

Adverse Action Notice

Applicant(s) Name: _____ Date: _____

Thank you for your application. We regret to inform you that after serious consideration, we have decided to take the following adverse action:

Your application has been rejected, for the following reason(s).

Additional security deposit has been requested for the following reason(s).

Additional advance rent or change in rent payment schedule for the following reason(s).

Co-Signer is required for the following reason(s)

Employment / Income

Employment could not be verified

Local employment could not be verified

Irregular or temporary employment

Income could not be verified

Insufficient Income

Other: _____

Application Problems / Discrepancies

Application unsigned

Application incomplete

Falsification of Information

Unit rented to prior qualified applicant

Other: _____

Rental History

Could not be verified

Delinquent rental payment reported

Prior eviction reported

Disruptive behavior reported

Other: _____

Credit History

Could not be verified

Unsatisfactory payment history

Collection activity

Liens, garnishments, or judgment of record

Other: _____

Bankruptcy filing

Credit Reporting Agency(ies):

Trans Union, (800) 888-4213. PO Box 1000, Chester, PA 19022

Criminal & Civil records are obtained by local county records or National criminal database

Based in whole or in part on information provided by the consumer credit reporting agency, we are unable to rent to you at this time. You are entitled to have your questions answered, dispute any information on your credit report, and receive a free copy of your credit report within 60 days of an adverse action. Call Trans Union at 800-888-4213. You may dispute the matter directly with Trans Union by writing or calling the agency. This notice can be given verbally or written, over the phone or in person.

The above-referenced agency(ies) DID NOT make the adverse decision and is (are) not able to explain why the decision was made.

Signed by Owner/Landlord/Agent: _____ Date: _____

Notice given on ____/____/____ @ ____:____ am / pm verbally or written.

Owner/Landlord/Agent should keep a copy of notice on file to show compliance.

What is an Adverse Action?

An adverse action is any action by a landlord that is unfavorable to the interests of a rental applicant. Common adverse actions by landlords include:

- Denying the application;
- Requiring a co-signer on the lease;
- Requiring a deposit that would not be required for another applicant;
- Requiring a larger deposit than might be required for another applicant; and
- Raising the rent to a higher amount than for another applicant.

The Adverse Action Notice

When an adverse action is taken that is based solely or partly on information in a consumer report, the FCRA requires you to provide a notice of the adverse action to the consumer. The notice must include:

- the name, address and telephone number of the CRA that supplied the consumer report, including a toll-free telephone number for CRAs that maintain files nationwide;
- a statement that the CRA that supplied the report did not make the decision to take the adverse action and cannot give the specific reasons for it; and
- a notice of the individual's right to dispute the accuracy or completeness of any information the CRA furnished, and the consumer's right to a free report from the CRA upon request within 60 days.

Disclosure of this information is important because some consumer reports contain errors.

The adverse action notice is required even if information in the consumer report was not the main reason for the denial, the increase in security deposit or rent or other adverse action. In fact, even if the information in the report plays only a small part in the overall decision, the applicant still must be notified. The adverse action notice must name the CRA that provided the report to the landlord, even if the information came from another CRA. For example, a report from XYZ TenantScreen includes a credit report from ABC Credit Bureau. The credit report includes negative information that prompts the landlord to turn down the rental application. The adverse action notice should name XYZ TenantScreen as the CRA because XYZ TenantScreen actually provided the report to the landlord. The notice also can explain that XYZ TenantScreen got the credit information from ABC Credit Bureau, but that is not required under the FCRA.

While oral adverse action notices are allowed, written notices provide proof of FCRA compliance.

Non-Compliance with the FCRA

Landlords who fail to provide required disclosure notices face legal consequences. The FCRA allows individuals to sue landlords for damages in federal court. A person who successfully sues is entitled to recover court costs and reasonable legal fees. The law also allows individuals to seek punitive damages for deliberate violations of the FCRA. In addition, the Federal Trade Commission (FTC), other federal agencies and the states may sue landlords for non-compliance and get civil penalties. However, a landlord who inadvertently fails to provide a required notice in an isolated case has legal protections, so long as he or she can demonstrate "that at the time of the . . . violation he maintained reasonable procedures to assure compliance" with the FCRA.

Take the Case of...

1. A landlord who orders a consumer report from a CRA. Information contained in the report leads to further investigation of the applicant. The rental application is denied because of that investigation. Since information in the report prompted the adverse action in this case, an adverse action notice must be sent to the consumer.
2. An applicant with an unfavorable credit history, like past-due credit accounts, who is denied an apartment. Although the credit history was considered in the decision, the applicant's poor reputation as a tenant in his current location played a more important role. The applicant is entitled to an adverse action notice because the credit report played a part, however minor, in the denial.
3. A person with an unfavorable credit history, like a bankruptcy, but no other negative indicators, who applies for an apartment. Rather than deny the application, the landlord offers to rent the apartment, requiring a security deposit that is double the normal amount. The applicant is entitled to an adverse action notice because the credit report influenced the landlord's decision to require a higher security deposit from the applicant.
4. A landlord who hires a reference-checking service to verify information included on a rental application. Because the service reports that the applicant does not work for the employer listed on the application, the rental application is denied. The applicant is entitled to an adverse action notice. The report is a consumer report from a CRA (the agency checking the references provided by the consumer on the application), and its report influenced the landlord's decision to deny the application.
5. A landlord who makes it a practice to approve an application if the prospective tenant shows an adequate income or has a favorable credit report, is dealing with an applicant who has an inadequate income and a bad credit report.

The applicant is entitled to an adverse action notice because the credit report influenced the denial, even though income was another factor.