

TITLE INSURANCE AND SETTLEMENT COMPANY BEST PRACTICES
ALTA TITLE INSURANCE AND SETTLEMENT COMPANY BEST PRACTICES
Version 2.0
Published July 19, 2013

as adopted and implemented by

Professional Title Agency, Inc.
dba



A Member of The First American Family of Companies (NYSE: FAF)

Hamilton, Ohio

Professional Title Agency, Inc.
dba ACS Title & Closing Services
Best Practices Manual

This Best Practices Manual has been developed by Professional Title Agency, Inc. dba ACS Title & Closing Services, in accordance with the guidelines set forth by the American Land Title Association and in compliance with both the Gramm-Leach-Bliley Act and the Consumer Protection Bureau established under the Dodd-Frank Act. The goal of this manual is to outline the policies and procedures set forth by ACS Title & Closing Services in its commitment to protect the security of the consumers and continue to provide professional quality service to our clients.

ALTA Mission Statement

- ALTA seeks to guide its membership on best practices to protect consumers, promote quality service, provide for ongoing employee training, and meet legal and market requirements. These practices are voluntary and designed to help members illustrate to consumers and clients the industry's professionalism and best practices to help ensure a positive and compliant real estate settlement experience. These best practices are not intended to encompass all aspects of title or settlement company activity.
- ALTA is publishing these best practices for the mortgage lending and real estate settlement industry. ALTA accepts comments from stakeholders as the Association seeks to continually improve these best practices. A formal committee of ALTA members regularly reviews and makes improvements to these best practices, seeking comment on each revision.

Definitions

Background Check: A background check is the process of compiling and reviewing both confidential and public employment, address, and criminal records of an individual or an organization. Background checks may be limited in geographic scope. This provision and use of these reports are subject to the limitations of federal and state law.

Company: The entity implementing these best practices.

Escrow: A transaction in which an impartial third party acts in a fiduciary capacity for the seller, buyer, borrower, or lender in performing the closing for a real estate transaction according to local practice and custom. The escrow holders have fiduciary responsibility for prudent processing, safeguarding and accounting for funds and documents entrusted to them.

Escrow Trust Account: An account to hold funds in trust for third parties, including parties to a real estate transaction. These funds are held subject to a fiduciary capacity as established by written instructions.

Federally Insured Financial Institutions: A financial institution that has its deposits insured by an instrumentality of the federal government, including the Federal Deposit Insurance Corporation (FDIC) and National Credit Union Administration (NCUA).

Professional Title Agency, Inc.
dba ACS Title & Closing Services
Best Practices Manual

Licenses: Title Agent or Producer License or registration, or any other business licensing requirement as required by state law, or a license to practice law, where applicable.

Non-public Personal Information: Personally identifiable data such as information provided by a customer on a form or application, information about a customer's transactions, or any other information about a customer which is otherwise unavailable to the general public. NPI includes first name or first initial and last name coupled with any of the following: Social Security Number, driver's license number, state-issued ID number, credit card number, debit card number, or other financial account numbers.

Positive Pay or Reverse Positive Pay: Any system by which the authenticity of a check is determined before payment is made by the financial institution against which the check is written.

Settlement: In some areas called a "closing." The process of completing a real estate transaction in accordance with written instructions during which deeds, mortgages, leases and other required instruments are executed and/or delivered, an accounting between the parties is made, the funds are disbursed and the appropriate documents are recorded.

Trial Balance: A list of all open individual escrow ledger record balances at the end of the reconciliation period.

Three-Way Reconciliation: A three-way reconciliation is a method for discovering shortages (intentional or otherwise), charges that must be reimbursed or any type of errors or omissions that must be corrected in relation to an Escrow Trust Account. This requires the escrow trial balance, the book balance and the reconciled bank balance to be compared. If all three parts do not agree, the difference shall be investigated and corrected.

Professional Title Agency, Inc.
dba ACS Title & Closing Services
Best Practices Manual

Overview of ALTA Best Practices

- 1. Best Practice: Establish and maintain current License(s) as required to conduct the business of title insurance and settlement services.**

Purpose: Maintaining state mandated insurance licenses and corporate registrations (as applicable) helps ensure the Company remains in good standing with the state.

