LaBonte Law Group

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DEALERSHIP REGULATORY REVIEW

Privacy/Red Flag/OFAC Adverse Action/Risk Based Pricing

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'Privacy Act

Federal law requires financial institutions, including dealerships, to provide notices to consumers that explain how non-public information is collected, stored and protected. The Privacy Rule covers the distribution of the notices and the Safeguards Rule covers the protection and confidentiality of the information. The Privacy Act is enforced by the Federal Trade Commission, who is authorized to assess fines of up to \$16,000.00 per violation, per day.

Privacy Notices:

Dealers must give a copy of their privacy notice to every customer who completes a credit application or opens a line of credit. The notice must explain how the dealership collects and safeguards non-public information.

The best time to distribute the notice is when you give the customer a credit application. If you wait until time of delivery to distribute the notice, some customers will fall through the cracks, opening up the dealership to liability. That's because not every customer is approved for financing. Some of these customers will not return to the dealership. So, unless you want to implement a procedure to mail notices to customers who do not return following a credit rejection, issue the notice with the credit application.

Safeguarding Information:

Under the Safeguards Rule dealerships are required to develop, implement and maintain a program to protect all information obtained during the credit process. Identity theft is a nationwide problem and the abundance of unsecured nonpublic information available at a dealership is very tempting to criminals.

What should I do?

In order to comply with the Safeguards Rule and protect your customers from identity theft follow these rules:

- 1. Select an employee to coordinate and implement your information security program;
- 2. Purchase or design an information security program that will identify and assess the risks of unauthorized use of customer information and implement a strategy to eliminate those risks;
- Contact service providers (i.e. any company who may receive customers' private information) and review <u>their</u> safeguard program; and
- 4. Continuously evaluate and adjust your safeguard program as necessary.
- 5. Dispose of all records properly Do not just throw documents in a dumpster.

	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
	The types of personal information we collect and share depend on the product or service you have with us. This information can include: Social Security number and and and When you are <i>no longer</i> our customer, we continue to share your information as described in this notice.
Tigura	All financial companies need to share personal information to run their everyday business. In the section below, we list the reasons financial companies can share their personal information; the reasons chooses to share; and whether you can limit this sharing.
For our everyda such as to proce your account(s), investigations, or	y business purposes— ss your transactions, maintain respond to court orders and legal report to credit bureaus
	ng purposes – ucts and services to you ting with other financial companies
For our affiliates	s' everyday business purposes — t your transactions and experiences
	s' everyday business purposes
For nonaffiliates	s to market to you

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Page 2

et also . .

Who is providing this notice?	
How does protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does collect my personal information?	We collect your personal information, for example, when you for
Why can't I limit all sharing?	 Federal law gives you the right to limit only sharing for affiliates' everyday business purposes—information about your creditworthiness
	 affiliates from using your information to market to you sharing for nonaffiliates to market to you State laws and individual companies may give you additional rights to
	limit sharing.
2.111 Contraction of the second se	Companies related by common ownership or control. They can be financial and nonfinancial companies.
Nonaffiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies.
Joint marketing	A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

OFAC Lists

All dealerships must comply with the Office of Foreign Assets Control (OFAC) screening requirements. OFAC is not a new law; in fact it goes back to the days of Abraham Lincoln and the Civil War.

OFAC requires businesses to screen all customers against the U.S. Treasury Department's Specially Designated Nationals and Blocked Persons list. The list includes more than 5,000 of the country's "most wanted" international criminals. Dealers who transact business with someone on the list are subject to a fine up to \$5 million and a prison term of up to 30 years. The dealership is also subject to upwards of \$10 million in fines.

The good news: most customers are pre-screed as the bank is also required to cross-reference the list during finance and lease transactions. However, be careful!!! Not all banks and lending institutions are complying with the law. It is strongly recommended that you personally contact banks and lending institutions to verify that they follow the OFAC requirements. If not, you must check the names.

Where is the list? – Dealers can check the list on-line for free at the U.S. Treasury Department's website (*www.treas.gov/offices/eotffc/ofac/sdn/t11sdn.pdf*). Alternatively, dealers may use a third-party service to cross-reference all customers against the OFAC list.

