



April 24, 2009

Associate general counsel Johnnie E. Brown says the Red Flag Rule applies to all retailers of manufactured and modular housing. The rule comes into effect on May 1. Attached to the email is the template he provided to our Association, but I wish to caution everyone that these are not a one size fits all type of policy. The Federal Trade Commission requires that they be drafted specific to the risks that your individual business is exposed. Johnnie warns you cannot just use the policy that you may have gotten from another dealer.

The fine for failure to comply with these new rules has been raised, effective February, 2009 to \$3500 per violation and, I believe, \$17,000, per violation if you are in violation of a consent order for failure to have and comply with your Red Flag Policy. The rule also states that your employees must be trained on your Red Flag Policy by May 1, 2009 and that you are required to document annual reviews and evaluations of your policies.

If anyone needs help using Johnnie's template and how to train your employees, please do not hesitate to call either Bryan Price or Johnnie at the numbers below.

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