

April, 2015



Technical Questions and Answers

Section 9540, *Attest Engagement: American Land Title Association Best Practices Framework*



.01 Types of Engagements

Inquiry—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 policies, procedures, controls, and practices (collectively referred to as *practices* for purposes of this section) are voluntary and designed to help members illustrate to consumers and clients the industry professionalism and best practices to help ensure a positive and compliant real estate settlement practice. These practices are not intended to encompass all aspects of title or settlement company activity.

The ALTA Best Practices Framework¹ (the framework) has been developed to assist lenders in satisfying their responsibility to manage third party vendors. The framework comprises the following documents a company needs when electing to implement such a program:

- *Title Insurance and Settlement Company Best Practices*
- *Assessment Procedures*
- *Certification Package*, which includes the following three parts:
 - “Agency Letter” (part 1)
 - “Best Practices Certificate” (part 2)
 - “Declarations Page” (part 3)

¹ Information regarding the American Land Title Association (ALTA) Best Practices Framework is available at ALTA’s website at www.alta.org/bestpractices/index.cfm.

What types of engagements may a practitioner perform for a title insurance and settlement company (the company) in order to assist management and third parties about whether the company has implemented the framework?

Reply—A practitioner may perform an engagement that the company would consider best suited to its circumstances. Such engagements may include attestation engagements (such as an examination, review, or an agreed-upon procedures engagement) or an engagement under CS section 100, *Consulting Services: Definitions and Standards* (AICPA, *Professional Standards*).

[Issue Date: April 2015.]

.02 Applicability to an Attest Engagement

Inquiry—The company may request its independent public accountant (practitioner) to examine or review its title insurance and settlement practices for the purpose of expressing an opinion or a conclusion about whether those practices comply with the framework's best practices as of a point in time or for a period of time. Would such an engagement be an attest engagement under AT section 101, *Attest Engagements* (AICPA, *Professional Standards*)?

Reply—Yes. AT section 101 states that the attestation standards apply when a CPA in public practice is engaged to issue or does issue an examination, a review, or an agreed-upon procedures report on subject matter, or an assertion about the subject matter that is the responsibility of another party. When a practitioner is engaged by a company to provide an examination or a review report on the company's practices, such an engagement involves subject matter that is the responsibility of the company. Consequently, AT section 101 applies to such engagements.

[Issue Date: April 2015.]

.03 Suitability of Criteria

Inquiry—Paragraph .23 of AT section 101 specifies that "the practitioner must have reason to believe that the subject matter is capable of evaluation against criteria that are suitable and available to users." What are the criteria against which such subject matter is to be evaluated and are such criteria suitable and available?

Reply—The criteria for evaluating whether the company's practices have been implemented to comply with the framework's best practices are set forth in the framework. The suitability of those criteria should be evaluated by assessing whether the criteria meet the characteristics discussed in paragraph .24 of AT section 101. AICPA staff believe that the criteria set forth in the framework will, when properly followed, be suitable and, because the framework is available on ATLA's website, the criteria are generally available.

[Issue Date: April 2015.]

.04 Nature of Examination or Review Procedures

Inquiry—What is the nature of the examination or review procedures that should be applied to the company's best practices?

Reply—The objective of the procedures performed in either an examination or a review engagement is to accumulate evidence, sufficient in the circumstances, about whether the company has implemented practices in a manner that supports the company’s assessment recap provided in the framework questionnaire, *Assessment Procedures*, and to provide an opinion or a conclusion based on that evidence. The objective does not include providing assurance about whether the company’s best practices operated effectively to ensure compliance with federal and state consumer financial laws. In an examination, the evidence should be sufficient to limit attestation risk to a level that is appropriately low for the high degree of assurance imparted by an examination report. In a review, this evidence should be sufficient to limit attestation risk to a moderate level.

Examination procedures include obtaining evidence by reading relevant policies and programs, making inquiries of appropriate company personnel, inspecting documents and records, confirming company assertions with its employees or others, and observing activities. In an examination, it will be necessary for a practitioner’s procedures to go beyond simply reading relevant policies and programs and making inquiries of appropriate company personnel. Alternatively, review procedures are generally limited to reading relevant policies and procedures, and making inquiries of appropriate company personnel. When applying examination or review procedures, the practitioner should assess the appropriateness (including the comprehensiveness) of the company’s practices supporting the company’s assessment recap.

A particular company’s practices may vary from those of other companies. As a result, the sufficiency of evidence obtained from the practitioner’s procedures performed cannot be evaluated solely on a quantitative basis. Consequently, it is not practicable to establish only quantitative guidelines for determining the nature or extent of the evidence that is necessary to obtain the assurance required in either an examination or a review. The qualitative aspects should also be considered.

In determining the nature, timing, and extent of examination or review procedures, the practitioner should consider information obtained in the performance of other services for the company, for example, the audit of the company’s financial statements. For multi-location companies, whether practices were designed and placed in operation as of the assessment date should be evaluated for both the company’s headquarters and selected locations. The practitioner may consider using the work of the company’s internal auditors. AU-C section 610, *Using the Work of Internal Auditors* (AICPA, *Professional Standards*), may be useful in that consideration.

Examination procedures and (in some instances) review procedures may require access to information involving specific instances of actual or alleged noncompliance with laws. An inability to obtain access to such information because of restrictions imposed by a company (for example, to protect attorney-client privilege) may constitute a scope limitation. Paragraphs .73–.75 of AT section 101 provide guidance in such situations. The practitioner should assess the effect of the inability to obtain access to such information on the practitioner’s ability to form a conclusion about whether the related policies and programs operated during the period. If the company’s reasons for not permitting access to the information are reasonable (for example, the information is the subject of litigation or a governmental investigation) and have been approved by an executive officer of the company, the occurrences of restricted access to information are few in number, and the practitioner has access to other information about that specific instance or about other instances that is sufficient to permit a conclusion to be formed about whether the related best practice operated during the period, the practitioner ordinarily would conclude that it is not necessary to disclaim assurance.

If the practitioner's scope of work has been restricted with respect to one or more matters, the practitioner should consider the implications of that restriction on the practitioner's ability to form a conclusion about other matters. In addition, as the nature or number of matters on which the company has imposed scope limitations increases in significance, the practitioner should consider whether to withdraw from the engagement.

[Issue Date: April 2015.]

.05 Form and Content of Report

Inquiry—What is the form of report that should be issued to meet the requirements of AT section 101?

Reply—The standards of reporting in AT section 101 provide guidance about report content and wording, and the circumstances that may require report modification. Example 1, “Illustrative ALTA Best Practices Program Assertions and Examination Reports,” and example 2, “Illustrative Review Report Review Report,” of this Technical Question and Answer (Q&A) section are illustrative reports appropriate for various circumstances. Paragraph .66 of AT section 101 permits the practitioner to report directly on the subject matter or on management’s assertion. In either case, the practitioner should ordinarily obtain a written assertion. An illustrative company assertion is also presented in examples 1 and 2.

The engagements addressed in this Q&A section do not include providing assurance about whether the company's procedures operated effectively to ensure compliance with federal and state consumer financial laws or to evaluate the extent to which the company or its employees have complied with federal or state laws. The practitioner's report should explicitly disclaim an opinion on the extent of such compliance.

When scope limitations have precluded the practitioner from forming an opinion, the practitioner's report should describe all such scope restrictions. If the company imposed such a scope limitation after the practitioner had begun performing procedures, that fact should be stated in the report.

A company may request the practitioner to communicate to management or the board of directors or one of its committees, either orally or in writing, matters noted that do not constitute significant findings about the company's best practices. Agreed-upon arrangements between the practitioner and the company to communicate findings noted may include, for example, the reporting of findings of less significance than those contemplated by the criteria, the existence of findings specified by the company, the results of further investigation of findings noted to identify underlying causes, or suggestions for improvements in various best practices. Under these arrangements, the practitioner may be requested to visit specific locations, assess the effectiveness of specific policies or programs, or undertake specific procedures not otherwise planned. In addition, the practitioner is not precluded from communicating findings believed to be of value, even if no specific request has been made.

Example 1—Illustrative ALTA Best Practices Program Assertions and Examination Reports

Illustration 1—Unqualified Opinion; General-Use Report; Criteria Attached to the Presentation

Company Assertion

The responses in the accompanying *Assessment Procedures* portion of the American Land Title Association (ALTA) Best Practices Framework are based on company practices as of [date, for example July 15, 20XX]. Based on the results of our assessment procedures as set forth in the *Assessment Procedures* and our responses indicated in the “Assessment Recap” column, we believe our title insurance and settlement practices as of [date, for example July 15, 20XX], comply, in all material respects, with ALTA best practices based on the ALTA criteria.

Examination Report

Independent Accountant’s Report

To the Board of Directors of the XYZ Company

We have examined XYZ Company's (Company) title insurance and settlement practices and the Company’s responses in the accompanying *Assessment Procedures* document from American Land Title Association (ALTA) Best Practices Framework as of July 15, 20XX. XYZ Company’s management is responsible for its practices and for its responses to its assessment procedures. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence as to whether the Company’s practices support the responses indicated in the Assessment Recap column of the *Assessment Procedures* and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination procedures were not designed, however, to evaluate whether the aforementioned practices operated effectively to ensure compliance with the Federal and State Consumer Financial Laws or to evaluate the extent to which the Company or its employees have complied with federal or state laws, and we do not express an opinion or any other form of assurance thereon.

In our opinion, the Company’s title insurance and settlement practices, as of July 15, 20XX, comply, in all material respects, with the ALTA best practices based on the ALTA criteria.

