

ARTICLE I: RECITALS AND DEFINITIONS

This Customer Agreement is made by and between Blue Ox, LLC, a Mississippi limited liability company d/b/a MyHRConcierge (“HRC”) and the Customer as designated on the Service Request Sheet.

Section 1.01 — Definitions: The following definitions shall apply:

- (1) Access: The term “access” and variants thereof shall mean to store data in, retrieve data from or otherwise approach or make use of (directly or indirectly) through electronic means or otherwise.
- (2) Agreement: shall mean this Agreement.
- (3) Authorized Person: shall mean employees of Customer who have been authorized by HRC to use Third Party Software. To constitute an “Authorized Person” the individual must be issued a discrete password or customer identifier by HRC or the owner of the subject Third-Party Software and must acknowledge and accept the EULA prior to using the Third-Party Software.
- (4) Cancellation Notice: shall mean that written notice sent by one party to this Agreement to the other party to this Agreement seeking to cancel this Agreement because of breach by such other party.
- (5) Compliance Central: shall mean the online software applications made available to Authorized Persons of Customer by HCR, subject to the terms of the EULA applicable to Compliance Central.
- (6) Compliance Central Products: shall mean Compliance Central, the CXC content made available through Compliance Central, the Documentation and the CXC Technology. Compliance Central Products also include, to the extent applicable, E-Filing Products and related content and software.
- (7) Customer: shall mean the undersigned party executing this Agreement as the customer.
- (8) Customer Facility: shall mean the facility of Customer located at the address set forth for Customer on the signature page of this Agreement.

- (9) CXC: shall mean “Claims-X-Change, LLC, a Texas limited liability company, its successors and/or assigns.
- (10) CXC Technology: shall mean the proprietary CXC computer programs in machine-readable, binary form, any accompanying hard copy documentation, content and any underlying technology used by CXC to create, operate and/or maintain the Compliance Central Products, including any improvements, modifications, updates, upgrades and derivative works thereof, provided through online access via the Compliance Central Portal.
- (11) Deliverables: shall mean tangible deliverables provided to Customer in connection with Services, including reports, documents, charts, forms or other outputs created or generated by Third Party Software (as the case may be), including, but not limited, to E-Filing Products.
- (12) Documentation: shall mean any documentation, instructions or specifications provided with Third Party Software by the owner or licensor thereof.
- (13) Effective Date: shall mean the date this Agreement is signed by HRC and Customer (whichever is later).
- (14) E-Filing Products: shall mean those certain additional tools and/or services enabling Subscriber to electronically file certain forms (e.g. Form 1094, Form 1095, etc.) with applicable government agencies such as the Internal Revenue Service.
- (15) EULA: shall mean and refer to any Customer license agreement for Third Party Software, including, but not limited to the EULA presented and accepted by the Authorized Person at the online Compliance Central portal prior to being granted access to use the Compliance Central Products.
- (16) Fees: shall mean an amount of money equal to the amount invoiced by HCR to Customer for: (a) performance of Services; (b) the provision of Deliverables, as applicable; and/or (c) access to Third Party Software, as applicable. The Fees shall be as set forth in the Service Request Sheet, or as otherwise mutually agreed in writing between HRC and Customer from time to time.

(17) First Level Support: First Level Support shall mean basic-level technical support functions provided HCR to Customer as part of the Services during normal business hours with respect to any Third-Party Software. First Level Support shall consist of user assistance, error diagnosis and attempted resolution and basic troubleshooting.

(18) Third Party Software: shall mean and software owned by third parties and provided to Customer under, pursuant to or in connection with this Agreement, including, but not limited to the CXC Technology. Access to and use of the Third Party Software by Authorized Users will be expressly subject to the terms of the applicable EULA. Third Party Software made available to Customer (subject to applicable rates and charges) is set forth on the Service Request Sheet, as same may be updated or amended from time to time, in accordance with written Customer requests.

(19) Services: shall mean the Services set forth on the Service Request Sheet.

(20) Term: shall mean a period of time starting with the Effective Date and continuing for 12 months or until this Agreement is terminated or canceled under **Article VII** of this Agreement. If the services are not termed under the conditions of Article VII, the term will auto renew for another 12 months.

ARTICLE II: SERVICES

Section 2.01 – Retention: As of the Effective Date, Customer retains the Consultant as an independent contractor consultant, and the Consultant hereby accepts such consulting relationship, upon the terms and conditions set forth in this Agreement. This Agreement replaces and supersedes in its/their entirety any prior consultant agreements by and between Customer and Consultant concerning the subject matter hereof.

Section 2.02 – Services: The Consultant agrees to serve the Customer as a consultant with respect to the Services. The Consultant shall perform and discharge well and faithfully for the Customer such Services during the Term of this Agreement.

Section 2.03— Cooperation: Customer hereby acknowledges that successful performance of the Services shall require Customer to cooperate in good faith and to provide data or information concerning Customer’s business, personnel and processes. Customer hereby agrees to provide such cooperation and information. Customer hereby authorizes HRC (including without limitation the authorized representatives and subcontractors of HRC) to access the personnel, facilities, information technology, computers, computer software and data of Customer solely for purposes of performing the Services under this Agreement. All data and information supplied by Customer to HRC shall be true and accurate in all respects, and HRC shall have no liability for any outputs, calculations or errors which are based or derived, in whole or in part, on inaccurate information received by HRC from the Customer.

Section 2.04 — Acceptance: The Services shall be deemed delivered and accepted by Customer upon performance.

Section 2.05 — Schedule: The Services shall be performed during the hours of 8:00 a.m. through 5:00 p.m., Central Standard Time, Monday through Friday (excluding holidays).

Section 2.06 – Acknowledgment regarding Services and Deliverables: Customer acknowledges that HRC is merely an administrative service provider with respect to the Services and is not an insurer, surety, legal advisor, or guarantor of Customer or any of Customer’s business practices, including, without limitation, employment practices. Customer agrees to maintain and carry all insurance policies that Customer deems necessary and advisable, in consultation with an insurance agent, independent legal counsel, or company of Customer’s own selection. Customer agrees to use and deploy the selected Services at its own risk. Customer further acknowledges and agrees that HRC does not provide legal advice, nor are any of the Services provided by HRC meant as a substitute for independent legal counsel for Customer.

