

**Title Guaranty
Board Meeting Minutes
December 2, 2014**

Board Members Present:

Pat Schneider
Dan Seufferlein (Telephone)
Chuck Winkleblack
Tim Reilly
Kim Downing-Manning

Staff Members Present:

Dave Jamison, Iowa Finance Authority Executive Director
Geri Huser, Iowa Title Guaranty Director
Mark Thompson, Iowa Finance Authority General Counsel
Steve Harvey, Iowa Finance Authority Chief Operating Officer
Matt White, Underwriting Attorney
Linda Berg, Business Development Director
Marie Jeanblanc, Business Development Specialist
Ann Marie Malave, Claims Attorney
Tara Lawrence, Commercial Underwriting Attorney
Gerald LoRang, Underwriting Attorney
Bob Skelley, Residential Underwriter
Carla Pope, Senior Project Coordinator
Wes Peterson, Director of Government Relations
Randy Ambrozic, Iowa Title Guaranty Consultant

Others Present:

Dean Hoag, Jr. Statewide Abstract & Title
Ron Lewis, Statewide Abstract & Title
Gary Reeder, ILTA
Alex Berger, Service Abstract Company
Kay Berger, Service Abstract Company
Dan Edwards, American Abstract & Title
Jim Nervig, American Abstract & Title
Bill Blue, Blue Advantage Title Systems, LLC
Mindy Blue, Blue Advantage Title Systems, LLC
Joan Johnson, Iowa Title Company
Ranee Slings, Iowa Title Company
Linda Birocci, Iowa Title Company
Tim Peters, Iowa Title Company
David Dunakey, Title Services
Edie Daniels, Court Reporter
Ted Huggins, Abstract Associates of Iowa
Jerry Schnurr, Abstracts Associates of Iowa
Paul Miller, Miller Law Office
Sandy Guy, People's Abstract Co.
David Hoffman, People's Abstract Co.
Sara Cockerham, Abstract & Title Services
Richard Bordwell, Washington Title & Guaranty
David Truitt, Truitt Abstract, Co.
Debbie Truitt, Abstract Co.
Mark Hanson, Attorney
Jason Sandegren, Sandegren Law Office
John Eisenman, Abstract & Title Guaranty
Mark Malliicoat, Abstract & Title Guaranty

Dwight Dinkla, ISBA
Frank Feilmeyer, ISBA
Joe Feller, ISBA
Kristin Henke, Wells Fargo
Nick Peiffer, Powesheik Abstract Co, Inc.
Matt Peiffer, Powesheik Abstract Co, Inc.
Sameiffer, Powesheik Abstract Co, Inc.
Gene Shepard, Butler County Abstract Co.
James Carney, Carney & Appleby Law
Doug Struyk, Carney & Appleby Law
Dan McCann, Benton County Title
Steve Skram, Benton County Title
Mike St. Clair, ILTA
Ken Kahl, Crawford County Abstract
Lynn Michl, McGladrey
Darin O'Brian, Madison County Abstract Company
Pat Graham, Monroe County Abstract (Telephone)
Bill Price, Abstract Title & Escrow Services of Iowa (Telephone)

Call to Order

Ms. Schneider called the December 2, 2014 meeting of the Iowa Title Guaranty Board of Directors to order at 10:31 a.m.

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

Review and Approval of the Board Meeting Minutes

Motion: On a motion by Mr. Reilly, seconded by Mr. Winkleblack the Board unanimously approved the October 7, 2015 Board meeting minutes.

Cyclone Title, LLC – Provisional Title Plant Waiver (Audubon County)

Ms. Malave stated the written ruling provided to the Board contains a summary of the record, applicable law, rules and analysis for the waiver, pursuant to the administrative rules. In addition, the ruling sets out the requirements and limitations that Cyclone Title, LLC must comply with while building their title plant. Ms. Schneider asked for questions from the Board or public comments, hearing none, the Board voted on the written ruling.

Motion: On a motion by Mr. Winkleblack, seconded by Mr. Reilly, the Board unanimously approved the written ruling granting a provisional title plant waiver to Cyclone Title, LLC.