Illustration 2—Unqualified Opinion; General-Use Report, Management’s Assertion

Examination Report

Independent Accountant’s Report

To the Board of Directors of the XYZ Company

We have examined management’s assertion that XYZ Company's (Company) title insurance and settlement practices, as of July 15, 20XX, comply, in all material respects, with the American Land Title Association (ALTA) best practices. XYZ Company’s management is responsible for its practices and for its responses to its assessment procedures. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence as to whether the Company's practices support the responses indicated in the "Assessment Recap" column of the *Assessment Procedures* and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination procedures were not designed, however, to evaluate whether the aforementioned practices operated effectively to ensure compliance with federal and state consumer financial laws or to evaluate the extent to which the Company or its employees have complied with federal or state laws, and we do not express an opinion or any other form of assurance thereon.

In our opinion, management's assertion referred to above is fairly stated, in all material respects, based on the ALTA criteria.

Example 2—Illustrative Review Report

Company Assertion

The responses in the accompanying *Assessment Procedures* portion of American Land Title Association (ALTA) Best Practices Framework are based on Company practices as of [date, for example July 15, 20XX]. Based on the results of our assessment procedures as set forth in the *Assessment Procedures* and our responses indicated in the "Assessment Recap" column, we believe our title insurance and settlement practices as of [date, for example July 15, 20XX], comply, in all material respects, with the ALTA Best Practices based on the ALTA criteria.

Independent Accountant's Report

To the Board of Directors of the XYZ Company

We have reviewed XYZ Company's (Company) title insurance and settlement practices and the Company's responses in the accompanying *Assessment Procedures* portion of the American Land Title Association (ALTA) Best Practices Framework as of July 15, 20XX. XYZ Company's management is responsible for its practices and for its responses to its assessment procedures.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the Company's practices. Accordingly, we do not express such an opinion. Additionally, our review was not designed to evaluate whether the aforementioned practices operated effectively to ensure compliance with federal and state consumer financial laws or to evaluate the extent to which the Company or its employees have complied with federal or state laws and we do not express an opinion or any other form of assurance thereon.

Based on our review, nothing came to our attention that caused us to believe that the Company's title insurance and settlement practices, as of July 15, 20XX did not comply, in all material respects, with the American Land Title Association (ALTA) best practices based on the ALTA criteria.

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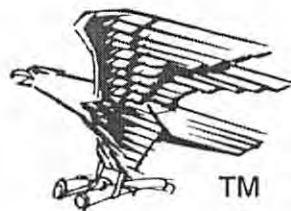
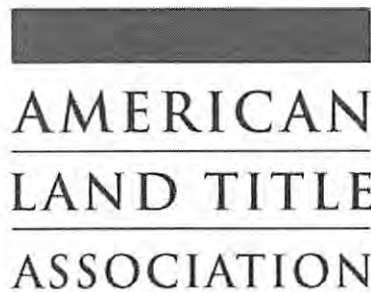


ALTA Best Practices Framework:

Assessment Procedures

Version 2.0

Published July 19, 2013





ALTA Best Practices Framework

The ALTA Best Practices Framework has been developed to assist lenders in satisfying their responsibility to manage third party vendors. The ALTA Best Practices Framework is comprised of the following documentation needed by a company electing to implement such a program.

- ALTA Best Practices Framework: Title Insurance and Settlement Company Best Practices
- ALTA Best Practices Framework: Assessment Procedures
- ALTA Best Practices Framework: Certification Package (Package includes 3 Parts)

Version History and Notes

Date	Version	Notes
7/19/2013	2.0	Publication of the ALTA Best Practices Framework: Assessment Procedures, along with other documents in the ALTA Best Practices Framework, as approved by the ALTA Board on July 19, 2013. This is the first publication of the ALTA Best Practices Framework: Assessment Procedures.



Please Note

Capitalized Terms:

- Capitalized Terms appearing in both these Assessment Procedures and the ALTA Title Insurance Settlement Company Best Practices (Best Practices) shall have the meanings set forth in the Best Practices document.

Documentation Guidelines:

- Detailed notes or documentation copies should be maintained for a minimum of five (5) years to support testing performed and testing exceptions for each procedure.

Testing Guidelines:

- Where possible, the same file sample may be used throughout the assessment to test multiple attributes.

Not Applicable (NA):

- Some of the Assessment Procedures will not be applicable to some agencies due to laws, regulations, or business model.

Assessment Procedures Marked with an Asterisk (*)

- Many of the Assessment Procedure Numbers are followed by an Asterisk (*). This indicates that a particular Assessment Procedure is a requirement and that a FAIL on that particular Assessment Procedure results in a FAIL for that Best Practice.



Assessment Procedure Number	ALTA Best Practices Framework: Assessment Procedures	Assessment Recap
	<p>ALTA Best Practice 1: Establish and maintain current License(s) as required to conduct the business of title insurance and settlement services.</p>	<p><i>Overall Assessment Recap: If any individual procedure marked with an asterisk FAILS, Best Practice 1 FAILS.</i></p>
1.01*	<p>Confirm the active status of the Company and/or individual Licenses/registrations for each state in which the Company conducts business. Validate compliance with ALTA Policy Forms Licensing Requirement. Documentation reviewed may include actual licenses, Department of Insurance or appropriate state regulatory agency websites/screenshots, Bar Association status, corporate or business registrations with the state and other documentation as applicable to state/license.</p> <p>Sample Selection:</p> <ul style="list-style-type: none"> ◆ 100% of all required licenses and corporate registrations in all states in which Company operates on assessment date. ◆ View Company's active ALTA Policy Forms License or verify compliance on ALTA website. 	<p>PASS / FAIL</p>



Assessment Procedure Number	ALTA Best Practices Framework: Assessment Procedures	Assessment Recap
	<p>ALTA Best Practice 2:</p> <p>Adopt and maintain appropriate written procedures and controls for Escrow Trust Accounts allowing for electronic verification of reconciliation.</p> <p><i>Note: These procedures apply to all custodial or fiduciary accounts including closing and disbursement accounts, recording and tax accounts, construction disbursing accounts, underwriter remittance/premium accounts and other similar accounts.</i></p>	<p>Overall Assessment Recap: If any individual procedure marked with an asterisk FAILS, Best Practice 2 FAILS.</p>
2.01*	<p>Obtain Company's written procedures and controls for Escrow Trust Accounts, hiring and training, and, at a minimum, verify all sections of ALTA Best Practice 2 are included.</p>	<p>PASS / FAIL / NA</p> <p>If no written procedures, Procedure 2.01 FAILS.</p>
2.02*	<p>Obtain a complete listing, certified by Company, of ALL open (active and inactive; escrow and non-escrow) bank accounts and authorized signers/ wire initiators and approvers on the accounts.</p> <p>Sample Selection:</p> <p>Select a minimum sample of 5 or 10%, whichever is greater, of authorized signers on Escrow Trust Accounts (maximum of 25). If total population is less than 5, select 100%. Perform the following:</p> <ol style="list-style-type: none"> a. Compare against the active listing of employees to verify all signers, wire initiators and approvers are actively employed. b. If signatory stamps are being used to sign escrow checks, test to confirm only authorized signers have access to the stamp. c. Obtain evidence (invoice/documentation in personnel files, etc.) that 5 year Background Checks were conducted upon hiring or within the past 3 years. d. Verify compliance with the Company's process for training employees on management of escrow funds and Escrow Trust Accounts. 	<p>PASS / FAIL / NA</p> <p>If any exception is noted for any sub-procedure, Procedure 2.02 FAILS.</p>



Assessment Procedure Number	ALTA Best Practices Framework: Assessment Procedures	Assessment Recap
2.03*	<p>Obtain two month end Three-Way Reconciliations for each escrow or trust account and perform the following:</p> <p><i>Note: Three Way Reconciliation documentation at a minimum includes bank statement, reconciliation sheet/summary page with book balance, outstanding deposits list/deposits-in-transit, open escrow file listing or trial balance and outstanding disbursements list, all as of the reconciliation date. All amounts should equal between the book balance, reconciled bank balance and trial balance.</i></p> <p>Definition of Significant items:</p> <ul style="list-style-type: none"> ◆ Individual transactions/file balances over \$10,000 over 10 days old. ◆ Aggregate transactions over \$10,000 for shortages. ◆ Outstanding checks depending on payee as noted in sub-procedure 2.03.k in excess of \$5,000 over 180 days old, mortgage payoffs over 10 days old. <p>Definition of Active versus Inactive/Dormant Accounts:</p> <ul style="list-style-type: none"> ◆ Active Account - Used for current transactions. ◆ Inactive/Dormant Account <ul style="list-style-type: none"> ▪ No new incoming funds into account. ▪ No disbursements related to new closings from account. ▪ No activity through account in last six months (dormant). <p>Sample Selection:</p> <ul style="list-style-type: none"> ◆ Two months reconciliations for ALL Escrow Trust Accounts (also maintain for documentation). ◆ For a Company performing more than 100 transactions per month, perform sub-procedures 2.03.a through 2.03.f for all accounts for at least one of the two months. <p>a. Verify that reconciliations were completed monthly and within 10 business days of the closing date of the bank statement.</p>	<p><u>Active Accounts</u></p> <p>If any individual sub-procedure FAILS for any account, Procedure 2.03 FAILS.</p> <p><u>Inactive/Dormant Accounts</u></p> <p>If sub-procedure 2.03.g FAILS, Procedure 2.03 FAILS; otherwise, revert to Active Account criteria for PASS/FAIL.</p>



