



## **NEW YORK STATE MORTGAGE BROKER WHISTLEBLOWER PROTECTION POLICY**

### **I. INTRODUCTION**

A whistleblower may be any person who has an opportunity to observe improper conduct at a company and includes employees, former employees, agents, consultants, vendors, outside counsel, customers or owners. As whistleblowers risk retaliation when making reports of illegal or fraudulent activity, numerous federal and state statutes provide various protections to whistleblowers. Specifically, under federal law, workers in the consumer financial product and service industries are protected from retaliation for reporting violations of the Consumer Financial Protection Act of 2010 (“CFPA”) or any other provision of law that is subject to the jurisdiction of the Consumer Financial Protection Bureau (“CFPB”). This means that employers are prohibited from taking “adverse action” against their workers for reporting a violation of law. Adverse action may include, but is not limited to, firing, laying off, reducing pay or hours, denying a promotion or overtime hours, reassigning, denying benefits, intimidating, disciplining or making threats.

The New York State Department of Financial Services (“DFS”) issued guidance on whistleblowing programs to all institutions regulated by the DFS on January 7, 2019. The DFS’s guidance can be found at [https://www.dfs.ny.gov/system/files/documents/2019/02/whistleblower\\_guidance.pdf](https://www.dfs.ny.gov/system/files/documents/2019/02/whistleblower_guidance.pdf). The guidance is applicable to all regulated entities regardless of industry, size, or number of employees.

VALLEY MORTGAGE COMPANY, INC. (the “Company”) specifically designed this Whistleblower Protection Policy (the “Policy”) to document its whistleblower program, its anti-retaliation standards and to encourage its personnel to come forward with any and all credible information on illegal practices or violations to Company policies and procedures and/or federal and/or state rules and regulations. This Policy, among other things, describes how the Company protects such individuals from retaliation and identifies how and to whom such improper activity should be reported.

## II. DEFINITIONS

**Whistleblower** – any person who has an opportunity to observe improper conduct at a company, including current or former employees, agents, consultants, vendors, outside counsel, customers, or owners.

**Whistleblowing** – the reporting of information or concerns, by one or more individuals or entities, that are reasonably believed by such individual(s) or entity(s) to constitute illegality, fraud, unfair or unethical conduct, mismanagement, abuse of power, unsafe or dangerous activity, or other wrongful conduct, including, but not limited to, any conduct that may affect the safety, soundness, or reputation of the Company

**Employee Protection** – in general, the Company shall not terminate or in any other way discriminate against an employee by reason of the fact that such employee, whether at the initiative of the employee or in the ordinary course of the duties of the employee (or any person acting pursuant to a request of the employee) has provided, caused to be provided, or is about to provide information to the Company, or any state, local, or federal government authority or law enforcement agency relating to any violation, or any act or omission that the employee reasonably believes to be a violation; or the employee objected to or refused to participate in, any activity or practice that the employee or other such person reasonably believed to be in violation of any law, rule, order, standard, or prohibition, subject to the jurisdiction of, or enforceable by any state, local, or federal government authority.

## III. IMPLEMENTATION

The Company encourages its employees and others to report suspicious and/or illegal activity or other concerns regarding the Company's operations, including other employees' behavior, internally so that it can address and correct any inappropriate conduct and/or actions. All employees have a duty to report concerns about violations of Company policies and procedures, as well as federal and state rules and regulations. Employees must exercise sound judgment to avoid baseless allegations. Retaliation against an individual who, in good faith, reports a perceived violation is strictly prohibited. Acting "in good faith" means the individual has reasonable grounds for believing the information disclosed indicates a violation. An employee who retaliates against someone who has reported a violation in good faith will be subject to discipline up to and including termination of employment. Any allegations that prove not to be substantiated and/or prove to have been made maliciously or with knowledge that they were false will also result in disciplinary measures up to and including termination of employment. The Company prominently posts a copy of this Policy on its website for both personnel and

customers to view. This helps ensure that potential Whistleblowers are not discouraged from coming forward.

