

# SUBSCRIBER APPLICATION

## COMPANY INFORMATION

Subscriber (Legal Business Name)

Physical Address

City / State / Zip Code

Mailing / Billing Address

City / State / Zip Code

Telephone

Fax

Website

Industry Type

Years In Business

Type of Business:  Partnership  Sole Proprietor  Non-Profit

Corporation / State of: \_\_\_\_\_

Articles of Incorporation# \_\_\_\_\_

Business License # \_\_\_\_\_

Issued In: \_\_\_\_\_  
City / State / County

FEIN (Federal Tax ID) # \_\_\_\_\_

I certify that I am authorized to execute this Membership Application and Service Agreement on behalf of the company listed above. Further, I certify on behalf of such company that the above statements are true and correct and agree for the company to the terms and conditions set forth in the Service Agreement. My signature also authorizes the above listed references to release the company's bank and trade credit information as requested.

Signature

Date

Print Name

Title

## CONTACT INFORMATION

### Processing Contact

Telephone

Fax

Email Address

### Billing Contact

Telephone

Fax

Email Address

## REFERENCES

### I. Banking Reference

Financial Institution

Account Number

Contact

Telephone

### II. Credit Reference

Creditor 1

Account Number

Contact

Telephone

Creditor 2

Account Number

Contact

Telephone

## PURPOSE FOR COLLECTION OF BACKGROUND INFORMATION

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> Employment     | <input type="checkbox"/> Tenant Screening    | <input type="checkbox"/> Insurance            |
| <input type="checkbox"/> Licensing      | <input type="checkbox"/> Real Estate         | <input type="checkbox"/> Government           |
| <input type="checkbox"/> Collections    | <input type="checkbox"/> Mortgage Placement  | <input type="checkbox"/> Financial Investment |
| <input type="checkbox"/> Investigations | <input type="checkbox"/> Attorney/Law office | <input type="checkbox"/> Surety Bonding       |
| <input type="checkbox"/> Other: _____   |  |   |

# SERVICE AGREEMENT

This Agreement is entered into between CEO Information Solutions, Inc. (CIS) and the entity first set forth herein (“Subscriber”).

**1. SERVICE.** CIS provides nationwide public record information, document retrieval and related services (“Services”) using information obtained from third parties (“Third Parties”). Subscriber hereby subscribes to Services for use as a factor in making its business decisions and agrees to pay to CIS the applicable rates and charges set forth herein.

**2. PERFORMANCE.** CIS will use reasonable efforts to deliver Services requested by Subscriber. Subscriber acknowledges that the response time of Services is dependant on many factors, and may be subject to delays beyond CIS’s control. Subscriber accepts all information “AS IS.”

**3. SUBSCRIBER CREDENTIALING AND CREDIT REPORT.** Subscriber acknowledges and understands that CIS will only allow Subscriber to access the Services if Subscriber meets and continues to meet CIS credentialing standards. Subscriber shall notify CIS immediately of any changes to the information on Subscriber’s application for Services and, if at any time Subscriber no longer meets such standards, CIS may terminate this Agreement. Furthermore, Subscriber acknowledges and agrees that as part of the Subscriber credentialing process, Subscriber’s credit report(s) may be requested by CIS in accordance with Federal Fair Credit Reporting Act from one or more consumer reporting agencies. Upon Subscriber’s request, Subscriber will be informed of whether any credit report was requested, and the name and address of the credit reporting agency that furnished the report to CIS.

**4. CHARGES TO SUBSCRIBER.** For each response to a request for information, including “No Record Found”, Subscriber shall pay CIS for Services rendered at the applicable prevailing rate. Alias and A.K.A. (“Also Known As”) searches are billable as separate and individual search requests. Subscriber shall pay to CIS prices as updated from time to time through on-line announcements, Subscriber Bulletins, and published price schedules. All current and future CIS pricing documents are deemed incorporated herein. Furthermore, Subscriber shall be responsible for payment for all Services obtained through Subscriber’s access identification code. Invoicing is generated twice monthly; on both the 15th and final day of each month. Payment by Subscriber is due and payable fifteen (15) days from the date of invoice. If payments are past due more than fifteen (15) days, CIS may freeze access to account, and/ or terminate this Agreement, at it’s discretion. CIS may also elect to impose late fees and/ or change Subscribers rates to then prevailing retail rates, subject to Subscribers ability to pay invoices as described. Subscriber is responsible for payment of all collection costs and attorney fees incurred by CIS through its efforts to collect on balance(s) owed by Subscriber. All remittances shall be sent to the “remit to” address on the invoice.

