy Federal about this study, please contact Alan Payne, Manager of our Member Research and Analysis team, toll-free at 1-888-869-5852. Alan recently participated in this program and can assist you with your questions.

Sincerely,

A handwritten signature in cursive script that reads "Cutler Dawson".

Cutler Dawson
President/CEO

PO Box 3000 Merrifield VA 22071-0000

Exhibit 1C

CUSTOMER A CUSTOMER
1234 W. Anywhere ST. #123
Someplace, ST 1234-5678

***Exclusive Offer to Participate in a Free Credit Audit Research Study
With Confidential Credit Scores and Reports Provided to You at No Cost***

Dear Customer A Customer,

The Federal Trade Commission (FTC) has been directed by Congress to conduct a study of the accuracy of information in national credit bureau files. You were selected at random to examine your credit bureau data for accuracy with the help of our research team. As part of this study, the UM-St. Louis College of Business Administration and research associates of the Center for Business and Industrial Studies (CBIS) are offering, **without cost**, a credit audit that includes free credit reports and free credit scores from the three major U.S. credit bureaus

There is, of course, no obligation to participate in this program. If you participate, your privacy will be completely protected. We believe that this is an excellent opportunity for an individual to undertake an important personal financial review, ensure the integrity of information stored in his or her credit-bureau records, arrange for the correction of any erroneous information, and possibly make changes that could reduce the costs of credit or insurance.

To inquire about participation in this program:

- Call the UMSL Center for Business and Industrial Studies at **(866) 991-6169**
- Email **busresc2@umsl.edu** to indicate how and when a university associate might conveniently reach you by telephone.
- Visit **ftcstudy.umsl.edu** and enter **cb001** as the study code to learn more about the study and register as a participant.

If you would like to learn more please use one of the above methods to contact the UMSL Center for Business and Industrial Studies.

Sincerely,

Christopher Morley
Portfolio Manager
Commerce Bank, N.A.

Affiliated Partners



FEDERAL TRADE
COMMISSION



The Center for
Business and
Industrial
Studies



THE GEORGE
WASHINGTON
UNIVERSITY

p.s. Hurry, this offer expires August 29, 2008.



Commerce Bank
Member FDIC

ASK LISTEN SOLVE

Exhibit 1D



CENTER FOR BUSINESS & INDUSTRIAL STUDIES

L. Douglas Smith, Ph.D., Director
e-mail: ldsmith@umsl.edu

College of Business Administration
One University Blvd.
St. Louis, MO 63121-4499
Telephone: (314)516-6108
Fax: (314)-516-6827

TO: UMSL VITA CLIENTS

We are pleased to announce an opportunity for clients in the UM-St. Louis Volunteer Income Tax Preparation Assistance program to benefit from another program of community service through the UM-St. Louis College of Business Administration. Under a Service Learning grant from State Farm Insurance, research associates of the Center for Business and Industrial Studies (CBIS) are offering, without cost, a valuable program of individual financial planning. The program has two major thrusts:

1. An individual personal finance review that enables you to project your financial situation through retirement under different planning assumptions
2. A credit audit that includes free credit reports and free credit scores from the three major U.S. credit bureaus. Part of the credit audit involves a thorough review of the credit-bureau data to check it for accuracy. We offer that in conjunction with a university research project sponsored by the Federal Trade Commission (FTC).

There is, of course, no obligation to participate in either of these programs. Both are offered free of charge. You may choose to participate in one, the other, or both. If you participate, your privacy will be completely protected. We believe that this is an excellent opportunity for an individual to undertake an important personal financial review, ensure the integrity of information stored in his or her credit-bureau records, arrange for the correction of any erroneous information, and possibly make changes that could reduce the costs of credit or insurance.

To inquire about participation in this program, you may call the UMSL Center for Business and Industrial Studies at (314) 516-6169 or send an e-mail to busresc2@umsl.edu to indicate how and when a university associate might conveniently reach you by telephone. You may also visit "ftcstudy.umsl.edu" and enter "vita001" as the study code to learn more about the FTC study and register as a participant.

Sincerely,

L. Douglas Smith, Ph.D.
Professor and Director
College of Business Administration
One University Blvd.
St. Louis, MO 63121-4400

Exhibit 1E



CENTER FOR BUSINESS & INDUSTRIAL STUDIES

L. Douglas Smith, Ph.D., Director *College of Business Administration*

e-mail: ldsmith@umsl.edu *One University Blvd.*

St. Louis, MO 63121-4499

Telephone: (314)516-6108

Fax: (314)-516-6827

Dear

Enclosed you will find the credit reports that were available in your name from Equifax, Experian and TransUnion –the three major U.S. credit bureaus. Also enclosed is a checklist to help guide your review of the information they contain.

In our telephone interview, we will ensure that you have thoroughly examined the information and identified any items that seem to be incorrect. Preparing for the interview with the checklist will help us be more efficient in the telephone review.

You may keep in mind that account numbers sometimes change as a result of a card that is reported lost or stolen, or as organizational changes occur in financial institutions. In such cases, the data for a familiar credit card or bank account may appear under one number until the account was closed and under another number thereafter.

The account balances shown will depend on the day of the month that the data were sent to the credit bureau and will vary according to the days that payments and charges were processed by the financial institution. You need not verify the specific account balances – just check to make sure that the balances shown could have occurred on one day during the relevant month. Also, not all creditors report to all bureaus and the credit scores are derived from the individual bureaus' data. Thus, there will be some natural variation among the credit files and in the resulting credit scores.

You may leave a message at 314-516-6169 or send an e-mail message to busresc2@umsl.edu to let us know the best time to call and the best telephone number to use for our review of your credit reports. Thank you again for your participation in this important study. We look forward to checking the reports' accuracy with you as soon as possible.

Sincerely,

Chloé Gray-Le Coz

Research Assistant to L. Douglas Smith
University of Missouri - St. Louis
Center for Business and Industrial Studies

Luigi Wewege

Research Assistant to L. Douglas Smith
University of Missouri - St. Louis
Center for Business and Industrial Studies

Exhibit 2 – Illustrations of Internet Website Screens for Providing Study Information, Issuing Reproducible Electronic Consent, and Registering Study Participants

Exhibit 2 – Website Used for Providing Study Information, Issuing Reproducible Electronic Consent, and Registering Study Participants

I. For study information and registration, go to the study website address:

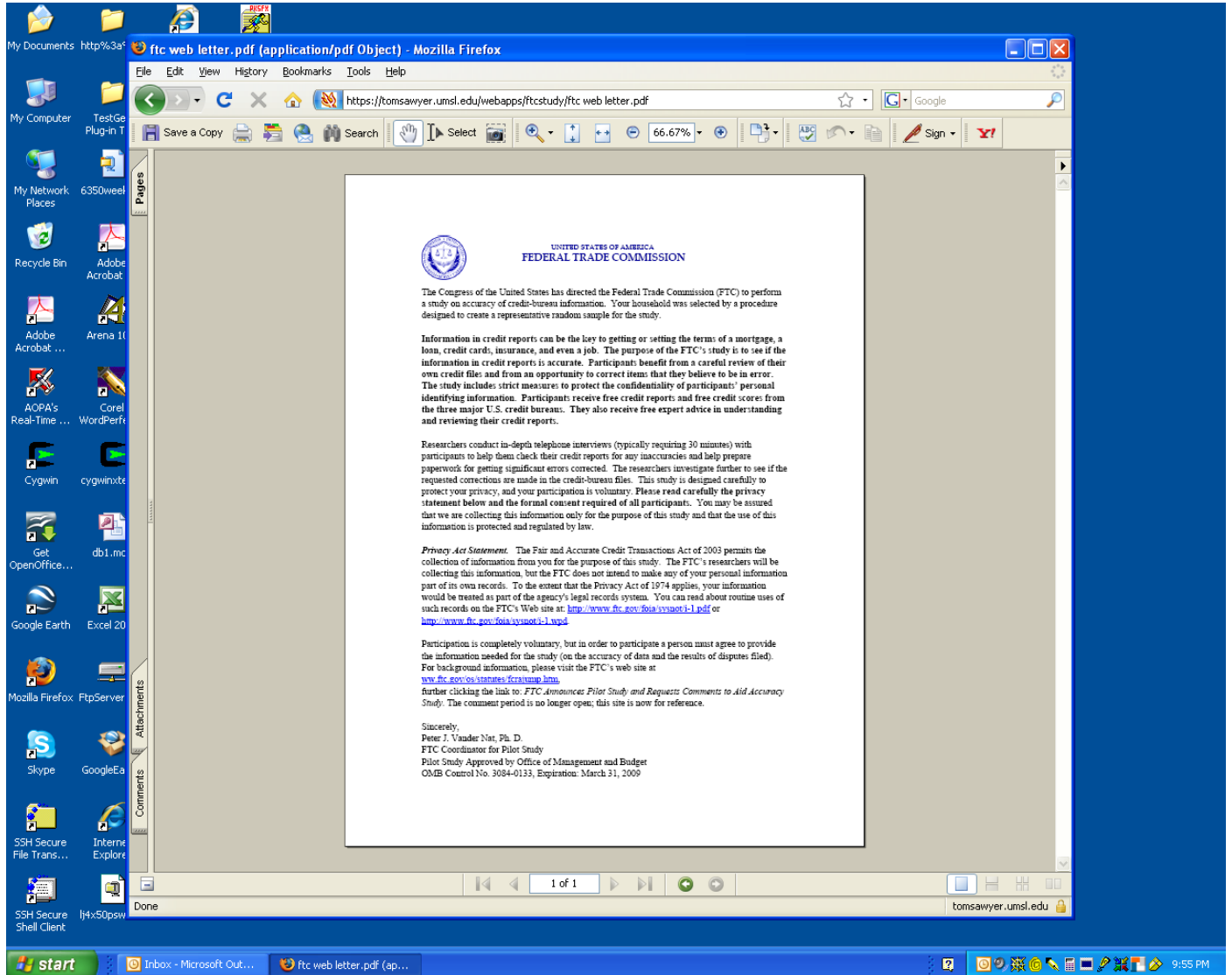
<http://ftcstudy.umsl.edu>

II. The following web page will appear:

To continue you type in the study code furnished to you by the university research associates or participating institutions.

