



TITLE GUARANTY

Title Guaranty Board Meeting Minutes December 4, 2012

Board Members Present:

Deborah Petersen
Pat Schneider
Kim Downing-Manning
Tim Reilly
Chuck Winkleblack

Staff Members Present:

Geri Huser, Title Guaranty Director
Matt White, Title Guaranty Deputy Director
Jess Flaherty, Training Specialist
Carla Pope, Senior Project Coordinator
David Peters, Compliance Attorney
Joanna Wilson, IFA Associate General Counsel
Dave Jamison, IFA Executive Director

Others Present:

Dean Hoag, Jr., Peoples Abstract Company
Judy Hilgenberg, ILTA President
Todd Prichard, Iowa Abstract Services
Tim Evans, ALTA – Title Action Network Chair
Chad Learned, Iowa Abstract Services
Madeleine Nagy, ALTA Director of State Government Affairs
David Truitt, Davis County Abstract & Title
Debbie Truitt, Davis County Abstract & Title

Call to Order

Ms. Petersen called the December 4, 2012, meeting of the Title Guaranty Board of Directors to order at 10:32 a.m.

All Board Members, Title Guaranty staff, and members of the public introduced themselves.

American Land Title Association – Title Action Network Presentation

Mr. Evans, representative from the ALTA Title Action Network, presented to the Board information on the Title Action Network (TAN) which was newly formed in 2011. TAN is a grass-roots effort to keep in touch with all the people that make up the title industry. This allows ALTA and TAN to have a unique opportunity to address legislative issues with a greater force. Mr. Evans stated that the communication about TAN will begin with the first newsletter in December. Ms. Nagy also added the benefits of TAN and its communication on a state and national level. The Board thanked Mr. Evans and Ms. Nagy for their presentation and time.

Review & Approval of Board Meeting Minutes

The Board discussed the meeting minutes of October 2, 2012. Ms. Flaherty stated she would correct the meeting location in the minutes.

Motion: On a motion by Ms. Schneider, seconded by Mr. Reilly, the Board unanimously approved the October 2, 2012, Board meeting minutes with the correction of the location and spelling of Ms. Hilgenberg's name.

Request for Extension of Provisional Title Plant Waiver – Davis County Abstract and Title, LLC

Ms. Huser stated that it is Title Guaranty's belief that the plant is currently 33% complete and will be able to complete the plant within the one-year extension. Ms. Huser stated that it was her recommendation that the Board approve the extension for one year with the requirement that Davis County Abstract provide a monthly progress update to Matt White. The Board will be provided with an update on the plant's status at each quarterly meeting. Mr. Truitt stated that since the application was submitted to Title Guaranty, the plant has completed more of the indexing and stated that they are approximately 35-40% complete.

Motion: On a motion by Mr. Reilly, seconded by Ms. Schneider, the Board unanimously approved the recommendation to allow a one-year extension to December 3, 2013, of the title plant waiver with the requirement of monthly progress status submitted to Title Guaranty.

Request for Extension of Provisional Title Plant Waiver – Iowa Abstract Services, L.L.C.

Mr. Prichard addressed the Board and stated that they had not purchased the new software yet but should be making that purchase in January 2013. Once the software is purchased he believes it will only take a couple of weeks to transfer the data and bring the plant up to date. The Board had questions for Mr. Prichard regarding the software purchase and vender. There was a lengthy discussion on the software change and the time it would take to populate it with the current and past data.

Ms. Huser recommended that the Board grant the waiver until June 4, 2013, including the name of the software vender that was chosen by January 31, 2013, as well as monthly status update to Title Guaranty.

Motion: On a motion by Ms. Schneider, seconded by Mr. Winkleblack, the Board unanimously approved the recommendation to allow an extension to June 4, 2013, including the name of the software vender that was chosen by January 31, 2013, as well as monthly status update to Title Guaranty.

Mortgage Release Program Fees

Ms. Huser stated that internally there had been discussions about increasing the fee for the Mortgage Release program to \$200, that the \$200 fee was approved by the Board in June 2012, and currently it costs Title Guaranty approximately \$167 to process one mortgage release certificate. After further discussion with program users and staff, it is her recommendation to set the fee at \$100. The concern is that raising the fee to \$200 may cause a disservice, and the program will lose requests in direct contrast to the intent of the legislature when they passed the legislation in 1999. The Board and staff had a lengthy discussion regarding the current fee, the proposed fee, and the proposed legislation that will help make the program easier to use and administer.

Motion: On a motion by Ms. Schneider, seconded by Reilly, the Board unanimously approved the resolution and notice to change the Mortgage Release fee to \$100.

Board Officer Elections

Motion: On a motion by Ms. Schneider, seconded by Mr. Reilly, the Board unanimously approved retaining Ms. Petersen as Chair and Ms. Schneider as Vice Chair.

Transfer of Funds

Ms. Huser requested approval of the resolution to transfer \$480,000 to the Iowa Finance Authority.

Motion: On a Motion by Mr. Winkleblack, seconded by Ms. Schneider, the Board unanimously approved to transfer \$480,000 to the Iowa Finance Authority.

