

## ALTA's BEST PRACTICES and CYBER SECURITY



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## A Brief Historical Refresher...

**CNN Money**

Companies Markets Tech Media

SPECIAL REPORT Issue #1: America's Money Crisis

### Foreclosures up a record 81% in 2008

Filings continued to soar through the end of the year - and there's no relief in sight for 2009.

**Between 2006 and 2014, nearly 10 million homeowners in America saw the foreclosure sale of their own homes.**

BUSINESS NEWS JANUARY 14, 2010 / 12:28 AM / 10 YEARS AGO

**U.S. 2009 foreclosures shatter record despite aid**

### Record 3 million households hit with foreclosure in 2009



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## Government Response to Mortgage Crisis

- Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010
- Established Consumer Financial Protection Bureau (“CFPB”)
  - CFPB to enforce RESPA and TILA; enact new rules
- Combined Closing Statement/TILA Disclosure Form (“CD”)
- Requires lenders to monitor 3rd party contractors (such as **title agents**) performing services on their behalf

3



## Effect on Lender/Title-Agent Relations

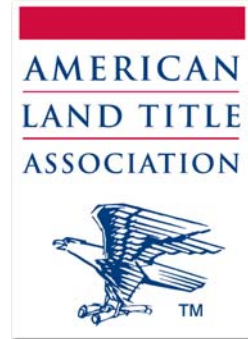
- **April 13, 2012 CFPB Bulletin Alarms the Industry**
- Lenders required to
  - Conduct due diligence to verify **service providers** understand & are capable of complying with consumer financial laws
  - **Request & review** service provider’s **policies, procedures, internal controls**, & training materials to ensure service providers conduct training and oversight of employees with consumer contact or compliance responsibilities
  - Include in contract with service providers expectations about compliance, & **appropriate & enforceable consequences** for violating compliance-related responsibilities
  - Establish **internal controls and monitoring** to determine if service providers are complying with consumer financial laws
  - Take prompt action to address problems identified through monitoring process

4

18

## Title Industry Response

- ALTA establishes “7 Pillars of Best Practices”
  - Title agents advised to create **written policies and procedures** showing compliance with industry best practices to provide to lenders
- Designed to be offered to lenders to ease concerns
- Attempt to head off more onerous requirements
- Some lenders may ask to see all or part of your “Best Practices Manual”



5

## ALTA's 7 Pillars of Best Practices

1. Establish and maintain **current licenses** as required to conduct the business of title insurance and settlement services.
2. Adopt and maintain appropriate written procedures and controls for **Escrow Trust Accounts** allowing for electronic verification of reconciliation.
3. Adopt and maintain a written **privacy and information security** plan to protect Non-public Personal Information as required by local, state and federal law.
4. Adopt standard real estate **settlement procedures** and policies that ensure compliance with Federal and State Consumer Financial Laws as applicable to the Settlement process.
5. Adopt and maintain written procedures related to **title policy production**, delivery, reporting and premium remittance.
6. Maintain appropriate **professional liability insurance** and fidelity coverage.
7. Adopt and maintain procedures for resolving **consumer complaints**.



6

# The Good News

The Fund has downloadable sample policies and supplemental materials to help you create your own ALTA's Best Practices manual

**Best Practices**

**Keeping You in the Game**

Implementation of a set of industry best practices developed by ALTA can help title professionals meet new market demands by proving regulatory compliance and that funds and information are being protected, which could help capture increased market share.

[ALTA Title Insurance and Settlement Company Best Practices v2.0 \(PDF Instructions\)](#)  
[ALTA Best Practices Executive Summary \(PDF Instructions\)](#)  
[Sample Completed Policies & Procedures Handbook \(PDF Instructions\)](#)  
[ALTA Best Practices FAQ \(PDF Instructions\)](#)

**Implementing ALTA's Best Practices**

Lenders are asking settlement agents to provide copies of their *Best Practices Policies and Procedures Manual*.

For instance, in their [March 9, 2014 newsletter](#) Wells Fargo states, "As expectations on lenders increase so will expectations on third party service providers." Wells Fargo added they plan to "continue to expand and enhance third party oversight capabilities for title and settlement companies in order to monitor and measure performance."

In one example we have seen, a lender requested that the Member submit a copy of their current E&O Insurance Policy with a signed "Best Practices Certification Form," indicating the firm's compliance with ALTA's Best Practices.

Is your *Best Practices Policies and Procedures Manual* ready for distribution?

If not, The Fund is here to help.

Although compliance with ALTA's Best Practices is not currently mandatory, it is highly recommended. If lender support is not enough, you will find that many, if not most, of the items recommended in ALTA's Best Practices are already in place in your office.

So what are you waiting for? Put policies and procedures in writing, include logs that document your office's unique processes, and you are well on your way to compliance.

Please take advantage of the resources available to you here—sample policies and procedures, templates, educational articles, On Demand videos, registration opportunities for live workshops near you, and so much more.

For questions on ALTA's Best Practices, email [bestpracticesquestions@thefund.com](mailto:bestpracticesquestions@thefund.com).

