IOWA TITLE GUARANTY

Iowa Title Guaranty Board Meeting
Agenda 3/08/2016

I. **Roll Call**

II. **Public Comments**

III. **Action Items**
   a. Minutes of January 5, 2016 Telephonic Board Meeting
   b. Old Business
      i. Administrative Rules
         1. Resolution ITG 16-02
   c. New Business
      i. Transfer of Funds
         1. Resolution ITG 16-03
      ii. Mortgage Release Fee Increase
         1. Memorandum
         2. Resolution ITG 16-04

IV. **Discussion & Informational Items**
   a. Title Plant Waiver Updates
   b. Claims Report
   c. Business Relations Update
   d. Financial Reports
   e. Commercial Update
   f. Director's Report

V. **Adjournment – Next Board meeting is set for June 7, 2016.**

Location:
Iowa Finance Authority
Presentation Room
Des Moines, Iowa
March 8, 2016 10:30 a.m.

Iowa Title Guaranty
Board Telephonic Meeting Minutes
January 5, 2016

Board Members Present:
Pat Schneider, Chair
Judy Hilgenberg
Dan Seufferlein (via telephone)

Staff Members Present:
Tara Lawrence, Iowa Title Guaranty Director
Carla Pope, Senior Project Coordinator
Gerald LoRang, Underwriting Attorney
Mark Thompson, General Council
Michael Moss, Claims Attorney
Gabrielle Rodriguez, Assistant to the Director
Wes Peterson, Director of Government Relations

Others Present:
Bill Blue, Blue Advantage Title Systems, LLC
Mandy Blue, Blue Advantage Title Systems, LLC
Sandy Guy, Statewide Abstract
Ron Lewis, Warren County Abstract
Jan Gemar, Iowa Land Title Association, Executive Director (via telephone)

Call to Order
Ms. Schneider called the January 5, 2016 meeting of the Iowa Title Guaranty Board of Directors to order at 10:30 a.m. Board Members were present.

All Board members, Iowa Title Guaranty staff and members of the public introduced themselves. This was a telephonic special Board meeting, two ITG Board Members were present, and one ITG Board Member appeared via telephone.

Review and Approval of Board Meeting Minutes:
Motion: On a motion by Judy Hilgenberg, seconded by Daniel Seufferlein (via telephone), the Board unanimously approved the December 1, 2015 Board meeting minutes.

Old Business: Blue Advantage Title Systems, LLC :
Mr. LoRang outlined the document provided in the Board packet, which included Resolution ITG 16-01. He recommended the Board approve the extension of its Provisional Title Plant and Tract Index Waiver for 1 year.

Motion: On a motion by Judy Hilgenberg, seconded by Dan Seufferlein, the Board unanimously approved the Provisional Title Plant and Tract Index Waiver Extension for 1 year.

Adopted Administrative Rules:

Mr. Mark Thompson informed the Board that the IFA Board and ITG Board previously adopted the notice of intended action for the Administrative Rules. Mr. Thompson stated the first Public Hearing was held September 22, 2015. Mr. Thompson stated there was a request for a regulatory analysis which was prepared and published. The public comment period and Continuation of Public Hearing was extended to December 15, 2015. The Public Hearing was held on December 15, 2015 at 1:30 p.m. one person of the public attended, but did not have any comments. The hearing was held open for 15 minutes, and resulted in adjournment at 1:45 p.m. with no further comments. Mr. Thompson summarized the changes in the Administrative Rules, using Exhibit A that was printed and included in the ITG Board Member Meeting packet. Ms. Hilgenberg commented that she did not agree with the direction of the Administrative Rule changes, her opinion is that waivers are given too easily, and her opinion is that ITG is getting away from the forty year title plant requirement.

Motion: On a motion by Dan Seufferlein, seconded by Judy Hilgenberg. The adoption of the Administrative Rules went to a vote, with Yeas of two, one from Pat Schneider, and one from Dan Seufferlein, and one Nay from Judy Hilgenberg. The motion was approved.