Assessment Procedure Number	ALTA Best Practices Framework: Assessment Procedures	Assessment Recap
	<p>b. Verify that daily and monthly reconciliations are prepared independently by someone not associated with the receipt and disbursement function.</p> <p>c. Verify that reconciliations are reviewed and signed off by management or a supervisor.</p> <p>d. Verify that reconciliations, bank statements and supporting documentation are accessible electronically by the Company's contracted underwriters.</p> <p>e. Determine whether accounts are in balance, contain all supporting reports, and that a proper three-way reconciliation is being produced. The book balance, reconciled bank balance and trial balance should be in agreement.</p> <p>f. Verify that the bank statements and account related documentation for each Escrow Trust Account is clearly labeled by the bank as an Escrow Trust Account and that the escrow checks and deposit tickets/records clearly identify the associated file numbers.</p> <p>g. Verify that for inactive/dormant accounts, senior management approval is required for any disbursement of funds.</p> <p>Sample Selection:</p> <ul style="list-style-type: none"> ◆ For a Company performing 100 or more transactions per month, the following additional procedures must be performed on a sample of accounts representing at least 50% of the total number of accounts. ◆ For a Company performing fewer than 100 transactions per month, the following procedures must be performed on 100% of the total number of accounts. <p>h. Agree opening bank and book balances to ending balance on prior month's reconciliation or differences are identified.</p> <p>i. Review bank statement activity noting bank charges, insufficient funds charges, negative daily balances, investigate and confirm resolution.</p>	



Assessment Procedure Number	ALTA Best Practices Framework: Assessment Procedures	Assessment Recap
	<p>Verify that all bank charges are funded by the Company's operating account within 30 days from reconciliation.</p> <ul style="list-style-type: none"> j. Test significant outstanding deposits listed on the most current reconciliation, investigate and verify resolution. k. Determine Company's process for follow up on outstanding checks. Verify clearing or adherence to follow-up process for significant outstanding checks including but not limited to checks to recording clerk, tax collector, hazard insurance checks, underwriter checks or checks for mortgage payoffs and any other high risk items. l. Review the Trial Balance and test significant file shortages, dormant funds (significant file balances over 180 days), and significant miscellaneous files to verify documentation of their status and that shortages were funded within 5 days of completion of reconciliation. m. Review and test adjustments (reconciling items) needed to bring the account in balance and verify their validity. n. Verify that the Company is not comingling fiduciary funds, including underwriter premium, with operating funds. o. From a review of cancelled checks or disbursement registers, select a sample, maximum of 25, and test checks, if any, that may require further review, such as checks going back into escrow, paid to cash or employees, transferred between accounts, suspicious payees, multiple checks to the same payees, and any other questionable disbursement. These disbursements should be agreed to a closing file and settlement statement. p. Select a sample of three days within the assessment period for the escrow funding/settlement/disbursement accounts and verify agent is performing, at a minimum, a daily reconciliation of the receipts and disbursements. 	
2.04*	Select a minimum of 5 or 10% of all interest bearing escrow or trust accounts, whichever is greater, (maximum of 25). If total population is less than 5, select 100%.	<p>PASS / FAIL / NA</p> <p>If 25% or more of items tested FAIL, Procedure</p>



Assessment Procedure Number	ALTA Best Practices Framework: Assessment Procedures	Assessment Recap
	Verify that the Company maintains records/documentation supporting activity for interest bearing (customer investment) escrow accounts.	2.04 FAILS If NA, PASS
2.05*	For ALL Escrow Trust Accounts, determine whether the Escrow Trust Accounts are maintained at Federally Insured Financial Institutions unless directed by the beneficial owner.	PASS / FAIL
2.06*	<p>Sample Selection:</p> <p>Select a sample of 5 files or 100% of closed files, whichever is less, during the assessment period and perform the following:</p> <ol style="list-style-type: none"> Compare the settlement statement and file ledger and investigate differences. Review closed file for supporting documentation for disbursements over \$1,000 listed on the settlement statement. Investigate any unsupported disbursements. Verify disbursement and receipt dates and amount on the file ledger with the bank statement or copies of cleared checks, to determine timely clearance. Verify funds were received/ deposited prior to disbursement. For outgoing wire transfers, verify compliance with Company's policy for initiation and approval. 	<p>PASS / FAIL / NA</p> <p>If 20% or more of items tested for any sub-procedure FAIL Procedure 2.06 FAILS.</p> <p>If NA, PASS</p>
2.07*	For accounts reviewed in Assessment Procedure 2.03, verify that the Company utilizes Positive Pay or Reverse Positive Pay, ACH and international wire blocks, if available in Company's marketplace, to protect against unauthorized transactions. Review bank documentation such as monthly account analysis statement or bank positive pay entitlement documentation.	<p>PASS / FAIL / NA</p> <p>If NA, PASS</p>



Assessment Procedure Number	ALTA Best Practices Framework: Assessment Procedures	Assessment Recap
	<p>ALTA Best Practice 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.</p>	<p><i>Overall Assessment Recap: If any individual procedure marked with an asterisk FAILS, Best Practice 3 FAILS.</i></p>
3.01*	Obtain the Company's information security program/policy to protect its Non-public Personal Information and verify that the program/policy is reviewed and updated at least annually, as necessary.	<p>PASS / FAIL If no written procedures, Procedure 3.01 FAILS.</p>
3.02*	Select a sample of 25 employees who have access to Non-public Personal Information (or 100% if fewer than 25 employees). Obtain evidence that they were trained in the Company's information security program/policy to protect Non-public Personal Information.	<p>PASS / FAIL If 20% or more of items tested FAIL, Procedure 3.02 FAILS</p>
3.03*	<p>Obtain the Information Security Risk Assessment, including the risk ranking of information systems.</p> <p>Review the Company's process for assessing risk to its customer information and verify that it includes the following:</p> <ul style="list-style-type: none"> a. Locations, systems, and methods for storing, processing, transmitting, and disposing of its customer information. b. Potential internal and external threats that could result in unauthorized disclosure, misuse, alteration, or destruction of Non-public Personal Information or customer information systems and assessments of the likelihood and potential damage to the Company and its customers of these threats. 	<p>PASS / FAIL If no written Information Security Risk Assessment, Procedure 3.03 FAILS.</p>



Assessment Procedure Number	ALTA Best Practices Framework: Assessment Procedures	Assessment Recap
3.04*	<p>Verify that key controls, systems and procedures of the information security program are regularly tested by qualified independent staff in accordance with the risk assessment.</p> <p>Specifically, review that the following are included in the testing:</p> <ul style="list-style-type: none"> a. Management's documented approach for testing the information security program and evidence of testing. b. Frequency of testing of the information security program. c. Documentation of approach for tracking and remediating exceptions and/or control gaps. 	PASS / FAIL
3.05*	<p>Verify employees are required to complete an acceptable use of information technology assets agreement at least annually (e.g., acceptable use of the Internet, email, and Company information resources). For the sample of employees tested in Assessment Procedure 3.02 above, review the signed Acceptable Use Policy.</p>	<p>PASS / FAIL</p> <p>If 20% or more of items tested FAIL, Procedure 3.05 FAILS</p>
3.06*	<p>Obtain and review written policies and procedures to verify logical access to information systems (i.e., network, data base, and application layers) containing Non-public Personal Information is restricted to authorized persons only.</p>	<p>PASS / FAIL</p> <p>If no written procedures, Procedure 3.06 FAILS.</p>



Assessment Procedure Number	ALTA Best Practices Framework: Assessment Procedures	Assessment Recap
3.07*	<p>a. For the sample of employees tested in Assessment Procedure 3.02 above, test the user access provisioning process to determine if access is approved in accordance with policy prior to granting.</p> <ul style="list-style-type: none"> o Obtain evidence (invoice/documentation in personnel files, etc.) that 5 year Background Checks were conducted upon hiring or within the past 3 years. <p>b. Select a sample of 5 terminated employees or 100% if less than 5 within the assessment period.</p> <ul style="list-style-type: none"> o Verify the user access de-provisioning process to determine if access for terminated employees was removed per policy. <p>c. Verify administrative access rights (i.e., ability to add, modify and remove user access) to systems containing Non-public Personal Information are not assigned to personnel performing business transactions within the system.</p> <p>d. Verify access review is being performed by management at least annually to confirm that only required employees have access to customer information or customer information systems necessary to perform job functions.</p> <p>e. Verify that logical access controls (e.g., unique User ID's, complex passwords, etc.) to the network and information systems containing Non-public Personal Information are in place.</p> <ul style="list-style-type: none"> o Obtain listing of user ID's for systems with Non-public Personal Information. Verify ID's are unique and assigned to specific users. o Test password configuration controls in accordance with policy. 	<p>If 20% of sub-procedures 3.07.a or 3.07.b FAIL, the sub-procedure FAILS</p> <p>If sub-procedure 3.07.c, 3.07.d, or 3.07.e FAIL, the applicable sub-procedure FAILS</p> <p style="text-align: center;"><u>Overall</u></p> <p>If any individual sub-procedure FAILS, Procedure 3.07 FAILS</p>