The screenshot shows a Mozilla Firefox browser window displaying the 'Federal Trade Commission Study' website. The browser's address bar shows the URL <https://tomsawyer.umsl.edu/webapps/ftcstudy/welcome.cfm>. The website header features the University of Missouri-St. Louis logo and the title 'Federal Trade Commission Study'. Below the header is a navigation menu with links: 'More About the Study', 'Privacy Policy - UMSL site', 'Privacy Policy - MyFico Site', 'FTC Website', 'Fair Isaac Website', and 'Contact Us'. The main content area includes logos for 'The Center for Business and Industrial Studies', 'The George Washington University', 'Fair Isaac', and the 'FEDERAL TRADE COMMISSION'. A 'Get ADOBE READER' button is also present. The main heading reads 'Thank you for your interest in our study'. Below this, a paragraph explains that the FTC has been directed by the U.S. Congress to conduct a study on the accuracy of information in national credit bureau files, and that the user was selected randomly to examine their credit bureau data. A text input field is provided for the user to enter their study code, with the prompt 'Please enter the study code:'. Below the input field, a button labeled 'Next >>' is visible. The browser's status bar at the bottom shows 'Done' and the URL 'tomsawyer.umsl.edu'.

III. FTC Study Information



IV. Study steps.

Please read the following statement

The study is designed so that you do not reveal critical identifying information (such as social security number(SSN), specific account numbers or driver's license numbers) to members of the university research team. If asked for such information, please decline to provide it and inform us immediately at (314) 516-6169 or busresc2@umsl.edu. Any personal information you provide (such a name and telephone number) will not be shared with third parties. It will be maintained only for the duration of the study to enable necessary contact with the research team and then destroyed.

The 8 study steps are:

1. You confirm eligibility and provide contact information at this secure website.
2. In coordination with Fair Isaac Corp., we provide an electronic purchase voucher, logon id and password for you to obtain free credit reports and free credit scores at a Fair Isaac website for study participants.
3. You register at a Fair Isaac website with the voucher provided. This will be the only time that you will be asked to enter your SSN in order to obtain your credit report.
4. University researchers obtain copies of the credit reports and credit scores from Fair Isaac and mail them to you with a checklist for reviewing them. (The credit reports have digits of your account numbers and SSN removed to protect your personal privacy.)
5. University researchers conduct an in-depth telephone interview in which you check the credit reports together for possible errors. This interview usually takes less than 30 minutes.
Your participation ends at this point if no errors are found.
6. If you find significant errors in your credit reports, university researchers help prepare dispute letter(s) for the appropriate credit bureau(s) and mail them to you for your signature. You sign the dispute letter(s), mail them via the U.S. Postal service, and send a postcard to the university confirming that the dispute letters were mailed.
7. Approximately six weeks later, university researchers draw new credit reports to see if requested changes are made in credit bureau records and inform you about the results.
8. You agree to inform the university researchers (by e-mail or telephone) when the credit bureaus communicate to you the results of your dispute(s).

V. Confirmation that participant meets qualifying criteria.

University of Missouri-St. Louis
Federal Trade Commission Study

[More About the Study](#) | [Privacy Policy - UMSL site](#) | [Privacy Policy - MyFico Site](#) | [FTC Website](#) | [Fair Isaac Website](#) | [Contact Us](#)

The Center for Business and Industrial Studies | THE GEORGE WASHINGTON UNIVERSITY ORIGINAL GAMERT | Fair Isaac | FEDERAL TRADE COMMISSION | Get ADOBE® READER® | [Download Acrobat](#)

Please read the following statement

I confirm I am over 21 years of age, that I have a credit card or have used some form of credit within the past seven years, and that I am not employed by a credit bureau.

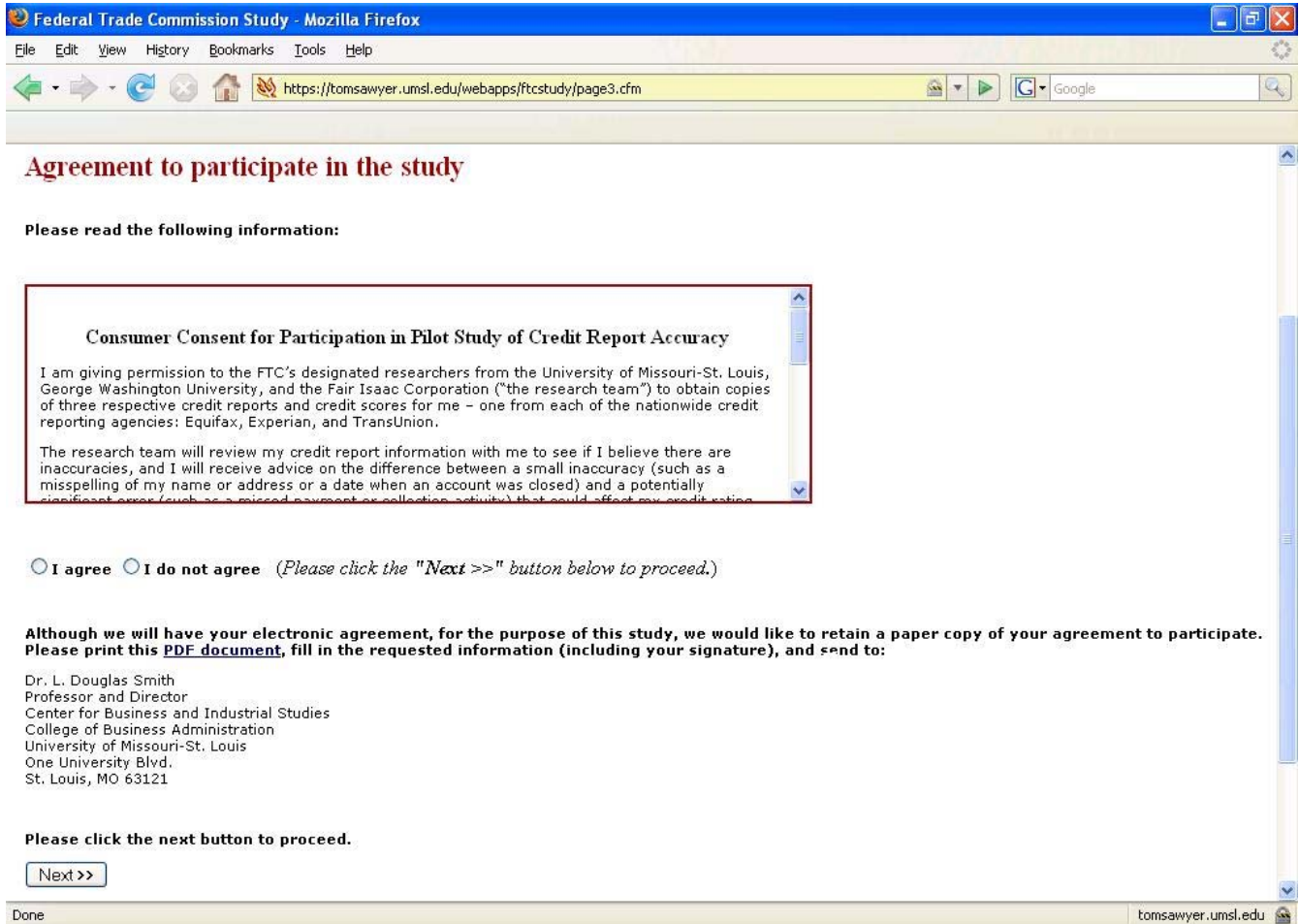
Yes No

Please select a security question from the following list:

What was your first pet's name? Answer:

Please click the next button to proceed.

