

ADVERSE ACTION NOTICE

Applicant(s) Name: _____ Date: _____
Property Address: _____ City _____ WA, _____
Landlord/Agent/Manager: _____

The purpose of this Adverse Action Notice is to inform you that based on one or more of the following reasons your application to rent the property above did not meet our criteria:

- Unsatisfactory rental history
- Inaccurate or false information provided by applicant
- Unable to verify information provided by applicant
- Negative reports from references or other sources
- Incomplete application
- Lack of references or insufficient reference information
- Insufficient income to meet rental qualifications
- Other _____

Since your rental application did not meet our criteria we have decided to take the following adverse action:

- Denying your application
- Requesting an increased deposit amount of \$ _____
- Requesting a co-signer before execution of a rental agreement.

Further, we are:

- Returning your screening fee
- Not returning your screening fee
- No screening charge was paid or received

The adverse action was taken in whole or in part based upon information received from a person or company other than a consumer reporting agency such as rental and/or employment history. You have the right to make a written request to us for a disclosure of the nature of that information. Written request must be made within sixty (60) days of receiving this letter to: LandlordSolutions, Inc. | 2201 North 30th Street, Tacoma, WA 98403. Include a photocopy of your ID as proof of identity.

The adverse action was taken in whole or in part based upon a consumer report. The consumer reporting agency that provided that report was:

TransUnion | PO Box 2000, Chester, PA 19022-2000 | (800) 888-4213

Pursuant to section 615 of the Fair Credit Reporting Act, we are notifying you that the above noted agency(ies) only provided information about your credit/rental/employment history. It took no part in making the decision for adverse action on your rental application, nor can they explain why the decision was made.

Pursuant to Federal law you have the following rights. 1) You have the right to obtain a free copy of your consumer report. You must request a copy within 60 days of the date you receive this letter by writing or calling the consumer reporting agency whose name is checked above. 2) If you believe your report contains inaccurate or incomplete information, you have the right under the Fair Credit Reporting Act to dispute its accuracy of the information, and put into your report a consumer statement of up to 100 words explaining your position on the items under dispute. Trained personnel are available to help prepare consumer statements. 3) You also may have additional rights under Credit Reporting and Consumer Protection Laws of your state. For further information, you can contact your state local consumer agency or your state's attorney general's office.

Landlord Name: _____
Signature: _____
Title (owner/manager): _____ Date: _____

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.