***NOTICE****: The following has been provided by WBA committee and section volunteers for use by member banks.
It should be reviewed and revised as appropriate to the user-bank’s own policies, procedures, and practices.*

**Customer Communications: Effect of Prescreening Under FCRA**

This resource has been created by the Wisconsin Bankers Association (WBA) Mortgage Lending Committee and is being shared as a tool to help alert loan applicants of the receipt of unsolicited credit or insurance offers due to the practice of prescreening under the Fair Credit Reporting Act (FCRA). The tool will need to be customized as highlighted throughout.

**Background**

Many Wisconsin banks have reported to the WBA of loan applicants receiving numerous unsolicited offers for credit and insurance after submitting a loan application. The volume of offers has greatly increased in recent months given the overall slowdown in mortgage loan activity due to rising interest rates and the low inventory of homes for sale. Customers become upset due to the number of offers received and because some believe the bank shared their nonpublic information. The WBA Mortgage Lending Committee thought a customer awareness letter would be helpful to alert loan applicants upfront of the effect of prescreening under FCRA.

The letter sets forth that the bank wishes to proactively alert the loan applicant of the possibility for receiving unsolicited offers of credit or insurance, to reassure the applicant no information was shared, and to provide the applicant with instructions for how to opt-out of receiving credit or insurance offers should the applicant wish.

The following is the template letter. The letter may be provided at time of application or when meeting with a loan applicant early in the application process. Banks need to modify the letter accordingly.

**[TEMPLATE FOR COMMUNICATION WITH CUSTOMER ALERTING OF EFFECTS OF PRESCREENING UNDER THE FAIR CREDIT REPORTING ACT]**

**User needs to remove bracketed information and customize before use to ensure the template is accurate as to bank’s own marketing or prescreening initiatives.**

**[For use on Bank Letterhead]**

**[Date]**

**[Applicant Name]**

**[Applicant Address]**

**Re: Why you may receive unsolicited credit or insurance offers; effect of prescreening under the Fair Credit Reporting Act**

Dear **[Applicant Name]**,

As someone who has recently applied for a loan with **[Bank Name]**, we wish to thank you for your business and express our appreciation. We look forward to working with you through the application process and thereafter.

We want to proactively inform you of a practice permissible under the Fair Credit Reporting Act referred to as “prescreening.” Generally speaking, prescreening is when creditors use information from credit reporting companies (such as Transunion, Equifax, and Experion) to make offers of credit or insurance to consumers if their credit information matches the creditors’ criteria.

As a result, you may receive unsolicited offers of credit or insurance from other providers due to your recent application. Please note, **[Bank Name]** does not engage in prescreening and did not share information about you or your pending application outside normal underwriting and servicing processing.

The Fair Credit Reporting Act gives consumers the right to opt out from prescreening activity. If you prefer not to receive such offers, you may opt out.

To opt out, visit [www.optoutprescreen.com](http://www.optoutprescreen.com) or call (888) 5-OPT-OUT (or 888-567-8688).

You will be asked to provide you complete name, full address, Social Security Number, and date of birth to complete the opt-out election.

Should you have any questions, please do not hesitate to contact us.

Again, thank you.

**[name block]**