Members Title Services d/b/a Legal Abstract Company – Provisional Title Plant Waiver (Muscatine County)

Ms. Malave stated the written ruling provided to the Board contains a summary of the record, applicable law, rules and analysis for the waiver, pursuant to the administrative rules. In addition, the ruling sets out the requirements and limitations that Members Title Services d/b/a Legal Abstract Company must comply with as they fix their title plant. Ms. Schneider asked for any questions from the Board or public comments, hearing none, the Board voted on the written ruling.

Motion: On a motion by Mr. Winkleblack, seconded by Ms. Downing-Manning, the Board unanimously approved the written ruling granting a provisional title plant waiver to Members Title Services d/b/a Legal Abstract Company.

Monroe County Abstract Provisional Title Plant Waiver Update

Mr. White referenced the Board memo summarizing Monroe County Abstract's progress in building their title plant. He stated that at the last Board meeting a written ruling was approved with the requirement that Monroe County Abstract purchase indexing software by November 18, 2014. Ms. Graham stated that she has been looking into software options to buy but, is very unfamiliar with the options available. Mr. Winkleblack asked how long it would take to select software. Ms. Graham stated she will work on obtaining the software as soon as possible. Mr. Reilly thought 90 days or the next Board meeting should be sufficient time to purchase software. Mr. Winkleblack asked Mr. White to clarify if that would give them enough time to avoid an extension. Ms. Graham clarified that they are already keeping track of the records electronically so they can import them into the software; because of this they are still making progress on their plant. The Board set a date of March 2, 2015 for completed software. Ms. Schneider asked for any public comments, hearing none, the Board voted to accept the written recommendation.

Motion: On a motion by Mr. Reilly, seconded by Ms. Downing – Manning, the Board unanimously approved to give Monroe County Abstract Company until March 2, 2015 to purchase software.

Abstract Associates of Iowa – Calhoun County Provisional Title Plant Waiver (Calhoun County)

Ms. Malave clarified that Abstract Associates of Iowa applied for two waivers, one in Calhoun County and one in Wright County. She prepared one legal analysis that covers each application. Ms. Malave summarized her legal analysis and confirmed based on her legal review that Abstract Associates of Iowa – Calhoun County has met all of the statutory requirements and the provisional title plant waivers be approved for both Wright and Calhoun Counties. Ms. Downing-Manning asked if the 12-month timeframe for building a plant was ambitious. Ms. Malave stated that Mr. Huggins is very experienced and has already gotten a good start on building the plant. Mr. Huggins addressed the question, stating he felt the 12 month timeframe was realistic. He referenced the building of his Webster County title plant 5 years ago, there were three times as many records and they were able to complete the plant within 13 months. Mr. Reilly asked Mr. Huggins to address why they're not building a storefront right away if the waiver is approved. Mr. Huggins confirmed they would like a presence in each county. Mr. Jerry Schnurr mentioned that they plan to have a storefront up by spring-early summer.

Ms. Schneider asked for any public comments. Mr. Nervig waived his opportunity to speak. Mr. Dunakey took the stand to make general comments on the provisional/permanent waiver process. He asked the Board to consider the type of search performed by the provisional title plant, and to compare a direct search to a title plant search. He stated that a direct search is a search of the records and that the only difference between the two products is the direct search is being done by members and non-attorneys under the proposed title plant. He is in favor of provisional title plant waivers.

Director Huser gave a summary of her Director's Recommendation. She stated she has reviewed the legal analysis, waiver and participation applications, references and sample abstracts and is recommending approval with the requirements detailed in the Director's recommendation. She summarized each requirement for the Board. It was brought to the attention of the Board that this is the first time the applicants have seen the requirements and they are welcome to ask questions based on the information provided. Mr. Huggins agreed to requirements as set out in the Director's Recommendation.

Motion: On a motion by Mr. Winkeblack, seconded by Mr. Reilly, the Board unanimously approved the Director's Recommendation granting a provisional title plant waiver for Abstract Associates of Iowa Calhoun County.

