

LENDERS COMPLIANCE GROUP

Mortgage Risk Management

ADVISORY BULLETIN

October 22, 2008

FTC Suspends Red Flags Rule Enforcement Date for Six (6) Months

Previous Interagency Enforcement Date: November 1, 2008

New FTC Enforcement Date: May 1, 2009

The Federal Trade Commission announced today that it will suspend enforcement of the new “Red Flags Rule” until May 1, 2009, in order to give creditors and financial institutions additional time in which to develop and implement written identity theft prevention programs. Today’s announcement by the FTC and the release of its *Enforcement Policy Statement* **do not affect other federal agencies’ enforcement of the original November 1, 2008 deadline** for institutions subject to their oversight to be in compliance.*

Special Note: The delay in enforcement is limited to the Identity Theft Red Flags Rule and does not extend to the rule regarding address discrepancies applicable to users of consumer reports [16 CFR 681.1], or to the rule regarding changes of address applicable to card issuers [16 CFR 681.3].

The FTC will forebear from bringing any enforcement action for violation of the Identity Theft Red Flags Rule [16 CFR 681.2] against any financial institution or creditor that is subject to administrative enforcement of the Fair Credit Reporting Act by the FTC, for a period of six (6) months following the mandatory compliance date of November 1, 2008.

A financial institution or creditor under the jurisdiction of the federal bank regulatory agencies and the NCUA must still comply with the Red Flags enforcement by November 1, 2008.

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Phone: (516) 442-3456.

Website: www.lenderscompliancegroup.com.

* FTC Issuance (Release), October 22, 2008, “FTC Will Grant Six-Month Delay of Enforcement of ‘Red Flags’ Rule requiring Creditors to have Identity Theft Prevention Programs”