
SENATE BILL 5574

State of Washington **53rd Legislature** **1993 Regular Session**

By Senators Williams, Moore, Pelz and Franklin

Read first time 02/03/93. Referred to Committee on Labor & Commerce.

1 AN ACT Relating to consumer credit reporting agencies; adding a new
2 chapter to Title 19 RCW; prescribing penalties; and providing an
3 effective date.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature finds and declares that
6 consumers have a vital interest in establishing and maintaining
7 creditworthiness. The legislature further finds that an elaborate
8 mechanism using credit reports has developed for investigating and
9 evaluating a consumer's creditworthiness, credit capacity, and general
10 reputation and character. As such, credit reports are used for
11 evaluating credit card, loan, mortgage, and small business financing
12 applications, as well as for decisions regarding employment and the
13 rental or leasing of dwellings. Moreover, financial institutions and
14 other creditors depend upon fair and accurate credit reports to
15 efficiently and accurately evaluate creditworthiness. Unfair or
16 inaccurate reports undermine both public and creditor confidences in
17 the reliability of credit granting systems.

18 Therefore, this chapter is necessary to assure accurate credit data
19 collection, maintenance, and reporting on the citizens of the state.

1 It is the policy of the state that credit reporting agencies maintain
2 accurate credit reports, resolve disputed reports promptly and fairly,
3 and adopt reasonable procedures to promote consumer confidentiality and
4 the proper use of credit data in accordance with this chapter.

5 NEW SECTION. **Sec. 2.** This chapter shall be known as the Fair
6 Credit Reporting Act.

7 NEW SECTION. **Sec. 3.** Unless the context clearly requires
8 otherwise, the definitions in this section apply throughout this
9 chapter.

10 (1)(a) "Adverse action" includes:

11 (i) Denial of, increase in any charge for, or reduction in the
12 amount of insurance for personal, family, or household purposes;

13 (ii) Denial of employment or any other decision for employment
14 purposes that adversely affects a current or prospective employee; and

15 (iii) Action or determination with respect to a consumer's
16 application for credit that is adverse to the interests of the
17 consumer.

18 (b) "Adverse action" does not include a refusal to extend
19 additional credit under an existing credit arrangement if:

20 (i) The applicant is delinquent or otherwise in default with
21 respect to the arrangement; or

22 (ii) The additional credit would exceed a previously established
23 credit limit.

24 (2) "Attorney general" means the office of the attorney general.

25 (3) "Consumer" means an individual.

26 (4)(a) "Consumer report" means a written, oral, or other
27 communication of information by a consumer reporting agency bearing on
28 a consumer's creditworthiness, credit standing, credit capacity,
29 character, general reputation, personal characteristics, or mode of
30 living that is used or expected to be used or collected in whole or in
31 part for:

32 (i) The purpose of serving as a factor in establishing the
33 consumer's eligibility for credit or insurance to be used primarily for
34 personal, family, or household purposes;

35 (ii) Employment purposes; or

36 (iii) Other purposes authorized under section 4 of this act.

37 (b) "Consumer report" does not include:

1 (i) A report containing information solely as to transactions or
2 experiences between the consumer and the person making the report;

3 (ii) An authorization or approval of a specific extension of credit
4 directly or indirectly by the issuer of a credit card or similar
5 device;

6 (iii) A report in which a person who has been requested by a third
7 party to make a specific extension of credit directly or indirectly to
8 a consumer conveys his or her decision with respect to the request, if
9 the third party advises the consumer of the name and address of the
10 person to whom the request was made and the person makes the
11 disclosures to the consumer required under section 9 of this act; or

12 (iv) A report solely conveying a decision whether to guarantee a
13 check in response to a request by a third party.

14 (5) "Consumer reporting agency" means a person who, for monetary
15 fees, dues, or on a cooperative nonprofit basis, regularly engages in
16 whole or in part in the business of assembling or evaluating consumer
17 credit information or other information on consumers for the purpose of
18 furnishing consumer reports to third parties, and who uses any means or
19 facility of commerce for the purpose of preparing or furnishing
20 consumer reports. "Consumer reporting agency" does not include a
21 person solely by reason of conveying a decision whether to guarantee a
22 check in response to a request by a third party.

