

disablement, or other system determined by the U.S. Consumer Product Safety Commission to be equally effective in preventing suction entrapment.

These systems are required in addition to a compliant drain cover when a pool or spa has a single main drain system. If the pool or spa has more than a single main drive system, and they are at least three-feet apart, a high vacuum breaking system is unnecessary for VGB compliance and not proven to deliver any additional safety value over multiple drain covers alone.

For pools and spas that do require a vacuum relief system, replacing the filter pump or pumps with those including SVRS systems is the only option that cannot be disabled. The pump shuts down automatically when a vacuum is formed, stopping suction. There is no need for additional external devices or controls.

In many situations, replacing filter pumps with a VGB-ready model will also deliver substantial gains in energy efficiency. All of the

SVRS-integrated models currently on the market use the programmable variable speed technology recommended by the National Resource Defense Council and electric utilities nationwide. This option could provide a return-on-investment in addition to VGB compliance and in some communities may be eligible for a rebate from municipalities or utilities.

And although not explicitly part of the new regulations, landlords should be mindful that their pool and/or spa's water circulation system is optimized to create the safest environment possible. All of the equipment must be specified to meet the flow rates of each individual pump. An improperly sized VGB-compliant drain cover is still a safety hazard. Further information on safety, energy efficiency and other common pool concerns can be found at [www.pentairpool.com](http://www.pentairpool.com). ■

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## The "Red Flag" Rule: What You Need to Know

By Mike Lapsley, president and CEO of RentGrow, Inc

**A**s of November 1, the "Red Flag" rule requires mandatory compliance, so it's important to spend some time discussing the rule, including what it is and what it means for you.

### The "Red Flag" Rule—In Plain English

The full title is this: "Identity Theft Red Flags and Address Discrepancies under the Fair and Accurate Credit Transactions Act of 2003" (FACT). It amends the Fair Credit Reporting Act (FCRA).

The rule was written specifically for companies making loans, such as banks and commercial lending institutions, but a portion of it extends to rental property owners and managers since both rely on consumer reports (e.g. credit) that (1) ask for sensitive information, such as social security numbers, and (2) could turn up address discrepancies. The philosophy behind this rule is simple: sensitive information must be kept secure to prevent identity theft, and a discrepancy in address could indicate fraud.

The rule requires that "reasonable" policies be in place to prevent identity theft and to verify a person's identity when an address discrepancy is reported. In the case of address discrepancy, if the property manager can't work out the discrepancy, the rule says he/she is not to rent to this individual.

### What the Red Flag Rule Means for Rental Owners & Property Managers

While the rule has caused some confusion, compliance is straightforward. More than likely, you're probably already in compliance since the only thing that rental owners or property managers have to show is that they have a "reasonable" process in place for preventing identity theft and for checking IDs, verifying IDs, and following up/asking about any discrepancies.

For example, how do you destroy electronic and paper records that contain sensitive information? Or how about this: if someone gives one address on his or her rental application, but the license lists another address, what's your policy for handling this situation? As long as you have reasonable policies in place, you're in compliance.

### Do I need to create a special report if I suspect fraud?

The other commonly asked question about the Red Flag rule (beyond "how do I comply") is this: do we need to report suspected fraud? The answer—for better or worse—is no. If you believe someone is trying to perpetrate a fraud, there's no requirement beyond not renting to this individual.

### Still Unsure About the Red Flag Rule? Contact Your Screening Partner

Laws, rules, and amendments result in legitimate questions and concerns, so we understand people's trepidation regarding the Red Flag rule. While it's true that you're likely already in compliance, it can't hurt to contact your screening partner and ask to review with them your policies and systems.

*The information in this newsletter should not be construed as legal advice. Always consult an attorney for questions regarding legal matters and compliance.* ■

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