**Fund Concept Articles Regarding Best Practices**

[The Referees are Making New Rules](#)

**General Best Practices Documentation**

Best Practices Letter of Introduction  
 Sample General Policies and Procedures

- LICENSING**  
 Establish and maintain current License(s) as required to conduct the business of title insurance and settlement services.
- ESCROW/TRUST ACCOUNTS**  
 Adopt and maintain appropriate written procedures and controls for Escrow Trust Accounts allowing for electronic verification of reconciliation.
- PRIVACY & INFORMATION SECURITY**  
 Adopt and maintain a written privacy and information security plan to protect Non-public Personal Information as required by local, state and federal law.
- RECORDING & PRICING PROCEDURES**  
 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.
- TITLE POLICY PROCEDURES**  
 Adopt and maintain written procedures related to title policy production, delivery, reporting and premium remittance.
- PROFESSIONAL LIABILITY INSURANCE**  
 Maintain appropriate professional liability insurance and fidelity coverage.
- RESOLVING CONSUMER COMPLAINTS**  
 Adopt and maintain procedures for resolving consumer complaints.

## Pillar 1 – Licensing

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

- Establish and maintain applicable business licenses
- Establish and maintain compliance with licensing, registration, or similar requirements with applicable state regulatory department or agency
- Establish and maintain appropriate compliance with ALTA's Policy Forms Licensing requirements

## Pillar 1 – Licensing

*(Insert name of entity/agency)*

Policies and Procedures							
Licensing (Small Office)							
<b>Policy</b>	(Insert name of entity/agency). (hereinafter "The Firm") shall maintain all mandated licenses and corporate registrations (as applicable) so that it is able to remain in good standing in Florida. The Firm is small and consists of (insert the number of attorneys) attorneys and (insert the number of support staff) support staff. The Firm only conducts business in Florida.						
<b>Procedures</b>	<p><b>Licensing</b> (Note: change this form to reflect your office procedures. Remove parts that do not apply. Review legal, contractual, and statutory requirements for licensing and incorporate those requirements in these procedures.)</p> <p>The Firm maintains active business entity licenses in Florida (delete this sentence if you are not a business entity like and LLC or P.A., etc.). The Firm's employees maintain active attorney, paralegal and notary licenses in Florida, as applicable, the only state in which The Firm's employees practice and perform services.</p> <p>Business licenses are maintained by (insert title of position i.e. Attorney or the name of the attorney) and updated annually. Copy of the same may be obtained from <a href="http://www.sunbiz.org">www.sunbiz.org</a>. The website will also be reviewed for any changes in requirements.</p> <table border="1"> <thead> <tr> <th>Business License</th> <th>Expiration date</th> <th>Last annual report</th> </tr> </thead> <tbody> <tr> <td>Law Group, LLC</td> <td>01/15/2015</td> <td>01/15/2014</td> </tr> </tbody> </table> <p><b>Attorneys</b> Attached is a printout of the current completed continuing education courses for each attorney with The Firm from the Florida Bar website.</p> <p>Each attorney receives an annual bar dues statement requiring certification of compliance with continuing education requirements. The attorney will review the Florida Bar website for their continuing education completed courses. A printout of the completed courses will be attached to this policy, annually.</p> <p>Rules Reg. Fla. Bar, Rule 9-10.3, Minimum Continuing Legal Education Standards, is reviewed annually for any changes in requirements. A copy is attached.</p> <p><b>Paralegals</b> Attached is a printout of the current completed continuing education courses for each Florida registered paralegal with The Firm from the Florida Bar website.</p>	Business License	Expiration date	Last annual report	Law Group, LLC	01/15/2015	01/15/2014
Business License	Expiration date	Last annual report					
Law Group, LLC	01/15/2015	01/15/2014					

(Insert name of attorney)  
(Insert name of paralegal)  
Disclaimer:  
These policies and procedures are samples only and may not be used without customization to accurately reflect the agent's own policies and procedures.

Page 1 of 3

## Downloadable Sample Policy



9

## Pillar 1 – Licensing

Company XYZ - Licensing Monitoring					
Company XYZ Firm Name					
Date Updated: 10/xx/2013					
Objectives:					
1. To actively monitor all agency and agent licenses to ensure they are current.					
2. To actively pursue additional licenses where necessary or encourage additional employees to become licensed.					
3. To provide a consistent method of communicating new and expired licenses with underwriters.					
Note: Copies of actual licenses retained include but are not limited to insurance producer, closer, abstractor, and notary.					
Note: Copies of actual licenses are kept electronically in the s:\xxxxx\xxxxx\xxxx network drive.					
Note: Copies of all completed continuing education materials for license renewals are kept electronically in the S:\xxxxx\xxxxx\xxxxxx network drive.					
Name/Entity	State	License Type	License #	Expiration Date	
John Smith		Agent			
Title Company, Inc.		Agency			
Escrow Company, Inc.		Escrow			

## Downloadable Sample Log



10

## Pillar 2 – Escrow/Trust Accounts

Adopt and maintain appropriate written procedures and controls for Escrow Trust Accounts allowing for electronic verification of reconciliation.

- Escrow funds and operating accounts **separately maintained**
  - Funds maintained under fiduciary duty to another **not commingled** with operating or personal accounts
- **Separate Real Estate Trust Account** required to permit underwriter audits
  - Sec. 626.8473, FL Statutes; Ethics Opinion 12-4, FL Bar
- 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

11

## Pillar 2 – Escrow/Trust Accounts

- Escrow Trust Accounts properly identified
  - Accounts are identified as “IOTA” 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 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

12



## Pillar 2 – Escrow/Trust Accounts

- Escrow Trust Accounts maintained in Federally Insured Financial Institutions
- Utilize **Positive Pay** or Positive Pay Light, if available in the local marketplace, and have policies and procedures in place that prohibit or control the use of Automated Clearing House (ACH) transactions and international wire transfers
- **Background checks** are completed in the hiring process. At least every 3 years, obtain Background Checks going back 5 years for all employees who have access to customer funds
- **Ongoing training** is conducted for employees in management of escrow funds and escrow accounting
- **A written wire transfer procedure** is in place and tested at least annually.
  - For outgoing wires, verify wire transfer instructions independent of the initial communication.
  - For incoming wires enact a procedure to alert consumers regarding the risks of wire fraud and guidelines to mitigate losses.
- **A written wire fraud response procedure**, which includes the recommendations of the ALTA Rapid Response Plan, is in place and is updated at least annually.



