



NEW EMPLOYEE BACKGROUND CHECK FORMS REQUIRED NO LATER THAN JANUARY 1, 2013

The Consumer Financial Protection Bureau (CFPB), who assumed responsibility from the Federal Trade Commission (FTC) for interpreting and enforcing compliance with the Fair Credit Reporting Act (FCRA), has made changes to three forms required by the FCRA when conducting background checks on employees, volunteers or contractors.

The updated documents, listed below, must be implemented no later than January 1, 2013. Please be sure to replace all old copies with the updated version.

In addition to the updated CFPB documents, PreHire has updated the Applicant Release Form, also known as the "Notice and Acknowledgement Form". Please be sure to replace this form as well.

- ***A Summary of Your Rights Under the Fair Credit Reporting Act***
In addition to obtaining a signed background check release form prior to conducting a background check, the law requires employers to provide the "Summary of Your Rights" form to job applicants and employees when the person will be subject to an investigative consumer report (ie, a background check), and when a pre-adverse action notice is sent to an applicant or employee.
- ***Notice to Users of Consumer Reports: Obligations of Users Under the FCRA***
Employers that obtain background checks from a third party are considered "Users of Consumer Reports". Therefore, PreHire is required to provide this document to all clients. The document explains your obligations under the Fair Credit Reporting Act (FCRA), including your requirements when information provided by PreHire Screening may, in whole or part, adversely impact an individual's employment.
- ***Notice to Furnishers of Information: Obligations of Furnishers Under the FCRA***
This is a document which is used between screening companies and information providers. This document does not apply to our employer clients.

Please Note

The PreHire system allows clients to generate pre-adverse action notices and adverse action notices for any applicant at no additional cost. All required documents will automatically be printed to assist you in meeting FCRA requirements. However, many clients prefer that PreHire Screening process any adverse action notices on their behalf, for a nominal fee. This is a cost-effective means of ensuring FCRA compliance.



REMINDER: YOUR OBLIGATIONS UNDER THE FCRA

Before requesting an employment background investigation on an individual (consumer), you must:

- Notify the consumer, using a separate document, that a background investigation will be conducted.
- Obtain the consumer's written permission for you to obtain a background investigation.
- Provide a copy of the *Summary of Your Rights Under the FCRA* form

All of these requirements are met when the consumer completes the Applicant Release Form available on our web site.

Before taking an adverse action, you must provide the consumer with:

- A "Pre-Adverse Action" notice
- A copy of the background investigation report
- A copy of the *Summary of Your Rights Under the FCRA* form

After providing the consumer a reasonable amount of time (3-5 days) to dispute any information he or she believes to be incorrect or out of date:

- You must provide a "Final Adverse Action" notice to the consumer if an adverse action is taken.

An "Adverse Action" is when information contained in a background investigation results in taking an action that adversely impacts the consumer, such as withdrawing a job offer or terminating an employee.

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