VI. Provision of a reproducible electronic consent appears next.



The screenshot shows a Mozilla Firefox browser window with the title "Federal Trade Commission Study - Mozilla Firefox". The address bar contains the URL "https://tomsawyer.umsl.edu/webapps/ftcstudy/page3.cfm". The page content is as follows:

Agreement to participate in the study

Please read the following information:

Consumer Consent for Participation in Pilot Study of Credit Report Accuracy

I am giving permission to the FTC's designated researchers from the University of Missouri-St. Louis, George Washington University, and the Fair Isaac Corporation ("the research team") to obtain copies of three respective credit reports and credit scores for me - one from each of the nationwide credit reporting agencies: Equifax, Experian, and TransUnion.

The research team will review my credit report information with me to see if I believe there are inaccuracies, and I will receive advice on the difference between a small inaccuracy (such as a misspelling of my name or address or a date when an account was closed) and a potentially significant error (such as a missed payment or collection activity) that could affect my credit rating.

I agree I do not agree (Please click the "Next >>" button below to proceed.)

Although we will have your electronic agreement, for the purpose of this study, we would like to retain a paper copy of your agreement to participate. Please print this [PDF document](#), fill in the requested information (including your signature), and send to:

Dr. L. Douglas Smith
Professor and Director
Center for Business and Industrial Studies
College of Business Administration
University of Missouri-St. Louis
One University Blvd.
St. Louis, MO 63121

Please click the next button to proceed.

Done tomsawyer.umsl.edu

VII. Details of Electronic Consent Screen

Consumer Consent for Participation in Pilot Study of Credit Report Accuracy

I am giving permission to the FTC's designated researchers from the University of Missouri-St. Louis, George Washington University, and the Fair Isaac Corporation ("the research team") to obtain copies of three respective credit reports and credit scores for me – one from each of the nationwide credit reporting agencies: Equifax, Experian, and TransUnion.

The research team will review my credit report information with me to see if I believe there are inaccuracies, and I will receive advice on the difference between a small inaccuracy (such as a misspelling of my name or address or a date when an account was closed) and a potentially significant error (such as a missed payment or collection activity) that could affect my credit rating. The research team will explain how I may challenge information that I believe to be significantly in error, and the research team will follow the results of disputes with the credit reporting agencies. There is no monetary cost to me for obtaining my three credit reports, the related credit scores, or any assistance provided by the research team.

I agree to provide the research team with information about the results of any disputes that I register with a credit bureau or lender as a result of the review of my credit reports. Upon the completion of any dispute process, I understand that a new credit report will be drawn to check the outcome of the dispute. I further understand that any information collected about me, **whether credit report information or any information that I supplied as a participant in this study**, is collected only for the purpose of the study described in the attached FTC letter. I

understand that the use of this information is protected and regulated by law, and I have read the Privacy Act Statement.

Privacy Act Statement. The Fair and Accurate Credit Transactions Act of 2003 permits the collection of information from you for the purpose of this study. The FTC's researchers will be collecting this information, but the FTC does not intend to make any of your personal information part of its own records. To the extent that the Privacy Act of 1974 applies, your information would be treated as part of the agency's legal records system. You can read about routine uses of such records on the FTC's Web site at: <http://www.ftc.gov/foia/sysnot/i-1.pdf> or <http://www.ftc.gov/foia/sysnot/i-1.wpd>.

VIII. Version of the Consent Form Presented for Printing and Mailing:



UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION

Consumer Consent for Participation in Pilot Study of Credit Report Accuracy

I am giving permission to the FTC's designated researchers from the University of Missouri-St. Louis, George Washington University, and the Fair Isaac Corporation ("the research team") to obtain copies of three respective credit reports and credit scores for me – one from each of the nationwide credit reporting agencies: Equifax, Experian, and TransUnion.

The research team will review my credit report information with me to see if I believe there are inaccuracies, and I will receive advice on the difference between a small inaccuracy (such as a misspelling of my name or address or a date when an account was closed) and a potentially significant error (such as a missed payment or collection activity) that could affect my credit rating. The research team will explain how I may challenge information that I believe to be significantly in error, and the research team will follow the results of disputes with the credit reporting agencies. There is no monetary cost to me for obtaining my three credit reports, the related credit scores, or any assistance provided by the research team.

I agree to provide the research team with information about the results of any disputes that I register with a credit bureau or lender as a result of the review of my credit reports. Upon the completion of any dispute process, I understand that a new credit report will be drawn to check the outcome of the dispute. I further understand that any information collected about me, whether credit report information or any information that I supplied as a participant in this study, is collected only for the purpose of the study described in the attached FTC letter. I understand that the use of this information is protected and regulated by law, and I have read the *Privacy Act Statement*.

Signed,

_____ Date _____
{print full name and address below signature}

Name: _____ Brief security question: _____

Address: _____ _____

_____ Security answer: _____

Email address: _____

Telephone number _____
{where you wish to be called; include area code}

Please mail to:
Dr. L. Douglas Smith
Professor and Director
Center for Business and Industrial Studies

IX. Screen for Personal information.

Federal Trade Commission Study - Mozilla Firefox

File Edit View History Bookmarks Tools Help

https://tomsawyer.umsl.edu/webapps/ftcstudy/page4.cfm

The Center for Business and Industrial Studies

THE GEORGE WASHINGTON UNIVERSITY

Fair Isaac

FEDERAL TRADE COMMISSION

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Please provide the following information:

First Name:

Last Name:

Street Address:

City:

State:

Zip:

Phone Number: (format: XXX-XXX-XXXX) **Best time for calling:** (Mornings, Evenings, etc.)

Email: (format: user@host.net)

Email Confirmation: (Must match the Email field above)

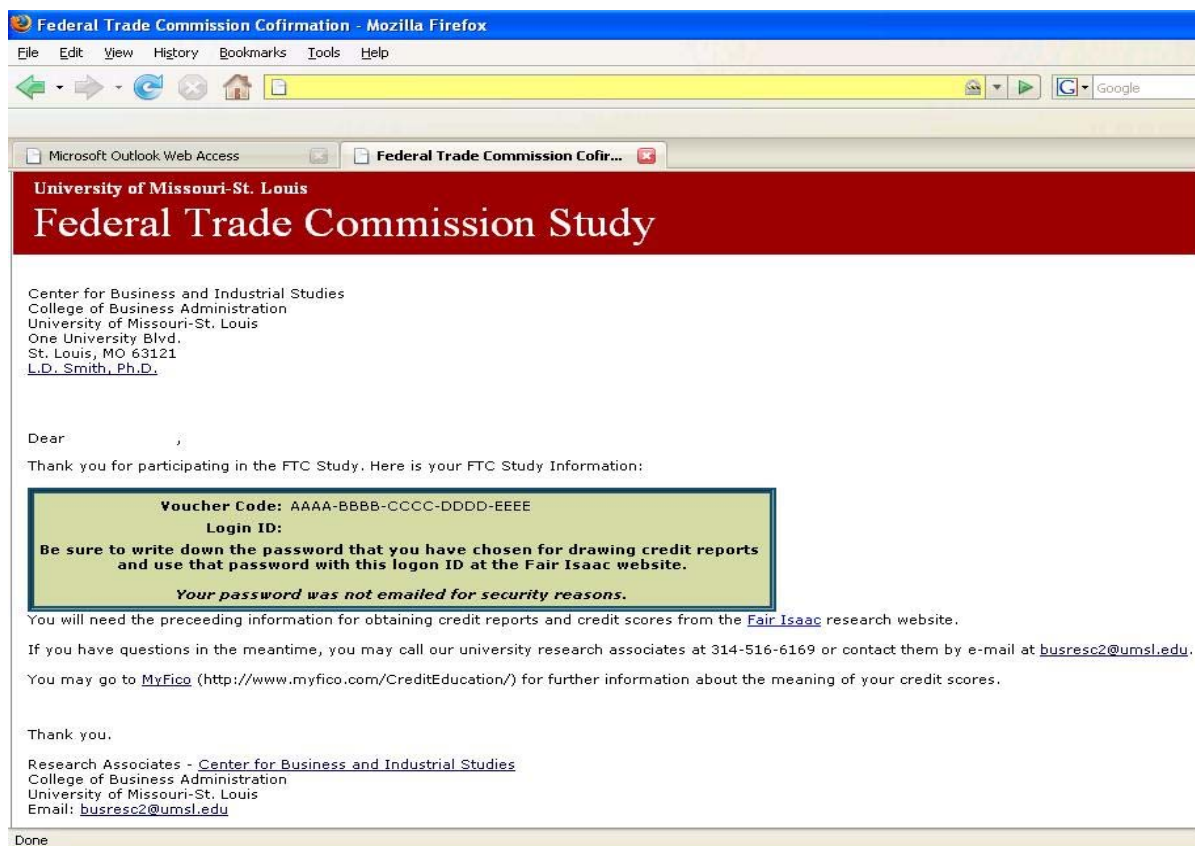
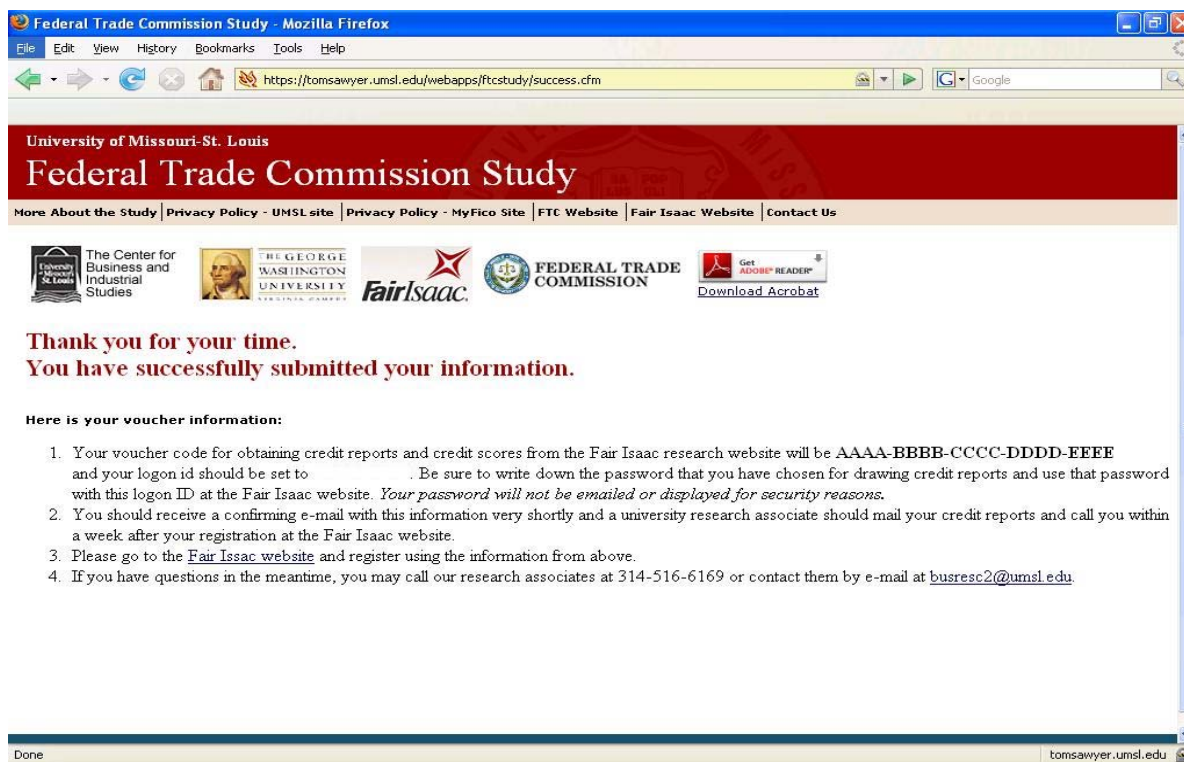
Password that you choose for drawing credit reports: (format: XXXXXXXX 8 Characters. Be sure to write down the password you chose for drawing credit reports at the Fair Isaac website.)

