

ePORT / DAT / Print Image
Equifax FACT Act Changes

October 2004

Confidential and Proprietary Information -
Do Not Redistribute

EQUIFAX

Table of Contents

- 1. Fraud Victim & Active Duty Alerts (Fraud Victim/Alert Indicators) 1
- 2. Alert Contact Segment 4
- 3. Notice of Address Discrepancy Indicator 5
- 4. Fraudulent Inquiry Information Code..... 6
- 5. Inquiry Key Factor Code (for score disclosure purposes)..... 7
- 6. Suppressed Medical Information Accounts..... 8
- 7. Revised Summary of Rights to PERSONA Users 11
- 8. FACT Act Sample Credit Report 12

1. Fraud Victim & Active Duty Alerts (Fraud Victim/Alert Indicators) **Effective November 16, 2004/Testing Available**

A. What the Law Says

INITIAL FRAUD ALERTS: Upon the direct request of a consumer, or an individual acting on behalf of or as a personal representative of a consumer, who asserts in good faith a suspicion that the consumer has been or is about to become a victim of fraud or related crime, including identity theft, a national consumer reporting agency that maintains a file on the consumer and has received appropriate proof of the identity of the requester shall include a fraud alert in the file of that consumer, and also provide that alert along with any credit score generated in using that file, for a period of not less than 90 days, beginning on the date of such request, unless the consumer or such representative requests that such fraud alert be removed before the end of such period, and the agency has received appropriate proof of the identity of the requester for such purpose.

ACTIVE DUTY ALERTS: Upon the direct request of an active duty military consumer, or an individual acting on behalf of or a personal representative of an active duty military consumer, a national consumer reporting agency that maintains a file on the active duty military consumer and has received appropriate proof of the identity of the requester shall include an active duty alert in the file of that active duty military consumer, and also provide that alert along with any credit score generated in using that file, during a period of not less than 12 months, or such longer period as the FTC shall determine, by regulation, beginning on the date of the request, unless the active duty military consumer or such representative requests that such fraud alert be removed before the end of such period, and the agency has received appropriate proof of the identity of the requester for such purpose.

EXTENDED FRAUD ALERTS: Upon the direct request of a consumer, or an individual acting on behalf of or as a personal representative of a consumer, who submits an identity theft report to a national consumer reporting agency that maintains a file on the consumer, if the agency has received appropriate proof of the identity of the requester, the agency shall include a fraud alert in the file of that consumer, and also provide that alert along with any credit score generated in using that file, during the 7-year period beginning on the date of such request, unless the consumer or such representative requests that such fraud alert be removed before the end of such period and the agency has received appropriate proof of the identity of the requester for such purpose.

B. What Equifax is Doing

In accordance with the FACT Act, Equifax will deliver an Initial Fraud Victim Alert Indicator, an Extended Fraud Victim Alert Indicator and/or an Active Duty Alert Indicator with all credit-related products when these alerts have been properly requested by the consumer or their representative. This information, along with the contact information provided by the consumer, if any, will be provided to all customers for proper verification of identity of the consumer prior to the establishment or extension of credit, as stated below.

In accordance with California law, Equifax will continue to deliver a California Resident Fraud Victim Alert Indicator when properly requested by a consumer.

1. Equifax will return the following “Fraud Victim/Active Duty Alert Indicators”:

- Fraud Victim “Initial Fraud Alert”
- Fraud Victim “Extended Fraud Alert”
- Active Duty Alert
- Active Duty Alert with Fraud Victim “Initial Fraud Alert”
- Active Duty Alert with Fraud Victim “Extended Fraud Alert”
- California Resident Fraud Victim (associated with trade)
- Active Duty Alert with California Resident Fraud Victim T

These indicators have the following meaning:

Active Duty Alerts/Initial Fraud Alerts: The consumer does not authorize the establishment of any new credit plan or extension of credit, other than under an open-end credit plan (as defined in section 103(i)), in the name of the consumer, or issuance of an additional card on an existing credit account requested by a consumer, or any increase in credit limit on an existing credit account requested by a consumer, except in accordance with the requirements on users for active duty and initial alerts stated below.

