MARINE RETAILERS ASSOCIATION OF THE AMERICAS

Federal Regulatory Compliance Guide

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NOTICE:

The contents of this manual are intended to provide guidance and resources to assist boat dealers in developing appropriate policies and procedures to maintain compliance with federal financial regulations. Priority One Financial Services, Inc. and the Marine Retailers Association of the Americas do not provide legal advice. The contents of this manual are not intended to be legal advice, nor a substitute for seeking legal counsel from a qualified attorney. Priority One Financial Services, Inc. and the Marine Retailers Association of the Americas encourage boat dealers to consult with a qualified attorney to certify the individual dealership's compliance with and application of federal financial regulations.

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The impact of compliance in today's boat dealership

In today's regulatory environment, it is imperative that boat dealership staff members are well-versed on the regulations that govern our industry, knowledgeable regarding the compliance requirements and aware of the penalties that can be imposed on both the dealership and staff members that do not comply.

Compliance with federal financial regulations should always be of high importance to boat dealers. However, the 2011 formation of the Consumer Financial Protection Bureau (CFPB) has heightened the awareness and attention dealers are dedicating to this important aspect of their business.

While boat dealerships have been exempt from oversight by the CFPB, the Dodd-Frank Act – under which the CFPB was created – provides extended authority to the Federal Trade Commission (FTC) and State Attorneys General (AG's) regarding dealership regulatory compliance.

What's included in this manual

A summary of each regulation that impacts the boating industry

The regulations themselves are quite lengthy – and much of the content is not pertinent to boat dealerships. Therefore, the regulations have been condensed down to include only those sections that impact boat dealerships, and summarized for ease of understanding.

Guidelines regarding penalties imposed for non-compliance

Maintaining compliance with federal financial regulations is imperative. The penalties available for assessment to both individuals and corporations can be extensive. Penalties for a single transaction can be in the thousands of dollars, while a pattern of non-compliance can push that number into the millions.

Case Studies and Q&A

Some regulations are more straightforward than others. In instances where the regulation may require further explanation, Case Studies and Question & Answer sections have been provided to enhance the reader's understanding of the regulation.

Regulations impacting boat dealerships include:	- **Equal Credit Opportunity Act (Reg B)** - **Truth in Lending Act (Reg Z)** - **Fair Credit Reporting Act (FCRA)** - **Fair and Accurate Credit Transactions Act (FACTA amends FCRA)** - **Sherman Antitrust Act** - **Gramm-Leach-Bliley Act** - **The USA Patriot Act** - **IRS Form 8300**

The following is a review of each regulation and the penalties for non-compliance. Case Studies and Q&A provide additional clarification when needed.

At the end of the document is an appendix containing sample model forms. Several regulations require forms, and references are provided for the location of the forms in the appendix.

Boat Dealers
are considered "Creditors" when arranging financing through an indirect lender

Throughout this manual, the term "creditor" will be referenced. It is important to recognize that dealers who arrange financing on behalf of their customers via indirect lenders' retail installment sales contracts are considered "creditors". Even though the dealer is immediately assigning the contract to a lender, the dealer is the original creditor, and therefore subject to all of the following federal regulations.

Equal Credit Opportunity Act – Reg B

The Equal Credit Opportunity Act (ECOA) ensures that all consumers are given an equal chance to obtain credit. It is unlawful for any creditor to discriminate against any applicant, with respect to any aspect of a credit transaction:

- on the basis of race, color, religion, national origin, sex, marital status, or age (provided the applicant has the capacity to contract);
- because all or part of the applicant's income derives from any public assistance program; or
- because the applicant has in good faith exercised any right under the Consumer Credit Protection Act.

Consumers have the right to have credit in their birth name, their first name and spouse's last name or their first name and combined last name (Mary Smith-Jones). They also have the right to get credit without a co-signer, if they meet the creditor's standards and the cosigner can be someone other than a spouse, if necessary.

Dealership personnel may not discourage an applicant from applying for credit because of their sex, marital status, age, race, national origin, or because they receive public assistance income.

During your consultations with your customer:

You may <u>NOT</u> ask the customer

1. To reveal their sex, race, national origin, or religion.
2. If they are widowed or divorced or their marital status if they are applying for a separate, unsecured account unless they live in "community property" states.*
3. About plans for having or raising children.
4. If they receive alimony, child support or separate maintenance payments, unless you have first notified the customer that they are not required to provide the information if they aren't relying on these payments to qualify for credit.

You <u>MAY</u> ask the customer

1. Their residence or immigration status.
2. About marital status in these terms only: "married", "unmarried" or "separated" – and only if they apply for a joint account or one secured by property.
3. For information about their spouse when the spouse

is applying with the primary applicant, the applicant is relying on spouse's income or on alimony or child support income from a former spouse; or if the applicant resides in a community property state.*

4. If they have to pay alimony, child support or separate maintenance payments.

(*) - Community property states: AZ, CA, ID, LA, NV, NM, TX, WA, WI

Adverse Action Notice Requirements:

Each applicant that receives a denial of credit or a refusal of credit in substantially the amount or on substantially the terms requested is entitled to a statement of reasons for such action from the creditor. In the instance where an applicant is denied credit through a dealership's lending sources, or when the customer does not accept the financing terms offered, the dealer must provide an Adverse Action Notice to the customer within the following five business days in accordance with this regulation. Adverse Action Notice model forms are provided in Appendix A.

Penalties for non-compliance	Civil Liability – actual damages per occurrence plus punitive damages per action up to $10,000

Case Studies – ECOA

Case Study 1

At the time your customer applies for financing, they state that they would like their payment to be equal to or less than $375 per month. Upon reviewing the customer's credit and submitting the application to the appropriate lenders, the lowest monthly payment you can achieve is $410 per month.

After considering your "counteroffer", the customer declines to accept the financing on those terms. According to the ECOA, you are required to provide the customer with an Adverse Action Notice within 90 days of the date you present the "counteroffer".

Case Study 2

Upon receipt of a customer's credit application you obtain credit reports from the appropriate CRA (Credit Reporting Agency – or Credit Bureau). The customer's credit score is low – and their credit history contains current late payments, defaults and very little installment debt history. You know it will be tough to get the customer approved on their own, and when you inquire about a possible co-buyer you learn that no potential co-buyers exist.

After making your best effort to get the customer approved with your subprime lending sources, they all have declined to extend an offer of credit.

The lenders to which you submitted the application are required to send the customer an Adverse Action Notice. However, the dealership is still required to provide the customer with an Adverse Action Notice within 30 days of application. The lender's Notice does not relieve the dealership of this requirement.

Truth in Lending Act – Reg Z

The Truth in Lending Act is intended to promote the informed use of consumer credit by requiring disclosures about its terms and costs and enables consumers to make a comparison between the cost of a cash transaction versus that of a credit transaction as well as the difference in the cost of credit among different lenders.

There are five material disclosures that are required by the Truth in Lending Act:

Amount Financed
Finance Charge
Annual Percentage Rate (APR)
Schedule of Payments
Total of Payments

The five material disclosures outlined above must be provided to the customer prior to closing, and are detailed in writing on the retail installment sales contract. Each disclosure should be made verbally in a manner similar to the following:

- **Amount financed**. The amount financed, using that term, and a brief description such as "the amount of credit provided to you or on your behalf."
- **Finance charge**. The finance charge, using that term, and a brief description such as "the dollar amount the credit will cost you."
- **Annual percentage rate**. The annual percentage rate, using that term, and a brief description such as "the cost of your credit as a yearly rate."
- **Payment schedule**. The number, amounts, and timing of payments scheduled to repay the obligation.
- **Total of payments**. The total of payments, using that term, and a descriptive explanation such as "the amount you will have paid when you have made all scheduled payments."

Proper and thorough disclosure allows customers to accurately assess their borrowing options and provides a positive experience at time of closing for both the customer and the dealer.

Penalties for non-compliance

- Actual damages in all cases
- Willful and knowing violations of TILA permit imposition of a fine of $5,000, imprisonment for up to one year, or both
- Attorneys' fees and court costs for successful enforcement and rescission actions.

Fair Credit Reporting Act

The Fair Credit Reporting Act is designed to help ensure that CRAs (Consumer Reporting Agencies) furnish correct and complete information to businesses to use when evaluating a credit application. In December of 2003, the Fair and Accurate Credit Transactions Act (FACTA) was enacted. The purpose of FACTA was to amend the Fair Credit Reporting Act, to prevent identity theft, improve resolution of consumer disputes, improve the accuracy of consumer records, make improvements in the use of, and consumer access to, credit information. Part of the FACTA amendment to the FCRA is the Red Flags Rule, which went to effect December 31, 2010

The customer's rights under the Fair Credit Reporting Act:

- Right to receive a copy of their credit report. The act allows consumers to request and obtain **a free credit report** once every twelve months from each of the three nationwide consumer credit reporting companies (Equifax, Experian and TransUnion).
- Right to know the name of anyone who received their credit report in the last year for most purposes or in the last two years for employment purposes.
- Any company that denies a customer's application must supply the name and address of the CRA that provided the denial so that the consumer can manage their credit score (Adverse Action Notice).
- Effective July 21, 2011, Adverse Action Notices are required to contain the following information**:**
    - the credit score used in making the credit decision;
    - the range of possible scores under the credit score model that was used;
    - up to four key factors that adversely affected the consumer's credit score (or up to five factors if the number of inquiries made with respect to that consumer report is a key factor);
    - the date on which the credit score was created; and
    - the name of the person or entity that provided the credit score.
- If the customer complains about the completeness or accuracy of information in their report, they should file a dispute with the CRA and both the CRA and the furnisher of information are legally obligated to reinvestigate the dispute.
- The consumer has the right to add a summary explanation to their credit report if their dispute is not resolved to their satisfaction.
- To help reduce identity theft, FACTA allows individuals to place alerts on their credit histories if identity theft is suspected or if deploying overseas in the military, thereby making fraudulent applications for credit more difficult.

