



755 Jefferson Road, Suite 300
Rochester, NY 14623
Office: (866) 724-0040 | Fax: (866) 795-2804
www.cls-csa.com



WebTitle / CLS Vendor Compliance

We value our vendor relationships and are always interested in creating solid business partnerships that meet the needs of our clients. In today's changing regulatory environment it is important for you to work with a company that takes compliance seriously.

What is the CFPB and how does it affect my business?

The Consumer Finance Protection Bureau (CFPB) is a government department that acts as the watchdog for consumers in regards to banking products, including credit cards, personal loans and all mortgage products. This bureau is putting the onus on banks and lending institutions to monitor any and all Service Providers they utilize.

If you are not familiar with the Consumer Finance Protection Bureau (CFPB) you should read their guidance bulletin issued on April 13, 2012 to supervised banks and non-banks with regard to their obligation to monitor service providers. You can find this and more information at <http://www.consumerfinance.gov>.

Who exactly qualifies as a service provider?

Pretty much anyone or any organization involved in the closing process providing services to a bank, or to another service provider, whether it is a real property search company, notary public/witness closer, settlement agent, lender's closing attorney or appraiser. Since the focus of the CFPB is the protection of consumer personal and financial information some service providers may be subject to more scrutiny than others.

Many service providers have already begun to put their own procedures in place, especially large title and settlement companies. Large title underwriters are beginning to establish processes and procedures to qualify their agents as a way of providing further assurances to banks. Vetting companies have been established which will, for a fee, qualify or "vet" service providers on behalf of banks. And banks have enhanced their application process for qualifying settlement agents and bank closing attorneys. In addition ALTA has drafted a list of best practices which can be used as a starting point by service providers to put their procedures in place.

As a vendor for WebTitle/CLS, what do you need to do to make sure that you are compliant?

The answer to that depends on what type of vendor you are and what kind of consumer information you come in contact with.

- **Search Vendors** - Most, if not all search vendors, will rarely have access to personal consumer information such as social security numbers, place of employment, credit card and other personal loan information. You are providing WebTitle/CLS with information which is from the public records and available to anyone willing to look for it. We will ask you to provide us with your E & O insurance information. We may also ask you for assurances that in the event any personal consumer information comes into your possession that you immediately return it to us and destroy any copies, whether paper or electronic.
- **Witness Closers/Notaries Public** - As a witness closer you will be in possession of personal consumer information as that information is contained within the documentation sent to you for execution by the borrower(s) on a real estate closing. Because of this you will need to give assurances not only to WebTitle/CLS, but to any lenders, that you are keeping this information secure, whether it is paper copies or electronic copies. What exactly does this mean? The easiest way to answer this is by asking yourself a number of questions.
 - If you are receiving documents via e-mail transmission - is your computer secure?
 - Do you have necessary firewalls and other safeguards in place to prevent "hacking" of your data?
 - Is your computer password protected?
 - Do others, including family members have access to your computer?
 - Is your computer a laptop that you carry with you?
 - Once you have completed the closing and returned documents to us do you delete documents and e-mails containing attached files, or do you save for a certain amount of time? Are those document and e-mail files stored on the PC or laptop hard drive or on a server?
 - If you receive documents via overnight delivery - is someone always available to receive delivered packages at your office or home, or are packages left on your door step?
 - Once documents are received or printed out at your location are they left out on a desk where others can see, or are they kept in a file cabinet? If kept in a file cabinet is the file cabinet kept locked?
 - Does the printer/copier that you use to print and copy documents have its own hard drive that stores printing and copying files? If so, do you have a procedure in place to destroy the hard drive when the machine is retired from service?



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- Does your place of business, whether an office or your home, allow others to have free access to the area where your files with sensitive information are stored or kept?

These are just a representative sample of the kinds of questions and process that every vendor handling sensitive information must go through.

As you can see from the series of questions above the process of insuring that personal consumer information is protected can be very detailed. Although, banks and other financial institutions have not directly addressed this in the past, this is much more than likely to become the norm. We will all need to provide the assurances that the mortgage lenders require in order to continue doing business with them. We also understand that it can be quite costly to comply with requirements going forward. You are not only our vendor but our partner in completing real estate closings for our customers.

If we can be of assistance in helping you to comply please call us. As regulations develop and more information becomes available we will post additional information on our website including links to recent news on this subject.