

# Privacy & How It Affects You



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- Hint –  
It is not a firm  
& it is not a  
contagion

# Application of Privacy Protection of G-L-B (and regs)



- Effective 7/1/01
- It applies to financial institutions
- It protects nonpublic personal information
- Consumer/customer
- Opt-out if share
- Disclosure

# In What Cases Can Consumers Opt-Out



(on Privacy, not  
the rat race)

## Examples of Exceptions to Opt-Out

- Performance of Service, if contractual agreement to maintain confidentiality
- Effect, administer, or enforce a transaction requested or authorized by Consumer - is this the panacea?
- With consent of Consumer - e.g. broker copies - or to protect security or prevent fraud

We have to Safeguard Nonpublic  
Personal Financial Information?



# The FTC's Safeguards Rule ...

- Security Program
- Safeguards
- Identify Risks & Train



# Safeguard Standards To Follow

- Comprehensive written information security program
- Include administrative, technical and physical safeguards
- Train staff and invest in paper shredders

# FTC Disposal Rules

- Reasonable measures on access
- Proper disposal



## Texas Has Ins. Laws Too

- Current TDI Regs 12/17/2001
- 28 TAC §§22.1 et seq.
- TDI Regs apply to “covered entities”
- “Customer relationship” where use primarily for personal purposes
- “Consumer” seeks primarily for personal purposes
- TDI Regs do NOT apply to closing

# Let's Talk About Public Record Information in G-L-B and Other States

- Shh. Don't tell.



# Should Public Records Really Be Public Under State Law

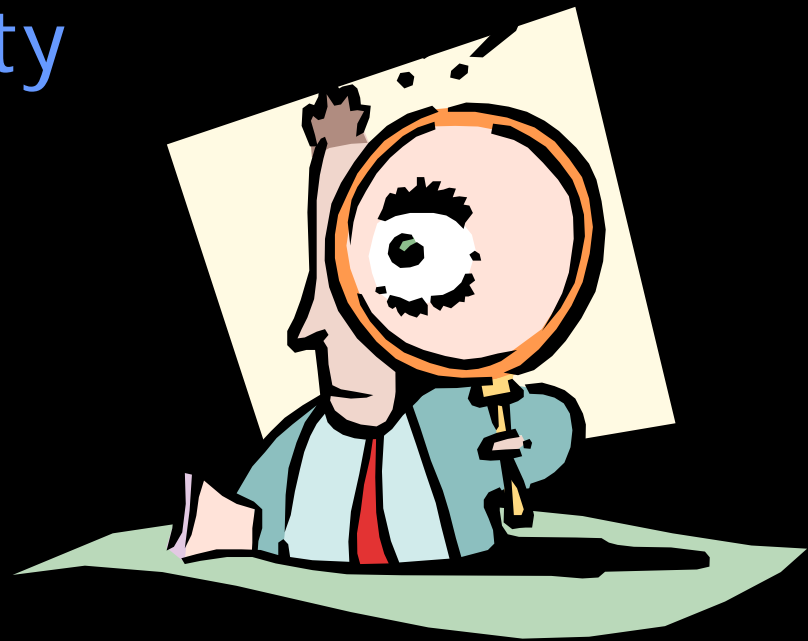
Concerns include:

