Adverse Action Letter Guide for Landlords

An Adverse Action Letter is required under the Fair Credit Reporting Act (FCRA) when a landlord takes negative action against a rental applicant based on information from a consumer report. This guide explains when to use one, what to include, and how to send it properly.

1. When to Send an Adverse Action Letter
You must send an adverse action letter if you:
- Deny an application for tenancy.
- Require a co-signer when it was not initially requested.
- Require a larger deposit than other applicants.
- Increase the rent based on the applicant's screening results.

These actions qualify as "adverse" if they are based in whole or in part on a consumer report (credit, criminal, eviction).

2. Required Information in the Letter
According to the FCRA, your adverse action letter must include:
- A clear statement that the adverse decision was based on information in a consumer report.
- The name, address, and phone number of the consumer reporting agency (CRA) that provided the report.
- A statement that the CRA did not make the decision and cannot explain why it was made.
- Notice of the applicant's right to obtain a free copy of their report from the CRA within 60 days.
- Notice of the applicant's right to dispute the accuracy or completeness of any information in the report.

3. Sample Adverse Action Letter
[Date]

[Applicant Name]
[Applicant Address]

Dear [Applicant Name],

We regret to inform you that your rental application for [Property Address] has been denied based on information contained in a consumer report provided by the following agency:

[Consumer Reporting Agency Name]
[Agency Address]
[Agency Phone Number]

The consumer reporting agency did not make this decision and is unable to provide specific reasons why it was made.

You have the right under the Fair Credit Reporting Act to obtain a free copy of your report from the agency listed above if you request it within 60 days of receiving this letter. You also have the right to dispute the accuracy or completeness of any information in the report.

Sincerely,
[Landlord/Property Manager Name]
[Contact Information]

4. Best Practices

- Always keep a copy of the adverse action letter for your records.
- Send the letter promptly after making your decision.
- Deliver via certified mail or email with read receipt for proof of delivery.
- Ensure the decision and letter comply with both federal and applicable state/local laws.
- Apply screening criteria consistently to all applicants to avoid discrimination claims.

Disclaimer

This guide is for informational purposes only and does not constitute legal advice. Landlords should consult with an attorney or local housing authority for advice specific to their jurisdiction.