23 (6) "Credit transaction that is not initiated by the consumer" does
24 not include the use of a consumer report by a person with which the
25 consumer has an account, for purposes of (a) reviewing the account, or
26 (b) collecting the account.

27 (7) "Employment purposes," when used in connection with a consumer
28 report, means a report used for the purpose of evaluating a consumer
29 for employment, promotion, reassignment, or retention as an employee.

30 (8) "File," when used in connection with information on any
31 consumer, means all of the information on that consumer recorded and
32 retained by a consumer reporting agency regardless of how the
33 information is stored.

34 (9) "Firm offer of credit" means an offer of credit to a consumer
35 that will be honored if, based on information in a consumer credit
36 report on the consumer and other information hearing on the credit
37 worthiness of the consumer, the consumer is determined to meet the
38 criteria used to select the consumer for the offer.

1 (10) "Investigative consumer report" means a consumer report or
2 portion of it in which information on a consumer's character, general
3 reputation, personal characteristics, or mode of living is obtained
4 through personal interviews with neighbors, friends, or associates of
5 the consumer reported on or with others with whom the consumer is
6 acquainted or who may have knowledge concerning any items of
7 information. However, the information does not include specific
8 factual information on a consumer's credit record obtained directly
9 from a creditor of the consumer or from a consumer reporting agency
10 when the information was obtained directly from a creditor of the
11 consumer or from the consumer.

12 (11) "Medical information" means information or records obtained,
13 with the consent of the individual to whom it relates, from a licensed
14 physician or medical practitioner, hospital, clinic, or other medical
15 or medically related facility.

16 (12) "Person" includes an individual, corporation, government or
17 governmental subdivision or agency, business trust, estate, trust,
18 partnership, association, and any other legal or commercial entity.

19 (13) "Prescreening" means the process in which the consumer
20 reporting agency complies or edits for a client a list of consumers who
21 meet specific criteria and provides this list to the client or a third
22 party on behalf of the client for use in soliciting those consumers for
23 an offer of credit, product, or service.

24 NEW SECTION. **Sec. 4.** (1) A consumer reporting agency may furnish
25 a consumer report only under the following circumstances:

26 (a) In response to the order of a court having jurisdiction to
27 issue the order;

28 (b) In accordance with the written instructions of the consumer to
29 whom it relates; or

30 (c) To a person that the agency has reason to believe:

31 (i) Intends to use the information in connection with a credit
32 transaction involving the consumer on whom the information is to be
33 furnished and involving the extension of credit to, or review or
34 collection of an account of, the consumer;

35 (ii) Intends to use the information for employment purposes;

36 (iii) Intends to use the information in connection with the
37 underwriting of insurance involving the consumer;

1 (iv) Intends to use the information in connection with a
2 determination of the consumer's eligibility for a license or other
3 benefit granted by a governmental instrumentality required by law to
4 consider an applicant's financial responsibility or status; or

5 (v) Otherwise has a legitimate business need for the information in
6 connection with a business transaction involving the consumer.

7 (2)(a) Subject to (b) of this subsection, a consumer reporting
8 agency may furnish a consumer report, and a person may use a consumer
9 report, for employment purposes under the following circumstances only:

10 (i) The employment requires or is expected to require a security
11 clearance issued by a state or local law enforcement agency or an
12 agency of the United States as a condition for employment;

13 (ii) The employment requires or is expected to require an employee
14 to be covered by a fidelity bond;

15 (iii) The employment requires or is expected to require an
16 employee, on a regular basis and as part of the normal duties of
17 employment:

18 (A) To handle or otherwise have access to substantial amounts of
19 cash, trade secrets, or other things of substantial financial value of
20 the employer; or

21 (B) To engage in any conduct or activity with respect to which the
22 employee has a fiduciary duty.