- Fraud Alerts can be requested by a consumer who believes he is or is about to be a victim of fraud or any other related crime. CRA's must place a fraud alert on that consumer's file for at least 90 days, and notify all other consumer reporting agencies of the fraud alert.

Other FACTA enhancements to the FCRA:

- Effective January 1, 2011, Section 311 of the FACTA added a new section 615(h), to the FCRA to address risk-based pricing. Risk-based pricing refers to the practice of setting or adjusting the price and other terms of credit to reflect the risk of nonpayment by that consumer. Creditors that engage in risk-based pricing generally offer more favorable terms to consumers with good credit histories.
- Under section 615(h) of the FCRA, a Risk-Based Pricing Notice must be provided to consumers in certain circumstances. Generally, a dealer must provide a Risk-Based Pricing Notice to a consumer when the dealer uses a consumer report in connection with an application for credit and provides credit to the consumer on terms that are less favorable than the most favorable terms available to a substantial proportion of consumers from or through that dealer. The Risk-Based Pricing Notice requirement is designed to improve the accuracy of consumer reports. By alerting consumers to the existence of negative information on their reports, consumers can check their reports for accuracy and correct any inaccuracies. It is meant to complement the existing adverse action notice provisions of the FCRA. Risk-Based Pricing Notice Model Form – see Appendix B
- In order to simplify compliance with the Risk-Based Pricing Notice requirement, the FCRA allows more generic Credit Score Disclosure Exception Notices (CSDEN) to be provided to consumers in lieu of the Risk-Based Pricing Notice. CSDEN Model Form – see Appendix C
- The CSDEN eliminates the need for case-by-case calculations to determine whether a Risk-Based Pricing Notice is needed for each consumer. Therefore, the CSDEN is the generally recommended method for dealers to maintain compliance with the Risk-Based Pricing Notice requirement.
- The CSDEN should be provided as soon as practical after obtaining the consumer's credit information – but is required at or before finalizing the transaction.
- In order to ensure that all consumers receive the credit information required by the FCRA, the CSDEN should be provided to all credit applicants, but at minimum, must be provided to all applicants that do not receive an Adverse Action Notice.

Red Flags Rule:

- The Red Flags Rule requires dealers to implement a **written Identity Theft Prevention Program** designed to detect the warning signs — or "red flags" — of identity theft in their day-to-day operations. By identifying red flags in advance, dealers will be better equipped to spot suspicious patterns that may arise -- and take steps to prevent a red flag from escalating into a costly episode of identity theft.
- The dealership's plan must be approved by the dealership's board of directors (or highest governing authority) and a senior officer must be appointed as Program Manager, responsible for developing, overseeing, implementing, training and administering the Red Flags Plan.
- Below are examples of potential Red Flags that dealers should be aware of:
    - A fraud alert on the customer(s) bureau
    - Notice of a credit freeze
    - Address discrepancy between credit app and bureau
    - Name discrepancy between credit app and bureau
    - Documents provided for identification appears altered or forged
    - Information on ID inconsistent with information provided by the person applying for credit
    - Application appears forged or altered or destroyed
    - Information on ID does not match any address in the consumer report
    - SS # has not been issued or appears on the social Security Administration's Death Master File, a file of information associated with Social Security numbers of those who are deceased
    - Suspicious addresses supplied such as a mail drop, prison, or phone or an answering service
    - Social security number matches one submitted by another person applying for credit or other customers
    - The person applying for credit is unable to supply identifying information in response to a notification that the application is incomplete
- The FTC and the Red Flag Rules do not require a specific response to any particular situation. Appropriate responses to a situation in which you believe your customer is using a stolen identity could include:
    - not opening the loan account
    - notifying law enforcement, and/or
    - contacting the customer whose identity has been stolen

Strategies to maintain compliance with FCRA Requirements

- Provide an Adverse Action Notice (appendix A) within 30 days of application any time the application is not submitted to a lender, or when the application is submitted to lender(s) and an offer for credit is not extended.

- If a customer applies for credit requesting specific terms but you are only able to secure credit under different terms, an Adverse Action Notice must be delivered to the customer within 90 days of the customer's non-acceptance of the counteroffer.

- Provide a Credit Score Disclosure Exception Notice (appendix C) to every customer applying for credit that does not receive an Adverse Action Notice.

    - **Note regarding multiple buyers:** For privacy reasons, whether multiple co-borrowers have the same address or not, a creditor must provide a separate notice to each consumer if the notice includes a credit score. Each separate notice that includes a credit score must contain only the credit score of the consumer to whom the notice is provided, and not the score of the other consumer.

- Develop and document your written Red Flag Identity Theft Prevention Program. This is a "playbook" that must include reasonable policies and procedures for detecting, preventing, and mitigating identity theft. Your Program should enable your organization to:
    - identify relevant patterns, practices, and specific forms of activity — the "red flags" — that signal possible identity theft;
    - incorporate business practices to detect red flags;
    - detail your appropriate response to any red flags you detect to prevent and mitigate identity theft; and
    - be updated periodically to reflect changes in risks from identity theft.

Penalties for non-compliance

The FTC can obtain injunctive relief and penalties of $2,500 for each knowing violation that is part of a pattern or practice of violations.

Civil liability for willful or negligent noncompliance:

- actual damages sustained by the consumer as a result of the failure or damages of not less than $100 and not more than $1,000; or
- such amount of punitive damages as the court may allow; and
- reasonable attorney's fees as determined by the court.

Case Studies – FCRA

Case Study 1

Upon receipt of a customer's credit application you obtain credit reports from the appropriate CRA (Credit Reporting Agency – or Credit Bureau). The customer's credit score is 418 – and with good reason. You note that the only credit the customer has is revolving debt with high usage percentages, late payments and charged-off accounts. The customer has no comparable installment debt, and when you inquire about a possible co-buyer you learn that no potential co-buyers exist.

After considering the facts, you determine that none of your lending resources would consider approving the applicant for this purchase. Therefore, you do not submit the application to any of your lenders, but encourage the customer to seek financing with their local bank or credit union with which they have an established relationship.

According to FCRA, because you did not submit the application to any lender, you are required to provide the customer with an Adverse Action Notice within 30 days of application.

Case Study 2

A customer you met at a boat show comes to the dealership to "take another look" at the boat he liked at the show. His interest in purchasing the boat has increased, and he wants to see what your finance department can do about arranging financing on the unit.

The customer's credit isn't excellent, but with a little time and effort, your finance department feels that the deal can get approved.

The following morning your finance department is able to secure a very attractive approval for your customer. You follow up with him several times over the next few days to give him the good news, however he isn't returning your calls. While you won't give up on your efforts to reach the customer, it appears that he may have decided against the purchase or found a boat elsewhere. In order to maintain compliance with the FCRA, you are required to send this customer a Credit Score Disclosure Exception Notice (CSDEN – Appendix C)

Case Study 3

Upon receiving your customer's application for financing, you see that the address on the credit application does not match any of the addresses on the credit report. Your dealership's written Red Flag Identity Theft Prevention Program requires you to clarify such discrepancies prior to moving forward with the transaction.
In accordance with the dealership's Red Flag Identity Theft Prevention Program, you have already obtained a copy of the customer's drivers license and verified that the information, including the signature, match the information on the credit application.

The credit application indicates that the customer has lived at the current address for 2 months. While it would be easy to make the assumption that the address discrepancy is due to the newness of the address, your dealership's Red Flag Identity Theft Prevention Program requires you to clear the discrepancy prior to moving forward.

In order to maintain compliance with the FCRA's Red Flags Rule, you contact the customer to explain the discrepancy and your duty to maintain compliance with federal law. In order to clear the discrepancy, you ask the customer to provide a copy of documentation in their name for the mortgage, lease, or property insurance, at the address shown on the drivers license and credit application.

Sherman Antitrust Act

The focus of antitrust regulation is the protection of a competitive market structure. Section 1 of the Sherman Antitrust Act, adopted by the U.S. Congress, bans "every contract, combination or conspiracy" by two or more persons which restrains trade.

Certain types of anti-competitive activities have been determined to be so fundamentally opposed to a market economy that a mere finding that a defendant engaged in these activities is sufficient to prove a violation. These types of activities are deemed "per se illegal." Among others, they include:

> **Price Fixing:** Is exemplified by the backroom deal in which a group of competitors agree to charge a high price in order to make extra profit. However, it is also illegal for a group of competitors to agree that no member will charge more than a certain price.
>
> **Group Boycott:** An illegal group boycott involves a group of competitors who agree not to buy from a vendor or sell to a purchaser. The result of the boycott must be to cut off the boycotted firm's ability to obtain access to the market.
>
> **Tying Arranging:** A tying arrangement occurs when a party will sell one product (the "tying" product) only if the buyer purchases a second product (the "tied" product). The two products must be distinct. Purchasers may have limited alternatives for obtaining the tying product and will be forced to also purchase the tied product. Without the illegal tie-in, purchasers might prefer to obtain the tied product from other sources, or not obtain it at all.

