

## LANDLORDS CAN'T GET CREDIT REPORTS?

There is a rumor going around that the "individual landlord" can no longer get credit reports for the purpose of screening potential tenants. This rumor is false. The truth is a landlord now has to work *harder* to obtain a credit report. Gone are the days when you can fax a request to your favorite screening service and receive a credit file on a prospective tenant. The consumers have complained, and moaned and groaned long enough and loud enough to successfully make it more difficult, and in some cases next to impossible for anyone to obtain their personal credit file. Blame it on personal privacy and identity theft, blame it on unnecessary fears held by the public, blame it on Homeland Security. Whatever you blame it on the bottom line is that now there are "more rules" for a landlord to follow.

The new rules also created a lot more work for everyone involved so now the credit reports are more expensive. So, who has to pay out of pocket for the cost of this "extra security" on their personal financial information? The consumer, your rental applicants are the ones that have to pay.

### The Bad News:

In response to tougher laws in the Fair Credit Reporting Act (FCRA) the major credit bureaus (Trans Union, Experian, Equifax) tightened up their policies on who can access credit reports. They are the ones that won't allow you to receive credit reports unless you comply with the following directives:

1. Get a Washington State Business License for the purpose of a rental business and have a UBI#.
2. If you operate the rental business from your home there must be an office space that is separate from the living quarters.
3. An "Onsite Inspection" of your home-office is required. Two of the major credit bureaus require the Onsite Inspection to be done by an outside third party that they have pre-approved. Only Trans Union allows your screening service to do their own Onsite Inspections. Oh yes, it does cost money!!! The going rate for an Onsite Inspection is from \$65.00 to \$125.00.
4. Fill out new and/or additional paperwork committing to following the rules laid down by the FCRA and the major credit bureaus.

### The Good News:

For the landlords that choose not to make the changes described above there are some alternatives to receiving a credit report from your screening service. Some screening services offer a financial "grade" or "scoring" in lieu of a credit report. After many hours of studying the different options a screening service can offer a landlord under the new restrictions to credit files I believe there is a better choice than the "grade" or "scoring". I call it an **"Alternative Report"**.

\*\*\*article continued on the back of this newsletter.

## RED FLAG RULE

### New Federal Legislation

"We will act against businesses that fail to protect their customer's data."

Assistant Director of the FTC

### The Government Has Stepped In

The federal government has stepped in because of the increasing number of data security breaches. Congress recently amended the Fair and Accurate Credit Transactions Act (FACTA) with a set of conditions called the Red Flags Rule ([www.ftc.gov](http://www.ftc.gov); search "Red Flags Rule").

### Deadline For Compliance

Businesses that have credit-based relationships with customers must have: A written information security plan outlining what it will do to protect customer records from theft. Compliance deadline is NOVEMBER 1<sup>ST</sup> OF 2008. Businesses not Red Flag compliant by the deadline are subject to fines and penalties not to mention opening themselves up to class-action lawsuits if their customer information is stolen.

### Industries Pinpointed

All businesses gathering and maintaining SS#'s, names, addresses, credit card information are required to comply but there are specific industries named by the FTC, targeted for being held accountable. Some included are: Screening Companies, Property Managers, Landlords, Accountants, Contract Bookkeepers, Banks, Insurance Agents, Real Estate Companies, Automotive, Health Care, Mortgage, Collection Agencies.

### Failure to Comply

Failure to take such steps can result in stiff penalties, including fines, removal of management and even jail time. Noncompliance can be costly, with federal and state fines of \$2,500 per occurrence, civil liability of \$1,000 per occurrence and class-action lawsuits with no statutory limitation. In 2004 the FTC charged two major mortgage companies with violations. They failed to comply with the basic requirements – failed to train their employees in information security issues; oversee their loan officers' handling of customer information. Another Lawsuit - ChoicePoint Inc., a consumer-data brokerage, was ordered to pay \$10 million in civil penalties and \$5 million in consumer redress for compromising the personal data of more than 163,000 individuals. The FTC alleges that ChoicePoint did not have "reasonable measures" in place to protect the information.

