

(H. B. 1101)

(No. 47)

(Approved January 30, 2006)

## **AN ACT**

To add a new Section 10 and renumber the subsequent Sections of Act No. 364 of September 2, 2000 known as the “Credit Reporting Agencies’ Act” to provide for obtaining free of charge a credit report from each credit reporting agency once a year.

### **STATEMENT OF MOTIVES**

Credit Reporting Agencies play a decisive role in the life of the Puerto Rican family. In spite of their being profit making private entities, their social impact is significant. Thus, they represent a crucial factor within a limitless number of elements that come into play in the socio-economic development of our people such as purchasing a home, an automobile and obtaining a loan, to name a few.

This Legislature has outlined the perspective of the Department of Justice regarding this business, through Act No. 364 of September 2, 2000 known as the “Credit Reporting Agencies’ Act.” In our incessant pursuit to achieve the wellbeing of our citizens, we intend to improve this statute by adding an element for greater social justice.

The Legislatures of the states of Colorado, Maryland, Massachusetts, New Jersey and Vermont have respectively provided for their residents to obtain free of charge a yearly credit report from each credit reporting agency. The Legislature of the state of Georgia has provided for their residents to

obtain free of charge two yearly credit reports from each credit reporting agency. On the other hand, the Legislatures of the states of California, Connecticut, Maine, Maryland, Minnesota and the Virgin Islands, (in addition to a yearly free of charge credit report), have respectively provided a maximum fee from one to eight dollars for the credit reports sold to their residents.

In the “Credit Reporting Agencies Act” we rigorously attended to the need for ensuring that the contents of the credit reports be entirely true and verifiable. We included “a true and verifiable provision for giving the consumer timely notice as to when adverse information has been forwarded to the credit reporting agencies” and established “the responsibility of the credit reporting agencies for eliminating incomplete, incorrect, inaccurate or unverifiable information and” the responsibility of the information provider for correcting or eliminating incomplete, inaccurate or erroneous information” by providing procedural mechanism for this purpose.

Even though the federal legislation provides for the consumer to obtain a credit report free of charge, it can only be petitioned to the credit reporting agency if the consumer has been denied credit or employment based on the report furnished by said agency; and to request a free of charge report for the purpose of making a personal preventive examination of its contents, harms consumers since the greater the number of inquiries made as to their credit history, the worse they appear before the credit issuing enterprise. In fact, even if an application for credit is approved, the credit report on which the favorable determination was based may contain erroneous information by which perhaps higher interest rate may be imposed or a higher down payment for the acquisition of an automobile or real property.

The cost of a credit report fares at a minimum of eight dollars and fifty cents, and in the United States, three companies fully dominate the credit reporting agency market, for which reason, to conduct an effective investigation on a person places on the consumer the onerous burden of having to pay over twenty-five dollars. These conditions hinder responsible consumers from making preventive reviews of the contents of their credit history at each of the credit reporting agencies which could exert an influence on their lives.

We must then guarantee that a free of charge a credit report be obtained from each credit reporting agency. Thus, we shall allow our citizens to have real and constant access to the contents of credit reports that shall eventually have an impact on their lives, always safeguarding with great zeal our fundamental interest in true and verifiable credit reports.

***BE IT ENACTED BY THE LEGISLATURE OF PUERTO RICO:***

Section 1.- A new Section 10 is hereby added to Act No. 364 of September 2, 2000, known as the “Credit Reporting Agencies Act” to read as follows:

“Section 10.- Obtaining a credit report free of charge once in a calendar year.

- A. The consumer may claim a free of charge credit report per calendar year from each credit agency doing business in Puerto Rico.
- B. The credit reporting agencies shall post a sign citing this Section in a reasonably visible location where the credit reports are dispatched. Furthermore, they shall cite this Section on the first page heading of every credit report they dispatch.”

Section 2.- Sections 10, 11, 12, and 13 of Act No. 364 of September 2.

2000, known as the “Credit Reporting Agencies Act” are hereby renumbered as Sections 11, 12, 13 and 14, respectively.

Section 3.- This Act shall take effect sixty (60) days after its approval.

## CERTIFICATION

I hereby certify to the Secretary of State that the following Act No. 47 (H.B. 1101) of the 3<sup>rd</sup> Session of the 15<sup>th</sup> Legislature of Puerto Rico:

**AN ACT** to add a new Section 10 and renumber the subsequent Sections of Act No. 364 of September 2, 2000 known as the “Credit Reporting Agencies’ Act” to provide for obtaining free of charge a credit report from each credit reporting agency once a year,

has been translated from Spanish to English and that the English version is correct.

In San Juan, Puerto Rico, today 13<sup>th</sup> of July of 2006.

Francisco J. Domenech  
Director