

FEDERAL RESERVE BANK OF SAN FRANCISCO
101 MARKET STREET, SAN FRANCISCO, CALIFORNIA

December 5, 2005

**BANKING SUPERVISION AND REGULATION:
FAIR CREDIT REPORTING: FINAL RULE**

To State Member Banks, Bank
Holding Companies, U.S. Branches
and Agencies of Foreign Banks,
and Others Concerned,
in the Twelfth Federal Reserve District

Agencies Finalize FACT Act Rules on Medical Information (Docket R-1188)

The federal bank, thrift, and credit union regulatory agencies have issued final rules under the Fair Credit Reporting Act (FCRA) that create exceptions to the statutory prohibition against obtaining or using medical information in connection with credit eligibility determinations. The final rules, which are substantially identical to the interim final rules issued by the agencies in June 2005, also address the sharing of medically related information among affiliates.

The effective date for these final rules is **April 1, 2006**.

Section 411 of the Fair and Accurate Credit Transactions Act of 2003 (FACT Act) amended the FCRA to provide that a creditor may not obtain or use medical information in connection with any determination of a consumer's eligibility, or continued eligibility, for credit, except as permitted by regulations. The FACT Act requires the agencies to prescribe regulations that permit creditors to obtain and use medical information for credit eligibility purposes when necessary and appropriate to protect legitimate operational, transactional, risk, consumer, and other needs. The proposed rules were published for comment on April 28, 2004, and interim final rules were adopted by the agencies on June 10, 2005.

The final rules permit creditors to obtain and use medical information that is typically considered in credit underwriting. Under the final rules, all creditors can rely upon the exceptions for obtaining and using medical information.

Section 411 of the FACT Act also amended the FCRA to limit the ability of creditors and others to share medically related information among affiliates, except as permitted by the statute, regulation, or order. The final rules specify the circumstances in which certain creditors may share medically related information among affiliates without becoming consumer reporting agencies.

Additional Information

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's Internet site, at <http://www.frbsf.org/banking/letters>.

For additional information about final rules please contact our Banking Supervision and Regulation Department at (415) 974-3028.

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[Attachment: Docket R-1188](#)