Extended Fraud Alerts: The consumer does not authorize the establishment of any new credit plan or extension of credit, other than under an open-end credit plan (as defined in section 103(i)), in the name of the consumer, or issuance of an additional card on an existing credit account requested by a consumer, or any increase in credit limit on an existing credit account requested by a consumer, except in accordance with the requirements on users for extended alerts stated below.

California Resident Fraud Alert: The consumer has provided Equifax with an identity theft report and Equifax has suppressed the associated trade.

2. Equifax will return Consumer Contact Information

For Active Duty Alerts and Initial Fraud Alerts: If the consumer has provided Equifax a telephone number to be used for identify verification purposes, Equifax will return it with the report in a new Alert Contact segment.

For Extended Fraud Alerts: The telephone number or other reasonable contact method designated by the consumer for confirmation of the transaction with the consumer will be returned in a new Alert Contact segment.

If a consumer does not provide contact information, the following message will be returned in the Additional Information field, “Consumer did not provide additional contact information.”

C. What Users Must Do

Take note of User Requirements for Alerts and Consumer Contact Information

Active Duty and Initial Fraud Alerts: No prospective user of a consumer report or of a credit score generated using the information in the file of a consumer that includes an initial fraud alert or an active duty alert may establish a new credit plan or extension of credit, other than an open-end credit plan (as defined in section 103(i)), in the name of the consumer, or issue an additional card on an existing account requested by a consumer, or grant any increase in credit limit on existing account requested by a consumer, unless the user utilizes reasonable policies and procedures to form a reasonable belief that the user knows the identity of the person making the request.

If the consumer has provided a telephone number to be used for identity verification purposes that Equifax has reported to the user, before authorizing any new credit plan or extension of credit described above, the user shall contact the consumer using that telephone number or take reasonable steps to verify the consumer's identity and confirm that the application for a new credit plan is not the result of identity theft.

Extended Fraud Alerts: No prospective user of a consumer report or of a credit score generated using the information in the file of a consumer that includes an extended fraud alert may establish a new credit plan or extension of credit, other than under an open-end credit plan (as defined in section 103(i)), in the name of the consumer, or issue an additional card on an existing credit account requested by a consumer, or any increase in credit limit on an existing credit account requested by a consumer, unless the user contacts the consumer in person or using the contacted method provided by Equifax with the report to confirm that the application for a new credit plan or increase in credit limit, or request for an additional card is not the result of identity theft.

2. Alert Contact Segment **In Production November 16, 2004, 2004/Testing available**

A. What the Law Says

In general, upon the direct request of a consumer, a national consumer reporting agency that maintains a file on the consumer and has received appropriate proof of the identity of the requester shall include a fraud alert or an active duty alert in the file of that consumer.

For Active Duty Alerts and Initial Fraud Alerts: If the consumer has provided Equifax a telephone number to be used for identify verification purposes, Equifax will return that consumer provided information.

For Extended Fraud Alerts: The telephone number or other reasonable contact method designated by the consumer for confirmation of the transaction with the consumer will be returned.

B. What Equifax is Doing

Equifax will deliver an Initial Fraud Victim Alert Indicator, an Extended Fraud Victim Alert Indicator and/or an Active Duty Alert Indicator with all consumer credit-related products along with the contact information provided by the consumer. For more information on the alert codes, please see pages 1-3.

If contact information is provided by the consumer, it will be returned. Each of these related segments can contain an address, up to three telephone numbers with the appropriate description (see below), and a free-form field for any additional information the consumer has provided. The telephone descriptors are:

- Cellular
- Daytime
- Evening
- Page

If a consumer does not provide contact information, the following message will be returned: "Consumer did not provide additional contact information".