Boat dealerships may not conspire to fix prices within their market area or arrange a boycott of a vendor or purchaser. Additionally, dealership financing staff may not tie one product (for example, boat financing or interest rate charged on a loan) to the purchase of another product (credit insurance, extended service agreement, etc.) in an attempt to sell the second product.

Penalties for non-compliance	Should a customer file a complaint, and if convicted, you could face up to three years in jail plus penalties of up to $350,000.

Gramm – Leach – Bliley Act

The "Gramm-Leach-Bliley Act" (GLBA), also known as The Financial Modernization Act of 1999, includes provisions to protect consumers' personal financial information held by financial institutions. There are three principal parts to the privacy requirements: the Financial Privacy Rule, Safeguards Rule and Pretexting Protections.

Financial Privacy Rule: Provides protection of the consumer's personal nonpublic information. "Creditors" must provide a Privacy Notice to each consumer at the time the consumer relationship is established and annually thereafter. The Privacy Notice must explain:

- the information collected about the consumer
- where that information is shared
- how that information is used
- how that information is protected

The notice must also identify the consumer's right to opt-out of the information being shared with unaffiliated parties per the FCRA. The nature of dealer's "creditor" relationship with consumers is unique – therefore, the requirements specific to dealers are explained further below.

Safeguard Rules: Requires financial institutions to develop a written information security plan that describes how the company is prepared for, and plans to continue to protect clients' nonpublic personal information.

Pretexting Protection: Sometimes referred to as "social engineering," occurs when someone tries to gain access to personal nonpublic information without proper authority to do so. This may entail requesting private information while impersonating the account holder by phone, mail, email, or "phishing" (using a "phony" website or email to collect data). Pretexting by individuals is punishable as a common law crime of False Pretenses.

The portions of the GLBA that apply to boat dealerships are the Financial Privacy Rule and the Safeguards Rule.

The Financial Privacy Rule

As previously mentioned, the nature of dealer's "creditor" relationship with consumers is unique – therefore, the requirements specific to dealers are unique as well. The key to understanding these unique requirements lies in understanding the difference between a "consumer" and a "customer".

When a person applies for credit through the dealership, they become a "consumer" of the dealership, however, they do not become a "customer" until they have entered into an agreement to finance a unit through the dealership.

As a "consumer", the person *is* entitled to receive a Privacy Notice – however, there are *exceptions* that apply to this rule. These exceptions include:

- disclosures to unaffiliated third parties to process a transaction requested by the consumer* (see "NOTE" below)
- disclosures made with the consumer's consent
- disclosures for law enforcement purposes

Because a dealer's third party disclosures are being made while *processing a transaction requested by the "consumer"*, a Privacy Notice is not required for all applicants.

The Financial Privacy Rule becomes applicable only when a person becomes a "customer" of the dealership.

When a dealer enters into a retail installment contract with a person to finance the purchase of a boat, the dealer is the creditor on the contract and is contractually bound by its terms. Because the dealer has extended credit, it has established its own customer relationship with the person when they sign the contract. Therefore, under the Privacy Rule, the dealer must give a Privacy Notice (see Appendix D) no later than when the borrower signs the contract, even if the dealer will assign the contract to a third party lender. Once the contract is assigned to a third party lender, the dealer no longer has a customer relationship with the individual borrower and is no longer responsible for providing annual privacy notices to this person. However, the dealer is still bound by the terms of the initial privacy policy given to the person, and must continue to honor any opt-out requests received.

*NOTE – This exception applies only in the course of "processing a transaction requested by the consumer." If the dealership shares consumers' personal nonpublic information with unaffiliated third parties for any other reason, a Privacy Notice is required.

The Safeguards Rule

Per the Safeguards Rule requirements, boat dealerships must develop a written information security plan that describes their program to protect customer information. As part of the plan, boat dealers should include the following:

- designate specific employees to coordinate its information security program;
- identify and assess the risks to customer information in each relevant area of the company's operation, and evaluate the effectiveness of the current safeguards for controlling these risks;
- design and implement a safeguards program that protects customer information – both in electronic and paper format, and regularly monitor and test it;
- select service providers that can maintain appropriate safeguards;
- Identify and assess internal and external risks to customer information

- continuously evaluate and adjust the program in light of relevant circumstances, or the results of security testing and monitoring;
- consider and address the unique risks raised by business operations — such as the risks raised when employees access customer data from off-site locations, or when customer data is transmitted electronically outside the company network;
- Include a data breach response plan for use in the event that any customer information is lost, stolen or compromised.

Safeguarding customer information	1) insures the security and confidentiality of customer records and information; 2) protects against any anticipated threats or hazards to the security or integrity of such records; and 3) protects against unauthorized access to or use of such records or information which could result in substantial harm or inconvenience to any customer.

The penalties for violating the GLBA are quite severe:

Penalties for non-compliance	• up to $100,000 **for each violation** • officers and directors can be fined up to $10,000 **for each violation** • Criminal penalties include imprisonment for up to 5 years, a fine, or both • If the GLBA is violated at the same time that another federal law is violated, or if the GLBA is violated as part of a pattern of any illegal activity involving more than $100,000 within a 12-month period, the violator's fine will be doubled **and** he or she will be imprisoned for up to 10 years

Case Studies – GLBA

In order to explore the requirements of the **Privacy Rule** within the Gramm – Leach – Bliley Act, we can revisit some of the Case Studies from the previous Acts to illustrate:

Case Study 1

(from the Equal Credit Opportunity Act – ECOA)

At the time your customer applies for financing, they state that they would like their payment to be equal to or less than $375 per month. Upon reviewing the customer's credit and submitting the application to the appropriate lenders, the lowest monthly payment you can achieve is $410 per month.

After considering your "counteroffer", the customer declines to accept the financing on those terms. According to the ECOA, you are required to provide the customer with an Adverse Action Notice within 90 days of the date you present the "counteroffer".

Under the requirements of the GLBA, the applicant is a "consumer" but not a "customer" of the dealership, therefore a Privacy Notice is not required.

Case Study 2

(from the Fair Credit Reporting Act – FCRA)

A customer you met at a boat show comes to the dealership to "take another look" at the boat he liked at the show. His interest in purchasing the boat has increased, and he wants to see what your finance department can do about arranging financing on the unit.

The customer's credit isn't excellent, but with a little time and effort, your finance department feels that the deal can get approved.

The following morning your finance department is able to secure a very attractive approval for your customer. You follow up with him several times over the next few days to give him the good news, however he isn't returning your calls. While you won't give up on your efforts to reach the customer, it appears that he may have decided against the purchase or found a boat elsewhere. In order to maintain compliance with the FCRA, you are required to send this customer a Credit Score Disclosure Exception Notice (CSDEN – Appendix C)

Under the requirements of the GLBA, the applicant is a "consumer" but not a "customer" of the dealership, therefore a Privacy Notice is not required.

Scenario 2: Due to your diligent follow-up, the consumer returns to the dealership 3 weeks later, purchases the boat and finances through your dealership. **The consumer has now become a "customer" of the dealership, and a Privacy Notice must be provided to the customer prior to signing the retail installment sales contract.**

Once the retail sales installment contract has been assigned to the indirect lender through which you obtained the approval, the dealership has no obligation to send annual Privacy Notices to the customer.

The USA Patriot Act

The official title of the USA PATRIOT Act is "Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001."

The purpose of the USA Patriot Act is to deter and punish terrorist acts in the United States and around the world, to enhance law enforcement investigation tools, and other purposes, some of which include:

- To strengthen U.S. measures to prevent, detect and prosecute international money laundering and financing of terrorism;
- To subject to special scrutiny foreign jurisdictions, foreign financial institutions, and classes of international transactions that are susceptible to criminal abuse;
- To require all appropriate elements of the financial services industry to report potential money laundering;
- To strengthen measures to prevent use of the U.S. financial system for personal gain by corrupt foreign officials.

The USA Patriot Act imposes anti-terrorism and anti-money laundering compliance responsibilities upon dealers.

Dealers are required by law to review the Treasury Department's Office of Foreign Assets Control (OFAC) list, which includes the names of Specially Designated Nationals (SDN). These are individuals, organizations and countries against which the U.S has imposed sanctions. Dealerships must review this list prior to entering into any sales or finance contract with an individual, business entity, charitable organization--anyone. There are penalties for those that do not establish procedures to review the OFAC list and there are fines for dealerships that enter into a contract with anyone on the list. A dealer can perform a search of the SDN list through the government's OFAC website at http://sdnsearch.ofac.treas.gov/. However, the government's list has limited functionality, and will not detect misspellings or other incorrectly entered text, and will not return near matches.

Penalties for non-compliance

Criminal violations of statutes administered by OFAC can result in penalties ranging from $50,000 to $10,000,000, and/or up to 30 years imprisonment for willful violations. OFAC also has authority to impose civil penalties of up to $1,075,000 per violation.

In 2010, OFAC assessed fines and penalties in 24 cases totaling $200,735,996. Included among the penalized were entities that provided credit to individuals on the SDN List and entities that sold goods or services to SDN List individuals.

IRS Form 8300

Generally, any person in a trade or business who receives more than $10,000 in cash in a single transaction or related transactions must complete a Form 8300, Report of Cash Payments Over $10,000 Received in a Trade or Business. Form 8300 (see Appendix E) is a joint form issued by the IRS and the Financial Crimes Enforcement Network (FinCEN) and is used by the government to track individuals that evade taxes and those who profit from criminal activities. Although the cash reporting requirements apply to many types of businesses, auto, boat and RV dealerships frequently receive cash in excess of $10,000 and are required to comply with the filing requirements.