- 2. Best Practice: Adopt and maintain appropriate written procedures and controls for Escrow Trust Accounts allowing for electronic verification of reconciliation.**

Purpose: Appropriate and effective escrow controls and staff training help title and settlement companies meet client and legal requirements for the safeguarding of client funds. These procedures help ensure accuracy and minimize the exposure to loss of client funds. Settlement companies may engage outside contractors to conduct segregation of trust accounting duties.

- 3. Best Practice: Adopt and maintain a written privacy and information security program to protect Non-public Personal Information as required by local, state and federal law.**

Purpose: Federal and state laws (including the Gramm-Leach-Bliley Act) require title companies to develop a written information security program that describes the procedures they employ to protect Non-public Personal Information. The program must be appropriate to the Company's size and complexity, the nature and scope of the Company's activities, and the sensitivity of the customer information the Company handles. A Company evaluates and adjusts its program in light of relevant circumstances, including changes in the Company's business or operations, or the results of security testing and monitoring.

- 4. Best Practice: Adopt standard real estate settlement procedures and policies that help ensure compliance with Federal and State Consumer Financial Laws as applicable to the Settlement process.**

Purpose: Adopting appropriate policies and conducting ongoing employee training helps ensure the Company can meet state, federal, and contractual obligations governing the Settlement.

- 5. Best Practice: Adopt and maintain written procedures related to title policy production, delivery, reporting and premium remittance.**

Purpose: Adopting appropriate procedures for the production, delivery, and remittance of title insurance policies helps ensure title companies can meet their legal and contractual obligations.

- 6. Best Practice: Maintain appropriate professional liability insurance and fidelity coverage.**

Purpose: Appropriate levels of professional liability insurance or errors and omissions insurance help ensure title agencies and settlement companies maintain the financial capacity to stand behind their professional services. In addition, state law and title insurance underwriting agreements may require a company to maintain professional liability insurance or errors and omissions insurance, fidelity coverage or surety bonds.

- 7. Best Practice: Adopt and maintain written procedures for resolving consumer complaints.**

Purpose: A process for receiving and addressing consumer complaints helps ensure reported instances of poor service or non-compliance do not go undiscovered.

**Professional Title Agency, Inc.
dba ACS Title & Closing Services
Best Practices Manual**

Best Practices One – Licensing

Purpose: Maintaining state mandated insurance licenses and corporate registrations (as applicable) helps ensure the Company remains in good standing with the state.

ACS Title & Closing Services establishes and maintains current License(s) as required to conduct the business of title insurance and settlement services.

ACS Title & Closing Services, which is affiliated with Millikin & Fitton Law Firm, has three attorneys who are licensed to practice law in the State of Ohio that manage the Company, oversee the daily operations and handle title examinations and closings.

Procedures to meet this best practice are as follows:

Establish and maintain applicable business License(s).

Establish and maintain compliance with Licensing, registration, or similar requirements with the applicable state regulatory department or agency.

Establish and maintain appropriate compliance with ALTA's Policy Forms Licensing requirement.

Copies of all License(s) are maintained on file.

All licenses and any requirements to maintain those licenses such as continuing education requirements and Department of Insurance Annual Agency Review Audits are diaried in a calendar monitored by Company's Attorney Managers and Office Manager for timely completion.

Professional Title Agency, Inc.
dba ACS Title & Closing Services
Best Practices Manual

Best Practices Two - Escrow Account Controls

Purpose: Appropriate and effective escrow controls and staff training help title and settlement companies meet client and legal requirements for the safeguarding of client funds. These procedures help ensure accuracy and minimize the exposure to loss of client funds. Settlement companies may engage outside contractors to conduct segregation of trust accounting duties.