C. What Users Must Do

Users must:

- Comply with user requirements for alerts and consumer contact information. For more information on these requirements, please see page 3.

3. Notice of Address Discrepancy Indicator **Effective November 16, 2004/Testing available**

A. What the Law Says

If a person has requested a consumer report relating to a consumer from a national consumer reporting agency, and the request includes an address for the consumer that substantially differs from the addresses in the file of the consumer, and the agency provides a consumer report in response to the request, the consumer reporting agency shall notify the requester of the existence of the discrepancy.

B. What Equifax is Doing

Equifax will return the following Address Discrepancy Indicator codes:

- **Yes** = a substantial difference occurred
- **No** = no substantial difference occurred
- **Blank** = address elements were unavailable or not utilized

The Address Discrepancy Indicator Code will be returned on all consumer report products. There are a few products that are excluded from the Address Discrepancy Indicator because they are based on a Social Security number search without an input address, such as DTEC, CONNECT, and POSITIVE ID. SAFESCAN Solitaire is also excluded because it is not a consumer report.

Note: The Address Discrepancy Indicator criteria will interrogate all addresses provided in an inquiry and will compare the incoming addresses to all addresses in a credit file including current and former addresses (CA, FA and F2). If any one of the incoming addresses does not match to an address in the credit file according to the criteria, a **Yes** indicator will be returned.

C. What Users Must Do

Users who receive an Address Discrepancy Indicator code indicating that a substantial difference occurred must follow the policies and procedures prescribed by federal agencies:

1. To form a reasonable belief that the user knows the identity of the person to whom the consumer report pertains; and
2. If the user establishes a continuing relationship with the consumer, and the user regularly and in the ordinary course of business furnishes information to Equifax, to reconcile the address of the consumer with Equifax by furnishing such address to Equifax as part of information regularly furnished by the user for the period in which the relationship is established.

4. Fraudulent Inquiry Information Code **In Production November 16, 2004, 2004/Testing available**

A. What the Law Says

A consumer reporting agency, upon receipt of an identity theft report, must block file information that the consumer identifies resulted from an alleged identity theft. Other prerequisites for data blocking are: (a) proof of consumer identification; and (b) receipt of a consumer statement that the allegedly fraudulent information is not related to any consumer transaction.

B. What Equifax is Doing

Consistent with our current procedures, Equifax will block a file from being delivered if information in an inquiry matches consumer identification information in the credit file that the consumer has identified as being fraudulent. Two new Hit/No-Hit messages have been added created to indicate when a credit report is not available for delivery:

- Information from your inquiry has been identified by the consumer as fraudulent and therefore the credit report is not available for delivery
- Information from your inquiry has been identified by the consumer as fraudulent and therefore the credit report is not available for delivery – with information from additional data source(s)* returned

*Additional sources such as OFAC Alert.

C. What Users Must Do

Due to the serious nature of these transactions – Equifax recommends treating these codes similarly to an Initial Fraud Alert or Extended Fraud Alert, and upon receipt, users should take reasonable steps to verify the consumer's identity. Upon verification, a user must input revised identification information to reorder a credit report.

5. Inquiry Key Factor Code (for score disclosure purposes)
In Production November 16, 2004, 2004/Testing Available
(For mortgage/resellers only)

A. What the Law Says

When a consumer reporting agency, which provides credit reports for mortgage purposes, mortgage lenders, or mortgage arrangers/brokers, discloses a credit score to a consumer, it must include a statement that the number of inquiries was a factor if the number of inquiries adversely affected the score - even if the number of inquiries was not one of the top four key factors.

B. What Equifax is Doing

New versions of BEACON and Pinnacle will provide a Yes code when the four key factors or reason codes that accompany the score do not include the key factor or reason code regarding the number of inquiries, if the number of inquiries nevertheless adversely affected the score. A Yes value indicates, "Number of inquiries adversely affected the score but not significantly."