Red Flag Training

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Agenda (Section I: Red Flags Overview)

- Introduction to the Red Flags Rule
- Important Definitions
- Basic Requirements
- Details (Eight Steps to Compliance)

Agenda (Section II: Red Flags Program)

- Appointing Red Flags Manager
- Risk Assessment
- Risk Assessment
- Identifying Red Flags
- Detecting Red Flags (Worksheet Side 1)
- Responding to Red Flags (Worksheet Side 2)
- Administration of Red Flags Program



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THE RED FLAGS RULE

Requires dealers to "Develop and implement a written Identity Theft Prevention Program that is designed to detect, prevent, and mitigate identity theft."

THE RED FLAGS RULE

Compliance is mandatory by November 1, 2008



Applies to "creditors" (e.g., financial

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- institutions, utility companies, dealers, etc.)
- How does this relate to our Safeguards Program?

IMPORTANT DEFINITIONS

 Creditor includes banks, finance companies, automobile dealers, mortgage brokers, utility companies, and telecommunications companies.

IMPORTANT DEFINITIONS

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 Covered account means: (1) An account that a creditor offers or maintains, primarily for personal or family purposes, that involves multiple payments such as automobile financing and (2) Any other account (including business and commercial accounts) that the creditor offers for which there is a risk of identity theft to customers or to the financial safety of the creditor.



IMPORTANT DEFINITIONS

 Identity theft means a fraud committed or attempted using the identifying information of another person without authority.

IMPORTANT DEFINITIONS

• *Red Flag* means a pattern, practice, or specific activity that indicates the possible existence of identity theft. For example, a fraud alert on a credit report.

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Step 2: Conduct a Risk Assessment

- ✓ Determine which "accounts" are "covered accounts"
- ✓ All consumer retail installment sales and lease transactions are "covered accounts"
- ✓ Look carefully into commercial transactions, including parts/service accounts



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Step 3: Create a Written Red Flags Program

- Program must set forth procedures to respond appropriately to detected Red Flags to prevent, or at least reduce the impact, of identity theft
 Program must be updated
 - Program must be updated periodically based upon newlydiscovered identity theft risks to customers and the dealership.

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Step 4: Have Board of Directors Approve Red Flags Program

- ✓ Board of Directors or a committee appointed by the Board of Directors must approve the Program
- ✓ If your dealership does not have a Board of Directors, then a senior level manager (i.e., the general manager or dealer principal) must approve the Program.

Step 5: Train Appropriate Dealer Personnel

- ✓ Sales/Finance Personnel
 - General Manager
 - General Sales Manager
 - Finance Director
 - Finance Managers/Writers
 - Sales/Desk Managers
 - Assistant Sales/Floor Managers/Closers
 - Safeguards Compliance Manager/Officer



Step 6: Monitor Service Providers

✓ Vendors providing Red Flags services

 Other vendors (refer to your Safeguards Program)



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Changes in business organization or arrangements (e.g., dealer acquires new store, new service provider, etc.)

Step 8: Periodically Report to Board of Directors

- ✓ At least once per year, Red Flags Manager must report to Board of Directors, a committee thereof, or to senior level management
- ✓ Must report important issues related to Red Flags Program

Step 8: Periodically Report to Board of Directors

- Reports must address:
- Effectiveness of program
- Service provider arrangements
- ID theft incidents
- Recommendations for material changes to Red Flags Program

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Creating the Red Flags Program

- Introduction
- Appointment of Red Flags Manager
- Risk Assessment
- Identifying Relevant Red Flags

Creating the Red Flags Program (Continued) • Detecting Red Flags (including Related Policies) • Responding to Red Flags • Updating the Program

- Administration of Program
 Balated Baligies: Account
- Related Policies: Account Access Policy



Appointment of Red Flags Manager

Responsibilities

- Conduct risk assessment
- Create/customize Red Flags Program
- Arrange for or conduct training
- Report to Board of Directors or senior level management

Appointment of Red Flags Manager

Who should it be?

