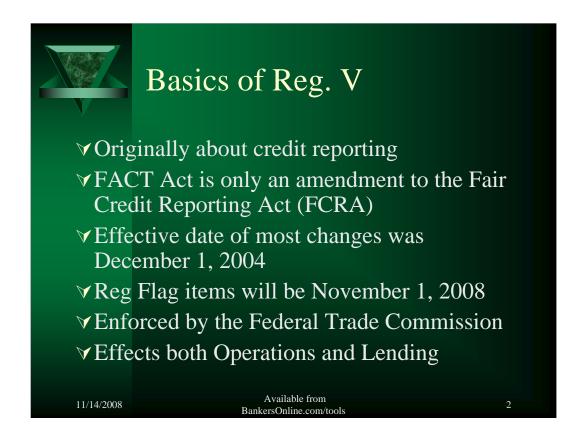


This class addresses the Fair Credit Reporting Act which governs the collection and use of information considered in connection with granting credit, providing insurance or offering employment.



DOUBLE CHECK CIF SCREENS FOR NAMES AND FOR PERSONAL/BUSINESS CODES!!

FCRA was substantially amended in 2003 by the FACT ACT which was passed to prevent identity theft, improve resolutions of consumer disputes, improve the accuracy of consumer records, make improvements in the use of and consumer access to credit information.

If out side sources were used in denying a loan, FCRA requires those sources to be provided. The FCRA section of the denial is the portion that lists the credit bureau. BUSINESS DENIALS SHOULD NOT BE MADE ON THE CONSUMER ADVERSE ACTION NOTICE.

- Appraisals
- •NADA
- Other third party

FCRA set guide lines for handling disputes

The bank CAN NOT give out more information about a customer other than the transaction history. Otherwise, we become a credit reporting agency governed by stricter laws.

Can't report obsolete information

- •Bankruptcy 10 years
- •Adverse information (collections, liens, crimes) 7 years



The FACT Act (Fair and Accurate Credit Transactions) was created in 2003 and became effective 12/1/04.



Requirements (cont'd)

- ▼ Notice of Action Taken Regarding Pricing*
- ▼ Responsibilities of Furnishers of Credit Information
- ✓ Disclosures of Credit Scores
- ▼ Notice of Negative Information
- ▼ Disposal of Consumer Report Information
- ✓ Medical Information
- ▼ Reconciling Addresses
- ▼ Red Flag Guidelines

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Need to pull reports to be aware of alerts.

CSR staff will pull credit reports on all new accounts.

ANY alert on a credit report will need to be handled PRIOR to generating the loan.



Fraud Alerts (cont'd)

∨Credit Freeze:

 When a consumer has the credit bureau block their account from being viewed. Must be completely removed before a credit report will generate.

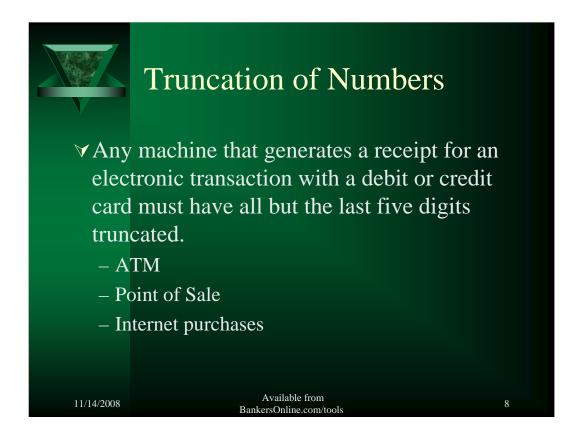
✓ Generate an Alert:

 A consumer can contact any one of the three major credit bureaus to send an alert to all three. TransUnion's number is 1-800-680-7289.

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In the old days, every time you used your debit or credit card, the receipt would print out your entire account number. Since some people are trash bugs and other people are thieves, it was easy to abscond with information to steal from accounts.

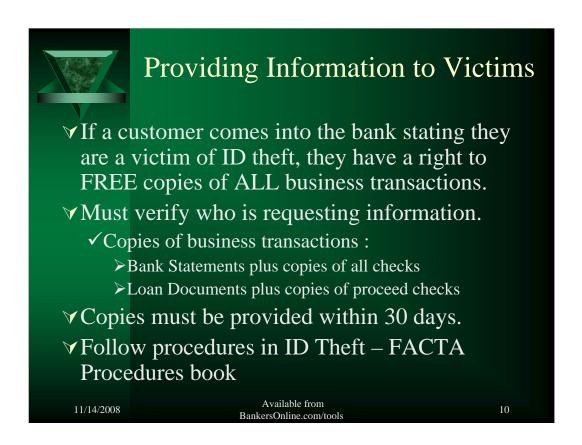


Summary of Victim's Rights

- ✓ Rights can be found on the Federal Trade Commission's Website at www.ftc.gov
- Responsibility of providing these rights fall upon the Credit Bureau.
 - Copy attached

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Each branch has a red ID Theft – FACTA Procedures book. This book is complete with every step needed to follow in regards to ID theft.



Blocking Information & Re-Pollution

- ✓ If a loan is a fraud, we must not only **stop** reporting it to the credit bureau, we must also **block** and remove any false information
- ✓ If a loan is a fraud, we cannot "sell, transfer for consideration, or place for collection"

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Investigation Co-ordination

✓ If a customer feels they are a victim of Identity Theft, they only need to contact one number to notify all three major credit bureaus:

1-877-ID-THEFT (1-877-438-4338)

This information is also provided on the form "ID Theft Affidavit", located on the FTC website.