While this change is sometimes referred to as "the 5th reason code," there are no new reason codes.

C. What Users Must Do

! NOTE: This requirement to provide credit score disclosures to consumers only applies to consumer reporting agencies that provide credit reports for mortgage purposes, mortgage lenders, or mortgage arrangers/brokers ("Users").

- A user's customer number must be activated for the appropriate version of BEACON through the Equifax account manager or by contacting Equifax Customer Service at 1-800-685-5000 or cust.serv@equifax.com.
- A user's customer number must be activated for the appropriate version of Pinnacle through the Equifax account manager.
- In connection with credit score disclosure to consumers, Users must provide various information, including:
 1. the consumer's current credit score or most recent credit score;
 2. the range of possible credit scores under the model used;
 3. up to the top four key factors/reason codes, plus information if inquiries had an adverse affect on the score if this fact was not included in the top four key factors, based on the presence of the Yes code;
 4. the date on which the credit score was created; and
 5. the name of the person or entity that provided the credit score or credit file upon which the credit score was created.
- Users should refer to the FACT Act and their attorneys regarding their other obligations in connection with credit score disclosures to consumers.

6. Suppressed Medical Information Accounts

Effective Date for Phase I: May 25, 2004

Effective Date for Phase II: March 2, 2005/Testing Date for Phase II will be announced at a later date.

A. What the Law Says

Effective June 1, 2004: A consumer reporting agency may not provide a consumer report containing any medical information unless such information is suppressed or coded or the user has obtained the consumer's specific consent to receive such information.

Effective March 4, 2005: A consumer reporting agency may not provide the name, address and telephone number of any medical information furnisher.

Exception: Medical information can be provided if the user has received the consumer's specific consent, and certifies that it has received the consumer's consent and that the information is relevant to the transaction.

B. What Equifax is Doing

Accordingly, Equifax is making the following changes regarding medical information contained in Equifax consumer reports:

1. Effective 05/25/04 (Phase I)

Collections Agencies

The Client Name on all collections containing the name of a medical services provider will be suppressed.

Tradelines

On any tradeline with an industry code "M" or narrative "GS," the following suppression/masking procedures will be applied:

- Suppress the Plain Language Name.
- Mask the member number by using zeros in the last five positions (i.e., 401MH00000); masked member numbers cannot be decoded.
- Suppress the "Purchased from/Sold to Original creditor name" field if present.

Note: Collection items that appear on file as a tradeline will follow the tradeline changes outlined above.

Factoring Companies / Returned Checks

The name of the original creditor (who could be a medical services provider) is reported as part of the account number field. For those Factoring Companies/Returned Check tradelines the following suppression procedures will be applied:

- The account number (preceding the first dash) containing a medical services provider name will be suppressed.
- Suppress the "Purchased from/Sold to Original creditor name" field if present.

Public Records

The Plaintiff Name on the Judgments will be suppressed if it contains the name of a medical services provider.

Decodes

Suppressed information, as identified above, will not be decoded.

2. Effective 03/02/05 (Phase II)

Collections Agencies

- The Collections Client Name containing the name of a medical services provider will be suppressed.
- The Collection Agency that is reporting the medical collection will be suppressed.
- The Collection Agency's member number will be masked by using zeros in the last five positions (i.e., 401YC00000 or 401YA00000); masked member numbers cannot be decoded.

Tradelines

On any tradeline with an industry code "M" or narrative "GS," the following suppression/masking procedures will be applied:

- Suppress the Plain Language Name.
- Mask the member number by using zeros in the last five positions (i.e., 401MH00000); masked member numbers cannot be decoded.
- Suppress the "Purchased from/Sold to Original creditor name" field if present.

Note: Collection items that appear on file as a tradeline will follow the tradeline changes outlined above.

