

## How to Use This Manual

Compliance with the Fair Credit Reporting Act (FCRA) changed in many significant ways with the passage of the Fair and Accurate Credit Transactions Act of 2003 (FACT Act), which President Bush signed into law on December 4, 2003. The responsibilities of financial institutions have increased substantially, with major impact on the operations, lending, and deposit functions.

The FACT Act provisions have significant customer identity theft implications, which is one of the fastest growing crimes in the U.S. For example, lenders, for the first time, must disclose to applicants when they report negative customer information to a credit bureau. Procedures must be in place for improving the accuracy of customer information that appears on consumer credit reports, and there are restrictions on the use and disclosure of the information contained in them.

The *FACT Act Compliance Manual* provides an in-depth review of the FACT Act provisions. It is also a detailed compliance manual intended to ease financial institutions' compliance with the post-FACT Act FCRA.

To get started, the *Quick Reference Guide* provides the list of provisions and the primary areas of financial institutions that are affected. There is also a **Sample Fair Credit Reporting Act Policy** to comply with the FACT Act, **Procedures** to implement the FACT Act, and **Compliance Checklists** to help you in your control and compliance efforts.

*Chapter 1* introduces and summarizes the FACT Act's primary legislative purposes. It provides a list of the most significant FCRA revisions (with references to discussions of those revisions in the rest of the manual), a schedule of effective dates, a brief description of the entities affected by the FACT Act revisions, and an introduction to the FCRA obligations financial institutions must meet. These duties are discussed at greater length in the remaining chapters of the manual.

*Chapter 2* provides a more-detailed analysis of the FCRA revisions made by the FACT Act.

*Chapters 3 through 14* provide an in-depth compliance guide to the post-FACT Act FCRA. These chapters include Compliance Checklists, relevant regulatory provisions, and other supplemental materials.

The *FACT Act Compliance Manual* also provides the following appendices:

- *Appendix 1* — the FCRA with FACT Act revisions highlighted.
- *Appendix 2* — the “Section-by-Section Summary of H.R. 2622” submitted by Representative Michael Oxley, Chairman of the House Financial Services Committee, and Representative Spenser Bachus, Chairman of the Subcommittee on Financial Institutions and Consumer Credit. This report is cited or quoted frequently in this manual, which refers to it as the Oxley-Bachus report or the Oxley-Bachus legislative history.
- *Appendix 3* — the Federal Financial Institutions Examination Council (FFIEC) FCRA Examination Procedures. Fair Credit Reporting Act examination procedures approved by the FFIEC Task Force on Consumer Compliance, including provisions amended by the FACT Act, were issued by the Federal Reserve Board on November 14, 2005 (CA 05-9), and by the Office of

the Comptroller of the Currency on November 22, 2005 (OCC Bulletin 2005-38). The revised FCRA procedures are structured in a modular format and are designed to allow examiners to risk-focus the FCRA review according to a financial institution's operations. The revised examination procedures are divided into six modules and two appendixes: Appendix A (the actual examination procedures) and Appendix B (a statutory and regulatory matrix).