ACS Title & Closing Services adopts and maintains written procedures and controls for Escrow Trust Accounts. Procedures to meet this best practice are as follows:

Separate accounts for all closing and escrow funds are maintained at Key Bank and Union Savings Bank. Note: Only closings involving Union Savings Bank loans utilize the escrow account at Union Savings Bank. All other closings are processed through the escrow account at Key Bank. Funds are not intermingled with the Company's operating account or an employee or manager's personal account. All funds are properly identified. Unless directed by the beneficial owner, Escrow Trust Accounts are maintained in Federally Insured Financial Institutions. Only authorized owners of the Company are authorized to open and/or close Escrow Accounts.

Escrow Accounts are properly identified. Accounts are identified as "escrow" accounts. Appropriate identification appears on all account-related documentation including bank statements, bank agreements, disbursement checks and deposit tickets. Different color checks are used for each escrow account. If available, Positive Pay or Reverse Positive Pay, are utilized. Automated Clearing House blocks and international wire blocks are utilized.

Checks presented for deposit are hand delivered to the bank on a daily basis. File identification is noted on all deposits made into the escrow account(s). Disbursements also include file identification information. A photocopy of deposit check, deposit receipt, incoming wire and/or funding numbers is located in the escrow file.

ACS Title & Closing Services only accepts "good funds" as defined by the State of Ohio and does not disburse until funds are available in the appropriate escrow account.

Check disbursement functions and other modes of funds disbursements are conducted by authorized employees only, which have been defined as authorized to the banks. Appropriate authorization levels are set by the Company and reviewed periodically. Segregated duties are in place for creating and approving outgoing wires.

Transactions are conducted by authorized employees only. Only those employees whose authority has been defined to authorize bank transactions may do so. Appropriate authorization levels are set by the Company and reviewed for updates annually. Former employees are immediately deleted as listed signatories on all bank accounts.

Professional Title Agency, Inc.
dba ACS Title & Closing Services
Best Practices Manual

On a daily basis, the prior day's deposit activity is reconciled with the receipts or deposits recorded in the Escrow Trust account records. Results are available for review by management.

On at least a monthly basis, Escrow Trust Accounts are prepared with Trial Balances ("Three-Way Reconciliation"), listing all open escrow balances. On at least a monthly basis, Three-Way Reconciliation is performed reconciling the bank statement, book balance and Trial Balances. The Three-Way Reconciliation is done on a monthly basis within 10 business days of the receipt of the escrow account bank statement. This Reconciliation compares the banks listing of checks, withdrawals, wires, etc. with our accounting system listing of those items. We also compare bank statements, ledger and trial balances. Outstanding file balances are documented monthly. Adjustments to be made, if applicable, are properly recorded. Deposits in transit listed on the reconciliation reports that are older than five (5) days are researched and resolved. All incoming wires that are listed as deposits in the transit list that are older than 2 days are also researched and resolved.

The list of outstanding checks is reviewed each month. Payoff checks that are outstanding for more than ten (10) days after issuance are researched and resolved. Checks issued for recording, taxes or insurance that are outstanding longer than thirty (30) days after issuance are researched and resolved. Checks for underwriter premium payments that are outstanding longer than sixty (60) days after issuance are researched. File balances are reviewed monthly. Management must approve all transfers involving dormant or inactive accounts such as files with no activity for more than 180 days.

Shortages revealed during the reconciliation process are researched and are funded immediately pursuant to Company procedures.

Results of the monthly reconciliation are reviewed by management in the same month. This review includes the Three-Way Reconciliation Report, Receipts and Disbursements Report, Outstanding Receipts and Disbursements Report, Voided Check Report and Multiple Balance Report which includes a list of files with balances. Reconciliations and related reports are made available to the Company's contracted underwriter(s), upon request.

Segregation of duties is in place to help ensure the reliability of the reconciliation and reconciliations are conducted by someone other than those with signing authority.

Background Checks are completed in the hiring process and every three years going forward for all employees of Professional Title Agency, Inc., dba ACS Title & Closing Services.

Employees are trained in the proper management of funds and escrow accounting and updated training is provided as applicable.

The Company's check supply is secured in a locked file drawer/cabinet and is only accessible by authorized individuals.