Factoring Companies / Returned Checks

The name of the original creditor (who could be a medical services provider) is reported as part of the account number field. For those Factoring Companies/Returned Check tradelines the following suppression/masking procedures will be applied:

- The account number (preceding the first dash) containing a medical services provider name will be suppressed.
- Suppress the "Purchased from/Sold to Original creditor name" field if present.
- Suppress the name of the company reporting the medical account.
- Mask the member number by using zeros in the last five positions (i.e., 401FY00000 or 401ZZ00000).

Public Records

The Plaintiff Name on the Judgments will be suppressed if it contains the name of a medical services provider.

Decodes

Suppressed information, as identified above, will not be decoded.

Exceptions to Suppression of Medical Information

- If the user has obtained the consumer's specific consent to receive the medical provider information, Equifax will deliver it to the user if the user provides the applicable permissible purpose code with its inquiry, certifying that it has obtained the required consent from the consumer and that the information is relevant to the transaction, as set forth below. This exception will only be allowed for users in certain industries and only after they have signed the appropriate Equifax agreement. Contact your Equifax sales representative for details.
- Four new permissible purpose codes have been created, which will be required for users to input with their inquiry in order for them to be able to receive this uncoded medical information:

26: "In connection with a credit transaction involving the extension of credit to, or review or collection of an account of, the consumer, where the medical information to be furnished is relevant to process or effect the transaction, and specific consumer consent was provided for the furnishing of the consumer report that describes the use for which the medical information will be furnished."

27: "For employment purposes, where the medical information to be furnished is relevant to process or effect the transaction, and specific consumer consent was provided for the furnishing of the consumer report that describes the use for which the medical information will be furnished."

28: "In connection with the underwriting of insurance. Specific consumer consent was given for the release of medical information contained within the consumer report."

29: "In connection with a transaction where the credit file, including any medical information in it, is only to be provided directly to the individual consumer to whom the information relates and specific consumer consent was received for the receipt and furnishing of the consumer report, including medical information, to the consumer." (For ZC resellers only)

C. What Users Must Do

Put procedures into place

If users wish to take advantage of the exception to receive medical information, the user must put procedures in place to obtain the consumer's specific consent to receive medical information, make the appropriate certifications regarding obtaining the consumer's consent and the relevance of the information, and sign the appropriate Equifax agreement.

7. Revised Summary of Rights to PERSONA Users **In Production Date TBD*/Testing Date TBD***

* These dates depend on the Federal Trade Commission's completion of the revised model summary of consumer rights.

A. What the Law Says

As a result of the FACT Act, the Federal Trade Commission (FTC) will be preparing a revised model summary of consumer rights which will likely be substantially longer than the current version. The probable effective date for the revised summary of consumer rights is 12/01/2004.

B. What Equifax is Doing

To assist users of PERSONA with their obligation to provide the revised summary of consumer rights to an applicant when adverse action is being taken in an employment decision, each PERSONA report currently ends with one of two options. Option One provides the user with a print-out of the summary of consumer rights and currently takes two or more pages to display/print. Option Two is to receive a one paragraph reminder to the user of the obligation to provide a copy of the summary of consumer rights to the applicant.

C. What Users Must Do

1. Option One users must be prepared to receive the print-out of the new, substantially longer summary of consumer rights. Users wishing to switch from Option One to Option Two, the reminder paragraph, should contact their sales representative or Equifax Customer Service at 1-800-685-5000.