Assessment Procedure Number	ALTA Best Practices Framework: Assessment Procedures	Assessment Recap
3.08*	<ul style="list-style-type: none"> a. Review documented policies regarding the use of removable media (e.g., restricting the use of USB ports, CD/DVD writable drives, etc.). b. Obtain evidence of system configuration settings demonstrating the restriction of removable media in accordance to policy. 	<p>PASS / FAIL</p> <p>If sub-procedure 3.08.b FAILS, Procedure 3.08 FAILS.</p> <p>If sub-procedure 3.08.a FAILS, but 3.08.b PASSES, then Procedure 3.08 PASSES.</p>
3.09*	<p>Inquire of management to determine if the Company:</p> <ul style="list-style-type: none"> a. Provides encryption of electronically transmitted or stored Non-public Personal Information. b. Can provide evidence of system configuration settings demonstrating the use of encryption. 	<p>PASS / FAIL</p> <p>If sub-procedure 3.09.b FAILS, Procedure 3.09 FAILS.</p> <p>If 3.09.a FAILS, but 3.09.b PASSES, then Procedure 3.09 PASSES</p>
3.10*	<ul style="list-style-type: none"> a. Obtain and review documented procedures for monitoring, detecting attacks/intrusions into customer information systems, and responding to incidences. If monitoring of external threats has been outsourced, obtain evidence of reporting and subsequent management review. b. Obtain a sample of 5 or 10%, whichever is greater, of notifications of security alerts (maximum of 25) and verify management's follow-up activity. c. Obtain and review documented procedures for security breach notification, including evidence of program review at least annually. 	<p>PASS / FAIL</p> <p>If no written procedures, Procedure 3.10 FAILS.</p> <p>If any individual sub-procedure FAILS, Procedure 3.10 FAILS.</p>
3.11*	<ul style="list-style-type: none"> a. Verify access to physical locations containing customer information, such as buildings, computer facilities and record storage facilities, is limited to authorized personnel only. Inspect physical locations to verify that they are secured and access is limited to authorized personnel. 	<p>PASS / FAIL</p> <p>If any individual sub-procedure FAILS, Procedure 3.11 FAILS.</p>



Assessment Procedure Number	ALTA Best Practices Framework: Assessment Procedures	Assessment Recap
	b. Obtain and review the Clean Desk Policy and verify compliance through inspection.	
3.12*	<p>a. Obtain and review change management procedures when technology and business function changes are made.</p> <p>b. Verify procedures are in place to determine that systems modifications (hardware and software) are consistent with the approved security program. Specifically, test a sample of 5 or 10%, whichever is greater (maximum 25) of hardware or software changes to verify that they are documented, tested and approved.</p>	<p>PASS / FAIL</p> <p>If sub-procedure 3.12.b FAILS, Procedure 3.12 FAILS.</p> <p>If sub-procedure 3.12.a FAILS, but 3.12.b PASSES, then Procedure 3.12 PASSES</p>
3.13*	Obtain management's procedure for data and system backup and business resumption to protect against destruction, loss, or damage of information from potential environmental hazards, such as fire and water damage or technological failures.	PASS / FAIL
3.14*	<p>Determine whether the Company provides Non-public Personal Information to any other party or whether any other party has access to Non-public Personal Information through service provided directly to the Company.</p> <p>a. Verify and obtain evidence that Company conducted due diligence in selecting its service providers and taking information security into consideration.</p> <p>b. Verify that Company has controls to monitor security procedures of service providers to safeguard customer information (i.e. review the results of audits, security reviews or tests, intrusion logs, or other evaluations).</p>	<p>PASS / FAIL</p> <p>If any individual sub-procedure FAILS, Procedure 3.14 FAILS.</p>
3.15*	Verify whether Company provides Privacy Policy to customers. Obtain and inspect evidence of notification using the same sample as in Assessment Procedure 2.06 above.	<p>PASS / FAIL</p> <p>If 20% or more of items tested FAIL, Procedure 3.15 FAILS</p>



Assessment Procedure Number	ALTA Best Practices Framework: Assessment Procedures	Assessment Recap
3.16*	<p>Determine through inquiry of management whether the Company maintains a website. If so, inspect the Company's website and verify the following:</p> <ul style="list-style-type: none"> a. The website includes a privacy statement. b. The website's privacy statement accurately discloses what Non-public Personal Information is obtained on the site. 	<p>PASS / FAIL</p> <p>If any individual sub-procedure FAILS, Procedure 3.16 FAILS.</p>
3.17*	<ul style="list-style-type: none"> a. Obtain and inspect policies and procedures over record retention and disposal. Verify procedures are in place for disposal of Non-public Personal Information. b. If document/electronic media disposal services are provided by a third party, obtain evidence of the contract agreement/SLA and a recent document disposal certificate from the vendor. 	<p>PASS / FAIL</p> <p>If any individual sub-procedure FAILS, Procedure 3.17 FAILS.</p>



Assessment Procedure Number	ALTA Best Practices Framework: Assessment Procedures	Assessment Recap
	<p>ALTA Best Practice 4</p> <p>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.</p>	<p>Overall Assessment Recap: If any individual procedure marked with an asterisk FAILS, Best Practice 4 FAILS.</p>
4.01*	Obtain and/or document Company's written procedures to maintain compliance with established rates and legal and contractual requirements for recording documents.	<p>PASS / FAIL / NA</p> <p>If no written procedures, Procedure 4.01 FAILS.</p>
<p>Sample Selection</p> <p>Instructions for Next Two Assessment Procedures</p>	<p>Sample Selection for Assessment Procedures 4.02 and 4.03:</p> <p>Based on Company's process (centralized versus decentralized), select sample as follows:</p> <p>Centralized:</p> <ul style="list-style-type: none"> • 25 files or 100% of last 3 months of closed files, whichever is less. <p>Decentralized:</p> <ul style="list-style-type: none"> • At least 1 file per state in which Company writes (a minimum of 25 files in total) or 100% of last 3 months of closed files, whichever is less. 	



Assessment Procedure Number	ALTA Best Practices Framework: Assessment Procedures	Assessment Recap
4.02*	<p>For sample selected as noted above, confirm the following:</p> <ul style="list-style-type: none"> a. Documents were submitted or shipped 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) date of Settlement, or (ii) receipt by the Company if Settlement is not performed by the Company. Documents are tracked and recording information retained. b. If recording was rejected, item was addressed within two (2) business days of receipt of the rejected documents. Documents and corrective actions, including resubmission, are tracked. In no instance should resubmission take more than 30 days. 	<p>PASS / FAIL</p> <p>If 25% or more of items tested for any sub-procedure FAIL or any one file takes more than 30 days to be submitted/shipped/resubmitted, Procedure 4.02 FAILS.</p>
4.03*	<p>For sample selected as noted above, perform the following:</p> <ul style="list-style-type: none"> a. Test compliance with current filed or promulgated rates, endorsements, and/or rates established by the Company's title insurance underwriter(s) or rating bureau in each state, and where overpayments occurred, verify that refunds are issued upon discovery. b. Ensure discounted/reissue rates are calculated and charged when appropriate. c. Test transactions to determine whether non-title insurance rates for services provided by the Company agree with the Company's established rates. d. Document the Company's quality review process to ensure compliance with underwriter and/or agent established rates as determined by state law and where overpayment occurred, that refunds are issued upon discovery. 	<p>PASS / FAIL</p> <p>If 10% or more of items tested for any sub-procedure FAIL, Procedure 4.03 FAILS.</p>



Assessment Procedure Number	ALTA Best Practices Framework: Assessment Procedures	Assessment Recap
	<p>ALTA Best Practice 5</p> <p>Adopt and maintain written procedures related to title policy production, delivery, reporting and premium remittance.</p>	<p><i>Overall Assessment Recap: If any individual procedure marked with an asterisk FAILS, Best Practice 5 FAILS.</i></p>
5.01*	<p>Obtain Company's written procedures and controls for title policy production, delivery, reporting and premium, and, at a minimum, ensure all sections of ALTA Best Practice 5 are included.</p>	<p>PASS / FAIL / NA</p> <p>If no written procedures, Procedure 5.01 FAILS.</p>
5.02*	<p>Using the sample selected above for Assessment Procedures 4.02 and 4.03, perform the following:</p> <ol style="list-style-type: none"> a. Verify title insurance policies are issued and delivered to customer within 30 days of Settlement if terms and conditions of title insurance commitment have been satisfied. b. If terms and conditions of title insurance commitment were not satisfied at Settlement, verify policy was sent within 30 days from the date on which all terms and conditions of commitment were satisfied. c. Compile a list of the sample selected and provide to applicable underwriter for written confirmation of receipt of policy, accuracy of premium remitted including split, in accordance with the Company's agency contract, and date when premium was received. d. The correct portion of the premium collected was remitted to the underwriter by the last day of the month following the month in which the insured transaction was settled. 	<p>PASS / FAIL</p> <p>If 10% or more of items tested for any sub-procedure FAIL, Procedure 5.02 FAILS.</p>



Assessment Procedure Number	ALTA Best Practices Framework: Assessment Procedures	Assessment Recap
	<p>ALTA Best Practice 6 Maintain appropriate professional liability insurance and fidelity coverage.</p>	<p><i>Overall Assessment Recap: If any individual procedure marked with an asterisk FAILS, Best Practice 6 FAILS.</i></p>
6.01*	<ul style="list-style-type: none"> a. Obtain a list of the Company's current professional liability insurance, errors and omissions insurance, fidelity insurance policies and surety bonds including coverage amounts and expiration dates. Verify accuracy of the list by comparison to policy declaration pages. b. Verify that Company maintains professional liability insurance or errors and omissions insurance. c. Obtain written confirmation from each underwriter regarding the acceptability of the coverage and that the coverage is in accordance with the Company's underwriting agreement(s). d. If coverage is required by state law, verify that coverage meets minimum requirements for each state in which the Company is licensed. 	<p>PASS / FAIL / NA</p> <p>If any exception is noted for any sub-procedure, Procedure 6.01 FAILS.</p>