23 (b) A consumer reporting agency may only furnish a consumer report
24 for employment purposes if the person who obtains such report directly
25 or indirectly from the agency certifies to the agency that:

26 (i) The disclosure required under (c) or (d) of this subsection, as
27 the case may be, with respect to the consumer report has been made; and

28 (ii) Information from the consumer report will not be used in
29 violation of any applicable federal or state equal employment
30 opportunity law or regulation.

31 (c) A person may not procure a consumer report, or cause a consumer
32 report to be procured, for employment purposes with respect to any
33 consumer who is not an employee at the time the report is procured or
34 caused to be procured unless:

35 (i) A clear and prominent disclosure has been made in writing to
36 the consumer before the report is procured or caused to be procured
37 that a consumer report may be obtained for purposes of considering the
38 consumer for employment; and

39 (ii) The consumer authorizes the procurement of the report.

1 (d)(i) Except as provided in (d)(ii) of this subsection, a person
2 may not procure a consumer report, or cause a consumer report to be
3 procured, for employment purposes with respect to any employee unless
4 the employee has received, at any time after the person became an
5 employee, written notice that credit reports may be used for employment
6 purposes.

7 (ii) (d)(i) of this subsection does not apply with respect to a
8 consumer report of an employee who the employer has reasonable cause to
9 believe has engaged in specific activity that constitutes a violation
10 of law.

11 (iii) A written statement that credit reports may be used for
12 employment purposes that is contained in employee guidelines or manuals
13 available to employees or included in written materials provided to
14 employees constitutes written notice for purposes of (d)(i) of this
15 subsection.

16 (e) In using a consumer report for employment purposes, before
17 taking any adverse action based in whole or part on the report, a
18 person shall provide to the consumer to whom the report relates: (i)
19 A copy of the report; (ii) a description of the consumer's rights under
20 this chapter; and (iii) a reasonable opportunity to respond to any
21 information in the report that is disputed by the consumer.

22 NEW SECTION. **Sec. 5.** (1) A consumer reporting agency may provide
23 a credit report relating to a consumer under section 4(1)(c)(i) of this
24 act in connection with a credit transaction that is not initiated by
25 the consumer only if:

26 (a) The consumer authorized the consumer reporting agency to
27 provide the report to such a person; or

28 (b)(i) The transaction consists of a firm offer of credit to the
29 consumer;

30 (ii) The consumer has had an opportunity to notify the agency that
31 the consumer elects to exclude information within the consumer's file
32 from any credit transaction that is not initiated by the consumer; and

33 (iii) The consumer has not elected in accordance with subsection
34 (3) of this section to have the consumer's name and address excluded
35 from such transactions.

36 (2) A consumer reporting agency may provide only the following
37 information under subsection (1) of this section:

38 (a) The name and address of the consumer; and

1 (b) Information pertaining to a consumer that is not identified or
2 identifiable with a particular consumer.

3 (3)(a) A consumer may elect to have his or her name and address
4 excluded from any list provided by a consumer reporting agency under
5 subsection (1) of this section or through prescreening for direct
6 marketing transactions that are not initiated by the consumer by
7 notifying the consumer reporting agency. The notice may be made by
8 telephone or in writing through the notification system maintained by
9 the consumer reporting agency under subsection (4) of this section and
10 must state that the consumer does not consent to any use of consumer
11 credit reports relating to the consumer in connection with any
12 transaction that is not initiated by the consumer.

13 (b) An election of a consumer under (a) of this subsection is
14 effective with respect to a consumer and any affiliate of the consumer
15 reporting agency, on the date on which the consumer reporting agency
16 receives the consumer's notice.

17 (4) A consumer reporting agency that provides information intended
18 to be used in a prescreened credit or business transaction that is not
19 initiated by the consumer shall:

20 (a) Maintain a notification system that facilitates the ability of
21 a consumer in the agency's data base to notify the agency to promptly
22 withdraw the consumer's name from prescreening and credit transactions
23 not initiated by the consumer; and

24 (b) Publish at least annually in a publication of general
25 circulation in the area served by the agency, the address and toll-free
26 telephone number for consumers to use to notify the agency of the
27 consumer's election under subsection (3) of this section.

