



THE EMPLOYMENT SCREENING COMPANY

USER CERTIFICATION As Required by the Federal Fair Credit Reporting Act and Its State Analogues AND CLIENT SERVICES AGREEMENT

This Agreement is made by and between Verifications Incorporated (VI) and the CLIENT named below:

VERIFICATIONS INCORPORATED (VI)

6900 Wedgwood Road North, Suite 120

Maple Grove, MN 55311

Phone: 800-295-8757 / 800-735-3002

Fax: 866-230-6600 / 800-888-5001

Email: info@verificationsinc.com

www.verificationsinc.com

Account Executive:

CLIENT: _____

Address: _____

City, State ZIP: _____

Phone: _____

Fax: _____

Email: _____

Website: _____

Nature of Client's Business/Industry: _____

1. CLIENT desires to use and purchase services of VERIFICATIONS INCORPORATED ("VI"). CLIENT acknowledges that VI is considered a "Consumer Reporting Agency" as defined by the federal **Fair Credit Reporting Act** (15 U.S.C. 1681, *et seq.* as amended) and **its state analogues** ("*FCRA Regulations*"), and must comply with *FCRA Regulations*. CLIENT acknowledges that by using the services of VI, CLIENT is considered a "User" of Consumer Reports and also becomes subject to *FCRA Regulations*.

CLIENT and VI agree to bear their respective responsibilities as defined in **FCRA Regulations**, the **Driver Privacy Protection Act** and all other applicable federal and state laws and regulations relating to Consumer Reports. CLIENT acknowledges that background investigation reports provided by VI are considered "Consumer Reports" or "Investigative Consumer Reports," hereinafter referred to collectively as "Consumer Reports." CLIENT agrees to order and use Consumer Reports in full compliance with *FCRA Regulations* including, but not limited to, the following:

- A. CLIENT agrees that the information from the reports provided by VI will not be used in violation of any applicable federal or state equal employment opportunity law or regulation.
- B. CLIENT agrees that Consumer Reports will be ordered only when intended for **employment purposes** and will not be used for any other purpose/s. **CLIENT specifically agrees not to sell, assign, or otherwise transfer any information or portions of information obtained pursuant to this agreement to any third party.** CLIENT agrees that distribution and review of all reports, whether oral or written, will be limited to those with a legitimate business need for the information, or as permitted or required by law.
- C. CLIENT agrees to notify each applicant in a clear and conspicuous disclosure that a Consumer Report will be obtained. Such disclosure will be made in writing before the Consumer Report is ordered and the disclosure will be made in a document consisting solely of the disclosure or the disclosure and authorization.
- D. CLIENT agrees to obtain a signed authorization from every person on whom a Consumer Report will be ordered and, upon request from VI, to forward a copy of the authorization to VI. CLIENT agrees that this authorization will be obtained and be in CLIENT's possession **before** VI is directed to prepare a Consumer Report.
- E. CLIENT agrees, in the case of Driving Record requests, to obtain a signed (no electronic signature) authorization containing the specific term "driving records". If the authorization is not forwarded to VI at the time of the order, the CLIENT agrees to keep the authorization for five (5) years and, upon request from VI, to forward a copy of the authorization to VI.
- F. CLIENT agrees that if adverse employment action is to be taken, based either in whole or part on information provided by VI in a Consumer Report, the CLIENT will comply with adverse action procedures as defined in *FCRA Regulations*.
- G. CLIENT acknowledges receipt of "Notice to Users of Consumer Reports: Obligations of Users Under the FCRA" as prepared by the Federal Trade Commission. A copy of this notice is attached hereto as **Exhibit A**.

(Continued on next page.)