13

## Pillar 2 – Escrow/Trust Accounts

### Downloadable Sample Policy

*(Insert name of firm)*

Policies and Procedures	
Trust Accounting (Small Law Firm)	
Purpose:	(Insert name of entity/agency) (hereafter referred to as "The Firm") shall establish internal controls to meet requirements for safeguarding client funds and to minimize the exposure to loss. The Firm currently does business only in Florida.
Procedures:	<p>Requirements (Note: change this form to reflect your office procedures. Remove parts that do not apply. Review legal, contractual, and statutory requirements for trust accounts and incorporate those requirements in these procedures.)</p> <p>Questions regarding any of The Firm's trust accounts shall be directed to (insert title of position and the name, e.g. Gene Exposito, Attorney)</p> <p>I. Trust Accounts</p> <p>A. Trust accounts and operating accounts are separate and are labeled as such</p> <ol style="list-style-type: none"> <li>1. The Firm maintains five bank accounts</li> <li>2. Trust funds maintained under a fiduciary capacity by The Firm are not commingled with The Firm's, employee's or attorney's funds</li> <li>3. The Firm shall maintain funds in each trust account to cover bank charges related to each trust account, in no event over \$150.00 per account</li> <li>4. Trust accounts will not have overdraft protection</li> <li>5. Trust accounts will not have debit cards</li> <li>6. Checks shall be                             <ol style="list-style-type: none"> <li>a. Secure "blind" check</li> <li>b. Kept in a locked cabinet in (insert title of position and the name, e.g. Gene Exposito, Attorney)'s office</li> </ol> </li> <li>7. Any un-deposited funds will be kept in a locked cabinet overnight for deposit next business day</li> <li>8. Cash deposits will be logged in the cash receipts and disbursements journal</li> <li>9. Disbursements from trust account will only be made from collected funds, unless the funds fall within an exception as outlined in a rule, regulation or statute                             <ol style="list-style-type: none"> <li>a. If an exception is used, The Firm is prepared to pay the same amount from The Firm's operating account if the funds are not collected at the time of disbursement</li> </ol> </li> <li>10. Disbursement of The Firm's fees shall occur at the time of settlement</li> <li>11. The Firm has a dedicated standalone computer for online transactions and is configured to block all other web sites</li> <li>12. Trust bank accounts (see chart below) are appropriately designated as "trust account" on                             <ol style="list-style-type: none"> <li>a. Original banking agreements</li> <li>b. Checks</li> <li>c. Deposit slips and</li> <li>d. Bank statements</li> </ol> </li> </ol>

NAME OF FIRM  
ADDRESS OF FIRM

Page 1 of 5

14

## Pillar 2 – Escrow/Trust Accounts

### Downloadable Sample Log

A	B	C	D	E	F	G	H	I	J
<b>Bank Account Information</b>									
Title Company Name (insert your company logo as well)									
Date Updated: xx/xx/xxxx									
Objective: To summarize banking information.									
	Bank Name	Type of Account (Escrow, Trust/Operating, Recording, etc.)	Account Number	Bank Contact	Name of each authorized check signer and title	Authorized Wire Users	Positive Pay utilized?	ACH debit blocks activated?	International wires prohibited?
1	Bank of the Midwest	Escrow	xxxx9876	Joe Banker, VP 555-976-1234	Matthew Mattson (Escrow Officer)	Matthew Mattson (Escrow Officer)	Yes	Yes	Yes
2	Chase	Escrow - FL	xxxx88332	Mr. JP Morgan, 333-444-5555	Jason Jameson (President)	Jason Jameson (President)	Yes	Yes	Yes
3					Matthew Mattson (Escrow Officer)	Matthew Mattson (Escrow Officer)			
4	Wells Fargo	U/W Premium	xxxx5432	Mr. Stage Coachman, 555-123-4567	Jack Close (Escrow Officer)	Jason Jameson (President)	n/a	n/a	n/a
5	Union Bank	Dormant/Inactive	xxxx6778	Susan B. Anthony	Betty Jackson (Escrow Officer)	n/a - no wire capabilities	No	No	No
6	US Bank	Operating-Payroll	xxxx7777		Jason Jameson (President)				
7	Wells Fargo	Recording	xxxx5433	Mr. Stage Coachman, 555-123-4567	Matthew Mattson (Post-Close Mgr)	Matthew Mattson (Post-Close Mgr)			
This template represents a sample document that can be downloaded and manipulated to fit the desires of the user. The use of this document does not guarantee customer or regulator acceptance or compliance with the American Land Title Association's Best Practices, nor any guarantee of customer relationships. Any representation by Old Republic Title Insurance Group is not intended to and does not constitute legal advice.									



15

## Pillar 3 – Privacy & Information Security

Establish a written information security plan designed to protect nonpublic personal information in the Company's possession and detect loss of nonpublic personal information based on the size and complexity of the Company's operations

- Physical security of NPI
  - Restrict access to NPI to authorized employees who have undergone background checks
  - Prohibit or control the use of removable media
  - Use only secure delivery methods when transmitting NPI
  - Establish a written plan for disposal and maintenance of NPI
- Network security of NPI
  - Maintain and secure access to Company information technology
  - Develop guidelines for the appropriate use of Company information technology
  - Ensure secure collection and transmission of NPI

16



## Pillar 3 – Privacy & Information Security

- Establish a written **disaster management and business continuity plan** to maintain information and business functions in the event of disruption.
- **Train employees** to help ensure compliance with information security program
- Oversight of **service providers** to compliance with a information security program
  - Take reasonable steps to retain service providers capable of safeguarding NPI
- **Post privacy policy** on website or give directly to clients / customers
- Utilize **multifactor authentication** for all remotely-hosted or remotely accessible systems storing, transmitting or transferring Non-public Personal Information.