Re-Enter Password: (Must match the Password field above)

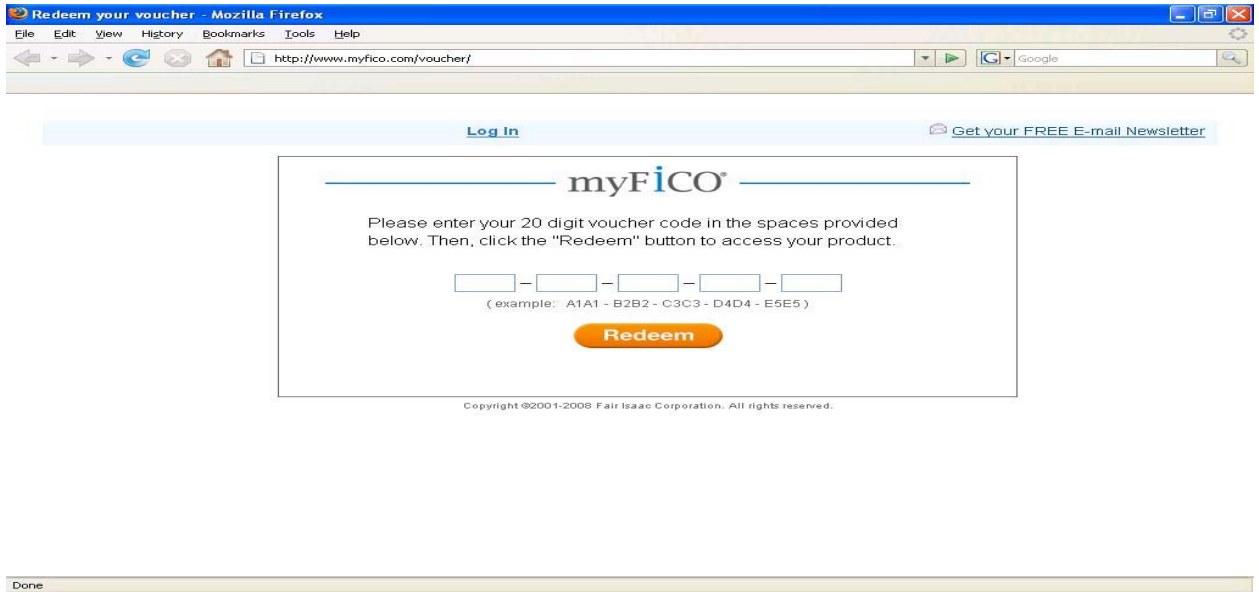
Please click the next button to proceed.

Done tomsawyer.umsl.edu

X. *Screen Confirmation and E-Mail Sent with Confirmation of Purchase Voucher Number and Logon Information for Fair Isaac*




XI. Fair Isaac Portal



myFICO® - Log in or create a myFICO® account - Mozilla Firefox

File Edit View History Bookmarks Tools Help

https://www.myfico.com/Store/MultiCart/Order.asp?type=Single&IsDeluxe=yes

myFICO® a division of 

Products Credit Education FICO® Forums Support Get a Loan Get a Credit Card

Log in or create a myFICO® account

New customers

To check out, new customers need to create a myFICO® account.

[Create account](#)

Returning customers

For quick and easy checkout, please log into your myFICO® account.

Login ID:

Password:

[Log in](#)

[Forgot your Login ID or Password?](#)

Products: [Score Watch® Free Trial](#) [Suze Orman's FICO® Kit Platinum](#) [FICO Credit Complete](#) [FICO® Standard](#) [FICO® Quarterly Monitoring](#)

Education: [Credit Reports](#) [What's in your Report](#) [Credit Inquiries](#) [Credit Stats](#) [Credit Scores](#) [What's in your Score](#) [Helping your Score](#)

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Done www.myfico.com

Cre Create your myFICO® account - Mozilla Firefox

File Edit View History Bookmarks Tools Help


https://www.myfico.com/SystemAccess/CreateProfile.aspx?IsDeluxe=yes&type=Single&altdisp=y

myFICO® a division of 

1. Create Account 2. Special Offers 3. User Agreement 4. Payment 5. Verify Identity

Create your myFICO® account

This information is needed to retrieve your credit report.



ABOUT SSL CERTIFICATES

All fields are required.

First Name

Last Name

E-mail Address

Social Security Number - -

Date of Birth / / 19

Gender Female Male

Street Address

City

State

ZIP Code

Create Login ID 6 characters minimum. Do not use your SSN.

Done www.myfico.com

XII. MyFICO User Agreement

The screenshot shows a Mozilla Firefox browser window titled "User Agreement - Mozilla Firefox". The address bar displays the URL: <https://www.myfico.com/store/useragreement.aspx?IsDeluxe=yes&type=Single&product=1+10001+2C>. The page header features the myFICO logo, a division of Fair Isaac. A navigation bar contains five steps: 1. Create Account, 2. Special Offers, 3. User Agreement (highlighted), 4. Payment, and 5. Verify Identity.

User Agreement

[Click here](#) for important information regarding consumer disclosure under the Fair Credit Reporting Act.

If you choose to purchase FICO® Credit Complete, you agree to be bound by our [Terms of Use](#) for the myFICO® web site as well as this User Agreement.

Consent to User Agreement, Terms of Use, and Privacy Policy

By clicking "I Agree" below, you acknowledge that you have read the materials on this page (or linked to from this page) including our [Privacy Policy](#) and [Terms of Use](#) and you also agree to receive Annual Privacy Notice updates, to the extent applicable to your transaction with this website, at the E-mail address indicated below or in a subsequent contact preference update. You also understand that by clicking on the "I Agree" button immediately following this notice, you are providing written instructions to Fair Isaac and myFICO® Consumer Services Inc. under the Fair Credit Reporting Act authorizing Fair Isaac and myFICO® Consumer Services Inc. to obtain information from your personal credit profile or other information from Equifax, Inc., Equifax L.L.C., TCS, and Experian. You authorize Fair Isaac, Equifax, Inc., Equifax L.L.C., TCS and myFICO® Consumer Services Inc. to obtain such information for the purpose of verifying your identity and providing the Service to you. If you don't wish to proceed, merely click "Back".