Assessment Procedure Number	ALTA Best Practices Framework: Assessment Procedures	Assessment Recap
	<p>ALTA Best Practice 7 Adopt and maintain written procedures for resolving consumer complaints.</p>	<p>Overall Assessment Recap: If any individual procedure marked with an asterisk FAILS, Best Practice 7 FAILS.</p>
7.01*	<p>Obtain written policies and procedures for tracking and resolving consumer complaints. Verify that the following are included:</p> <ul style="list-style-type: none"> a. A standard complaint form is utilized that identifies information that connects the complaint to a specific transaction and provides information to understand the nature and scope of the complaint. b. A single point of contact and/or department has been established for consumer complaints. c. Procedures have been established for forwarding complaints to appropriate personnel. d. A written log of consumer complaints is maintained that includes whether resolution is necessary and how resolved. 	<p>PASS / FAIL</p> <p>If no written procedures or written procedures do not include all sub-procedures, Procedure 7.01 FAILS.</p>
7.02*	<p>Obtain the consumer complaints log for a period of 1 year immediately preceding the assessment and verify that the Company followed the procedural guidelines for addressing complaints.</p> <p>Sample Selection: Select 25% of the complaints. The sample should contain a minimum of 3 and a maximum of 25.</p>	<p>PASS / FAIL</p> <p>If 10% or more of items tested FAIL, Procedure 7.02 FAILS.</p>

Insert Business Entity Logo/Name Here

Policies and Procedures
Escrow/Trust Accounting

Purpose	Document escrow/trust internal controls are in place to meet requirements for the safeguarding of client funds and to minimize the exposure to loss of client funds.
Scope	These policies and procedures are for all of (insert name of entity/agency) (hereafter referred to as "The Company") locations including all satellite offices. These procedures are to be followed by all employees and independent contractors where applicable.
Procedures	<p><i>[The Company should review its legal, contractual, and statutory requirements for escrow/trust accounting procedures and incorporate those requirements in these procedures. Generally speaking, the west coast states have more regulations, policies, and procedures governing escrow accounts. Any of these state websites should be used as a reference when drafting your policies and procedures document]</i></p> <p>Escrow funds and operating accounts are separately maintained.</p> <p>The Company maintains (insert # of escrow/trust accounts) for real estate and mortgage loan transactions. Escrow/trust funds The Company maintains under a fiduciary capacity are not commingled with The Company's operating funds or an employee or manager's personal account. [If an attorney agent, indicate you have a separate real-estate related trust account that is available for review by the underwriter]</p> <p>Escrow/Trust Accounts Trial Balance Reports.</p> <p>A trial balance report depicting the balance of a particular customer's funds can be produced for each escrow/trust account at any time. This report depicts all individual customer file balances that do not have a zero balance. On a monthly basis, (insert role/function) reconciles the trial balance report to the bank balance and reconciled book balance, creating a "three way" reconciliation.</p> <p>Trial balance reports are produced for each escrow/trust account maintained by The Company, including recording accounts and underwriter premium accounts.</p> <p>Escrow/Trust Account Reconciliations</p> <p>It is the responsibility of (insert role/function) to reconcile the escrow/trust accounts. Account receipts and disbursements activity are reconciled daily (two-way). Monthly (or insert frequency if greater than monthly), a three-way reconciliation between the bank records, book records, and trial balance is performed. This reconciliation is completed within (insert # of days after receipt of bank statement).</p>

Name of Title Company
 Address or Website of Title Company

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A listing is kept of all escrow/trust accounts. This listing includes underwriter premiums accounts, recording accounts and dormant accounts.

Escrow/trust account reconciliations are performed by an **(insert role/function)** who does not have check signing authority or the capability/authority to perform wire transfer transactions.

Each month escrow/trust account reconciliations are reviewed by Company management and evidence of the review is documented. The escrow/trust account reconciliations are available to the title insurance underwriter at any time requested.

Escrow/trust account reconciling items are clearly noted on the reconciliations. These reconciling items are followed up and addressed by **(insert role/function)** within **(insert # of days)** of completion of the reconciliation so as to not carry over on the reconciliations from month to month.

Escrow/Trust Accounts are properly labeled and maintained in insured institutions.

Escrow/trust bank accounts are appropriately designated as "escrow" or "trust" accounts. This designation is noted in the original banking agreements as well as on our check stock, deposit slips, and bank statements. Unless mandated by state regulation or directed by a customer with a signed agreement, escrow/trust accounts are maintained with insured financial institutions.

Dormant file balances.

Customer files that continue to hold funds after the settlement date are reviewed periodically to determine if any disbursements have been made. Management approval by **(insert function or role name)** is required for any disbursement from an inactive escrow. An inactive escrow is defined as any escrow which has had no activity for the past six months. This approval is documented and maintained.

Banking Transactions conducted by authorized employees.

Via agreements with financial institutions, The Company management authorizes employees for escrow/trust bank account transactions. Wire transfer initiation and approval levels are set by The Company and reviewed for changes in staff routinely. Former employees are immediately deleted as signatories and authorized wire transfer individuals. A list of authorized individuals is maintained in the Escrow Account Information Report (see attached example). The individual(s) designated as the 'wire transfer administrator' to set-up and change online banking permissions has been authorized by management.

Authorized check signers and wire individuals do not maintain the escrow/trust accounting records or perform the escrow/trust account reconciliations.

Positive pay, ACH Blocks, and international wire blocks are used.

The "Positive Pay" feature offered by our financial institutions is used on escrow/trust accounts. **(Insert function or role name)** reviews the positive pay exception report **(insert when received and reviewed)**. All positive pay reports are maintained and any exceptions are documented and explained.

	<p>ACH blocks and international wire blocks are placed on all escrow/trust accounts to prevent unauthorized users from withdrawing funds from the escrow/trust account.</p> <p>Background checks.</p> <p>Before an individual is hired, a background check (criminal and credit) is performed by <u>(insert vendor(s) used)</u>. Every <u>(insert how often)</u> years a background check (including criminal and credit) is performed on existing employees who have access to escrow/trust account funds.</p> <p>Escrow/trust account training.</p> <p>The Company provides escrow/trust account training <u>(insert when and frequency)</u> to individuals handling customer funds and conducting escrow/trust account reconciliations. This training is conducted by <u>(insert vendor or role/function)</u>. All training and continuing education is tracked and maintained by <u>(insert function or role name)</u>.</p>
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Contact Officer	<i>Provide the position title and name of person(s)</i>
Date Approved	<i>Day Month Year</i>
Date of Commencement	<i>Day Month Year</i>
Amendment Dates	<i>List the dates the policy has been amended (Day Month Year)</i>
Date for Next Review	<i>Month Year</i>
Related References and Links	<ul style="list-style-type: none"> • Reference where policies and procedures relating to escrow accounting and trust accounts are kept. • Reference where banking agreements and wire transfer user reports are kept. • If appropriate incorporate links to your specific state escrow regulations. For example: <ul style="list-style-type: none"> • VA Escrow Regs: http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+55-525.24 • WA sample policy for background checks: http://www.dfi.wa.gov/cs/escrow/pdf/model-background-checks.pdf • NE escrow conditions: http://uniweb.legislature.ne.gov/laws/statutes.php?statute=4-1994 • MO escrow conditions: http://www.moqa.mo.gov/statutes/C300-399/3810000022.HTM

THREE WAY ESCROW ACCOUNT RECONCILIATION WHAT IS IT AND HOW DO I DO IT?

An escrow is a transaction in which an impartial third party acts in a fiduciary capacity as an agent for the seller, buyer, borrower and lender. The escrow agent is responsible for processing, safeguarding, and accounting for funds entrusted to them by their escrow customers. This responsibility may result in significant exposure to losses from inadvertently or intentional failure to follow proper procedures.

As escrow agents, closers, managers and owners of title agencies, we all know the importance of maintaining a complete and accurate account of all closing files. We all remember that cliché "Money In = Money Out". What a lot of us don't understand is how to prove Money In = Money Out. That's what the reconciliation process is all about!

So what does this process entail? Simply put, as escrow agents, you must perform, on a monthly basis, a three-way reconciliation of book balance, bank balance and escrow trial balance. Let's go through each balance in detail.

Book Balance

This is a summary of what is going on in the "checkbook": Just like your personal checking account, the escrow or trust account should have a register listing the transactions. When you write a check, you enter the date, the payee and the amount into your register. You subtract that amount from your current balance and that gives you a new balance. Likewise, when you make a deposit, you enter the amount and add it to the previous balance to arrive at the new balance. The same thing happens in your escrow account. Your bookkeeper (or computer) should keep a checkbook register of all deposits and disbursements for the month.

Bank Balance

As we know from our personal checking account, the balance on the bank statement is never the same as what our checkbook says it should be. The reconciliation of book balance to bank balance will prove the accuracy of our records. (We will get into the how-to's later.)

Escrow Trial Balance

The trial balance is a list of files and their balances. When we reconcile our personal account, we know the ending balance is our money. Whereas, in escrow accounting any money "left over" belongs to some one else. The trial balance tells us which file(s) the money belongs to. The important thing to remember here is all three balances must be the same in order to balance. The purpose of this requirement is to locate any errors and to discover any shortages. So how do we do this? The attached Exhibit A is a book to bank reconciliation for June 2000. Let's go over it in detail:

Book Balance:

This is the amount shown as the balance in the "checkbook" on June 1, 2000.

Add Current Period Deposits & Wire Transfers:

You are adding to the beginning checkbook balance all of your deposits for the month. Some people like to segregate wires from other deposits, but it is not mandatory to do so.

Subtract Current Period Checks:

You are subtracting all the checks and wires that have been written for the month.

Book Balance as of 6/30/2000: \$ _____

This is your total!

