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PARTNERS IN EDUCATION

**Three P's of Sensitivity:
Proact, Prevent, Protect
#62836**

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**Georgia Association of REALTORS®, GREC School #271
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To receive continuing education (CE) credit for this in-classroom course, the student must:

- ✓ be on time
- ✓ sign in with the course facilitator before the course begins
- ✓ be present in the course during all instruction periods
- ✓ return a completed evaluation to facilitator at the end of course
- ✓ not have taken this course for continuing education credit within the past 366 days.

There is no make-up session for this course.

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Three P'S of Sensitivity: Proact, Prevent, Protect

Joi Bostic
GAR-PIE Approved Instructor

Objectives

- Students will:
 - Be aware of how real estate professional are liable in identity theft
 - Identify at least 3 safe options in real estate transaction completion
 - Identify at least 4 proper ways of maintaining private information
 - Identify at least 3 methods of disposing private information
 - Become aware of state and federal laws and code of ethics governing identity theft
 - Know the 5 elements of a security plan

State of Current Affairs

- Parties
 - The New Tenant
 - The New Landlord
 - The Short Sale Lender
- New Business Model

Identity Theft

- What is it?
- How is it committed?
- What laws govern it?
- What are the consequences?

Identity Theft

- The fraudulent acquisition and use of a person's private identifying information, usually for financial gain.

Federal: Identity Theft Statutes

- Identity Theft and Assumption Deterrence Act of 1998
- Identity Theft Penalty Enhancement Act
- The Fair and Accurate Credit Transactions Act of 2003

Federal: False Identification Statutes

- False Identification Crime Control Act of 1982
- Internet False Identification Act of 2000

Federal: Privacy and Use of Personal Data Statutes

- Privacy Act of 1971
- Drivers Privacy Protection Act of 1994
- Health Insurance Portability and Accountability Act of 1996 (HIPAA)
- Gramm-Leach-Bliley Act of 1999
- Social Security Number Confidentiality Act of 2000

State Statutes

Georgia Senate Bill 475 - 2002

Georgia - one of the most aggressive states

Recognition of victims - no financial loss

Disposal requirements

Who is affected?

Applies to nearly all businesses in Georgia

NAR's Guides -
<http://www.realtor.org/realtororg.nsf/pages/securityguides>

Code of Ethics

- “REALTORS® shall not knowingly use the confidential information of clients for the REALTORS’® advantage or the advantage of third parties.”
- Confidential vs. Secret

Confidential or Secret?

- Compensation terms
- Pass codes to lockboxes
- Buyer’s purchasing interests
- Social security number
- Buyer’s name
- Interior pictures
- Client contact information
- Seller’s reason for selling
- Credit information

Private Identifying Information

- Identity Theft and Assumption Deterrence Act of 1998
 - Social security number
 - Date of birth
 - Driver's license or state ID number
 - Alien registration number
 - Government passport number
 - Employer
 - Taxpayer identification number

Actual Cases - Identity Theft Exposure

Randall Mortgage Services Inc v. State of Ohio

- Randall Mortgage Services Inc. and its owner and president, Robert Shepherd, sued by Ohio
- Allegedly abandoning customers' loan and personal financial information

'We need to protect our personal information to prevent identity theft,' said Attorney General Marc Dann. **'Businesses that collect our personal information are responsible for protecting it just like they would protect their own information. It must be properly maintained, so that no one else will gain access to it. If they don't, we will hold them accountable.'**

Actual Cases – Identity Theft

- **Fort Worth, Texas – 2007**
- Billy Coats, 50, received up to 25 years in prison for identity theft
- He stole identities from more than 50 different people
- Device to unlock car doors and trunks so he could steal purses left inside

Actual Cases – Identity Theft

- **KAHLE v. LITTON LOAN SERVICING, LP**
- 2005 computer equipment stolen from the Litton Atlanta office
- ADT alarm system notified police and a designated Litton contact
- Six unmarked hard drives taken, four of which contained personal information of 229,501 former customers of Provident Bank
- Four weeks later, Litton notified each person
- Litton’s security measures in place

Proact

- Plan Ahead
- Educate the Parties
 - Security Deposits
 - Rental Application
 - Credit/Background/Criminal Check

Online Resources

Used by Landlord and Tenant

- <https://www.mysmartmove.com/>
- <https://www.youcheckcredit.com/index.html>
- <http://www.landlord2landlord.com/>
- <http://www.advantagetenant.com/>
- <http://www.ntnonline.com/>

Prevent

- Lease Agreement
- Disclosure Considerations
- Collection and Disposal of Information
- Property Management

Sample Tracking Form

| Date Received | Information Description | Date Disposed | Disposal Method |
|---------------|-------------------------|---------------|-----------------------|
| 8/1/2011 | 2010 Tax Return | 8/4/2011 | Shred |
| 8/4/2011 | 2010 Tax Return - Scan | 12/14/2011 | Deletion |
| 9/12/2011 | Rental Application | 9/15/2011 | Returned to Tenant |
| 9/16/2011 | Credit Check | 9/20/2011 | Forwarded to Landlord |

Encrypt Information

- How to Encrypt Documents with EFS on Your Vista Computer
http://safecomputing.umich.edu/tools/download/securityshorts_encrypt_docs_VISTA.pdf
- Five Best Free Encryption Tools
<http://www.youtube.com/watch?v=VcRPbDQ-mEY&feature=related>

Georgia Senate Bill 475 Section 10-15-2

"A business may not discard a record containing personal information unless it:

- (1) Shreds the customer's record before discarding the record;*
- (2) Erases the personal information contained in the customer's record before discarding the record;*
- (3) Modifies the customer's record to make the personal information unreadable before discarding the record; or*
- (4) Takes actions that it reasonably believes will ensure that no unauthorized person will have access to the personal information contained in the customer's record for the period between the record's disposal and the record's destruction."*