28 (5) A consumer reporting agency that maintains consumer reports on
29 a nation-wide basis shall establish a system meeting the requirements
30 of subsection (4) of this section on a nation-wide basis, and may
31 operate such a system jointly with any other consumer reporting
32 agencies.

33 (6) Compliance with the requirements of this section by any
34 consumer reporting agency constitutes compliance by the agency's
35 affiliates.

36 NEW SECTION. **Sec. 6.** (1) Except as authorized under subsection
37 (2) of this section, no consumer reporting agency may make a consumer
38 report containing any of the following items of information:

1 (a) Bankruptcies that, from date of adjudication of the most recent
2 bankruptcy, antedate the report by more than ten years;

3 (b) Suits and judgments that, from date of entry, antedate the
4 report by more than seven years or until the governing statute of
5 limitations has expired, whichever is the longer period;

6 (c) Paid tax liens that, from date of payment, antedate the report
7 by more than seven years;

8 (d) Accounts placed for collection or charged to profit and loss
9 that antedate the report by more than seven years;

10 (e) Records of arrest, indictment, or conviction of crime that,
11 from date of disposition, release, or parole, antedate the report by
12 more than seven years;

13 (f) Any other adverse item of information that antedates the report
14 by more than seven years.

15 (2) Subsection (1) of this section is not applicable in the case of
16 a consumer credit report to be used in connection with:

17 (a) A credit transaction involving, or that may reasonably be
18 expected to involve, a principal amount of fifty thousand dollars or
19 more;

20 (b) The underwriting of life insurance involving, or that may
21 reasonably be expected to involve, a face amount of fifty thousand
22 dollars or more; or

23 (c) The employment of an individual at an annual salary that
24 equals, or that may reasonably be expected to equal, twenty thousand
25 dollars or more.

26 NEW SECTION. **Sec. 7.** (1) A person may not procure or cause to be
27 prepared an investigative consumer report on a consumer unless:

28 (a) It is clearly and accurately disclosed to the consumer that an
29 investigative consumer report including information as to the
30 consumer's character, general reputation, personal characteristics, and
31 mode of living, whichever are applicable, may be made, and the
32 disclosure:

33 (i) Is made in a writing mailed, or otherwise delivered, to the
34 consumer not later than three days after the date on which the report
35 was first requested; and

36 (ii) Includes a statement informing the consumer of the consumer's
37 right to request the additional disclosures provided for under

1 subsection (2) of this section and the written summary of the rights of
2 the consumer prepared under section 10(7) of this act; or

3 (b) The report is to be used for employment purposes for which the
4 consumer has not specifically applied.

5 (2) A person who procures or causes to be prepared an investigative
6 consumer report on a consumer shall make, upon written request made by
7 the consumer within a reasonable period of time after the receipt by
8 the consumer of the disclosure required in subsection (1)(a) of this
9 section, a complete and accurate disclosure of the nature and scope of
10 the investigation requested. This disclosure must be made in a writing
11 mailed, or otherwise delivered, to the consumer not later than the
12 latter of five days after the date on which the request for the
13 disclosure was either received from the consumer or the report was
14 first requested.

15 (3) No person may be held liable for a violation of subsection (1)
16 or (2) of this section if the person shows by a preponderance of the
17 evidence that at the time of the violation the person maintained
18 reasonable procedures to assure compliance with subsection (1) or (2)
19 of this section.

20 (4) A consumer reporting agency shall maintain a detailed record
21 of:

22 (a) The identity of any person to whom an investigative consumer
23 report or information from a consumer report is provided by the
24 consumer reporting agency;

25 (b) The certified purpose for which an investigative consumer
26 report on a consumer, or any other information relating to a consumer,
27 is requested by any person.