Professional Services Fee Resolution

Ms. Huser presented to the Board a plan to survey selected groups requesting information on the percentage of premium they receive as compensation for preparing policies for title insurance companies. This information will be used to evaluate and adjust the amount that Title Guaranty users are compensated as a Professional Services Fee and evaluation of Title Guaranty current premium fee structure. Ms. Huser asked the Board to pass the resolution presented to increase the Professional Services Fee from \$40 to \$50 for purchase transactions only. The Board and staff had a lengthy discussion regarding the fee increase and the proposed survey. Mr. Winkleblack and Ms. Petersen requested that staff present the survey findings and a narrative budget breakdown on the effects of the fee increase to the Title Guaranty budget. The Board tabled the resolution until the March meeting.

Statutory Premium Reserve

Ms. Huser outlined the recommendations from Demotech that were provided in the Board packet. Demotech has recommended that the commercial reserve formula remain the same since the commercial department is still new. Demotech recommends that Title Guaranty can move to set reserve cap rather than increasing and decreasing reserves every few years. She presented three resolutions to set the reserve cap at \$1.5 million, \$2 million or \$2.5 million. Demotech recommended the reserve cap be set at \$2 million and Title Guaranty staff is recommending \$2.5 million for the reserve cap. The Board and staff discussed the various reserve cap options. Ms. Huser also stated that after the Board approves the reserve cap formula and the corresponding resolution that a letter and resolution will be sent to the Insurance Commissioner for approval.

Motion: On a motion by Mr. Reilly, seconded by Ms. Schneider, the Board unanimously approved the reserve cap formula and resolution to set the reserve cap at \$2.5 million.

Financial Reports

Mr. Harvey outlined the financial reports and the amount available for transfer. He also outlined the preliminary budget numbers for FY14, which would include the revenue and professional service fee items. The formal budget meeting will be approved at the June meeting and the IFA Board will approve the entire budget for IFA in June or July 2014.

Annual & Quarterly Statement to Title Rating Company

Ms. Berg reported that currently Title Guaranty is not being reported on national data reports for the title industry that are distributed. She stated this was due to the wrong forms being used for Title Guaranty's quarterly reports. Ms. Berg stated that she and Mr. Harvey are working on purchasing, training and launching the new software for reporting. The Board decided that since the numbers on the quarterly report and the financial reports are the same they did not need a copy of the quarterly report at each meeting.

Abstract, Title & Escrow Services of Iowa Title Plant Progress Update

Mr. White outlined the report included in the Board packet showing the progress Abstract, Title & Escrow Services of Iowa has made. He reminded the Board that in March 2010, Mr. Price's company was granted a provisional waiver for a 40-year title plant and in March 2011, he was granted a one-year extension of the provisional waiver which requires monthly progress reports. Ms. Schneider asked if Mr. Price would be able to complete indexing the years 1996 – 2002, and plant certified by March 5, 2013. Mr. Price stated that it would be close but he has hired additional staff to complete the plant by the next Board meeting. Mr. White informed the Board that the way the administrative rules read that an applicant is only allowed a one year waiver with the option of a one-year extension to complete the plant. He stated that the only way to receive more time to complete the plant would be to apply for an administrative rule waiver from the Iowa Finance Authority Board since the Title Guaranty Board does not have rule making authority.

Mr. Reilly requested for future provisional title plant waivers that the Board and staff require a monthly status report to help track the plant's progress.

Claims Report

Mr. Peters gave an update on claims and stated that there were nine new claims since the meeting in October. The Board and Mr. Peters discussed those claims for which there were questions. Mr. White also updated the Board on some of the claims older than 2010.

Residential and Commercial Volume and Projection Report

Ms. Berg outlined her projections for the remaining time in FY13. She stated that although the purchase transactions have declined for the first time in FY13 that the total revenue was still strong and above budget due to the refinance business.

Ms. Downing-Manning asked the Title Guaranty staff about the rules surrounding the Real Property Inspection Report (RPIR)/Survey requirement for transactions over \$500,000. Ms. Berg said that the underwriting team is discussing the current requirement and possibly raising the requirement. Ms. Downing-Manning requested that the staff look at the current rule and bring back a proposal to raise the requirement at the March meeting.

IT Consultant Update

Ms. Pope updated the Board on the company, Title Experts and Management Services (TEAM) that was hired to be the IT Consultant. She gave an overview of the contract with TEAM and the timeline for implementation of the IT/CAP review. She stated that the final implementation of the IT product selected would be launched in December 2013. She told the Board that staff would be bringing items to the March meeting regarding the reinsurance amount, survey requirement amount and the professional services fee increase.

Director's Report

Ms. Huser shared with the Board that she had met with the ILTA regarding the abstract plant certification that is required in the Title Guaranty Administrative rules. She stated that there would be more information presented to the Board at the March meeting. Lastly, Ms. Huser updated the Board on staff changes since October. She stated that Matt Veldey is still on military leave and that Tara Lawrence has been hired for the commercial attorney position that was left vacant when Ashley Watts left. Ms. Huser told the Board that Ms. Flaherty has taken a new position as Director Jamison's executive assistant. She stated that Ms. Flaherty will be assisting the Board until there is someone hired and trained to fill her position.

Adjournment

Ms. Petersen adjourned the meeting at 1:51 p.m.

Dated this March 5, 2013.

Respectfully submitted:



Geri Huser
Director, Title Guaranty

Approved as to form:



Deborah Petersen,
Chair, Title Guaranty Board