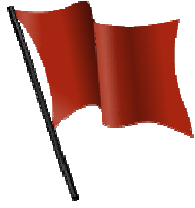




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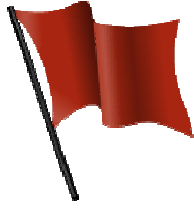


Basics of Reg. V

- Originally about credit reporting
- FACT Act is only an amendment to the Fair Credit Reporting Act (FCRA)
- Effective date of most changes was December 1, 2004
- Reg Flag items will be November 1, 2008
- Enforced by the Federal Trade Commission
- Effects both Operations and Lending

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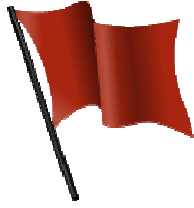
Red Flag Guidelines

- New program for detecting, prevention, and mitigation of ID Theft on a covered account.
- Applies to all creditors such as financial institutions, car dealers, insurance (life policies), mortgage companies.
- New address change procedures.
- New program to pull credit reports from GulfPak, including deposit accounts.
- Detailed steps to take if a Red Flag appears prior to opening an account.

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****EVERYONE SHOULD HAVE RECEIVED THE NEW ADDRESS CHANGE / RETURNED MAIL PROCEDURES. YOU MUST VERIFY THAT THE PERSON MAKING THE REQUEST IS OUR CUSTOMER.**

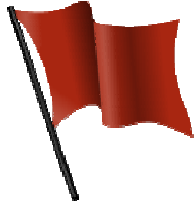


Red Flag (cont'd)

- What to do if someone asks for a replacement card following an address change.
- Training class on CoNetrix website.
- ID Theft – FACTA Procedures
- ID Theft Prevention Program
- ID Checking Guide 2008
- ID Theft prevention items offered with Sisk
- Fraud Watch Plus
- Transaction Monitoring Service (logins, access, POS)

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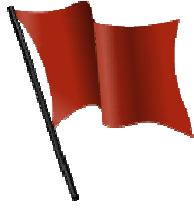


Kroll Factual Data

- Credit reports can now be accessed directly through GulfPak via Kroll Factual Data.
- New ability to provide a consumer report from this website.
 - Both lending and CSR staff will pull credit reports.

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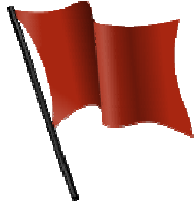


Fraud Alerts

- **Initial Fraud Alert:**
 - When a consumer asserts in good faith a suspicion that he/she has been or is about to become a victim of fraud. Alert goes on credit report for no less than 90 days.
- **Extended Fraud Alert:**
 - When a consumer submits an identity theft report to a credit bureau. Alert goes on credit report for 7 years.
- **Active Duty Alert:**
 - An alert for active duty military consumer. Alert goes on credit report for no less than 12 months.

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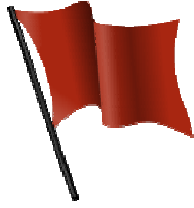
Fraud Alerts (cont'd)

- **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.

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

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Alert Examples

Initial Fraud Alert

Consumer Statement: Initial Fraud Alert#HK#IFCRA-INITIAL FRAUD ALERT: ACTION MAY BE REQUIRED UNDER FCRA BEFORE OPENING OR MODIFYING AN ACCO Initial Fraud AlertUNT. CONTACT CONSUMER AT

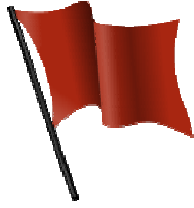
Extended Fraud Alert

Fraud Search
FACTA: Address mismatch alert - The current input address does not match the file address.
Statement added because consumer was a victim of true-name fraud: ID FRAUD VICTIM ALERT. FRAUDULENT APPLICATION MAY BE SUBMITTED IN MY NAME USING CORRECT PERSONAL INFORMATION. DO NOT EXTEND CREDIT WITHOUT FIRST CONTACTING ME PERSONALLY AND VERIFYING ALL APPLICANT INFORMATION. VERIFY AT DAYTIME PHONE NUMBER: . OR EVENING PHONE NUMBER: . DATED 03/23/2004.
BUT

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THE ONLY THING CSR STAFF WILL BE USING THE CREDIT REPORT FOR IS TO LOOK FOR ADDRESS DESCREPARNCIES OR ALERTS.