28 NEW SECTION. **Sec. 8.** (1) A consumer reporting agency shall
29 maintain reasonable procedures designed to avoid violations of section
30 6 of this act and to limit the furnishing of consumer reports to the
31 purposes listed under section 4 of this act. These procedures must
32 require that prospective users of the information identify themselves,
33 certify the purposes for which the information is sought, and certify
34 that the information will be used for no other purpose. A consumer
35 reporting agency shall make a reasonable effort to verify the identity
36 of a new prospective user and the uses certified by the prospective
37 user before furnishing the user a consumer report. No consumer
38 reporting agency may furnish a consumer report to a person if the

1 agency has reasonable grounds for believing that the consumer report
2 will not be used for a purpose listed in section 4 of this act.

3 (2) Whenever a consumer reporting agency prepares a consumer report
4 it shall follow reasonable procedures to assure maximum possible
5 accuracy of the information concerning the individual about whom the
6 report relates.

7 (3) A consumer reporting agency may not prohibit a user of a
8 consumer report furnished by the agency on the consumer from disclosing
9 the contents of the report to the consumer, if adverse action against
10 the consumer has been taken, or is contemplated, by the user based in
11 whole or in part on the report.

12 (4) Notwithstanding section 4 of this act, a consumer reporting
13 agency may furnish identifying information about a consumer, limited to
14 the consumer's name, address, former addresses, places of employment,
15 or former places of employment, to a governmental agency.

16 (5) A consumer reporting agency shall maintain a detailed record
17 of:

18 (a) The identity of any person to whom a consumer report or
19 information from a consumer report is provided by the consumer
20 reporting agency;

21 (b) The certified purpose for which a consumer report on a
22 consumer, or any other information relating to a consumer, is requested
23 by any person.

24 NEW SECTION. **Sec. 9.** A consumer reporting agency shall, upon
25 request by the consumer, clearly and accurately disclose:

26 (1) All information in the file on the consumer, except that
27 medical information may be withheld. The agency shall inform the
28 consumer of the existence of medical information, and the consumer has
29 the right to have that information disclosed to the health care
30 provider of the consumer's choice. Nothing in this chapter prevents,
31 or authorizes a consumer reporting agency to prevent, the health care
32 provider from disclosing the medical information to the consumer. The
33 agency shall inform the consumer of the right to disclosure of medical
34 information at the time the consumer requests disclosure of his or her
35 file.

36 (2) All items of information in its files on that consumer,
37 including disclosure of the sources of the information, except that
38 sources of information acquired solely for use in an investigative

1 report may only be disclosed to a plaintiff under appropriate discovery
2 procedures.

3 (3) Identification of (a) each person who for employment purposes
4 within the two-year period before the request, and (b) each person who
5 for any other purpose within the six-month period before the request,
6 procured a consumer report.

7 (4) A record identifying all inquiries received by the agency in
8 the six-month period before the request that identified the consumer in
9 connection with a credit transaction that is not initiated by the
10 consumer.

11 (5) An identification of a person under subsection (3) or (4) of
12 this section must include (a) the name of the person or, if applicable,
13 the trade name under which the person conducts business; and (b) upon
14 request of the consumer, the address of the person.

15 NEW SECTION. **Sec. 10.** (1) A consumer reporting agency shall make
16 the disclosures required under section 9 of this act during normal
17 business hours and on reasonable notice.

18 (2) The consumer reporting agency shall make the disclosures
19 required under section 9 of this act to the consumer:

20 (a) In person if the consumer appears in person and furnishes
21 proper identification;

22 (b) By telephone if the consumer has made a written request, with
23 proper identification, for telephone disclosure and the toll charge, if
24 any, for the telephone call is prepaid by or charged directly to the
25 consumer; or

26 (c) By any other reasonable means that are available to the
27 consumer reporting agency if that means is authorized by the consumer.

28 (3) A consumer reporting agency shall provide trained personnel to
29 explain to the consumer, information furnished to the consumer under
30 section 9 of this act.

31 (4) The consumer reporting agency shall permit the consumer to be
32 accompanied by one other person of the consumer's choosing, who shall
33 furnish reasonable identification. A consumer reporting agency may
34 require the consumer to furnish a written statement granting permission
35 to the consumer reporting agency to discuss the consumer's file in the
36 other person's presence.

1 (5) If a credit score is provided by a credit reporting agency to
2 a consumer, the agency shall provide an explanation of the meaning of
3 the credit score.

