

**Title Guaranty
Board Meeting Minutes
June 4, 2014**

Board Members Present:

Pat Schneider
Chuck Winkleblack
Tim Reilly
Dan Seufferlein

Staff Members Present:

Geri Huser, Title Guaranty Director
Matt White, Title Guaranty Deputy Director
Linda Berg, Business Development Director
Marie Jeanblanc, Business Development Specialist, Board Secretary
Michelle Thomas, Iowa Finance Authority Accounting Manager
(Telephone)
Tara Lawrence, Commercial Underwriting Attorney

Others Present:

Ruby Nitzel, Clay County Abstract, LLC
Bill Nitzel, Clay County Abstract, LLC
Barry Sackett, Clay County Abstract, LLC
Todd Prichard, Prichard Law Office PC
Dean Hoag, Community Title, LLC
Raymond Berger, Service Abstract Company
Alex Berger, Service Abstract Company
Lynn Michl, McGladrey, LLP
Gary Reeder, ILTA
Ranee Slings, Iowa Title Company (Telephone)

Call to Order

Ms. Schneider called the June 4, 2014, meeting of the Iowa Title Guaranty Board of Directors to order at 8:40 a.m.

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

Review & Approval of Board Meeting Minutes

Motion: On a motion by Mr. Winkleblack, seconded by Mr. Reilly, the Board unanimously approved the March 11, 2014, Board meeting minutes.

Guaranty Abstract Company, LLC Update

Mr. White reviewed the update memo provided in the Board packet including the number of tract books updated by Guaranty Abstract Company, LLC. They are on track to meet the March 21, 2015 deadline. Mr. White also reviewed the 5 requirements set out in the written ruling. Mr. Reilly requested clarification of the timeline for each completed tract book. Mr. White advised he did not have this information and would include in the next update.

Motion: On a motion by Mr. Reilly, seconded by Mr. Seufferlein, the Board unanimously approved the Written Ruling for Guaranty Abstract Company granting an extension of the provisional waiver of the title plant until March 15, 2015

Abstracting Minimum Standards

Mr. White advised Iowa Title Guaranty has been working with the ILTA, Iowa Bar Association and other third party members to develop minimum ITG abstracting standards for Iowa. The standards went in front of the ISBA Real Estate

Section Council and ISBA for comment and received no comments. ILTA endorses the standards and plan to include them in their Blue Book. Mr. White reviewed Attachment A provided in the Board packet and summarized the standards.

Mr. Winkleblack questioned how the minimum standards will be enforced within ITG. Mr. White advised many of these reviews will be done after the fact. Ms. Huser advised that the standards are to serve as a starting point in the product review process and will be reviewed starting with any claims relating to abstracting. Mr. Hoag and Mr. Reeder advised that each county provided a different opinion on what should be included as a minimum standard. Mr. White mentioned the contracts as proposed in the ITG Forms Manual do require the signee to agree to the abstracting minimum standards as approved by the Board.

Mr. Reilly requested consideration of local bar resolutions. He commented that requiring additional information in the standards will increase cost and time for the abstractor. Ms. Huser advised one of the biggest struggles has been creating standards that fit local practices; it's very difficult to meet the needs of each county. Mr. Winkleblack asked if the minimum standards will decrease participation within ITG. Ms. Huser stated that she does not believe this will decrease participation within ITG.

Ms. Huser suggested adding an exception to the proposed standards to include county bar standards and advised there may be counties with no written standards. It would be ITG's responsibility to track local standards from each county. Ms. Huser reviewed the exception to be added as an amendment to Resolution 14-04. It should read "Matters addressed by written county bar standards as passed by the county bar association."

Motion: On a motion by Mr. Winkleblack, seconded by Mr. Reilly, the Board unanimously approved Resolution 14-04, including adopting the amendment as previously set forth to Attachment A: Iowa Title Guaranty Abstract Minimum Standards.

Clay County Abstract Company- Provisional Title Plant Waiver

Mr. White reviewed the waiver requirements and Ms. Schneider asked for any additional public comments regarding Clay County Abstract Company. Hearing none, Mr. White introduced Mr. Sackett and Ms. Nitzel. They spoke briefly on their history and provided a handout setting out an overview of their status and plan to complete their title plant. Mr. White reviewed the requirements set out in the director's recommendation and recommended approval.

Motion: On a motion by Mr. Seufferlein, seconded by Mr. Reilly, the Board unanimously approved a two-year provisional title plant waiver for Clay County Abstract Company.

Iowa Title Guaranty FY 2015 Budget

Ms. Huser outlined the proposed FY2015 Budget and advised of new formatting to the budget layout. Ms. Huser informed the Board of a new contract with ALTA which will appear as a new line item on the budget. ITG will start to pay ALTA for the use of their forms in order to comply with their requirements. Mr. Reilly asked if all underwriters pay the copyright fee. Mr. Hoag responded confirming that if you are a member of ALTA you can use the forms. If you are not a member you must pay a licensing fee for use of their forms. ITG is a member and is paying the fees in order to comply with the proposed ALTA contract. The contract is expected to be finalized within the new few months.

Ms. Huser mentioned the Known Claim Reserve Expense will be budgeted for this year, unlike in year's past. The proposed transfer of funds for FY2015 is \$358,000.

Ms. Huser advised ITG is discussing a possible increase to premium and incentive fees. Mr. Reilly asked how premium projections are calculated. Ms. Huser referenced the premium graph included in the Board packet. Ms. Huser reviewed TG Resolution 14-05. Mr. Reilly asked about the residential reserve account. Ms. Huser summarized the process for implementing an Owner's reserve account.

Motion: On a motion by Mr. Reilly, seconded by Winkleblack, the Board unanimously approved TG Resolution 14-05.

August 6th Board Meeting

Ms. Huser reviewed the forms manual timeline provided in the Board packet. The Residential and Commercial Forms manual will go out for public notice. Ms. Huser is requesting a special Board meeting to approve the forms and any additional items as needed.

On a motion by Mr. Reilly, seconded by Mr. Seufferlein, the Board unanimously approved a special Board meeting on August 6, 2014.

Assessment of Title Guaranty Accounting Processes and Systems

Mr. Michl provided a handout summarizing recommendations based on his initial analysis of ITG accounting systems and processes. He provided an update on software programs, personnel structure and accounting processes. He will continue to work with IFA Executive Director, Dave Jamison and ITG staff to implement proposed solutions.

CAP 2.0 Update

Ms. Huser briefly updated the Board on the CAP redesign. She informed the Board that staff is continuing to finalize policy and procedures which are necessary to finalize the programming of the participant record in CAP 2.0. The expected rollout date for CAP 2.0 is September 2014 with external testing to begin in July 2014.

Audit/Claims Report

Ms. Huser outlined the document provided in the Board packet, which included the claims summary. Ms. Huser told the Board that there are reserves in the amount of \$719,000.

Residential and Commercial Volume and Projection Report

Ms. Berg addressed the document provided in the Board packet, which included a report on the number of transactions and volume for both residential and commercial within Iowa Title Guaranty.

Adjournment

Ms. Schneider adjourned the meeting at 10:37 a.m.

Dated this August 6, 2014.

Respectfully submitted:

Approved as to form:



Gen Huser
Director, Title Guaranty



Pat Schneider
Chair, Title Guaranty Board