Professional Title Agency, Inc.
dba ACS Title & Closing Services
Best Practices Manual

Final prepared HUD-1 Settlement Statements are accurate and final at closing, and said statements are in agreement with that file's ledger disbursement report. Supporting documentation exists for all HUD disbursements including payoffs.

For short sales, all files contain the "Short Sale Final Approval Letter".

Title fees do not vary from filed or promulgated rates.

Seller proceeds are only disbursed to owners of record or to a person whom the owner(s) of record have directed in writing.

For all mortgage loans, a written notice directing the lender to terminate the account and cancel the mortgage is sent with payoff (not just to Home Equity Lines of Credit (HELOC), noted on a Title Opinion or Schedule B-1 of the Title Commitment).

IRS reporting requirements are met including completion of 1099-2 or 1099-S forms.

Professional Title Agency, Inc.
dba ACS Title & Closing Services
Best Practices Manual

Best Practices Three - Protecting Non-public Personal Information (“NPP”)”))

Purpose: Federal and state laws (including the Gramm-Leach-Bliley Act) require title companies to develop a written information security program that describes the procedures they employ to protect Non-public Personal Information. The program must be appropriate to the Company’s size and complexity, the nature and scope of the Company’s activities, and the sensitivity of the customer information the Company handles. A Company evaluates and adjusts its program in light of relevant circumstances, including changes in the Company’s business or operations, or the results of security testing and monitoring.

ACS Title & Closing Services adopts and maintains a written privacy and information security program to protect Non-public Personal Information as required by local, state and federal law. A copy of the policy is given to all parties to a settlement and a copy initialed by all parties is kept in the file. ACS Title & Closing Services has taken measures to guard against the unauthorized or unlawful processing of personal data and against accidental loss, destruction or damage. ACS Title & Closing Services will revise the processes in place to protect Non-public Personal Information as necessary. Procedures to meet this best practice:

Non-public Personal Information is physically secured. Access to Non-public Personal Information is restricted to authorized employees who have undergone Background Checks at hiring. Personal data is collected only for the purpose specified. Access to data, whether current or archived, is provided to those individuals who, in the course of performing their responsibilities and functions, must use the specified data.

In an effort to protect Non-public Personal Information, ACS Title & Closing Services has implemented a “clean desk” policy for all employee workstations not in an enclosed office. Non-public Personal Information is to be protected and secured at all times. Employees will secure Non-public Personal Information whenever leaving his/her workstation for an extended period of time. Files are stored in a location that is only accessible by authorized individuals.

The use of removable media is prohibited. Data is not removed from the office, except when contained on/within appropriately secured data transmission methods. Data is protected with appropriate technical and organizational measures to minimize the risk of unauthorized or unlawful processing and against accidental loss or destruction or damage to personal data.

Network security of Non-public Personal Information procedures include:

Maintaining and securing access to Company information technology. Password protection on computers and servers are utilized. All staff is trained on security systems and procedures. The ability to add, delete or modify users is limited to system administrators. Integrated Networks Systems, Ltd (hereinafter “INS”), the Company’s IT Support and Security provider, maintains and protects the Company’s network, secure network connections, and computer programs. INS advised the Company of updated advances in technology as new advances become available.

**Professional Title Agency, Inc.
dba ACS Title & Closing Services
Best Practices Manual**

Guidelines for the appropriate use of Company information technology have been established. Secure processes are in place for the collection and transmission of Non-public Personal Information. Employees are instructed on the proper use of electronic communication. All communication and information transmitted by, received from or stored in the systems are the property of ACS Title & Closing Services and are intended to be used for job-related purposes only.

On a going forward basis, encrypted emails are used for all communications that are deemed Non-public Personal Information.

Disposal of Non-public Personal Information

Federal law requires companies that possess Non-public Personal Information for a business purpose to dispose of such information properly in a manner that protects against unauthorized access to or use of the information. Non-public Personal Information is disposed of on site by a secured shredding company.