Abstract Associates of Iowa – Wright County Provisional Title Plant Waiver (Wright County)

Ms. Malave stated that her comments earlier regarding her legal analysis and recommendation should be considered for this application. Ms. Schneider asked for any additional public comments. Mr. Nervig waived his opportunity to speak. Hearing no additional public comments, Director Huser confirmed the Director's Recommendation requirements mirror the requirements for Abstract Associates of Iowa Calhoun County. She asked the Board when making their recommendations to include the directive to prepare the written ruling for the March Board meeting. Mr. Hugghins agreed to the requirements as stated on the Director's Recommendation.

Motion: On a motion by Mr. Reilly, seconded by Ms. Downing-Manning, the Board unanimously approved the Director's Recommendation and written ruling provision, granting a provisional title plant waiver for Abstract Associates of Iowa Wright County.

Crawford County Abstract d/b/a Sac County Title Provisional Title Plant Waiver (Sac County)

Ms. Malave summarized her legal analysis. She confirmed that based on her legal review that Crawford County Abstract d/b/a Sac County Title has met all of the statutory requirements and she recommends the provisional title plant waiver be approved. She clarified that they do not plan to build a storefront at this time. Mr. Ken Kahl, owner of Crawford County Abstract d/b/a Sac County Title, summarized his plan and provided an overview of his abstracting experience. He mentioned that he currently uses a paperless business model. Mr. Bill Blue stated American Abstract built a successful paperless title plant in Dallas County in 2007 and he supports his plan. Mr. Kahl also mentioned that he is working towards a storefront in the near future.

Director Huser recommended the approval of Crawford County Abstract d/b/a Sac County Title based on the limitations, restrictions and requirements provided in her written recommendation. She asked the Board to approve the requirements with the direction to the staff to prepare a written ruling for the next Board meeting.

Motion: On a motion by Mr. Winkleblack, seconded by Mr. Reilly, the Board unanimously approved the Director's Recommendation granting a provisional title plant waiver for Crawford County Abstract d/b/a Sac County Title.

Paul Miller Permanent Title Plant Waiver (Jefferson, Keokuk, Van Buren, Wapello and Henry Counties)

Ms. Malave summarized her legal analysis. She confirmed based on her legal review that Paul Miller has met all of the statutory requirements and the Permanent title plant waiver be approved for Jefferson, Keokuk, Van Buren, Wapello and Henry Counties. Mr. Miller expanded on how he meets the public interest requirement based on his location and cliental in rural Iowa. He also stated that he intends to take over his father's practice, who is a grandfathered attorney with Iowa Title Guaranty.

Mr. Jim Nervig, representing American Abstract, addressed the Board on the permanent title plant waivers. He stated his comments should be applied all three permanent title plant waiver applications. Mr. Nervig stated the goal should be to uphold the 40 year title plant minimum standard set forth in the statute and rules. He argued that the minimum requirements are so minimal that it's challenging to deny a waiver based on financial hardship as it reads in the Administrative Rules. Mr. Nervig stated Iowa Title Guaranty is violating Iowa Code 16.91 (5)(a)(2) by granting waivers without a 40-year title plant. He feels that doing so effectively renders the 40 title plant law of no legal consequence and violates the law by failing to reconcile two separate standards that the Iowa legislature enacted under the Title Guaranty law. He asked the Board to deny each waiver application.

Mr. Dave Dunakey, real estate attorney, provided public comment on the permanent waiver application. He informed the Board that he believes the only legal recognized search in Iowa in the direct search. Mr. Dunakey spoke on the history of abstracting in the US and gave his arguments for using a direct search when preparing an abstract.

Mr. Gary Reeder, ILTA, also provided public comment on the permanent waivers. He spoke on the effect the statewide waiver for an abstractor would have on the title plant certification process. He referenced Iowa Title Guaranty's agreement with ILTA stating that it would make no sense to continue inspecting title plants if a permanent statewide waiver was granting to a legal entity. He also gave his arguments for using a title plant to prepare an abstract.