I Agree

Please confirm that you are authorizing Fair Isaac and myFICO® Consumer Services Inc. to obtain information from your personal credit profile or other information from Equifax L.L.C. and Experian for the purpose of verifying your identity and providing the FICO®-Scored Experian Credit Profile to you. Then you can begin the verification process. If you don't wish to proceed, merely click "Back".

I Confirm

Continue

Done www.myfico.com

XIII. myFICO.com requires participants to answer two simple questions to prove their identity and authenticate their account.

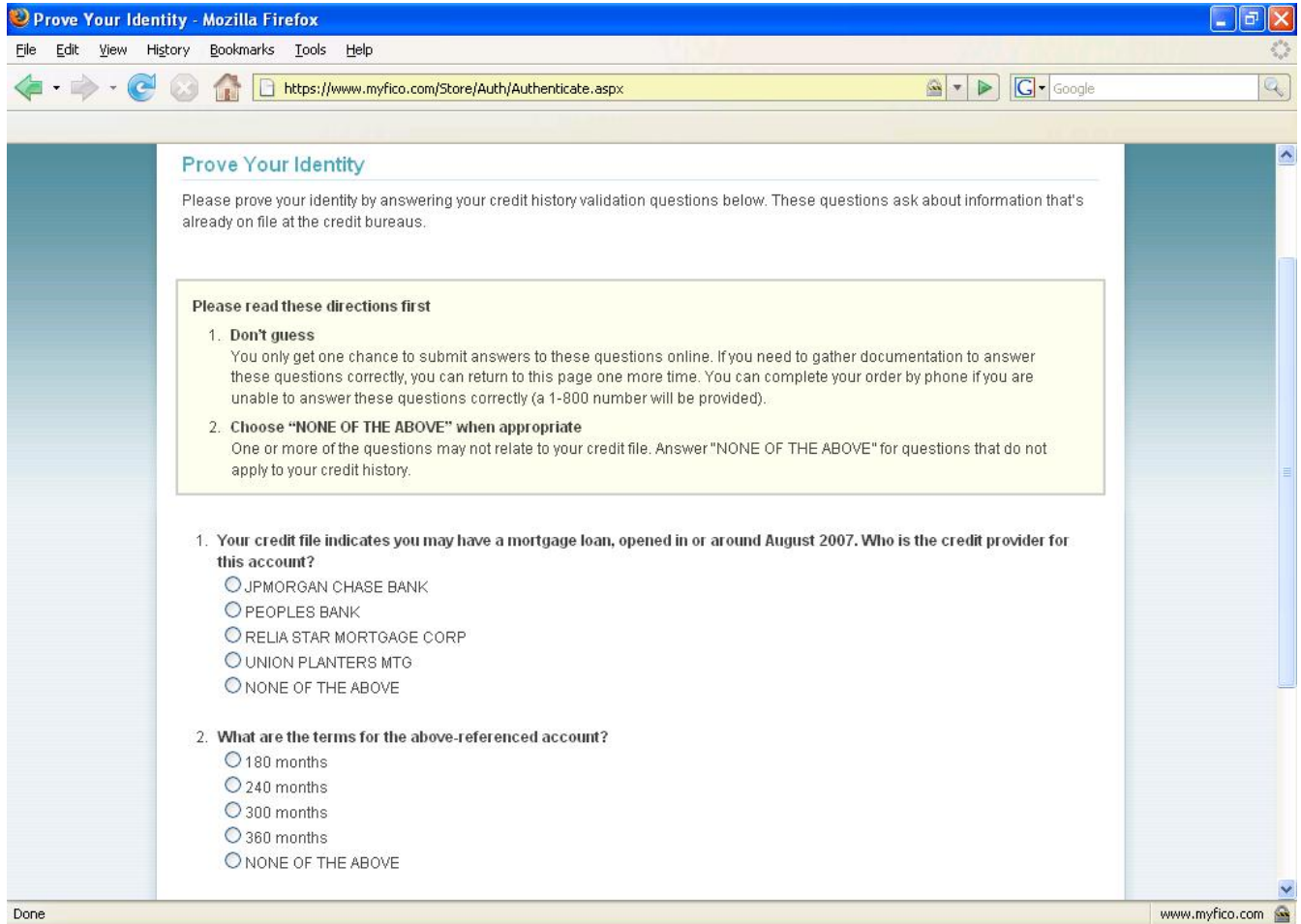


Exhibit 3 – Checklist for Consumer to Prepare for In-Depth Review of Credit Reports

Checklist for Reviewing Your Credit Files

To assist you in reviewing your credit bureau files, we suggest you proceed as follows:

1. As you examine the credit bureau reports, please note that each credit agency has a slightly different format for reporting the same basic information. Along with the reports, you should have received some instructions provided by the credit bureaus that are designed to help you understand the various items shown in your report.

2. We suggest you start with just one report and conduct a complete review of it before looking at the other reports. It would be most helpful when we call to interview you if you focus on these areas:

- * Is your name, address, and other identifying information in the front of the report correct?

- * If you currently have a mortgage on a home, is the name of the lender, outstanding balance, date opened, number of delinquencies, etc. correct?

- * If you have had any car loans in the last 7 years, try to find those in the report paying special attention to the date of loan, lender name, loan balance and payment history. Are they correctly reported?

- * For every credit card you currently have, locate it in the report and check the date issued, lender name, current balance and payment delinquencies (if any). Are all of these items correct?

- * If you currently have other types monthly installment loans for purchasing goods or services, please locate those in the report. Pay special attention to the date of loan, lender name, current balance and payment delinquencies (if any). Are all of these items correct?

- * For any closed loans (mortgages, car loans, credit cards, etc.), carefully exam those for which the report suggests there may have been some delinquent payments. Does this information appear correct?

- * Does the report show any loans that went to collection? Is the information reported correct? (Collection means you were in default on the payments and the lender hired a collection agency to try to collect the money from you.)

3. After you have reviewed one report in detail, do the same thing for the other credit bureau reports. Do you see any significant differences between the reports? What are they?

Exhibit 4 – Sample Spreadsheet used in Preparing for the Review (with Cross-Bureau Comparisons of Key Information in Credit Reports)

Particulars (FTC05AE)	Trans Union	Equifax	Experian
FICO Score:	753	792	766
Name:	Suppressed	Suppressed	Suppressed
SSN: (digits suppressed by bureau)	Not shown	Not shown	Not shown
DOB:	Suppressed	Suppressed	Suppressed
Current Address:	Suppressed	Suppressed	Suppressed
Previous Addresses:	Suppressed	Suppressed	Suppressed
Employment History:	Suppressed	Suppressed	Suppressed
No. of Accounts:	48	35	48
No. of Accounts with Balances:	10	10	10
No. of Accounts that are Negative:	0	0	0
No. of Credit Inquiries for Applying for Credit:	5	0	1
Length of Credit History:	20, 10	20, 10	20, 00
Date of First Loan:	Sep-87	Sep-87	Sep-87
No. of Loan/Credit Cards opened Last Year:	3	3	3
Latest opened Loan/Credit Card:	Mar-08	Mar-08	Mar-08
All Accounts:	14	14	14
Amount of Available Credit (\$):	\$290,618	\$290,618	\$271,504
Amount of Balances (\$):	\$208,951	\$208,777	\$208,777
Credit Utilization (%):	72%	72%	77%
Credit Cards / Charge Accounts:			
No. of Credit Cards:	8	8	8
Date of First Credit Card opened:	Sep-94	Sep-94	Sep-94
Amount of Available Credit (\$):	\$71,656	\$71,656	\$71,656
Amount of Balances:	\$8,929	\$8,929	\$8,929
Credit Utilization (%):	12%	12%	12%
Revolving Accounts (HEL, LOC, CC, ODRC):	8	8	8
Amount of Available Credit (\$):	\$71,656	\$71,656	\$71,656
Amount of Balances (\$):	\$8,929	\$8,929	\$8,929
Credit Utilization (%):	12%	12%	12%

Instalment Accounts:	6	6	6
Mortgage and Home Equity Loans:	2	2	2
Total Mortgage:	\$151,200	\$151,200	N/A
Mortgage Balance:	\$139,997	\$139,997	\$139,997
Total Available Credit Home Equity Loans:	\$0	\$0	\$0
Balance of Home Equity Loans:	\$0	\$0	\$0
Total Balance (\$):	\$139,997	\$139,997	\$139,997
Other (Automobile, Business, Student Loans):	4	4	4
Total Balance (\$):	\$60,025	\$59,851	\$59,851
Total Balance less Mortgage and HEL (\$):	\$68,954	\$68,780	\$68,780
Negative Items:	1	0	1
Derogatory Public Records:	0	\$0	0
Original Amount Due:	0	0	0
Current Amount Due:	0	0	0
Collections:	0	0	0
Original amount due:	\$0	\$0	\$0
Current Amount Due:	\$0	\$0	\$0
No. of Delinquency (30 days past due):	1	0	1
No. of Delinquency (60+ days past due):	0	0	0
No. of Current Delinquency (30 days past due):	0	0	0
Date of Delinquencies:	July-03	N/A	July-03
Amount of Current Past Due (\$):	\$0.00	\$0.00	\$0.00
Delinquency Rate (%):	2%	2%	2%

Name / ID : -----

Start Time:

End Time:

Exhibit 5 – Interviewing Guide for In-Depth Review of Credit
Reports

Interviewing Guide for In-Depth Review of Credit Reports

Introduction

This is [name] calling from the University of Missouri-St. Louis regarding the FTC study on the accuracy of credit bureau information.