Section 2.07 – Background Checks and Drug Tests (FCRA Compliance): In connection with this Agreement, HRC may furnish Customer with consumer reports or investigative consumer reports, as those terms are defined in the Fair Credit Reporting Act, as amended (“FCRA”) (collectively

“Screening Reports”) conditioned upon Customer’s compliance with its obligations set forth below (and elsewhere in this Agreement):

- (i) Acknowledgment of HRC’s Role. Customer acknowledges that HRC: (a) does not procure or retain the results of any drug tests or background checks for the purpose of sale or resale to any party other than the Customer that requested those searches or tests per the terms of this Agreement; (b) does not engage in the business of assembling or evaluating of any consumer credit information or other information on consumers for the purpose of furnishing consumer reports to third parties; and, (c) does not make any representations or warranties regarding the accuracy or completeness of the contents of any such reports. Instead, HRC coordinates requests for background checks and/or drug testing services with third party service providers, and transmits the results of those tests and/or background checks directly to Customer (after Customer places such order) per the terms of this Agreement, without in any way determining, influencing, or contributing to the content of such reports or results. HRC shall comply with all federal (including, without limitation, the FCRA), state, local, and international laws and regulations applicable to HRC, in connection with procurement and provision of Screening Reports furnished to Customer, and HRC shall require that its third party service providers of such Screening Reports comply with all federal (including, without limitation, the FCRA), state, local, and international laws and regulations applicable to such third party service providers in connection with the provision of Screening Reports by such third party service provider to HRC.
- (ii) Permissible Purpose. Customer hereby certifies that all of its orders for Screening Reports from HRC shall be made, and the resulting reports shall be used for employment purposes, as defined in the FCRA, including evaluating a consumer for employment, promotion, reassignment or retention as an employee, where the consumer has given prior written permission.
- (iii) Customer agrees to retain copies of all written authorizations for a minimum of five (5) years from the date of inquiry and make such written authorizations available to HRC upon request.
- (iv) Compliance with Laws. Customer shall comply with all federal (including, without limitation, the FCRA), state, local, and international laws and regulations applicable to Customer in

connection with its procurement and use of Screening Reports furnished by HRC.

- (v) Receipt of Required Notices. Customer acknowledges that it has received and reviewed a copy of the notices titled (i) Notice to Users of Consumer Reports: Obligations of Users Under the Fair Credit Reporting Act (“Notice to Users”), which explains Customer’s obligations under the FCRA as a user of consumer information and a copy of which is attached hereto as Addendum A-1, and (ii) A Summary of Your Rights Under the Fair Credit Reporting Act, a copy of which is available on the Consumer Financial Protection Bureau’s (“CFPB”) website at <https://www.consumerfinance.gov/learnmore/>, is available for download using the following link: https://files.consumerfinance.gov/f/documents/bcftp_consumer-rights-summary_2018-09.docx., and is also provided with a sample disclosure and authorization form on HRC’s website. Customer certifies that it will comply with all applicable provisions of Notice to Users.
- (vi) Disclosure and Authorization. Customer agrees and certifies that prior to procurement or causing the procurement of a consumer report for employment purposes: (a) a clear and conspicuous disclosure has been made in writing to the consumer, in a document that consists of only the disclosure, explaining that a consumer report may be obtained for employment purposes and such disclosure satisfied all of the requirements of the FCRA as well as any applicable state or local laws; and (b) the consumer has authorized in writing the procurement of the report by Customer.
- (vii) Investigative Consumer Reports. In addition to the disclosure and authorization requirements in Subsection (v) above, Customer agrees and certifies that prior to procurement or causing the procurement of an investigative consumer report for employment purposes: (a) it has been clearly and accurately disclosed to the consumer that an investigative consumer report including information as to the consumer’s character, general reputation, personal characteristics and/or mode of living may be made; and, (b) such disclosure (1) is made in a writing mailed, or otherwise delivered, to the consumer, not later than three days after the date on which the report was first requested, (2) contains a statement informing the consumer of his/her right to request a complete and accurate disclosure of the nature and scope of the requested investigation and his/her right to request a copy of the rights of the

consumer under the FCRA titled A Summary of Your Rights Under the Fair Credit Reporting Act, and (3) satisfied all of the requirements of the FCRA as well as any applicable state or local laws. If the consumer makes a request within a reasonable time after his/her receipt of the required disclosure, Customer certifies that it shall make a complete and accurate disclosure of the investigation requested. Such disclosure shall be made in a writing mailed, or otherwise delivered, to the consumer not later than five (5) days after the date on which the request for such disclosure was received from the consumer or such report was first requested, whichever is the later.

- (viii) Adverse Action. Pursuant to the FCRA and, where applicable, state and local laws and regulations, before taking any adverse action based in whole or in part on a Screening Report, Customer must adhere to certain obligations. At a minimum, in using a Screening Report for employment purposes, before taking any adverse action based in whole or in part on the Screening Report, Customer shall provide to the consumer to whom the Screening Report relates: (a) a pre-adverse action notice/letter stating that Customer is considering taking adverse action; (b) a copy of the full and complete Screening Report; (c) a copy of the notice titled A Summary of Your Rights Under the Fair Credit Reporting Act and any applicable state summary of rights; (d) a reasonable opportunity and amount of time to correct any erroneous information in the Screening Report; and (e) contact information for both HRC and its third party vendor, both of which are available upon request to HRC. If Customer thereafter takes adverse action, Customer shall also provide a final adverse action notice to the consumer to whom the Screening Report relates. Such notice shall comply with all applicable laws, and shall include the name, address, and phone number of HRC and its third party vendor; a statement that neither HRC nor its third party vendor made the decision to take the unfavorable action and cannot give specific reasons for it; and a notice of the person's right to dispute the accuracy or completeness of any information in the Screening Report, and to get an additional free report from HRC or its third party vendor if the person asks for it within 60 days.
- (ix) Equal Employment Opportunity. Customer further certifies that information from any Screening Report will not be used in violation of any applicable federal or state equal opportunity law or regulation.

- (x) General Use Requirements. In addition to, and without limiting the requirements set forth in this Section 2.06, Customer further certifies that: Customer shall use each Consumer Report only for a one-time use and shall hold the report in strict confidence, and not disclose it to any third parties; provided, however, that Customer may, but is not required to, disclose the report to the subject of the report only in connection with an adverse action based on the report, or as otherwise clearly required by law.
- (xi) Moreover, unless otherwise explicitly authorized in an agreement between HRC and its Customer for scores obtained from TransUnion, or as explicitly otherwise authorized in advance and in writing by TransUnion through HRC, Customer shall not disclose to consumers or any third party, any or all such scores provided under such agreement, unless clearly required by law.

- It shall provide access to Screening Reports only to employees, agents and representatives of Customer who fully review and understand Customer's obligations under the FCRA and this Agreement and who agree to comply with those obligations.
- It shall ensure that its users do not request and/or obtain Screening Reports on themselves, coworkers, employees, family members or friends unless it is in connection with a legitimate business transaction or employment purpose and procured in accordance with the terms of this Agreement.
- It shall hold the Screening Reports in strict confidence. Customer shall maintain all Screening Reports in a secure and confidential manner and shall follow all applicable laws relating to storage and dissemination of information. Furthermore, Customer shall dispose of any Screening Reports and any other documentation containing personally identifiable information in accordance with applicable law.
- Customer shall implement and maintain a comprehensive information security program that contains administrative, technical, and physical safeguards that are appropriate to the Customer's size and complexity, the nature and scope of its activities, and the sensitivity of the information provided to Customer by HRC; and that such safeguards shall be reasonably designed to: (1) ensure the security and confidentiality of the information provided by HRC, (2) protect against any anticipated threats or hazards to the security or integrity of such information, and (3) protect against unauthorized access to or use of such information that could result in substantial harm or inconvenience to any consumer.

