Gramm – Leach – Bliley Act

Gramm – Leach – Bliley Act is also known as the Financial Services Modernization Act of 1999.


The Financial Privacy Rule requires financial institutions to provide each consumer with a privacy notice 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, and 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 pursuant to the provisions of the Fair Credit Reporting Act. Should the privacy policy change at any point in time, the consumer must be notified again for acceptance. Each time the privacy notice is reestablished, the consumer has the right to opt out again. The unaffiliated parties receiving the nonpublic information are held to the acceptance terms of the consumer under the original relationship agreement. In summary, the financial privacy rule provides for a privacy policy agreement between the company and the consumer pertaining to the protection of the consumer’s personal nonpublic information.

On November 17, 2009, eight federal regulatory agencies released the final version of a model privacy notice form to make it easier for consumers to understand how financial institutions collect and share information about consumers.

HOW DOES THIS AFFECT WHAT YOU DO?
This Gramm-Leach-Bliley Act is often referred to as the GLBA. You will see Signing Agents advertise that they are GLBA compliant. This is a law which all of us should be compliant all of the time.

i)  The Gramm-Leach-Bliley Act is also known as the Financial Services Modernization Act of 1999.

ii) It’s impact was to allow commercial banks, investment banks, security firms and insurance companies to consolidate.

iii) An important part of this bill is one that has a direct effect on us as signing agents. Companies are required to develop a written security plan that describes how that company is prepared for and plans to continue to protect clients’ nonpublic personal information.

iv) Signing Agents are responsible for protecting the personal information we become privy to while processing the loan documents with the borrower. Many of the documents in a loan package contain information including borrower’s name, address, phone number, social security number, employment information including income. It is up to us to do everything we can to protect that information. There are things you can to protect the borrower.

a) When you receive documents via email and you download them to your computer, make sure you have security systems in place that will not allow anyone to have access to your computer. There are a number of things you can do to protect your computer.

b) Never place a package of documents where they can be viewed by anyone except yourself. Your work area should be somewhere in your home away from the primary traffic areas.

c) When transporting the documents, keep them in a closed case and near you at all times.

d) When at a signing keep the documents in front of you. Hand borrowers the documents one at a time and make sure you get them back after they are signed. If anyone other than the borrowers is at the signing table, check with the borrower to see if they want you to discuss the terms of their loan in front of the other party(s).
When placing documents into a shipping envelope make certain that the envelope has been secured and there is no chance the documents may fall out of the envelope during shipping. I use a piece of shipping tape and tape the ends of the fold to secure.

If you have a cancellation be sure to verify with the lender whether or not they want the unsigned documents returned or destroyed. If you are stuck with a printed set of documents you must find a way to destroy those documents safely and securely. Never throw the documents into a trash can. You must shred or burn the documents. One hint is to place the documents into a barrel filled with water and some bleach. After a few days the documents have turned to mush and are unreadable. They can then be thrown away.

This is serious. You MUST be very careful to protect the privacy of the Borrowers.