

*Adverse Action Notice
Reg B*

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Purpose

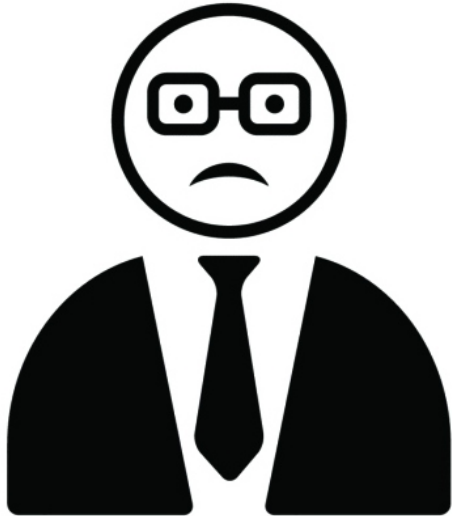
Notice is **required** when the institution has:



- denied credit,
- terminated credit,
- or substantially changed the terms of credit.
- for other services where credit is evaluated

Federal government is looking to prevent **discrimination** and unfair denial due to **incorrect** credit reporting.

When



Institutions **must disclose** credit score information **if** the credit score was used to **deny, terminate** or **substantially alter** the terms of credit or approving other services

Required Information

Adverse Action Notices must have the following information:

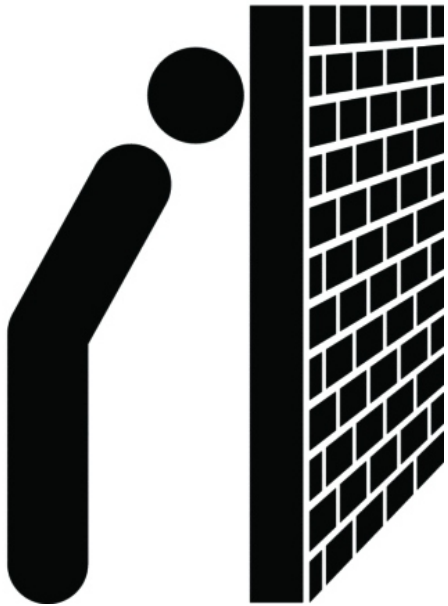


1. Numerical Credit Score
2. Range of possible credit scores used
3. Up to four key factors adversely affecting the credit score
4. Date the credit score was created
5. Name of the person or entity that created the score

Warning

It is both a failure of compliance and **dangerous** not to have this information available to the consumer if the credit score was used for the adverse action.

Opens the credit union up to the charge that the credit union has **illegally discriminated** in their lending practices.



Fines and jail!

Form

Until formalized in CU*BASE,
use the PDF form provided
by CU*Answers.



**Make sure it is part of each
and every adverse action
taken against a consumer.**

[The form](#)

Co-Borrowers



In the case of co-borrowers you must send **separate notices** to each borrower containing only the individual's borrowers information.

Still very fuzzy and we will need to see what compliance professionals recommend

Process



1. Deny the loan on CU*BASE and print the old notice.
 - a) *loans vs. services*
2. Print the profile and summary page of the credit report to populate the PDF.
3. Print the denial and the notice to move loan from pending to denied and to electronically record the action.
4. Provide notice to the consumer.
5. File the loan application and the notice together.

Plan

- ✓ Determined the required data elements
- ✓ Get legal opinion on layout and content
- ✓ Understand the additional data elements
- ☐ Understand the design changes required for co-borrower integration
- ☐ Finalize specification
- ☐ Begin programming effort
- ☐ Release

Questions?



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