If your bank account is maintained on the computer, this information is automatically retained in your program. All you need to do is print your deposit register and the disbursement register. You should also be able to print a summary report similar to the attached Exhibit A.

Bank Balance:**Ending Bank Statement Balance as of 6/30/2000**

This number is found on your bank statement. The statement should say beginning balance, total of deposits, total of disbursements, and ending balance.

Add Deposits in Transit:

Deposits in Transit are any deposits your checkbook says you have made, but do not show on the bank statement. A common mistake made on most bank reconciliations is to label file shortages as deposits in transit. A true deposit in transit will clear the bank in the first few days of the following month. Anything that stays as a deposit in transit for more than a few days is then a true file shortage and must be funded immediately.

Subtract Outstanding Checks:

Outstanding checks are checks you have written, but have not cleared the bank. You arrive at this number the same way as with your personal account. Put the canceled checks that you received with your bank statement in numerical order. Then mark them off the register if they have cleared the bank. Those that have not cleared become part of the outstanding checklist. PLEASE NOTE: You should always review the actual check against the bank statement and the check register ... banks do make mistakes.

Bank Balance as of 6/30/00: \$ _____

This is your total! Unless you have made a mistake, your book balance should be the same figure as your checkbook balance.

One more step to go! Remember, in escrow account management, we must know what file(s) constitute the ending balance. That's where the trial balance comes in. Exhibit B is a copy of the trial balance for June 2000.

Trial Balance:

The trial balance is one of the most important reports required to reconcile your escrow account. A trial balance is a listing of all files with positive and negative balances.

Our exhibit shows positive and negative balances and both are important to proper escrow account management. Positive balances reflect files that haven't been fully disbursed:

- Recording fees for release of liens
- Checks were voided and a replacement check has not been issued
- Funds being held for post closing contingencies
- Mistakes in check writing

Negative balances will also be shown on your trial balance as the examples set out below:

- Checks deposited with the bank but not posted to the file on the computer
- Deposits posted to the wrong file
- File was double disbursed
- A check was not voided in the system
- The file was purposely overdrawn

A common mistake is to allow these file shortages to remain on the trial balance. Each of these items should be researched immediately. Acceptable accounting practices require file shortages to be reimbursed by the appropriate parties or from the agent's operating account immediately upon discovery. Simply put, if the file is short, you must place money from your operating account into the escrow account to cover the shortage. When you receive recovery of the funds, you must place these funds into the escrow account, prior to reimbursing your operating account. This provides a complete and accurate accounting trail that would make any auditor proud.

This reconciliation for June 2000 is in balance; but needs some help. In this particular instance, the agent needs to place operating funds in file 2000-097. Do they need to reimburse 2000-252? What about file number 2000-299? What should be done with file 2000-289? These are the types of questions you, as a fiduciary agent, should be asking.

Your escrow account is a dynamic entity, constantly in motion. Think of the reconciliation as a "snap-shot" of the escrow account on any given day. It tells you if the world could stand still and all things were equal, you would have X amount of money (or in our example NEED) in the account and most importantly, which file(s) needs or has money.

The total listed on this trial balance equals the book balance and the bank balance. We have now successfully completed a three-way reconciliation.

This process must be completed monthly. We recommend it be performed within 10 days after receipt of your bank statement. Someone not responsible for escrow disbursement should prepare the reconciliation. This person should not be an authorized signatory on the escrow account. Since the owner or manager of the agency will be ultimately responsible for any improprieties, it is strongly recommended that someone in authority critically reviews and formally approves the reconciliation. Accepted accounting procedures suggest the person preparing the reconciliation should have the reviewer sign and date the bank statement and reconciliation summary report.

EXHIBIT A**BANK RECONCILIATION STATEMENT****FOR THE PERIOD BEGINNING 6/1/2000 ENDING 6/30/2000**

Bank Account Number 1234567

BOOK BALANCE COMPUTATION:

Beginning Book Balance (6/1/2000)	\$56,656.93
ADD Current period deposits	93,752.84
Wire transfer deposits	318,709.52
LESS Current period checks	<u>475,599.67</u>
BOOK BALANCE AS OF 6/30/2000	<u>\$ -6,480.38</u>

BANK STATEMENT RECONCILIATION:

Ending Bank Statement Balance (6/30/2000)	\$261,468.91
ADD Outstanding Deposits	-0-
LESS Outstanding Checks	<u>267,949.29</u>
BANK BALANCE AS OF 6/30/2000	<u>\$ -6,480.38</u>

This reconciliation statement is only valid if the TRIAL BALANCE for the period ending 6/30/2000 matches the BOOK BALANCE and the BANK BALANCE shown above.

EXHIBIT B**ESCROW ACCOUNT MANAGEMENT**

Trial Balance as of 6/30/2000

<u>File</u>	<u>Borrower</u>	<u>Last Activity</u>	<u>Balance</u>
2000-097	Claire Andrews	4/15/2000	\$-3,027.79
2000-102	Dean Weeks	4/31/2000	25.00
2000-136	Rick Matta	4/19/2000	25.00
2000-143	Kim Francis	5/01/2000	75.00
2000-209	V.J. Parkee	5/23/2000	125.00
2000-252	Nick Scott	6/19/2000	-75.00
2000-268	Suzanne Ramey	6/23/2000	330.00
2000-289	Charles Sanchez	6/23/2000	27
2000-299	John Bellows	6/30/2000	<u>-3,957.86</u>
			\$-6,480.38

NOTES ON THE TRIAL BALANCE

File #2000-097 Claire Andrews

This file closed on April 15, 2000 and as of the end of June 2000, the file is still short. It is immaterial if this shortage was caused by a closing error or failure to receive a deposit from one of the parties involved in the transaction. As mentioned previously, all file shortages must be funded immediately upon discovery! In this instance, \$3,027.79 in operating funds should have been deposited into the escrow account when the shortage was discovered. The agent should then determine which party owes the monies that caused the shortage and then try to effect collection from the responsible party. Should the agent receive the funds, they can then be deposited into the operating account to replace those funds advanced to balance the escrow.

File #2000-252 Nick Scott

This file should be handled the same as the previous example. Operating funds should be deposited into the escrow account to cover the shortage.

File #2000-289 Charles Sanchez

This file contains an overage of \$0.27. Although the natural inclination would be to deposit this small sum into the operating account to offset funds advanced for file shortages, federal statutes dictate that this overage must be returned to the rightful party.

File #2000-299 John Bellows

Since the date of this file is the last day of the accounting period for this trial balance, it is highly likely that this closing did not actually happen until the day following the end of the month. While checks have been written in preparation of the closing, the actual closing has not occurred as of the date of this trial balance. Assuming this to be the case, this shortage will be received at closing and the escrow will balance. The subsequent bank statement should show a deposit in the amount of this file shortage within the first two days of the month.

THREE-WAY RECONCILIATION

AS OF _____

AGENT NAME _____

A. Checkbook Balance

Beginning Book Balance as of _____	\$ _____
Plus Monthly Deposits	_____
Minus Checks Issued	_____
Ending Book Balance	\$ _____

B. Bank Balance

Ending Bank Balance on _____	\$ _____ (1)
Less Outstanding Checks	_____ (2)
Plus Deposit in Transit	_____ (3)
Adjustments:	_____
Reconciled Bank Balance	\$ _____ *

C. Trial Balance

(Summary of balance of each individual escrow file)

- (1) Derived from the ending balance per the bank statement.
- (2) Determined by comparing the checks clearing to the checks written.
- (3) Represents deposits which were received by the end of business on the last day of the period and deposited but were not credited by the bank until the next day.

* Ending Book Balance, Reconciled Bank Balance and Trial Balance should all equal.

Copy of Bank Statement Attached.

EXAMPLES OF ESCROW/TRUST ACCOUNTING INTERNAL CONTROLS

Scope & Purpose: List internal controls associated with safeguarding customer funds and to minimize the exposure to theft or loss of customer funds.

Bank Reconciliations:

- At a minimum 3-way bank reconciliations are prepared every month for every escrow bank account. This requirement includes accounts used for document recordings and insurance premiums due to title underwriters.
 - The 3 pieces to the reconciliation are 1) Bank statement balance, 2) book balance, and 3) Escrow Trial balance total. The balances of these 3 components agree. If there are any discrepancies, they are documented, explained, and approved.
- Escrow funds are not commingled with operating funds.
- Evidence of timely reconciliation management review.
- A summary of all bank accounts opened and recently closed is maintained.
- Receipts and disbursements are reconciled daily to bank records.
- Reconciliations are made available to the underwriter(s).
- Escrow accounts are properly identified as such to ensure adequate insurance coverage of client funds.
- If any reconciling items exist, they are investigated, documented, and corrected promptly.
- If any actual account or customer file shortages arise, they are funded immediately until the root cause can be determined and resolved.

Segregation of Duties:

- Reconciliations are performed by individuals other than those with check signing or wiring authority (refer to the attached segregation of duties matrix).
- Reconciliations are reviewed by management.
- Reconciliations are reviewed by underwriters.
- Individuals who prepare HUD 1 or other real estate or mortgage loan settlement statements do not reconcile the escrow accounts (refer to the attached segregation of duties matrix).
- Two employees are necessary to execute an out-going wire transaction.

Wire Transfers:

- Wire transfers are performed using online banking systems that require 2 employees to execute an outgoing wire. The 2nd individual reviews original wiring instructions and documentation before releasing an outgoing wire.
- Employees that act as wire transfer administrators of the online wiring system are appropriately authorized and do not prepare reconciliations.
- Management reviews all changes to each authorized wire transfer users online banking entitlements.