4 (6) Except as provided in section 14 of this act, no consumer may
5 bring an action or proceeding in the nature of defamation, invasion of
6 privacy, or negligence with respect to the reporting of information
7 against a consumer reporting agency or a user of information, based on
8 information disclosed under this section or section 9 of this act,
9 except as to false information furnished with malice or willful intent
10 to injure the consumer. Except as provided in section 14 of this act,
11 no consumer may bring an action or proceeding against a person who
12 provides information to a consumer reporting agency in the nature of
13 defamation, invasion of privacy, or negligence for unintentional error.

14 (7)(a) A consumer reporting agency must provide to a consumer, with
15 each written disclosure by the agency to the consumer under section 9
16 of this act (i) a written summary of all rights and remedies the
17 consumer has under this chapter; and (ii) in the case of a consumer
18 reporting agency that compiles and maintains consumer reports on a
19 nation-wide basis, a toll-free telephone number that the consumer can
20 use to communicate with the agency.

21 (b) The summary of the rights and remedies of consumers under this
22 chapter must include:

23 (i) A brief description of this chapter and all rights and remedies
24 of consumers under this chapter;

25 (ii) An explanation of how the consumer may exercise the rights and
26 remedies of the consumer under this chapter; and

27 (iii) A list of all state agencies, including the attorney
28 general's office, responsible for enforcing any provision of this
29 chapter and the address and appropriate phone number of each such
30 agency.

31 (8) A consumer reporting agency that provides a toll-free number
32 required by this section shall also provide adequately trained
33 personnel to answer basic inquiries from consumers using the toll-free
34 number.

35 NEW SECTION. **Sec. 11.** (1) If the completeness or accuracy of an
36 item of information contained in a consumer's file at a consumer
37 reporting agency is disputed by the consumer and the consumer notifies
38 the agency directly of the dispute, the agency shall reinvestigate

1 without charge and record the current status of the disputed
2 information before the end of the thirty-day period beginning on the
3 date the agency receives the notice from the consumer.

4 (2) Before the end of the five business-day period beginning on the
5 date a consumer reporting agency receives notice of a dispute from a
6 consumer in accordance with subsection (1) of this section, the agency
7 shall notify any person who provided an item of information in dispute.

8 (3)(a) Notwithstanding subsection (1) of this section, a consumer
9 reporting agency may terminate a reinvestigation of information
10 disputed by a consumer under subsection (1) of this section if the
11 agency determines that the dispute by the consumer is frivolous or
12 irrelevant, including by reason of a failure of the consumer to provide
13 sufficient information.

14 (b) Upon making a determination in accordance with (a) of this
15 subsection that a dispute is frivolous or irrelevant, a consumer
16 reporting agency shall notify the consumer within five business days of
17 the determination. The notice shall be made in writing or any other
18 means authorized by the consumer that are available to the agency, but
19 the notice shall include the reasons for the determination and a notice
20 of the consumer's rights under subsection (6) of this section.

21 (4) In conducting a reinvestigation under subsection (1) of this
22 section with respect to disputed information in the file of any
23 consumer, the consumer reporting agency shall review and consider all
24 relevant information submitted by the consumer in the period described
25 in subsection (1) of this section with respect to the disputed
26 information.

27 (5)(a) If, after a reinvestigation under subsection (1) of this
28 section of information disputed by a consumer, the information is found
29 to be inaccurate or cannot be verified, the consumer reporting agency
30 shall promptly delete the information from the consumer's file.

31 (b)(i) If information is deleted from a consumer's file under (a)
32 of this subsection, the information may not be reinserted in the file
33 after the deletion unless the person who furnishes the information
34 certifies that the information is complete and accurate.

35 (ii) If information that has been deleted from a consumer's file
36 under (a) of this subsection is reinserted in the file in accordance
37 with (b)(i) of this subsection, the consumer reporting agency shall
38 promptly notify the consumer of the reinsertion. The notice shall be

1 in writing or any other means authorized by the consumer that are
2 available to the agency.

