

FAIR and ACCURATE CREDIT TRANSACTIONS ACT

FACT ACT DISCLOSURE

The Fair and Accurate Credit Transactions Act of 2003 was signed into law by President Bush on December 4, 2003. This law, which went into effect on December 1, 2004, made significant changes and additions to the Federal Fair Credit Reporting Act. The FACT Act enhances the ability of consumers to combat identity theft, increases the accuracy of consumer reports, and allows consumers to exercise greater control regarding the type and amount of marketing solicitations they receive. The FACT Act provides for free annual credit reports, increases the standard for the accuracy of the information furnished to credit reporting agencies, strengthens adverse action notices, and creates a right to a credit score from a credit reporting agency for a reasonable fee. The FACT Act also requires a lender or broker who is considering a home loan application to provide a credit score without a fee and adds certain rights for identity theft victims and measures intended to prevent identity theft, including a duty on creditors to take certain steps before granting credit when a fraud alert is contained in a credit file or accompanies a credit score. Section 217 of the FACT Act requires that if any financial institution (1) extends credit and regularly and in the ordinary course of business furnishes information to a nationwide consumer reporting agency, and (2) furnishes negative information to such an agency regarding credit extended to a member, the institution must provide in writing, a clear and conspicuous notice about furnishing negative information to the member. This written notice must be provided to the member prior to or not later than 30 days after furnishing the negative information to a nationwide consumer reporting agency. As a member, we would like you to be aware that under the FACT Act we may report information about your account to the credit bureaus when payments are late, missed or in default. If you have any questions, please call us at 256-355-5010.

The FACT Act EXPANDS CONSUMER RIGHTS & CREDIT UNION DUTIES UNDER THE FAIR CREDIT REPORTING ACT.

THE CREDIT UNION HAS NEW NOTICE REQUIREMENTS IN THE FOLLOWING INSTANCES:

1. CREDIT SCORING USED IN A RESIDENTIAL REAL ESTATE TRANSACTION.
2. NEGATIVE CREDIT INFORMATION FURNISHED TO CONSUMER REPORTING AGENCY.
3. RISK BASED PRICING USED IN ACTING ON LOAN APPLICATION.
4. TRANSACTION ON AN ACCOUNT PREVIOUSLY INACTIVE FOR MORE THAN 2 YEARS.

CONSUMER PROTECTION PROCEDURES

IN ADDITION TO THE ABOVE NOTICES, CERTAIN REQUIRED PROCEDURES MUST BE ADOPTED AND MAINTAINED. AFTER RECEIVING A NOTICE OF DISPUTE FROM THE MEMBER, THE CREDIT UNION MUST CONDUCT AN INVESTIGATION AND REPORT ITS FINDINGS TO THE MEMBER WITHIN 30 DAYS. IF THE INFORMATION FURNISHED WAS INACCURATE, THEN THE CREDIT UNION MUST CORRECT THE INFORMATION WITH EACH CONSUMER-REPORTING AGENCY WHICH RECEIVED THE INACCURATE INFORMATION. CREDIT REPORTING AGENCIES MUST INCLUDE "FRAUD ALERTS" AND "ACTIVE DUTY ALERTS" IN THEIR REPORTS, NOTING WHEN THE CONSUMER DOES NOT AUTHORIZE NEW CREDIT EXTENSIONS. IN SUCH CASES, CREDITORS ARE PROHIBITED FROM GRANTING NEW CREDIT EXCEPT UNDER THE SPECIFIC AUTHORIZATION PROVISIONS OF THE STATUTE. CREDIT UNIONS ARE PROHIBITED FROM CHANGING CREDIT CARD ADDRESSES OR ISSUING ADDITIONAL CREDIT CARDS WITHOUT COMPLYING WITH THE FACT ACT RULES TO VERIFY IDENTITY.
