

Fair Credit Reporting Act

Purpose

The Fair Credit Reporting Act (FCRA) regulates both the providers and users of consumer credit information and of consumer reporting agencies. The stated purpose of the FCRA is to require accurate information when providing consumer credit reports.

Policy Statement

It is the policy of Avenir Financial Federal Credit Union ("the Credit Union") to use consumer credit reports in connection with credit transactions involving members, for employment purposes, and for any other authorized purpose outlined in the FCRA. Such inquiries into a consumer's credit history will be used for legitimate business purposes only. In addition, the Credit Union will provide a notice of adverse action to consumers when the Credit Union denies services or takes any action that is adverse to the member's or potential employee's interest based on information in a credit report.

The Credit Union may automatically report its members' payment records to a consumer reporting agency but will not respond to oral or written credit inquiries without the express permission of the member. All payment record submissions will be in full compliance with the requirements set forth in the FCRA.

Unauthorized use of consumer credit reports or the disclosure of a member's financial information by an officer or employee of the Credit Union outside the scope of this policy may be grounds for disciplinary action, including dismissal.

Prescreening Solicitation

If Avenir Financial Federal Credit Union uses consumer reports for prescreening, it will provide with each written solicitation to the member a clear and conspicuous statement that:

- the consumer report information was used in connection with the transaction;
- the member received the offer because he/she satisfied the criteria for credit worthiness under which the member was selected for the offer;
- if applicable, the credit may not be extended, if after the member responds to the offer, the member does not meet the criteria used to select the member for the offer or any applicable criteria bearing on credit worthiness or does not furnish any required collateral;
- the member has a right to prohibit information in the member's file from being used in connection with credit transactions that are not initiated by the member *; and
- the member may elect not to be included in transactions he/she does not initiate by notifying the notification system established by the agency. *

* Referred to as the "opt out" provision.

The notice must also include the address and toll-free telephone number of the appropriate notification system.

Avenir Financial Federal Credit Union will maintain the following information on file for three years:

- the criteria used to select the member to receive the offer,
- all criteria bearing on credit worthiness that are the basis for determining whether or not to extend credit pursuant to the offer, and
- any requirement for the furnishing of collateral.

Adverse Action Notice

The FCRA requires an adverse action notice whenever action adverse to the interest of the consumer is taken based in whole or in part on information in the consumer's credit report.

The new definition has been expanded to include:

- denying or closing account (checking, savings, or other similar accounts);
- denying, suspending, or closing electronic funds transfer service; and
- freezing an account.

Oral, written, or electronic notices will contain the following information:

- a statement that the adverse action was based on information in the credit report;
- the name, address, and telephone number (toll-free if national agency) of the credit bureau;
- a statement that the credit bureau did not make the decision;
- a statement that the consumer has a right to obtain a free credit report within 60 days; and
- a statement that the consumer has a right to dispute the accuracy or completeness of information contained in credit reports.

Usage of Credit Reports for Employment

Requirements for Credit Union and Employee/Applicant

Avenir Financial Federal Credit Union uses credit reports to evaluate employees for advancement and applicants for employment purposes. Avenir Financial Federal Credit Union discloses to an employee/applicant its intent to obtain a credit report, clearly and conspicuously, in writing and on a separate document. "Employment purposes" includes hiring, promoting, discharging, or otherwise changing the status of an employee or a potential employee. Also, prior to obtaining a credit report, the Credit Union obtains a written permission from the employee/applicant.

Before potential employment is denied or an employment status is adversely affected (for example, denied advancement or demoted), based on whole or in part on the credit report, the Credit Union will furnish the employee/applicant with a copy of the credit report. Also, the Credit Union will provide the employee/applicant with a summary of consumer rights. As the FCRA requires, the credit reporting agencies will provide credit unions with the summary of consumer rights with each credit report obtained for employment purposes to furnish to the employee/applicant.

In addition to the above pre-adverse action disclosures, the Credit Union will subsequently provide the regular adverse action disclosures. Although a statutory time period has not been set between the pre-adverse and adverse action disclosures, sufficient time should lapse after the pre-adverse action disclosures to permit an employee/applicant to dispute any information on his or her credit report, prior to the adverse action by the Credit Union/employer. The timing issue may also be affected by the type of job involved. For example, a teller position may require a shorter time span between the pre-adverse action disclosure and the adverse action disclosure. However, a more specific job, such as a senior financial analyst, may require a longer period between the pre-adverse action disclosure and the adverse action disclosure.

Disclosure Requirements for Employment

A) FCRA Section 604

1. Written disclosure of intent to procure a credit report to employee/applicant.
2. Written authorization from employee/applicant.

B) FCRA Section 604 - pre-adverse action disclosure

1. Copy of the credit report.
2. Copy of the consumer summary of rights

C) FCRA Section 615(A) - adverse action notice which includes the following information:

1. a disclosure of use of credit report;
2. name, address, and telephone number of the credit reporting agency;
3. a statement that the credit reporting agency did not make the decision to take the adverse action;
4. a statement that the consumer has a right to a free credit report within 60 days of the adverse action notice; and
5. a statement that the consumer may dispute the information in his or her report.

Duty to Furnish Accurate Information

The new FCRA imposes a duty on credit unions and other furnishers of consumer credit information to reply to credit bureaus if a consumer disputes information contained in credit report.

Avenir Financial Federal Credit Union will prohibit:

- submitting information that we know is inaccurate or incomplete.

It is the duty of Avenir Financial Federal Credit Union to:

- correct and update any previously provided information if inaccurate,
- notify the credit bureau when a member disputes information that has been furnished, and
- report voluntary closing of credit accounts.

Avenir Financial Federal Credit Union will provide:

- notice of the date of delinquent accounts.

Reinvestigation of Disputed Information

Upon receiving notice from a credit bureau that the information furnished is being disputed, Avenir Financial Federal Credit Union will:

1. Conduct an investigation.
2. Review all relevant information.
3. Complete and submit a report within 30 days of receiving the notice of dispute.

* The credit bureau has five days to notify furnisher of the consumer dispute.

4. Notify other credit bureaus if the information in the credit report is inaccurate or incomplete.

Medical Information on a Credit Report

When medical information is disclosed on a credit report or on a credit application, the process for making the credit decision or eligibility will be as all other considerations. This would include debts, expenses, income, benefits, assets, collateral, and the purpose of the loan. The medical information will not cause the decision to be less favorable than it would when viewing other comparable information that is not medical information. The member's physical, mental, or behavioral health, condition, history, type of treatment, or prognosis will not be taken into account when a credit decision is made.