17

## Pillar 3 – Privacy & Information Security

- Establish a **written incident response plan** to promptly respond to, and recover from, a breach that compromises the confidentiality, integrity, or availability of NPI.
- Establish **internal and service provider processes** for determining nature and scope of any incident.
- Establish **document and reporting procedures** for actions taken to respond to an incident.
- Document **procedure for notification of security breaches to customers and law enforcement** in accordance with applicable federal and state law.

18

## Pillar 3 – Privacy & Information Security

- Suggested Written Procedures for NPI
  - Physical Security
  - Network Security
  - Disposal
  - Disaster Management Plan
  - Training
  - Use of Service Providers
  - Notification

Insert Business Entity Logo Here

Policies and Procedures	
Privacy and Information Security	
<b>Purpose--</b>	Document a privacy and information security program (policies and procedures) to help ensure (insert name of entity (agency)) maintains written protocols for the protection of data and Non-public Personal Information (NPI).
<b>Scope</b>	These policies and procedures are for all of (insert name of entity (agency)) (hereafter referred to as "The Firm") locations including all satellite offices. These procedures are to be followed by all employees and independent contractors where applicable.
<b>Procedures</b>	<p>(The Firm should review its legal, contractual, and statutory requirements for privacy and information security and incorporate those requirements in these procedures.)</p> <p>The Firm has a formal privacy and information security program that is appropriate with the size and complexity, the nature and scope of The Firm's activities and the sensitivity of the information in The Firm's possession. As part of this program, The Firm maintains a Privacy Policy Notice (see attached) that is posted on The Firm's website and provided to customers and consumers for each order processed. Additional information about The Firm's privacy and information security program is available to consumers and customers upon request.</p> <p>The Firm's policies associated with the privacy and information security program are given to all employees and the employees must acknowledge in writing that they have read and understand such policies. It is the responsibility of (insert role/function) to help ensure The Firm has received all employee acknowledgements.</p> <p>The Firm makes an assessment (insert frequency) of the standards and requirements affiliated with The Firm's information security program, including those set out in this policy and procedure document. This assessment is conducted by (insert role/function/vendor) and a formal report on compliance is issued to The Firm management.</p> <p><b>Physical Security of NPI</b></p> <p>The Firm utilizes (insert vendor name) as the information provider for background and credit checks. The Firm individuals who have access to NPI is restricted to authorized principals and employees who have undergone a formal background check and credit report process which identified no irregularities.</p> <p>Removable media devices, including but not limited to external hard drives, compact discs, magnetic tapes and USB/flash drives are issued by The Firm with the approval of (insert role/function). The use of removable media</p>

Name of Title Function  
Agency or Division of the company
Page 1 of 3

Disclaimer: These policies and procedures are samples only and may not be used without customization to accurately reflect the agency's own policies and procedures.

19

## Beyond Pillar 3: Cyber Security

## Why Cyber Security?

- **Wire transfer fraud** is rampant in the real estate closing industry
- Scammers target closing agents, realtors and (increasingly) home buyers
- Typically through Business Email Compromise (BEC)
- Criminals monitor communications in real estate transactions, then send realistic forged email messages to convince title agents, realtors, or buyers to wire funds to a “new” account
- Newer schemes may also attempt to send “mortgage payoff” instructions or “corrections”
- Once sent to the scammers account, the funds are dispersed and often unrecoverable
- Not a question of whether your transactions will be targeted, but when

21



## Phishing

- Intruder seeks access by enticing user to “click” email attachment or link to malicious site
- Sophisticated; targeted to real estate professionals
- Forged messages appear to be from legitimate, real estate-related sources
  - “DocuSign”
  - “Dropbox”
  - “Real” underwriters, banks, title companies
  - Letterhead/signature blocks of actual parties reproduced
- Once “clicked,” malware infects system; also “SPAMs” user contact list
- Once system infected, intruder can read/alter/redirect messages to defraud parties



22

# Phishing

**Preliminary CD and Contract**

Kathy Hale

Sent: Thu 12/8/2016 8:57 AM

To: Renee Realtor, Tom Title Agent

Message Preliminary CD.htm (12 KB)


Good Morning,

Attached is the initial CD for my client (based on preliminary fees that you sent over). Can you please advise on revised/added fees (tax prorations, HOA dues, etc)?

Preliminary CD and Contract is enclosed via encrypted secure OUTLOOK PDF format

Kathy Hale  
Assistant  
John E. Robinson  
Key Financial, Inc.  
161 Belle Forest Circle  
Nashville, TN 37221  
323-892-5021

From: »Dropbox« <svp@a-faw.com>  
To: no-reply@dropboxmail.co  
Cc:  
Subject: New Document "Distribution" - (Via »Dropbox«)



Hi there,

A new Dropbox document titled "Distribution" has just been shared with you!

[View Shared Document](#)

"Please sign and return"

Dropbox also lets you easily share docs and photos, and collaborate with friends.

