

**Customer Certification**  
**LIS Applicant Credit Checks**

Company Name: \_\_\_\_\_

Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

We hereby certify that we agree to abide by the Fair Credit Reporting Act as amended, effective September 30, 1997.

We will:

1. Disclose to applicant, in a separate document, that a consumer report may be obtained for employment purposes.
2. Obtain written consent before ordering any reports.
3. Advise the applicant if adverse action is being taken in whole or in part by the information contained in the reports and will give such advice before taking such action, including providing a copy of the report.
4. Provide the applicant with a written summary of their rights; including the right to obtain any report in our file.
5. Not violate any applicable Federal or State laws and the information in the will report will not be used in violation of any Federal or State law.

The undersigned agrees to abide by the FCRA as amended, effective September 30, 1997.

Print your name \_\_\_\_\_ Position: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**PERMISSION AND RELEASE FORM FOR A BACKGROUND INVESTIGATION**

---

(Name) First Middle Last Maiden/Former Names

---

(Current Address) Number & Street City/Town State/Zip Code How long at this address

---

(Previous Address) Number & Street City/Town State/Zip Code How long at this address

---

Date of Birth Place of Birth Social Security Number

---

Drivers License State

Drivers License Number

In connection with my application for employment with \_\_\_\_\_, I hereby authorize said company and any authorized agent acting on its behalf to prepare an investigative report and an investigative consumer report on my background including a Social Security Trace through the Credit Bureaus for address verification. I therefore authorize, request and require any persons or institutions contacted to furnish **Lancaster Information Services, Inc.**, or its agents, any information they have concerning any criminal records, motor vehicle records, my work history and achievements, education history and achievements, credit worthiness, credit standing and credit capacity, general reputation and character.

As an inducement to provide this information, I hereby release and forever discharge each and every such person or institution from any and all claims of liability in law or in equity, that may arise of furnishing such information to **Lancaster Information Services, Inc.**, or any authorized agent of that company.

I may, upon written request, receive further information as to the nature and scope of such investigation. Any inquiries are to be directed to the agency/company as listed in the two preceding paragraphs.

My signature below indicates my understanding and acceptance of all the above terms and stipulations.

---

Signature

---

Date

---

Please check requested information:

MVR \_\_\_\_\_ State: \_\_\_\_\_

Credit History: **FORM: ABS MUST BE SUBMITTED**

Criminal History \_\_\_\_\_ State(s) \_\_\_\_\_ \*Employment Verification: \_\_\_\_\_

\*Education Verification: \_\_\_\_\_ Other: Please List \_\_\_\_\_

Person to contact: \_\_\_\_\_ Phone No.: \_\_\_\_\_ Ext. \_\_\_\_\_

**\* NOTE: If requesting Education and Employment Verifications a copy of the applicants resume must be attached.**

Rel052200.SAM

# **FAIR CREDIT REPORTING ACT**

## Consumer Disclosure and General Authorization

In connection with my application for employment with \_\_\_\_\_ I understand that a consumer report or investigative consumer report, as those terms are defined in the Federal Fair Credit Reporting Act as amended ("FCRA"), 15 U.S.C. 1681 et seq. may be obtained by the Company from a consumer reporting agency ("Agency"). I further understand that the Agency may not give out Information about me to the Company without my written consent. It is also understood that the Agency may not report medical information about me to the Company without my specific prior consent as to the release of such information, which is in addition to the general authorization herein.

I understand that an investigative consumer report is a special type of consumer report in which information about my character, general reputation, personal characteristics and mode of living is obtained through personal interviews. In the event an investigative consumer report is obtained, I request additional disclosures provided for below as follows:

Upon my written request to the Company within a reasonable period of time after my receipt of this Fair Credit Reporting Act Consumer Disclosure and General Authorization the Company shall make a complete and accurate disclosure of the nature and scope of the investigation requested. It is understood that this disclosure shall be made in writing mailed, or otherwise delivered, to me not later than five (5) days after the date on which the request for such disclosure was received from me or such report was first requested, whichever is later in time.

I hereby authorize the Company now or at any time while I am employed by the Company, to obtain a consumer report or investigative consumer report on me, as applicable. This authorization does not include the release of my medical information. I further acknowledge that I have received a summary of my rights under the FCRA.