- Finance Director (recommended)
- GSM
- Safeguards Manager
- Compliance Manager/Officer
- Execute Designation Form

Risk Assessment It's all about figuring out which "accounts" are "covered accounts" Frequency - Initial - At least once per year thereafter • • • • - Use Risk Assessment Log (page 31)

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Risk Assessment

- All consumer credit sale and lease transactions are "covered accounts"
- Therefore, risk assessment should focus on:
 - Commercial credit sale and lease transactions
 - Commercial parts and service accounts
 - Other accounts

Risk Assessment • Must determine whether it is "reasonably foreseeable" that an "account" or practice can be the target of ID theft.

- Analysis is based upon:
 Origination (opening)
 - Access
 - Prior experiences with ID theft

Risk Assessment

- For example, Red Flags Manager should ask questions like:
 - "Is it predictable that we could sell a vehicle on business credit to an ID thief?"
 - "Is it predictable that an ID thief could open a commercial parts and service account?"
 - "Does the access to our commercial parts account make them reasonably susceptible to ID theft?"
 - "Have we had any experiences with ID theft related to a commercial credit sale/lease?"



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Risk Assessment

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- When there is an individual cosigner on a business credit deal, deal should be handled no differently than regular consumer credit sales/leases
- Upon completion of the Risk
- Assessment, indicate which accounts are "covered" and complete the certification on page 30

Identifying Red Flags

- The Guidebook already sets forth those Red Flags believed to be relevant for consumer credit sales and lease transactions (more on this later)
- You may want to choose additional Red Flags based upon:
 - Types of covered accounts offered
 - How covered accounts are "opened"
 - The type of access given to covered accounts
 - Prior experiences with ID theft

Identifying Red Flags

IMPORTANT NOTE:

In the event you determine that commercial credit sales and lease transactions, commercial parts/service accounts, or other accounts are "covered accounts," then you must choose additional Red Flags based upon the Risk Assessment

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Detecting Red Flags

- Red Flags are detected by adhering to the following related policies:
 - Credit Application Policy (see page 67)
 - Customer Identification Policy (see page 69)
 - Consumer Credit Sale and Lease Transaction Information Policy (see page 70)
 - Off-site Delivery Policy (see page 70)
- And, by using the Identity Theft Prevention Program Worksheet (ITPPW) (see page 75)

Detecting Red Flags

- Credit Application Policy
 - Must be completed and signed prior to running a credit report
 - Credit report must be obtained prior to delivery of vehicle pursuant to credit sale or lease transaction
 - Must be accompanied by acceptable identification

Detecting Red Flags

Customer Identification Policy

- Must be approved form of ID (more on this later)
- Look at the picture!

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- Compare signatures
- No such thing as an International Driver's Licensel

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- Delivery personnel may be required to complete ITPPW
- (approval, address verification, etc.)



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IDENTITY THEFT PREVENTION PROGRAM WORKSHEET (Retail Installment Sate Construct and Lease Agreement) Yes 265 As part of our identity Theft Prevention Program ("Red Fisgs Program"), this do whicle partners to all retrait installment rate constructs and lense agreements. ptable [dentil Г Chancer must present one of the folio identification accepted. rias ân Deslet per are required to check the bos nest to the Unexpired, sine perso Unexpired, sine perso Other □Uanginst U.S. ailitary □Uanginst U.S. pasper d pi cirel pr

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IDENTITY THEFT PREVENTION PROGRAM WORKSHEET

(Retail Installment Sale Contract and Lease Agreement)

Customer's N	ame :					
Address: Si	ireet	C	City	State	Zip	Contract Date
Year	Make	Model		VIN	-	

As part of our Identity Theft Prevention Program ("Red Flags Program"), this dealership completes this worksheet prior to delivery of a vehicle pursuant to all retail installment sale contracts and lease agreements.

Acceptable Identification

Customer must present one of the following forms of identification. Dealer personnel are required to check the box next to the form of identification accepted:

	Unexpired,	state	government	issued	driver's	license	with	picture
--	------------	-------	------------	--------	----------	---------	------	---------

___ Other

Unexpired, U.S. military identification card with picture

Unexpired, state government issued identification card with picture Unexpired, U.S. passport Approved by:

(Note: "Other" identification must be approved by the dealer principal, general manager or Red Flags Manager)

Red Flags Checklist

Our dealership has identified the following identity theft Red Flags. In the event any of the following Red Flags are detected during the transaction, dealership personnel are required to take the action(s) identified in the "Red Flag(s) Detected" section on the reverse side of this worksheet. NOTE: A CONSUMER CREDIT REPORT MUST BE OBTAINED IN ORDER TO PROPERLY CHECK FOR RED FLAGS AND COMPLETE THIS WORKSHEET.