May we review your reports with you now?

The process that we use is first to answer any questions that you may have about the content of the credit reports. Then we discuss any possible inaccuracies that you may have identified in your own review. Next, we'll discuss the findings from our comparison of the information in the three bureau reports. Finally, I will ask you for some general demographic information.

Review of Credit Reports

Using the check list that we provide in the packet containing your credit reports, did you find any questionable items?

If no, confirm that they have covered each category in the checklist. (The check list outlines each item that the participant should review prior to the interview. Mention each item in the check list.)

If yes, what did you find?

Obtain clarification for each issue or alleged error, starting with the disputed credit report and comparing the corresponding information in the other credit reports.

When all the consumer's questions have been answered, address any inconsistencies or irregularities identified in the preparatory review of the credit bureau data.

From our own review, we have a few questions that we would like to address.

(If there are any derogatory items, review these with the participant to insure that the facts are correctly presented.)

If the consumer affirms that the records are accurate, complete the closing survey with demographic questions and express thanks for participation.

Discuss any alleged discrepancies and identify those that could be potentially material. Obtain clarifying information for filing disputes if warranted.

Dispute Process

Describe the content of any dispute letter that will be prepared for the consumer. Explain that the letters will be mailed to the consumer for review, addition of Social Security number, and mailing to the appropriate bureau(s). Also ask the consumer to return the accompanying postcard verifying that the letters were mailed. Request that the participant forward any correspondence received from a credit bureau or creditor in response to the dispute letters. For potentially material disputes, explain that the research team will draw a new credit report in about 8 weeks to see what changes are made in response.

Background Information for Addressing Common Questions

Collection accounts: 7 years from the date of the initial missed payment that led to the collection (the original delinquency date). When a collection account is paid in full, it will be marked "paid collection" on the credit report.

Charged-off accounts: 7 years from the date of the initial missed payment that led to the charge off (the original delinquency date), even if payments are later made on the charged-off account.

Closed accounts: Closed accounts with delinquencies remain 7 years from the date they are reported closed, whether closed by the creditor or by the consumer. Positive closed accounts remain 10 years.

Lost credit card: Will continue to be listed for 2 years from the date the card is reported lost. Delinquent payments that occurred before the card was lost are reported for 7 years.

Bankruptcy: Chapters 7, 11, and 12 remain for 10 years from the filing date. Chapter 13 remains 7 years from the filing date. Accounts included in bankruptcy will remain 7 years from the date they were reported as included in the bankruptcy.

Child support judgments: 7 years from the date the judgment is filed.

Civil and small claim judgments: 7 years from the date the judgment is filed.

City, county, state, and federal tax liens: Unpaid tax liens remain 15 years from the filing date. Paid tax liens remain 7 years from the paid date of the lien.

Inquiries: Most inquiries listed on your credit report will remain for 2 years.

Positive open credit information remains indefinitely and paid positive accounts remain 10 years.

**Exhibit 6 – Sample Letters Prepared for Consumer to Facilitate Filing a
Dispute**



CENTER FOR BUSINESS & INDUSTRIAL STUDIES

L. Douglas Smith, Ph.D., Director *College of Business Administration*

e-mail: ldsmith@umsl.edu *One University Blvd.*

St. Louis, MO 63121-4499

Telephone: (314)516-6108

Fax: (314)-516-6827

Dear

Thank you for your participation in the University of Missouri— St. Louis's joint project with the Federal Trade Commission. We have enclosed materials to assist you in filling dispute(s) with the relevant bureau(s) to resolve error(s) that you identified in our review.

This package contains the following:

--2 dispute letters for each bureau involved, one to be sent to the appropriate credit and bureau and one for your records. Please do not forget to sign this copy and enter the last four digits of your Social Security number.

NOTE: If you are filling a dispute with **Experian** you must send a **copy** of a government issued ID (this includes driver license, Social Security card, passport, or State ID card.)

--Please mail the post card to the University after you have sent your dispute letter. You can also e-mail busresc2@umsl to let us know that you have sent the letters.

Again, thank you for your participation and please call 314-516-6169 or e-mail busresc2@umsl.edu with any questions or concerns.

Chloé Gray-Le Coz

Research Assistant to L. Douglas Smith

University of Missouri - St. Louis

Center for Business and Industrial Studies

Luigi Wewege

Research Assistant to L. Douglas Smith

University of Missouri - St. Louis

Center for Business and Industrial Studies

Exhibit 6A

Do Not Mail This Page

Instructions for mailing your letter:

Following this cover sheet, you'll find your personalized dispute letter.

Be sure to do the following:

1. Sign your letter (signature line is at the end of the letter.)
2. Fill in the last four digits of your Social Security Number (at the end of the letter.)
3. Also, if available, include any documents you have that will support your case.
4. Mail the letter (along with any additional documents) to the credit bureau.
5. Be sure to keep copies for your records.

Completing these steps will begin the dispute process. You should receive a response from the credit bureau within 30 days.

TransUnion Consumer Solutions
P.O. Box 2000
Chester, PA 19022-2000

Quick tip

Some browsers automatically include header and footer lines when you print a page. Removing these is easy. In Internet Explorer, select the "File" menu and choose "Page Setup". The page setup dialog box will open. Simply delete the text found inside the "Header" and "Footer" text boxes (Save this text in a safe place if you wish to redisplay the header and footer in the future.) Then click the "OK" button. When you print your letter again, the header and footer will no longer be shown. Please note, these changes will affect all pages you print from any website.

Name
Address
City, State Zip

Date

TransUnion Consumer Solutions
P.O. Box 2000
Chester, PA 19022-2000

To Whom It May Concern:

After closely examining my TransUnion Credit Report obtained on mm/dd/yy, I have discovered the following errors:

Problem 1

The following account is listed on my report:

Commerce Bank
Account number: XXXXXXXXXXXXX
Date opened: 5/2002

However, I have never opened this account. It is not my account and it should be removed.

Problem 2

The following account is listed multiple times on my report:

Aes/Mohela
Account number: XXXXXXXXXXXXXXX0001
Date opened: 8/2006

Description: Payment deferred
Please list this account only once.

I would appreciate your prompt response to these issues.

Sincerely,

(your signature)

Name
Address
City, State Zip
Date of birth: _____
SSN: _____

Exhibit 6B

Do Not Mail This Page

Instructions for mailing your letter:

Following this cover sheet, you'll find your personalized dispute letter.

Be sure to do the following:

1. Sign your letter (signature line is at the end of the letter.)
2. Fill in the last four digits of your Social Security Number (at the end of the letter.)
3. Also, if available, include any documents you have that will support your case.
4. Mail the letter (along with any additional documents) to the credit bureau.
5. Be sure to keep copies for your records.

Completing these steps will begin the dispute process. You should receive a response from the credit bureau within 30 days.

Equifax Information Services LLC
P.O. Box 740256
Atlanta, GA 30374

Quick tip

Some browsers automatically include header and footer lines when you print a page. Removing these is easy. In Internet Explorer, select the "File" menu and choose "Page Setup". The page setup dialog box will open. Simply delete the text found inside the "Header" and "Footer" text boxes (Save this text in a safe place if you wish to redisplay the header and footer in the future.) Then click the "OK" button. When you print your letter again, the header and footer will no longer be shown. Please note, these changes will affect all pages you print from any website.

Name
Address
City, State Zip

Date

Equifax Information Services LLC
P.O. Box 740256
Atlanta, GA 30374

To Whom It May Concern:

After closely examining my Equifax Credit Report obtained on mm/dd/yy, I have discovered the following errors:

Problem 1

The following account is listed on my report:

Bk Of Amer
Date opened: 11/2007
Description: Credit Card

However, I have never opened this account. It is not my account and it should be removed.

Problem 2

An account on my report has an incorrect balance. The account is:

Fst Comm
Account number: XXXXXXXX7001
Date opened: 11/2007
Description: Auto

The balance is incorrectly reported as \$12,209 but it should be: \$2965.
I would appreciate your prompt response to these issues.

