



Are your clients being reported fairly?
The Fair Credit Reporting Act

Since 1978, consumers have enjoyed several protections under the Fair Credit Reporting Act (FCRA), which contains the rules relating to permissible purposes for obtaining a consumer report, (also known as a credit report), adverse action requirements, accuracy and integrity of reporting and the requirements for relying upon risk-based pricing in consumer lending transactions.

In 2003, the Fair and Accurate Transactions Act (FACT Act) was enacted and supplements the FCRA. The specific rules of both acts are found in Regulation V of the Consumer Finance Protection Bureau (CFPB).

The shorthand version of the FCRA and the FACT Act is that no one may obtain a consumer report for any purpose unless the report is obtained for an authorized purpose and the prospective user of the consumer report certifies the purpose with a general or specific certification; that information provided to a Consumer Reporting Agency (CRA) accurately reflects the terms and the liability for the account or other relationship, reflects the consumer's performance and other conduct with respect to the account or other relationship and identifies the appropriate consumer; and, information furnished is substantiated by the furnisher's records at the time it is furnished, in a form and manner that is designed to minimize the likelihood that the information may be incorrectly reflected in a consumer report and include information in the furnisher's possession about the account or other relationship that the CFPB has determined may likely be materially misleading in evaluating a consumer's creditworthiness, credit standing, credit capacity, character, general reputation, personal characteristics or mode of living.

A basic understanding of consumer credit reporting is a valuable tool for real estate brokers and agents as they guide their clients through the real estate purchase process, which often entails the lending process. Inaccurate information on a consumer report is as important as accurate information and your clients should be apprised of their rights under the Act by the lender.

[Click for a link to the Fair Credit Reporting Act.](#)