		· · · · · · · · · · · · · · · · · · ·	······································		
Credit Report Red Flags	No	Yes	Suspicious Personal Information Red Flags	No	Yes
A notice of credit freeze is returned when a credit report is requested (If this Red Flag is detected, STOP and see "CREDIT FREEZE NOTE" on reverse side)	ם		The address provided by the customer on the credit application does not match any address in the customer's credit report		
A fraud or active duty alert appears on the customer's credit report	D		The address provided by the customer on the credit application is a P.O. Box or mail drop.		
A credit bureau provided a notice of address discrepancy			Customer refuses to complete a credit application in its entirety		
The customer's credit report shows three or more inquiries within the last 30 days	Е		Personal Behavior Red Flags	No	Yes
The customer's credit report shows two or more new accounts opened within the last 30 days			Customer appears/sounds unusually nervous and agitated		
The customer's credit report shows an account closed due to fraud or abuse of account privileges.			Customer is pressuring dealership personnel to rush through the sale/lease process		
The customer's credit report contains an alert and/or warning with respect to the Social Security number used by the customer			Customer appears/sounds unusually disinterested in the price of the vehicle		
S The customer's credit report contains an alert and/or warning with respect to the address used by the customer	Ľ		Customer conducts all negotiations via telephone/email/internet and does not visit the dealership to present ID and/or sign paperwork		
The customer's credit report shows "no record found" or similar designation			Notice of Identity Theft Red Flag	No	Yes
The customer's credit report shows fewer than three trade-lines			The dealership has received a notice from law enforcement, a		
Suspicious Documents/ID Red Flags	No	Yes	victim of identity theft, or other source related to this customer		
Signature on form of identification does not match signature on credit application, contract or other documents.			Miscellaneous Identified Red Flags	No	Yes
Form of identification appears to be altered or forged					
Picture on form of identification does not look like customer					
The physical description on form of identification does not match the physical appearance of customer		<u> </u>			
Information on form of identification does not match information provided by customer on credit application					<u>ا</u> ۲
Customer presents an out-of-state or foreign driver's license or identification card as primary form of identification					

Those Red Flags marked with the -- symbol indicate an address discrepancy issue that requires an additional step. See "Step 4: Address Verification" on the reverse side of this worksheet.

I hereby certify that I have diligently checked for the presence of all the above Red Flags that have been identified by this dealership. THE REVERSE SIDE OF THIS FORM MUST BE COMPLETED IN THE EVENT ANY OF THE ABOVE RED FLAGS WERE DETECTED (I.E., ANY ITEM WAS MARKED "YES").

RED FLAG(S) DETECTED

This side must be completed only when one or more Red Flags from the reverse side have been detected. The presence of one or more Red Flags does not necessarily require us to refuse to do business with the customer. Rather, the presence of one or more Red Flags requires us to take the following steps to ensure that the person attempting to purchase on credit or lease a vehicle from us is not using someone else's identity. CREDIT FREEZE NOTE: In the event a credit freeze is encountered, the customer must "thaw" the report (i.e., permit viewing of it) prior to proceeding with the transaction. An actual credit report is required to properly complete this worksheet.

Step 1: Secondary Identification Verification

A second form of identification must be presented	This identification can	be any of the following:	(Dealer personnel must check the box next to the
second form of identification presented.)			

 State government issued driver's license/ID card with picture
 U.S. military identification card with picture
 Utility bill

 Passport (U.S. or foreign)
 Vehicle title
 Vehicle registration
 Major credit card (MasterCard, Visa, Discover, or American Express)

 Other
 Approved by:

(Note: "Other" identification must be approved by the dealer principal, general manager or Red Flags Manager)

Customer could not produce second form of identification. IF THIS BOX IS CHECKED, TRANSACTION CAN ONLY PROCEED UPON APPROVAL BY DEALER PRINCIPAL, GENERAL MANAGER, OR RED FLAGS MANAGER.