- H. CLIENT and VI acknowledge that every Consumer Report sent to a consumer must include A Summary of Your Rights Under the Fair Credit Reporting Act, hereinafter referred to as "Consumer Rights." By initialing below:
- _____ CLIENT relieves VI of responsibility of attaching "Consumer Rights" to each Consumer Report sent to CLIENT. CLIENT agrees to include in and attach to each Consumer Report received from VI a copy of "Consumer Rights" whenever required by *FCRA Regulations*, and specifically when CLIENT is providing copy of Consumer Report to consumer.
- I. **If hiring applicants to work in California**, CLIENT acknowledges specific requirements imposed by *California Investigative Consumer Reporting Agencies Act* and, that unless CLIENT has reason to believe the employee/applicant (consumer) is or has been engaged in criminal activity that is likely to result in loss to CLIENT or CLIENT has reasonable suspicion of other wrongdoing on part of employee/applicant, CLIENT agrees to:
- a. Disclose to the employee/applicant in writing that an Investigative Consumer Report has been ordered, provide the name and address of VI as preparing the Investigative Consumer Report, provide the nature and scope of the investigation requested.
 - b. Secure a release and authorization from the consumer each time an Investigative Consumer Report is requested.
2. CLIENT acknowledges that special requirements are imposed by credit bureaus if CLIENT requests Consumer Reports that include consumer credit information and/or residential history (commonly referred to as "Trace" or "Header" information) linked to a consumer's Social Security Number (SSN). CLIENT therefore agrees:
- A. To make no employment decisions based solely on credit bureau alerts/warnings regarding addresses and/or SSN.
 - B. To ensure **security programs** and appropriate **access requirements** are in place, the purpose being to prevent unauthorized ordering, accessing and/or unauthorized viewing of consumer information; to inform all accessing employees that they may not access their personal information, information of friends and/or relatives, or any other person unless it is specifically for employment purposes of CLIENT.
 - C. To release and indemnify the credit-reporting agency from all liability arising from CLIENT's unauthorized access, improper use, or reliance on consumer credit information provided by VI pursuant to this agreement.
3. As part of the services provided to CLIENT, VI makes available on a **best-effort basis** VI's Internet-based on-line services, hereinafter referred to as SafeScreen, the features and functions of which may change from time to time as determined solely by VI. CLIENT is under no obligation to use SafeScreen, however, use of SafeScreen does not in any way alter the legal responsibilities of the CLIENT, particularly those imposed by *FCRA Regulations*.
- A. CLIENT and VI agree that all CLIENT ID's, passwords, access information, and any other proprietary information of either party will be kept strictly confidential and distribution will be limited to those with a legitimate business need to know. CLIENT further agrees to prevent unauthorized viewing of consumer information through SafeScreen.
 - B. CLIENT agrees to notify VI when CLIENT requires enabling or disabling of one or more CLIENT ID's and Passwords to access SafeScreen. If a SafeScreen user leaves the employ of CLIENT, CLIENT acknowledges that until a written request to disable a password is made of VI, any previously issued CLIENT ID's and Passwords remain active and will permit access to VI SafeScreen. CLIENT is fully liable for any and all actions of CLIENT's representative until CLIENT requests a password be disabled.
 - C. VI shall not be liable for any CLIENT information being disclosed as a result of an outside third party accessing VI's or CLIENT's computer systems without either party's authority (i.e., hackers).
 - D. CLIENT acknowledges that SafeScreen remains the sole property of VI and that no title to, or ownership of, any software is transferred to CLIENT.
4. CLIENT agrees to pay all invoices within 30 days of receipt. CLIENT acknowledges that VI reserves the right to charge interest at the rate of one and one half percent (1.5%) per month on unpaid invoices.
5. CLIENT and VI acknowledge that under federal law Consumer Reports may be provided only to legitimate business entities. Therefore, VI may request CLIENT's business license or some other form/s of identification before service may commence. CLIENT is not obligated to provide requested identification; however, if required identification is not provided, VI reserves the right not to commence service.
6. Without limiting any of the foregoing, CLIENT acknowledges that it has had an opportunity to consult with its own legal counsel regarding the laws and regulations applicable to this Agreement, including without limitation *FCRA Regulations*, and is solely responsible for its compliance therewith.

(Continued on next page.)

