



TITLE GUARANTY

Title Guaranty Board Meeting Minutes King's Pointe Resort Storm Lake, Iowa

October 2, 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

Others Present:

Dean Hoag, Jr., Peoples Abstract Company
Judy Hilgenberg, ILTA President

Call to Order

Ms. Petersen called the October 2, 2012, meeting of the Title Guaranty Board of Directors to order at 1:30 p.m.

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

Action Items

Review & Approval of Board Meeting Minutes

The Board discussed the meeting minutes of June 5, 2012.

Motion: On a motion by Mr. Reilly, seconded by Mr. Winkleblack, the Board unanimously approved the June 5, 2012, Board meeting minutes.

IT Consultant Update

Ms. Pope gave a brief update to the Board on the IT Consultant for Title Guaranty. She stated that in August Ms. Huser presented the IT Consultant information to the IFA Board and she received mixed opinions and several questions. In response to the IFA Board's questions, Ms. Pope and Ms. Huser negotiated further with the Consultant, Title Experts and Management Services (TEAMS), to achieve more detailed, less expensive and custom bids. Ms. Pope presented a letter that is from the Title Guaranty Chair to the IFA Board Chair that, if approved, would be presented to the IFA Board for approval to move forward with a contract for the IT Consultant. Ms. Pope outlined the three different bids from TEAMS that were included in the information to the Board. Ms. Pope recommended the least expensive proposal for \$80,000 with the option of spending up to \$125,000 if necessary. Ms. Pope stated she was confident that the experts at TEAMS would be a great match for Title Guaranty and that the lowest bid is

recommended. The Board and staff discussed the three bids in more detail and the specific issues Title Guaranty has with CAP and the legal descriptions.

Motion: On a motion by Mr. Reilly, seconded by Ms. Downing-Manning, the Board unanimously approved the IT Consultant bid of \$80,000 with the option of spending up to \$125,000 for the IT Consultant, Title Experts and Management Services.

Mortgage Release Program

Mr. White updated the Board on the current status of the Mortgage Release applications and the fee increase. He stated that there was a backlog of the Rapid Certificate Mortgage Release applications of over 100. Mr. White stated that the Mortgage Release staff started working diligently on the backlog in July causing a significant increase in the July numbers. Mr. White stated that he felt it was best to wait to implement the premium increase until the backlog was cleaned up and the staff could stay on top of the current and incoming applications. He shared a draft notice of the fee increase with the Board stating that it was his hope to issue the notice within a month with an effective date of January or February 1, 2013.

Mr. White also discussed that when a Rapid Certificate is issued in CAP, that there are 73 issuers who have not disclosed a release, affecting approximately 2300 files. Title Guaranty will be sending letters to the issuers asking for the release information. It is assumed an overwhelming majority of the files will have releases filed of record and will not move onto the Mortgage Release program. Those that do not have releases filed will cause another increase in Mortgage Release applications. He stated that since the backlog has been cleaned up the Mortgage Release staff will be prepared to handle the increase in applications.

Lastly, Mr. White presented the legislative changes to the Mortgage Release statute that Title Guaranty had drafted and will be presenting. He stated that it was his belief that these changes will clean up the statute and make the program more user-friendly. The Board agreed that the legislative changes were good changes and supported the proposed changes.

2013 Meeting Dates

Ms. Flaherty proposed the meeting dates for 2013. The Board agreed that the dates proposed were good dates and will be meeting the first Tuesday in March, June, October and December.

Transfer of Funds to Iowa Finance Authority Housing Programs

Mr. Harvey stated that there was \$508,000 available to transfer. He shared that this would be the first transfer of FY2013.

Motion: On a motion by Mr. Winkleblack, seconded by Mr. Reilly, the Board unanimously approved the transfer of \$508,000 to the IFA Housing Assistance Fund.

Demotech

Mr. White shared the Demotech analysis report and recommendation. Demotech reviewed the statutory premium reserve for residential transactions and the formula used to calculate the

reserve. Demotech proposed that the reserve for residential should be capped at an amount set by Title Guaranty. Demotech also reviewed the formula used for commercial transactions and suggests that since the commercial department does not have the long history and is a new program that their reserve formula stays the same. Mr. White proposed that the residential premium reserve be capped at a conservative 2.5 million beginning July 1, 2013. Mr. White stated that a resolution will be presented at the December meeting reflecting the proposal discussed. The resolution will then be presented to the Insurance Commissioner for final approval.

Mechanic Liens

Ms. Huser gave an overview of Title Guaranty's involvement with the Mechanic's Notice and Lien Registry (MNL) that has evolved since the June meeting. Ms. Huser stated that most recently she had been traveling to the ILTA meetings across Iowa and presenting information about Title Guaranty and the MNL. She stated that Ms. Pope had been dedicating a great deal of her time to assisting the Secretary of State's office in the creation of the MNL rules and that the law does go into effect on January 1, 2013.

Permanent Waiver of 40-year Title Plant: Attorney/Abstractor Applications

Mr. White gave an overview and background on the Permanent Waiver of 40-year Title Plant and the issues involved with the mentor/mentee relationship. He stated that he had become aware of situations where the mentee had been hiring outside people to do the application rather than doing it themselves. Mr. White stated that this is not something that happens every time and that he is only aware of a handful that fall into this scenario. The Board and staff discussed the system of mentor/mentee abstracting in more detail.

Financial Reports

Mr. Harvey outlined the financial reports and the amount available for transfer.

Motion: On a motion by Mr. Winkleblack, seconded by Ms. Dowing-Manning, the Board unanimously approved the financial reports.

Claims Report

Mr. White gave a brief update on the current claims. The Board and Mr. White discussed those claims for which there were questions.

Residential and Commercial Volume and Projection Report

Ms. Huser presented the reports that were included in the Board packet. Ms. Flaherty pointed out the dates of the upcoming CAP User Forums as well as the Annual Conference to be held on November 15th.

Director's Report

Ms. Huser gave a staffing update for the Commercial department that Matt Veldey will be on military leave until July 1, 2013, and that Ashley Watts has resigned and her last day will be November 21st. She stated that she is working diligently to hire someone with commercial closing experience to bring on board so Ashley can help train them. Ms. Huser also shared that Laura Reeser, the legal secretary, has accepted a position within state government. Ms. Huser gave the Board a brief overview of the hiring process that must be complied with to hire replacements for both Ashley and Laura's positions.

Adjournment

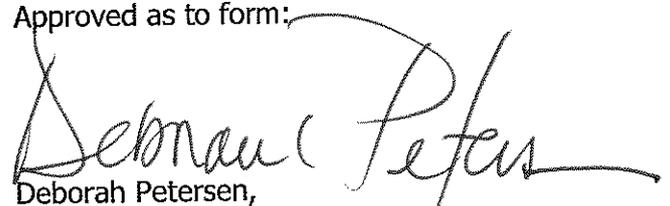
Ms. Petersen adjourned the meeting at 3:33 p.m.

Dated this December 4, 2012.

Respectfully submitted:


Geri Huser
Director, Title Guaranty

Approved as to form:


Deborah Petersen,
Chair, Title Guaranty Board