Mr. Frank Feilmeyer, Iowa State Bar Association Real Estate Section Chair, provided his comments on the statewide waiver applications. He stated the Iowa Bar Association provided Iowa Title Guaranty with a formal request to delay the waiver applications to allow for the opportunity to review, comment on and propose a permanent solution to the issues surrounding the permanent title plant waivers. Mr. Feilmeyer expressed his concerns about granting a legal entity waiver, as he feared it was severely hurt the land title system in Iowa. He informed the Board that the Iowa State Bar Association is opposed to granting statewide waivers to the current applicants and confirmed that his comments should be considered and applied to each statewide waiver application in front of the Board.

Mr. Jim Carney, attorney, addressed the statewide waiver applications. He provided the Board with a history of his work with Iowa Title Guaranty, including drafting the code language during the inception of Iowa Title Guaranty. He asked the Board to grant a 6-month delay to allow for time to review and propose changes for the current process. Mr. Seufferlein and Ms. Downing-Manning asked Mr. Carney to clarify how they would come up with a solution in 6-months. He discussed surveying the members and bringing them together to find a solution. Mr. Felimeyer stated the Iowa State Bar Association is committed to developing a legislative or administrative solution. Mr. Winkeblack expressed his concerns about finding a solution in 6-months. Mr. Seufferlein asked to provide clarification on how granting a statewide waiver would lead to the demise of Iowa Title Guaranty. Mr. Felimeyer stated that once you approve a statewide waiver to a corporate entity it would cause other companies to do the same and devalue the land-title system in Iowa.

Mr. Bill Price, Henry County Abstract, via telephone, asked for clarification regarding the public notice for Paul Miller. He mentioned the application shows Mr. Miller applying for 3 counties. Director Huser clarified that his application was amended prior to the public notice to include Henry County and that the public notice sent out included five counties.

Ms. Joan Johnson, Iowa Title Company, addressed the Board and stated that she is interested is working with the Iowa Bar Association to recommend a solution and would like to withdraw Iowa Title Company's application for a permanent statewide title plant waiver.

Mr. Dave Truitt then addressed the Board. He stated that he was unaware that Paul Miller requested Wapello County as part of his application. He expressed his concerns with adding additional competition in Wapello County as well as provided supporting arguments for using title plants for abstracting.

Mr. Winkleblack asked for clarification on whether the Board needs to vote on each statewide application individually or collectively. Director Huser asked Mr. Mark Thompson, general counsel for Iowa Finance Authority, to provide further clarification on the procedures for delaying or postponing an application. Mr. Thompson recommended a motion to postpone. This would allow the Board to evaluate the progress at the next meeting and either reach a decision or motion to postpone to a future date. He stated that Robert's Rules of Order requires a motion before discussion takes place. Since the procedure is not binding he advised the Board they could proceed either way.

Motion: Mr. Reilly motioned to postpone the permanent statewide waiver applications to the Board meeting in June. Mr. Seufferlein, seconded.

Before the Board voted, Ms. Schneider asked for additional discussion. Mr. Todd Prichard, permanent waiver applicant, addressed the Board. He stated that he does not think Mr. Miller and his application should be treated the same as Iowa Title Company's application. He requested that his application not be delayed. Mr. Prichard expanded on his financial hardship due to his physical location. Ms. Schneider asked for any additional comments or questions.

Mr. Richard Bordwell, Washington Title & Guaranty, asked for clarification on whether Iowa Title Company's application has been withdrawn. Mr. Thompson asked the Board if they would like to consider Iowa Title Company's application as part of the motion to postpone. Ms. Johnson asked the Board to postpone Iowa Title Company's application until the June Board meeting.

Mr. Miller requested the Board not postpone individual applications and stated his argument against raising the standard for waiver approval and its effect on rural county attorneys. Mr. Dunakey stated that he does not support postponing any of the applications.