- Personal Info
- Stolen ID
- Stalking



# Protection of Public Personnel

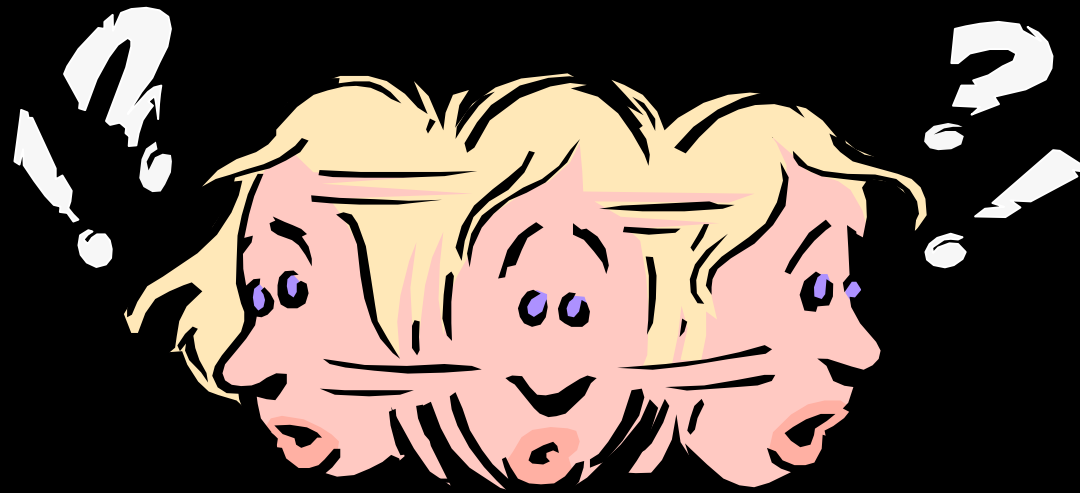
- Home Address, etc.
- Peace Officer, et al
- Exemption of County Clerk Records
- Ch. 552, Tex Gov't Code



# Social Security Numbers - Section 35.58, Bus. & Com. Code



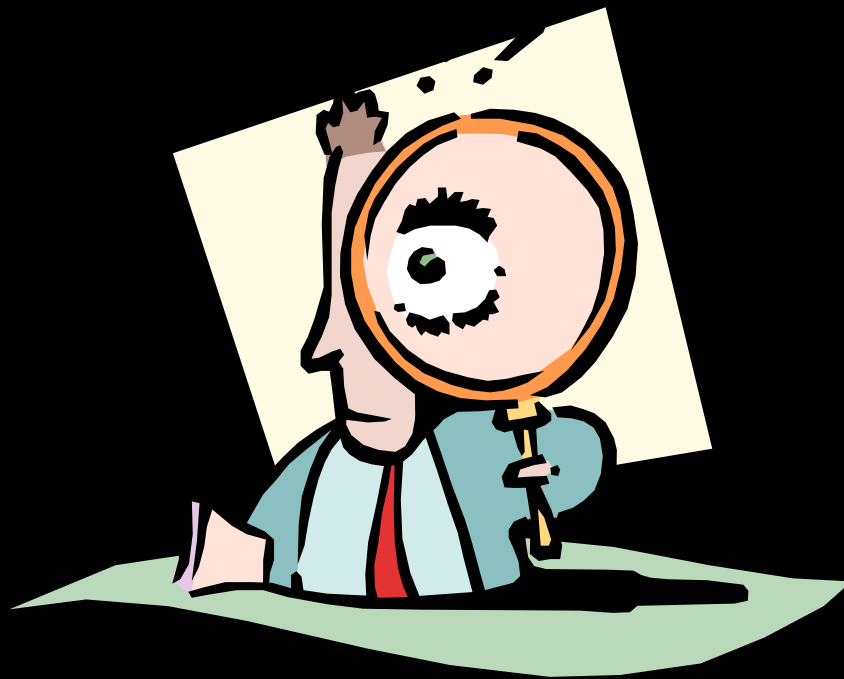
# Is Optional Redaction of SSN Really Optional – Section 552.147, Gov't Code



# Confidential Information in Real Property Records - Sec. 11.008, P.C.



## Disclosure in Deed or D/T per 11.008



- SSN or DL
- Still Notice
- Still Record
- No Review
- Exclusive Law

# Pending Scary Texas Legislation...



- Access and Fees
- Redaction
- More Privacy Duties
- Exemption-GLB?

