The Regulatory Environment & its Impact on Safeguard
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Overview of Regulatory Environment & the Impact on Safeguard

Training Objective

To Increase Safeguard Employee Awareness of the Regulatory Environment in Which We Operate:

- Consumer Financial Protection Bureau (CFPB)
- False Claims Act
- Gramm-Leach Bliley Act (GLBA)
- Servicemembers Civil Relief Act (SCRA)
- Fair Debt Collections Practices (FDCPA)
- Unfair Deceptive or Abusive Acts/Practice (UDAAP)
Consumer Financial Protection Bureau (CFPB)

Overview of the CFPB
The CFPB was created by the Dodd-Frank Wall Street Reform & Consumer Protection Act (“Dodd-Frank Act”). This agency has the responsibility of monitoring financial institutions and its affiliates.

Congress established the CFPB to protect consumers by carrying out federal consumer financial laws. Among other things, they:

• Write rules, supervise companies, and enforce federal consumer financial protection laws
• Restrict unfair, deceptive, or abusive acts or practices
• Take consumer complaints
• Promote financial education and research consumer behavior
• Monitor financial markets for new risks to consumers
• Enforce laws that outlaw discrimination and other unfair treatment in consumer finance
Consumer Financial Protection Bureau (CFPB)

What the CFPB means to you and to Safeguard Properties

- Safeguard’s clients are directly regulated by the CFPB. As such, the work we perform for our clients is subject to CFPB monitoring.
- The CFPB has authority to regulate Safeguard as a Service Provider to financial institutions.
- Consumer complaints that Safeguard receives need to be tracked, analyzed and trended, with corrective action taken to prevent future occurrences if the complaint has merit.
- Any Safeguard employee that receives a consumer complaints should forward to the appropriate customer service function.
- The CFPB requires Safeguard and our clients to implement a compliance management system, including complete documentation of all policies and procedures.
- Safeguard provides consumer complaint reporting to its clients.
Examples of Consumer Complaints

Definition of Consumer Complaint: A complaint regarding in-scope services Safeguard did or should have provided.

All of these examples would need to be tracked and reported to our clients

• Mortgagor calls into Customer Service and alleges that a Safeguard vendor stole their personal property.

• Neighbor of a property serviced by Safeguard sends an e-mail to Vendor Management indicating that the grass is overgrown at the property.

• Neighbor of a property serviced by Safeguard calls a Team Lead in Hazard Claims to indicate that vandalism has occurred at the property.

• Mortgagor e-mails Alan Jaffa indicating that the mortgagor has been improperly locked out of his home.
Overview of the False Claims Act

The False Claims Act is a federal law that assesses liability on individuals or companies who knowingly submit to the government false claims or billings (for example, government contractors).

The Act establishes liability when any person or entity improperly receives from or avoids payment to the Federal government. The Act prohibits:

- Knowingly presenting, or causing to be presented a false claim for payment or approval;
- Knowingly making, using, or causing to be made or used, a false record or statement material to a false or fraudulent claim;
- Knowingly buying Government property from an unauthorized officer of the Government, and;
- Knowingly making, using, or causing to be made or used a false record to avoid, or decrease an obligation to pay or transmit property to the Government.
False Claims Act

What the False Claims Act means to you and to Safeguard

• Submitting incorrect or intentionally misleading information to a client which may be used to obtain reimbursement from any government agency or sponsored entity (e.g., Fannie Mae, Freddie Mac, HUD, VA) may result in fines or criminal penalties.

• Never submit work order results or reports that contain false information and if you have knowledge of any Safeguard employee, vendor or other representative making false claims, immediately report the incident to your supervisor, Human Resources, or the Safeguard Hotline at 855-271-2686.
Case Study

You have handled several calls from a vendor working on a property. The vendor is clearly confused about what they need to do and has been sent back out to the property twice. The work order is already late and the client has expressed concern. You know that by revising the vendor update, you can get the work updated and billed correctly, but the work has not yet been completed in accordance with investor guidelines.

Although you know that there is very little chance of the issues being detected by anyone else, you should make sure the work is completed correctly before being updated and billed. In addition to internal quality assurance reviews which may directly affect your performance and Safeguard’s relationship with its clients, there may be a chance of the deficiencies being noted by government agencies and the deficiencies may lead to future damage for which Safeguard is liable.
Gramm-Leach Bliley Act (GLBA)

Overview of GLBA

GLBA is a federal law that requires that all “financial” institutions communicate consumer privacy rights to its customers, and develop and effectively institute secure information security policies and procedures.

There are three major components for the collection, disclosure, and protection of a consumer's public or private information:

- **Financial Privacy Rule**: consumers must be provided with a formal document identifying how their public or non-public information will be shared with other parties such as credit agencies or other third parties;
- **Safeguards Rule**: requires a formal, documented information security policy and effective orchestration of consumer information protection; and
- **Pretexting Protection**: development and training to identify and protect against third party requests for confidential and unauthorized information.
Gramm-Leach Bliley Act (GLBA)

What GLBA means to you and to Safeguard Properties

• It is the responsibility of all Safeguard employees to make sure that all client records remain secure and confidential.
• Before releasing any information, make sure there is a genuine business purpose and the identity of the requester has been verified.
• Access to client records or information that is not necessary or could harm our clients is not acceptable.
• All Safeguard employees are required to comply with Safeguard’s Security Policies and must protect confidential information. The Security Policies are located: http://intranet.safeguardproperties.com/intranet/content/category/5/80/87/
• All employees, contractors/inspectors, and temps must sign confidentiality agreements.
• All employees must complete security awareness training.
Protecting Tenants at Foreclosure Act (PTFA)

Overview of the PTFA
The PTFA protects tenants from eviction on a “federally related mortgage loan” due to foreclosure on the properties they occupy through December 31, 2014.

