



RES/TITLE

Residential Title & Escrow Services
a Professional Corporation

Best Practices Manual 2013



Trusted & Verified



www.res-title.com

Mission Statement

This Best Practices Manual has been developed by Res/Title, Inc. (Residential Title & Escrow Services, PC) 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 Financial Protection Bureau established under the Dodd-Frank Act. The goal of this manual is to outline the policies and procedures set forth by Res/Title, Inc. in our commitment to protect the security of the consumers and continue to provide professional quality service to our clients.

Introduction

Res/Title, Inc.'s Best Practices Manual follows the guidelines of the American Land Title Association which was developed in order "to help members illustrate to consumers and clients the industry's professionalism and best practices to ensure a positive and compliant real estate settlement experience."¹ The compilation of this manual draws from previously designed policies and procedures active within Res/Title including our third party certified Information Security Policy Manual. In further compliance with the new regulatory environment, Res/Title, Inc. is also an approved settlement agent with Secure Settlements, Inc.



¹ [http://www.alta.org/bestpractices/docs/ALTA Title and Settlement Company Best Practices.pdf](http://www.alta.org/bestpractices/docs/ALTA%20Title%20and%20Settlement%20Company%20Best%20Practices.pdf)

Best Practice One – Licensing

Definition: *Establish and maintain current license(s) as required to conduct the business of title insurance and settlement services.*

Res/Title Policy and Procedures: All Res/Title licenses are maintained through the Administrative Department. Currently Res/Title is active and in good standing in 27 including the District of Columbia. A listing of current license numbers is available in Appendix A.

- Licenses are renewed based on state regulations and at the earliest point that renewal becomes available (typically 90 days in advance)
- Annual Reports are filed and completed yearly with all applicable fees
- Where applicable, continuing education credits are credited for agent licensing

Best Practice Two – Escrow Account Controls

Definition: *Adopt and maintain appropriate and effective escrow controls to meet client and legal requirement for safeguarding of client funds.*

Res/Title Policy and Procedures: All escrow funds are maintained in separate designated accounts which are reviewed for reconciliation discrepancies on a daily basis. These accounts are monitored under the following controls:

- Daily reconciliation of debits and credits to the account as well as available balances using the latest Rhyno Software
- Positive Pay and ACH Debit blocks setup on all accounts
- Open escrow balances and outstanding checks reviewed by management on a weekly basis
- Three Way Reconciliations completed on a monthly basis and reviewed for accuracy by management
- Appropriate authorization levels are set and maintained
- Recipient of top underwriter ratings in yearly audits

Best Practice Three – Information and Data Privacy

Definition: *Establish and maintain a written privacy and information security program to protect Non-Public Personal information as required by local, state and federal law*

Res/Title Policy and Procedures: Res/Title, Inc. has a comprehensive security program designed to insure that all necessary information security safeguards are in place and adequately address GLBA requirements. All employees of Res/Title are expected to contribute to this program and report any incidents that may affect the security of the organization's information systems. The following policies are addressed within Res/Title's Information Security Policy Manual which has been reviewed and approved by a third party IT Company.

- Controlled access to physical and electronic storage as well as secure destruction of physical documents
- Secure transmission of information
- Monitoring of third party service providers access
- Physical entry controls to prevent unauthorized access
- Network guidelines and access controls including restrictions on user authentications and authorization
- Remote access controls and restrictions
- Up to date virus management software and firewall controls against malicious software, viruses and unauthorized websites
- Real time disaster recovery imaging of all servers with additional onsite backup
- Business continuity Plan for disaster preparedness
- Security Incident Reporting and Resolution
- Background checks on all personnel
- Training of employees to ensure compliance with program
- Restrictions and the appropriate uses of Res/Title systems

Best Practice Four – Settlement Policies and Procedures

Definition: *Adopt standard real estate settlement policies and procedures that ensure compliance with Federal and State Consumer Financial laws*

Res/Title Policy and Procedures: Res/Title's use of software and technology allows us to track a file through each step of the closing process and provide complete transparency of the work being done on each file. As such we are able to verify that each part of the closing process adheres to accurate company procedures and that checks and balances are in place to monitor these procedures. A full listing of settlement procedures is attached as Appendix B. These include:

- Obtaining proper information required prior to closing
- Up to date access to premium rate information
- Complete review of closing instructions
- Proper processing of mortgage payoffs
- Accurate disbursement of proceeds and handling of escrow funds
- Timely and accurate recording guidelines

Best Practice Five – Title Production

Definition: *Adopt and maintain appropriate procedures for the production, delivery, reporting and remittance of title insurance policies designed to meet both legal and contractual obligations.*

Res/Title Policy and Procedures: Res/Title, Inc.'s policy is to deliver all policies to customers within the guidelines set forth by the underwriters' agency contracts (generally by the end of the first full month following closing). Policies are prepared and delivered following review that all terms and conditions of the title insurance commitment have been satisfied and all closing documents and necessary releases have been recorded.

