



Released October 16, 2008

FACT Act Changes

Effective November 1, 2008

New Red Flag Rules going into effect!

Lenders/Brokers face a **mandatory deadline of November 1, 2008** to comply with 3 new FACT Act regulations referred to as the **Red Flag Rules**, section 114 and 315 of the Fair and Accurate Credit Transactions (FACT) Act.

The President signed the FACT Act into law on December 4, 2003 and on July 18, 2006 additional rules and guidelines were implemented into sections 114 & 315 of the FACT Act to become mandatory on November 1, 2008. The regulations apply to all businesses that have “covered accounts”. A “covered account” includes any account for which there is foreseeable risk of identity theft. For example, credit cards, monthly billed accounts like utility bills or cell phone bills, social security numbers, drivers license numbers, medical insurance accounts, mortgage loans, and many others. This significantly expands the definition to include all companies, regardless of size that maintain, or otherwise possess, consumer information for a business purpose. Because of the broad definitions in these regulations, few businesses will be able to escape these requirements.

There are three new regulations:

- One that requires financial institutions or creditors to develop and implement an Identity Theft Prevention Program in connection with both new and existing accounts. The Program must include reasonable policies and procedures for detecting, preventing, and mitigating identity theft;
- Another that requires users of consumer reports to respond to Notices of Address Discrepancies that they receive; and
- A third that places special requirements on issuers of debit or credit cards to assess the validity of a change of address if they receive notification of a change of address for a consumer’s debit or credit card account and, within a short period of time afterward they receive a request for an additional or replacement card for the same account.

Another key item was the requirement that mortgage lenders provide consumers with a Credit Disclosure Notice that included their credit scores, range of scores, credit bureaus, scoring models, and factors affecting their scores. This form is typically available from credit reporting agencies, and many will send this directly to the consumer on the lenders’ behalf.

One Choice Mortgage, LLC (OCM) is committed to ensuring that all of its employees will comply with the 3 new FACT Act (Fair and Accurate Credit Transactions Act) regulations referred to as the **Red Flag Rules**. The **Red Flag Rules** assist Lenders to stop identity theft at its inception. One Choice will monitor and evaluate loan originations to ensure loan processing, underwriting, closing and compliance reviews adhere to company policies and procedures, investor guidelines, and governmental regulatory requirements, as well as appropriate corrective action to be taken immediately to protect each borrower from any unacceptable risk. Additional conditions may be necessary to clear any Red Flag Rule issues prior to closing.

We appreciate your cooperation with this new compliance requirement.

**Please contact your Sales Representative with any questions.
Thank you for your continued business.**

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