Disaster Management Plan

Daily backups of Company data are securely stored at an off-site location in case of a catastrophic system loss. Data is encrypted and secured. In the event of a disaster, ACS Title & Closing Services will notify INS that such an event has occurred. INS will work with management to determine what steps need to be followed to retrieve data and restore business operations.

Oversight of service providers to help ensure compliance with a Company's information security program.

ACS Title & Closing Services takes reasonable steps to select and retain service providers that are capable of appropriately safeguarding Non-public Personal Information.

Audit and oversight procedures to help ensure compliance with Company's information security program.

ACS Title & Closing Services reviews their privacy and information security procedures to detect the potential for improper disclosure of confidential information. Security breaches, should they occur, are investigated immediately. Customers, if applicable and the proper law enforcement are notified.

Professional Title Agency, Inc.
dba ACS Title & Closing Services
Best Practices Manual

Best Practices Four - Settlement Statement Policies and Procedures

Purpose: Adopting appropriate policies and conducting ongoing employee training helps ensure the Company can meet state, federal, and contractual obligations governing the Settlement.

ACS Title & Closing Services adopts and maintains standard real estate settlement procedures and policies that ensure compliance with Federal and State Consumer Financial Laws, as applicable. Procedures to meet this best practice are as follows:

Instructions and Contract Documents

Company acknowledges that Lenders expect full disclosure of all receipts and disbursements in accordance with their written instructions. All sets of closing instructions are collected and reviewed prior to closing by the processor handling the file. If changes are made to the closing instructions we require in writing from all parties consent to the changes made prior to closing. The closing is performed in accordance to all instructions from Lender Closing Instructions, Title Commitment, Purchase Agreement and any other miscellaneous agreements (escrow agreements, etc.).

Company diligently follows all HUD Regulations in preparation of the HUD Settlement Statements and be sure that ALL disbursements checks match exactly as to what is shown on the HUD Settlement Statement.

Mortgage Payoffs

Mortgage Payoffs must be in writing and must reference the name, loan number and property address, while all home equity lines of credit payoffs must be accompanied by a signed "Notice To Cancel."

If property is in foreclosure, we make certain we have accounted for all attorney's fees and other court costs and we always provide sufficient detail on the check to identify the property and borrower.

Sellers are never allowed to deliver their own payoff checks. Payoff checks must be delivered in a manner in which the date and time of receipt of the check can be documented.

Lost or Stolen Checks

A check that has been issued, processed in the accounting records, but subsequently lost, stolen or returned to the company are "voided". If the original check has been returned, we mark it "void", and keep the original. Unless a check is lost or stolen, we do not stop payment without Attorney Manager approval. If the check has been lost or stolen, we first determine if the check has cleared the bank. If it has not cleared, we advise the bank online to place a stop payment. We do not reissue the check without waiting three (3) business days then re-checking with the bank to ensure it again has not cleared.

Professional Title Agency, Inc.
dba ACS Title & Closing Services
Best Practices Manual

Disbursement of Funds by Wire

Wire transfers are handled by the Company's Shipping Department. All funds being wired out require a secondary authorization by authorized employees. Wire transactions in excess of \$400,000 must be initiated by an authorized Attorney Manager.

Disbursements

Company only disburses funds and proceeds in strict compliance with the HUD-1 Settlement Statement. In the event seller requests that disbursement of sale proceeds differently than shown on the HUD-1 Settlement Statement, then, written instructions are obtained.

Mortgage Fraud Awareness and Prevention

Company adheres to all underwriting bulletins concerning Settlement issues. Company requires all parties to a Settlement to provide either a valid non-expired government issued photo ID or such form of identification that is acceptable under the Patriot Act.

Recording procedures

Documents for recording are submitted or shipped to the county recorder (or equivalent) or the person or entity responsible for recording within two (2) business days of the later of (i) the date of Settlement, or (ii) receipt by the Company if the Settlement is not performed by the Company.

Company tracks shipments of documents for recording with a written Recording Log. Rejected Recordings are immediately brought to the attention of an Attorney Manager. Recording Log is monitored weekly by the Shipping Department staff to verify that recordation actually occurred and maintain a record of the recording information.