Best Practice Six – Errors & Omissions and Fidelity Coverage

Definition: *Maintain appropriate levels of professional liability and fidelity coverage to ensure the financial capacity to stand behind the professional services provided*

Res/Title Policy and Procedures: Res/Title, Inc. consistently maintains all levels of insurance as required by underwriters and lenders and that is comparable to the complexity, nature and scope of our operations. Coverage is held for professional liability, fidelity coverage (including employee theft, forgery & altercation, computer and funds transfer fraud) as well as surety bond coverage in any states that it is required.

Type	Policy #	Expiration Date	Coverage Limit
Commercial Umbrella	B4017281823	05/25/14	\$3,000,000.00
Commercial General Liability	B4017480094	05/25/14	\$1,000,000/occurrence \$2,000,000/aggregate
Workers Comp	WC417480144	05/25/14	\$1,000,000
ERISA Pension Fund Bond	69504650	03/27/14	\$10,000
FL Commercial Blanket Fidelity Bond	70059902	03/06/14	\$150,000
VA Title Settlement Agent	70105401	03/06/14	\$100,000
TN Title Ins Producers Bond	70271952	03/23/14	\$25,000
FL Title Agent Bond	70059897	03/06/14	\$35,000
VA Ind Atty Settlement Agent Bond	70105388	03/06/14	\$200,000
Professional Liability (E&O)	PFP 6018229-01	02/03/14	\$1,000,000/claim \$2,000,000 aggregate
Fidelity Bond	105825380	08/19/14	Employee Theft-\$1,000,000 Forgery - \$500,000 Computer Fraud - \$500,000 Computer Restoration - \$100,000 Funds Trans Fraud - \$500,000 Claim Expense - \$5,000

Best Practice Seven – Consumer Complaints

Definition: *Adopt and maintain procedures for receiving and addressing consumer complaints so that any instances of poor service or non-compliance do not go undiscovered.*

Res/Title Policy and Procedures: Res/Title is very sensitive to any complaints that are made. Any and all complaints received by an employee are to be forwarded to our Chief Operations Officer for immediate resolution. This resolution will always include a follow up to not only the consumer but also their loans officer to ensure that it is agreed that the issue has been fixed. In certain cases, the complaint will also result in a verbal follow-up with an employee regarding the circumstances causing the complaint and a review of Res/Title's policies and procedures.

Further information regarding Res/Title's Best Practices can be obtained by emailing us at compliance@res-title.com.

APPENDIX A - LICENSING



RES/TITLE, INC.
State Licenses and Surety Bonds

STATE	AGENCY LICENSE & EXPIRATION DATE (Agency - Res/Title, Inc.)	AGENT LICENSE & EXPIRATION DATE (Agent - James V. Paolino)
Arizona	License #889255 Exp. 04/30/2015	Not Required
Colorado	License #370182 Exp. 02/01/2015	License #369379 Exp. 12/31/2014
Connecticut	N/A	N/A
Delaware	**License #1106249 Exp. 02/28/2015	**License # 1106079 Exp. 02/28/2015
District of Columbia	Basic Business License # 2899168/ 65128XXX- 69004704 Exp. 05/13/2014	License # 2896190 Exp. 12/31/2014
Florida	#P043847 No Expiration (for Title Agencies)	#P041630 No Expiration (as long as in Good Standing with Home State)
Georgia	License #118788 Exp. 12/31/2014	License #784367; Exp. 12/31/2014
Illinois	Certification Issued 5/30/2007 (Only Authorization Required; No Expiration)	Not Required

STATE	AGENCY LICENSE & EXPIRATION DATE (Agency - Res/Title, Inc.)	AGENT LICENSE & EXPIRATION DATE (Agent - James V. Paolino)
Indiana	License #533198 Exp. 04/30/2014	License #531093 Exp. 03/31/2015
Kentucky	Not Required (Title Insurance is not a licensed line)	Not Required (Title Insurance is not a licensed line)
Maine	License #AGN158072 *Exp. 4/1/15	License # PLN120510 No Expiration (as long as in good standing in home state)
Maryland	#NPF99953622 Exp. 6/5/14	#099953664 Exp. 12/31/14
Massachusetts	N/A	N/A
Michigan	License #0081927 (no expiration)	License #0427136 (no expiration)
Minnesota	License #40020700 Exp. 10/31/2014	License #40018230 Exp. 12/31/2013
New Hampshire	License #2040063 Exp. 05/31/2014	License #0390000 (Debra J. Thompson, Esq.) Exp. 09/30/2014
New Jersey	License #1187784 Exp. 05/31/2014	License # 1180279 Exp. 12/31/2013
New York	Not Required	Not Required
North Carolina	License #1000002744 Exp. 3/31/2014	License #8641007 (No Expiration)