**5. OWNERSHIP.** Subscriber acknowledges that CIS and/or Third Parties retain all right, title, and interest under applicable contractual, copyright and related laws in the databases and information contained therein and used to provide Services hereunder. Subscriber shall use such information consistent with such right, title and interest and notify CIS of any threatened or actual infringement thereof. .

reports are to be secured and protected against release or disclosure to unauthorized individuals. Hard copy reports are to be shredded when no longer needed, and when permissible to do so by applicable laws and regulations. E. Electronic files containing consumer data should be completely erased and rendered unreadable when no longer needed and when destruction is permissible by applicable laws and regulations.

**6. ACCESS SECURITY REQUIREMENTS.** Recognizing our obligation to fully support and implement policies to protect the confidential nature of information and consumers' rights to privacy, the subscriber is obligated to adhere to the following: a. Subscriber's account number (login ID) and password must be protected in such a way that this sensitive information is known only to key personnel. Under no circumstances should unauthorized persons have knowledge of your password. This information should not be posted in any manner within your facility, or disseminated over the phone or electronically. b. The ability to obtain information must be restricted to a few key personnel; each end user with their own unique login and password. c. Any terminal devices used to obtain consumer information should be placed in a secure location within your facility. Terminal device should be turned off and locked when unattended by authorized user(s). d. Hard copies of consumer reports are to be secured and protected against release or disclosure to unauthorized individuals. Hard copy reports are to be shredded when no longer needed, and when permissible to do so by applicable laws and regulations. E. Electronic files containing consumer data should be completely erased and rendered unreadable when no longer needed and when destruction is permissible by applicable laws and regulations.

**7. SUBSCRIBER USE LIMITATIONS - END USER.** Subscriber acknowledges that this Agreement grants Subscriber a limited license in exchange for payment of the fees and charges set forth herein, and Subscriber shall not further sell, reproduce, retransmit, republish or otherwise transfer for commercial purpose any information that Subscriber receives from Services, except to employees whose duties reasonably relate to the legitimate business purposes for which the information is requested. Subscriber warrants that it is the end user of the information. Subscriber agrees to limit use and dissemination of information from Services solely to use(s) set forth under purpose(s) as stated herein and as indicated by Subscriber. Uses outside of the normal course of business include without limitation: accessing or using information on public figures, including names in the news, media personalities, politicians, etc., unless used for the completion of a business transaction.

**8. SUBSCRIBER USE LIMITATIONS - FAIR CREDIT REPORTING ACT.** Consumer Reports, as defined by the Fair Credit Reporting Act (FCRA), will be ordered only when intended to be used as a factor in establishing a consumers eligibility for employment purposes, which term includes initial employment, promotion, reassignment or retention as a n employee, for security clearance purposes o, or otherwise in connection with legitimate business transaction involving the consumer.

**9. SUBSCRIBER USE LIMITATIONS - CREDIT REPORTS** If Subscriber is permitted to purchase a Credit Report in accordance with the FCRA (Fair Credit Reporting Act), Subscriber certifies and agrees to the following:

a) Before requesting a Credit Report, Subscriber will provide the individual to be reported on with a clear and conspicuous disclosure that a Credit Report may be procured as part of the business due diligence process. In addition, before requesting a Credit Report, the individual to be reported on must authorize in writing the procurement of the Credit Report by Subscriber. Upon CIS's request, Subscriber must produce such authorization for review by CIS.

b) Credit Reports will only be ordered to be used as a factor in business related due diligence, and such Credit Reports will be used for no other purpose.

c) To keep all Credit Reports, whether oral or written, strictly confidential and except as required by law, reveal no information from reports to any person except the person reported on or a person whose duty requires him to participate in the decision for the transaction for which the report was ordered. If the individual reported on, or his representative, requests report information, that person may be referred to CIS for disclosure under the FCRA.

d) Before taking any adverse action based in whole or in part on the Credit Report, the Subscriber shall provide, in writing, to the individual reported on a description of the information that influenced this decision. Further, Subscriber will provide the individual CIS's address and number such that CIS can make full disclosure of any information reported or held by CIS on said individual.