- It shall not resell, sublicense, deliver, display, use for marketing purposes or otherwise distribute any Screening Reports to any third party.
- It understands that THE FCRA PROVIDES THAT ANY PERSON WHO KNOWINGLY AND WILLFULLY OBTAINS INFORMATION ON A CONSUMER FROM A CONSUMER REPORTING AGENCY UNDER FALSE PRETENSES SHALL BE FINED UNDER TITLE 18 OF THE UNITED STATES CODE OR IMPRISONED NOT MORE THAN TWO YEARS, OR BOTH.
 - (xi) Continuing Certification. Customer certifies that each and every time it requests a Screening Report regardless of ordering mechanism, it is at the time that the order is place reaffirming its certifications herein.
 - (xii) Required Certification Updates. If HRC determines, in HRC's sole discretion, that regulatory or industry changes require updates to this Section 2.06, HRC retains the right to request and require additional documentation and certifications from Customer. Customer understands that any failure to cooperate with reasonable requests for such documentation and certifications may constitute grounds for immediate suspension and termination of the Agreement.
 - (xiii) California State Certification. Customer hereby certifies that, under the Investigative Consumer Reporting Agencies Act ("ICRAA"), California Civil Code Sections 1786 et seq., and the Consumer Credit Reporting Agencies Act ("CCRAA"), California Civil Code Sections 1785.1 et seq., to the extent Customer is located in the State of California, and/or Customer's request for and/or use of Screening Reports pertains to a California resident or worker, Customer will do the following:
 - Request and use Screening Reports solely for permissible purpose(s) identified under California Civil Code Sections 1785.11 and 1786.12.
 - When, at any time, a Screening Report is sought for employment purposes other than suspicion of wrongdoing or misconduct by the consumer who is the subject of the investigation, provide a clear and conspicuous disclosure in writing to the consumer, which solely discloses: (i) that an investigative Screening Report may be obtained; (ii) the permissible purpose of the investigative Screening Report; (iii) that information on the consumer's character, general reputation, personal characteristics and mode of living may be disclosed; (iv) the name, address, and telephone number of HRC and any third-party provider of the Screening

- Report to HRC, all of which is available upon request to HRC; and (v) the nature and scope of the investigation requested, including a summary of the provisions of California Civil Code Section 1786.22.
- When, at any time, a Screening Report is sought for employment purposes other than suspicion of wrongdoing or misconduct by the consumer who is the subject of the investigation, only request a Screening Report if the applicable consumer has authorized in writing the procurement of the Screening Report.
 - Provide the consumer a means by which he/she may indicate on a written form, by means of a box to check, that the consumer wishes to receive a copy of any Screening Report that is prepared.
 - If the consumer wishes to receive a copy of the Screening Report, send (or contract with another entity to send) a copy of the Screening Report to the consumer within three business days of the date that the Screening Report is provided to Customer. The copy of the Screening Report shall contain the name, address, and telephone number of the person who issued the report and how to contact him/her.
 - Under all applicable circumstances, comply with California Civil Code Sections 1785.20 and 1786.40 if the taking of adverse action is a consideration, which shall include, but may not be limited to, advising the consumer against whom an adverse action has been taken that the adverse action was based in whole or in part upon information contained in the Screening Report, informing the consumer in writing of the name, address, and telephone number, or HRC and its third-party provider or vendor of the Screening Report, and provide the consumer with a written notice of his/her rights under the ICRAA and the CCRAA.
 - Comply with all other requirements under applicable California law, including, but not limited to any statutes, regulations and rules governing the procurement, use and/or disclosure of any Screening Reports, including, but not limited to, the ICRAA and the CCRAA.
- (xiv) Vermont State Certification. In addition to the Notice to Users, if Customer is a user of Vermont Screening Reports, Customer certifies that it will comply with the applicable provisions of Vermont law, including, without limitation, Section 2480e of the Vermont Fair Credit Reporting Statute. Customer further certifies that it has

received a copy of Section 2480e of the Vermont Fair Credit Reporting Statute.

Section 2.07 Additional Certifications:

- Customer certifies that it has a permissible purpose for obtaining consumer reports in accordance with the Fair Credit Reporting Act (15 U.S.C. §1681 et seq.) including, without limitation, all amendments thereto ("FCRA"). The Customer certifies its permissible purpose as:
 - In connection with a credit transaction involving the consumer on whom the information is to be furnished and involving the extension of credit to, or review or collection of an account of the consumer; or
 - In connection with the underwriting of insurance involving the consumer or review of existing policy holders for insurance underwriting purposes, or in connection with an insurance claim where written permission of the consumer has been obtained; or
 - In accordance with the written instructions of the consumer who is the subject of the Consumer Report. Customer certifies that each such written authorization will expressly authorize Customer to obtain the Consumer Report. Nothing in this certification, or elsewhere in this Agreement, is intended to allow Customer to purchase the Consumer Report for the purpose of selling or giving the report, or information contained in or derived from it, to the subject of the report, unless required by law, or to any other third party, and Customer expressly agrees to refrain from such conduct; or
 - In connection with Customer's legitimate business need for information in connection with a business transaction that is initiated by the consumer, including, but not limited to, tenant screening; or
 - As a potential investor, servicer or current insurer, in connection with a valuation of, or assessment of, the credit or prepayment risks associated with an existing credit obligation; or
 - In connection with Customer's legitimate business need for the information to review an account to determine whether the consumer continues to meet the terms of the account; or

- Available for use by Government Agencies only: In connection with a determination of the 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.
- Customer certifies that Customer shall use the Consumer Reports: (a) solely for the permissible purpose(s) certified by Customer and for no other purpose; and, (b) solely for Customer's exclusive one-time use. Customer shall not request, obtain or use Consumer Reports for any other purpose, including, but not limited to, for the purpose of selling, leasing, renting or otherwise providing information obtained under this Agreement to any other party, whether alone, in conjunction with Customer's own data, or otherwise in any service which is derived from the consumer reports. The Consumer Reports shall be requested by, and disclosed by Customer only to Customer's designated and authorized employees having a need to know and only to the extent necessary to enable Customer to use the Consumer Reports in accordance with this Agreement. Customer shall ensure that such designated and authorized employees shall not attempt to obtain any Consumer Reports on themselves, associates, or any other person except in the exercise of their official duties.

- Customer certifies that Customer has a need for consumer credit information in connection with the evaluation of individuals for employment, promotion, reassignment or retention as an employee ("Consumer Report for Employment Purposes").
- Customer certifies that Customer shall request Consumer Report for Employment Purposes pursuant to procedures prescribed by HRC from time to time only when it is considering the individual inquired upon for employment, promotion, reassignment or retention as an employee, and for no other purpose. Customer shall comply with any federal and state laws which may restrict or ban the use of Consumer Report for Employment Purposes.
- Customer certifies that it will not request a Consumer Report for Employment Purposes unless:
 - A clear and conspicuous disclosure is first made in writing to the consumer by Customer before the report is obtained, in a

- document that consists solely of the disclosure that a consumer report may be obtained for employment purposes;
 - The consumer has authorized in writing the procurement of the report; and
 - Information from the Consumer Report for Employment Purposes will not be used in violation of any applicable federal or state equal employment opportunity law or regulation.
- Customer further certifies that before taking adverse action in whole or in part based on the Consumer Report for Employment Purposes, it will provide the consumer with:
 - A copy of the Consumer Report for Employment Purposes; and
 - A copy of the consumer's rights, in the format approved by the Consumer Financial Protection Bureau.
- Customer certifies that Customer shall use the Consumer Report for Employment Purposes only for an exclusive, one-time use, and shall hold the report in strict confidence, and not disclose it to any third parties that are not involved in the employment decision.