STATE	AGENCY LICENSE & EXPIRATION DATE (Agency - Res/Title, Inc.)	AGENT LICENSE & EXPIRATION DATE (Agent - James V. Paolino)
Ohio	License #35671 09/30/2013	License #723524 12/31/2014
Pennsylvania	License #465853 Exp. 7/17/2014	License #464238 Exp. 12/31/14
Rhode Island	License #2041431 (Eff. 7/1/2007 - No Expiration)	License #2041092 Exp. 12/31/2014
South Carolina	License #167294 *1/1/14	License #437570 5/5/14
Tennessee	License #2031069 03/01/2015	License #970355 Exp. 12/31/2013
Vermont	Not Required	License #339381 Exp. 03/31/2014
Virginia	License #113252 Exp. 06/30/2014	License #507496 (No Expiration)
Wisconsin	Not Required	License #2498743 Exp. 12/31/2013

APPENDIX B – SETTLEMENT POLICIES & PROCEDURES

Software

- SoftPro Enterprise (upgrading to SoftPro Select in 2014)
- Green Folders (Paperless Management System)
- SharePoint (Marketing/Sales Team Management)

General Guidelines

- We acknowledge that Lenders expect full disclosure of all receipts and disbursements in accordance with written mutual instructions.
- All sets of Closing Instructions are collected and reviewed prior to closing.
- If any one set of Closing Instructions is adverse to another set of closing instructions – we obtain ***in writing from all parties*** consent to the changes made to correct the adverse matters **prior** to closing.
- The closing is performed in accordance to all instructions from:
 - a) Lender Closing Instructions
 - b) Title Commitment
 - c) Purchase Agreement
 - d) Any other misc. agreements (Escrow Agreements, etc.)
- Follow all HUD Regulations in preparation of the HUD Settlement Statements and be sure that ALL disbursement checks MATCH EXACTLY as to what is shown on the HUD Settlement Statement.

Specific Detailed Guidelines

Disbursement of Buyer/Borrower Proceeds:

- Any amount shown on line 303 of the HUD-1 Settlement Statement (funds due from Buyer/Borrower) must come into your escrow/trust account from the borrower or be disbursed to your borrower as shown in Section D.
- Any funds received by any other party must reflect on a separate line in the 200 series designating the source of funds.
- Borrower proceeds from a refinance, if any, are only be paid in strict compliance with the written closing instructions provided by the funding lender. Pre-closing consent is obtained from the lender on any request to pay additional parties. If such consent is paid, the changes are listed in the 1300 section of the HUD-1. We do not rely on approval of the mortgage broker. Additionally, the funder's approval of the HUD-1 or closing statement is not sufficient.

Disbursement of Seller Proceeds:

- Seller proceeds are not assigned or otherwise and are disbursed to Seller, as defined in the Loan Closing instructions and HUD-1. Where the Seller requests the proceeds to be paid otherwise, pre-closing clearance is obtained by us.
- Multiple disbursements to the same payee are not acceptable especially when asked to disburse in increments of \$10,000 or less as this may be perceived as participation in a money laundering scheme.

If a lender disapproves of any requested disbursement the seller or borrower, as appropriate, is notified in writing.

- Where directed or allowed by Lender, we will accept written instructions:
- Deposit proceeds directly into a bank account on behalf of the principals.
- Cut separate checks or send a wire in the name of each individual seller or borrower.

Mortgage Payoffs:

- Payoff Statements should only be accepted directly from the lender being paid off – NEVER from an individual who delivers it to you (it could have been altered).
- Must be in writing and should reference loan number and property address in addition to borrower's name.
- Watch home equity lines of credit and obtain a signed 'closing letter' from the borrower to the lender requesting that the credit line be closed.
- Put sufficient detail on the payoff check to identify the property and borrower.
- If property is in foreclosure, make certain you have accounted for any attorney's fees and other court costs.
- Sellers are never to deliver their own payoff check. Payoff checks must be delivered in a manner in which the date and time of receipt of the check can be documented.