3 (6) If the reinvestigation does not resolve the dispute or if the
4 consumer reporting agency determines the dispute is frivolous or
5 irrelevant, the consumer may file a brief statement setting forth the
6 nature of the dispute. The consumer reporting agency may limit these
7 statements to not more than one hundred words if it provides the
8 consumer with assistance in writing a clear summary of the dispute.

9 (7) After the deletion of information from a consumer's file under
10 this section or after the filing of a statement of dispute under
11 subsection (6) of this section, the consumer reporting agency shall, at
12 the request of the consumer, furnish notification that the item of
13 information has been deleted or that item of information is disputed.
14 In the case of disputed information, the notification shall include the
15 statement filed under subsection (6) of this section. The notification
16 shall be furnished to any person specifically designated by the
17 consumer, who has, within two years before the deletion or filing of a
18 dispute, received a consumer report concerning the consumer for
19 employment purposes, or who has, within six months of the deletion or
20 the filing of the dispute, received a consumer report concerning the
21 consumer for any other purpose, if these consumer reports contained the
22 deleted or disputed information.

23 (8)(a) Upon completion of the reinvestigation under this section,
24 a consumer reporting agency shall provide written notice of the results
25 of a reinvestigation within five business days.

26 (b) The notice required under (a) of this subsection must include:

27 (i) A statement that the reinvestigation is completed;

28 (ii) A statement of the determination of the agency on the
29 completeness or accuracy of the disputed information;

30 (iii) A description of the manner in which the information will
31 appear, if at all, in any subsequent consumer report;

32 (iv) A notice that, if requested by the consumer, a description of
33 the procedure used to determine the accuracy and completeness of the
34 information shall be provided to the consumer by the agency, including
35 the name, business address, and telephone number of any person
36 contacted in connection with the information;

37 (v) If the agency has determined that the disputed information is
38 accurate, a statement of the reasons for the determination;

1 (vi) If the reinvestigation does not reduce the dispute, a summary
2 of the consumer's right to file a brief statement as provided in
3 subsection (6) of this section; and

4 (vii) If information is deleted or disputed after reinvestigation,
5 a summary of the consumer's right to request notification to persons
6 who have received a consumer report as provided in subsection (7) of
7 this section.

8 NEW SECTION. **Sec. 12.** (1) Except as provided in subsections (2)
9 and (3) of this section, a consumer reporting agency may charge the
10 following fees to the consumer:

11 (a) For making a disclosure under sections 9 and 10 of this act,
12 the consumer reporting agency may charge a fee not exceeding eight
13 dollars. Beginning January 1, 1995, the eight-dollar charge may be
14 adjusted on January 1st of each year based on corresponding changes in
15 the Consumer Price Index with fractional changes rounded to the nearest
16 half dollar.

17 (b) For furnishing a notification, statement, summary, or
18 codification to a person under section 11(7) of this act, the consumer
19 reporting agency may charge a fee not exceeding the charge that the
20 agency would impose on each designated recipient for a consumer report.
21 The amount of any charge must be disclosed to the consumer before
22 furnishing the information.

23 (2) A consumer reporting agency shall make all disclosures under
24 sections 9 and 10 of this act and furnish all consumer reports under
25 section 11 of this act without charge, if requested by the consumer
26 within sixty days after receipt by the consumer of a notification of
27 adverse action under section 13 of this act or of a notification from
28 a debt collection agency stating that the consumer's credit rating may
29 be or has been adversely affected.

30 (3) A consumer reporting agency shall not impose any charge for (a)
31 providing notice to a consumer required under section 11 of this act,
32 or (b) notifying a person under section 11(7) of this act of the
33 deletion of information that is found to be inaccurate or that can no
34 longer be verified, if the consumer designates that person to the
35 agency before the end of the thirty-day period beginning on the date of
36 notice under section 11(8) of this act.

