

# PATERSON HABITAT FOR HUMANITY

## FACT Act Identity Theft Red Flag Rules

### **Purpose:**

To implement a policy and procedures to maintain an identity theft program in accordance with the requirements of the Federal Trade Commission (FTC) and the Fair and Accurate Credit Transactions Act (FACTA) and the rules promulgated thereunder.

### **Definitions:**

Identity Theft: A fraud that is committed or attempted using a person's identifying information without authority.

Covered Accounts: Accounts that are used primarily for personal, family, household or business purposes that involve or are designed to permit multiple payments or transactions. Any account where there is a reasonably foreseeable risk to partner families or the safety and soundness of Paterson Habitat for Humanity. Covered Accounts include, but are not limited to, mortgage loans.

### **Responsibility:**

The Paterson Habitat for Humanity Board of Directors will approve this written program and approve any material changes; Barbara Dunn, Executive Director, a senior management employee, will oversee the development, implementation and administration, ensuring that staff is trained and oversee service provider arrangements.

Administration methods for the program will include:

- Training staff members on specific responsibility for the program.
- Prepare and deliver to the board of directors an annual report regarding compliance with the Red Flag rules. *(This report should address matters related to the program and issues, such as the effectiveness of the policies and procedures that address the risk of identity theft in connection with the opening of covered accounts or existing covered accounts, service provider arrangements, significant incidents of identity theft and management's response to these incidents, and recommendations for material changes to the program.)*
- Providing guidance for the board of directors to approve material changes to the program.

### **Requirements:**

If service providers are used in connection with covered accounts, Paterson Habitat for Humanity will ensure that the activities of service providers are conducted pursuant to reasonable policies and procedures that comply with the rules.

Paterson Habitat for Humanity will implement the following procedures to:

- Identify relevant red flags for covered accounts
- Detect red flags
- Respond appropriately to red flags to prevent and mitigate identity theft in connection with the opening of certain accounts or certain existing accounts.
- Ensure policy and procedures are updated periodically to reflect changes in risks to partner families and Paterson Habitat for Humanity.

Paterson Habitat for Humanity will identify relevant red flags and conduct a risk assessment that includes—financial, operations, compliance, reputation, and litigation; and determine whether it offers or maintains covered accounts taking into consideration:

- Types of covered accounts offered or maintained
- Methods provided to open accounts
- Methods provided to access accounts
- Previous experiences with identity theft
- Methods used to reflect changes in identity theft

Paterson Habitat for Humanity will address the detection of red flags: (1) by obtaining identifying information about and verifying the identity of the partner family members, (2) monitoring monthly mortgage payments, and (3) verifying the validity of change of address requests.

Possible sources used for detecting red flags include:

- Alerts, notifications or other warnings received from consumer reporting agencies or service providers, such as fraud detection services
- Presentation of suspicious or altered documents
- Presentation of suspicious, inconsistent or altered personal identifying information such as a suspicious address change
- Attempts to access an account by unauthorized users
- Unusual use of or other suspicious activity related to a covered account
- Notice from partner families, victims of identity theft, law enforcement authorities or other persons regarding possible identity theft in connection with covered accounts

**Response Program:** Paterson Habitat for Humanity will provide appropriate responses for preventing and mitigating identity theft. These responses will consider factors that may heighten the risk such as a data security breach; notification that a partner family member has provided account information to someone claiming to represent Paterson Habitat for Humanity; has provided information on a fraudulent website. These responses may include:

- Monitoring a covered account for evidence of identity theft
- Contacting the partner family
- Changing any passwords, security codes, or other security device that permit access to a covered account
- Reopening a covered account with a new account number
- Not opening a new covered account
- Closing an existing covered account
- Not attempting to collect on a covered account or not selling a covering account to a debt collector
- Notifying law enforcement
- Determining that no response is warranted under the particular circumstances

**Updates:** This policy and its procedures will be updated periodically to reflect and respond to:

- Experiences with identity theft
- Changes in methods of identity theft
- Changes in methods to detect, prevent, and mitigate identity theft
- Changes in the business arrangements of Paterson Habitat for Humanity including mergers, acquisitions, alliances, joint ventures, and service provider arrangements