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**Mission Statement**

• The American Land Title Association (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 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 as a benchmark for the mortgage lending and

real estate settlement industry. ALTA seeks comments from stakeholders as the

Association seeks to continually improve these best practices. A formal committee of

ALTA members will regularly review and make 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).

**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.

**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.

Procedures to meet this best practice:

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.

***Travelers Title LLC Compliance Statement for Best Practice Number 1***

*Travelers Title LLC is compliant with Best Practice Number 1.*

*The company maintains licenses to do business in the State of Wisconsin.*

*Travelers Title LLC maintains a license to use the ALTA forms in conjunction with its membership in ALTA.*

**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.

Procedures to meet this best practice:

• Escrow funds and operating accounts are separately maintained.

 Escrow funds or other funds the Company maintains under a fiduciary duty to another are not commingled with the Company’s operating account or an employee or

manager’s personal account.

• Escrow Trust Accounts are prepared with Trial Balances.

 On at least a monthly basis, Escrow Trust Accounts are prepared with Trial Balances(“Three-Way Reconciliation”), listing all open escrow balances.

• Escrow Trust Accounts are reconciled.

 On at least a daily basis, reconciliation of the receipts and disbursements of the

Escrow Trust Account is performed

 On at least a monthly basis, a Three-Way Reconciliation is performed reconciling the bank statement, check book and Trial Balances.

 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.

• Escrow Trust Accounts are properly identified.

 Accounts are identified as “escrow” or “trust” accounts. Appropriate identification

appears on all account-related documentation including bank statements, bank

agreements, disbursement checks and deposit tickets.

 Outstanding file balances are documented.

• 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.

• Unless directed by the beneficial owner, Escrow Trust Accounts are maintained in Federally Insured Financial Institutions.

• Utilize Positive Pay or Reverse Positive Pay, Automated Clearing House blocks and

international wire blocks, if available.

• Background Checks are completed in the hiring process. At least every three years, obtain Background Checks going back five years for all employees who have access to customer funds.

• Ongoing training is conducted for employees in management of escrow funds and escrow accounting.

***Travelers Title LLC Compliance Statement for Best Practice Number 2***

*Travelers Title LLC is compliant with Best Practice Number 2.*

*Travelers Title LLC maintains separate operating and escrow accounts.*

*Escrow accounts are prepared with trial balances.*

*Escrow trust accounts are reconciled at least monthly, with most accounts reconciled weekly using Easysoft software. Duties are segregated so that employees involved in reconciliation duties have no*

*signing authorities on those accounts. Management reviews each electronically stored reconciliation report.*

*Each escrow account is labeled “Escrow Account.”*

*Positive and negative file balances are documented.*

*Only authorized employees can conduct closings/settlements and former employees are immediately removed as signatories from bank accounts.*

*Escrow accounts are established only at Federally Insured Financial Institutions.*

*Positive Pay is utilized, ACH blocks and international wire transfers are in place on all escrow accounts.*

*Only those employees who have satisfactory credit reports and background checks are authorized signatories on escrow accounts.*

**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.

Procedures to meet this best practice:

• Physical security of Non-public Personal Information.

 Restrict access to Non-public Personal Information to authorized employees who have undergone Background Checks at hiring.

 Prohibit or control the use of removable media.

 Use only secure delivery methods when transmitting Non-public Personal

Information.

• Network security of Non-public Personal Information.

 Maintain and secure access to Company information technology

 Develop guidelines for the appropriate use of Company information technology.

 Ensure secure collection and transmission of 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.

• Establish a disaster management plan.

• Appropriate management and training of employees to help ensure compliance with

Company’s information security program.

• Oversight of service providers to help ensure compliance with a Company’s informationsecurity program.

 Companies should take 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.

 Companies should review their privacy and information security procedures to detect

the potential for improper disclosure of confidential information.

• Notification of security breaches to customers and law enforcement.

 Companies should post the privacy and information security program on their

websites or provide program information directly to customers in another useable form. When a breach is detected, the Company should have a program to inform customers and law enforcement as required by law.