### Help is Out There!

Orca has found a company with solutions. They are assisting me in fulfilling the compliance requirements. If you would like their contact information send an email to me.

\*\*\**Rebekah Near is the CEO of Orca Information, Inc.*

*\*continued from the front of this newsletter...*

### The "Alternative Report"

1. Ask your rental applicant(s) to bring in a current copy of their credit report - preferably no older than one or two weeks. Here is how: By law everyone is entitled to one FREE copy of their credit report annually from each major credit bureaus (Equifax, Trans Union, Experian). However, your applicant must order from the correct website: [www.annualcreditreport.com](http://www.annualcreditreport.com) or call their toll free number, 877-322-8228. Again, there is no charge IF they ordered correctly and only from this site and or phone number. If they want to purchase a credit report the cost is reasonable. Each credit bureau has their own website where they may purchase a report as well.

2. Upon review of their credit report - you can decide if you want to continue with the screening. If you decide that an applicant with a certain level of negative credit—apartment collections, unpaid judgments and/or tax liens etc. no longer qualifies for the apartment then:

a. Make note on their file of your decision not to rent, what part of their credit was derogatory, and any other details regarding your decision not to rent to them based upon their credit information

b. Return the credit report to them

c. Explain why they no longer qualify for the unit

d. Hand them a copy of the Consumer Rights Letter (required by law) and thank them for their time

or

### Continue the Screening Process

3. Send your screening service the completed rental application. Make sure you ask your screening service to provide the following type of information:

a. In lieu of the credit report - validation of the applicant (s) identity such as: confirmation of name, Social Security number, date of birth, and AKA's, plus addresses where they have lived an other pertinent demographic information.

b. All other desired information that you have previously received such as court records - criminal and civil including evictions as well as rental and employment references.

A private landlord/investor can still receive a good background investigation on their prospective tenants. They just need to be a little more "savvy" and willing to make some changes.

By, Rebekah Near, CEO of Orca Information, Inc.

## ORCA ♦ WISDOM ♦

### A Goal Day

If you are successful, it is because somewhere, sometime, someone gave you a life or an idea that started you in the right direction. Remember also that you are indebted to life until you help some less fortunate person, just as you were helped.

\*Melinda Gates\*

## Congratulations!!!

Hooray to the following people  
who found their whale tails!



\*Ashley with Seattle Rental Group\*

\*Tiffany with Pine River Management\*

\*Vivian with Howard's Place and Appleyway  
Apartments / Quantum Management\*

## You and Your Neighbors Are Not Alone

There are so many programs and prevention tactics that can help against specific crimes that it's not possible to list them all here. For example, rape can be reduced by educating women and girls in prevention strategies; people at work can benefit from workplace prevention programs; schools need community support to make them safe, positive places to learn. Crime prevention can address the needs of all kinds of people in all kinds of situations.

The National Crime Prevention Council (NCPC) and a number of other national groups have materials that can help with many of these needs. Almost every state has a state government crime prevention office (usually in the Governor's Attorney General's office) and/or a statewide association of people working in crime prevention. NCPC has identified more than 1,500 local organizations that work in crime prevention; many of them will talk with you about their work and offer suggestions for your neighborhood's situation.



To help communities everywhere focus on crime prevention, the Crime Prevention Coalition brings together state and national groups and federal agencies to share ideas against crime. The Crime Prevention Coalition's day-to-day activities are managed by NCPC.

The NCPC is a private nonprofit tax-exempt [501(c)(3)] organization whose principal mission is to enable people to prevent crime and build safer, more caring communities. NCPC publishes books, kits of camera-ready program materials, posters and informational and policy reports on a variety of crime prevention and community-building subjects. NCPC offers training, technical assistance, and national focus for crime prevention: it acts as secretariat for the Crime Prevention Coalition, more than 120 national, federal, and state organizations committed to preventing crime. It also operates demonstration programs and takes a major leadership role in youth crime prevention.

**National Crime Prevention Council**

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