Adjournment:

On a motion by Mr. Seufferlein, seconded by Judy Hilgenberg, the Board unanimously approved the adjournment of the meeting. The ITG Board meeting was adjourned at 11:07 a.m.

Dated this January 5, 2016.

Respectfully submitted:

Approved as to form:

Tara Lawrence
Director, Iowa Title Guaranty

Pat Schneider
Board Chair, Iowa Title Guaranty

RESOLUTION
ITG 16-02

WHEREAS, Iowa Title Guaranty, in accordance with the statutory directives set forth in Chapter 16 of the Code of Iowa, as amended, operates a program that offers guaranties of real property titles in order to provide, as an adjunct to the abstract-attorney's title opinion system, a low-cost mechanism to facilitate mortgage lenders' participation in the secondary market and add to the integrity of the land-title transfer system in the state of Iowa; and

WHEREAS, the Iowa Finance Authority (the "Authority") in accordance with the statutory directives set forth in Chapter 16 of the Code of Iowa, as amended, has the power to make, alter and repeal rules consistent with the provisions of this chapter, and subject to Chapter 17A; and

WHEREAS, pursuant to said powers, the Authority has adopted administrative rules pertaining to the administration of Iowa Title Guaranty, set forth in Chapter 9 of the Authority's administrative rules; and

WHEREAS, the Iowa Title Guaranty Board (the "Board") has sought to amend Chapter 9 of the Iowa Administrative Code. The proposed amendment to Chapter 9 is to clarify the rules, align the rules with statutory authority and current practices, and streamline the process for obtaining a title plant waiver; and

WHEREAS, Iowa Title Guaranty held meetings with representatives from the Iowa Land Title Association and the Iowa State Bar Association and received comments on the proposed amendments to Chapter 9; and

WHEREAS, revised administrative rules were approved by the ITG and IFA boards, filed with the Administrative Code Editor, and published in the September 2, 2015 issue of the Iowa Administrative Bulletin; and

WHEREAS, the Iowa Land Title Association subsequently submitted to IFA a letter making public comment on the noticed rules, which letter included a request for a regulatory analysis pursuant to Iowa Code section 17A.4A; and

WHEREAS, on November 4, 2015, IFA and ITG staff prepared such an analysis and the IFA Board approved the Regulatory Analysis and authorized its publication in the Iowa Administrative Bulletin; and

WHEREAS, the Regulatory Analysis was published in the Iowa Administrative Bulletin on November 25, 2015, and the public comment period was automatically extended to December 15, 2015; and

WHEREAS, ITG has received public comment on the revised rules, held hearings for public comment on September 22, 2015 and December 15, 2015, and the formal public comment period has now expired; and

WHEREAS, ITG requests the Board to approve and authorize the submission of Adopted and Filed Rules and to recommend to the Authority Board approval and authorization of the submission of the Adopted and Filed Rules in the same form and content as attached hereto as "Exhibit "A".

NOW, THEREFORE, BE IT RESOLVED by the Board as follows:

SECTION 1, The Board hereby approves the version of Chapter 9, "Title Guaranty Division," of the Iowa Administrative Code, attached hereto as Exhibit "A".

SECTION 2, The Board recommends to the Authority the final adoption (Adopted and Filed) of the amendment to Chapter 9, "Title Guaranty Division," of the Iowa Administrative Code, as set forth on Exhibit A attached hereto.

PASSED AND APPROVED this 8th day of March, 2016.

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Pat Schneider, Iowa Title Guaranty Board Chair

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Tara Lawrence, Iowa Title Guaranty Board Secretary

(Seal)

Exhibit "A"

IOWA FINANCE AUTHORITY [265]

Adopted and Filed

Pursuant to the authority of Iowa Code sections 17A.3(1)"b," 16.5(1)"r" and 16.91(8), the Iowa Finance Authority hereby amends Chapter 9, "Title Guaranty Division," Iowa Administrative Code.

