

Providing one or more adverse action reasons from the credit scoring component will help educate consumers about why their credit score did not pass the credit scoring component. In all situations addressed by the comment, a combination of more than four principal adverse action reasons is not likely to be helpful to applicants.

9(c) Incomplete Applications

9(c)(1) Notice Alternatives

As discussed in the supplementary information to § 202.2(f) of the regulation and commentary, the definition of application includes certain preapproval requests. Some commenters expressed concern that in many cases applicants make preapproval requests and then fail to follow through on the request. Under § 202.9(c), within 30 days of receiving an application that is incomplete regarding matters that the applicant can complete, the creditor must notify the applicant of action taken or of the incompleteness. According to some commenters, where a preapproval request remains incomplete, sending the applicant a notice of incompleteness does not appear useful.

The Board believes that in the case of a traditional application, the applicant is interested in pursuing a loan, but may be unaware that the application remains incomplete in some respect; in this situation, a notice of incompleteness can serve an important function. This seems less likely in the case of a preapproval request, which is often a less complicated and more expeditious process. Therefore, comment 9(c)(1)–1 has been added to include an exception from the requirement to provide a notice of incompleteness for preapprovals that meet the definition of “application” as clarified in comment 2(f)–5. This exception parallels the amendment to Regulation C (Home Mortgage Disclosure), which treats preapproval requests as applications, but does not require reporting of preapproval requests that remain incomplete. (See 67 FR 7222, February 15, 2002.)

9(g) Applications Submitted Through a Third Party

The proposed revisions to comment 9(g)–1 clarified that the requirements of § 202.9(a)(2) apply to applications submitted through a third party. The requirement to include the address of each creditor gives the applicant the information necessary to request a statement of specific reasons for the adverse action or an explanation of the reasons. Accordingly, comment 9(g)–1 has been adopted as proposed.

Section 202.10—Furnishing of Credit Information

There are no revisions to this section.

Section 202.11—Relation to State Law

There are no revisions to this section.

Section 202.12—Record Retention

As proposed, comments in § 202.12(b) have been added to reflect changes to the regulation concerning retention of certain records related to prescreened solicitations.

12(b)(7) Prescreened Solicitations

The Board proposed to add three new comments to new § 202.12(b)(7) to clarify the record retention requirements for prescreened solicitations. With one exception, the comments have been adopted as proposed, with technical revisions for clarity. Proposed comment 12(b)(7)–3 would have clarified the regulatory requirement to retain the portion of the marketing plan to which the solicitation relates. Since the final rule eliminates the marketing plan requirement, the proposed comment has not been adopted. Comment 12(b)(7)–3 now clarifies the requirement to retain records of correspondence relating to complaints (whether formal or informal) about prescreened solicitations. (See detailed discussion in the supplementary information to § 202.12(b)(7) of the regulation.)

Section 202.13—Information for Monitoring Purposes

The proposed revision to a comment in § 202.13(a) has not been adopted. A technical revision has been made for clarity. Comments in § 202.13(b) have been revised.

13(a) Information To Be Requested

Comment 13(a)–7 has been retained, consistent with the Board’s decision to retain the general prohibition against the notation of applicant characteristics for nonmortgage credit transactions, subject to certain exceptions. The citation in the comment has been revised to conform with the reorganization of the regulation.

13(b) Obtaining of Information

Consistent with a revision to § 202.13(a) of the regulation, comment 13(b)–1 has been revised to clarify the guidance issued in 1997 by the Office of Management and Budget.

Comment 13(b)–3 has been revised to make the treatment of applications received by telephone consistent with Appendix A, paragraph V.D. 2., and Appendix B, paragraph I.B.4. of Regulation C (Home Mortgage Disclosure) for the purpose of collecting

monitoring information. Comment 13(b)–4 combines existing comments 13(b)–4 and –5, and has been revised to make the treatment of applications received electronically consistent with comment 203.4(a)(7)–5 of Regulation C.

Comment 13(b)–7 has been retained and re-designated as comment 13(b)–6, consistent with the Board’s decision to retain the general prohibition against the notation of applicant characteristics for nonmortgage credit transactions, except for the purpose of conducting a self-test.

Section 202.14—Rules on Providing Appraisal Reports

Section 202.14 is former § 202.5a. There are no revisions to comments in this section.

Section 202.15—Incentives for Self-testing and Self-correction

The proposed addition of a comment to § 202.15(b)(3) has not been adopted.

15(b)(3)

As discussed earlier, the Board is retaining the general prohibition against inquiring about, or noting, information about an applicant’s personal characteristics, such as race or national origin, except for the purpose of conducting a self-test under § 202.15. Accordingly, proposed comment 15(b)(3)(ii)–2—which would have clarified that the collection of information about an applicant’s characteristics does not qualify for the self-test privilege—has not been adopted. For a discussion of the exception for self-testing, see § 202.5(b)(1) and the supplementary information to that section.

Section 202.16—Requirements for Electronic Communication

Section 202.16 is former § 202.17. The comments in § 202.16 have been republished for convenience. Consistent with the Board’s decision to lift the mandatory compliance date for the interim final rule in § 202.16 (66 FR 41439, August 8, 2001), the comments in this section are not currently in effect on a mandatory basis and will be separately finalized. Accordingly, there are no revisions to comments in this section.

Section 202.17—Enforcement, Penalties, and Liabilities

Section 202.17 is former § 202.14. There are no revisions to comments in this section.