# Have a Policy on Privacy



- Including Security

# ALTA Statement & Privacy Disclosure

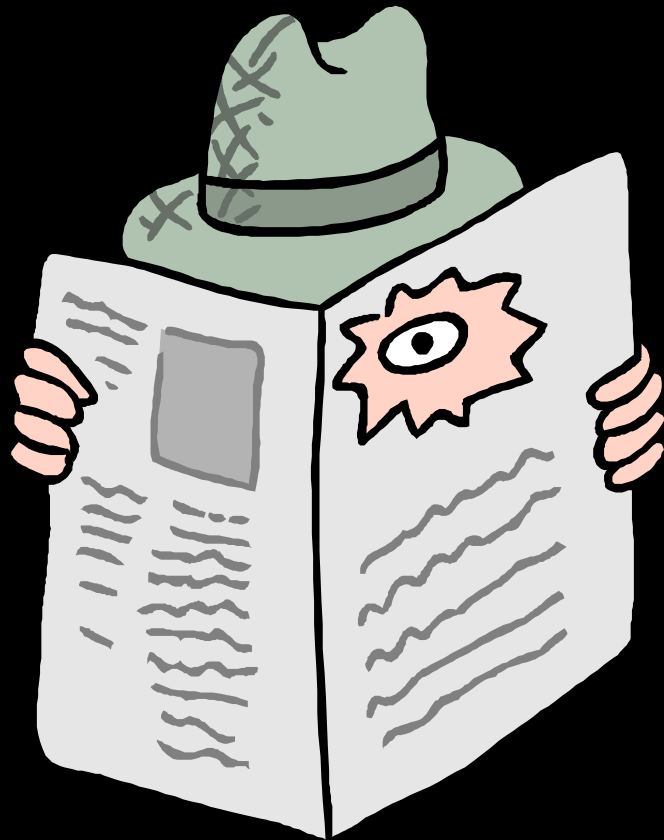


- (if no Opt-Out)

# NAI C Market Conduct Standards

- Department review of privacy policies and procedures
- Department review sample privacy notices
- Department review sample service agreements and disclosure procedure

# What Difference Does it Make



- Will I get sued?
- Will I get sued?
- Will I get sued?
- Will I get fined?
- Will I get fined?
- Will I get fined?

## Nations Title FTC Settlement

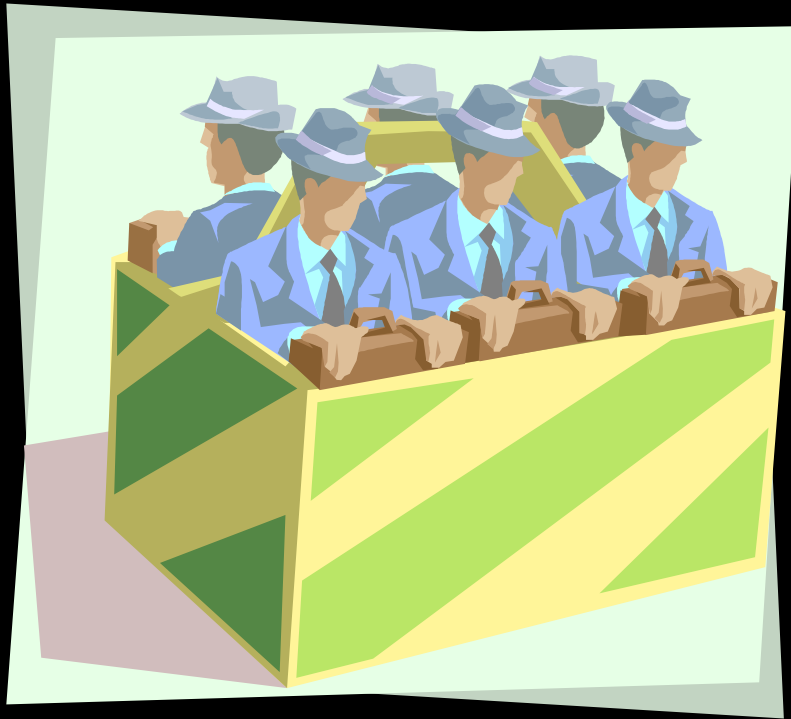
- Security was slightly inadequate
- Hacker obtained access
- Sensitive papers in dumpster
- Violated Safeguards Rule
- Agree to Implement Security
- Agree to 20 year audits

# Nationwide Mortgage Group FTC Settlement

- FTC Complaint
- Violation of Safeguards Rules
- Settlement agrees to 10 year Assessment Procedure



# Superior Mortgage Corp. FTC Settlement



- Safeguards Violations – Very Naughty
- 10 year Assessment Settlement

## Sunbelt Lending Services FTC Settlement

- No screening and misleading privacy policies
- \$15 million settlement
- Comprehensive security program
- 20 years of audits

## OK, So What's the State Fine?

- First, Injunctive relief
- Up to \$3,000 for each violation
- Pattern or practice, a fine not to exceed \$250,000
- Attorney's fees



The End

But Don't Tell