Any persons who receive more than $10,000 in one transaction, or two or more related transactions, while conducting their trade or business, must file a Form 8300.

There are two types of related transactions:

A transaction is the underlying event resulting in the transfer of actual cash.

- Transactions between a buyer, or agent of the buyer, and a seller that occur within a 24-hour period are related transactions.
- In addition, transactions more than 24 hours apart are related if the recipient of the cash knows, or has reason to know, that each transaction is one of a series of connected transactions.

What is considered CASH for the purposes of Form 8300?

- Personal checks are not considered "cash".
- Cash is money. It is currency and coins of the United States and any other country.
- Cash is also certain monetary instruments - a cashier's check, bank draft, traveler's check, or money order - if it has a face amount of $10,000 or less and the business receives it in:
    1. A "designated reporting transaction" as defined in Treas. Reg. section 1.6050I-1(c)(iii) – see below – (generally, a retail sale of a consumer durable, a collectible, a travel or entertainment activity) or
    2. Any transaction in which the recipient knows the payer is trying to avoid the reporting of the transaction on Form 8300.

What is a designated reporting transaction?

Generally, the retail sale of any of the following:

- A consumer durable, such as an automobile, boat or RV. Property is generally a consumer durable if it is tangible personal property (not real or intangible property) that:
    - Is generally suited for personal use,
    - Is expected to last at least one year under ordinary use, and
    - Has a sale price of more than $10,000.
- A collectible (such as a work of art, rug, antique, metal, gem, stamp, or coin)
- An item of travel and entertainment (if the total sales price of all items for the same trip or entertainment event is more than $10,000).
- NOTE: If the sales price is less than $10,000, then the tangible personal property would <u>not</u> be a consumer durable, even if sales tax causes the total amount paid to exceed $10,000.

What are the reporting requirements?

A business must file Form 8300 within 15 days after the date the cash was received. If there are subsequent payments that are made with respect to a single transaction (or two or more related transactions), the business should file the form 8300 when the total amount paid exceeds $10,000. Each time the payments aggregate in excess of $10,000 the business must file another Form 8300 within 15 days of the payment causing the additional payments to total more than $10,000.

A business should mail Form 8300 to:

Internal Revenue Service
Detroit Computing Center
P.O. Box 32621
Detroit, MI 48232

The IRS provides a Dealership Question and Answer at:

http://www.irs.gov/businesses/small/article/0,,id=210551,00.html

Penalties for non-compliance

- There are civil penalties for failure to file a correct Form 8300 by its due date and for failure to provide a statement as required.
- A minimum penalty up to $25,000 apply for intentional disregard of the filing requirements.
- Criminal penalties including imprisonment of up to 5 years and/or fines of up to $250,000 for individuals and $500,000 for corporations may apply in the case of willful filing of false or fraudulent Forms 8300.

Case Studies – Form 8300

Case Study 1

A customer wishes to purchase a boat at a selling price of $13,000. He presents you with ANY of the following instruments; cashier's check, money order, bank draft or travelers check – in the amount of $8,000. He pays the $5,000 balance in cash.

Form 8300 is required in this situation.

The financial instruments mentioned above are considered CASH when they are made out for any amount less than $10,000 and combined with cash for a total purchase exceeding $10,000.

The financial instruments mentioned above are NOT cash when they exceed $10,000 because the entity issuing the instrument would have been required to report the transaction if purchased with cash.

Instruments purchased with cash for less than $10,000 would not be required to be reported by the issuing entity. Therefore, when combined with cash to make a "designated reporting transaction" (boat purchase), they are considered cash, and must be reported.

Federal Financial Regulation Compliance Checklist

Reference the following checklist to identify key areas in which your dealership may be in violation of federal financial regulations. This is a list of the main compliance areas – more detailed compliance information is provided in the manual. Dealers are encouraged to consult with a qualified attorney to certify the individual dealership's compliance with and application of federal regulations.

The following three policies must be documented for your dealership:

- ❑ The dealership has a written Identity Theft Prevention Program (Red Flags)
- ❑ The dealership has a written Information Security Plan, describing the program to protect customer information as required by the Gramm-Leach-Bliley Act
- ❑ The dealership has a written Privacy Policy regarding the collection and sharing of consumers' non-public personal information

Verify that the additional compliance items below are addressed for your dealership:

- ❑ All dealership staff are trained and follow procedures established to safeguard consumers' nonpublic personal information in both paper and electronic form
- ❑ F&I staff is trained regarding specifics of unlawful discrimination under ECOA
- ❑ Procedures in place to prevent unlawful discrimination by F&I staff
- ❑ F&I staff are trained regarding questions they MAY and may NOT ask a customer under the ECOA
- ❑ Procedures are in place to ensure F&I staff provide every customer with the five material disclosures required under the TILA
- ❑ Timely Adverse Action Notice is provided to each customer:
    - that is denied credit by your dealership lending sources
    - that does not accept credit under the terms offered
    - for which dealership does not submit the credit application to any lender
- ❑ Adverse Action Notices contain all of the information required under FCRA
- ❑ All applicants are provided either a Risk Based Pricing Notice, or a Credit Score Disclosure Exception Notice, as required by the FCRA
- ❑ Dealership staff members are regularly trained on the dealership's Identity Theft Prevention Program, and actively engage in required dealership procedures
- ❑ Red Flags identified for discrepancies on credit bureau, address information, SS# information or SS# appears on Soc Sec Administration's Death Master File
- ❑ Dealership procedures ensure that F&I staff members are not tying the sale of one finance product to another, in violation of the Sherman Antitrust Act
- ❑ Dealership has developed a Privacy Notice which is provided to every customer
- ❑ Prior to entering into a sales or finance contract with ANY customer, the Office of Foreign Assets Control (OFAC) list is reviewed to ensure the customer is not a Specially Designated National (SDN)
- ❑ IRS Form 8300 is submitted to the IRS for any transaction involving any combination of cash or cash-equivalent instruments totaling $10,000 or more
- ❑ Dealership staff are informed of the potential penalties and imprisonment that may be assessed in connection with failure to comply with each regulation.

Appendix

Appendix A — Sample Notification Forms

Appendix A is provided as a reference, and is taken directly from the GPO website:
http://www.gpo.gov/fdsys/pkg/CFR-2012-title12-vol2/xml/CFR-2012-title12-vol2-part202-appC.xml
Additional information is available on the FDIC website at:
http://www.fdic.gov/regulations/laws/rules/6500-2900.html

1. This appendix contains six sample notification forms. Forms A--1 through A--4 are intended for use in notifying an applicant that adverse action has been taken on an application or account. Form A--5 is a notice of disclosure of the right to request specific reasons for adverse action. Form A--6 is designed for use in notifying an applicant that an application is incomplete.

2. Form A-1 contains the Fair Credit Reporting Act disclosure as required by sections 615(a) and (b) of that act. Forms A-2 through A-5 contain only the section 615(a) disclosure (that a creditor obtained information from a consumer reporting agency that was considered in the credit decision and, as applicable, a credit score used in taking adverse action along with related information). A creditor must provide the section 615(a) disclosure when adverse action is taken against a consumer based on information from a consumer reporting agency. A creditor must provide the section 615(b) disclosure when adverse action is taken based on information from an outside source other than a consumer reporting agency. In addition, a creditor must provide the section 615(b) disclosure if the creditor obtained information from an affiliate other than information in a consumer report or other than information concerning the affiliate's own transactions or experiences with the consumer. Creditors may comply with the disclosure requirements for adverse action based on information in a consumer report obtained from an affiliate by providing either the section 615(a) or section 615(b) disclosure. Optional language in Forms A-1 through A-5 may be used to direct the consumer to the entity that provided the credit score for any questions about the credit score, along with the entity's contact information.

3. The sample forms are illustrative and may not be appropriate for all creditors. They were designed to include some of the factors that creditors most commonly consider. If a creditor chooses to use the checklist of reasons provided in one of the sample forms in this appendix and if reasons commonly used by the creditor are not provided on the form, the creditor should modify the checklist by substituting or adding other reasons. For example, if "inadequate down payment" or "no deposit relationship with us" are common reasons for taking adverse action on an application, the creditor ought to add or substitute such reasons for those presently contained on the sample forms.

4. If the reasons listed on the forms are not the factors actually used, a creditor will not satisfy the notice requirement by simply checking the closest identifiable factor listed. For example, some creditors consider only references from banks or other depository institutions and disregard finance company references altogether; their statement of reasons should disclose "insufficient bank references," not "insufficient credit references." Similarly, a creditor that considers bank references and other credit references as distinct factors should treat the two factors separately and disclose them as appropriate. The creditor should either add such other factors to the form or check "other" and include the appropriate explanation. The creditor need not, however, describe how or why a factor adversely affected the application. For example, the notice may say "length of residence" rather than "too short a period of residence."