\_\_\_\_\_  
*Applicant Signature*

\_\_\_\_\_  
*Date*

\_\_\_\_\_  
*Printed Name*

\_\_\_\_\_  
*Address (Street)*

\_\_\_\_\_  
*City, State, Zip*

## Summary of Rights Under FCRA

The federal Fair Credit Reporting Act (FCRA) is designed to promote accuracy, fairness and privacy of information in the files of every consumer reporting agency (CRA). You can find the complete text of the FCRA, 15 U.S.C. 1681-1681 u, at the Federal Trade Commissions web site (<http://www.ftc.gov>). The FCRA gives you specific rights, as outlined below. You may have additional rights under the state law. You may contact a state or local consumer protection agency or a state attorney general to learn those rights.

1. You must be told if information in your file has been used against you. Anyone who uses information from a CRA to take action against you such as denying an application for credit, insurance, or employment must tell you and give you the name, address and phone number of the CRA that provided the consumer report.
2. You can find out what is in your file. At your request, a CRA must give you the information in your file, and a list of everyone who has requested it recently. There is no charge for the report if a person has taken action against you because of information supplied by the CRA, if you request the report within 60 days of receiving notice of the action. You are also entitled to one free report every twelve months upon request if you certify that (1) you are employed and plan to seek employment within 60 days, (2) you are on welfare, or (3) your report is inaccurate due to fraud. Otherwise a CRA may charge you up to eight dollars.
3. You can dispute inaccurate information with the CRA. If you tell a CRA that you file contains inaccurate information, the CRA must investigate the items (usually within 30 days) by presenting to its information source all relevant evidence you submit, unless your dispute is frivolous. The source must review your evidence and report its findings to the CRA. (The source also must advise national CRA to which it has provided the data of any error). The CRA must give you a written report of the investigation, and a copy of your report if the investigation results in any change. If the CRA's investigation does not resolve the dispute, you may add a brief statement to your file. The CRA must normally include a summary of your statement in future reports. If an item is deleted or a disputed statement is filed, you may ask that anyone who has recently received your report be notified of the change.
4. Inaccurate information must be corrected or deleted. A CRA must remove or correct inaccurate or unverified information from its files, usually within 30 days after you dispute it. However, the CRA is not required to remove accurate

data from your file unless it is outdated (as described below) or cannot be verified. If your dispute results in any change to your report, the CRA cannot reinsert into your file a disputed item unless the information source verifies its accuracy and completeness. In addition, the CRA must give you a written notice telling you it has reinserted the item. The notice must include the name, address and phone number of the information source.

5. You can dispute inaccurate items with the source of the information. If you tell anyone such as a creditor who reports to the CRA that you dispute an item, they may not then report the information to a CRA without including a notice of your dispute. In addition, once you have notified the source of the error in writing, it may not continue to report the information if it is, in fact, an error.
6. Outdated information may not be reported. In most cases, a CRA may not report negative information that is more than seven years old; ten years for bankruptcies.
7. Access to your file is limited. A CRA may provide information about you only to people with a need recognized by the FCRA usually to consider an application with a creditor, insurer, employer, landlord or other business.
8. Your consent is required for reports that are provided to employers, or reports that contain medical information. A CRA may not give out information about you to your employer, or prospective employer, without your written consent. A CRA may not report medical information about you to creditors, insurers or employers without your permission.
9. You may choose to exclude your name from CRA lists for unsolicited credit and insurance offers. Creditors and insurers may use file information as the basis for sending you unsolicited offers of credit or insurance. Such offers must include a toll-free phone number for you to call if you want your name and address removed from future lists. If you call, you must be kept off the lists for two years. If you request, complete and return the CRA form provided for this purpose, you must be taken off the lists indefinitely.
10. You may seek damages from violators. If a CRA, a user or (in some cases) a provider of CRA data, violates the FCRA, you may sue them in state or federal court.

The FCRA gives several different federal agencies authority to enforce the FCRA. For questions or concerns regarding CRAs, creditors and others not listed, please

contact Federal Trade Commission, Bureau of Consumer Protection-FCRA,  
Washington, DC 20580, (202) 326-3761.

## NEWS UPDATE

### **Amendment to the Fair Credit Reporting Act 1998**

The President of the United States recently signed into law the Consumer Reporting Employment Clarification Act of 1998, which is the latest amendment to the Fair Credit Reporting Act. The Congress, passed the bipartisan amendment to resolve four issues arising from the Consumer Credit Reporting Act of 1996, which contained many major changes that became effective on September 30, 1997.

Of the FCRA amendment, four issues addresses consumer reporting agencies:

#### **1. Elimination of Time Limit of Reporting Criminal Convictions.**

Section 605(a), part of the section entitled "Requirements relating to information contained in consumer reports" sets limits on the age of certain public records that can be included in a consumer report. Section 505 (a)(5) especially has for many years concerned both employment-screening consumer reporting agencies and public record retrieval professionals. It states that "records of arrest, indictment, or conviction of crime, which from date of disposition or release or parole antedate the reported by more than seven years" may not be included in a consumer report.