**10. SUBSCRIBER USE LIMITATIONS - DRIVER'S PRIVACY PROTECTION ACT.** Subscriber agrees to use any CIS data, which is the subject of this Agreement, in strict conformance with the Federal Drivers Privacy Protection Act (18 U.S.C. Section 2721 et seq.) and similar state statutes, if applicable.

**11. SUBSCRIBER USE LIMITATIONS - GRAMM-LEACH-BLILEY ACT.** Subscriber agrees to use any CIS data, which is the subject of this Agreement, in strict conformance with the Gramm-Leach Bliley Act (U.S.C. Title 15, Chapter 94, Section 6801 et seq.) and similar state statutes, if applicable.

**12. MVR INFORMATION.** If Subscriber is permitted to purchase motor vehicle records ("MVRs") from CIS, Subscriber agrees to the following:

a. Subscriber shall not use any CIS provided MVR, or portions of information contained therein to create or update a file to the end that Subscriber develops its own source of driving history information.

b. As requested by CIS, Subscriber shall complete any state forms that CIS is legally or contractually bound to obtain from Subscriber before serving Subscriber with state MVRs.

c. Subscriber will follow all necessary State and Federal laws regarding the dissemination or publishing of personal information contained in MVRs via the Internet.

**13. MISUSE OF SERVICES OR INFORMATION.** Subscriber agrees to take appropriate measures so as to protect against the misuse of CIS's Services. Subscriber agrees that CIS may, if it is concerned about Subscriber's use, temporarily suspend Subscriber's access for up to ten (10) business days pending an investigation of use. Subscriber agrees to cooperate fully with any and all investigations. If misuse is confirmed through investigation, CIS may immediately terminate this Agreement.

**14. CHANGES IN USE OR ACCESS.** CIS may, at any time, impose restrictions and/or prohibitions on the Subscriber's use of the Services or certain data. Subscriber understands that such restrictions or changes in access may be the result of a modification in CIS policy, a modification of Third Party agreements, a modification in industry standards, or a change in law or regulation. Upon written notification by CIS of such restrictions, Subscriber agrees to comply with such restrictions. Accordingly, CIS also reserves the right to add or withdraw features, functionality and content of the online Services at its discretion.

**15. RELEASE AUTHORIZATION & AUDIT.** Subscriber is required to obtain a signed "Release Authorization" from the consumer, granting authorization to perform an extensive screening, prior to submitting a request for research. Subscriber understands and agrees that in order to ensure compliance with applicable law and CIS policies, CIS will conduct periodic reviews of Subscriber activity and may, on a random basis, contact Subscriber to provide documentation of executed searches. CIS shall also investigate all legitimate reports of abuse or misuse of CIS Services by Subscribers. Subscriber agrees to cooperate fully with any and all investigations. Violations discovered in any review by CIS will be subject to immediate action including, but not limited to, termination of the account, legal action, and/or referral to federal or state regulatory agencies.

**16. TERM OF CONTRACT.** The term of this agreement shall be for a one (1) year period beginning on the date on which the agreement is made (as shown on the signature page of the agreement), and the agreement shall automatically renew itself for additional one year periods, unless notification of non-renewal is given by either party sixty (60) days prior to the anniversary date.