Sincerely,

(your signature)

Name
Address
City, State Zip
Date of birth: _____
SSN: _____

Exhibit 6C

Name
Address
City, State Zip

Date

Experian Dispute Resolutions
P.O. Box 9701
Allen, TX 75013

To Whom It May Concern:

After closely examining my Experian Credit Report obtained mm/dd/yy, I have discovered the following errors:

Problem 1

The following account is listed on my report:

Bk Of Amer

Date opened: 11/2007

Description: Credit Card

However, I have never opened this account. It is not my account and it should be removed.

Problem 2

An account on my report has an incorrect balance. The account is:

Fst Comm

Account number: XXXXXXXX7001

Date opened: 11/2007

Description: Auto

The balance is incorrectly reported as \$12,209 but it should be: \$2965.

I would appreciate your prompt response to these issues.

Sincerely,

(your signature)

Name
Address
City, State Zip
Date of birth: mm/dd/yyyy
SSN: _____

Exhibit 6D



***CENTER FOR BUSINESS &
INDUSTRIAL STUDIES***

*L. Douglas Smith, Ph.D., Director
College of Business Administration
One University Blvd.
St. Louis, MO 63121-4499*

FTC ID: _____

I, _____, confirm that I have
mailed dispute letters to the following credit bureaus:

- Trans Union
- Equifax
- Experian

On (date) _____

Exhibit 7 – Follow-up Survey to Assess
the Process, Obtain Demographic Data and Confirm Dispute Outcomes

Follow-up Survey for FTC Pilot

Mr (or Mrs) _____,

I am calling as a follow up to your participation in the FTC pilot study on the accuracy of credit-bureau data. We would like to include an assessment of the process as part of our report to the FTC and wonder if you would kindly answer a few short questions.

1. Were you generally satisfied with the process we used to help you review your credit reports?

2. Do you recall identifying any inaccuracies?

3. Did you register a dispute with a credit bureau or creditor?
(if yes, were you satisfied with the response?)

4. About how much time do you recall spending to prepare for the review?
Were the check lists helpful?

5. About how much time do you recall the interview took to complete?

6. Was the review thorough enough?
(If no, ask what should have been done better.)

7. Do you have any suggestions about how the study could be improved?

administer the demographic questionnaire if data are missing.

To help us determine how representative our sample is, would you mind giving us some general information about yourself?

Demographic Information:

To help us classify your responses and to ensure that we work with a representative sample of consumers, we need a few items of personal information.

Are you:

under 25 __, 25-34 __, 35-44 __, 45-54 __, 55-65 __,
over 65__

Would you classify yourself as

White __ Black __ Hispanic __ Asian __ or Other __?

Are you:

Married __, Living with a partner __, Never married __, Divorced __ Separated __ or Widowed __?

Is your highest level of education

No high school diploma __, some college __, bachelors degree __, graduate degree __

What is your occupation? _____

Are you:

Employed by someone __, self-employed __, homemaker __, retired __, unemployed __,
disabled __, other __

If employed:

Job title? _____

How many years have you been with your current employer?

Is your total household income

- _____ Under 25,000
- _____ 25,000 - 49,999
- _____ 50,000- 74,999
- _____ 75,000- 99,999
- _____ over 100,000
- _____ refused to answer

Do your own __, or rent __ your living quarters?

Are there any children under the age of 18 living in the household?

If yes, how many

Exhibit 8 – Offer of Expedited Review for Participants with Clean Credit History



UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

I want to thank you for your participation in a Federal Trade Commission Study on the accuracy of credit bureau information and ask that you help us complete the study.

At this time, you have received copies of your credit reports from the three major credit bureaus (Equifax, Experian, and TransUnion). By consenting to participate in this study, you kindly agreed to review these reports and check them for any apparent errors. The research team has performed an in-depth analysis of your credit reports and has been trying to reach you to determine whether you believe there are any inaccuracies. This final step is very important to completing the study.

If you have reviewed your credit reports with our check list and believe there are no errors, you may simply complete the enclosed form and return it in the prepaid envelope* as an alternative to a telephone interview. This will allow us to include the results of your review (of course, anonymously) in the upcoming FTC Report to Congress. Please take what may be just a minute or two to complete your participation in a study that is very beneficial to American consumers and businesses alike.

If you should have any further questions or concerns, you may call 314-516-6169 to speak to a research associate or you may send an email to: business2@umsl.edu.

Thank you again.

A handwritten signature in black ink that reads "Peter J. Vander Nat".

Peter J. Vander Nat, Ph. D.
FTC Coordinator for Study of Credit Report Accuracy

*Please recall from the initial information you received that the FTC is performing this study through the Center for Business and Industrial Studies at the University of Missouri - St. Louis. The enclosed form and the information you enter is being returned to them.

Exhibit 9 – Questionnaire for Expedited Review

Confirmation of the Accuracy of Credit Bureau Data

This is to confirm that I have used the checklist provided for the FTC study on credit bureau accuracy and found no errors in the credit reports that were mailed to me.

(Signature) (Date)

To help us determine how representative our sample is, please complete the following general information.

1. About how much time did you spent reviewing your reports?

2. Was the check list helpful? Y_____ N_____

Are you: Under 25 __, 25-34 __, 35-44 __, 45-54 __, 55-65 __, over 65 __

Would you classify yourself as: White __ Black __ Hispanic __ Asian __ or Other __?

Are you: Married __, Living with a partner __, Never married __, Divorced __, Separated __, or Widowed __?

Is your highest level of education:

No high school diploma __, some college __, bachelors degree __, or graduate degree __

What is your occupation? _____

Are you: Employed by someone __, self-employed __, homemaker __, retired __, unemployed __, disabled __, other __

Is your total household income

- _____ Under 25,000
- _____ 25,000 - 49,999
- _____ 50,000- 74,999
- _____ 75,000- 99,999
- _____ over 100,000
- _____ refused to answer

Do your own __, or rent __ your living quarters?

Are there any children under the age of 18 living in the household?

If yes, how many

Exhibit 10 – Contents of SAS Database Created to Summarize Credit-Bureau
Information and Outcomes for Each Participant

The CONTENTS Procedure

Data Set Name	WORK.SURVEY	Observations	120
Member Type	DATA	Variables	162
Engine	V9	Indexes	0
Created	Sunday, September 21, 2008 12:22:15 PM	Observation Length	1200
Last Modified	Sunday, September 21, 2008 12:22:15 PM	Deleted Observations	0
Protection		Compressed	NO
Data Set Type		Sorted	NO
Label			
Data Representation	HP_UX_64, RS_6000_AIX_64, SOLARIS_64, HP_IA64		
Encoding	latin1 Western (ISO)		

Engine/Host Dependent Information

Data Set Page Size	65536
Number of Data Set Pages	3
First Data Page	1
Max Obs per Page	54
Obs in First Data Page	32
Number of Data Set Repairs	0
File Name	/accounts/research/saswork/SAS_work09300003328_jinx/survey.sas7bdat
Release Created	9.0101M3
Host Created	SunOS
Inode Number	57311751
Access Permission	rw-r--r--
Owner Name	cbis2
File Size (bytes)	204800

Alphabetic List of Variables and Attributes

#	Variable	Type	Len	Format	Informat	Label
103	agejan1	Num	8			
65	amtcollerr	Num	8			amt. error/in coll./reported

The CONTENTS Procedure

Alphabetic List of Variables and Attributes

#	Variable	Type	Len	Format	Informat	Label
48	amtmgebalerr	Num	8			amt. error/in mtge.bal.
56	amtrevbalerr	Num	8			amt. error/rev. credit/balance
117	avscore	Num	8			average/credit/score
90	bureauchangeA	Char	1			correction/made/Bureau A
91	bureauchangeB	Char	1			correction/made/Bureau B
92	bureauchangeC	Char	1			correction/made/Bureau C
1	case	Num	8			sequence/number/for case
160	changeminscore1	Num	8			Change in/Min. Score/if File/Corrected
161	changeminscore2	Num	8			Change in/Min. Score/Any Outcome
2	channel	Char	8	\$7.	7.	Channel
81	checklisthelp	Char	1			found/checklist/helpful
61	collamtA	Num	8			amt. sent/to coll./Bureau A
62	collamtB	Num	8			amt. sent/to coll./Bureau B
63	collamtC	Num	8			amt. sent/to coll./Bureau C
66	collbalA	Num	8			bal. on/coll./Bureau A
67	collbalB	Num	8			bal. on/coll./Bureau B
68	collbalC	Num	8			bal. on/coll./Bureau C
64	collecterr	Char	1			error in/amt. sent/to coll.
44	curmtgbalA	Num	8			total/mtge. bal./Bureau A
45	curmtgbalB	Num	8			total/mtge. bal./Bureau B
46	curmtgbalC	Num	8			total/mtge. bal./Bureau C
11	curraddOK	Char	1			current/address/OK
112	curradderr	Char	1			error in/current/address
7	dateofbirth	Char	8			date of/birth
87	disputeA	Char	1			disputed/item/Bureau A
88	disputeB	Char	1			disputed/item/Bureau B
89	disputeC	Char	1			disputed/item/Bureau C
93	disputecomment	Char	40			dispute/info
94	disputefiled	Char	1			dispute/filed
95	disputevalidated	Char	1			dispute/validated
71	educlevel	Char	1			educ/category

