

# Extra – Fair Credit Reporting Act

## Policy and Procedure

### 1. Policy

Thingy Thing, Inc. d/b/a Extra (Extra) is subject to certain requirements imposed by the federal Fair Credit Reporting Act (FCRA). It is Extra's policy and practice to comply with FCRA. Extra's CEO, with assistance from outside counsel, is responsible for approving this policy and procedure and all changes to it. Extra's compliance team is responsible for ensuring ongoing compliance with this policy and procedure. The purpose of this policy and procedure is to ensure Extra complies with FCRA, regulations issued pursuant to it, state and federal court decisions interpreting it, and all other applicable and related requirements.

### 2. Scope

FCRA generally applies to information obtained, used, and furnished by businesses about individuals, as well as information provided to consumer reporting agencies. Extra has partnered with a bank that issues debit cards to Extra's customers. Extra also provides consumers with a revolving line of credit that Extra uses to fund transactions consumers make with their debit cards. Extra uses this line of credit to provide funds to the issuing bank and Extra is subsequently reimbursed by ACH debits from consumers' bank accounts. Extra does not provide closed-end loans or any other type of credit. This policy and procedure is tailored to Extra's business model and addresses only the FCRA requirements applicable to Extra's activities and the types of information Extra obtains and uses as of the date of this policy.

FCRA also applies to information obtained, used, and furnished by Extra about Extra's employees. This document only discusses Extra's obligations, policies, and procedures applicable to its debit card program and does not address Extra's obligations as an employer.

Several FCRA requirements relate to information, products, features, or practices not obtained, offered, or otherwise used by Extra. Extra does not:

- Engage in the practice of assembling or evaluating consumer credit information or other information on consumers for the purpose of furnishing consumer reports to third parties;
- Obtain, use, or furnish information or data in any form or medium created by or derived from a health care provider or the consumer, that relates to the physical, mental, or behavioral health or condition of an individual, the provision of health care to an individual, or the payment for the provision of health care to an individual;
- Offer insurance; or

- Obtain prescreened lists or consumer reports, pursuant to FCRA section 604(c)(1)(B), on any consumers in connection with any credit transaction not initiated by the consumer.

To improve readability, this policy and procedure generally does not address FCRA requirements related to these types of information or practices. Extra will update this document as its business evolves to ensure all Extra practices and products governed by FCRA are addressed by this policy and procedure.

### **3. Overview of the Statute and Regulations**

The Fair Credit Reporting Act (FCRA), 15 U.S.C. §§ 1681 – 1681x, is implemented by the CFPB's Regulation V, 12 C.F.R. §§ 1022.1 – 1022.140 and the FTC's regulations in 16 C.F.R. §§ 602.1 – 698.3. The purpose of FCRA is to require that consumer reporting agencies adopt reasonable procedures for meeting the needs of commerce for consumer credit, personnel, insurance, and other information in a manner which is fair and equitable to the consumer, with regard to the confidentiality, accuracy, relevancy, and proper utilization of such information.

Regulation V generally applies to persons that obtain and use information about consumers to determine the consumer's eligibility for products, services, or employment, share such information among affiliates, and furnish information to consumer reporting agencies. 12 C.F.R. § 1022.1(a). FCRA and Regulation V define "person" to mean "any individual, partnership, corporation, trust, estate cooperative, association, government or governmental subdivision or agency, or other entity." 15 U.S.C. § 1681a(b); 12 C.F.R. § 1022.3(l). FCRA and Regulation V define "consumer" to mean an individual. 15 U.S.C. § 1681a(c); 12 C.F.R. § 1022.3(f).

Extra is a person obtaining and using information about a person, as those terms are used by FCRA and Regulation V. However, Extra engages in limited activities related to FCRA. For example, Extra only obtains soft credit pulls for the purpose of sharing the information with its customers, and Extra relies on its issuing bank partner to identify potential red flags. This policy and procedure only addresses the FCRA requirements applicable to Extra's activities and services.

### **4. Definitions**

Under FCRA, applicable regulatory definitions may be located in the statute, the CFPB's Regulation V, or the FTC's related regulations. This policy and procedure includes only key statutory and regulatory definitions to aid in understanding and to facilitate compliance. To improve readability this policy and procedure omits definitions not applicable to Extra's business practices or topics not addressed in this policy and procedure. For example, the definition of employment purposes in FCRA section 603(h) is not included here because this policy and procedure does not address Extra's obligations as an employer. Extra team members will refer to official legal materials, including the official version of FCRA, the CFPB's Regulation V, and the

FTC's 16 C.F.R. subchapter F when researching definitions or other provisions not included in this policy and procedure.

*Accuracy* means that information that a furnisher provides to a consumer reporting agency about an account or other relationship with the consumer correctly:

- (1) Reflects the terms of and liability for the account or other relationship;
- (2) Reflects the consumer's performance and other conduct with respect to the account or other relationship; and
- (3) Identifies the appropriate consumer. 12 C.F.R. § 1022.41(a).