VERIFICATIONS, INC.
User Certification And Client Services Agreement

7. CLIENT agrees that this Agreement and Exhibits constitute all conditions of service and applies to all reports made by VI to CLIENT regardless of which office of CLIENT requests and/or receives such reports. CLIENT further agrees that no changes in these conditions may be made except by written consent of an authorized agent of Verifications Incorporated and an authorized agent of CLIENT.

By: **VERIFICATIONS INCORPORATED**

CLIENT

 Signature, Authorized Representative

 Signature, Authorized Representative

 Printed Name

 Printed Name

 Title

 Date

 Title

 Date

NOTE: As a Consumer Reporting Agency, Verifications, Inc. is required to obtain evidence that any organization to whom Consumer Reports are provided is a legitimate business entity with a permissible purpose for receiving the report. Therefore, the following information is **required** before we can conduct background screening on your behalf.

Please attach a copy of BUSINESS LICENSE or ARTICLES OF INCORPORATION to this User Certification when returning to Verifications, Inc. This is required to establish your account.			
<i>Business Type (Check One)</i>	<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Partnership	<input type="checkbox"/> Corporation
<i>Building Type (Check One)</i>	<input type="checkbox"/> Commercial	<input type="checkbox"/> Residential	<input type="checkbox"/> Apartment Complex with Storefront
<i>Corporate Headquarters Address (if different than provided on Page 1) Physical Address; not PO Box</i>		<i>Main Phone Number</i>	
<i>Website (if different than provided on Page 1)</i>			
<i>Years in Business (If less than one, please attach copy of BUSINESS LEASE.)</i>		<i>Number of Employees</i>	
<i>Is Company Publicly Traded?</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<i>Stock Exchange</i>	<i>Symbol</i>

Attachment – Exhibit A: Notice to Users of Consumer Reports: Obligations of Users Under the FCRA, as prepared by the Federal Trade Commission. **Please retain Exhibit A for your records.** Do not return it to Verifications, Inc.

**NOTICE TO USERS OF CONSUMER REPORTS:
OBLIGATIONS OF USERS UNDER THE FCRA**

The federal Fair Credit Reporting Act (FCRA) requires that this notice be provided to inform users of consumer reports of their legal obligations. State law may impose additional requirements. This first section of this summary sets forth the responsibilities imposed by the FCRA on all users of consumer reports. The subsequent sections discuss the duties of users of reports that contain specific types of information, or that are used for certain purposes, and the legal consequences of violations. The FCRA, 15 U.S.C. 1681-1681u, is set forth in full at the Federal Trade Commission's Internet web site (<http://www.ftc.gov>).

I. OBLIGATIONS OF ALL USERS OF CONSUMER REPORTS

A. Users Must Have a Permissible Purpose. Congress has limited the use of consumer reports to protect consumers' privacy. All users must have a permissible purpose under the FCRA to obtain a consumer report. Section 604 of the FCRA contains a list of the permissible purposes under the law. These are:

- As ordered by a court or a federal grand jury subpoena. Section 604(a)(1)
- As instructed by the consumer in writing. Section 604(a)(2)
- For the extension of credit as a result of an application from a consumer, or the review or collection of a consumer's account. Section 604(a)(3)(A)
- For employment purposes, including hiring and promotion decisions, where the consumer has given written permission. Sections 604(a)(3)(B) and 604(b)
- For the underwriting of insurance as a result of an application from a consumer. Section 604(a)(3)(C)
- When there is a legitimate business need, in connection with a business transaction that is initiated by the consumer. Section 604(a)(3)(F)(i)
- To review a consumer's account to determine whether the consumer continues to meet the terms of the account. Section 604(a)(3)(F)(ii)
- To determine a consumer's eligibility for a license or other benefit granted by a governmental instrumentality required by law to consider an applicant's financial responsibility or status. Section 604(a)(3)(D)
- For use by a potential investor or servicer, or current insurer, in a valuation or assessment of the credit or prepayment risks associated with an existing credit obligation. Section 604(a)(3)(E)
- For use by state and local officials in connection with the determination of child support payments, or modifications and enforcement thereof. Sections 604(a)(4) and 604(a)(5)

In addition, creditors and insurers may obtain certain consumer report information for the purpose of making unsolicited offers of credit or insurance. The particular obligations of users of this "prescreened" information are described in Section V below.