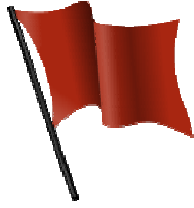


Disposal of Consumer Reports

- 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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Reconciling Addresses

- If you pull a credit report and you type in an address that is “substantially different” from what’s on record, an alert will appear.
- You must verify that you have the actual customer, not an ID thief. Follow CIP rules for identity verification.
- Law states that you must verify address BEFORE opening the account.

Database Residence Information	
2952 COUNTY ST 2800	NINNEKAH
1 RR 1 BOX 221	NINNEKAH
0 PO BOX 1871	CHICKASHA

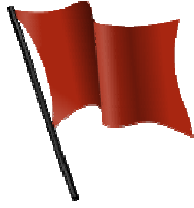
Fraud Search
FACTA: Address mismatch alert - The current input address does not match the file address. BU1

Credit Score Information

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OUR PROCEDURES MANUEL STATES THAT IF THE CREDIT REPORT LISTS AN ADDRESS MISMATCH ALERT, WE MUST PRINT OFF THE CREDIT REPORT, VERIFY THE IDENTITY OF THE PERSON AND WRITE ON THE CREDIT REPORT OUR FINDINGS.



Permissible Purpose

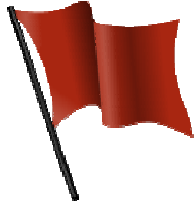
- **Must have a legitimate, permissible purpose to pull a credit report.**
 - Three D's:
 - Debt with the bank
 - Denial of credit or deposit product
 - Deposit opened
- **Have signed authorization to pull report.**

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DO NOT, DO NOT, DO NOT GET CURIOUS. OUR CREDIT REPORT BILL WILL NOT BE AUDITED BY THE BANK'S AUDITING DEPARTMENT. IF IT IS FOUND THAT SOMEONE IS PULLING REPORTS WITHOUT A PERMISSIBLE PURPOSE, IT CAN LEAD TO TERMINATION.

When a person obtains a consumer report under false pretenses or for an impermissible purpose, the PERSON is liable to both the consumer AND the CRA for the greater of \$1,000 or the actual damages suffered by the consumer or agency.



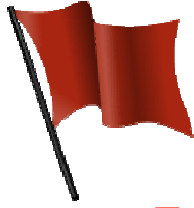
Debit Card Requests

Debit card issuers must follow reasonable policies and procedures if a request for an **additional or replacement card** is received within a short time (45 days) after the issuer has **received notification of a change of address** for an account.

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AGAIN, THIS FALLS TO VERIFYING THE PERSON MAKING THE ADDRESS CHANGE IN THE BEGINNING. HAVE THEM SIGN THE FORM, VERIFY THEIR PASSWORD, OR SIGN YOURSELF THAT THE PERSON IS, IN FACT, OUR CUSTOMER. ANY ADDRESS CHANGE MUST HAVE SOMEONE'S SIGNATURE.



Consumer Websites

To Opt out from phone solicitations

www.donotcall.gov

1-888-382-1222

To Opt out from mailed solicitations:

www.optoutprescreen.com

1-888-567-8688

Obtain free credit reports:

www.annualcreditreport.com

1-877-322-8228

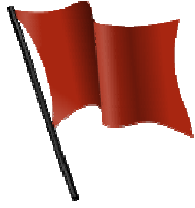
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DO NOT CALL IS PERMANENT

OPT OUT: 5 YEARS FOR ELECTRONIC BUT IS PERMANENT IF MAILED IN

FREE REPORTS – WE CANNOT PULL THE FREE REPORTS FOR THE CUSTOMER. THEY REALLY NEED TO REQUEST THEIR THREE FREE REPORTS EACH YEAR.



Reg Flag Examples

CREDIT REPORT RED FLAGS:

- Alert on consumer report
- CRA notice of credit freeze
- CRA notice of address discrepancy
- Account activity inconsistent with history

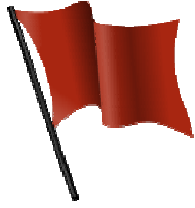
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Must follow procedures on ALL alerts, credit freezes or address problems.

