



## CREDIT SCREENING

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It is a common practice for housing providers to screen applicants based on credit score and credit history. From a fair housing perspective, providers can decide how to set their credit criteria as long as they apply it consistently regardless of the protected class status of the applicant.

Recently, I receive a call from a landlord who wanted to know how he could apply an exception to the FICO score requirement he has without running afoul of fair housing laws. He wanted to make an exception if a low credit rating is tied to high medical bills<sup>2</sup>. This is a generous (and, frankly, realistic) consideration, given that the number one cause of bankruptcies in this country are due to unpaid medical bills, outpacing those caused by credit-card bills or unpaid mortgages, according to an CNBC article (<http://www.cnbc.com/id/100840148>). Reportedly, having health insurance doesn't buffer many from such financial hardship.

If housing providers decide to have exceptions to their screening criteria, the policy includes an explanation of when exceptions would be made. A common exception is for applicants with screening barriers who have completed an approved tenant education program such as Rent Well, Second Chance, or Moving Forward. So the gentleman who called me may require a FICO score of "X" as a general rule, but he could have a policy explaining he would make an exception if there is documentation to verify the lower score was caused by medical bills<sup>2</sup>. Of course, he would need to make that exception consistently, regardless of protected class.

One area of screening that is confusing to some housing providers is how to screen an applicant without a Social Security number. First of all, it's important to know that fair housing protections apply to everyone in the US, regardless of immigration status (for more on this read FHCO's previous article on the matter at <http://www.fhco.org/news/read-on?view=category&id=81>). A policy requiring Social Security numbers in all cases probably has a disparate impact on immigrants and falls under the "national origin" protected class under fair housing law.

You should know that a Social Security number isn't the only way that credit bureaus identify us. The bureaus use personal information including full name, date of birth, and addresses, to compile individual credit reports. While, in some cases, having a Social Security number may increase the accuracy of the bureau's matching process, it is not necessarily essential in running a credit check.

FHCO participated in a work group convened by the Credit Builders Alliance due to growing concerns from both housing providers and consumers about credit screening issues. One of the products that came out of this work group is a Tip Sheet on Building Credit Without a Social Security number which can be found at the Alliance's website at <http://creditbuildersalliance.org/sites/default/files/Building%20Credit%20without%20a%20SSN.pdf>. The Tip Sheet addresses issues of concern to both housing consumers and providers, including using consistent information when interacting with credit bureaus and properly transferring credit history to a new Social Security number. It contains a list of best practices for consumers and businesses, as well as explaining the use of other identifying numbers, such as the ITIN, and how they can be used to pull a credit report?

Do take a close look at the Tip Sheet on the Credit Builders Alliance site and remember, too, that FHCO offers a list of suggested alternative documents that can be used to verify identity, bill payment history, and other relevant screening criteria. The list has been recently updated and is posted at <http://www.fhco.org/discrimination-in-oregon/protected-classes/national-origin/alternative-suggested-documents>.

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<sup>1</sup> Federally protected classes under the Fair Housing Act include: race, color, national origin, religion, sex, familial status (children), and disability. Oregon law also protects marital status, source of income, sexual orientation, and domestic violence survivors. Additional protected classes have been added in particular geographic areas; visit [FHCO.org/mission.htm](http://FHCO.org/mission.htm) and read the section entitled "View Local Protected Classes" for more information.

<sup>2</sup> This example was this particular landlord's preference to offer; however, this is one example of a reasonable accommodation request an individual with a disability might request of any housing provider. Regardless of screening criteria, all housing providers are always required to consider reasonable accommodation and modifications requests. To learn how reasonableness is determined and learn more about disability-related protections visit <http://www.fhco.org/learning-resources/downloads/category/3-guides?download=193:resource-guide-2015>.