B. Users Must Provide Certifications. Section 604(f) of the FCRA prohibits any person from obtaining a consumer report from a consumer reporting agency (CRA) unless the person has certified to the CRA (by a general or specific certification, as appropriate) the permissible purpose(s) for which the report is being obtained and certifies that the report will not be used for any other purpose.

C. Users Must Notify Consumers When Adverse Actions Are Taken. The term "adverse action" is defined very broadly by Section 603 of the FCRA. "Adverse actions" include all business, credit, and employment actions affecting consumers that can be considered to have a negative impact -- such as unfavorably changing credit or contract terms or conditions, denying or canceling credit or insurance, offering credit on less favorable terms than requested, or denying employment or promotion.

1. Adverse Actions Based on Information Obtained From a CRA. If a user takes any type of adverse action that is based at least in part on information contained in a consumer report, the user is required by Section 615(a) of the FCRA to notify the consumer. The notification may be done in writing, orally, or by electronic means. It must include the following:

- The name, address, and telephone number of the CRA (including a toll-free telephone number, if it is a nationwide CRA) that provided the report.
- A statement that the CRA did not make the adverse decision and is not able to explain why the decision was made.
- A statement setting forth the consumer's right to obtain a free disclosure of the consumer's file from the CRA if the consumer requests the report within 60 days.
- A statement setting forth the consumer's right to dispute directly with the CRA the accuracy or completeness of any information provided by the CRA.

2. Adverse Actions Based on Information Obtained From Third Parties Who Are Not Consumer Reporting Agencies. If a person denies (or increases the charge for) credit for personal, family, or household purposes based either wholly or partly upon information from a person other than a CRA, and the information is the type of consumer information covered by the FCRA, Section 615(b)(1) of the FCRA requires that the user clearly and accurately disclose to the consumer his or her right to obtain disclosure of the nature of the information that was relied upon by making a written request within 60 days of notification. The user must provide the disclosure within a reasonable period of time following the consumer's written request.

1. Adverse Actions Based on Information Obtained From Affiliates. If a person takes an adverse action involving insurance, employment, or a credit transaction initiated by the consumer, based on information of the type covered by the FCRA, and this information was obtained from an entity affiliated with the user of the information by common ownership or control, Section 615(b)(2) requires the user to notify the consumer of the adverse action. The notification must inform the consumer that he or she may obtain a disclosure of the nature of the information relied upon by making a written request within 60 days of receiving the adverse action notice. If the consumer makes such a request, the user must disclose the nature of the information not later than 30 days after receiving the request. (Information that is obtained directly from an affiliated entity relating solely to its transactions or experiences with the consumer, and information from a consumer report obtained from an affiliate are not covered by Section 615(b)(2).)

II. OBLIGATIONS OF USERS WHEN CONSUMER REPORTS ARE OBTAINED FOR EMPLOYMENT PURPOSES. If information from a CRA is used for employment purposes, the user has specific duties, which are set forth in Section 604(b) of the FCRA. The user must:

- Make a clear and conspicuous written disclosure to the consumer before the report is obtained, in a document that consists solely of the disclosure, that a consumer report may be obtained.
- Obtain prior written authorization from the consumer.
- Certify to the CRA that the above steps have been followed, that the information being obtained will not be used in violation of any federal or state equal opportunity law or regulation, and that, if any adverse action is to be taken based on the consumer report, a copy of the report and a summary of the consumer's rights will be provided to the consumer.
- Before taking an adverse action, provide a copy of the report to the consumer as well as the summary of the consumer's rights. (The user should receive this summary from the CRA, because Section 604(b)(1)(B) of the FCRA requires CRAs to provide a copy of the summary with each consumer report obtained for employment purposes.)