Customer certifies that it meets the qualifications of a Certified Person under 15 CFR Part 1110.2 and that its access to the DMF is appropriate because:

- a. **Certified Person:** Customer has a legitimate fraud prevention interest, or has a legitimate business purpose pursuant to a law, governmental rule, regulation or fiduciary duty, and shall specify the basis for so certifying; and
- b. **Security:** Customer has systems, facilities, and procedures in place to safeguard the accessed information; experience in maintaining the confidentiality, security, and appropriate use of the accessed information, pursuant to requirements similar to the requirements of section 6103(p)(4) of the Internal Revenue Code of 1986; and agrees to satisfy the requirements of such section 6103(p)(4) as if such section applied to Customer; and,
- c. Customer shall not disclose information derived from the DMF to the consumer or any third party, unless clearly required by law.
- d. **Penalties:** Customer acknowledges that failure to comply with the provisions above may subject Customer to penalties under 15 CFR 1110.200 of \$1,000 for each disclosure or use, up to a maximum of \$250,000 in penalties per calendar year.
- e. **Indemnification and Hold Harmless:** Customer shall indemnify and hold harmless TransUnion and the U.S.

Government/NTIS from all claims, demands, damages, expenses, and losses, whether sounding in tort, contract or otherwise, arising from or in connection with Customer's, or Customer's employees', contractors', or subcontractors', use of the DMF. This provision shall survive termination of the Agreement and will include any and all claims or liabilities arising from intellectual property rights

f. Liability:

- a. Neither TransUnion nor the U.S. Government/NTIS (a) make any warranty, express or implied, with respect to information provided under this Section of the Policy, including, but not limited to, implied warranties of merchantability and fitness for any particular use; (b) assume any liability for any direct, indirect or consequential damages flowing from any use of any part of the DMF, including infringement of third party intellectual property rights; and, (c) assume any liability for any errors or omissions in the DMF. The DMF does have inaccuracies and NTIS and the Social Security Administration (SSA), which provides the DMF to NTIS, do not guarantee the accuracy of the DMF. SSA does not have a death record for all deceased persons. Therefore, the absence of a particular person on the DMF is not proof that the individual is alive. Further, in rare instances, it is possible for the records of a person who is not deceased to be included erroneously in the DMF.
 - b. If an individual claim that SSA has incorrectly listed someone as deceased (or has incorrect dates/data on the DMF), the individual should be told to contact their local Social Security office (with proof) to have the error corrected. The local Social Security office will:
 - i. Make the correction to the main NUMIDENT file at SSA and give the individual a verification document of SSA's current records to use to show any company, recipient/purchaser of the DMF that has the error; OR,
 - ii. Find that SSA already has the correct information on the main NUMIDENT file and DMF (probably corrected sometime prior), and give the individual a verification document of SSA's records to use to show to any company subscriber/ purchaser of the DMF that had the error.
1. Customer may request TransUnion Scores, which shall include the VantageScore (collectively "TransUnion Scores" or "Scores") in connection with the delivery of a consumer report obtained hereunder.

TransUnion agrees to perform such processing as reasonably practicable. Customer shall use Scores provided in connection with the delivery of a consumer report only in accordance with its permissible purpose under the FCRA certified at the time of its request for such Scores. Customer will request Scores only for Customer's exclusive, one-time use. Customer may store Scores solely for Customer's own use in furtherance of Customer's original purpose for obtaining the Scores.

2. Adverse Action Factors. Customer recognizes that factors other than the Score may be considered in making a decision as to a consumer. Such other factors include, but not limited to, the consumer report, the individual account history, application information, and economic factors. Score reason codes may be provided to the Customer, which are designed to indicate the principal factors that contributed to the Score, and may be disclosed to consumers as the reasons for taking adverse action, as required by the Equal Credit Opportunity Act ("ECOA") and its implementing Regulation ("Reg. B"). The TransUnion Score itself, when accompanied by the corresponding reason codes, may also be disclosed to the consumer who is the subject of the TransUnion Score. However, the TransUnion Score itself may not be used as the reason for adverse action under Reg. B.
3. Customer shall not use any Scores for model development or model calibration and shall not reverse engineer any Scores. TransUnion Scores are proprietary to TransUnion and shall not be disclosed to any other third party without TransUnion's prior written consent, except as expressly permitted herein or where clearly required by law. All Scores provided hereunder will be held in strict confidence and may never be sold, licensed, copied, reused, or reproduced, and may never be disclosed, revealed or made accessible, in whole or in part, to any Person, except: (i) to those employees of Customer with a need to know and in the course of their employment; (ii) to those agents and contractors of Customer who have a need to know in connection with Customer's use of the Scores as permitted hereunder and who have executed a written agreement that limits the use of the Scores by the third party only to the use permitted to Customer and contains the prohibitions set forth herein regarding model development, model calibration, reverse engineering and confidentiality; (iii) when accompanied by the corresponding reason codes, to the consumer who is the subject of the Score, when in connection with an adverse action notice; (iv) to government regulatory agencies; or, (v) as required by law. For the purpose of this Section, "Person" shall mean an individual, a

partnership, a corporation, a limited liability company, a trust, a joint venture, an unincorporated organization and any Government Authority. For the purpose of this Section, “Government Authority” means any national, provincial, state, municipal, local or foreign government, ministry, department, commission, board, bureau, agency, authority, instrumentality, unit, or taxing authority thereof.

4. Scores without Score Factors or Adverse Action Codes. Scores without score factors or adverse action codes may be made available to Customer in conjunction with Customer’s request for Consumer Reports. Customer hereby represents and warrants that when Customer requests Scores without score factors or adverse action codes, Customer shall not use such Scores, nor any information derived therefrom: (i) to take any adverse action as to any individual consumer; or, (ii) except for prioritization of collection of a credit account, in connection with the collection of an account, when such use is consistent with the permissible purpose certified by Customer to obtain such Score(s).
5. TransUnion Score Performance. Certain TransUnion Scores are implemented with standard minimum exclusion criteria. TransUnion shall not be liable to Customer for any claim, injury, or damage suffered directly or indirectly by Customer as a result of any End User requested changes to the exclusion criteria which result in normally excluded records being scored by such TransUnion Scores. TransUnion warrants that the scoring algorithms used in the computation of the scoring services provided under this Agreement (“Models”), are empirically derived from credit data and are a demonstrably and statistically sound method of rank-ordering candidate records with respect to the purpose of the TransUnion Scores when applied to the population for which they were developed, and that no scoring algorithm used by a TransUnion Score uses a “prohibited basis” as defined in ECOA and Reg. B promulgated thereunder. The TransUnion Score may appear on a credit report for convenience only, but is not a part of the credit report nor does it add to the information in the report on which it is based.

ARTICLE III: PAYMENT

Section 3.01 — Fee: Customer shall pay the Fees when due.

Section 3.03 — Costs: Customer shall pay all direct costs, including (without limitation) postage, shipping, travel, lodging, per diem, telephone,

telecommunications, material and reproduction expenses incurred in performing Services under this Agreement. Customer shall pay any and all applicable taxes.