Protect

- Federal and State Laws

- REALTOR® Code of Ethics



- Electronic Tutorial
- <http://www.ftc.gov/bcp/edu/multimedia/interactive/infosecurity/index.html>
- Booklet
- http://business.ftc.gov/sites/default/files/pdf/bus69-Protecting-Personal-Information-guide-business_0.pdf



<http://business.ftc.gov/sites/default/files/pdf/us43-copier-data-security.pdf>

Principle 1: Take Stock

- Inventory
- Know how information is gathered, shared and distributed
- Different types of information and security levels

Principle 2: Scale Down

- Required and lawful purposes
- Business need
- Kept information needs a written plan of handling

Principle 3: Lock It

- Secure paper, flash drives, CD's, storage drives
- Behind locks
- Access issues
- Review vulnerability of computer systems

Principle 4: Pitch It

- Implement disposal practices
- Different practices for paper and electronic
- Work from home staff policies

Principle 5: Plan Ahead

- Respond to security incidents
- Actions if computer system compromised
- Investigate immediately
- Notification

Compliance with Georgia Law

- *Adopt best-practices for handling their customers' information*

- *Train all of their employees*

Sample Letter – SSN Compromise

Dear _____:

We are contacting you about a potential problem involving identity theft. (Describe the information compromise including how it happened, what information was taken, and, if you know, how the information has been used as well as how you are responding to it.)

We recommend that you place a fraud alert on your credit file. A fraud alert tells creditors to contact you before they open any new accounts or change your existing accounts. Call any one of the three major credit bureaus. As soon as one credit bureau confirms your fraud alert, the others are notified to place fraud alerts. All three credit reports will be sent to you, free of charge, for your review.

| | | |
|-------------------------|--------------------------|---------------------------------|
| Equifax 800-685-1111 | Experian 888-397-3742 | TransUnion Corp 800-680-7289 |
|-------------------------|--------------------------|---------------------------------|

Even if you do not find any suspicious activity on your initial credit reports, the Federal Trade Commission (FTC) recommends that you check your credit reports periodically. Victim information sometimes is held for use or shared among a group of thieves at different times. Checking your credit reports periodically can help you spot problems and address them quickly.

If you find suspicious activity on your credit reports or have reason to believe your information is being misused, call (insert contact information for law enforcement) and file a police report. Get a copy of the report, many creditors want the information it contains to absolve you of the fraudulent debts. The case number for the breach is (provide if known). You also should file a complaint with the FTC at www.ftc.gov/idtheft or at 1-877-ID-THIEF 1 (877-438-4338). Your complaint will be added to the FTC's Identity Theft Data Clearinghouse, where it will be accessible to law enforcers for their investigations.

Sincerely,

Punishment in Georgia

Financial identity theft

“Imprisonment for not less than one nor more than 10 years or a fine not to exceed \$100,000, or both for first offense. Punishable by imprisonment for not less than three nor more than 15 years, a fine not to exceed \$250,000, or both for subsequent offenses.”

Punishment in Georgia

Penalties for non-compliance with Section 10-15-2 are contained in Section 10-15-4:

"A business that violates Code Section 10-15-2 may be fined by the administrator appointed pursuant to Code Section 10-1-395 not more than \$500.00 for each customer's record that contains personal information that is wrongfully disposed of or discarded; provided, however, in no event shall the total fine levied by the administrator exceed \$10,000.00. Notwithstanding anything to the contrary contained in this Code section, it shall be an affirmative defense to the wrongful disposing of or discarding of a customer's record that contains personal information if the business can show that it used due diligence in its attempt to properly dispose of or discard such records."

Spot the Violation

1 – Lenny receives a completed rental application by fax. He places it in a closed file folder on his desk. A few minutes later Lenny goes to the restroom.

Spot the Violation

2 - Marcus has rental application and credit reports on tenants in the trunk of his car. When he goes home, the files are left in his trunk and the car is locked with the alarm set. Lori, Marcus' wife, greets him at the door.

Spot the Violation

3 – A lease agreement is drawn up. The box is checked that the rental application is a part of the agreement. Trying to protect the privacy of the tenant, Jason shreds the rental application and stores the remainder of the file.

Spot the Violation

4 – In an effort to reduce paper, Patricia scans the information submitted by the seller in a short sale which includes tax returns and pay stubs. She saves the documents as PDF's on a flash drive.

Spot the Violation

5 – Susan has a credit check report on a prospective tenant in a folder on her desk. She needs to use the restroom so she takes the folder with her. With no where else to put the file, Susan places it on the floor in the stall.

Spot the Violation

6 – Rachel receives the rental application via email from the tenant applicant. She has clearly explained to the Landlord that she does not make the decision about tenancy. So she forwards the application to the Landlord’s email address.

RECAP

- Identity Theft
- Federal and State Laws
- Code of Ethics
- Proact
- Prevent
- Protect

- Questions???

Georgia Association REALTORS® - Partners in Education

Student Course / Instructor Evaluation

Course Name _____

Instructor _____

Date _____

PLEASE FILL IN THE BUBBLES COMPLETELY SO ANSWERS ARE SCANABLE.

Please do NOT use check marks, x's or any other type of mark.

The instructor encouraged my participation through questions and answers or exercises.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

The instructor presented ideas clearly and made the subject matter interesting.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

The use of the outline / handouts for study and / or reference was helpful.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

The topic is relevant / helpful to my real estate activities.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

I would want this instructor back.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

Additional Comments:

Thank you for your input. (Revised 5-2017)