**17. LIABILITY/WARRANTY.** SUBSCRIBER ACKNOWLEDGES THAT INFORMATION IN REPORTS IS SECURED FROM, AND PROCESSED BY FAILABLE SOURCES (HUMAN AND OTHERWISE) AND THAT FOR THE FEE CHARGED, CIS CANNOT BE EITHER AN INSURER OR A GUARANTOR OF THE ACCURACY OF THE INFORMATION REPORTED. SUBSCRIBER THEREFORE RELEASES CIS AND IT'S AFFILIATED COMPANIES AND THE OFFICERS, AGENTS, EMPLOYEES AND INDEPENDENT CONTRACTORS OF CIS AND IT'S AFFILIATED COMPANIES FROM LIABILITY FOR ANY NEGLIGENCE, ERRORS OR OMISSIONS IN CONNECTION WITH ANY SEARCH REQUEST. NEITHER CIS NOR THIRD PARTIES SHALL BE LIABLE TO SUBSCRIBER OR TO ANY PERSON CLAIMING THROUGH SUBSCRIBER OR TO WHOM SUBSCRIBER MAY HAVE PROVIDED SERVICE-RELATED INFORMATION FOR ANY LOSS OR INJURY ARISING OUT OF OR CAUSED IN WHOLE OR IN PART BY CIS'S OR THIRD PARTIES' NEGLIGENT ACTS OR OMISSIONS IN PROCURING, COMPILING, COLLECTING, INTERPRETING, REPORTING, COMMUNICATING, OR DELIVERING SERVICES OR IN OTHERWISE PERFORMING THIS AGREEMENT. SUBSCRIBER ACKNOWLEDGES THAT EVERY BUSINESS DECISION INVOLVES ASSUMPTION OF A RISK, AND THAT NEITHER CIS NOR ANY THIRD PARTY UNDERWRITES THAT RISK IN ANY MANNER WHATSOEVER. IF, NOTWITHSTANDING THE FOREGOING, LIABILITY CAN BE IMPOSED ON CIS OR A THIRD PARTY, THEN SUBSCRIBER AGREES THAT CIS'S AND/OR THIRD PARTIES' AGGREGATE LIABILITY FOR ANY AND ALL LOSSES OR INJURIES ARISING OUT OF ANY ACT OR OMISSION OF CIS AND/OR THIRD PARTIES IN CONNECTION WITH ANYTHING TO BE DONE OR FURNISHED UNDER THIS AGREEMENT, REGARDLESS OF THE CAUSE OF THE LOSS OR INJURY (INCLUDING NEGLIGENCE) AND REGARDLESS OF THE NATURE OF THE LEGAL OR EQUITABLE RIGHT CLAIMED TO HAVE BEEN VIOLATED, SHALL NEVER EXCEED THE COST OF THE SERVICE OR SERVICES TO WHICH A GIVEN CLAIM RELATES AND WHICH WAS CHARGED TO SUBSCRIBER, AND SUBSCRIBER COVENANTS AND PROMISES THAT IT WILL NOT SUE CIS AND/OR THIRD PARTIES FOR AN AMOUNT GREATER THAN SUCH SUM EVEN IF CIS AND/OR THIRD PARTIES WERE ADVISED OF THE POSSIBILITY OF SUCH DAMAGES AND THAT IT WILL NOT SEEK PUNITIVE DAMAGES IN ANY SUIT AGAINST CIS AND/OR THIRD PARTIES, ALL IN CONSIDERATION OF THE RECEIPT BY SUBSCRIBER OF SERVICES AT THE RATES CHARGED BY CIS HEREUNDER, WHICH ARE FAR LOWER THAN WOULD BE AVAILABLE TO SUBSCRIBER ABSENT THE WAIVERS AND DISCLAIMERS CONTAINED HEREIN. CIS AND THIRD PARTIES DO NOT MAKE AND HEREBY DISCLAIM ANY WARRANTY, EXPRESS OR IMPLIED. CIS AND/OR THIRD PARTIES DO NOT GUARANTEE OR WARRANT THE CORRECTNESS, COMPLETENESS, CURRENTNESS, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE OF THE SERVICES OR THE COMPONENTS THEREOF. IN NO EVENT SHALL CIS OR THIRD PARTIES BE LIABLE FOR ANY DIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES, HOWEVER ARISING, INCURRED BY SUBSCRIBER FROM RECEIPT OR USE OF INFORMATION DELIVERED HEREUNDER, OR THE UNAVAILABILITY THEREOF.

**18. INDEMNIFICATION.** Subscriber hereby agrees to protect, indemnify, defend and hold harmless CIS and all Third Parties from and against any and all costs, claims, demands, damages, losses and liabilities (including actual attorneys' fees) arising from or in any way related to use of information by Subscriber (or any third party receiving such information from or through Subscriber) furnished by or through CIS. Provisions hereof related to release of claims, indemnification, use of information and Services, payment for Services and disclaimer of warranties shall survive any termination of this Agreement.

**19. ASSIGNMENT.** This Agreement and the rights and obligations of each party hereto shall not be assigned or delegated without the prior written consent of the other party which consent shall not be unreasonably withheld.

