

NAPBS Accreditation: The Grandfathering issue

Answer: The La Brea Tar Pits.

Question: What do you have left after eating the La Brea Tar Peaches?

---Johnny Carson as "Carnac the Magnificent"

The Le Brea tar pits in Los Angeles contain fossils ranging from saber tooth cats to Mammoths to dire wolves. If you are typical of many Consumer Reporting Agencies and have been in business any length of time your files probably contain some fossilized contracts with clients—contracts that do not contain all the stipulations that are required to become accredited.

At the NAPBS accreditation meeting in Nashville, the question came up about these "fossilized contracts." The question was "The accreditation standard requires that our contract with employers contain certain stipulations. If our existing contract does not contain a required stipulation, do we have to go back to several hundred clients and get them to sign a new agreement that *does* contain the missing stipulation or, can we just revise our contract to contain the stipulation and go forward?"

The answer was that you do NOT have to go back and get previous clients to sign new contracts—but you DO need to revise your current contract and use it going forward. Many CRAs have reviewed the accreditation standard for client agreements, looked at their client agreement, looked at their client list, pondered the process for having all these clients sign a new agreement—and taken a nap on accreditation. The flexibility of grandfathering some of these contracts should wake you up from your nap if this has been the problem.

But with that said, I'll do some editorializing. If your contract is close, but missing a little something, I would make the change and begin using the new contract without going back. On the other hand, if you have a contract that is missing, say, an agreement by your client that they must have a permissible purpose or agreement to abide by the FCRA, I would make an effort to update old contracts.

The reason is that if there is an issue from a consumer, regulatory agency or even the client, a sub-standard agreement could ruin your P/L statement for the year.

The accreditation standard is not fluff. Werner Heisenberg, the famous [German theoretical physicist](#) who made foundational contributions to [quantum mechanics](#) (and a lot of other stuff I don't understand) had a quote that is easier to understand: "An expert is someone who knows some of the worst mistakes that can be made in his subject and how to avoid them."

The NAPBS accreditation standard is an expert blueprint for Consumer Reporting Agencies—the worst mistakes to avoid, the best practices to incorporate, and the requirement to document and internalize the program. And when you find yourself as the defendant (or potential

defendant) in a lawsuit, or in the crosshairs of a state or federal regulator's "inquiry" those practices and documentation will matter.

And so if the prospect of retroactively getting signatures from hundreds or thousands of old clients is holding you back from accreditation, think again. But at the same time, understand that accreditation is not an intellectual exercise but a way to incorporate the best practices gleaned from the experience of your peers.

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