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February 8, 2021

The Honorable William C. Smith, Jr., Chair
Senate Judicial Proceedings Committee
Annapolis, MD 21401

Re: Favorable with amendments on [S.B. 691](#), further regulation of consumer reporting agencies

Dear Chair Smith,

The Consumer Data Industry Association (“CDIA”)¹ hopes to come to agreement with Sen. Hettelman, the sponsor of S.B. 691, and Del. Pakakovich Carr, the sponsor of the cross-filed bill, H.B. 861. In its present form, S.B. 691 could increase fraud in the rental marketplace, and it could limit the dissemination of accurate, adverse information to landlords creating additional risk to tenants and landlords.

CDIA has proposed amendments that balance the needs of all parties. CDIA’s amendments will accommodate the proponents’ desire for consumer-friendly tenant screening reusability. The amendments will also help tenant screening companies in their desire to limit fraud and set a baseline of information in the reports to keep tenants and buildings safe.

1. The bill

The bill would create a new section in [Subtitle 1 \(General Rules\)](#) of the Real Property Article to require a landlord to either use a “reusable tenant screening report” or to inform applicants for a residential lease that it does not accept a reusable tenant screening report.

2. The proposal would allow a tenant to share residential screening information from one landlord to another in ways that could increase fraud

Rental report portability needs careful deliberation before it becomes law. The democratization of technology offers many benefits to consumers and businesses, but without certain controls, there is a strong likelihood of fraud.

¹ CDIA is the voice of the consumer reporting industry, representing consumer reporting agencies, including the nationwide credit bureaus, regional and specialized credit bureaus, background check and residential screening companies, and others. Founded in 1906, CDIA promotes the responsible use of consumer data to help consumers achieve their financial goals and to help businesses, governments, and volunteer organizations avoid fraud and manage risk. Through data and analytics, CDIA members empower economic opportunity all over the world, helping ensure fair and safe transactions for consumers, facilitating competition, and expanding consumers’ access to financial and other products suited to their unique needs.

Rental applicant fraud is an increasing concern, whether consumers apply to rent online or in person. Since the start of the pandemic, the percentage of fraud triggers detected through one leading rental housing fraud solution, [ResidentID](#), increased nearly 30%. Fraud triggers (applicant statuses with failed authentication and/or identified as high risk) reached a high of 15.2% of rental applicants in August 2020.²

Given such a high baseline rate of known potential rental applicant fraud, the bill's proposed approach it is the wrong approach. The bill increases economic and safety risks for landlords and the communities they protect.

Senate Bill 691 would open new avenues to fraud on the part of online and in-person applicants who would now present their own portable reusable screening reports with no obligation of accuracy or risk of liability for scrubbing the results to remove accurate, unfavorable information.

Substituting the rental applicant to provide a report in place of the secure, credentialed consumer reporting agency removes a key safeguard on which landlords rely. Students do not share their own transcripts with colleges if it cannot be independently verified. Home loan applicants do not submit their own financial information if it cannot be independently verified. Similarly, landlords will be taking a substantial risk if a consumer self-reports her own tenant history or criminal history absent third-party verification. There is wide latitude for abuse, much to the penalty of landlords and the tenants the landlords are trying to protect. The people with the most to hide will be the ones that hide the most.

3. The proposal would limit the dissemination of accurate, adverse information to landlords creating additional risk to tenants and landlords

Landlords and property managers need current, accurate information to keep their buildings and tenants safe. Limiting access to accurate but adverse information risks the safety of buildings and tenants. Taking away information that helps a landlord predict timely payment or assess criminal activity could be quite dangerous to the building and the people inside the building.

The reusable screening report package described in S.B. 691 lacks components common to tenant screening best practices today.

The report package contains no fraud verification report, and appears to prohibit a landlord to charge to obtain one to verify an applicant, should it accept reusable reports.

² "Rise in Fraud Indicators Hits the Rental Industry During the Pandemic," <https://newsroom.transunion.com/a-rise-in-fraud-indicators-hits-the-rental-industry-during-the-pandemic/>.

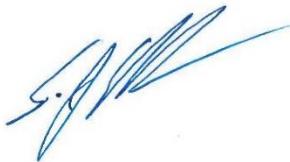
Moreover, in contrast to credit history, the bill's proposed criminal, eviction, employment verification, and rental history in reusable reports have no requirements of currency or accuracy. These portions of an applicant's reusable report may be self-generated, dated, and incomplete. Nothing requires the applicant to meet or exceed federal and Maryland consumer reporting accuracy requirements.

4. Conclusion

Through the adoption of CDIA's amendments, CDIA hopes to come to agreement with Sen. Hettleman and Del. Pakakovich Carr. In its present form, S.B. 691 could increase fraud in the rental marketplace, and it could limit the dissemination of accurate, adverse information to landlords creating additional risk to tenants and landlords.

CDIA has proposed amendments that balance the needs of all parties. CDIA's amendments will accommodate the proponents' desire for consumer-friendly tenant screening reusability. The amendments will also help tenant screening companies in their desire to limit fraud and set a baseline of information in the reports to keep tenants and buildings safe.

Sincerely,

A handwritten signature in blue ink, appearing to read "Eric J. Ellman".

Eric J. Ellman
Senior Vice President, Public Policy & Legal Affairs