Thanks!  
- The Dropbox Team

Want to stop getting invites from Dropbox? [Unsubscribe](#)  
Dropbox, Inc., PO Box 77767, San Francisco, CA 94107

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23

## Wire Transfer Tips

- Warn parties in writing about wire fraud at start of transaction and advise of your wire security procedures, including that no party will give or accept wire instructions by email

### **WARNING:** Wire fraud is on the increase!

If you have an escrow or closing transaction with us and you receive an email containing Wire Transfer Instructions, DO NOT RESPOND TO THE EMAIL. Call your escrow officer/closer immediately, using previously known contact information and NOT information provided in the email, to verify the information prior to sending funds.

- Have all parties acknowledge the warning and your wire procedures policy in writing
- Verify account holder information with receiving bank prior to initiating wire

## Password Tips

Fancy characters & obscure combinations not as valuable as **length**

### Time to crack with “brute force” software:

M0nK3Y	1 hour
14monkeyswearhats	800,309,871 millennia

- Use unique password for each site
- Change your password regularly
- Use multi-factor authentication
- Don't use obvious personal information
- Don't re-use passwords
- Don't share passwords

25



## Multi-factor Authentication

Requires more than one method of authentication from independent categories of credentials to verify user's identity for a login or other transaction



26

## Server Security

- Use a firewall
  - Blocks unauthorized network traffic
  - Blocks unauthorized software downloads
- Limit privileged and admin-level network access to those who need it
- Limit file, directory, and network permissions to appropriate users
- Consider using software to filter content of inbound and outbound email
  - If no international business, why accept email from outside U.S.?
  - Block SSNs and wire instructions from outgoing messages



27



## Litigation Exposure

- Understand the obligations imposed by FIPA, Sec. 501.171, F.S. (Florida Information Protection Act of 2014)
  - Data breach requires notice to affected persons
  - See “You’ve Been Hacked – Now What?” Responsibilities Under Florida’s Information Protection Act and ALTA,” *Fund Concept 49* (May 2017)
- Move closed files containing private data off your server
- Avoid making statements on your website or social media about your firm’s “security,” digital safety, etc.



28

## Litigation Exposure

- Did you have the parties sign an Acknowledgement Form confirming
  - Your warning about wire fraud and
  - Your office practices regarding wire transfer security?
- Are you taking commercially reasonable care
  - Controlling, securing and disbursing client funds?
  - Informing clients of the expected closing procedure, such as when and how to wire closing funds?
  - Safekeeping client NPI?
- Does your firm have a written Incident Response Policy to identify, report and cure any breach of data or loss of funds via wire transfer?
  - Know who to call
    - Your bank's Chief of Security – not the branch manager or your account manager

29

## Third Party Security Vetting

Typical Questions (courtesy [GoldSkySecurity.com](https://www.GoldSkySecurity.com))

- Do you have an Information Security Policy and how often is it updated?
- Do you have an Information Security Officer that is qualified for the role?
- Do you conduct annual Security Risk Assessments?
- Are you conducting annual vulnerability/penetration testing of your network?
- Do you have an Access Privileges Policy?
- Do you have a Third Party Service Provider Security Policy?
- Do you perform annual security awareness training with executives and employees?
- Is your data encrypted in transit and at rest?
- Can you provide a copy of your Disaster Recovery and Business Continuity Plan?
- Do you have an Incident Response Plan and is it tested and updated annually?

30



## Insurance Considerations

### Type of Coverage

- Errors & Omissions
- Cyber
- Crime
- “Funds transfer fraud”
- “Social Engineering Fraud Endorsement”

### What’s Covered

Your acts of negligence  
Ransomware, data breaches  
3d party theft (traditionally, hacking)  
Unauthorized instruction to wire out  
Someone in your firm is tricked

- TIP = Experienced insurance brokers can reduce premiums by bundling policies
- Consider 3d party vendors offering higher coverages for misappropriated wires
  - CertifID ([www.certified.com](http://www.certified.com))
  - Vialok ([www.vialok.com](http://www.vialok.com))

31

## Pillar 4 – Recording and Pricing Procedures

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.

- **Recording procedures**
  - Review legal and contractual requirements to determine Company obligations to record docs and incorporate in written procedures
  - Submit or ship docs for **recording w/in 2 business days** of the later of
    - (i) the date of Settlement, or
    - (ii) receipt by the Company if Settlement 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 recordation** and maintain a record of the recording information for the document(s)

32



## Pillar 4 – Recording and Pricing Procedures

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.

- **Pricing procedures**
  - Maintain written procedures to help ensure that customers charged correct title insurance premium as determined by a mix of legal and contractual obligations
  - Utilize rate manuals and online calculators to ensure correct premiums charged
    - Ensure discounted rates charged when appropriate, including reissue rates
    - Quality check files after Settlement to help ensure consumers charged correctly
    - Provide timely refunds to consumers when overpayment is detected
- **Third-party signing professionals procedures (mobile notaries)**
  - Maintain written procedures to conduct appropriate due diligence for 3d-party signing professionals