Secondary Identification Verification Waiver Approved by: ____

Step 2: Credit History Quiz

Customer must be able to answer correctly at least five of the following questions related to his/her credit history (dealer personnel must enter one unique question based upon the contents of the credit report):

Question	Response	Correct?
What is the approximate balance on your Visa credit card?		
What is the approximate balance on your MasterCard?		
What is the approximate balance on your American Express card?		
What is the approximate balance on your Home Depot credit card?		
What is the amount of your mortgage payment?		No Yes
What is the name of the company that you make your mortgage payment to?		
What is the name of the company that you make your car payment to?		
		No Yes

Total Number of Correct Responses: _____. IF THIS NUMBER IS LESS THAN 5, TRANSACTION CAN ONLY PROCEED UPON APPROVAL BY DEALER PRINCIPAL, GENERAL MANAGER, OR RED FLAGS MANAGER.

Credit History Quiz Waiver Approved by: _

Step 3: Social Security Number Quiz

Customer must be able to answer the following question correctly: In what U.S. state/territory were you residing when you (or your parent/guardian) applied for your Social Security card? ______ (To determine if customer's response is correct, dealer personnel should refer to Social Security Number allocation table at www.socialsecurity.gov/employer/stateweb.htm).

Correct? INO Yes. IF CUSTOMER IS UNABLE TO ANSWER THIS QUESTION CORRECTLY, TRANSACTION CAN ONLY PROCEED UPON APPROVAL BY DEALER PRINCIPAL, GENERAL MANAGER, OR RED FLAGS MANAGER.

Social Security Number Quiz Waiver Approved by: _

Step 4: 🖃 Address Verification (If Applicable)

This step is only necessary if any of the Red Flags identified by the symbol are detected or if there is a need to verify a delivery address for a transaction where the customer does not visit the dealership. The customer must produce proof of current, physical address using any of the following:

Current Utility Bill (mobile/wireless phone bill NOT accep	table) Current Mortgage Statement	Recent Property Tax Bill
	Approved by:	

(Note: "Other" proof of current address must be approved by the dealer principal, general manager or Red Flags Manager)

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Customer could not produce acceptable proof of current, physical address. IF THIS BOX IS CHECKED, TRANSACTION CAN ONLY PROCEED UPON APPROVAL BY DEALER PRINCIPAL, GENERAL MANAGER, OR RED FLAGS MANAGER.

Address Verification Waiver Approved by:

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Step 5: Certification/Denial

CERTIFICATION I hereby certify that I have been trained on proper completion of this form and have taken the steps necessary to confirm the identity of the customer. I further certify that with respect to each step above, customer has provided adequate responses and/or documentation and/or I have received approval for a waiver from authorized personnel.

DENIAL Customer did not provide adequate responses and/or documentation to satisfy the requirements of our Identity Theft Prevention Program. As such, we are refusing to complete the transaction and I am referring the matter to our Red Flags Manager for further review.

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opyright © 2008 Auto Advisory Services, Inc. To order: www.reysource.com; (800) 344-0996. inter makes no warranty, express or implied, as to content or fitness for particular purpose of this fo	orm. 24 .	

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Step 6: Certification: Dealer and the second of the second

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Denial of Transaction

- The Red Flags Manager must determine if it's necessary to:
 - Contact customer to obtain more information/documentation
 - Contact law enforcement
 - Contact the suspected or confirmed identity theft victim
 - Contact credit reporting agency to report that inquiry was bogus
 - Issue an adverse action notice
 - Take no further action

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Denial of Transaction

- In the event Red Flags are detected after delivery of vehicle, Red Flags Manager may have to take additional action, such as:
 - Contact the auto finance company to which the retail installment sale contract or lease agreement was assigned
 - Not attempt to collect on a debt related to the transaction
 - Get car back? (Be sure to talk to your lawyer first!)

Responding to Red Flags

 Be sure to review possible responses to Red Flags detected during or after non-consumer transactions (if applicable) (see pages 52 -55)

Updating the Program

• Update the program at least once per year and whenever any of these apply:

- Any experiences with identity theft r. Changes in how identity theft is occurring -
- generally - Changes in the ways identity theft is detected,
- prevented, and mitigated

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Updating the Program

- Update the program at least once per year and whenever any of these apply (cont.):
 - Changes in the types of accounts that you offer or maintain
 - Changes in the types of transactions you conduct or the way you conduct them
 - Changes in your business arrangements, including mergers, acquisitions, alliances, joint ventures, and service provider arrangements
- Log all updates (see page 58)

Administration (Oversight)

- Red Flags Manager must report to:
 Board of Directors
 - A committee appointed by Board of
 - Directors
 - Senior level manager (e.g., dealer principal, GM, etc.)