*Affiliate* means any company that is related by common ownership or common corporate control with another company. 12 C.F.R. § 1022.2(b).

*Consumer Report* is defined as:

(1) *In general.*—The term "consumer report" means any written, oral, or other communication of any information by a consumer reporting agency bearing on a consumer's credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living which is used or expected to be used or collected in whole or in part for the purpose of serving as a factor in establishing the consumer's eligibility for: (A) credit or insurance to be used primarily for personal, family, or household purposes; (B) employment purposes; or (C) any other purpose authorized under section FCRA section 604 (15 U.S.C. § 1681b).

(2) *Exclusions.*—Except for requirements applicable to medical information, the term "consumer report" does not include—

(A) subject to 15 U.S.C. § 1681s–3 regarding affiliate marketing, any: (i) report containing information solely as to transactions or experiences between the consumer and the person making the report; (ii) communication of that information among persons related by common ownership or affiliated by corporate control; or (iii) communication of other information among persons related by common ownership or affiliated by corporate control, if it is clearly and conspicuously disclosed to the consumer that the information may be communicated among such persons and the consumer is given the opportunity, before the time that the information is initially communicated, to direct that such information not be communicated among such persons;

(B) any authorization or approval of a specific extension of credit directly or indirectly by the issuer of a credit card or similar device;

(C) any report in which a person who has been requested by a third party to make a specific extension of credit directly or indirectly to a consumer conveys his or her decision with respect to such request, if the third party advises the consumer of the name and address of the person to whom the request was made, and such person makes the disclosures to the consumer required under 15 U.S.C. § 1681m; or

(D) a communication described in subsection 15 U.S.C. § 1681a(o) (excluded communications) or 15 U.S.C. § 1681a(y) (exclusion of certain communications for employee purposes). 15 U.S.C. § 1681a(d).

*Common ownership or common corporate control* means a relationship between two companies under which:

(1) One company has, with respect to the other company:

(i) Ownership, control, or power to vote 25 percent or more of the outstanding shares of any class of voting security of a company, directly or indirectly, or acting through one or more other persons;

(ii) Control in any manner over the election of a majority of the directors, trustees, or general partners (or individuals exercising similar functions) of a company; or

(iii) The power to exercise, directly or indirectly, a controlling influence over the management or policies of a company, as determined by the applicable prudential regulator (as defined in 12 U.S.C. 5481(24)) or, where there is no prudential regulator, by the Consumer Financial Protection Bureau; or

(2) Any other person has, with respect to both companies, a relationship described in paragraphs (1)(i) or (1)(ii) above. 12 C.F.R. § 1022.2(d).

*Company* means any corporation, limited liability company, business trust, general or limited partnership, association, or similar organization. 12 C.F.R. § 1022.2(e).

*Consumer* means an individual. 15 U.S.C. § 1681a(c); 12 C.F.R. § 1022.2(f).

*Direct dispute* means a dispute submitted directly to a furnisher (including a furnisher that is a debt collector) by a consumer concerning the accuracy of any information contained in a consumer report and pertaining to an account or other relationship that the furnisher has or had with the consumer. 12 C.F.R. § 1022.41(b).

*Furnisher* means an entity that furnishes information relating to consumers to one or more consumer reporting agencies for inclusion in a consumer report. An entity is not a furnisher when it:

(1) Provides information to a consumer reporting agency solely to obtain a consumer report in accordance with sections 604(a) and (f) of the FCRA;

(2) Is acting as a “consumer reporting agency” as defined in section 603(f) of the FCRA;

(3) Is a consumer to whom the furnished information pertains; or

(4) Is a neighbor, friend, or associate of the consumer, or another individual with whom the consumer is acquainted or who may have knowledge about the consumer, and who provides information about the consumer's character, general reputation, personal characteristics, or mode

of living in response to a specific request from a consumer reporting agency. 12 C.F.R. § 1022.41(c).

*Identifying information* means any name or number that may be used, alone or in conjunction with any other information, to identify a specific person, including any:

- Name, social security number, date of birth, official state or government issued driver's license or identification number, alien registration number, government passport number, employer or taxpayer identification number;
- Unique biometric data, such as fingerprint, voice print, retina or iris image, or other unique physical representation;
- Unique electronic identification number, address, or routing code; or
- Telecommunication identifying information or access device (as defined in 18 U.S.C. 1029(e)). 12 C.F.R. § 1022.2(g).

*Identity theft* means a fraud committed or attempted using the identifying information of another person without authority. 12 C.F.R. § 1022.2(h).

*Integrity* means that information that a furnisher provides to a consumer reporting agency about an account or other relationship with the consumer:

- (1) Is substantiated by the furnisher's records at the time it is furnished;
- (2) Is furnished in a form and manner that is designed to minimize the likelihood that the information may be incorrectly reflected in a consumer report; and
- (3) Includes the information in the furnisher's possession about the account or other relationship that the Bureau has:
  - (i) Determined that the absence of which would likely be materially misleading in evaluating a consumer's creditworthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living; and
  - (ii) Includes the credit limit, if applicable and in the furnisher's possession. 12 C.F.R. § 1022.41(d); 12 C.F.R. part 1022 app. E p. I(b)(2)(iii).