33

## Pillar 4 – Recording & Pricing Procedures

*(Insert name of entity/agency)*

Policies and Procedures	
Document Recording / Title & Settlement Pricing (Small Office)	
Purpose	(Insert name of entity/agency) (hereinafter referred to as "The Firm") shall record documents and set rate and pricing procedures in compliance with contractual obligations and applicable Federal and State Consumer Financial Laws. The Firm currently does business only in Florida.
Procedures	<p>Requirements (Note: change this form to reflect your office procedures. Remove parts that do not apply. Review legal, contractual, and statutory requirements for recording documents and set rate and pricing procedures and incorporate those requirements in these procedures.)</p> <p>Please note that lender's more stringent instructions will supersede the stated policy and procedure.</p> <p><b>Title Insurance Pricing Procedures</b></p> <p>The Firm utilizes online calculators to help ensure correct fees are being charged for title insurance policy premiums.</p> <p>(Insert title of position, e.g. Real Estate Clerk) duties for each file:</p> <ol style="list-style-type: none"><li>1. Determine if a discount is available (such as simultaneous issue, reissue, new home purchase discount, and substitution rates, etc.)</li><li>2. Use the rate calculator on The Fund's Website, including any discounts</li><li>3. Additional charges:<ol style="list-style-type: none"><li>a. Charge \$25 for simultaneous issue, if applicable</li><li>b. Charge \$25 for ALTA 3 endorsement</li><li>c. Charge \$25 for all other endorsements</li><li>d. There was additional documented work with any of the above see (insert title of position, e.g. Attorney) for direction if a different amount should be charged</li></ol></li><li>4. Print out calculation worksheet and place in file (with additional documented work, if applicable)</li></ol> <p>(Insert title of position, e.g. Attorney) duties:</p> <ol style="list-style-type: none"><li>1. Review rate change sheets:<ol style="list-style-type: none"><li>a. Ensure online calculators will be up to date on date change is to be effective</li><li>b. If not direct all (insert title of position, e.g. Real Estate Clerk) to forward all rate calculations to (insert title of position, e.g. Attorney) for proper calculation</li></ol></li><li>2. Review random files monthly to ensure:<ol style="list-style-type: none"><li>a. Proper rate charges</li><li>b. Proper closing checklist</li></ol></li><li>3. Refund any over charges to consumer within ten business days</li><li>4. If there was an under charge fund shortage from opening account immediately</li></ol>
Settlement Pricing Procedures	

June 2016  
John Doe or John Doe II/III

Page 1 of 4

Downloadable Sample Policy



34

## Downloadable Sample Log



- Title policy production and delivery
  - Title policies issued and delivered to customers in a timely manner to meet statutory, regulatory or contractual obligations
    - Issue and deliver policies within 30 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 (including a copy of the policy) and premiums remitted to the underwriter in a timely manner to meet applicable statutory, regulatory and contractual obligations, but not to exceed 45 days after the later of (i) the date of Settlement, or (ii) the date that the terms and conditions of the title insurance commitment are satisfied

## Downloadable Sample Policy

<i>(Insert name of entity/agency)</i>	
Policies and Procedures	
Title Policy Production/Premium Remittance (Small Office)	
Purpose	<p>(Insert name of entity/agency) (hereinafter referred to as "The Firm") shall maintain written procedures related to title policy production, delivery, reporting and premium remittance to insure to help ensure that it meets its statutory, regulatory and contractual obligations.</p> <p>The Firm currently does business only in Florida.</p>
Procedures	<p><b>Requirements</b> (Note: change this section to reflect your office procedures. Remove parts that do not apply. Review legal, contractual, and statutory requirements for title policy production, delivery, reporting and premium remittance and incorporate those procedures in these procedures.)</p> <p>Please note that lender's more stringent instructions will supersede the stated policy and procedure.</p> <p><b>Policy Inventory</b></p> <p>The Firm only uses electronically issued forms and has no inventory</p> <p><b>Policy Issuance</b></p> <p>All policies are issued electronically from The Fund, via DoubleTime®</p> <p>(insert function or role name, e.g. Closer) duties</p> <ol style="list-style-type: none"> <li>1. Mark up the commitment</li> <li>2. Issue policies at closing</li> <li>3. Have customer sign acknowledgment of receipt of owner's policy</li> <li>4. Send Lender's policy to closing package             <ol style="list-style-type: none"> <li>a. Place a neon paper with "Lender's Title Policy" in large black letter just prior to closing</li> <li>b. Include policy in stacking order, if provided</li> <li>c. If not provided for in the stacking order, place at the beginning</li> <li>d. Send closing package to Lender via (insert carrier name(s)), e.g. Federal Express with a signature required for delivery</li> <li>e. Lender's signature upon receipt shall serve as acknowledgment of receipt of lender's policy</li> </ol> </li> <li>5. Notation of same shall be made in DoubleTime®</li> <li>6. After closing, input information from marked up commitment into DoubleTime®</li> <li>6. Monitoring procedures, below, help ensure necessary documents are recorded</li> <li>7. If a policy is not issued at closing table             <ol style="list-style-type: none"> <li>a. It will be given to (insert title of position, e.g. Attorney)</li> <li>b. Perform an ATDSC update daily for recording information and give to (insert title of position, e.g. Attorney)</li> </ol> </li> </ol>

37

## Pillar 5 – Title Policy Procedures

## Downloadable Sample Logs

[illegible]

## Policy Inventory

Title Company Name (insert your company logo as well)

Date Updated: xx/xx/xxxx

Objective: 1. To actively monitor all title policy forms (used and un-used)

Date Policy Allocated to Agency	Policy #	File/Order #	Date of Commitment	Date Closed	Date Disbursed	Date Recorded	Date Policy issued	Date Policy Reported to U/W
6/1/2013	OX2468542	9764208	8/1/2013	9/1/2013	9/4/2013	9/4/2013	9/5/2013	10/5/2013
6/1/2013	OX2468543	9764209	8/3/2013	9/3/2013	9/3/2013	9/3/2013	9/4/2013	
6/1/2013	OX2468544	9764210	8/5/2013	9/5/2013	9/5/2013	9/5/2013		
6/1/2013	OX2468545	9764211	8/7/2013	9/7/2013	9/10/2013			
6/1/2013	OX2468546	9764212	8/10/2013					
6/1/2013	OX2468547	9764213						
6/1/2013	OX2468548	9764214						
6/1/2013	SF9876543							
6/1/2013	SF9876544							
6/1/2013	SF9876545							
6/1/2013	SF9876546							

Note: From the data above, personnel will know the status of each policy allocated to the agent from the U/W.

