

Table of Contents

TABLE OF CONTENTS..... 1

CHAPTER 1 INTRODUCTION..... 3

1.1 GOALS AND OBJECTIVES 3

1.2 REQUIRED REVIEW 3

1.3 APPLICABILITY 3

CHAPTER 2 ACCOUNTABILITY AND MONITORING 4

2.1 INTERNAL CONTROLS..... 4

2.2 BOARD/SENIOR MANAGEMENT OVERSIGHT 5

CHAPTER 3 STAFF AND TRAINING..... 6

3.1 ONGOING TRAINING..... 6

3.2 NEW HIRE TRAINING 7

3.3 JOB SPECIFIC TRAINING..... 7

CHAPTER 4 FAIR CREDIT REPORTING ACT (FCRA) COMPLIANCE..... 8

4.1 SUMMARY OF REGULATION 8

4.2 DEFINITIONS..... 8

4.3 PERMISSIBLE PURPOSES..... 10

 4.3.1 Credit Transaction and Adverse Action 10

 4.3.2 Use of Medical Information 12

 4.3.3 Employment 13

4.4 PRESCREENED CREDIT OR INSURANCE SOLICITATIONS 13

4.5 RESPONSIBILITIES OF FURNISHERS OF INFORMATION 14

4.6 RESPONSIBILITIES REGARDING DISPUTES..... 18

 4.6.1 Direct Disputes 18

 4.6.2 Consumer Direct Dispute Notice..... 19

 4.6.3 Notice of Determination 20

4.7 RECORD RETENTION 20

 4.7.1 Adverse Action Notice 20

 4.7.2 Solicitations for Credit or Insurance..... 20

 4.7.3 Employment Screening 21

4.8 RISK-BASED PRICING NOTICE 21

 4.8.1 Determining Which Consumers Must Receive the RBPN..... 21

 4.8.2 Content and Timing of the Notice 22

 4.8.3 Additional Disclosures Required if Score is Used to Set Terms..... 23

4.8.4 Model Form H-3 25

4.8.5 When a Risk-Based Pricing Notice Is Not Required 28

4.9 OTHER NOTICES.....29

4.9.1 Negative Information Notices 30

4.10 FRAUD ALERTS AND ACTIVE DUTY ALERTS—INITIAL ALERT31

4.11 FRAUD ALERT AND ACTIVE DUTY ALERT—EXTENDED ALERT31

4.12 IDENTITY THEFT PROGRAM.....33

4.13 RED FLAG CATEGORIES AND DETECTION34

4.14 ADDRESS DISCREPANCIES.....36

4.15 AFFILIATE MARKETING38

4.16 PENALTIES FOR NONCOMPLIANCE40

4.17 DISCIPLINARY ACTION.....41

Sample Pages

- The implementation and practical application of [Sample Client]’s policies in the context of the employee’s function or responsibility
- Disciplinary consequences up to and including termination for failure to comply

3.2 New Hire Training

New hire employees will receive the above training as soon as is practicable but no later than four weeks after commencing employment with [Sample Client].

3.3 Job Specific Training

To ensure that [Sample Client]’s staff can be successful in delivering excellent service that fully complies with FCRA, job-centric FCRA training has been established to provide employees with the knowledge they “need to know” in completing their daily responsibilities. Below is a chart showing what specific areas of FCRA are emphasized based on the target audience.

Job Specific Required Training					
Training Topic	Marketing	Sales & Processing	Underwriting	Servicing / Customer Care	Default Management
Pre-screened Offers of Credit	X	X			
Affiliate Sharing	X		X		X
RBPNs/ Adverse Action		X	X		X
Identity Theft		X	X	X	X
Medical Information		X	X	X	X
Responsibilities of Furnishers				X	X

Chapter 4 Fair Credit Reporting Act (FCRA) Compliance

4.1 Summary of Regulation

The Fair Credit Reporting Act (FCRA, Regulation V) applies to persons who 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. It requires users to respond appropriately when there are "red flags" that indicate possible identity theft and allows consumers who have had their identities stolen to prevent further damage to their credit record. It requires [Sample Client] and consumer reporting agencies alike to adopt reasonable procedures for handling consumer credit and medical information in a manner that ensures confidentiality and accuracy in the authorized sharing of consumers' personal information.