Section 3.04 — Invoicing: HRC shall invoice Customer monthly for Fees and expenses in connection with Services, Deliverables and Third Party Software furnished or provided under this Agreement. Customer shall pay any such invoice in full on the due date thereof or within twenty days of receiving such invoice, whichever is earlier. Any amount of money which is not paid by Customer when due shall be increased by a late fee equal to 1½% for each month or portion thereof in which such amount is due and not paid.

Section 3.05 – Taxes: HRC shall add to each invoice, and Customer shall pay, any sales, use, excise, value added, property, and other taxes and duties however designated that are levied by any taxing authority relating to the HRC Services, Deliverables and any Third Party Software invoiced through HRC. In no event shall Client be responsible for taxes based upon the gross or net income of HRC or for taxes that have been assessed to HRC prior to the Effective Date of this Agreement.

ARTICLE IV: LICENSES:

Section 4.01 — Deliverables: Subject to Customer's compliance with the obligations of Customer under this Agreement, including (without limitation) payment obligations, HRC hereby grants Customer a non-exclusive, non-transferable license to use the Deliverables (excluding the Third Party Technology) at the Customer Facility for the Term.

Section 4.02 – Third Party Technology: Customer hereby acknowledges and agrees that the execution of this Agreement or the performance of Services hereunder shall not be construed as the grant of a license to Customer to access or use any Third Party Software, and that such license will be granted solely pursuant to the accepted EULA applicable to such Third Party Software. Customer agrees to use the Third Party strictly in accordance with the EULA and any accompanying documentation. Customer shall defend, indemnify and hold harmless HRC from any lost, cost or damage (including reasonable attorneys' fees) suffered or incurred by HRC as a result of the breach by Customer of the obligations stated in the immediately preceding sentence.

ARTICLE V: PROPRIETARY INFORMATION

Section 5.01 – Proprietary Information: The parties understand and acknowledge that nature of the consulting Services to be provided herein may require the exchange or sharing of certain information of a confidential and proprietary nature, including, by way of example, each Party’s trade secrets, private or secret processes as they exist from time to time, and information concerning products, developments, techniques, new product plans, equipment, inventions, discoveries, patent applications, ideas, designs, engineering drawings, sketches, renderings, other drawings, manufacturing and test data, computer programs (excluding Third Party Software), progress reports, materials, costs, specifications, processes, methods, research, procurement and sales activities and procedures, promotion and pricing techniques, and credit and financial data concerning customers of HRC and its subsidiaries, as well as information relating to each Party’s management, planning and operations (collectively, “**Proprietary Information**”). The Parties each recognize the Proprietary Information of the other as valuable, special, and unique assets. Accordingly, any Proprietary Information of a Party (the “**Disclosing Party**”) shared with, revealed to, or obtained by the other Party (the “**Receiving Party**”) as a result of this Agreement shall be considered confidential and shall be the sole and exclusive property of the Disclosing Party.

Section 5.02 – Obligations of Receiving Party: Receiving Party agrees that it will not, during the Term or for a period of three (3) years thereafter, disclose any Proprietary Information to or discuss any Proprietary Information with any other person or entity, except: (i) employees, professional advisors, prospective investors and lenders on a need-to-know basis, or (ii) with the prior written consent of the Disclosing Party, or (iii) pursuant to, and in accordance with the terms of, any court decree, subpoena, or other legal or administrative order or process reasonably believed by Receiving Party to compel such disclosure, provided that the Receiving Party shall give Disclosing Party at least five (5) days (if applicable) prior written notice of any proposed disclosure pursuant to this clause and shall cooperate in all reasonable respects in any efforts that Disclosing Party may elect to make to oppose such compelled disclosure. Receiving Party agrees to use best efforts to prevent any inadvertent disclosure of any Proprietary Information to or discussion of any Proprietary Information with any other person or entity.

Section 5.03 – Termination and Exclusions: Receiving Party’s obligations under **Section 5** hereof shall terminate with respect to any particular portion of the Proprietary Information, and such portion shall cease to constitute Proprietary Information for purposes of this Agreement, to the extent that any of the following is true: (a) such portion of the Proprietary Information was in the public domain at the time the Confidential Information was communicated; (b) such Proprietary Information enters the public domain, through no action of Receiving Party or its employees or professional advisors subsequent to the time the Proprietary Information was communicated; (c) Such Proprietary Information is obtained or acquired by Receiving Party from a source, in lawful possession of such information, provided that such source is not bound by a confidentiality agreement with or other obligation of secrecy to the Disclosing Party.

Section 5.04 – Return of Proprietary Information: Promptly upon the termination or expiration of this Agreement (or earlier, upon written request) the Receiving Party shall return all Proprietary Information to Disclosing Party. Notwithstanding the foregoing, HRC may retain: (a) one copy of the Proprietary Information it receives from Customer to the extent necessary for: (i) prosecuting or defending its interests in actual or anticipated litigation or enforcing any rights with respect to this Agreement, or (ii) regulatory compliance, auditing or corporate record keeping purposes; and (b) electronic files of the Proprietary Information created by HRC’s automatic computer generated backup systems, provided that such files shall be deleted in the ordinary course of HRC’s file maintenance systems, shall not be generally accessed by HRC’s personnel and shall nevertheless remain subject to the terms of this Agreement, including without limitation copies of and notes relating to such Proprietary Information (both written and electronic) made Buyer.

Section 5.06 – Right to Specific Relief: The Parties recognize and acknowledge that the limitations set forth in this **Article 5** are properly required for the adequate protection of the business of Customer and HRC, and that any violation of any of the provisions of this **Article 5** is likely to cause irreparable injury for which money damages are neither adequate nor ascertainable. Accordingly, either Party (in its capacity as a Disclosing Party) shall have the right to have the provisions of this **Article 5** specifically enforced by a court of competent jurisdiction, including without limitation its right to terminate this Agreement, in addition to any other remedies that aggrieved Party may have. Further, the Party

breaching the covenants set forth in this **Article 5** hereby consents to the entry of an injunction or other similar relief without the necessity of posting a bond or other financial insurance. Additionally, the aggrieved Party shall be entitled to recover its costs and expenses (including reasonable attorneys' fees) incurred in enforcing its rights under this **Article 5**.

ARTICLE VI: LIMITED WARRANTY & EXCLUSIONS:

Section 6.01 – Service Warranty: The Services shall be performed on a reasonable efforts basis by qualified personnel in accordance with standard industry practices for similar services.

SECTION 6.02 – DELIVERABLES WARRANTY: THE DELIVERABLES ARE PROVIDED UNDER THIS AGREEMENT “AS IS” WITHOUT WARRANTY OF ANY KIND. HRC MAKES NO WARRANTY REGARDING THE DELIVERABLES, EXPRESS OR IMPLIED. HRC DISCLAIMS AND CUSTOMER HEREBY WAIVES ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY AND IMPLIED WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE.