**20. AGREEMENT ENTIRETY.** This Agreement, as amended, sets forth the entire understanding and agreement between CIS and Subscriber regarding the subject matter herein and supersedes any prior or contemporaneous oral or written agreements or representations, except that access to and use of Third Party services may be governed by terms and conditions different than or in addition to those herein. By receipt of Services, Subscriber agrees to, and shall comply with, such different and/or additional terms of Third Parties and such changes to this Agreement as CIS shall make from time to time by notice to Subscriber via online amendments or Subscriber bulletins. This Agreement shall be interpreted in accordance with the laws of the State of Florida.

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Subscriber Signature

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Date

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Subscriber Name (Print)

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Title

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CEO Infomation Solutions, Inc.

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Date

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Print Name

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Title



**NOTICE TO USERS OF CONSUMER REPORTS:  
OBLIGATIONS OF USERS UNDER THE FCRA**

The federal Fair Credit Reporting Act (FCRA), 15 U.S.C. 1681-1681y, requires that this notice be provided to inform users of consumer reports of their legal obligations. State law may impose additional requirements. The text of the FCRA is set forth in full at the Federal Trade Commission's Website at [www.ftc.gov/credit](http://www.ftc.gov/credit). At the end of this document is a list of United States Code citations for the FCRA. Other information about user duties is also available at the Commission's Website.

**Users must consult the relevant provisions of the FCRA for details about their legal obligations.**

This first section of this summary sets forth the responsibilities imposed by the FCRA on all users of consumer reports. The subsequent sections discuss the duties of users of reports that contain specific types of information, or that are used for certain purposes, and the legal consequences of violations. If you are a furnisher of information to a consumer reporting agency (CRA), you have additional obligations and will receive a separate notice from the CRA describing your duties as a furnisher.

**I. OBLIGATIONS OF ALL USERS OF CONSUMER REPORTS**

A. Users Must Have a Permissible Purpose. Congress has limited the use of consumer reports to protect consumers' privacy. All users must have a permissible purpose under the FCRA to obtain a consumer report. Section 604 of the FCRA contains a list of the permissible purposes under the law. These are:

- As ordered by a court or a federal grand jury subpoena. Section 604(a)(1)
- As instructed by the consumer in writing. Section 604(a)(2)
- For the extension of credit as a result of an application from a consumer, or the review or collection of a consumer's account. Section 604(a)(3)(A)
- For employment purposes, including hiring and promotion decisions, where the consumer has given written permission. Sections 604(a)(3)(B) and 604(b)
- For the underwriting of insurance as a result of an application from a consumer. Section 604(a)(3)(C)
- When there is a legitimate business need, in connection with a business transaction that is initiated by the consumer. Section 604(a)(3)(F)(i)
- To review a consumer's account to determine whether the consumer continues to meet the terms of the account. Section 604(a)(3)(F)(ii)
- To determine a consumer's eligibility for a license or other benefit granted by a governmental instrumentality required by law to consider an applicant's financial responsibility or status. Section 604(a)(3)(D)
- For use by a potential investor or servicer, or current insurer, in a valuation or assessment of the credit or prepayment risks associated with an existing credit obligation. Section 604(a)(3)(E)
- For use by state and local officials in connection with the determination of child support payments, or modifications and enforcement thereof. Sections 604(a)(4) and 604(a)(5)

In addition, creditors and insurers may obtain certain consumer report information for the purpose of making "prescreened" unsolicited offers of credit or insurance. Section 604(c). The particular obligations of users of "prescreened" information are described in Section VII below. Appendix C to Part 601 -- Prescribed Notice of User Responsibilities

B. Users Must Provide Certifications. Section 604(f) prohibits any person from obtaining a consumer report from a consumer reporting agency (CRA) unless the person has certified to the CRA the permissible purpose(s) for which the report is being obtained and certifies that the report will not be used for any other purpose.

C. Users Must Notify Consumers When Adverse Actions Are Taken. The term “adverse action” is defined very broadly by Section 603. “Adverse actions” include all business, credit, and employment actions affecting consumers that can be considered to have a negative impact as defined by Section 603(k) of the FCRA – such as denying or canceling credit or insurance, or denying employment or promotion. No adverse action occurs in a credit transaction where the creditor makes a counteroffer that is accepted by the consumer.

