

FCRA Overview and Instructions

Under the federal Fair Credit Reporting Act, 15 U.S.C. §1681 et seq. (FCRA), as amended by the Fair and Accurate Credit Transactions Act of 2003 (FACT Act), the background screening reports THE EMPLOYER'S SOURCE Commercial Services supplies are classified as "consumer reports." This includes *all* types of reports provided by THE EMPLOYER'S SOURCE (i.e., credit reports, motor vehicle reports, employment history records, criminal records, etc.). These reports are governed by the FCRA, which provides protections and responsibilities to those who either use or provide consumer reports, and to the consumer subjects of those reports.

The FCRA requires that we provide you with certain information regarding your obligations under the law. It is your responsibility to review the information provided and to comply with the requirements placed upon you. The following documents are provided to THE EMPLOYER'S SOURCE customers:

- **Notice to Users of Consumer Reports** - This notice outlines the obligations of THE EMPLOYER'S SOURCE customers as users of consumer reports furnished by THE EMPLOYER'S SOURCE.
- **Summary of Your Rights Under the Fair Credit Reporting Act** - This summary must be provided by THE EMPLOYER'S SOURCE customers: (i) to any consumer on whom a consumer report has been ordered for employment purposes, when such report may result in an adverse employment action being taken by the customer against the consumer, or (ii) to a consumer in conjunction with the mandated disclosure and release documents given to the consumer when an investigative consumer report may be ordered on the consumer.
- **Remedying the Effects of Identity Theft** - This document provides useful information for victims of identity theft. THE EMPLOYER'S SOURCE customers are not required to distribute this document unless they are considered consumer reporting agencies under the FCRA. However, this document may be useful in the event your company is contacted by someone claiming to have had their identity stolen.
- **The Fair Credit Reporting Act** - The text of this federal law is available at: <http://www.ftc.gov/os/statutes/fcra.pdf>. Additional information about the FCRA and FACT Act can be found at: <http://www.ftc.gov/privacy/privacyinitiatives/credit.html>.
- **Disclosure and Release – Employment** - Each individual being considered for employment, promotion, reassignment, or retention must be given a statement indicating that a consumer report may be obtained on them for employment purposes. The individual must also consent in writing to the procurement of the report. This sample form meets these requirements. Please note, the disclosure and written consent cannot be a part of the employment application. They must be contained in a separate document.
- **Disclosure and Release – Investigative Consumer Report** - Consumer reports that include *employment verifications and personal references* are considered "investigative" consumer reports and require additional disclosures as set forth in this form.
- **Disclosure and Release** - A sample disclosure and release that may be used for FCRA permissible purposes *other than employment* (i.e., extension of credit, insurance underwriting, etc.).
- **Pre-Adverse Action Letter – Employment** - When you anticipate making an adverse employment decision based in whole or in part on information contained in a consumer report, you are required to provide the applicant with a copy of the consumer report (the actual background report we send you) and a copy of the Summary of Your Rights Under the Fair Credit Reporting Act. This sample letter may be used as a cover letter when mailing these documents to the consumer.
- **Post-Adverse Action Letter – Employment** - When you take adverse action against a consumer (i.e., not hiring an applicant, terminating an employee, etc.), based in whole or in part on the information contained in a consumer report, you are required to provide oral, written or electronic notice of the adverse action to the consumer. This must include a statement that the consumer reporting agency did not make the decision to take adverse action and is unable to

provide the reason why the adverse action was taken. Additionally, this notice must include the consumer reporting agency's name, address and toll-free telephone number, the consumer's right to obtain a free copy of the report within sixty (60) days, and information regarding their right to dispute the accuracy or completeness of any information contained in the report. This sample letter may be used to meet these requirements.

Special Procedures for DOT-Regulated Positions - If a consumer applies for employment by mail, telephone, computer, or other similar means, and you take adverse action against the consumer based in whole or in part on information contained in a consumer report, you should follow these procedures. Please note: The Pre- and Post- Adverse Action Letters are not required. However, you are required within three (3) business days after taking such action, to provide by oral, written, or electronic means, the same information contained within the Post-Adverse Action Letter, along with notice that the consumer may request a copy of the report from you. If the consumer requests a copy of the consumer report, you are required to provide it, along with a copy of the Summary of Your Rights under the Fair Credit Reporting Act, within three (3) business days after receiving proof of identification from the consumer.

Additional Requirement for California Employers

- **California Cover Letter** - Under the California Investigative Consumer Reporting Agencies Act Cal. Civil Code §1786 et seq., employers are required to provide applicants/employees an opportunity to request a copy of any consumer report(s) ordered on them. Requested copies must be provided by the employer within three (3) business days after receipt of the report from THE EMPLOYER'S SOURCE and must include THE EMPLOYER'S SOURCE's name, address, and phone number. When forwarding the report to the consumer, we recommend you use a cover letter such as this one.