5. A creditor may design its own notification forms or use all or a portion of the forms contained in this appendix.

Form A-1—Sample Notice of Action Taken and Statement of Reasons

Statement of Credit Denial, Termination or Change

Date: _______
Applicant's Name: _______
Applicant's Address: _______
Description of Account, Transaction, or Requested Credit: _______
Description of Action Taken: _______

Part I -- Principal Reason(s) for Credit Denial, Termination, or Other Action Taken Concerning Credit *This section must be completed in all instances.*

_______ Credit application incomplete
_______ Insufficient number of credit references provided
_______ Unacceptable type of credit references provided
_______ Unable to verify credit references
_______ Temporary or irregular employment
_______ Unable to verify employment
_______ Length of employment
_______ Income insufficient for amount of credit requested
_______ Excessive obligations in relation to income
_______ Unable to verify income
_______ Length of residence
_______ Temporary residence
_______ Unable to verify residence
_______ No credit file
_______ Limited credit experience
_______ Poor credit performance with us
_______ Delinquent past or present credit obligations with others
_______ Collection action or judgment
_______ Garnishment or attachment
_______ Foreclosure or repossession
_______ Bankruptcy
_______ Number of recent inquiries on credit bureau report
_______ Value or type of collateral not sufficient
_______ Other, specify: _______

Part II -- Disclosure of Use of Information Obtained From an Outside Source *This section should be completed if the credit decision was based in whole or in part on information that has been obtained from an outside source.*

_______ Our credit decision was based in whole or in part on information obtained in a report from the consumer reporting agency listed below. You have a right under the Fair Credit Reporting Act to know the information contained in your credit file at the consumer reporting agency. The reporting agency played no part in our decision and is unable to supply specific reasons why we have denied credit to you. You also have a right to a free copy of your report from the reporting agency, if you request it no later than 60 days after you receive this notice. In addition, if you find that any information contained in the report you receive is inaccurate or incomplete, you have the right to dispute the matter with the reporting agency.

Name: _______ Address: _______ _______ [Toll-free] Telephone number: _______
[We also obtained your credit score from this consumer reporting agency and used it in making our credit decision.

Your credit score is a number that reflects the information in your consumer report. Your credit score can change, depending on how the information in your consumer report changes.

Your credit score:_______ Date:_______
Scores range from a low of _______ to a high of _______
Key factors that adversely affected your credit score: _______ _______ _______

_______ [Number of recent inquiries on consumer report, as a key factor]
If you have any questions regarding your credit score, you should contact [entity that provided the credit score] at: Address: _______ _______ [Toll-free] Telephone number:] _______

_______ Our credit decision was based in whole or in part on information obtained from an affiliate or from an outside source other than a consumer reporting agency. Under the Fair Credit Reporting Act, you have the right to make a written request, no later than 60 days after you receive this notice, for disclosure of the nature of this information.

If you have any questions regarding this notice, you should contact:
Creditor's name: ____
Creditor's address: ____
Creditor's telephone number: _______

NOTICE
The federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is (name and address as specified by the appropriate agency listed in appendix A).

Form A-2—Sample Notice of Action Taken and Statement of Reasons

Date _______

Dear Applicant:

Thank you for your recent application. Your request for [a loan/a credit card/an increase in your credit limit] was carefully considered, and we regret that we are unable to approve your application at this time, for the following reason(s):

Your Income:
_______ is below our minimum requirement.
_______ is insufficient to sustain payments on the amount of credit requested.
_______ could not be verified.

Your Employment:
_______ is not of sufficient length to qualify.
_______ could not be verified.

Your Credit History:
_______ of making payments on time was not satisfactory.
_______ could not be verified.

Your Application:
_______ lacks a sufficient number of credit references.
_______ lacks acceptable types of credit references.
_______ reveals that current obligations are excessive in relation to income.

Other: _______

The consumer reporting agency contacted that provided information that influenced our decision in whole or in part was

[name, address and [toll-free] telephone number of the reporting agency].

The reporting agency played no part in our decision and is unable to supply specific reasons why we have denied credit to you. You have a right under the Fair Credit Reporting Act to know the information contained in your credit file at the consumer reporting agency. You also have a right to a free copy of your report from the reporting agency, if you request it no later than 60 days after you receive this notice. In addition, if you find that any information contained in the report you receive is inaccurate or incomplete, you have the right to dispute the matter with the reporting agency. Any questions regarding such information should be directed to [consumer reporting agency].

If you have any questions regarding this letter, you should contact us at [creditor's name, address and telephone number].

[We also obtained your credit score from this consumer reporting agency and used it in making our credit decision. Your credit score is a number that reflects the information in your consumer report. Your credit score can change, depending on how the information in your consumer report changes.

Your credit score: _______ Date: _______
Scores range from a low of _______ to a high of _______
Key factors that adversely affected your credit score: _______ _______ _______

_______[Number of recent inquiries on consumer report, as a key factor] If you have any questions regarding your credit score, you should contact [entity that provided the credit score] at:
Address: _______ _______ [Toll-free] Telephone number: _______]

Notice:

The federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is (name and address as specified by the appropriate agency listed in appendix A).

Form A-3—Sample Notice of Action Taken and Statement of Reasons [(Credit Scoring)]

Date

Dear Applicant:

Thank you for your recent application for ____________________ . We regret that we are unable to approve your request.

[Reasons for Denial of Credit]

Your application was processed by a [credit scoring] system that assigns a numerical value to the various items of information we consider in evaluating an application. These numerical values are based upon the results of analyses of repayment histories of large numbers of customers.

The information you provided in your application did not score a sufficient number of points for approval of the application. The reasons you did not score well compared with other applicants were:

- Insufficient bank references
- Type of occupation
- Insufficient credit experience
- Number of recent inquiries on credit bureau report

[Your Right to Get Your Consumer Report]

In evaluating your application the consumer reporting agency listed below provided us with information that in whole or in part influenced our decision. The consumer reporting agency played no part in our decision and is unable to supply specific reasons why we have denied credit to you. You have a right under the Fair Credit Reporting Act to know the information contained in your credit file at the consumer reporting agency. It can be obtained by contacting: [name, address, and [toll-free] telephone number of the consumer reporting agency]. You also have a right to a free copy of your report from the reporting agency, if you request it no later than 60 days after you receive this notice. In addition, if you find that any information contained in the report you receive is inaccurate or incomplete, you have the right to dispute the matter with the reporting agency.

[Information about Your Credit Score]

We also obtained your credit score from this consumer reporting agency and used it in making our credit decision. Your credit score is a number that reflects the information in your consumer report. Your credit score can change, depending on how the information in your consumer report changes.

Your credit score: _______ Date: _______
Scores range from a low of _______ to a high of _______

Key factors that adversely affected your credit score: _______ _______ _______ _______ _______

[Number of recent inquiries on consumer report, as a key factor]

[If you have any questions regarding your credit score, you should contact [entity that provided the credit score] at:
Address: ____
[Toll-free] Telephone number: _______]]

If you have any questions regarding this letter, you should contact us at
Creditor's Name: ____
Address: ____
____
Telephone: ____

Sincerely,

Notice:

The federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (with certain limited exceptions); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is (name and address as specified by the appropriate agency listed in appendix A).

Form A-4—Sample Notice of Action Taken, Statement of Reasons and Counteroffer

Date

Dear Applicant:

Thank you for your application for ______________________ . We are unable to offer you credit on the terms that you requested for the following reason(s): _______

We can, however, offer you credit on the following terms: _______ _______

If this offer is acceptable to you, please notify us within [amount of time] at the following address: ____ .

Our credit decision on your application was based in whole or in part on information obtained in a report from [name, address and [toll-free] telephone number of the consumer reporting agency]. You have a right under the Fair Credit Reporting Act to know the information contained in your credit file at the consumer reporting agency. The reporting agency played no part in our decision and is unable to supply specific reasons why we have denied credit to you. You also have a right to a free copy of your report from the reporting agency, if you request it no later than 60 days after you receive this notice. In addition, if you find that any information contained in the report you receive is inaccurate or incomplete, you have the right to dispute the matter with the reporting agency.

[We also obtained your credit score from this consumer reporting agency and used it in making our credit decision. Your credit score is a number that reflects the information in your consumer report. Your credit score can change, depending on how the information in your consumer report changes.

Your credit score: _______ Date: _______
Scores range from a low of _______ to a high of _______
Key factors that adversely affected your credit score: _______ _______ _______
[Number of recent inquiries on consumer report, as a key factor]

[If you have any questions regarding your credit score, you should contact [entity that provided the credit score] at:
Address: ____
[Toll-free] Telephone number: _______]]

You should know that the federal Equal Credit Opportunity Act prohibits creditors, such as ourselves, from discriminating against credit applicants on the basis of their race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract), because they receive income from a public assistance program, or because they may have exercised their rights under the Consumer Credit Protection Act. If you believe there has been discrimination in handling your application you should contact the [name and address of the appropriate federal enforcement agency listed in appendix A].

Form A-5—Sample Disclosure of Right to Request Specific Reasons for Credit Denial

Date

Dear Applicant:

Thank you for applying to us for _______ .

After carefully reviewing your application, we are sorry to advise you that we cannot [open an account for you/grant a loan to you/increase your credit limit] at this time. If you would like a statement of specific reasons why your application was denied, please contact [our credit service manager] shown below within 60 days of the date of this letter. We will provide you with the statement of reasons within 30 days after receiving your request.

Creditor's Name ________________________________
Address ______________________________________
Telephone Number _____________________________

If we obtained information from a consumer reporting agency as part of our consideration of your application, its name, address, and [toll-free] telephone number is shown below. The reporting agency played no part in our decision and is unable to supply specific reasons why we have denied credit to you. [You have a right under the Fair Credit Reporting Act to know the information contained in your credit file at the consumer reporting agency.] You have a right to a free copy of your report from the reporting agency, if you request it no later than 60 days after you receive this notice. In addition, if you find that any information contained in the report you received is inaccurate or incomplete, you have the right to dispute the matter with the reporting agency. You can find out about the information contained in your file (if one was used) by contacting:

Consumer reporting agency's name _______________________________
Address ____
[Toll-free] Telephone number ____________________________________

[We also obtained your credit score from this consumer reporting agency and used it in making our credit decision. Your credit score is a number that reflects the information in your consumer report. Your credit score can change, depending on how the information in your consumer report changes.