- 2 employees are required in the rare instances where outgoing wires are performed by telephone or fax.
- Dollar limits are established for each authorized wire transfer individual.
- Unique passwords, logins, and security keys are used to access online banking features.

Trial Balance Report:

- Reflects files from each customer that do not have a zero balance at any given point in time.
- Reconciled to the bank and book balances at least monthly.
- Any individual ledger for each escrow files is maintained to track every receipt and disbursement related to the transaction.

Inactive File Review:

- Management approval is required for any disbursement from an inactive escrow account. Inactive files are defined as those that have not had any escrow activity for 90 days.
- Inactive balances appearing on the Trial Balance Report are tracked and monitored on at least a monthly basis.
- Explanations are documented for all files holding escrow funds.
- Regulations are followed to comply with escheatment requirements.

Outstanding Check Review:

- Regulations are followed to comply with escheatment requirements.
- An Outstanding Check list is prepared with each reconciliation on at least a monthly basis.
- Frequent follow-up is performed to ensure all checks clear timely. Any checks that do not clear timely are investigated, documented, and reviewed by management.

Additional Preventative Internal Controls

- Positive Pay is utilized to prevent unauthorized checks from clearing the bank.
- ACH blocks are activated on the escrow/trust bank account to prevent unauthorized withdrawals.
- International Wire Blocks are activated on the escrow/trust bank accounts to prevent unauthorized withdrawals.
- Background Checks (criminal & credit) are performed on all new hires. Periodically, additional background checks are performed on employees who have access to escrow funds.
- Training is provided to employees who handle escrow funds. This training is performed by management as well as outside service professionals.
- Check stock contains preventative fraud features and is also physically secured.
- Inherent controls in the escrow accounting software prevent checks from being cut that would cause a negative file balance.
- Funds are only disbursed after receipt of incoming funds has occurred. State specific good funds laws are followed.

Additional Detective Internal Controls

- **Authorized check signers and users of on-line banking systems are routinely monitored to ensure only authorized employees have access. Summary reports are used to document this authority and access.**
- **Periodic internal reviews of the controls outlined in this document are performed and the results of those reviews are documented and maintained.**
- **All void, stop payment, or lost checks are accounted for in the escrow accounting software (or manually) to provide an audit trail and to assist with the numeric sequence monitoring of checks.**
- **Management approval is required for transfer of funds between files.**
- **An adequate audit trail and reason exists for the transfer of funds between customer files or escrow/trust bank accounts.**

Post Closing Internal Controls

- **Periodic quality control reviews are performed on individual files to ensure the settlement and closing of the transaction occurred in accordance with title industry standards and regulations. The following controls are a part of the internal quality control review process:**
 - **All disbursement and receipts amounts on the settlement statement are supported by additional documentation.**
 - **Incoming and outgoing wire confirmations are kept.**
 - **File ledgers and settlement statements are mathematically accurate and agree to each other.**
 - **Settlement statements must be signed.**
 - **Documents are recorded timely.**

SEGREGATION OF DUTIES – ESCROW/TRUST ACCOUNTING

Segregations of duties are a key concept to internal controls. This matrix is used to document one method of separation of the significant responsibilities within escrow/trust accounting. This separation enhances internal controls and helps to deter, prevent, and detect fraud. "X" marks appropriate relationships.

Activity	Position/Title/Function				
	Owner(s)	Office Manager	Settlement Stmt Preparer/Closer	Escrow Accountant	Receptionist
1. Receiving Wires				X	
2. Receiving Checks			X		X
3. Reconciles cash receipts and disbursements to daily bank activity				X	
4. Prepares Checks			X		
5. Signs Checks	X	X			
6. Initiates Outgoing wire transactions			X		
7. Approves Outgoing wire transactions	X	X			
8. Performs month-end reconciliations				X	
9. Reviews cash reconciliations	X	X			
10. Administrates wire user entitlements	X	X			

The following compensating controls are executed to further enhance segregation of duties:

- Management oversight and review of monitoring reports
- Audits performed by underwriters, regulators, and independent auditors
- Bank reconciliations
- Internal peer review of escrow files
- Rotation of repeat customers to other office personnel to deter collusion

Source: Washington State Department of Financial Institutions (Escrow Agents), www.dfi.wa.gov/cs/escrow_act_info.htm

Introduction

This document is intended to provide some guidance to Escrow Agents in developing policies and procedures to comply with RCW 18.44.311 and WAC 208-680-275. Escrow Agents are not required to adopt the model policy or model procedures, and are free to develop their own policies and procedures as long as they comply with the statute and regulations. This document consists of four parts: a model policy, model procedures, resources, and a model authorization and release form for background and reference checks. Items in blue brackets are sections that should be customized by each escrow agent that chooses to use this policy and procedure.

The model policy is intended to explain when background checks are required and how they are conducted. The model procedures are a step-by-step explanation of the actual processes to be used. The resources are links to the statute, rules, and a trade group for background screeners. Finally, the last section is a model authorization.

Model Policy

This policy establishes the criteria and requirements used by [INSERT EMPLOYER NAME] (“Employer”) when conducting background checks to determine if applicants or existing employees (together referred to as “Applicant”) meet the statutory criteria for employment in RCW 18.44.311. This policy applies to:

- All applicants under consideration for any position with [INSERT EMPLOYER NAME] who will conduct activities under the authority of the employer’s escrow agent license that directly involve escrow transactions,
- All applicants under consideration for any position with [INSERT EMPLOYER NAME] who would have access to or be responsible for handling any client funds; and
- Existing employees of [INSERT EMPLOYER NAME] in positions described above.

DEFINITIONS

Client funds mean any money, property, or other thing of value belonging to a client of Employer. This includes all funds in a trust account, including any portion which will ultimately be disbursed to Employer’s operating account until the funds are actually disbursed.

Handling escrow transactions means participating in escrow transactions. It includes, but is not limited to, having access to a client’s personal information, financial records, or funds. Employees that perform administrative functions like payroll, front desk support, or human resources services are not handling escrow transactions unless such persons also perform duties meeting this definition. Administrative functions may also include preparing escrow files or conducting signings, as long as these duties do not require access to personal information, financial records, or client funds.

1. **On Implementation of this Policy, Employer will Conduct Background Checks on all Existing Employees Handling Escrow Transactions and Positions Having Access to or Responsibility for Client Funds.**

Existing employee background checks will be in the same form and include the same information and procedures as new employee hires to ensure that existing employees meet the statutory employment criteria.

2. **Prior to Hiring, Employer Will Complete a Background Check on Applicants for Positions Handling Escrow Transactions and Positions Having Access to or Responsibility For Client Funds**

This background check must be completed prior to hiring, but may take place at any point during the hiring process.

3. **Employer Will Notify Applicants of the Background Check Requirement**

Employer should notify any applicant for positions requiring a background check of the background check requirement prior to, or during, the interview. Employer will seek and receive the applicant's written authorization in order to conduct the background check, and will discontinue the hiring process if the applicant fails to provide written authorization to conduct the background check.

4. **Employer Will Use Background Check Findings Solely to Determine the Character, Competence and Suitability of a Person for a Position**

The background check information shall consist of applicant identity verification, employment verification, criminal history, education verification for positions with specific educational requirements, and credit history. Notice of credit history checks will be duly provided to applicants in accordance with the Fair Credit Reporting Act (FCRA).

Employer will continue to monitor Applicant after hiring to ensure continuing compliance with the law, and Applicant is responsible for reporting any applicable changed circumstances or potentially disqualifying events to Employer.

5. **Background Checks Will be Conducted by the Designated Escrow Officer or [\[Insert name of designated individual\]](#) Only**

Employer's Designated Escrow Officer or designee is responsible for conducting background checks on all applicants under final consideration for employment. Any of Employer's employees involved in conducting background checks must maintain confidentiality of the information. Authorization forms and background check results, including criminal and credit history will be maintained in a locked and confidential space.

Model Procedures

Employer will follow these procedures when conducting background checks.

For employees handling escrow transactions but who do not have access to or responsibility for trust accounts or client funds:

1. Employer will receive a completed and signed Authorization for Background and Reference Check from Applicant.
2. Employer will conduct a criminal history check via [Insert name of database/entity]
 - a. Employer will determine if Applicant has, in the last seven years, been convicted of, or plead guilty or *nolo contendere* to:
 - i. A felony; or
 - ii. A gross misdemeanor involving dishonesty.
3. Employer will make reasonable efforts to continue to monitor its employees for any criminal convictions or pleas that would disqualify Applicant from continuing employment.
4. Applicant is responsible at all times for informing Employer of any potentially disqualifying events. Failure to report such an event may result in [insert discipline].

For employees that have access to or are responsible for trust accounts or client funds:

1. Employer will receive a completed and signed Authorization for Background and Reference Check from Applicant.
2. Employer will conduct a criminal history check via [Insert name of database/entity].
 - a. Employer will determine if Applicant has been convicted of, or plead guilty or *nolo contendere* to:
 - i. A felony; or
 - ii. A gross misdemeanor involving dishonesty.
3. Employer will conduct a credit check through [insert name of database/entity].
 - a. Employer will determine if Applicant has demonstrated disregard for the management of his or her financial condition during the last three years.
 - b. Disqualifying events for Applicant may include:
 - i. Significant history of unpaid consumer debt;
 - ii. History of multiple bankruptcies without mitigating factors; or
 - iii. [The above are just examples you may wish to use—insert any criteria you wish to use to determine disregard for financial condition]
4. Employer will make reasonable efforts to continue to monitor its employees for any criminal convictions or pleas that would disqualify Applicant from continuing employment.
5. Applicant is responsible at all times for informing Employer of any potentially disqualifying events. Failure to report such an event may result in [insert discipline].