The CONTENTS Procedure

Alphabetic List of Variables and Attributes

#	Variable	Type	Len	Format	Informat	Label
114	employhisterr	Char	1			error in/employment/history
13	employhistok	Char	1			employment/history/OK
73	employstatus	Char	1			employ./category *
86	errtext	Char	147			descriptive/summary
96	filescorrected	Char	1			files/corrected
6	gender	Char	1			Participant/Gender
38	histyymmA	Num	8			credit/hist. yymm/Bureau A
39	histyymmB	Num	8			credit/hist. yymm/Bureau B
40	histyymmC	Num	8			credit/hist. yymm/Bureau C
75	homeowner	Char	1			owns/home
115	i	Num	8			
3	id	Char	7	\$7.	7.	subject/id
74	incomegroup	Char	1			income/group
34	inquiriesA	Num	8			inquiries for/new credit/Bureau A
35	inquiriesB	Num	8			inquiries for/new credit/Bureau B
36	inquiriesC	Num	8			inquiries for/new credit/Bureau C
37	inquirieserr	Char	1			wrong/credit/inquiries/
82	intervmins	Num	8			mins./spent in/tel. review
76	kidsunder18	Num	8			no. children/under 18
159	mainchannel	Char	24			
70	maritalstatus	Char	1			marital/cateegory
84	materialerr	Char	1			errors/judged/material
157	maxcollamt	Num	8			maximum/coll credit/amt
154	maxcollbal	Num	8			maximum/coll credit/bal
150	maxcurmtgebal	Num	8			maximum/mortgage/bal
162	maximprove	Num	8			Maximum/Score/Improvement/After/Correction
140	maxmtgeamt	Num	8			Maximum/Mortgage/Amount/Shown
134	maxnegitems	Num	8			Maximum/No. Neg/Items/Shown
131	maxnonzerobal	Num	8			max no./nonzero bal/accounts
137	maxpubderog	Num	8			max no./pub derogs
147	maxrevbal	Num	8			maximum/rev credit/bal

The CONTENTS Procedure

Alphabetic List of Variables and Attributes

#	Variable	Type	Len	Format	Informat	Label
144	maxrevlim	Num	8			maximum/rev credit/limit
109	maxrevutil	Num	8			max pct/rev credit/utiliz
118	maxscore	Num	8			maximum/credit/score
128	maxtotbal	Num	8			maximum/tot credit/bal
124	maxyrshist	Num	8			max years/credit/history
156	mincollamt	Num	8			minimun/coll credit/amt
153	mincollbal	Num	8			minimun/coll credit/bal
149	mincurmtgebal	Num	8			minimum/mortgage/bal
139	minmtgeamt	Num	8			Minimum/Mortgage/Amount/Shown
133	minnegitems	Num	8			Minimum/No. Neg/Items/Shown
130	minnonzerobal	Num	8			min no./nonzero bal/accounts
136	minpubderog	Num	8			min no./pub derogs
146	minrevbal	Num	8			minimum/rev credit/bal
143	minrevlim	Num	8			minimun/rev credit/limit
110	minrevutil	Num	8			min pct/rev credit/utiliz
119	minscore	Num	8			minimum/credit/score
127	mintotbal	Num	8			minimun/tot credit/bal
125	minyrshist	Num	8			min years/credit/history
47	mtgebalerr	Char	1			error in/mtge.bal.
41	mxmtgeA	Num	8			total/mtge. amt./Bureau A
42	mxmtgeB	Num	8			total/mtge. amt./Bureau B
43	mxmtgeC	Num	8			total/mtge. amt./Bureau C
22	negitemsA	Num	8			negative/items/Bureau A
23	negitemsB	Num	8			negative/items/Bureau B
24	negitemsC	Num	8			negative/items/Bureau C
25	negitemserr	Char	1			error in/no. of neg/items
100	newscoreA	Num	8			Updated/credit/score A
101	newscoreB	Num	8			Updated/credit/score B
102	newscoreC	Num	8			Updated/credit/score C
21	nonzeroerr	Char	1			error in/nonzero/balances
104	nscores	Num	8			no. of/scores/avail.

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Alphabetic List of Variables and Attributes

#	Variable	Type	Len	Format	Informat	Label
14	numaccA	Num	8			active/accounts/Bureau A
15	numaccB	Num	8			active/accounts/Bureau B
16	numaccC	Num	8			active/accounts/Bureau C
17	numaccerr	Char	1			invalid/account(s)/reported
142	numbureaudisp	Num	8			No of/Bureaus/with/Disputes
58	numcollA	Num	8			no. of/coll. actions/Bureau A
59	numcollB	Num	8			no. of/coll. actions/Bureau B
60	numcollC	Num	8			no. of/coll. actions/bureau C
116	numerrs	Num	8			no. of/alleged/errors
18	numnonzeroA	Num	8			nonzero/balances/Bureau A
19	numnonzeroB	Num	8			nonzero/balances/Bureau B
20	numnonzeroC	Num	8			nonzero/balances/Bureau C
105	numtyperr	Num	8			Number/of Types/of Error
72	occup	Char	1			occup/category
85	plandispute	Char	1			plans to/register/dispute
80	prepmis	Num	8			mins./spent/preparing
12	prevaddOK	Char	1			previous/addresses/OK
113	prevadderr	Char	1			error in/previous/addresses
26	pubderogA	Num	8			no. of/public derogs./Bureau A
27	pubderogB	Num	8			no. of/public derogs./Bureau B
28	pubderogC	Num	8			no. of/public derogs./Bureau C
29	pubderogerr	Char	1			error in/no. of/public derogs.
69	race	Char	1			race cat.
158	rangecollamt	Num	8			range in/coll credit/amt
155	rangecollbal	Num	8			range in/coll credit/bal
151	rangecurmtgebal	Num	8			range in/mortgage/bal
141	rangemtgeamt	Num	8			Range in/Reported/Mtge amt
135	rangenegitems	Num	8			range/in no./neg items
132	rangenonzerobal	Num	8			range in no./nonzero bal/accounts
138	rangepubderog	Num	8			range/in no./pub derogs
148	rangerevbal	Num	8			range in/rev credit/bal

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Alphabetic List of Variables and Attributes

#	Variable	Type	Len	Format	Informat	Label
145	rangerevlim	Num	8			range in/rev credit/limit
152	rangerevutil	Num	8			range in/pct rev cr./utiliz
129	rangetotbal	Num	8			range in/tot credit/bal
126	rangeyrshist	Num	8			range(yrs)/credit/history
78	recallinaccuracies	Char	1			recalls/signif./inacurracies
79	registerreddispute	Char	1			registered/dispute
97	rescoreA	Num	8			Rescored/credit/score A
98	rescoreB	Num	8			Rescored/credit/score B
99	rescoreC	Num	8			Rescored/credit/score C
52	revbala	Num	8			rev. credit/balance/Bureau A
53	revbalB	Num	8			rev. credit/balance/Bureau B
54	revbalC	Num	8			rev. credit/balance/Bureau C
55	revbalerr	Char	1			error in/rev. credit/balance
49	revlimA	Num	8			rev. credit/limit/Bureau A
50	revlimB	Num	8			rev. credit/limit/Bureau B
51	revlimC	Num	8			rev. credit/limit/Bureau C
106	revutila	Num	8			Revised/Revolving/Credit Util/Bureau A
107	revutilb	Num	8			Revised/Revolving/Credit Util/Bureau B
108	revutilc	Num	8			Revised/Revolving/Credit Util/Bureau C
57	revutilerr	Char	1			error in/rev. credit/utiliz
111	revutilrange	Num	8			Range in/Revised/Credit/Utiliz
77	satisfiedprocess	Char	1			satisfied/with/review
8	scoreA	Num	8			Bureau A/credit/score
9	scoreB	Num	8			Bureau B/credit/score
10	scoreC	Num	8			Bureau C/credit/score
120	scorerange	Num	8			range in/credit/scores
4	state	Char	2			State/where/Residence/Located
83	thoroughreview	Char	1			found/review/thorough
30	totbala	Num	8			total acc./balances/Bureau A
31	totbalB	Num	8			total acc./balances/Bureau B
32	totbalC	Num	8			total acc./balances/Bureau C

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Alphabetic List of Variables and Attributes

#	Variable	Type	Len	Format	Informat	Label
33	totbalerr	Char	1			invalid/acc.balance/reported
121	yrshista	Num	8			Years/Account/History/Bureau A
122	yrshistb	Num	8			Years/Account/History/Bureau B
123	yrshistc	Num	8			Years/Account/History/Bureau C
5	zipcode	Char	5			ZIP/code