The amendment strikes rules 265—9.1(16) to 265—9.22(16) and adopts new rules 265—9.1(16) to 265—9.11(16) in order to reorganize Chapter 9. The purpose of the amendment is to clarify the rules, align the language with statutory authority and current practice, and streamline the process for obtaining a waiver of the 40-year title plant requirement.

Notice of Intended Action was published in the Iowa Administrative Bulletin as **ARC 2128C** on September 2, 2015. A public hearing was held on September 22, 2015, at the Iowa Finance Authority. A request for a regulatory analysis, pursuant to Iowa Code section 17A.4A, was received by the Authority on or about September 15. A regulatory analysis was prepared and published in the Iowa Administrative Bulletin on November 25, 2015, at page 839. Accordingly, by operation of law, the public comment period and the public hearing were extended until December 15, 2015. One member of the public attended the extended public hearing on December 15, 2015. No public comment was made at the extended hearing.

Public comments were received from Iowa Land Title Association, abstractors and attorneys. Comments received addressed the definition of "abstract" and "participating abstractor." Comments were also received on title plant inspections and title plant waiver subrules, including:

- the content of the application,
- criteria for a waiver of the 40-year title plant requirement,

- definitions for “hardship” and “public interest,”
- rulings by the board,
- mentoring and liability of attorneys,
- geographic limitations,
- conditions, and
- revocation.

Based on public comments, the following changes were made from the published Notice:

- Added a definition to rule 265—9.1 for “abstractor.”
- Removed the references to “oral instructions given by the division” throughout the chapter.
- Corrected typographical errors in subrule 9.4(1) and subparagraph 9.7(1)*b*.(3).
- Moved eligibility considerations from paragraph 9.7(4)”a” that applied to issuance of closing protection letters and created a new subsection 9.6(3) to apply the eligibility considerations to all participants. Renumbered subsections following new subsection 9.6(3), and renumbered remaining provisions in 9.7(4).
- Replaced reference to “’Title Insurance and Settlement Company Best Practices’ set forth by the American Land Title Association” with “title and settlement best practices adopted by the division” in new paragraph 9.6(3)”g.”
- In subrule 9.6(6), clarified that liability insurance is also known as errors and omissions insurance and modified liability insurance to “professional liability insurance.”

- Clarified, in paragraph 9.6(13)”f” that material noncompliance with the law, rules, and other instructions will be based on a finding by the division director, instead of reliance on a complaint or claim.
- In subparagraph 9.7(1)”d”(6)4, provided for giving considerable weight in the granting of a title plant waiver, if the applicant has experience abstracting under the supervision of a participating attorney or participating abstractor in certain circumstances; or if the participating attorney or participating abstractor has supervised the applicant’s abstracting for a period of two years and attests to the board regarding the applicant’s ability to abstract.
- Clarified in subparagraph 9.7(1)”d”(8)4 that the revocation of a waiver recipient’s authorization to provide services on behalf of the division is grounds for the division board to withdraw a waiver.

This amendment does not provide for waivers in specified situations because requests for the waiver of any rule may be submitted under the Authority’s general rule on waivers at 265—Chapter 18.

The Iowa Finance Authority adopted this amendment on January 6, 2016.

After analysis and review of this rule making, no adverse impact on jobs is expected.

This amendment is intended to implement Iowa Code sections 16.2A, 16.4C, 16.91, 16.92, and 16.93.

The following amendment is adopted.