Employment screening agencies, which are without a doubt subject to the FCRA, have been concerned about the constraint because they were sometimes put in the position of having to skirt the FCRA in order to give their clients important criminal information older than seven years. Public record retrieval professionals, who might also be considered consumer reporting agencies by the Federal Trade Commission in some circumstance-although we would resolutely dispute the interpretation of the FCRA-were concerned because they did not want to inadvertently incur liability under FCRA when they reported criminal court case records more than seven years old.

Under the latest amendment, 605 (a)(5) has been deleted altogether, and replaced by the following rules:

- (A) Civil suits, civil judgments, records of arrest, paid tax liens, bad debt and any other adverse item of information except criminal convictions may only be reported for seven years (ten years for bankruptcy records). (B) "Records of convictions of crimes" are exempted from the seven-year rule.

Consumer reports on individuals expected to earn more than \$75,000 per year continue to be exempt from the limitations.

No reference to "indictment" or "Date of disposition or parole" remains in the Act. The letter item is no longer pertinent because disposition of cases and parole arise from conviction, records of which are now exempt from time limitation.

In most cases, industry custom is not to search for or report records of an arrest as part of criminal history searches. When they are, however, the deletion of the reference to indictments in the FCRA means that now only the arrest date is to be used in computing the allowable seven-year reporting period. Thus, if a person was arrested on November 2, 1991, but was not indicted until January 1, 1992, and was later found innocent, the case dropped, or the conviction reversed-neither the facts of arrest or indictment may be included in a consumer report dated today-as I write this November 10, 1998, because the arrest date is more than seven years old although the indictment date is not. (for fairness, I would hope that the report of an arrest would include a notation of its status or subsequent disposition, good or bad, in any event).

So, if arrests are being reported, it is still necessary for any consumer-reporting agency to review any reports of arrests, indictments, and dispositions other than convictions carefully to make sure that only arrest dates are used to compute the allowable seven-year period.

This is a great victory for common sense, something said to be lacking in some provisions of the FCRA. This new, unlimiting provision, as well as the rest of the latest amendment, is effective retroactively to September 30, 1997, so those companies that are consumer reporting agencies can sleep easier even if they reported older convictions to their clients, and public records retrieval professionals can be assured that reporting out all convictions on a court record search cannot run afoul of the least Section 605 of the FCRA.

## **2. The Trucking Industry Amendment**

Section 504(b)(2) stipulates that an applicant or employee must be given notice and get authorization "in writing" before obtaining a consumer report on her. This is easy to do in person or in mail (if time is not of the essence), and arguably, the notice and authorization can be accomplished quickly within the spirit of the Act by fax and even by email since all those methods involve "writing." However, what if the situation is such that someone at a location remote from the employer, without success to a fax machine or to email, wishes to apply quickly for a job that will require obtaining a consumer report?

That is frequently the case in the trucking industry, in which a driver may apply for a position with a new company literally from a truck stop as he (or she) drives cross-country. Responding to this particular problem, the latest amendment allows trucking industry to meet the notice and authorization requirements by "oral, written or electronic means." The amendment is carefully written so that (1) it applies only to applicants and (2) it only applies when all the interaction between the applicant and employer prior to obtaining the consumer reports is by remote means. If, for example, the applicant stops by the employer's office before the consumer report is obtained, the notice and authorization must be done in person at that time.

Because of the difficulty in corresponding with remote applicants, the trucking companies are also "allowed to take adverse action without prior notice" as long as they find the applicant and inform him, within three days of the action, according to the same standards apply to disclosure of adverse information to an applicant in any other industry.

Since this provision would be valuable to all consumers in a national economy such as ours, it is to be hoped that these extension of the notice/authorization rule will be broadened in a future amendment to include anyone who applies for an out-of-town job.

## **3. Federal Government Spooks Amendment**

Federal government agencies that use consumer reports relative to "access to classified information" or as part of "National Security Investigations" are, not surprisingly, exempted from certain disclosure to the subject of the investigation.

## **4. Technical Amendments**

The latest amendments include six fixes to language in the 1996 amendments. One technical correction of importance to employment and tenant screeners appears in Section 611, entitled "Procedure in case of disputed accuracy." In subsection (7), the 1996 amendment pointed to the part of subsection (6). The correction fixes the reference to state that a consumer who requests it is entitled to "a description of the procedure used to determine the accuracy and completeness of information" in the consumer's report.