Pricing procedures

Company maintains written procedures to help ensure that customers are charged the correct title insurance premium and other rates for services provided by the Company. These premiums and rates are determined by a mix of legal and contractual obligations.

Company utilizes rate manuals and online calculators, as appropriate, to help ensure correct fees are being charged for title insurance policy premiums, state-specific fees and endorsements.

Discounted rates are calculated and charged when appropriate, including refinance or reissue rates.

Prior to processing final policy, Company conducts a quality check of policy premiums to help ensure consumers were charged the company's established rates.

Timely refunds are processed to consumers when an overpayment is detected.

Professional Title Agency, Inc.
dba ACS Title & Closing Services
Best Practices Manual

Best Practices Five – Title Production

Purpose: Adopting appropriate procedures for the production, delivery, and remittance of title insurance policies helps ensure title companies can meet their legal and contractual obligations.

Procedures to meet this best practice are as follows:

Title policy production and delivery

Title insurance policies are issued and delivered to customers in a timely manner to meet statutory, regulatory or contractual obligations.

Company makes every effort to issue and deliver policies within thirty days of the later of (i) the date of Settlement, or (ii) the date that the terms and conditions of title insurance commitment are satisfied.

Premium reporting and remittance

Company makes its best effort to see that Title insurance policies are reported and premiums are remitted to the underwriter in a timely manner to meet statutory, regulatory or contractual obligations.

Company makes its best effort to report policies (including a copy of the policy) to underwriter by the last day of the month following the month in which the insured transaction was settled.

Company makes its best effort to remit premiums to underwriter by the last day of the month following the month in which the insured transaction was settled.

Professional Title Agency, Inc.
dba ACS Title & Closing Services
Best Practices Manual

Best Practices Six – Professional Liability and Fidelity Coverage

Purpose: Appropriate levels of professional liability insurance or errors and omissions insurance help ensure title agencies and settlement companies maintain the financial capacity to stand behind their professional services. In addition, state law and title insurance underwriting agreements may require a company to maintain professional liability insurance or errors and omissions insurance, fidelity coverage or surety bonds with prescribed amounts of coverage.

Procedures to meet this best practice:

ACS Title & Closing Services maintains professional liability insurance or errors and omissions insurance from a carrier that is acceptable to the underwriter in an amount of no less than \$1,000,000.00. This amount is appropriate given the company's size and complexity and the nature and scope of its operations; the amount is not less than the amount agreed to in the company's underwriting agreements. Coverage/Endorsements are reviewed annually and are revised to reflect current changes in the practices of the industry and to reflect new threats to our business as they arise. The Company maintains copies of proof of professional liability insurance coverage for all outside title examiners who provide service to the Company.

ACS Title & Closing Services complies with requirements for professional liability insurance, errors and omissions insurance, fidelity coverage or surety bonds, as provided by state law or title insurance underwriting agreements.

ACS Title & Closing Services ensures that Closing Protection Letter coverage, where mandated by statute, is issued in connection with the disbursement or that a statutory indemnity fund is established to cover fidelity loss not otherwise covered by the protection afforded by the underwriter.

Professional Title Agency, Inc.
dba ACS Title & Closing Services
Best Practices Manual

Best Practices Seven – Consumer Complaints

Purpose: A process for receiving and addressing consumer complaints helps ensure reported instances of poor service or non-compliance do not go undiscovered.

Procedures to meet this best practice are as follows:

Consumer complaint intake, documentation and tracking

All personnel are instructed and required to place any complaint, problem or issue related to the service provided by ACS Title & Closing Services or any of its employees, agents, or managers on a consumer complaint form developed by the Company. The form identifies information that connects the complaint to a specific transaction.

The Complaint Form is delivered by email or hand to one of the Attorney Managers for an immediate follow up call, investigation, and resolution of the matter. This resolution will include a follow-up call not only to the consumer, but also their loan officer and realtor, if applicable.

A Consumer Complaint Log is maintained and reviewed by management on a regular basis.