#### **A. Dedicated Reporting Channel**

The Company maintains a dedicated reporting channel for employees, customers, and other stakeholders. The dedicated reporting channel is located in the “Contact Us” section of the Company webpage, located at [www.valleymortgage.com](http://www.valleymortgage.com). The dedicated reporting channel is [rapport@valleymortgage.com](mailto:rapport@valleymortgage.com). The reporting channel is well publicized to both employees and customers and is displayed prominently for employees and customers to view.

#### **B. Anonymity**

The Company’s Whistleblower Program takes the appropriate measures to safeguard a Whistleblower’s identity. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation and in order to comply with the law. The confidentiality shall include the protection of the Whistleblower’s identity, as well as the scope of the investigation in progress. Information will be released on a strictly “need to know” basis.

#### **C. Conflicts of Interest**

The Company ensures that all potential conflicts of interest are identified and minimized in its Whistleblower complaint handling process, to the extent applicable with regard to the Company’s size and number of employees. Such conflicts may be a result of many situations such as complaints against management involved in the oversight of Whistleblower complaints.

#### **D. Documented Investigation and Escalation Procedures**

The Company’s President manages the dedicated reporting channel. The President is independent and properly trained to handle investigations and escalations appropriately. The Company established procedures for investigating allegations of wrongdoing, including follow-up procedures. The President investigates and evaluates all complaints received in a consistent manner. The Company maintains confidential auditable records of any Whistleblower complaints, including the investigation, follow up, and the action taken in response to each complaint.

#### **E. Proper Oversight**

Management takes the appropriate actions to implement adequate oversight of its Whistleblower Program. This includes oversight of the complaint evaluation to identify

when apparently independent reports may in fact be separate pieces of evidence of the same alleged wrongdoing, which should be the subject of a single comprehensive investigation.

#### **F. Culture of Support**

The Company maintains a culture of support for its Whistleblowing function. The Company trains all employees on its Whistleblower program thereby ensuring Whistleblowers have the confidence to report unlawful activities without fear of retaliation, confidence that the complaint will be heard and given due consideration, confidence that the investigation of the complaint will be objective, and confidence that the complaint will remain confidential.

#### **IV. TRAINING**

The Company trains its employees annually with regard to this Whistleblower Protection Policy. Specifically, the Company trains its employees to identify issues that they may be made aware of through information learned from informal conversations. Managers and/or supervisors are adequately trained to receive whistleblowing complaints and to determine the appropriate course of action (i.e. escalation to the Company's President for evaluation and investigation).

#### **V. ANTI-RETALIATION/PROHIBITION OF ADVERSE ACTION**

The Company prohibits taking adverse action against its personnel for reporting a violation of law. Adverse action may include, but is not limited to, firing, laying off, reducing pay or hours, denying a promotion or overtime hours, reassigning, denying benefits, intimidating, disciplining or making threats. The Company assures its employees that they are protected from any form of adverse action or retaliation, and that to the extent possible under state and/or federal laws, their anonymity will be protected if they choose to report anonymously.

#### **VI. CONCLUSION & ADOPTION**

This is the Policy of VALLEY MORTGAGE COMPANY, INC. All employees must conduct themselves in compliance with this Policy and any guidance or procedures instituted to further this Policy. The Company requires its personnel to be vigilant to ensure that this Policy and the law is complied with and that any suggestions of wrongdoing or violations of Company policies and procedures are immediately reported and investigated as indicated herein.

This Policy was last reviewed by Seth Rapport, the Company's President, on March 27.  
This Policy is reviewed annually.

This Whistleblower Protection Policy is adopted and made effective as of the date set forth below.

**VALLEY MORTGAGE COMPANY, INC.**

Signature: *Seth Rapport*

Name: SETH RAPPORT

Date: March 27, 2019