## Pillar 6 – Professional Liability Insurance

Maintain appropriate professional liability insurance and fidelity coverage.

- Policy: Maintain errors & omissions insurance
  - Fund Member Agents
    - \$250,000 per claim
  - Fund Corporate Agents
    - \$250,000 per claim
    - Deductible no more than \$10,000
      - Required by Sec. 626.8419(b) F.S.

39



## Pillar 6 – Professional Liability Insurance

- Policy: Comply with state requirements for fidelity coverage & surety bonds
  - Fidelity Bonds
    - Protects employer against losses caused by employee fraud and dishonesty
    - Fund Corporate Agents
      - \$50,000 minimum
        - Required by Sec. 626.8419(a) F.S.
  - Surety Bonds
    - Guarantee title agent complies with title agent contract
    - Fund Corporate Agents
      - \$35,000 minimum
        - Required by Sec. 626.8419(c) F.S.

40



## Pillar 6 – Professional Liability Insurance

- Highly recommended to obtain **cyber liability insurance and crime coverage** in amounts appropriate to the company size and settlement volume
- Download **ALTA's Rapid Response Plan for Wire Fraud Incidents**
  - Outlines 10 steps companies should follow when hit by wire fraud.
  - Includes worksheet to help develop individual rapid response plan.
  - <https://www.alta.org/news/news.cfm?20180821-Download-ALTAs-Rapid-Response-Plan-for-Wire-Fraud-Incidents>



## Pillar 6 – Professional Liability Insurance

[illegible]

## Bond

[illegible]

Insurance Binder

*(Insert name of entity/agency)*

## Politics and Procedures

### Professional Liability Insurance

(Small Office)

#### Policy

(Insert name of entity/agency). (hereinafter "the Firm") shall carry professional liability coverage and assume the responsibility and so that it has financial capability to support the professional services obligations. The Firm currently does business only in Florida. The Firm is small and consists of (insert the number of attorneys) attorneys and (insert the number of support staff) support staff.

#### Procedures

**Requirements.** (Note: change this line to reflect your office procedures. Remove parts that do not apply. Review legal, contractual, and statutory requirements for licensing and incorporate those requirements in these procedures.)

1. Maintain minimum coverage (insert amount of coverage required by all contracts, i.e. \$250,000 for the Panel) per contract for (insert the company and add per F.L.A. Stat. § 626.8419 (2013)) a copy of the statute is attached).
2. Maximum deductible (insert the maximum amount of the deductible for all contracts, i.e. \$10,000 for the Panel) per contract (for life statute of limitations and per F.L.A. Stat. § 626.8419 (2013), a copy of the statute is attached).
3. Florida does not require continuance of this form (for life companies remove this line).

(Insert title of position i.e. Attorney or the name of the attorney) will review the underwriting requirements of agency agreements and state statutes annually, prior to renewal. Further, the firm will ensure that insurance coverage and benefits meet or exceeds all requirements, and is appropriate given the Firm's size, practice, and volume amount of real estate transactions and volume of transactions. Copy of most current policy declaration page is attached.

(Insert title of position i.e. Attorney or the name of the attorney) will remain abreast of all the insurance policies, declaration page, including all endorsements, and proof of payment of the current premium, applicable bonds in title underwritten(s) and lendings upon request.

#### Current coverage:

Type of coverage	Company/Insured	Phone/Email	Coverage amount	Ded. amount	Exp. date
F.A.O	Fund Insurance Solutions	855-788-4711 insurance@att-law.com	200,000	50,000	12/31/14
Surety	Fund Insurance Solutions	855-788-4711 insurance@att-law.com	50,000		12/31/14
Fidelity	Fund	855-788-4711	50,000		12/31/14

(Insert name of attorney/agent)  
(Insert email address)

Created/Revised:

These policies and procedures are samples only and may not be used without customization to accurately reflect the agent's own policies and procedures.

Page 1 of 2

## Pillar 7 – Resolving Consumer Complaints

Adopt and maintain procedures for resolving consumer complaints

- Develop procedures for logging and resolving consumer complaints
- Develop consumer **complaint form** that connects complaint to a specific transaction
- Set **single point of contact** for consumer complaints
- Establish procedures for forwarding complaints to appropriate personnel
- **Maintain log** of consumer complaints that includes whether and how the complaint was resolved

*(Insert name of entity/agency)*

Policies and Procedures	
Consumer Complaints (Small Office)	
Procedures	<p>(Note: change this form to reflect your office procedures. Remove parts that do not apply. Review legal, contractual, and statutory requirements for licensing and incorporate those requirements in these procedures.)</p> <p>We at (insert name of entity/agency) take all consumer complaints seriously. We strive to make your interaction with our offices rewarding.</p> <p>If there is an issue, please (insert how you want the consumer to make a complaint i.e. call our office (xxx-xxx-xxxx)) and ask to speak with (insert title of position i.e. Attorney or the name of the attorney) who is responsible for all new complaints.</p> <p>The (insert title of position i.e. Attorney or the name of the attorney) will fill in our complaint intake form and attach any documentation which you provide.</p> <p>The (insert title of position i.e. Attorney or the name of the attorney) will evaluate your complaint and after evaluation, will contact you to in effort to resolve your complaint.</p>
Contact Officer:	(insert title of position i.e. Attorney or the name of the attorney)
Date Approved:	(insert title of position i.e. Attorney or the name of the attorney, his/her signature and date)
Date of Commencement:	(insert effective date of policy and procedure; date and how it will be announced i.e. staff meeting; and date of training)
Amendment Dates:	
Date for Next Review:	(insert date for next review)
Related References and Links:	<ul style="list-style-type: none"> <li>This procedure is for publication (insert how this policy and procedure will be published i.e. on our website and in our office for all consumers)</li> </ul>

Note: This document is for distribution to customers, clients or consumer. This SHOULD be posted on the web. This may also be given to lenders upon their request.