## **Effective date**

The Consumer Reporting Employment Clarification Act of 1998 is effective retroactively from September 30, 1997, when the 1996 amendments became effective.

### **604(b)(2)- Disclosure to consumer**

1. Adds language to allow the disclosure document to contain the signature for authorization from the consumer to obtain a consumer report.
2. Allows authorization to be given by "mail, telephone, computer, or other similar means: if the transaction involves the employment application of a consumer applying to be a truck driver, or as defined in statutory language, apposition over which either the Secretary of Transportation or a similar state transportation agency has authority. However, this exception to the requirement for a written signature is only allowed (1) if the truck driver is not applying in person and (2) if the rights of the consumer are disclosed in some way before the authorization is given.

### **604(b)(3)-Conditions on Use for Adverse Actions**

A transportation company that receives authorization on an applicant under revised 604(b)(2) is allowed to take adverse action without prior notice as long as the consumer is informed within three business days of taking the action of the same kinds of facts that would otherwise apply under the provisions of 615(a), which does not apply to this category of applicant for employment. (However, the requirements of 615(b) still apply if the source of adverse information is not through a consumer-reporting agency, for example, when the company does its own criminal background searches.) The provision contains a special requirement that when a consumer report is involved in such an adverse action is requested from the employer, the employer must respond ("send or provide") within three business days of receiving the request.

### **604(b)(1)(B)**

Federal government agencies that use consumer reports in relation to access to classified information do not have to inform employees about anything they find.

### **604(g)**

A deletion seems at first glance to allow a consumer-reporting agency to provide medical information for direct marketing, with the permission of the consumer. On closer reading it appears that the deletion was merely to take any reference to direct marketing out of the section as superfluous.

### **605(a)**

There is no longer any time limit on the reporting of "records of conviction of crimes." Again, note that this exception applies only to convictions, not to arrests.

Before you take adverse action based in whole or in part on the information that you receive from us, you must:

- a). Notify the applicant of the adverse action; orally, in writing or electronically.
- b). Provide the reports to the applicant.
- c). Advise the applicant of their rights, in writing.
- d). Advise them of the consumer-reporting agency that provided the adverse information.

You must certify to us that you will comply with the Act. As soon as possible, complete and return the closed form: Certification to LIS.

Under our interpretation of the FCRA, all the courthouses in the country and statewide repositories would be considered Consumer Reporting Agencies and would not be able to report information beyond this seven-year time frame. All such repositories we have talked with say that they are making no changes to the amount of information that they are reporting. However, they too have this under review. Until they limit the information provided to that allowed by the act, we will have to do that for you.

This will require us to do a great deal of additional work to research all Statewide searches to determine if the disposition, release or parole dates are within the seven year limit. This will cause delay in turnaround time when we need to investigate those that come back with a criminal record exceeding seven years. In addition, we may be forced to pass on these mandated costs to you. However, until we get more experience in how this will all work, for now we are not increasing our prices.

**Please consult your legal counsel**

**Adverse Action Sample Letter**

Date: \_\_\_\_\_

Dear Applicant:

We regret to inform you that based on our hiring criteria, we are unable to consider you further for an employment opportunity with our organization. This decision was made in part from the information that we received from Lancaster Information Services, Inc. (LIS) background checks. **LIS does not make these decisions and is unable to provide you with the specific reasons for them.**

In accordance with the Federal Fair Credit Reporting Act, enclosed is a copy of this information and a copy of your rights under the Act.

You have the right to dispute the accuracy or a completeness of information contained in the report(s) by contacting them, or, if the report is a credit report, contacting the credit bureau that furnished the report.

**For credit reports, contact the bureau that supplied the report:**

Trans Union: 2 Baldwin Place, P.O. Box 1000, Chester, PA 19022, 800-888-4213.

Contact for any report except a consumer credit report:

Lancaster Information Services, Inc.  
PO Box 1773  
Lawrenceville, Georgia 30046

Any dispute regarding the information on your report must be resolved with the agency above.

Again we appreciate your interest in employment with our organization.

Sincerely,

## **Consumer Reports Notification**

You are hereby notified that a consumer report or an investigative consumer report may be obtained from a consumer reporting agency, other agency or directly by this employer for the purposes of evaluating you for employment, promotion, reassignment or retention as an employee.

The report may contain information bearing on you credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics or mode of living from public or private record sources or through personal interviews with your neighbors, friends, associates or educational facility.