Your credit score: _______ Date: _______
Scores range from a low of _______ to a high of _______
Key factors that adversely affected your credit score: _______ _______ _______

[Number of recent inquiries on consumer report, as a key factor]

[If you have any questions regarding your credit score, you should contact [entity that provided the credit score] at:

Address: ____
[Toll-free] Telephone number: _______]]

Sincerely,

Notice: The federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is (name and address as specified by the appropriate agency listed in appendix A).

FORM A--6--SAMPLE NOTICE OF INCOMPLETE APPLICATION AND REQUEST FOR ADDITIONAL INFORMATION

Creditor's name Address Telephone number

Date Dear Applicant: Thank you for your application for credit. The following information is needed to make a decision on your application: _______ _______

We need to receive this information by (date) . If we do not receive it by that date, we will regrettably be unable to give further consideration to your credit request.

Sincerely,

Appendix B – Risk Based Pricing Notice

B-1. Model form for risk-based pricing notice

[Name of Entity Providing the Notice]
Your Credit Report[s] and the Price You Pay for Credit

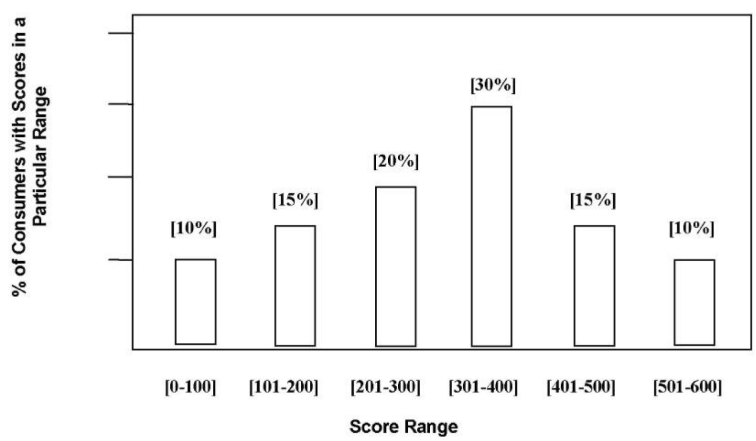
What is a credit report?	A credit report is a record of your credit history. It includes information about whether you pay your bills on time and how much you owe to creditors.
How did we use your credit report[s]?	We used information from your credit report[s] to set the terms of the credit we are offering you, such as the [Annual Percentage Rate/down payment]. The terms offered to you may be less favorable than the terms offered to consumers who have better credit histories.
What if there are mistakes in your credit report[s]?	You have a right to dispute any inaccurate information in your credit report[s]. If you find mistakes on your credit report[s], contact **[insert name of CRA(s)]**, which [is/are] the [consumer reporting agency/consumer reporting agencies] from which we obtained your credit report[s]. It is a good idea to check your credit report[s] to make sure the information [it contains/they contain] is accurate.
How can you obtain a copy of your credit report[s]?	Under federal law, you have the right to obtain a copy of your credit report[s] without charge for 60 days after you receive this notice. To obtain your free report[s], contact **[insert name of CRA(s)]**: *By telephone:* Call toll-free: 1-877-xxx-xxxx *By mail:* Mail your written request to: **[Insert address]** *On the web:* Visit **[insert web site address]**
How can you get more information about credit reports?	For more information about credit reports and your rights under federal law, visit the Federal Reserve Board's web site at www.federalreserve.gov, or the Federal Trade Commission's web site at www.ftc.gov.

Appendix C – Credit Score Disclosure Exception Notice

H-4. Model form for credit score disclosure exception for loans not secured by residential real property

[Name of Entity Providing the Notice]
Your Credit Score and the Price You Pay for Credit

Your Credit Score	
Your credit score	**[Insert credit score]** Source: **[Insert source]** Date: **[Insert date score was created]**

Understanding Your Credit Score	
What you should know about credit scores	Your credit score is a number that reflects the information in your credit report. Your credit report is a record of your credit history. It includes information about whether you pay your bills on time and how much you owe to creditors. Your credit score can change, depending on how your credit history changes.
How we use your credit score	Your credit score can affect whether you can get a loan and how much you will have to pay for that loan.
The range of scores	Scores range from a low of **[Insert bottom number in the range]** to a high of **[Insert top number in the range]**. Generally, the higher your score, the more likely you are to be offered better credit terms.
How your score compares to the scores of other consumers	 **[or]** **[**Your credit score ranks higher than [X] percent of U.S. consumers.]

Checking Your Credit Report	
What if there are mistakes in your credit report?	You have a right to dispute any inaccurate information in your credit report. If you find mistakes on your credit report, contact the consumer reporting agency. It is a good idea to check your credit report to make sure the information it contains is accurate.
How can you obtain a copy of your credit report?	Under federal law, you have the right to obtain a free copy of your credit report from each of the nationwide consumer reporting agencies once a year. To order your free annual credit report— *By telephone:* Call toll-free: 1-877-322-8228 *On the web:* Visit www.annualcreditreport.com *By mail:* Mail your completed Annual Credit Report Request Form (which you can obtain from the Federal Trade Commission's web site at http://www.ftc.gov/ bcp/conline/include/requestformfinal.pdf) to: Annual Credit Report Request Service P.O. Box 105281 Atlanta, GA 30348-5281
How can you get more information?	For more information about credit reports and your rights under federal law, visit the Federal Reserve Board's web site at www.federalreserve.gov, or the Federal Trade Commission's web site at www.ftc.gov.

Appendix D – Privacy Notice

Below is a sample Privacy Notice for illustrative purposes only. The Federal Reserve provides a free online form builder that allows you to create your own Privacy Notice based on your dealership's information-sharing policies. The form builder is available at:

http://www.federalreserve.gov/bankinforeg/privacy_notice_instructions.pdf

Rev.

FACTS	WHAT DOES DO WITH YOUR PERSONAL INFORMATION?
Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
What?	The types of personal information we collect and share depend on the product or service you have with us. This information can include: ■ Social Security number and ■ and ■ and When you are *no longer* our customer, we continue to share your information as described in this notice.
How?	All financial companies need to share personal information to run their everyday business. In the section below, we list the reasons financial companies can share their personal information; the reasons chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does share?	Can you limit this sharing?
For our everyday business purposes— such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus		
For our marketing purposes— to offer our products and services to you		
For joint marketing with other financial companies		
For our affiliates' everyday business purposes— information about your transactions and experiences		
For our affiliates' everyday business purposes— information about your creditworthiness		
For nonaffiliates to market to you		

Questions?	Call or go to

Page 2

Who we are	
Who is providing this notice?	
What we do	
How does protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does collect my personal information?	We collect your personal information, for example, when you ■ or ■ or ■
Why can't I limit all sharing?	Federal law gives you the right to limit only ■ sharing for affiliates' everyday business purposes—information about your creditworthiness ■ affiliates from using your information to market to you ■ sharing for nonaffiliates to market to you State laws and individual companies may give you additional rights to limit sharing.
Definitions	
Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies. ■
Nonaffiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies. ■
Joint marketing	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. ■
Other important information	

Appendix E – IRS Form 8300

Below is a sample IRS Form 8300 for illustrative purposes only. The IRS provides a free online form builder that allows you to create your own Form 8300, including full instructions. The form builder is available at:

http://www.irs.gov/pub/irs-pdf/f8300.pdf

IRS Form **8300**
(Rev. November 2011)
OMB No. 1545-0892
Department of the Treasury
Internal Revenue Service

Report of Cash Payments Over $10,000 Received in a Trade or Business
▶ See instructions for definition of cash.
▶ Use this form for transactions occurring after June 30, 2011. Do not use prior versions after this date.
For Privacy Act and Paperwork Reduction Act Notice, see the last page.

FinCEN Form **8300**
(Rev. November 2011)
OMB No. 1506-0018
Department of the Treasury
Financial Crimes Enforcement Network

1 Check appropriate box(es) if: a ☐ Amends prior report; b ☐ Suspicious transaction.

Part I Identity of Individual From Whom the Cash Was Received

2 If more than one individual is involved, check here and see instructions . . . ▶ ☐

3 Last name	4 First name	5 M.I.	6 Taxpayer identification number
7 Address (number, street, and apt. or suite no.)	8 Date of birth . . . ▶ (see instructions) M M D D Y Y Y Y		
9 City	10 State	11 ZIP code	12 Country (if not U.S.)	13 Occupation, profession, or business

14 Identifying document (ID) a Describe ID ▶ b Issued by ▶ c Number ▶

Part II Person on Whose Behalf This Transaction Was Conducted

15 If this transaction was conducted on behalf of more than one person, check here and see instructions . . . ▶ ☐

16 Individual's last name or organization's name	17 First name	18 M.I.	19 Taxpayer identification number
20 Doing business as (DBA) name (see instructions)			Employer identification number
21 Address (number, street, and apt. or suite no.)		22 Occupation, profession, or business	
23 City	24 State	25 ZIP code	26 Country (if not U.S.)