SECTION 6.03 – DISCLAIMER REGARDING 3RD PARTY SOFTWARE: All Third Party Software is licensed to Customer in accordance with a separate EULA included with the Third Party Software, and subject to any restrictions set forth herein or in the Documentation. Customer agrees to abide by all of the terms and conditions of such Third Party Software EULA, and a breach of any such agreement will be considered a material breach of this Agreement. Except as expressly set forth herein or in a written agreement between HRC and Customer, HRC shall have no responsibility with respect to any Third Party Software, and Customer will look solely to the licensor(s) of the Third Party Software for any remedy. HRC claims no right in the Third Party Software, and the same is owned exclusively by the licensor(s) of the Third Party Software. HRC makes no representations or warranties whatsoever, express or implied, concerning Third Party Software, INCLUDING BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, AND NON-INFRINGEMENT or the availability, reliability, accuracy or

performance thereof. THIRD PARTY SOFTWARE will be made available to Customer by HCR on an “as is, where is” basis by HCR. With the exception of First Level Support, Customer shall look solely to the owner and/or licensor for the Third Party Software for any issues, errors, troubleshooting, fixes, bug remediation or warranty claims. Except as may otherwise be provided in the Third Party Software EULA, Customer’s right and license to such Third Party Software terminates at such time as this Agreement terminates.

Section 6.04 — Express Warranties: Customer hereby acknowledges and agrees that HRC (including officers, employees, agents, directors and independent contractors of HRC) has not granted to Customer or made any express warranties concerning the Services, the Deliverables or Third Party Software except the limited warranty for Services set forth in **Section 6.01**.

Section 6.05 — Limitation of Damages: HRC shall not be liable to Customer or to a third party under this Agreement for any direct, indirect, lost profits, consequential, exemplary, incidental, or punitive damages, regardless of the form of action, whether in contract or in tort, including negligence, regardless of whether HRC has been advised of the possibility of such damages in advance or whether such damages are reasonably foreseeable.

Section 6.06 — Exclusive Remedy: The exclusive remedy of Customer for any reason and for any cause of action whatsoever in connection with or relating to the Agreement, or any transaction involving the Deliverables, regardless of the form of action, whether in contract or in tort, shall be limited to repair or replacement of the Deliverables or re-performance of Services, as determined by HRC.

Section 6.07 — Limitation of Liability: Notwithstanding Section 6.06, the liability of HRC for any reason and for any cause of action whatsoever in connection with this Agreement, regardless of the form of action, whether in contract or in tort, including negligence, shall be limited to the amount of money received by HRC from Customer pursuant under the Agreement from which such damages or liability arose.

Section 6.08 — Force Majeure: HRC shall be not liable to Customer for failing to perform Services hereunder because of circumstances beyond the

control of HRC. Such circumstances shall include (without limitation) any acts or omissions of any government or governmental authority, natural disaster, act of a public enemy, acts of terrorism, riot, sabotage, labor disputes, war, laws, court orders, telecommunication failure, electronic mail failure, power failure, delays in transportation or deliveries of supplies or materials, acts of God, computer failure, failure of Customer to cooperate with the reasonable requests of HRC, breach of this Agreement, and any events reasonably beyond the control of HRC.

Section 6.09 – HRC Indemnification: HRC does hereby agree and covenant to indemnify, defend, and save and hold harmless Customer and its officers, owners and directors from any and all claims, demands, actions, causes of action, suits at law or in equity, damages, costs, expenses, and losses of any kind or nature whatsoever (including cost of court and reasonable attorneys' fees) which may hereafter arise directly and proximately from: (a) the negligent provision of the Services and/or willful misconduct, or (b) for breach of any representations, warranties or covenants of HRC set forth herein. HRC's obligations under this **Section 6.09** shall survive expiration or earlier termination of this Agreement for a period of three (3) years.

Section 6.10 – Customer Indemnification: Customer does hereby agree and covenant to indemnify, defend, and save and hold harmless HRC and its officers, owners and directors from any and all claims, demands, actions, causes of action, suits at law or in equity, damages, costs, expenses, and losses of any kind or nature whatsoever (including cost of court and reasonable attorneys' fees) which may hereafter arise directly and proximately from: (a) the business activities and operations of Customer (which do not involve the direct input, supervision or direction of Consultant); or (b) breach of any representations, warranties or covenants of Customer set forth herein. Customer's obligations under this Section 6 shall survive expiration or earlier termination of this Agreement for a period of three (3) years.

Section 6.11 – Reliance: Unless advised to the contrary in writing at the time of disclosure, HRC shall be entitled to rely on any information provided by Customer as true and correct.

Section 6.12 – Customer's Indemnification for violations of the FCRA: Customer does hereby agree and covenant to indemnify, defend, and save and hold harmless HRS and its officers, owners and directors

from any and all claims, demands, actions, causes of action, suits at law or in equity, damages, costs, expenses, and losses of any kind or nature whatsoever (including cost of court and reasonable attorneys' fees) which may hereafter arise directly and proximately from: any failure of Customer to follow the terms and conditions the Fair Credit Reporting Act Customer's obligations under this Section 6.12 shall survive expiration or earlier termination of this Agreement for a period of five (5) years.

ARTICLE VII: TERMINATION

Section 7.01 — Termination Limitations: This Agreement shall only be terminated or canceled as provided under this Article VII. This Agreement shall be valid for the Term.

Section 7.02 — Termination: Either party may terminate this Agreement for convenience upon providing at least sixty (60) days written notice of termination to the other party prior to the end of the Term. If written notice is not provided at least sixty (60) days prior to the end of the Term, the services will auto renew for an additional 12 months.

Section 7.03 — Cancellation: If a party violates its obligations under this Agreement, the other party may cancel this Agreement by sending Cancellation Notice describing the noncompliance to the noncomplying party. Upon receiving Cancellation Notice, the noncomplying party shall have twenty (20) days from the date of such notice to cure any such noncompliance. If such noncompliance is not cured within the required twenty (20) day period, the party providing Cancellation Notice shall have the right to cancel this Agreement as of the twenty-first (21st) day after the date of the Cancellation Notice. Notwithstanding, any provision to the contrary of this Agreement, Customer's failure to pay an invoice shall be sufficient cause for cancellation of this Agreement by HRC.

Section 7.04 — Return of Materials: Upon termination or cancellation of this Agreement, Customer shall return to HRC all Deliverables and all property of HRC and shall provide HRC with a certificate of compliance with this

Section 7.04 signed by an authorized representative of Customer: HRC shall not be liable or responsible for the storage, back-up or return of any data or information belonging to Customer, its personnel or clients which is

exported to Third Party Software of third party databases and the security and return of such information shall be solely as set forth in the EULA.

Section 7.05 – Payment of Accrued Fees: In the event either Customer or HRC terminates this Agreement pursuant to **Article VII** above, Customer shall pay to HRC, within 30 business days after the date of termination, all accrued but unpaid Fees and pass-through expenses incurred by HRC through the end of the Term. In the event any portion of such invoiced fees and expenses remains unpaid beyond the 30th day after the date of termination, Customer shall pay a late charge of 1.5% per month on the amount of the unpaid balance. Customer agrees to reimburse HRC for any and all expenses HRC may incur, including reasonable attorneys' fees, in taking action to collect any past due and unpaid Service Fees and expenses due to HRC hereunder.

Section 7.06 - With just cause, such as violation of the terms of Customer's contract or a legal requirement, or a material change in existing legal requirements that adversely affects Customer's Agreement, HRC may, upon its election, discontinue serving the Customer and cancel the agreement immediately.