1 NEW SECTION. **Sec. 13.** (1) If a person takes an adverse action
2 with respect to a consumer that is based, in whole or in part, on
3 information contained in a consumer report, the person shall:

4 (a) Provide written notice of the adverse action to the consumer;

5 (b) Provide the consumer with the name, address, and telephone
6 number of the consumer reporting agency that furnished the report to
7 the person; and

8 (c) Provide the consumer with a written summary of the rights and
9 remedies of the consumer under this chapter, including:

10 (i) The right of the consumer to obtain a free copy of the
11 consumer's report as provided in section 12 of this act from the agency
12 referred to in (b) of this subsection; and

13 (ii) The right of the consumer under section 11 of this act to
14 challenge the accuracy or completeness of any information in the
15 consumer's consumer report and the procedure for filing a dispute with
16 respect to the information.

17 (2)(a) Except as provided in subsection (2)(b) of this section, a
18 person who uses a consumer report, or information contained in a
19 consumer report, in connection with a credit transaction that is not
20 initiated by the consumer and that consists of a firm offer of credit
21 shall provide with any written solicitation made to the consumer
22 regarding the transaction a clear and conspicuous statement that:

23 (i) Information contained in the consumer's consumer report was
24 used in connection with the transaction;

25 (ii) The consumer received the offer of credit because the consumer
26 satisfied the criteria for creditworthiness under which the consumer
27 was selected for the offer;

28 (iii) Where applicable, the credit may not be extended if, after
29 the consumer responds to the offer, the consumer does not meet the
30 criteria used to select the consumer for the offer; and

31 (iv) An explanation of the consumer's right to prohibit information
32 contained in the consumer's file with a consumer reporting agency to be
33 used in connection transactions not initiated by the consumer.

34 (b) Subsection (2)(a) of this section does not apply to the use of
35 a consumer report by a person affiliated by common ownership or common
36 corporate control, if the consumer consents in writing to such person's
37 use after the person who procures the report discloses the provision to
38 and use of the report by the affiliated person.

1 (c) An explanation provided under (a)(iv) of this subsection may
2 contain a description of the consequences to the consumer for having
3 denied consent to receive unsolicited solicitations for credit
4 transactions not initiated by the consumer.

5 (3) Subsidiaries of consumer reporting agencies are not required to
6 recompile with the notice provisions of this section if the consumer
7 reporting agency has complied.

8 NEW SECTION. **Sec. 14.** An action to enforce a liability created
9 under this chapter is permanently barred unless commenced within four
10 years after the cause of action accrues, except that where a defendant
11 has materially and willfully misrepresented information required under
12 this chapter to be disclosed to an individual and the information so
13 misrepresented is material to the establishment of the defendant's
14 liability to that individual under this chapter, the action may be
15 brought at any time within two years after discovery by the individual
16 of the misrepresentation.

17 NEW SECTION. **Sec. 15.** A person who knowingly and willfully
18 obtains information on a consumer from a consumer reporting agency
19 under false pretenses is subject to a fine of up to five thousand
20 dollars or imprisonment for up to one year, or both.

21 NEW SECTION. **Sec. 16.** An officer or employee of a consumer
22 reporting agency who knowingly and willfully provides information
23 concerning an individual from the agency's files to a person not
24 authorized to receive that information is subject to a fine of up to
25 five thousand dollars or imprisonment for up to one year, or both.

26 NEW SECTION. **Sec. 17.** The legislature finds that the practices
27 covered by this chapter are matters vitally affecting the public
28 interest for the purpose of applying the consumer protection act,
29 chapter 19.86 RCW. Violations of this chapter are not reasonable in
30 relation to the development and preservation of business. A violation
31 of this chapter is an unfair or deceptive act in trade or commerce and
32 an unfair method of competition for the purpose of applying the
33 consumer protection act, chapter 19.86 RCW.

1 NEW SECTION. **Sec. 18.** If any provision of this act or its
2 application to any person or circumstance is held invalid, the
3 remainder of the act or the application of the provision to other
4 persons or circumstances is not affected.

5 NEW SECTION. **Sec. 19.** Sections 1 through 18 of this act shall
6 constitute a new chapter in Title 19 RCW.

7 NEW SECTION. **Sec. 20.** This act takes effect January 1, 1994.

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