***Travelers Title LLC Compliance Statement for Best Practice Number 3***

*Travelers Title LLC is compliant with Best Practice Number 3.*

*Non-public personal information, if physically maintained at Travelers Title LLC, is accessible only by authorized employees.*

*Non-public personal information, if electronically maintained, is done so on secure servers with access restricted to only authorized employees.*

*Storing data on removable media such as smart phones, USB drives and disks is controlled by senior management.*

*Documents containing non-public personal information is transmitted from Travelers Title LLC using Adobe Professional. The password is sent through a separate email.*

*Travelers Title LLC maintains document shredders or contracts the service to a shredding vendor to*

*ensure disposal of non-public personal information.*

*Travelers Title has a written Disaster Recovery Plan.*

*All existing and new employees are trained on information security.*

*Travelers Title LLC vendors who handle courtesy closings or witness closings and also come into possession of nonpublic personal information must have acknowledged in writing that they comply with Federal and State privacy laws.*

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

**Purpose:** Adopting appropriate policies and conducting ongoing employee training helps ensure the Company can meet state, federal, and contractual obligations governing the Settlement Procedures to meet this best practice:

• Recording procedures.

 Review legal and contractual requirements to determine Company obligations to

record documents and incorporate such requirements in its written procedures.

 Submit or ship documents for recording 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.

 Track shipments of documents for recording.

 Ensure timely responses to recording rejections.

 Addressing rejected recordings to prevent unnecessary delay.

 Verify that recordation actually occurred and maintain a record of the

 recording information for the document(s).

• Pricing procedures.

 Maintain 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.

 Utilize rate manuals and online calculators, as appropriate, to help ensure

correct fees are being charged for title insurance policy premiums, statespecific

fees and endorsements.

 Ensure discounted rates are calculated and charged when appropriate,

including refinance or reissue rates.

 Quality check files after Settlement to help ensure consumers were charged the

company’s established rates.

 Provide timely refunds to consumers when an overpayment is detected.

***Travelers Title LLC Compliance Statement for Best Practice Number 4***

*Travelers Title LLC is compliant with Best Practice Number 4.*

*Travelers Title LLC policy requires its closing/settlement employees to submit documents for recording within two business days of disbursement using eRecording when available and tracking the documents as they make their way through the recorder’s office.*

*Travelers Title LLC utilizes the rate manuals provided by the Underwriter to ensure that consumers are being charged the appropriate premiums.*

**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.

Procedures to meet this best practice:

• 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.

 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.

 Title insurance policies are reported and premiums are remitted to the underwriter in a timely manner to meet statutory, regulatory or contractual obligations.

 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.

 Remit premiums to underwriter by the last day of the month following the

month in which the insured transaction was settled.

***Travelers Title LLC Compliance Statement for Best Practice Number 5***

*Travelers Title LLC is compliant with Best Practice Number 5.*

*Travelers Title LLC issues and delivers policies to its customers in a timely manner sometimes electronically to meet the demands of lenders and consumers.*

*Travelers Title LLC reports policies and remits payments for those policies to its underwriters in a timely manner to meet statutory, regulatory 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.

Procedures to meet this best practice:

• The Company maintains professional liability insurance or errors and omissions insurance.

• The Company 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.

***Travelers Title LLC Compliance Statement for Best Practice Number 6***

*Travelers Title LLC is compliant with Best Practice Number 6.*

*Travelers Title LLC maintains appropriate levels of Errors & Omissions insurance, Fidelity coverage and Surety coverage to meet state law and contractual obligations.*

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

**Purpose:** A process for receiving and addressing consumer complaints is important to ensure that any instances of poor service or non-compliance do not go undiscovered.

Procedures to meet this best practice:

• Consumer complaint intake, documentation and tracking.

 Standard procedures for logging and resolving consumer complaints helps ensure

consumers provide the company with sufficient information to understand the nature

and scope of the complaint.

 Develop a standard consumer complaint form that identifies information that

connects the complaint to a specific transaction.

 Set a single point of contact for consumer complaints.

 Establish procedures for forwarding complaints to appropriate personnel.

 Maintain a log of consumer complaints that includes whether and how thecomplaint was resolved.

***Travelers Title LLC Compliance Statement for Best Practice Number 7***

*Travelers Title LLC is compliant with Best Practice Number 7.*

*Travelers Title LLC has a process to deal with customer complaints that allows the senior management to settle the complaint.*