What the PTFA means to you
• You may become aware of tenants occupying property when you are performing services. This information must be communicated to Safeguard.
• Tenants of a property that have a “bona fide” lease may be allowed to stay in the property until the end of their lease, with two exceptions:
  – When the property has been sold after foreclosure to a purchaser who will occupy the property as a primary residence;
  – When there is no lease or the lease is terminable “at-will” under state law.
• Safeguard will inform clients of any tenants present.
Protecting Tenants at Foreclosure Act (PTFA)

Case Study

A vendor submitted an update that said he spoke to the tenant of a property and the tenant, the property owner’s son, just entered into a verbal lease with the property owner last week. You know that the foreclosure sale happened this week.

Although the lease is probably not a “bona fide” lease, you should still make sure that update is sent to the client with the information about the tenant. Making sure the information is communicated to the client decreases the risk.
Servicemembers Civil Relief Act (SCRA)

Overview of the SCRA
The SCRA restricts foreclosures and rental evictions of service members and their dependents. The SCRA applies to all members of the United States military on active duty.

What the SCRA means to you
• You may become aware of property owners or tenants that are service members. You need to communicate this information to Safeguard so that we can inform our clients.

• Safeguard’s obligation is to report the information to the client. Only our clients can determine if the protection provided by SCRA applies for a specific property.
Overview of the FDCPA
The FDCPA is a federal act created to protect consumer rights by preventing abusive practices in the collection of consumer debts.

What the FDCPA means to you
• Never represent Safeguard as trying to collect any payments from the property owner.
• Do not make reference to collection activity or attempts to collect a debt.
• Refer all questions you receive from mortgagors related to bank fees, charges, payments, balances, mortgages / loan agreement and bank programs to Safeguard.
• Never make false, deceptive or misleading statements to the mortgagor.
Unfair Deceptive or Abusive Acts/Practice (UDAAP)

Overview of UDAAP
UDAAP prohibits material misrepresentations or omissions that affect choices made by consumers because such misrepresentations are likely to cause consumer harm.

What the UDAAP means to you
• Refer all questions related to bank fees, charges, payments, balances, mortgages / loan agreement and bank programs to Safeguard.
• Never make false, deceptive or misleading statements to the mortgagor.
• Never use information you receive as part of your work for Safeguard for personal gain.
• Never offer or accept bribes or kickbacks.
Summary

We are operating in a highly regulated environment. Please remember to:
• Report all consumer complaints
• Always provide accurate updates and invoices
• Never accept or offer bribes or kickbacks
• Report any form of fraud
• Keep relevant information secure and confidential
• Report properties occupied by military service members and their dependents
• Avoid any reference to debt collection activity

If you have any questions or are not clear on how these requirements apply to you, please contact Vendor Management.
Which act makes it a crime to submit misleading or false information in regards to a request for reimbursement from the federal government?
1) False Claims Act
2) Error Reduction Act
3) Servicemembers Civil Relief Act
4) Protecting Tenants at Foreclosure Act

Which act is intended to provides some level of relief for certain members of the military?
1) Fair and Accurate Credit Transactions Act
2) Error Reduction Act
3) Servicemembers Civil Relief Act
4) Protecting Tenants at Foreclosure Act

Which act might provide renters with a bona fide lease some protection from being evicted from a property?
1) Fair and Accurate Credit Transactions Act
2) Error Reduction Act
3) Servicemembers Civil Relief Act
4) Protecting Tenants at Foreclosure Act
Which of the following are not roles the CFPB plays in protecting consumers by carrying out federal consumer laws?
1) Write rules, supervise companies, and enforce federal consumer financial protection laws
2) Take consumer complaints
3) Enforcing laws related to prevention of cruelty to animals
4) Enforce laws that outlaw discrimination and other unfair treatment in consumer finance

Which act is related to protection of consumer confidentiality and privacy?
1) Protecting Tenants at Foreclosure Act
2) Error Reduction Act
3) Gramm-Leach Bliley Act
4) Servicemembers Civil Relief Act

When is it appropriate to provide false or misleading information on a work order?
1) Only when requested by the client to ensure work is completed timely
2) When you can justify your action by increased compensation to the company
3) Never
4) When you are given a bribe by a vendor.
True or false: We never need to worry about SCRA because we are not a bank.

True or false: The existence of a “bona fide” lease guarantees the tenant will be allowed to stay in a property indefinitely.

The Consumer Financial _____________ Bureau (CFPB) requires us to monitor customer complaints and implement a compliance management system, including documenting policies and procedures.

1) Prohibition
2) Modernization
3) Reduction
4) Protection

UDAAP stands for:
1) Unfair, Deceptive, and Abrasive Acts or Practices
2) Unfair, Deceptive, and Abusive Acts or Practices
3) Unnecessary, Decrepit, and Abusive Acts or Practices
4) Who cares…it doesn’t apply to us.