

AN OVERVIEW OF THE CONSUMER CREDIT REPORTING REFORM ACT

This office has received several calls concerning the Consumer Credit Reporting Reform Act of 1996 which went into effect on September 30, 1997. In the interest of keeping landlords current on new law as it comes into effect, this article will provide you with an overview of the Act.

The Amendments that took effect on September 30, impose several new requirements on owners and management of rental housing when a consumer credit record is used to make business decisions, such as whether or not to rent to an applicant. In addition, the amendments impose new obligations on those who provide information to a consumer credit agency.

When rejecting a rental applicant based at least partially on a consumer credit report or on a third party reference, the owner and/or management must notify the applicant of such in writing, orally, or by electronic means. This office strongly recommends that all rejections be delivered to the applicant in writing and such notice be kept on file in the event of a dispute. When the decision to reject a rental applicant is based on the consumer credit report, the notification of such rejections must disclose to the applicant (a) the name, address and phone number of the consumer reporting agency; (b) that the consumer reporting agency “did not make the decision to take adverse action and is unable to provide the consumer the specific reasons why the adverse action as taken”; (c) that the applicant may obtain a free copy of the credit report from the consumer reporting agency if requested within 60 days of the notification of rejection; and (d) that the consumer has the right to dispute the accuracy or completeness of any information contained in the consumer credit report directly with the consumer reporting agency.

When rejecting a rental applicant based wholly or partly on third party information, the owner and/or manager must inform the applicant of their right to obtain disclosure of the nature of the information relied upon. The applicant must make such request in writing within 60 days of notification of the adverse action. Once you receive the request for disclosure, you must provide the information to the applicant within a reasonable period of time.

If you provide any information to a consumer credit agency, you must be sure that the information you provide is accurate. You also have an affirmative obligation to correct and/or update any information that you have provided. Once a consumer notifies you that he or she disputes the accuracy of the information in the consumer credit report, you are not permitted to report that information to a credit reporting agency without also informing them of the consumer’s dispute.

If, on the other hand, the credit reporting agency notifies you that the consumer is disputing the information in the consumer credit report that you provided, you have an obligation to conduct a thorough investigation into this matter, review the information given to you by the credit reporting agency, report the results to the credit reporting agency, and furnish corrected or updated information to all credit reporting agencies to

which you have provided information about the consumer. Your investigation must be completed within 30 days of notification from the credit-reporting agency.

Finally, you must notify a credit reporting agency within 90 days of the month and year of the origin of the delinquency that you are placing the delinquent account for collection, charged to profit or loss or similar type of action.

You will find attached a form that this office recommends using to notify consumers that their application for residency has not been approved by the property. Please remember that the penalties for failing to abide by this law can be steep and unforgiving.

We regret to inform you that your application for residency at _____ Apartments has not been accepted. Pursuant to the Fair Credit Report Act, 15 U.S.C. Section 1681, et seq., as amended by the Consumer Credit Reporting Reform Act of 1996, we are providing you with the following information:

1. We have denied your application based on one or more of the following:
____ Information contained in a consumer credit report obtained from the consumer credit reporting agency listed in paragraph 2 of this letter.
____ Insufficient information contained in a consumer credit report obtained from the consumer credit reporting agency listed in paragraph 2 of this letter.
____ Information received from a third party other than a consumer credit reporting agency.
2. The consumer credit reporting agency used to obtain your consumer credit report is: _____, whose address is _____, and whose phone number is _____. This agency only provided information and did not make the decision to take adverse action and is unable to provide with specific reasons why the adverse action was taken.
3. You have the right to obtain a free copy of the consumer credit report from the consumer credit reporting agency if you make your request not later than 60 days after receipt by you of this consumer notification. You have the right to dispute directly with the consumer credit reporting agency the accuracy or completeness of any information provided in the consumer credit report.
4. If the rejection of your application was based at least in part on information received from a third party, you have the right to obtain disclosure of the nature of the information relied on by this office. You must make this request in writing within 60 days after receipt by you of this consumer notification.

Sincerely,
PROPERTY MANAGER