1. Adverse Actions Based on Information Obtained From a CRA. If a user takes any type of adverse action as defined by the FCRA that is based at least in part on information contained in a consumer report, Section 615(a) requires the user to notify the consumer. The notification may be done in writing, orally, or by electronic means. It must include the following:

- The name, address, and telephone number of the CRA (including a toll-free telephone number, if it is a nationwide CRA) that provided the report.
- A statement that the CRA did not make the adverse decision and is not able to explain why the decision was made.
- A statement setting forth the consumer’s right to obtain a free disclosure of the consumer’s file from the CRA if the consumer requests the report within 60 days.
- A statement setting forth the consumer’s right to dispute directly with the CRA the accuracy or completeness of any information provided by the CRA.

2. Adverse Actions Based on Information Obtained From Third Parties Who Are Not Consumer Reporting Agencies. If a person denies (or increases the charge for) credit for personal, family, or household purposes based either wholly or partly upon information from a person other than a CRA, and the information is the type of consumer information covered by the FCRA, Section 615(b)(1) requires that the user clearly and accurately disclose to the consumer his or her right to be told the nature of the information that was relied upon by making a written request within 60 days of notification. The user must provide the disclosure within a reasonable period of time following the consumer’s written request.

3. Adverse Actions Based on Information Obtained From Affiliates. If a person takes an adverse action involving insurance, employment, or a credit transaction initiated by the consumer, based on information of the type covered by the FCRA, and this information was obtained from an entity affiliated with the user of the information by common ownership or control, Section 615(b)(2) requires the user to notify the consumer of the adverse action. The notification must inform the consumer that he or she may obtain a disclosure of the nature of the information relied upon by making a written request within 60 days of receiving the adverse action notice. If the consumer makes such a request, the user must disclose the nature of the information not later than 30 days after receiving the request.

If consumer report information is shared among affiliates and then used for an adverse action, the user must make an adverse action disclosure as set forth in I.C.1 above.



D. Users Have Obligation When Fraud and Active Duty Military Alerts are in Files. When a consumer has placed a fraud alert, including one relating to identity theft, or an active duty military alert with a nationwide consumer reporting agency as defined in Section 603(p) and resellers, Section 605A(h) imposes limitation on users of reports obtained from the consumer reporting agency in certain circumstances, including the establishment of a new credit plan and the issuance of additional credit cards. For initial fraud alerts and active duty alerts, the user must have reasonable policies and procedures in place to form a belief that the user knows the identity of the applicant or contact the consumer at a telephone number specified by the consumer; in the case of extended fraud alerts, the user must contact the consumer in accordance with the contact information provided in the consumer's alert.

E. Users Have Obligation When Notified of an Address Discrepancy. Section 605(h) requires nationwide CRA's, as defined in Section 603(p), to notify users that request reports when the address for a consumer provided by the user in requesting the report is substantially different from the addresses in the consumer's file. When this occurs, users must comply with regulations specifying the procedures to be followed, which will be issued by the Federal Trade Commission and the banking and credit union regulators. The Federal Trade Commission's regulations will be available at [www.ftc.gov/credit](http://www.ftc.gov/credit).

F. Users Have Obligations When Disposing of Records. Section 628 requires that all users of consumer report information have in place procedures to properly dispose of records containing this information. The Federal Trade Commission, the Securities and Exchange Commission, and the banking and credit union regulators have issued regulations covering disposal. The Federal Trade Commission's regulations may be found at [www.ftc.gov/credit](http://www.ftc.gov/credit).

**II. CREDITORS MUST MAKE ADDITIONAL DISCLOSURES.** If a person uses a consumer report in connection with an application for, or a grant, extension, or provision of, credit to a consumer on material terms that are materially less favorable than the most favorable terms available to a substantial proportion of consumers from or through the person, based in whole or in part on a consumer report, the person must provide a risk-based pricing notice to the consumer in accordance with regulations to be jointly prescribed by the Federal Trade Commission and the Federal Reserve Board.

Section 609(g) requires a disclosure by all persons that make or arrange loans secured by residential real property (one to four units) and that use credit scores. These persons must provide credit scores to applicants including the disclosure set forth in Section 609(g)(1)(D) ("Notice to the Home Loan Applicant")

### **III. OBLIGATIONS OF USERS WHEN CONSUMER REPORTS ARE OBTAINED FOR EMPLOYMENT PURPOSES.**

#### **Employment Other Than in the Trucking Industry**

If information from a CRA is used for employment purposes, the user has specific duties, which are set forth in Section 604(b) of the FCRA. The user must:

- Make a clear and conspicuous written disclosure to the consumer before the report is obtained, in a document that consists solely of the disclosure that a consumer report may be obtained.