Escrowed Funds Disbursement:

- Approvers' and/or check signers' responsibilities on external disbursements are to ensure the payment amounts are supported, proper vendors are paid, and disbursements have been properly authorized by the escrow officer.
- 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, mark it "Void", remove the signature portion of the check and forward it to accounting for adjustment to the appropriate records. Voided checks, if found, must be retained.
 - If the check has been lost or stolen, first determine if the check has cleared the bank.

- The accounting department should contact the bank to verify that the check has not cleared the bank.
 - If it has not cleared, the bank should be advised to place a stop payment on the check and confirmation number should be received.
 - No check may be reissued until it has been determined that it has not cleared the bank and you have received authorization from the accounting department.
 - If the original check is subsequently found, it should be forwarded to the accounting department with a note across the face of the original check stating that a stop payment was issued on this check and indicating the date of the stop payment.
- Wire transfer authority is to be centralized within a limited number of management, accounting or administration employees.
 - Customers are to communicate all wire transfer requests in writing and each Settlement Agent is then to communicate the wire transfer information to one of the authorized employees in writing *or by fax* and confirmed in writing.
 - In all cases of initiation of a wire transfer by a Settlement Agent, a reasonable security procedure must be used to validate the transfer.
 - Once a check has been tendered it is not allowed to be wired until at least 24 hours has passed and it can be confirmed that the check was not cashed.

Pricing Procedures

- On a consistent basis, the “Rates and Remittances” language in the Issuing Agency Contract is reviewed with all personnel responsible for rate and split calculations, policy issuance and policy reporting. When rate change bulletins are issued, the reviews are immediate in order to insure that proper rate changes are made.
- When rate change bulletins are issued, SoftPro Corporation (escrow software) is contacted to confirm that they have been notified by the underwriter and will have the proper updates made to the software.
- On each title order, online calculators are used to ensure correct fees are being charged for policy premiums, state specific fees, and endorsements (copy of rate sheet is in each file).

Recording procedure

- Documents are submitted or shipped for recording to the proper recording office within 3 business days of Settlement.
- Where available, electronic recording is used.
- Shipments of documents for recording are tracked and a log is kept.
- We verify that recording actually took place and maintain recording information for each document in each file, as well as a separate log of all recordings.

- When notice is received that a document has been rejected, the document is treated as a 'new closing' and all effort is made to resolve the problem and submit for re-recording within two days. If a solution is not forthcoming, we consult with our underwriter and develop a strategy to mitigate immediately.

Title Policy Production and File Maintenance

- Title insurance searches and exams will be made with due regard to recognized title insurance underwriting practices and in accordance with our Underwriter's bulletins, manuals and other instructions, including any state or federal applicable requirements.
 - Each policy issued on behalf of your Underwriter is issued upon a determination of insurability of title which includes, but may not be limited to:
 - (i) a search from earliest public records or in accordance with applicable state law and/or Underwriter's written instructions; and
 - (ii) an examination of all documents affecting title to the subject property.
- Each title order or transaction is maintained and contains all documents upon which we relied to make our determination of insurability, including, but not limited to: affidavits, maps, lien waivers, surveys, title reports, searches, examinations, together with a copy of each commitment, policy, endorsement and other title assurance issued.
- We also maintain in our closing file for each transaction without limitation; closing statements, disbursement worksheets, copies of all checks disbursed and receipted, deposit slips, escrow agreements and any other instruments or documents executed or created at Closing. We keep the physical file as well as a copy in our electronic filing system that allows tracking and future review.
- Copies of closing files are preserved in accordance with applicable State document retention requirements (10 years), or in the case of a legal hold order, in accordance with instructions of our Underwriter(s).
- In the event that we destroy or disseminate the files for any reason, it is done so securely and in such a way that we shall maintain and protect any confidential/private information contained in such files in accordance with applicable State and Federal law.
- We maintain a policy register in a form approved by our Underwriter showing the disposition of all policies and other pre-numbered forms furnished. Differences are properly identified as voided policies or otherwise.
- When claims are filed and the underwriter requests a copy of the file in question, or when files are requested for other reasons, we promptly search for and provide the requested documentation. These include
 - all documents received by Agent in which Underwriter is a party to any administrative and/or judicial proceedings;
 - all written complaints or inquiries made to any regulatory agency regarding transactions involving title insurance policies, endorsements, commitments or other title assurances of a particular Underwriter;

- any information alleging a claim involving a policy, commitment, endorsement or other title assurance of an Underwriter or a transaction for which an Underwriter may be liable; and
- All original documentation and work papers associated with the transaction or conduct giving rise to any examination, claim or complaint.