ARTICLE VIII: HCR'S OTHER BUSINESS ACTIVITIES:

Section 8.01 – HRC's other Business Activities: Notwithstanding the foregoing, it is acknowledged and understood that the nature of HRC's business requires HRC to devote time, attention, skills and resources to multiple customers and Customers. Accordingly, HRC shall not be required to provide the Services to Customer as its sole and exclusive function, and HRC may have other business interests and may engage in other activities in addition to those relating to the Customer. HRC may provide Services to competitors of the Customer, or other Customers in the same or similar fields or industries as Customer, provided that HRC complies in all respects with the provisions of **Article 5** above. Neither the Customer nor any of its members, owners, shareholders, officers, directors or personnel shall have any right, by virtue of this Agreement, to share or participate in such other investments or activities of HRC or to the income or proceeds derived therefrom. HRC shall incur no liability to the Customer as a result of engaging in any other business or venture, except for any liability resulting from the breach of **Article 5** hereof.

ARTICLE IX MISCELLANEOUS

Section 9.01 — Assignments: All assignments of rights under this Agreement by Customer, without the prior written consent of HRC shall be void.

Section 9.02 — Entire Agreement: This Agreement contains the entire understanding of the parties and supersedes previous verbal and written agreements between the parties concerning the subject matter herein.

Section 9.03 — Amendments and Modifications and Severability: Alterations, modifications or amendments of a provision of this Agreement shall not be binding unless such alterations, modifications or amendments are in writing and signed by authorized representatives of HRC and Customer. If a provision of this Agreement is rendered invalid, the remaining provisions shall remain in full force and effect.

Section 9.04 — General: The headings and captions of this Agreement are inserted for reference convenience and do not define, limit or describe the scope or intent of this Agreement or any particular section, paragraph or provision. Pronouns and nouns shall refer to the masculine, feminine, neuter, singular or plural as the context shall require.

Section 9.05 — Governing Law: This Agreement shall be governed by the laws of the state of Mississippi without regard to its conflicts of law principles.

Section 9.06 — Notice: Notices shall be in writing and shall be deemed delivered when delivered by commercial next business day delivery service, Certified or Registered Mail – Return Receipt Requested or by hand to the address set forth in this Agreement for HRC and for Customer on the signature page of this Agreement with copies. Notices shall be deemed given on the date of receipt – as evidenced in the case of Certified or Registered Mail by Return Receipt.

Section 9.07 — Waiver: Waiver of breach of this Agreement shall not constitute waiver of another breach. Failing to enforce a provision of this Agreement shall not constitute a waiver or create an estoppel from enforcing such provision. Any waiver of a provision of this Agreement shall

not be binding unless such waiver is in writing and signed by the party waiving such provision.

Section 9.08 — Relationship of the Parties: Nothing herein shall be construed as creating a partnership, an employment relationship, or an agency relationship between the parties, or as authorizing either party to act as agent for the other. Each party shall maintain its separate identity.

Section 9.09 — Arbitration: With the exception of claims arising under Section 5.06 (for which the exclusive venue shall be the state courts located in Madison County, Mississippi or the federal courts situated in Jackson, Mississippi), any controversy or claim arising out of or relating to this Agreement, or breach thereof, shall be settled by arbitration in accordance with Arbitration Rules of the American Arbitration Association. Judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. Three qualified Arbitrators shall be selected by the parties in accordance with the Arbitration Rules of the American Arbitration Association. Each party shall have the right of discovery as set forth in the Federal Rules of Civil Procedure. The Arbitration shall be administered by the American Arbitration Association in Hinds or Madison County, Mississippi.

Section 9.10 — Continuation: The terms and provisions of Article I, III, V, VI and VIII shall survive termination and cancellation of this Agreement.

Section 9.11 – Counterparts: This Agreement may be executed in multiple counterparts each of which shall be deemed an original and which, taken together, shall constitute one and the same agreement.

Section 9.12 – Execution: This Agreement, and terms and conditions set forth herein, form a material component of your contractual obligations with respect to the use of the Services. Customer indicates its full assent to this Agreement by any of the following methods: (a) By use of the Selected Services, you are deemed to acknowledge and assent to this Agreement; or (b) by manually signing these Terms in the space provided below; or (c) by electronically indicating your assent, by way of “check box” or “click through” in your orientation and initial use of the Selected Services. Any amendments or modifications to these Terms will be binding upon you at such time as you receive written notice of same and your continued use of the Services after such notice shall indicate your continued assent to these terms, as modified.

Section 9.13. Construction: No provision of this Agreement, or of any documents delivered pursuant hereto, shall be construed against any party, or its counsel, merely because such party or counsel initially drafted such provision or document. This Agreement shall be deemed to have been jointly drafted by the parties hereto for contract construction purposes.

Section 9.14. Severability: If any term or provision of this Agreement shall be determined invalid or unenforceable to any extent or in any application, then the remainder of this Agreement shall not be affected thereby, and such term or provision shall be deemed modified to the minimum extent necessary to make it consistent with applicable law, except to such extent or in such application, shall not be affected thereby, every term and provision of this Agreement as so modified if necessary, shall be enforced to the fullest extent and in the broadest application permitted by law.

Addendum A-1

All users of consumer reports must comply with all applicable regulations. Information about applicable regulations currently in effect can be found at the Consumer Financial Protection Bureau's website, www.consumerfinance.gov/learnmore.

NOTICE TO USERS OF CONSUMER REPORTS:

OBLIGATIONS OF USERS UNDER THE FCRA

The federal Fair Credit Reporting Act (FCRA), 15 U.S.C. 1681-1681y, requires that this notice be provided to inform users of consumer reports of their legal obligations. State law may impose additional requirements. The text of the FCRA is set forth in full at the Consumer Financial Protection Bureau's (CFPB) website at www.consumerfinance.gov/learnmore. At the end of this document is a list of United States Code citations for the FCRA. Other information about user duties is also available at the CFPB's website. **Users must consult the relevant provisions of the FCRA for details about their obligations under the FCRA.**

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. If you are a furnisher of information to a

consumer reporting agency (CRA), you have additional obligations and will receive a separate notice from the CRA describing your duties as a furnisher.

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 “prescreened” unsolicited offers of credit or insurance. Section 604(c). The particular obligations of users of “prescreened” information are described in Section VII below.

B. Users Must Provide Certifications

Section 604(f) prohibits any person from obtaining a consumer report from a consumer reporting agency (CRA) unless the person has certified to the CRA 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. “Adverse actions” include all business, credit, and employment actions affecting consumers that can be considered to have a negative impact as defined by Section 603(k) of the FCRA – such as denying or canceling credit or insurance, or denying employment or promotion. No adverse action occurs in a credit transaction where the creditor makes a counteroffer that is accepted by the consumer.

1. Adverse Actions Based on Information Obtained From a CRA

If a user takes any type of adverse action as defined by the FCRA that is based at least in part on information contained in a consumer report, Section 615(a) requires the user 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 makes a request 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) requires that the user clearly and accurately disclose to the consumer his or her right to be told the nature of the information that was relied upon if the consumer makes 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.