- Obtain prior written authorization from the consumer. Authorization to access reports during the term of employment may be obtained at the time of employment.
- Certify to the CRA that the above steps have been followed, that the information being obtained will not be used in violation of any federal or state equal opportunity law or regulation, and that, if any adverse action is to be taken based on the consumer report, a copy of the report and a summary of the consumer's rights will be provided to the consumer.
- Before taking an adverse action, the user must provide a copy of the report to the consumer as well as the summary of the consumer's rights. (The user should receive this summary from the CRA. A Section 615(a) adverse action notice should be sent after the adverse action is taken.

An adverse action notice also is required in employment situation if credit information (other than transactions and experience data) obtained from an affiliate is used to deny employment. Section 615(b)(2)

The procedures for investigative consumer reports and employee misconduct investigations are set forth below.

### **B. Employment in the Trucking Industry**

Special rules apply for truck drivers where the only interaction between the consumer and the potential employer is by mail, telephone, or computer. In this case, the consumer may provide consent orally or electronically, and an adverse action may be made orally, in writing, or electronically. The consumer may obtain a copy of any report relied upon by the trucking company by contacting the company.

### **IV. OBLIGATIONS WHEN INVESTIGATIVE CONSUMER REPORTS ARE USED.**

Investigative consumer reports are a special type of consumer report in which information about a consumer's character, general reputation, personal characteristics, and mode of living is obtained through personal interviews by an entity of person that is a consumer reporting agency. Consumers who are the subjects of such reports are given special rights under the FCRA. If a user intends to obtain an investigative consumer report, Section 606 requires the following:

- The user must disclose to the consumer that an investigative consumer report may be obtained. This must be done in a written disclosure that is mailed, or otherwise delivered, to the consumer at some time before or not later than three days after the date on which the report was first requested. The disclosure must include a statement informing the consumer of his or her right to request additional disclosures of the nature and scope of the investigation as described below, and must include the summary of consumer rights required by Section 609 of the FCRA. (The summary of consumer rights will be provided by the CRA that conducts the investigation.)
- The user must certify to the CRA that the disclosures set forth above have been made and that the user will make the disclosure described below.
- Upon the written request of a consumer made within a reasonable period of time after the disclosures required above, the user must make a complete disclosure of the nature and scope of the investigation. This must be made in a written statement that is mailed, or otherwise delivered, to the consumer no later than five days after the date on which the request was received from the consumer or the report was first requested, whichever is later in time.

**V. SPECIAL PROCEDURES FOR EMPLOYEE INVESTIGATIONS.** Section 603(x) provides special procedures for investigations of suspected misconduct by an employee or for compliance with Federal, State or local laws and regulations or the rules of a self-regulatory organization, and compliance with written policies of the employer. These investigations are not treated as consumer reports so long as the employer or its agent complies with the procedures set forth in Section 603(x), and a summary describing the nature and scope of the inquiry is made to the employee if an adverse action is taken based on the investigation.

**VI. OBLIGATIONS OF USERS OF MEDICAL INFORMATION.** Section 604(g) limits the use of medical information obtained from consumer reporting agencies (other than payment information that appears in a coded form that does not identify the medical provider). If the information is to be used for an insurance transaction, the consumer must give consent to the user of the report of the information must be coded. If the report is to be used for employment purposes-or in connection with a credit transaction (except as provided in regulations issued by the banking and credit union regulators) – the consumer must provide specific written consent and the medical information must be relevant. Any user who receives medical information shall not disclose the information to any person (except where necessary to carry out the purpose for which the information was disclosed, or as permitted by statute, regulation, or order).