- OR -

1. Employer will receive a completed and signed Authorization for Background and Reference Check from Applicant.

2. Employer will use a unified background check to examine both criminal and credit history.
3. Employer will make reasonable efforts to continue to monitor its employees for any criminal convictions or pleas that would disqualify Applicant from continuing employment.
4. Applicant is responsible at all times for informing Employer of any potentially disqualifying events. Failure to report such an event may result in [\[insert discipline\]](#).

Resources

RCW 18.44.311 (the statutory section defining employment restrictions)

<http://apps.leg.wa.gov/rcw/default.aspx?cite=18.44&full=true#18.44.311>

WAC 208-680-275 (the regulations implementing the statutory employment restrictions)

<http://apps.leg.wa.gov/wac/default.aspx?cite=208-680&full=true#208-680-275>

National Association of Professional Background Screeners (includes directory of members)

<http://www.napbs.com/i4a/pages/index.cfm?pageid=1>

Model Authorization for Background and Reference Check

I authorize [Insert employer name] (“Employer”) to perform a check of my background. This authorization includes, but is not limited to the checks of: employment records, criminal records, education records, character references, and financial records. This may include information of a confidential or privileged nature. I hereby release and hold harmless all parties and persons connected with any such request from all claims, liabilities and damages. Furthermore, I understand that Employer may conduct background checks on a periodic basis during my employment. All information obtained is for use by Employer, and will be treated in a confidential manner to the extent authorized by law.

I also authorize Employer to contact other references beyond those I have provided and similarly release all such persons from any liability created by furnishing employment performance information.

A photocopy of this signed Authorization is as valid as the original and may be provided to anyone from whom information is requested in determining my job qualifications and fitness for a position.

I understand that during the hiring process and while employed, I am responsible for informing Employer of any potentially disqualifying events including but not limited to:

- 1) Criminal convictions;
- 2) Filing bankruptcy; or
- 3) Significant unpaid debt.

Candidate Signature Date

Please Print Name

Birth Date

Position for which applying

NOTE:
[INSERT EMPLOYER NAME] conducts a complete background check on all candidates for whom background checks are required under the Escrow Agent Registration Act, chapter 18.44 RCW and implementing regulations, chapter 208-680 WAC.

Insert Business Entity Logo/Name Here

Policies and Procedures
Privacy and Information Security

Purpose	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).
Scope	These policies and procedures are for all of (insert name of entity /agency) (hereafter referred to as "The Company") locations including all satellite offices. These procedures are to be followed by all employees and independent contractors where applicable.
Procedures	<p><i>[The Company should review its legal, contractual, and statutory requirements for privacy and information security and incorporate those requirements in these procedures.]</i></p> <p>The Company has a formal privacy and information security program that is appropriate with the size and complexity, the nature and scope of the Company's activities and the sensitivity of the information in the Company's possession. As part of this program, The Company maintains a Privacy Policy Notice (see attached) that is posted on The Company's website and provided to customers and consumers for each order processed. Additional information about The Company's privacy and information security program is available to consumers and customers upon request.</p> <p>The Company 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 Company has received all employee acknowledgements.</p> <p>The Company makes an assessment (insert frequency) of the standards and requirements affiliated with The Company'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 Company management.</p> <p>Physical Security of NPI</p> <p>The Company utilizes (insert vendor name) as the information provider for background and credit checks. The Company 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 Company with the approval of (insert role/function). The use of removable</p>

Name of Title Company
Address or Website of Title Company

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media devices is prohibited unless **(insert role/function)** has authorized such use. Removable media is kept in a secure area and accounted for via **(insert method or role/function)** when not in use.

Other standard procedures for security of NPI include closing paper files other than the one currently being worked on, stow files away when away from workspace and lock desks and file cabinets at the end of the day. Hardcopy NPI that is transmitted outside The Company is done so using only secured envelopes and/or locked document bags.

Network Security of NPI

At the direction of **(insert role/function)**, The Company's designated Network Administrator grants appropriate access to The Company's various computer technology applications. The Company's file server(s) or main central processing unit is housed **(describe where and if in a secured environment)**. The Company's computer network utilizes up-to-date anti-virus, anti-spyware and data encryption software applications. The Network Administrator is responsible for such software maintenance.

Access to The Company's information technology computers and network is secured by individual and unique passwords. The Company utilizes a computer application that prompts employees to change passwords in regular frequency **(specify frequency, i.e. 90/60/30 days)**. All The Company's computers no matter, desktop or laptop run a "screen timeout" application causing automatic system sign off when the system detects no activity for a period of **(insert length of time)**.

Disposal of NPI

The Company has defined and communicated to employees the types of data/information that falls into the NPI category. Any NPI data is disposed of accordingly. Paper records by shredding. Small shredders are available throughout the office. Large, secure shredding bins provided by **(insert vendor name)** can also be found in the office. When disposing of computers and portable storage devices, The Company uses a software application to erase/wipe clean the device.

Disaster Management Plan for NPI

The Company has a documented disaster management plan to help ensure adequate back-up, recovery and business continuation procedures. The plan also includes required procedures for notification and response to security incidents and breaches. **(Specify name of document, i.e. Disaster Management Plan)**. The Company also maintains insurance coverage **(Indicate types of insurance coverage including commercial property insurance, business interruption coverage, and cyber-security coverage if applicable)** for such circumstances. The disaster management plan is reviewed on an annual basis by **(insert role/function)** and updated as appropriate.

Security Practices of Independent Service Providers

If independent service providers for The Company receive NPI from The Company, The Company shares this policy document with the service provider and/or conducts appropriate due diligence of the NPI security measures of the service provider before transmitting any NPI data. Service providers are aware they must notify The Company regarding NPI security breaches of NPI data that has been transmitted.

	If security breaches occur, proper notification is provided to consumers and law enforcement in accordance with The Company's privacy and information security program and disaster management plan.
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Contact Officer	<i>Provide the position title and name of person(s)</i>
Date Approved	<i>Day Month Year</i>
Date of Commencement	<i>Day Month Year</i>
Amendment Dates	<i>List the dates the policy has been amended (Day Month Year)</i>
Date for Next Review	<i>Month Year</i>
Related References and Links	<i>Internal Company Policies:</i> <ul style="list-style-type: none"> • <i>Reference any specific privacy and information security program policies and where they are kept.</i>

SAMPLE

**START
WITH**

SECURITY

A GUIDE FOR BUSINESS

LESSONS LEARNED FROM FTC CASES

FEDERAL TRADE COMMISSION

**START
WITH**

SECURITY

1. Start with security.

2. Control access to data sensibly.

3. Require secure passwords and authentication.

4. Store sensitive personal information securely and protect it during transmission.

5. Segment your network and monitor who's trying to get in and out.

6. Secure remote access to your network.

7. Apply sound security practices when developing new products.

8. Make sure your service providers implement reasonable security measures.

9. Put procedures in place to keep your security current and address vulnerabilities that may arise.

10. Secure paper, physical media, and devices.

WHAT DO YOU NEED TO DO OF CONQUER PILLAR #3?



Develop a security program to protect NPI both electronically and physically.



Identify where NPI exists in your company.



Data in Use



Data in Motion



Data at Rest

Bank/CC Payoff Statements

SSN/EIN

Credit Card Numbers

Buyer/Seller Names with Property Address on a HUD on an Active Order

Insurance, Retirement, Divorce or Tax Info

Date of Birth

Examples of **NPI**



BUILD COMPANY POLICIES



REGULARLY REVIEW



EDUCATE STAFF

- Clean Desk Policy
- Acceptable Use Policy
- Password Policy
- Information Technology Electronic Asset Disposition Policy
- Security of Info and Records Policy
- Privacy of Personal Info & Consumers and Customers Policies
- Exception Standard
- Firewall Policy
- Vulnerability Scanning Policy
- Security Breach Notification Process

op2 is the only hosted, private, secure and compliant cloud solution in the title and settlement industry that features the complete RamQuest software suite. op2 offers a lower total cost of ownership by eliminating the need for large, upfront IT infrastructure investments, upgrade and maintenance costs, IT personnel, etc.

op2 gives you the assurance of compliance with Best Practice standards and lenders' requirements under the new CFPB legislation for an affordable, all-inclusive price. To learn more visit op2online.com or call us at 888-746-0023.



HAT DO YOU NEED TO DO OF CONQUER PILLAR #3?



Ask these questions about your operation:

- Do you have a clean desk policy?
- Are you shredding sensitive documents?
- If you are using a shredding service are documents to be shredded secured?
- Do you have a lock box for shredding and are documents logged before they are put in?
- Does your scanning solutions have levels of security to limit access?
- Do you have a printing policy or security level?
- Are all files locked and secured? Common areas stand ups?
- Do you conduct background checks of employees? How often?
- Are devices password protected and are they locked down at night?
- Are your servers secure with limited access?
- Do you destroy old hard drives of computers and copiers?
- Are mobile devices secure and can they be remotely wiped clean?
- How are paper files secured that leave the office or are with couriers?
- Do you have oversight of service providers to be sure they secure NPI?
- Does your office and work areas have secured entry points with individual access codes or keyed access?
- Do you control the use of removable media devices like flash drives?
- Do you have Disaster Recovery and Business Continuity plans?
- Do you have audit procedures to insure that staff comply with security measures and procedures?
- Are email and attachments containing NPI encrypted?
- Are you restricting personal email accounts?
- Does a training program for employees related to protecting NPI exist?
- Do you have guidelines and controls for use of company technology that has access to NPI?



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