27 Alien identification (ID) a Describe ID ▶ b Issued by ▶ c Number ▶

Part III Description of Transaction and Method of Payment

28 Date cash received M M D D Y Y Y Y	29 Total cash received $ .00	30 If cash was received in more than one payment, check here . . . ▶ ☐	31 Total price if different from item 29 $ .00

32 Amount of cash received (in U.S. dollar equivalent) (must equal item 29) (see instructions):
a U.S. currency $ .00 (Amount in $100 bills or higher $ .00)
b Foreign currency $ .00 (Country ▶)
c Cashier's check(s) $ .00 Issuer's name(s) and serial number(s) of the monetary instrument(s) ▶
d Money order(s) $ .00
e Bank draft(s) $ .00
f Traveler's check(s) $ .00

33 Type of transaction
a ☐ Personal property purchased
b ☐ Real property purchased
c ☐ Personal services provided
d ☐ Business services provided
e ☐ Intangible property purchased
f ☐ Debt obligations paid
g ☐ Exchange of cash
h ☐ Escrow or trust funds
i ☐ Bail received by court clerks
j ☐ Other (specify in item 34) ▶

34 Specific description of property or service shown in 33. Give serial or registration number, address, docket number, etc. ▶

Part IV Business That Received Cash

35 Name of business that received cash			36 Employer identification number
37 Address (number, street, and apt. or suite no.)			Social security number
38 City	39 State	40 ZIP code	41 Nature of your business

42 Under penalties of perjury, I declare that to the best of my knowledge the information I have furnished above is true, correct, and complete.

Signature ▶ Authorized official Title ▶

43 Date of signature M M D D Y Y Y Y	44 Type or print name of contact person	45 Contact telephone number

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Multiple Parties

(Complete applicable parts below if box 2 or 15 on page 1 is checked)

Part I **Continued—Complete if box 2 on page 1 is checked**

3 Last name	4 First name	5 M.I.	6 Taxpayer identification number
7 Address (number, street, and apt. or suite no.)		8 Date of birth (see instructions) ▶	M M D D Y Y Y Y
9 City	10 State	11 ZIP code	12 Country (if not U.S.)	13 Occupation, profession, or business
14 Identifying document (ID)	a Describe ID ▶	c Number ▶	b Issued by ▶

3 Last name	4 First name	5 M.I.	6 Taxpayer identification number
7 Address (number, street, and apt. or suite no.)		8 Date of birth (see instructions) ▶	M M D D Y Y Y Y
9 City	10 State	11 ZIP code	12 Country (if not U.S.)	13 Occupation, profession, or business
14 Identifying document (ID)	a Describe ID ▶	c Number ▶	b Issued by ▶

Part II **Continued—Complete if box 15 on page 1 is checked**

16 Individual's last name or organization's name	17 First name	18 M.I.	19 Taxpayer identification number
20 Doing business as (DBA) name (see instructions)			Employer identification number
21 Address (number, street, and apt. or suite no.)		22 Occupation, profession, or business	
23 City	24 State	25 ZIP code	26 Country (if not U.S.)
27 Alien identification (ID)	a Describe ID ▶	c Number ▶	b Issued by ▶

16 Individual's last name or organization's name	17 First name	18 M.I.	19 Taxpayer identification number
20 Doing business as (DBA) name (see instructions)			Employer identification number
21 Address (number, street, and apt. or suite no.)		22 Occupation, profession, or business	
23 City	24 State	25 ZIP code	26 Country (if not U.S.)
27 Alien identification (ID)	a Describe ID ▶	c Number ▶	b Issued by ▶

Comments – Please use the lines provided below to comment on or clarify any information you entered on any line in Parts I, II, III, and IV

IRS Form 8300 (Rev. 11-2011) FinCEN Form 8300 (Rev. 11-2011)

Section references are to the Internal Revenue Code unless otherwise noted.

What's New

Future Developments. The IRS has created a page on IRS.gov for information about Form 8300, at *www.irs.gov/form8300*. Information about any future developments affecting Form 8300 such as legislation enacted after we release it will be posted on that page.

Important Reminders

• Section 6050I (26 United States Code (U.S.C.) 6050I) and 31 U.S.C. 5331 require that certain information be reported to the IRS and the Financial Crimes Enforcement Network (FinCEN). This information must be reported on IRS/FinCEN Form 8300.

• Item 33, box i, is to be checked only by clerks of the court; box d is to be checked by bail bondsmen. See *Item 33* under *Part III,* later.

• The meaning of the word "currency" for purposes of 31 U.S.C. 5331 is the same as for the word "cash" (See *Cash* under *Definitions,* later).

General Instructions

Who must file. Each person engaged in a trade or business who, in the course of that trade or business, receives more than $10,000 in cash in one transaction or in two or more related transactions, must file Form 8300. Any transactions conducted between a payer (or its agent) and the recipient in a 24-hour period are related transactions. Transactions are considered related even if they occur over a period of more than 24 hours if the recipient knows, or has reason to know, that each transaction is one of a series of connected transactions.

Keep a copy of each Form 8300 for 5 years from the date you file it.

Clerks of federal or state courts must file Form 8300 if more than $10,000 in cash is received as bail for an individual(s) charged with certain criminal offenses. For these purposes, a clerk includes the clerk's office or any other office, department, division, branch, or unit of the court that is authorized to receive bail. If a person receives bail on behalf of a clerk, the clerk is treated as receiving the bail. See *Item 33* under *Part III,* later.

If multiple payments are made in cash to satisfy bail and the initial payment does not exceed $10,000, the initial payment and subsequent payments must be aggregated and the information return must be filed by the 15th day after receipt of the payment that causes the aggregate amount to exceed $10,000 in cash. In such cases, the reporting requirement can be satisfied either by sending a single written statement with an aggregate amount listed or by furnishing a copy of each Form 8300 relating to that payer. Payments made to satisfy separate bail requirements are not required to be aggregated. See Treasury Regulations section 1.6050I-2.

Casinos must file Form 8300 for nongaming activities (restaurants, shops, etc.).

Voluntary use of Form 8300. Form 8300 may be filed voluntarily for any suspicious transaction (see *Definitions,* later) for use by FinCEN and the IRS, even if the total amount does not exceed $10,000.

Exceptions. Cash is not required to be reported if it is received:

• By a financial institution required to file Form 104, Currency Transaction Report;

• By a casino required to file (or exempt from filing) Form 103, Currency Transaction Report by Casinos, if the cash is received as part of its gaming business;

• By an agent who receives the cash from a principal, if the agent uses all of the cash within 15 days in a second transaction that is reportable on Form 8300 or on Form 104, and discloses all the information necessary to complete Part II of Form 8300 or Form 104 to the recipient of the cash in the second transaction;

• In a transaction occurring entirely outside the United States. See Publication 1544, Reporting Cash Payments of Over $10,000 (Received in a Trade or Business), regarding transactions occurring in Puerto Rico and territories and possessions of the United States; or

• In a transaction that is not in the course of a person's trade or business.

When to file. File Form 8300 by the 15th day after the date the cash was received. If that date falls on a Saturday, Sunday, or legal holiday, file the form on the next business day.

Where to file. File the form with the Internal Revenue Service, Detroit Computing Center, P.O. Box 32621, Detroit, MI 48232.

Statement to be provided. You must give a written or electronic statement to each person named on a required Form 8300 on or before January 31 of the year following the calendar year in which the cash is received. The statement must show the name, telephone number, and address of the information contact for the business, the aggregate amount of reportable cash received, and that the information was furnished to the IRS. Keep a copy of the statement for your records.

Multiple payments. If you receive more than one cash payment for a single transaction or for related transactions, you must report the multiple payments any time you receive a total amount that exceeds $10,000 within any 12-month period. Submit the report within 15 days of the date you receive the payment that causes the total amount to exceed $10,000. If more than one report is required within 15 days, you may file a combined report. File the combined report no later than the date the earliest report, if filed separately, would have to be filed.

Taxpayer identification number (TIN). You must furnish the correct TIN of the person or persons from whom you receive the cash and, if applicable, the person or persons on whose behalf the transaction is being conducted. You may be subject to penalties for an incorrect or missing TIN.

The TIN for an individual (including a sole proprietorship) is the individual's social security number (SSN). For certain resident aliens who are not eligible to get an SSN and nonresident aliens who are required to file tax returns, it is an IRS Individual Taxpayer Identification Number (ITIN). For other persons, including corporations, partnerships, and estates, it is the employer identification number (EIN).

If you have requested but are not able to get a TIN for one or more of the parties to a transaction within 15 days following the transaction, file the report and attach a statement explaining why the TIN is not included.

Exception: *You are not required to provide the TIN of a person who is a nonresident alien individual or a foreign organization if that person or foreign organization:*

• Does not have income effectively connected with the conduct of a U.S. trade or business;

• Does not have an office or place of business, or a fiscal or paying agent in the United States;

• Does not furnish a withholding certificate described in §1.1441-1(e)(2) or (3) or §1.1441-5(c)(2)(iv) or (3)(iii) to the extent required under §1.1441-1(e)(4)(vii); or

• Does not have to furnish a TIN on any return, statement, or other document as required by the income tax regulations under section 897 or 1445.

Penalties. You may be subject to penalties if you fail to file a correct and complete Form 8300 on time and you cannot show that the failure was due to reasonable cause. You may also be subject to penalties if you fail to furnish timely a correct and complete statement to each person named in a required report. A minimum penalty of $25,000 may be imposed if the failure is due to an intentional or willful disregard of the cash reporting requirements.

Penalties may also be imposed for causing, or attempting to cause, a trade or business to fail to file a required report; for causing, or attempting to cause, a trade or business to file a required report containing a material omission or misstatement of fact; or for structuring, or attempting to structure, transactions to avoid the reporting requirements. These violations may also be subject to criminal prosecution which, upon conviction, may result in imprisonment of up to 5 years or fines of up to $250,000 for individuals and $500,000 for corporations or both.