**VII. OBLIGATIONS OF USERS OF “PRESCREENED” LISTS.** The FCRA permits creditors and insurers to obtain limited consumer report information for use in connection with unsolicited offers of credit or insurance under certain circumstances. Sections 603(l), 604(c), 604(e), and 615(d) This practice is known as “prescreening” and typically involves obtaining from a CRA a list of consumers who meet certain pre-established criteria. If any person intends to use prescreened lists, that person must (1) before the offer is made, establish the criteria that will be relied upon to make the offer and to grant credit or insurance, and (2) maintain such criteria on file for a three-year period beginning on the on which the offer is made to each consumer. In addition, any user must provide with each written solicitation a clear and conspicuous statement that:

- Information contained in a consumer’s CRA file was used in connection with the transaction.
- The consumer received the offer because he or she satisfied the criteria for credit worthiness or insurability used to screen for the offer.
- Credit or insurance may not be extended if, after the consumer responds, it is determined that the consumer does not meet the criteria used for screening or any applicable criteria bearing on credit worthiness or insurability, or the consumer does not furnish required collateral.
- The consumer may prohibit the use of information in his or her file in connection with future prescreened offers of credit or insurance by contacting the notification system established by the CRA that provided the report. This statement must include the address and toll-free telephone number of the appropriate notification system.

In addition, once the Federal Trade Commission by rule has established the format, type size and manner of the disclosure required by Section 615(d), users must be in compliance with the rule. The FTC’s regulations will be at [www.ftc.gov/credit](http://www.ftc.gov/credit).

**VIII. OBLIGATIONS OF RESELLERS.**

**A. Disclosure and Certification Requirements**

Section 607(e) requires any person who obtains a consumer report for resale to take the following steps:

- Disclose the identity of the end-user to the source CRA.
- Identify to the source CRA each permissible purpose for which the report will be furnished to the end-user.
- Establish and follow reasonable procedures to ensure that reports are resold only for permissible purposes, including procedures to obtain:

- (1) the identity of all end-users;
  - (2) certifications from all users of each purpose for which reports will be used; and
  - (3) certifications that reports will not be used for any purpose other than the purpose(s) specified to the reseller.
- Resellers must make reasonable efforts to verify this information before selling the report.

**B. Reinvestigations by Resellers**

Under Section 611(f), if a consumer disputes the accuracy or completeness of information in a report prepared by a reseller, the reseller must determine whether this is a result of an action or omission on its part and, if so, correct or delete the information. If not, the reseller must send the dispute to the source CRA for reinvestigation. When any CRA notifies the reseller of the results of an investigation, the reseller must immediately convey the information to the consumer.

**C. Fraud Alerts and Resellers**

Section 605A(f) requires resellers who receive fraud alerts or active duty alerts from another consumer reporting agency to include these in their reports.

**IX. LIABILITY FOR VIOLATIONS OF THE FCRA.** Failure to comply with the FCRA can result in state or federal enforcement actions, as well as private lawsuits. Sections 616, 617, and 621. In addition, any person who knowingly and willfully obtains a consumer report under false pretenses may face criminal prosecution. Section 619.

**The FTC’s Website, [www.ftc.gov/credit](http://www.ftc.gov/credit), has more information about the FCRA including publications for businesses and full text of the FCRA.**

**Citations for FCRA sections in the U.S. Code, 15 U.S.C. 1681 et seq.:**

Section 602 15 U.S.C. 1681	Section 615 15 U.S.C. 1681m
Section 603 15 U.S.C. 1681a	Section 616 15 U.S.C. 1681n
Section 604 15 U.S.C. 1681b	Section 617 15 U.S.C. 1681o
Section 605 15 U.S.C. 1681c	Section 618 15 U.S.C. 1681p
Section 605A 15 U.S.C. 1681cA	Section 619 15 U.S.C. 1681q
Section 605B 15 U.S.C. 1681cB	Section 620 15 U.S.C. 1681r
Section 606 15 U.S.C. 1681d	Section 621 15 U.S.C. 1681s
Section 607 15 U.S.C. 1681e	Section 622 15 U.S.C. 1681s-1
Section 608 15 U.S.C. 1681f	Section 623 15 U.S.C. 1681s-2
Section 609 15 U.S.C. 1681g	Section 624 15 U.S.C. 1681t
Section 610 15 U.S.C. 1681h	Section 625 15 U.S.C. 1681u
Section 611 15 U.S.C. 1681i	Section 626 15 U.S.C. 1681v
Section 612 15 U.S.C. 1681j	Section 627 15 U.S.C. 1681w
Section 613 15 U.S.C. 1681k	Section 628 15 U.S.C. 1681x
Section 614 15 U.S.C. 1681l	Section 629 15 U.S.C. 1681y