The Fair and Accurate Credit Transactions Act (FACTA or FACT Act) of 2003 amended FCRA and was established to serve the following purposes:

- Enhance the ability of consumers to combat identity theft
- Increase the accuracy of consumer reports
- Allow consumers to exercise greater control regarding the type and amount of marketing solicitations they receive

FACTA has been fully integrated into FCRA.

Other significant amendments to FCRA (and FACTA) came in Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Section 1088. Significant impacts to FCRA under Dodd-Frank include the following:

- Transfer of regulatory authority to the Consumer Financial Protection Bureau
- Compliance requirements extended to persons who use consumer reports from Consumer Reporting Agencies (CRAs), persons who furnish information to CRAs, and users of information provided by CRAs
- Guidelines for model disclosures provided to consumers

4.2 Definitions

Adverse Action

Denial or revocation of credit, a change in the terms of an existing credit arrangement, or a refusal to grant credit in substantially the amount or on substantially the terms requested.

4.6 Responsibilities Regarding Disputes

Upon notification from a consumer reporting agency of a dispute regarding information the agency was provided, [Sample Client] must take action within 30 days of the CRA's receipt of the dispute notice including the following:

- Investigate the disputed information.
- Review all relevant information provided by the consumer reporting agency.
- Report the results to the consumer reporting agency.
- If the investigation reveals that any information previously reported was incomplete or inaccurate, report those results to the other nationwide consumer reporting agencies.

If an item of information disputed by a consumer is found to be inaccurate or incomplete or cannot be verified after investigation, [Sample Client] must promptly do one of the following in its reporting to consumer reporting agencies:

- Modify that item of information.
- Delete that item of information.
- Permanently block the reporting of that item of information.

4.6.1 Direct Disputes

[Sample Client] must conduct a reasonable investigation of a dispute it receives directly from a consumer ("direct dispute") if it relates to

- the consumer's liability for an account, such as direct disputes relating to whether there is or has been identity theft or fraud against the consumer, whether there is individual or joint liability on an account, or whether the consumer is an authorized user of a credit account;
- the terms of an account, such as direct disputes relating to the type of account, principal balance, scheduled payment amount on an account, or the amount of the credit limit on an open-end account;
- the consumer's performance or other conduct concerning an account, such as direct disputes relating to the current payment status, high balance, date a payment was made, the amount of a payment made, or the date an account was opened or closed; or
- any other information contained in a consumer report regarding an account that bears on the consumer's creditworthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living.

[Sample Client] need not investigate if the direct dispute relates to any of the following items:

4.13 Red Flag Categories and Detection

[Sample Client] may require a service provider to maintain appropriate policies and procedures to detect relevant red flags that may arise in the performance of that vendor's activities, and either report the red flags to [Sample Client] or to take appropriate steps to prevent or mitigate identity theft. The following subtopics represent categories of red flags that are used by the company to help detect identity theft.

Obtaining Identifying Information or Verifying Identity of a Customer

- Authenticating customers.
- Monitoring transactions.
- Verifying the validity of change of address requests.

Alerts, Notifications or Warnings from a Consumer Reporting Agency or Fraud Detection Service

- A fraud or active duty alert is included with a consumer report.
- A consumer reporting agency provides a notice of credit freeze in response to a request for a consumer report.
- A consumer reporting agency provides a notice of address discrepancy.
- A consumer report indicates a pattern of activity that is inconsistent with the history and usual pattern of activity of an applicant or customer, such as
 - a recent and significant increase in the volume of inquiries;
 - an unusual number of recently established credit relationships;
 - a material change in the use of credit, especially with respect to recently established credit relationships; or
 - an account that was closed for cause or identified for abuse of account privileges by a financial institution or creditor.

Presentation of Suspicious Documents

- Documents provided for identification appear to have been altered or forged.
- The photograph or physical description on the identification is not consistent with the appearance of the applicant or customer presenting the identification.
- Other information on the identification is not consistent with information provided by the person opening a new covered account or customer presenting the identification.
- Other information on the identification is not consistent with readily accessible information that is on file with the company, such as a signature card or a recent check.
- An application appears to have been altered or forged, or gives the appearance of having been destroyed and reassembled.