3. 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 notice 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. If consumer report information is shared among affiliates and then used for an adverse action, the user must make an adverse action disclosure as set forth in I.C.1 above.

D. Users have Obligations When Fraud and Active Duty Military Alerts are in Files

When a consumer has placed a fraud alert, including one relating to identity theft, or an active duty military alert with a nationwide consumer reporting agency as defined in Section 603(p) and resellers, 605A(h) imposes limitations on users of reports obtained from the consumer reporting agency in certain circumstances, including the establishment of a new credit plan and the issuance of additional credit cards. For the initial fraud alerts and active duty alerts, the user must have reasonable policies and procedures in place to form a belief that the user knows the identity of the applicant or contact the consumer at a telephone number specified by the consumer; in the case of extended fraud alerts, the user must contact the consumer in accordance with the contact information provided in the consumer's alert.

E. Users Have Obligations When Notified of an Address Discrepancy

Section 605(h) requires nationwide CRAs, as defined in Section 603(p), to notify users that request reports when the address for a consumer provided by the user in requesting the report is substantially different from the addresses in the consumer's file. When this occurs, users must comply with regulations specifying the procedures to be followed. Federal regulations are available at www.consumerfinance.gov/learnmore.

F. Users Have Obligations When Disposing of Records

Section 628 requires that all users of consumer report information have in place procedures to properly dispose of records containing this information. Federal regulations are available at www.consumerfinance.gov/learnmore.

II. CREDITORS MUST MAKE ADDITIONAL DISCLOSURES

If a person uses a consumer report in connection with an application for, or a grant, extension, or provision of, credit to a consumer on material terms that are materially less favorable than the most favorable terms available to a substantial proportion of consumers from or through that person, based in whole or in part on a consumer report, the person must provide a risk-based pricing notice to the consumer in accordance with regulations prescribed by the CFPB.

Section 609(g) requires a disclosure by all persons that make or arrange loans secured by residential real property (one to four units) and that use credit scores. These persons must provide credit scores and other information about credit scores to applicants, including the disclosure set forth in section 609(g)(1)(D) (“Notice to the Home Loan Applicant”).

III. OBLIGATIONS OF USERS WHEN CONSUMER REPORTS ARE OBTAINED FOR EMPLOYMENT PURPOSES

A. Employment Other Than in the Trucking Industry

If information from a CRA is used for employment purposes, the user has specific duties, which are set forth in FCRA Section 604(b). 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 from the consumer prior written authorization. Authorization to access reports during the term of employment may be obtained at the time of employment.*
- *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, the user must 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). A Section 615(a) adverse action notice should be sent after the adverse action is taken.*

An adverse action notice also is required in employment situations if credit information (other than transactions and experience data) obtained from an affiliate is used to deny employment. Section 615(b)(2).

The procedures for investigative consumer reports and employee misconduct investigations are set forth below.

B. Employment in the Trucking Industry

Special rules apply for truck drivers where the only interaction between the consumer and the potential employer is by mail, telephone, or computer. In this case, the consumer may provide consent orally or electronically, and an adverse action may be made orally, in writing, or electronically. The consumer may obtain a copy of any report relied upon by the trucking company by contacting the company.

IV. OBLIGATIONS WHEN INVESTIGATIVE CONSUMER REPORTS ARE USED

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 by an entity or person that is a consumer reporting agency. 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 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 at some time before or 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 the summary of consumer rights required by Section 609 of the FCRA. (The summary of consumer rights will be provided by the CRA that conducts the investigation.)***

— *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. 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.*

V. SPECIAL PROCEDURES FOR EMPLOYEE INVESTIGATIONS

Section 603(x) provides special procedures for investigations of suspected misconduct by an employee or for compliance with Federal, state or local laws and regulations or the rules of a self-regulatory organization, and compliance with written policies of the employer. These investigations are not treated as consumer reports so long as the employer or its agent complies with the procedures set forth in Section 603(x), and a summary describing the nature and scope of the inquiry is made to the employee if an adverse action is taken based on the investigation.

VI. OBLIGATIONS OF USERS OF MEDICAL INFORMATION

Section 604(g) limits the use of medical information obtained from consumer reporting agencies (other than payment information that appears in a coded form that does not identify the medical provider). If the report is to be used for an insurance transaction, the consumer must give consent to the user of the report or the information must be coded. If the report is to be used for employment purposes – or in connection with a credit transaction (except as provided in federal regulations) – the consumer must provide specific written consent and the medical information must be relevant. Any user who receives medical information shall not disclose the information to any other person (except where necessary to carry out the purpose for which the information was disclosed, or as permitted by statute, regulation, or order.)

VII. 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 from a CRA a list of consumers who meet certain preestablished 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. The statement must include the address and the toll-free telephone number of the appropriate notification system.*

In addition, the CFPB has established the format, type size, and manner of the disclosure required by Section 615(d), with which users must comply. The relevant regulation 12 CFR 1022.54.

VIII. OBLIGATIONS OF RESELLERS

A. Disclosure and Certification Requirements

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.***

B. Reinvestigations by Resellers

Under Section 611(f), if a consumer disputes the accuracy or completeness of information in a report prepared by a reseller, the reseller must determine whether this is a result of an action or omission on its part and, if so, correct or delete the information. If not, the reseller must send the dispute to the source CRA for reinvestigation. When any CRA notifies the reseller of the results of an investigation, the reseller must immediately convey the information to the consumer.

C. Fraud Alerts and Resellers

Section 605(f) requires resellers who receive fraud alerts or active duty alerts from another consumer reporting agency to include these in their reports.

IX. LIABILITY FOR VIOLATIONS OF THE FCRA

Failure to comply with the FCRA can result in state government or federal government 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.

The CFPB's website, www.consumerfinance.gov/learnmore, has more information about the FCRA, including publications for businesses and the full text of the FCRA.

Citations for FCRA sections in the U.S. Code, 15 U.S.C. § 1681 et seq.:

Section 602	15 U.S.C. 1681	Section 615	15 U.S.C. 1681m
Section 603	15 U.S.C. 1681a	Section 616	15 U.S.C. 1681n
Section 604	15 U.S.C. 1681b	Section 617	15 U.S.C. 1681o
Section 605	15 U.S.C. 1681c	Section 618	15 U.S.C. 1681p
Section 605A	15 U.S.C. 1681cA	Section 619	15 U.S.C. 1681q
Section 605B	15 U.S.C. 1681cB	Section 620	15 U.S.C. 1681r
Section 606	15 U.S.C. 1681d	Section 621	15 U.S.C. 1681s
Section 607	15 U.S.C. 1681e	Section 622	15 U.S.C. 1681s-1
Section 608	15 U.S.C. 1681f	Section 623	15 U.S.C. 1681s-2
Section 609	15 U.S.C. 1681g	Section 624	15 U.S.C. 1681t
Section 610	15 U.S.C. 1681h	Section 625	15 U.S.C. 1681u
Section 611	15 U.S.C. 1681i	Section 626	15 U.S.C. 1681v
Section 612	15 U.S.C. 1681j	Section 627	15 U.S.C. 1681w
Section 613	15 U.S.C. 1681k	Section 628	15 U.S.C. 1681x
Section 614	15 U.S.C. 1681l	Section 629	15 U.S.C. 1681y