43

## Pillar 7 – Resolving Consumer Complaints

*(Insert name of entity/agency)*

**Consumer Complaint Form**

Please complete appropriate section(s) below, then "save as" using the following format: (insert how you want the form saved i.e. "Last Name Consumer Complaint MMDDYY") and (insert if you want the form emailed to a person i.e. email to OfficeManager@ABC LawOffice.com)

(Insert the file name i.e. File Name Example: Smith Consumer Complaint 05-08-14)

Date of Inquiry:

MM-DD-YY

How complaint was made (phone, email, in person, etc.)

Consumer Contact Information:

Name(s) (Last, First)

Property Address (Street, City, State, Zip)

Contact Address (if different from Property Address)

Contact Phone Number

Additional Contact Phone Number

Transaction Information:

Agent File Number

Policy Number

Property Type (Residential or Commercial) Transaction Type (Purchase, Refi, REO, etc.)

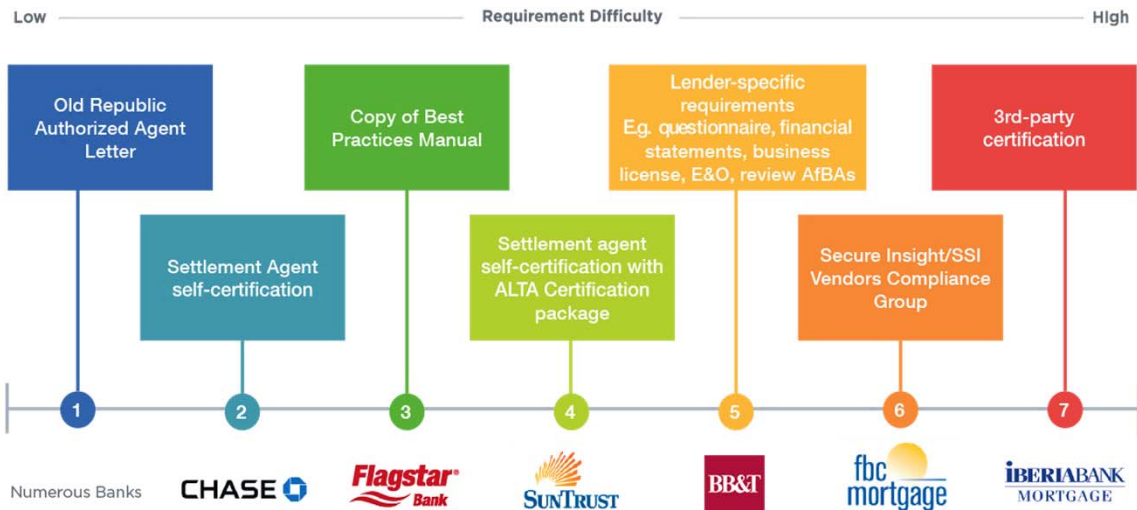
Briefly describe the nature of the consumer's inquiry including dates of any conversations, phone calls, and names (including title and company affiliation) of those with whom consumer has spoken. Notate the consumer's desired resolution.

### Downloadable sample Complaint Form and Log

Consumer Complaint Log									
Agent File #	State	Consumer Name	Brief Description	Date Rec'd (mm-dd-yy)	Assigned to	Date Last Contact w/ Consumer	Date Last Activity/ Update	Status	Brief Description of Resolution
								Open	
								Pending	
								Other	
								Closed/Not Opened	
This template represents a sample document that can be downloaded and manipulated to fit the desires of the user. The use of this document does not guarantee customer or regulator acceptance or compliance with the American Land Title Association's Best Practices, nor any guarantee of customer relationships. Any representation by Old Republic Title Insurance Group is not intended to and does not constitute legal advice.									

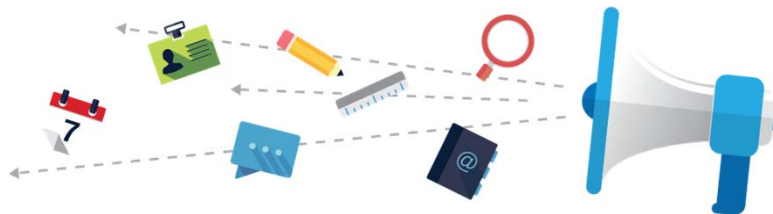
44

## Range of Lender Requirements



45

## Takeaway



- Still no definitive expectations from the mortgage/lending industry
- Lender requirements vary and change over time

46

## Other Considerations



How much business do you do with certain lenders?



Budget staff time to prepare your manual and forms



Budget for possible system changes



Be alert for new information

47



## Recommendations

- 1 Review The Fund's **ALTA Best Practices Bank Requirements Chart:** (And help us keep it updated)
- 2 Contact lenders and sign up for their communications
- 3 Consider using Google Alerts to track lender changes and updates
- 4 Prepare a **Best Practices Manual**

48





## ALTA's BEST PRACTICES and CYBER SECURITY



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