2. Option Two users can obtain a copy of the revised summary of consumer rights by contacting Customer Service.

8. FACT Act Sample Credit Report

BEACON 5 SCORE: 577 00038/00002/00034/00013/Y
 SERIOUS DELINQUENCY AND DEROGATORY PUBLIC RECORD OR COLLECTION FILED
 LEVEL OF DELINQUENCY ON ACCOUNTS
 AMOUNT OWED ON DELINQUENT ACCOUNTS
 TIME SINCE DELINQUENCY IS TOO RECENT OR UNKNOWN
 NUMBER OF INQUIRIES ADVERSELY AFFECTED THE SCORE BUT NOT SIGNIFICANTLY

**Inquiry Key
Factor Code**

 * ADDRESS DISCREPANCY - NO SUBSTANTIAL DIFFERENCE

 * EXTENDED FRAUD VICTIM
 * ACTIVE MILITARY

**Address
Discrepancy
Indicator**

*001 EQUIFAX INFORMATION SERVICES
 P O BOX 740241 ATLANTA GA 30374-0241 800/685-1111

**Fraud Alert and
Active Duty
Alert**

*CONSUMER, JOHN, Q, JR SINCE 03/10/82 FAD 12/06/04
 9412, MAIN, ST, ATLANTA, GA, 30302, TAPE RPTD 07/00
 TELEPHONE NUMBER (404) 555-1212 TAPE RPTD 07/00
 410, ORANGE GROVE, DR, SAN JOSE, CA, 95119, CRT RPTD 06/99
 46, KENNEDY, DR, DETROIT, MI, 48201 TAPE RPTD 03/96
 ****FORMER NAME-CCONSUMER, JACK****

**Consumer
Contact
Information**

BDS-03/03/1961, SSS-900-00-0000 SSN VERIFIED: Y
 01 ALERT CONTACT* - MILITARY, RPTD-07/22/2004, EFFECT:07/04/2004
 ADDRESS-4000011 MAIN ST, APARTMENT50, TULSA, OK, 33333
 CELLULAR, (11111) 770-444-5555
 PAGER , (12222) 770-444-5555
 DAYTIME , (13333) 770-444-5555, EXT-88888

GEN INFO: THIS FIELD IS FOR ADDITIONAL INFORMATION, SUCH AS AN EMAIL ADDRESS

*SUM-07/82-09/01, PR/OI-YES, FB-NO, ACCTS:7, HC\$450-160K, 4-ONES, 1-TWO, 1-FIVE, 1-OTHER.

***** PUBLIC RECORDS OR OTHER INFORMATION *****
 02 07/03 BKRPT 111VF116, 98453657-DSP-09/00, LIAB\$25600, ASSET\$10500,
 EXEMPT\$100, INDIVID, PERSONAL, DISMSD CH-7
 03 05/03 COLL 03/01 111YC363 ACB COLLECTIONS FOR
 AMT:\$532 BAL:\$300 PAYMENT DLA:11/00, I, 202012
 MEDICAL DEBT

**Suppressed
Medical
Information**

 *INQS-SUBJECT SHOWS 4 INQUIRIES SINCE 09/04
 BURDINES 111DC304 11/06/04 FRIEDMAN'S 111JA105 10/31/04
 SUNTRUST 111BB6875 09/12/04 FK 111FM6875 PRGCOLL 09/01/04

* FIRM/ID CODE	RPTD	OPND	H/C	TRM	BAL	P/D	CS	MR	EOCA	ACCOUNT NUMBER
SUNTRUST *111BB6875	09/04	07/01	2500	20	650		R1	02	J	86934
										DLA 09/04
WACH 111BB771	08/04	07/82	5000	135	4500		R1	99	I	27043
										DLA 07/04
SEARS *111DC29	08/04	10/99	1478	30	903 155		R5	22	J	81750
										30(03)60(01)90+(01) 07/04-R4, 06/04-R3, 05/04-R2 DLA 03/04
										ACCOUNT CLOSED BY CREDIT GRANTOR
FORDMOTOR *111FA2982	03/00	02/93	12500	275	0		I1	60	I	02F16
										AUTO LOAN DLA 03/00
WAMU *111FM1117	08/04	05/96	160K	1350	156K 1350		I2	63	J	85632
										30(02)60(01)90+(00) 10/03-I3 DLA 07/04
										HOME LOAN

& END OF REPORT EQUIFAX AND AFFILIATES - 12/06/04 SAFESCANNED