Administration (Training)

 Red Flags Manager must train or arrange for training of:

- General Manager
- General Sales Manager
- Finance Director
- Finance Managers/Writers
- Sales/Desk Managers
- Assistant Sales/Floor Managers/Closers
- Safeguards Compliance Manager/Officer
- Delivery Personnel (off-site deliveries)

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Administration (Reporting)

- Red Flags Manager must prepare reports on:
 - The effectiveness of policies and procedures in addressing the risk of identity theft in connection with transactions and accounts that are included in the Program;
 - Service provider arrangements;
 - Significant incidents involving identity theft and management's response; and
 - Recommendations for significant changes to the Program.
- · See report template on page 65

Administration

• Oversight of service providers

- Refer to Safeguards Program
- Credit reporting agencies

- Other vendors

- Must ensure each adheres to policies designed to detect, prevent, and mitigate the risk of identity theft
- Maintain agreements, memos, published policies, etc.
- Document on page 64

Account Access Policy

- Never share customer deal information except as required by law and as indicated in your privacy policy
- Only share customer information (i.e., copies of documents they signed) with customer when valid identification is presented in person

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Adverse Action Notices

Under federal law, whenever a customer is denied credit he or she must be given an "Adverse Action Notice". Most dealers mistakenly believe that only lenders must provide this Notice. In fact there are several circumstances where a dealer must provide a Notice. The following are examples of when a dealer would provide a Notice:

1. Customer signs a retail installment contract but dealer cannot find a bank to fund the deal.

2. Customer applies for credit on certain terms (such as a certain APR) and dealer subsequently offers the deal with different terms and the customer rejects the counteroffer.

3. F&I Manager reviews credit application and makes an independent decision that the customer cannot obtain financing.

Adverse Action Notices must be sent to a customer within thirty (30) days after receiving a completed credit application. If the customer rejects a counteroffer then the Notice must be sent within ninety (90) days after notifying the customer of the counteroffer.

On the following pages are two sample Adverse Action Notices.

[customer name] [customer address]

[date]

Dear Credit Applicant;

We have received your recent credit application for financing or leasing a vehicle from [name of dealership]. We have conditioned our sale or lease of a vehicle upon terms different from those proposed. For this reason we are unable to extend credit to you at this time.

The Federal Equal Credit Opportunity Act (ECOA) prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided that the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act (CCPA). The Federal Agency that administers compliance with this law concerning this creditor is the Federal Trade Commission, Equal Credit Opportunity, Los Angeles Regional Office, 10887 Wilshire Blvd,. Suite 700, Los Angeles, CA 90024.

PRINCIPLE REASON(S) FOR CREDIT DENIAL, TERMINATION, OR OTHER ACTION TAKEN CONCERNING CREDIT

Ĩ	Limited Credit experience	1	Excessive negative equity in
1	Poor Credit performance		trade-in
ĩ	Delinquent credit obligations	ĩ	Bankruptcy,
	with others	Ĩ	Repossession, collection
Ĩ	Income insufficient for amount		action, or judgment

of credit requested

Our decision was based either wholly or partly upon:

A credit report obtained from:

d from: AND/OR

A credit report obtained from:

Equifax Credit Info
 5505 Peachtree Dunwoody Rd.
 NE, Suite 60
 Atlanta, GA, 30374
 Tel. 1-800-685-1111

 Experian, PO Box 9556 Allen, TX 75013 Tel. 1-888-397-3742 The consumer credit reporting agency did not make this decision and will not be able to provide you with the reasons why your credit was not granted.

You have the right within sixty (60) days of the date of this notice, to obtain a free copy of your consumer credit report from any consumer credit reporting agency identified in this letter (and, if you live in California, from any other consumer credit reporting agency which compiles and maintains files on a nationwide basis).