*Person* means any individual, partnership, corporation, trust, estate cooperative, association, government or governmental subdivision or agency, or other entity. 15 U.S.C. § 1681a(b); 12 C.F.R. § 1022.2(l).

## **5. Obtaining and Using Consumer Reports and Furnishing Information**

### **A. Permissible Purpose and Authorization**

Extra's policy is to obtain consumer reports only if it has a permissible purpose under FCRA section 604(a), 15 U.S.C. § 1681b(a). Extra only obtains credit reports on an individual when it has a legitimate business need:

- To use in connection with a credit transaction involving the individual and involving the extension of credit to, or review or collection of an account of, the individual;
- To use the information, as a potential investor or servicer, in connection with a valuation of, or an assessment of the credit or prepayment risks associated with, an existing credit obligation;
- In connection with a business transaction that is initiated by an individual; or
- To review an account to determine whether the individual continues to meet the account's terms.

Extra obtains an authorization to obtain information from each individual applicant prior to requesting credit reports and related information. Each individual enters into an agreement authorizing Extra to: **(i)** make all inquiries deemed necessary to determine the creditworthiness of the individual; **(ii)** check the individual's credit account and employment history; and **(iii)** have a credit reporting agency prepare a credit report.

### **B. Adverse Action**

FCRA section 615(a) requires entities to provide notices to individuals in connection with adverse actions taken, in whole or in part, on information in a consumer report. Extra does not deny or take other adverse action against applicants for creditworthiness reasons, although it may decline to offer services or lower the amount of credit available under an existing line of credit for other reasons, such as suspected fraud or Know Your Customer concerns. Extra has partnered with a bank that issues Visa and Mastercard consumer debit cards on Extra's behalf. The issuing bank is responsible for declinations and issues all adverse action notices.

### **C. Marketing**

FCRA and Regulation V impose several requirements related to marketing and affiliates. From time to time Extra shares with other entities information regarding its customers. However, Extra anonymizes all information prior to sharing it. As a result, no information capable of identifying a particular consumer is shared and Extra is not required to comply with FCRA's opt-out notice or similar requirements related to affiliates and marketing. Extra will update this policy and comply with all applicable requirements should Extra change its practice.

**6. Furnishing Information and Handling Disputes**

Extra reports both positive and negative cardholder activity to Consumer Reporting Agencies. As a result, Extra is a furnisher of information under 12 C.F.R. § 1022.41(c). As a furnisher, Extra has a duty to provide accurate information to Consumer Reporting Agencies. Extra is prohibited from furnishing information with known errors. FCRA also prohibits Extra from reporting information if it has reasonable cause to believe the information is inaccurate. Extra is prohibited from furnishing information after notice and confirmation of errors when information is, in fact, inaccurate. Extra reports full file information on a monthly basis according to the guidelines applicable to Lines of Credit—Line of Credit Portfolio Type, Account Type, Credit Limit, Highest Credit/Original Loan Amount, Terms Duration, Scheduled Monthly Payment Amount, Account Status, Special Comment, Compliance Condition Code, and ECOA Code.

Extra provides its cardholder customers with an email address to notify Extra of credit report disputes. Extra will promptly investigate all disputes raised by cardholders submitted through this e-mail address. Extra will promptly notify and correct any inaccuracies on a cardholder's credit report that it deems incomplete or inaccurate. Extra will report any disputes by the consumer to the Consumer Reporting Agencies. Extra will also report any voluntary account closures.

**7. Red Flags Rule**

The FTC's Red Flags Rule, 16 C.F.R. part 681, requires financial institutions and creditors to implement a program to identify patterns, practices, or activities indicative of identity theft and other types of fraud. Extra does not review new applicants or existing cardholders for potential red flags. Extra has partnered with a bank that issues Visa and Mastercard consumer debit cards on Extra's behalf. The issuing bank performs all red flags assessments on Extra's customers.

**8. Recordkeeping**

FCRA requires furnishers to maintain records for a reasonable period of time, not less than any applicable recordkeeping requirement, in order to substantiate the accuracy of any information about consumers it furnishes that is subject to a direct dispute. 12 C.F.R. part 1022 app. E p. III(c). Extra's policy is to retain all FCRA-related records for a period of seven years from the date of account opening. For FCRA issues arising after an account is opened, such as a credit file dispute, Extra will retain relevant records for seven years from the date the issue arises.

**9. Revision History**

<b>Date</b>	<b>Updated By</b>	<b>Approved By</b>	<b>Version</b>	<b>Description of Changes</b>
4/8/2020	-	M. Hellerstein	1.0	Original version approved