Definitions

Cash. The term "cash" means the following.

• U.S. and foreign coin and currency received in any transaction; or

• A cashier's check, money order, bank draft, or traveler's check having a face amount of $10,000 or less that is received in a designated reporting transaction (defined below), or that is received in any transaction in which the recipient knows that the instrument is being used in an attempt to avoid the reporting of the transaction under either section 6050I or 31 U.S.C. 5331.

Note. Cash does not include a check drawn on the payer's own account, such as a personal check, regardless of the amount.

Designated reporting transaction. A retail sale (or the receipt of funds by a broker or other intermediary in connection with a retail sale) of a consumer durable, a collectible, or a travel or entertainment activity.

Retail sale. Any sale (whether or not the sale is for resale or for any other purpose) made in the course of a trade or business if that trade or business principally consists of making sales to ultimate consumers.

Consumer durable. An item of tangible personal property of a type that, under ordinary usage, can reasonably be expected to remain useful for at least 1 year, and that has a sales price of more than $10,000.

Collectible. Any work of art, rug, antique, metal, gem, stamp, coin, etc.

Travel or entertainment activity. An item of travel or entertainment that pertains to a single trip or event if the combined sales price of the item and all other items relating to the same trip or event that are sold in the same transaction (or related transactions) exceeds $10,000.

Exceptions. A cashier's check, money order, bank draft, or traveler's check is not considered received in a designated reporting transaction if it constitutes the proceeds of a bank loan or if it is received as a payment on certain promissory notes, installment sales contracts, or down payment plans. See Publication 1544 for more information.

Person. An individual, corporation, partnership, trust, estate, association, or company.

Recipient. The person receiving the cash. Each branch or other unit of a person's trade or business is considered a separate recipient unless the branch receiving the cash (or a central office linking the branches), knows or has reason to know the identity of payers making cash payments to other branches.

Transaction. Includes the purchase of property or services, the payment of debt, the exchange of cash for a negotiable instrument, and the receipt of cash to be held in escrow or trust. A single transaction may not be broken into multiple transactions to avoid reporting.

Suspicious transaction. A suspicious transaction is a transaction in which it appears that a person is attempting to cause Form 8300 not to be filed, or to file a false or incomplete form.

Specific Instructions

You must complete all parts. However, you may skip Part II if the individual named in Part I is conducting the transaction on his or her behalf only. For voluntary reporting of suspicious transactions, see *Item 1* next.

Item 1. If you are amending a report, check box 1a. Complete the form in its entirety (Parts I-IV) and include the amended information. Do not attach a copy of the original report.

To voluntarily report a suspicious transaction (see *Suspicious transaction* above), check box 1b. You may also telephone your local IRS Criminal Investigation Division or call the FinCEN Financial Institution Hotline at 1-866-556-3974.

Part I

Item 2. If two or more individuals conducted the transaction you are reporting, check the box and complete Part I for any one of the individuals. Provide the same information for the other individual(s) on the back of the form. If more than three individuals are involved, provide the same information on additional sheets of paper and attach them to this form.

Item 6. Enter the taxpayer identification number (TIN) of the individual named. See *Taxpayer identification number (TIN),* earlier, for more information.

Item 8. Enter eight numerals for the date of birth of the individual named. For example, if the individual's birth date is July 6, 1960, enter 07 06 1960.

Item 13. Fully describe the nature of the occupation, profession, or business (for example, "plumber," "attorney," or "automobile dealer"). Do not use general or nondescriptive terms such as "businessman" or "self-employed."

Item 14. You must verify the name and address of the named individual(s). Verification must be made by examination of a document normally accepted as a means of identification when cashing checks (for example, a driver's license, passport, alien registration card, or other official document). In item 14a, enter the type of document examined. In item 14b, identify the issuer of the document. In item 14c, enter the document's number. For example, if the individual has a Utah driver's license, enter "driver's license" in item 14a, "Utah" in item 14b, and the number appearing on the license in item 14c.

Note. You must complete all three items (a, b, and c) in this line to make sure that Form 8300 will be processed correctly.

Part II

Item 15. If the transaction is being conducted on behalf of more than one person (including husband and wife or parent and child), check the box and complete Part II for any one of the persons. Provide the same information for the other person(s) on the back of the form. If more than three persons are involved, provide the same information on additional sheets of paper and attach them to this form.

Items 16 through 19. If the person on whose behalf the transaction is being conducted is an individual, complete items 16, 17, and 18. Enter his or her TIN in item 19. If the individual is a sole proprietor and has an employer identification number (EIN), you must enter both the SSN and EIN in item 19. If the person is an organization, put its name as shown on required tax filings in item 16 and its EIN in item 19.

Item 20. If a sole proprietor or organization named in items 16 through 18 is doing business under a name other than that entered in item 16 (for example, a "trade" or "doing business as (DBA)" name), enter it here.

Item 27. If the person is not required to furnish a TIN, complete this item. See *Taxpayer identification number (TIN),* earlier. Enter a description of the type of official document issued to that person in item 27a (for example, a "passport"), the country that issued the document in item 27b, and the document's number in item 27c.

Note. You must complete all three items (a, b, and c) in this line to make sure that Form 8300 will be processed correctly.

Part III

Item 28. Enter the date you received the cash. If you received the cash in more than one payment, enter the date you received the payment that caused the combined amount to exceed $10,000. See *Multiple payments,* earlier, for more information.

Item 30. Check this box if the amount shown in item 29 was received in more than one payment (for example, as installment payments or payments on related transactions).

Item 31. Enter the total price of the property, services, amount of cash exchanged, etc. (for example, the total cost of a vehicle purchased, cost of catering service, exchange of currency) if different from the amount shown in item 29.

Item 32. Enter the dollar amount of each form of cash received. Show foreign currency amounts in U.S. dollar equivalent at a fair market rate of exchange available to the public. The sum of the amounts must equal item 29. For cashier's check, money order, bank draft, or traveler's check, provide the name of the issuer and the serial number of each instrument. Names of all issuers and all serial numbers involved must be provided. If necessary, provide this information on additional sheets of paper and attach them to this form.

Item 33. Check the appropriate box(es) that describe the transaction. If the transaction is not specified in boxes a–i, check box j and briefly describe the transaction (for example, "car lease," "boat lease," "house lease," or "aircraft rental"). If the transaction relates to the receipt of bail by a court clerk, check box i, "Bail received by court clerks." This box is only for use by court clerks. If the transaction relates to cash received by a bail bondsman, check box d, "Business services provided."

Part IV

Item 36. If you are a sole proprietorship, you must enter your SSN. If your business also has an EIN, you must provide the EIN as well. All other business entities must enter an EIN.

Item 41. Fully describe the nature of your business, for example, "attorney" or "jewelry dealer." Do not use general or nondescriptive terms such as "business" or "store."

Item 42. This form must be signed by an individual who has been authorized to do so for the business that received the cash.

Comments

Use this section to comment on or clarify anything you may have entered on any line in Parts I, II, III, and IV. For example, if you checked box b (Suspicious transaction) in line 1 above Part I, you may want to explain why you think that the cash transaction you are reporting on Form 8300 may be suspicious.

Privacy Act and Paperwork Reduction Act Notice. Except as otherwise noted, the information solicited on this form is required by the IRS and FinCEN in order to carry out the laws and regulations of the United States Department of the Treasury. Trades or businesses, except for clerks of criminal courts, are required to provide the information to the IRS and FinCEN under both section 6050I and 31 U.S.C. 5331. Clerks of criminal courts are required to provide the information to the IRS under section 6050I. Section 6109 and 31 U.S.C. 5331 require that you provide your social security number in order to adequately identify you and process your return and other papers. The principal purpose for collecting the information on this form is to maintain reports or records which have a high degree of usefulness in criminal, tax, or regulatory investigations or proceedings, or in the conduct of intelligence or counterintelligence activities, by directing the federal government's attention to unusual or questionable transactions.

You are not required to provide information as to whether the reported transaction is deemed suspicious. Failure to provide all other requested information, or providing fraudulent information, may result in criminal prosecution and other penalties under 26 U.S.C. and 31 U.S.C.

Generally, tax returns and return information are confidential, as stated in section 6103. However, section 6103 allows or requires the IRS to disclose or give the information requested on this form to others as described in the Internal Revenue Code. For example, we may disclose your tax information to the Department of Justice, to enforce the tax laws, both civil and criminal, and to cities, states, the District of Columbia, and U.S. commonwealths and possessions, to carry out their tax laws. We may disclose this information to other persons as necessary to obtain information which we cannot get in any other way. We may disclose this information to federal, state, and local child support agencies; and to other federal agencies for the purposes of determining entitlement for benefits or the eligibility for and the repayment of loans. We may also provide the records to appropriate state, local, and foreign criminal law enforcement and regulatory personnel in the performance of their official duties. We may also disclose this information to other countries under a tax treaty, or to federal and state agencies to enforce federal nontax criminal laws and to combat terrorism. In addition, FinCEN may provide the information to those officials if they are conducting intelligence or counter-intelligence activities to protect against international terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any law under 26 U.S.C. or 31 U.S.C.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is 21 minutes. If you have comments concerning the accuracy of this time estimate or suggestions for making this form simpler, you can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:M:S, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send Form 8300 to this address. Instead, see *Where to file,* earlier.