In Addition, you have the right to dispute, directly with the consumer credit reporting agency, the accuracy or completeness of any information in a consumer credit report furnished by a consumer credit reporting agency. (15 U.S.C. § 1681(m); California Civil Code Section 1785.16).

Although we are unable to extend credit through our lenders under the terms requested, we thank you for the opportunity to do business. We hope that you will consider purchasing or leasing from North County Ford in the future.

Sincerely,

[customer name]
 [customer address]

[stock Number] [deal number]

Dear Credit Applicant;

We have received your recent credit application for financing or leasing a vehicle from North County Ford. We have conditioned our sale or lease of a vehicle upon terms different from those proposed. For this reason we are unable to extend credit to you at this time.

The Federal Equal Credit Opportunity Act (ECOA) prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided that the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act (CCPA). The Federal Agency that administers compliance with this law concerning this creditor is the Federal Trade Commission, Equal Credit Opportunity, Los Angeles Regional Office, 10887 Wilshire Blvd,. Suite 700, Los Angeles, CA 90024.

You have the right to a written statement of the reasons for our decision. You may request the statement by contacting this office at the address set forth below, attention Legal Department, within sixty (60) days after the date of this notification. You will receive the statement within thirty (30) days after the date of your request.

In addition you have the right to know if our decision was determined either wholly or partly because of (a) information contained in a consumer credit report from a consumer credit reporting agency, or (b) information obtained form a source other than a consumer credit reporting agency. Our decision was based either wholly or partly upon:

One or both of a CBI or TRW credit report obtained from:

 Equifax Credit Info, 5505 Peachtree Dunwoody Rd. NE, Suite 60 Atlanta, GA, 30374

Tel. 1-800-685-1111

AND/OR

One or both of a CBI or TRW credit report obtained from:

 Experian, PO Box 9556, Allen, TX 75013 Tel. 1-888-397-3742 The consumer credit reporting agency did not make this decision and will not be able to provide you with the reasons why your credit was not granted.

You have the right within sixty (60) days of the date of this notice, to obtain a free copy of your consumer credit report from any consumer credit reporting agency identified in this letter (and, if you live in California, from any other consumer credit reporting agency which compiles and maintains files on a nationwide basis).

In Addition, you have the right to dispute, directly with the consumer credit reporting agency, the accuracy or completeness of any information in a consumer credit report furnished by a consumer credit reporting agency. (15 U.S.C. § 1681(m); Civil Code Section 1785.20).

Although we are unable to extend credit through our lenders under the terms requested, we thank you for the opportunity to do business. We hope that you will consider purchasing or leasing from North County Ford in the future.

Sincerely, Finance Director [dealership name] **RISK BASED PRICING NOTICES**

 Exception Notice The Rule also allows for an "Exception Notice" that creditors may issue in lieu of a Risk Based Pricing Notice. Exception Notices must be provided to ALL customers. Provided after the credit score has been obtained, but at or before the time the customer becomes contractually obligated. 	
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Contents of Exception Notice includes: The Credit Score Disclosure Exception Notice includes: The Credit Score and the name of the credit reporting agency or other entity that provided the credit score. The date on which the credit score was created. The date on which the credit score was created. Cretain statements that are intended to educate the consumer about credit reports, credit scores, and how the consumer may obtain a free annual credit report. A range of possible credit scores with a bar graph or statement indicating how the consumer's score compares to other consumer scores. If dealers use a bar graph to comply with this disclosure requirement, they may use a bar graph prepared by the consumer reporting agency (CRA) or other person from which they obtained the credit score.

Exception Notice: When Credit Scores are Unavailable The Credit Scores are Unavailable If a credit score cannot be obtained for a particular consumer because it is unavailable from the CRA (or other entity from which the dealer regularly obtains credit scores), the dealer may: o Obtain a credit score for that consumer from another CRA or other entity (not required) and provide the Credit Score Disclosure Exception Notice; or o The dealer may provide the consumer with the No Credit Score Exception Notice.	
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General Requirements	 All Model Forms under this Rule, including the Exception Notices, must be: Clear and conspicuous; Clear and conspicuous; Provided to the consumer in a written format that the consumer may keep; and Segregated from other information provided to the consumer during the transaction. A consumer is only entitled to one notice per request 	for credit.
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