III. OBLIGATIONS OF USERS OF INVESTIGATIVE CONSUMER REPORTS. Investigative consumer reports are a special type of consumer report in which information about a consumer's character, general reputation, personal characteristics, and mode of living is obtained through personal interviews. Consumers who are the subjects of such reports are given special rights under the FCRA. If a user intends to obtain an investigative consumer report, Section 606 of the FCRA requires the following:

- The user must disclose to the consumer that an investigative consumer report may be obtained. This must be done in a written disclosure that is mailed, or otherwise delivered, to the consumer not later than three days after the date on which the report was first requested. The disclosure must include a statement informing the consumer of his or her right to request additional disclosures of the nature and scope of the investigation as described below, and must include the summary of consumer rights required by Section 609 of the FCRA. (The user should be able to obtain a copy of the notice of consumer rights from the CRA that provided the consumer report.)
- The user must certify to the CRA that the disclosures set forth above have been made and that the user will make the disclosure described below.
- Upon the written request of a consumer made within a reasonable period of time after the disclosures required above, the user must make a complete disclosure of the nature and scope of the investigation that was requested. This must be made in a written statement that is mailed, or otherwise delivered, to the consumer no later than five days after the date on which the request was received from the consumer or the report was first requested, whichever is later in time.

IV. OBLIGATIONS OF USERS OF CONSUMER REPORTS CONTAINING MEDICAL INFORMATION. Section 604(g) of the FCRA prohibits consumer-reporting agencies from providing consumer reports that contain medical information for employment purposes, or in connection with credit or insurance transactions, without the specific prior consent of the consumer who is the subject of the report. In the case of medical information being sought for employment purposes, the consumer must explicitly consent to the release of the medical information in addition to authorizing the obtaining of a consumer report generally.

V. OBLIGATIONS OF USERS OF "PRESCREENED" LISTS. The FCRA permits creditors and insurers to obtain limited consumer report information for use in connection with unsolicited offers of credit or insurance under certain circumstances. Sections 603(l), 604(c), 604(e), and 615(d) This practice is known as "prescreening" and typically involves obtaining a list of consumers from a CRA who meet certain pre-established criteria. If any person intends to use prescreened lists, that person must (1) before the offer is made, establish the criteria that will be relied upon to make the offer and to grant credit or insurance, and (2) maintain such criteria on file for a three-year period beginning on the date on which the offer is made to each consumer. In addition, any user must provide with each written solicitation a clear and conspicuous statement that:

- Information contained in a consumer's CRA file was used in connection with the transaction.
- The consumer received the offer because he or she satisfied the criteria for credit worthiness or insurability used to screen for the offer.
- Credit or insurance may not be extended if, after the consumer responds, it is determined that the consumer does not meet the criteria used for screening or any applicable criteria bearing on credit worthiness or insurability, or the consumer does not furnish required collateral.
- The consumer may prohibit the use of information in his or her file in connection with future prescreened offers of credit or insurance by contacting the notification system established by the CRA that provided the report. This statement must include the address and toll-free telephone number of the appropriate notification system.

VI. OBLIGATIONS OF RESELLERS. Section 607(e) of the FCRA requires any person who obtains a consumer report for resale to take the following steps:

- Disclose the identity of the end-user to the source CRA.
- Identify to the source CRA each permissible purpose for which the report will be furnished to the end-user.
- Establish and follow reasonable procedures to ensure that reports are resold only for permissible purposes, including procedures to obtain:
 - (1) the identity of all end-users;
 - (2) certifications from all users of each purpose for which reports will be used; and
 - (3) certifications that reports will not be used for any purpose other than the purpose(s) specified to the reseller.Resellers must make reasonable efforts to verify this information before selling the report.

VII. LIABILITY FOR VIOLATIONS OF THE FCRA. Failure to comply with the FCRA can result in state or federal enforcement actions, as well as private lawsuits. Sections 616, 617, and 621. In addition, any person who knowingly and willfully obtains a consumer report under false pretenses may face criminal prosecution. Section 619.