FYI: Account activity would include

- Significant increase in number of inquiries
- Unusual number of new credit relationships
- Material change in credit use on new relationships
- Account closed for cause or privilege abuse



Reg Flag Examples

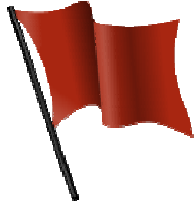
SUSPICIOUS DOCUMENTS

- Altered or forced ID documents
- Physical appearance and ID description inconsistent
- ID information and info provided by applicant are inconsistent
- ID information and other filed information inconsistent
- Applicant document altered or forged

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DRIVERS LICENSE BOOK



Reg Flag Examples

SUSPICIOUS ID INFORMATION

- ID information inconsistent with external sources
- ID information does not internally correlate
- ID information associated with existing fraud
- SSN observed in duplicate use

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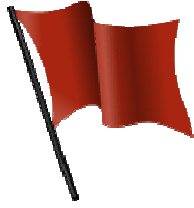
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FIRST ITEM:

- ID address does not match consumer report address
- SSN not issued
- SSN on deceased list

SECOND ITEM:

- SSN and DOB are inconsistent



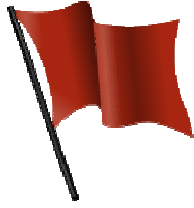
Reg Flag Examples

SUSPICIOUS ID INFORMATION, con't

- Address or telephone number matches other opening accounts
- Failure to provide required ID information on application
- ID info presented is inconsistent with ID info on file
- Customer cannot provide ID authenticating info.

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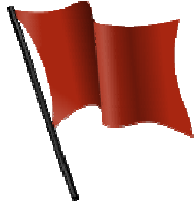
Reg Flag Examples

UNUSUAL USE OR SUSPICIOUS ACTIVITY

- Request for new/additional card following a change of address
- Revolving credit account use suggests known fraud patterns
- Account use inconsistent with history patterns
- Renewed activity in dormant account

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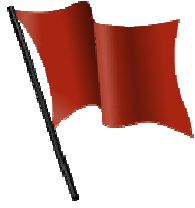
Reg Flag Examples

UNUSUAL USE OR SUSPICIOUS ACTIVITY

- Returned mail from address on record with continuing transactions
- Customer notifies of failure to receive mailed statements
- Notification of unauthorized charges or transactions

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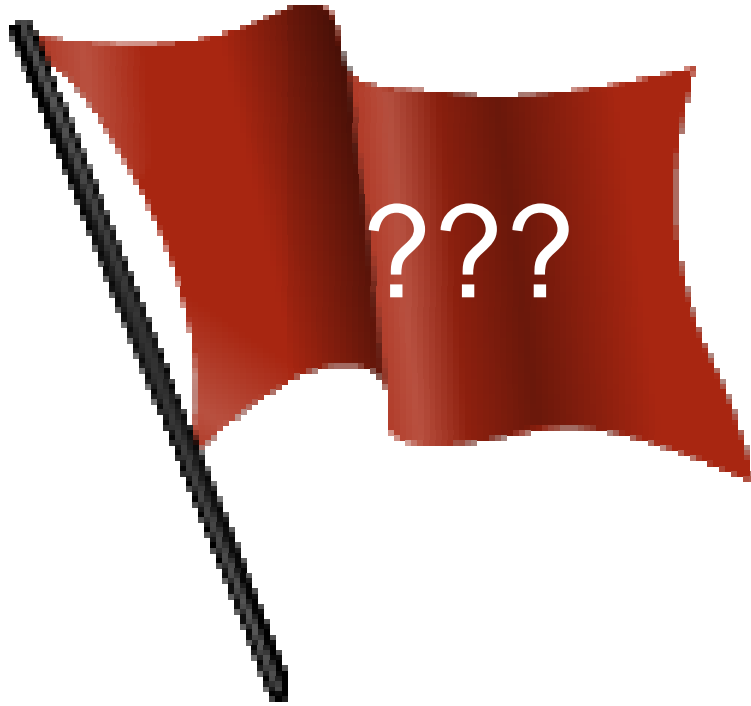
Reg Flag Examples

NOTICE FROM CONSUMER OR LAW ENFORCEMENT AGENCIES

- Notification by consumer, victim, law enforcement, or other that FNBT has opened ID Theft related account.

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