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The bank CANNOT pull this report for them. There's a huge difference in the style of credit reports for creditors and consumer reports – there's has more "user friendly" information to help them understand their data.

When they attempt to get their report, they'll be asked questions that only they can answer, such as how much is the amount of mortgage payments.



Do Not Call is permanent.

Prescreen is 5 years for electronic and permanent for mailed in opt out



Notice on Pricing*

This is a new notice that is * currently in proposal stages...

- Can be given at time of application to ALL consumer applicants, or
- Can be given at closing when applicable.
- "...a provision of credit on <u>material terms that are materially</u> less favorable than the most favorable terms available to a <u>substantial proportion of consumers from or through that person (the bank)</u> based in whole or in part on a consumer report." ??

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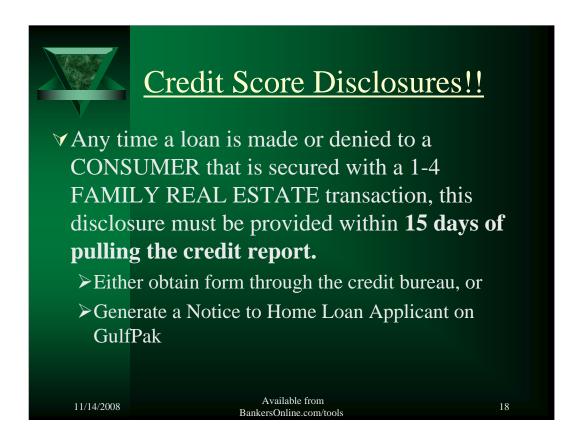


Responsibilities of Furnishers

- ▼This is a more enhanced policing of banks to ensure that information reported on consumers is accurate.
 - Any error resolutions for credit reporting must be directed to the Loan Credit Department at Chickasha.
 - >E-Oscar was created as a mediator between consumers and creditors over reporting disputes.

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If you failed to ask for the credit score disclosure on the credit report and must create the form on GulfPak, ALL DATA must be typed on the form to be acceptable.





Disposal of Consumer Reports

- ✓ Any confidential, personal credit information on any and all customers must be destroyed in an approved and expedited manner.
 - Printed reports are scanned and then shred in six months
 - Imaged reports are not accessible to unauthorized employees

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Sharing Information with Others

- ▼This is not the same Opt-Out that is included with the bank's Privacy Notices.
- ▼This rule specifically addresses provisions governing marketing solicitations with affiliates and the information MAY NOT be shared unless the consumer is given the opportunity to opt-out.
 - According to OCC definitions, FICAP and First Star Insurance are not affiliates but are considered a wholly owned subsidiary.

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Medical Information

"A creditor shall not obtain or use medical information pertaining to a consumer in connection with any determination of the consumer's eligibility, or continued eligibility, for credit."

There are times the bank obtains medical information both orally or recorded in a form or medium from either a healthcare provider or the consumer.

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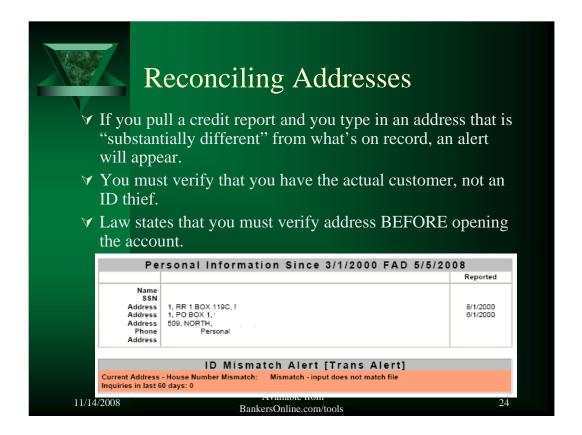
Medical – Examples

- ▼ The bank can only use the medical information if it relates to debts, expenses, income, benefits, collateral, or the purpose of the loan, including the use of proceeds.
- ▼ The bank can use the information in a manner and to an extent that is no less favorable than it would use comparable information that is not medical in a credit transaction.
- ✓ The bank can not take the consumer's physical, mental, or behavioral health, condition or history, type of treatment, or prognosis into account as part of any such determination.

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Must verify according to BSA/AML requirements (see CIP policy)

- •Use internal records
- •Use third party records
- •Verify directly with customer (use out of wallet questions)
 - •What is your mortgage payment (as provided on Credit Report)
 - •Where is your car financed (as provided on credit report)



"For the 7th straight year, ID theft topped the FTC's list of consumer complaints. ID Theft reportedly costs American businesses and consumers \$50 billion a year, impacting nearly 10 million US victims annually. In fact, approximately 23,000 people become victims of ID theft *EVERY DAY!*

What is a covered account?

How does Reg Flag and BSA compare in compliance?

What is identity fraud?



Procedures covers:

- Alerts
- •Suspicious documents
- •Suspicious ID's
- •Unusual suspect activity
- •Notices from customers or law officials about a fraudulent account



Kroll Factual Data

- ✓ Credit reports can now be accessed directly through GulfPak via Kroll Factual Data.
- ✓ All debts from the credit report will populate on the credit application.
- ✓ New ability to provide a consumer report from this website.
 - > Training will be provided as soon as the setup is complete.
 - > Both lending and CSR staff will pull credit reports.

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