



44 Cook St Ste 100
Denver, CO 80206
NMLS# 2522067

A BIGGER BETTER MORTGAGE

FACTA & CRS POLICY



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FACTA

The Fair and Accurate Credit Transactions Act (FACTA), also known as the FACT Act, is a federal law enacted by the U.S. Congress in 2003 to amend the [Fair Credit Reporting Act](#) passed in 1970. Its purpose was to enhance consumer protection, particularly about [identity theft](#). The best-known feature of the act is that it allows consumers free access to their [credit reports](#) at least once a year.

FACTA is principally known for its rules to protect against identity theft but also includes other consumer protections.

Under FACTA, creditors and financial institutions must follow "red flag rules" to prevent and detect identity theft.

As a mortgage broker we pull credit reports, but we do not report to the bureaus.

As a mortgage broker pulling credit reports, it is important that we input the correct information as that is collected by the bureau.

What does FACTA do?

- Require creditors to develop and implement identity theft prevention programs.

We follow the Red Flag rules of asking questions while we look at the identification and credit report of each borrower. Going over the report and asking questions gives us a clear picture of the borrower's knowledge of their financial picture, if they know what credit they have, old addresses, account numbers, dates accounts were opened and any married or alias names that may have been used in the past.

Collection of names change documents for married persons may be collected if there are conflicting identities because of marriage.

Alias names can come from incorrect input from an application taker or loan originator, so an alias may not be known to the applicant, however, the name is usually a misspelled version of the real name, or it may be a married name, new or old. It is important to ask what other names they may have used and to provide documentation.

If they do not provide documentation of a different name and disappear or stop communication, it would be reported because that is a red flag.



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As a mortgage broker, we have extensive training in this area because we work with the consumer on a one-to-one basis.

- FACTA Requires creditors to provide risk-based pricing notices and credit scores when denying credit.

We provide a form called "Notice of Action Taken".

1. The notice will have four reasons that we cannot extend credit to the applicant.
2. The notice provides the credit scores
3. The notice provides the name of one bureau and their address and phone number
4. The notice provides the name, address and phone number of the loan originator's office and their identifier as well as the company's identifier.

Identity Theft

We go over the credit file with the borrower to ensure that we are talking to the person who belongs to the credit profile and collect identification that should match up to one of the addresses on the credit report to ensure that we are talking to the person who belongs to the credit report.

We also recommend that the borrower place a fraud alert on their credit report if they think someone is using their credit report. We can and do provide a customer copy of the report to the borrower after collecting identification and verifying it is them.

We ask questions about accounts we see on the credit report, if there are too many inconsistencies, we do not provide a copy of the report even with sufficient identification. Instead, we may look for any discrepancies to see if we need to report the applicant to FTC, FINCEN or the FBI.

We may even call neighbors to see if they know the person and if they are applying for a mortgage. People are very willing to go next door and check on their neighbors to make sure they are not a victim of identity theft.

We provide the names, addresses, websites and phone numbers to the borrower so they can contact the bureaus to report fraudulent activity. We do ask the borrower to check with their spouse to make sure that they do not own an account that they are disputing. Often, it does belong to the spouse.

Risk Based Pricing



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As a mortgage brokerage, we must give the borrower special disclosures. For High-Cost and High-Priced mortgage products. Per HOEPA, a part of TILA, these products require the borrower to take a homeownership counseling class that includes High-Priced mortgage education. This will ensure that the borrower knows the risk involved of the high cost associated with mortgage. The borrower must provide a copy of their completion of the class so it can be included in their loan file.

Credit Card Numbers and Disposal

Some common examples of FACTA violations involve businesses printing more than five digits of a credit card number on a receipt or printing *any* portion of the expiration date. Businesses must also securely dispose of any records containing sensitive identifying information.

We do currently take credit cards to pay for credit reports but do not keep any record of the card number or expiration date. It is input before we pull the credit report and paid directly to the third-party vendor. Credit card information is never written down or stored.

Below are a few requirements of FACTA that do not apply to companies like ours that do not report.

- Allows consumers to place fraud alerts on their credit files
- Requires reporting agencies to protect consumers' identifying information

How does FACTA affect banks?

- Requires banks to report accurately and resolve consumer disputes
- Requires banks to address change requests
- Requires banks to share information with affiliates in a certain way

How is FACTA enforced?

- The Federal Trade Commission (FTC), the National Credit Union Administration (NCUA), and federal bank regulatory agencies have issued regulations to implement FACTA

This has been very fun for me but there is nothing else to add, that is, until the company grows into something more or there are additional updates to FACTA that we need to include.

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