Mr. Seufferlein asked for the Iowa State Bar's opinion on the withdrawal of Iowa Title Company's application. Director Huser confirmed they did not withdraw their application, it was postponed. Mr. Feilmeyer stated the Iowa State Bar Association's position is to ask for a delay on all applications. Mr. Thompson confirmed a motion was still on the table and asked the Board if they would like to amend the motion before they voted. Mr. Winkleblack asked for comments on Mr. Prichard's application. Mr. Prichard clarified that his application includes six counties that would benefit from him abstracting and increase the market share with Iowa Title Guaranty. Director Huser clarified that the law states that an attorney can abstract and Iowa Title Guaranty can set certain parameters but cannot limit the counties to which they are allowed to abstract. She stated that if Mr. Prichard came back and asked to abstract in all counties she would not have the authority to limit his request.

Motion: The Board unanimously approved the motion on the table to postpone all three permanent waiver applications until the June 2, 2015 Board meeting.

Closed Session

Motion: Ms. Schneider made a motion to go into closed session pursuant to Iowa Code Section 21.5(1)(c) because the closed session is necessary to discuss strategy with counsel in matters where litigation is imminent, where its disclosure would be likely to prejudice or disadvantage the position of the governmental body in that litigation. On a second by Mr. Winkleblack the Board unanimously approved to go into closed session.

The open session adjourned at 12:44 p.m.

The closed session opened at 1:02 p.m. and closed at 1:23 p.m.

The meeting reconvened at 1:30 p.m.

Resolution 14-11: ITG Closing Protection Letter – Single Transaction

Mr. White summarized his memo on the changes made to the Closing Protection Letter for residential transactions. He asked the Board to review and approve Resolution 14-11.

Motion: On a motion by Mr. Winkleblack, seconded by Mr. Reilly, the Board unanimously approved Resolution 14-11 adopting the proposed Closing Protection Letter form.

Resolution 14-12: ITG USDA, NRCS Conservation Easement Forms

Ms. Lawrence summarized her memo on the proposed wetlands forms as well as Resolution 14-12. She asked the Board to review and approve Resolution 14-12. Mr. Reilly asked for the number of issued wetlands policies. Mr. Bob Skelley stated that the number of policies is typically 11% of the commercial volume. Ms. Lawrence also clarified that these policies are included in the commercial reporting numbers.

Motion: On a motion by Mr. Reilly, seconded by Ms. Downing-Manning, the Board unanimously approved Resolution 14-12 adopting the proposed USDA, NRCS Conservation Easement Forms.

Provisional Title Plant Waiver Updates

Mr. White provided an update on each provisional waiver application. Ms. Schneider asked if the waiver applicants are able to meet the deadlines. Mr. White stated he believes the two year mark provides a more realistic deadline, with each applicant being different is it hard to say for sure.

Provisional Permanent Waiver Plan

Ms. Malave summarized her waiver proposal plan. She plans to revise the application to include more specific questions as well as update the timeline for submitting notice and reviewing the applications. She told the Board that she plans to have a memo summarizing her changes by January 10, 2015 and will present an update to the Board at the March meeting.

Claims Report

Ms. Malave outlined the document provided in the Board packet, which included the claims summary. Ms. Malave told the Board that there are reserves in the amount of \$234,000.

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.

October Financial Reports

Mr. Harvey reviewed the financial statements provided in the Board packet, which included the October financial reports and amount available for transfer. Mr. Harvey told the Board that there is a net operating income of \$172,000 and expenses are below budget by \$385,000.

KPMG Audit

Mr. Michl gave an update on the accounting controller position within Iowa Title Guaranty. Director Huser is currently working on making this a permanent position; in the meantime, they have hired Randy Ambrozic as an independent contractor. His role will be to help the organization prepare for an audit in June 2015. Mr. Michl also provided an update on the cash receipts process.

Director's Report

Director Huser stated that she intends to work with the ISBA and ILTA to improve the waiver process. Mr. Reilly asked Director Huser to provide an update on the CAP system rollout. Director Huser mentioned that they continue to work out the bugs in the system, specifically with the participant record.

Adjournment

Ms. Schneider adjourned the meeting at 2:25 p.m.

Dated this March 10, 2015

Respectfully submitted:


Dave Jamison
Iowa Title Guaranty Board Secretary

Approved as to form:


Pat Schneider
Chair, Iowa Title Guaranty Board