Amend **265—Chapter 9** as follows:

CHAPTER 9

TITLE GUARANTY DIVISION

~~**265—9.1(16) Definitions.** The following words and phrases, when used in this chapter, shall have the meanings set forth below unless a meaning is inconsistent with the manifest intent or the context of a particular rule:~~

~~*"Abstract of title"* or *"abstract,"* for the purposes of the title guaranty program, means a written or electronic summary of all matters of record including, but not limited to, grants, conveyances, easements, encumbrances, wills, and judicial proceedings affecting title to a specific parcel of real estate, together with a statement including, but not limited to, all liens, judgments, taxes and special assessments affecting the property and a certification by a participating abstractor that the summary is complete and accurate; provided, however, that for purposes of issuance of a title guaranty certificate covering nonpurchase financing, and for only such purposes, the "abstract of title" or "abstract" may also mean a title guaranty report of title.~~

~~*"Authority"* means the Iowa finance authority described in Iowa Code chapter 16.~~

~~*"Certificate"* means the division certificate to guarantee title, including any part or schedule thereof and any endorsements thereto.~~

~~*"Closing protection letter"* means an agreement by the division to indemnify a lender or owner or both for loss caused by a division closer's theft of settlement funds or failure to comply with written closing instructions relating to title certificate coverage when agreed to by the division closer.~~

~~*"Commitment"* means the division commitment to guarantee title, including any part or schedule thereof and any endorsements thereto.~~

~~*"Division"* means the title guaranty division of the Iowa finance authority.~~

~~*"Division board"* means the board of the title guaranty division created pursuant to Iowa Code section 16.2A(1).~~

~~*"Division closer"* means a participating attorney, a participating abstractor, or an independent closer who is authorized by the division to conduct a division closing under the protection of a closing protection letter.~~

~~*"Division closing"* means a settlement in which a division closer is appointed to finalize a real estate transaction in accordance with general and specific instructions prior to disbursement of the proceeds and for which a closing protection letter is issued.~~

~~*"Division escrow account"* means, in conjunction with division closings, escrows, settlements, and title indemnities, any checking account utilized for the purpose of:~~

~~1. Deposits, including, but not limited to, the acceptance of incoming funds from the lender or borrower or both; and~~

~~2. Disbursements, including, but not limited to, sellers' proceeds, mortgage payoffs, expenses of sale, and professional fees.~~

~~However, "division escrow account" shall not include client trust accounts subject to the requirements of chapter 45 of the Iowa Court Rules.~~

~~*"Electronic record,"* for the purposes of the title guaranty program, means a record created, generated, sent, communicated, received, or stored by electronic means that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.~~

~~*"Field issuer"* means a participating attorney, a participating abstractor, or an independent closer authorized by the division to issue commitments and certificates.~~

~~*"Form"* or *"forms"* means printed instruments used in guaranteeing title to Iowa real estate that, when completed and executed, create contractual obligations or rights affecting the division.~~

~~*"Grandfathered attorney"* means a participating attorney who has been providing abstract services continuously from November 12, 1986, to the date of application to be a participating abstractor, either personally or through persons under the participating attorney's supervision and control, who is exempt from the requirement to own or lease a title plant.~~

~~*"Independent closer"* means a person or entity, other than a participating attorney or a participating abstractor, conducting a division closing and authorized to close a transaction under protection of a closing protection letter.~~

~~*"Manual"* means a title guaranty reference book approved by the division board containing division certificate forms and certain Iowa statutory requirements.~~

~~*"Nonpurchase financing,"* for the purposes of the title guaranty program, means a refinanced or junior mortgage securing an amount fixed by the division board and included in the manual.~~

~~*"Participant"* means a participating attorney or a participating abstractor.~~

~~*"Participating abstractor"* means an abstractor who is authorized to participate in the title guaranty program and who is in full compliance with the abstractor's participation agreement, the Code of Iowa, these rules, the manual, staff supplements, and any other written or oral instructions or requirements given by the division.~~

~~*"Participating attorney"* means an attorney who is authorized to participate in the title guaranty program, who is in full compliance with the attorney's participation agreement, the Code of Iowa, these rules, the manual, staff supplements, and any other written or oral instructions or requirements given by the division, and who is not subject to current disciplinary proceedings by the Iowa supreme court that preclude the attorney from practicing law in this state.~~

~~*"Person"* shall have the same meaning as in Iowa Code section 4.1(20).~~

~~*"Residential property,"* for the purposes of the title guaranty program, means residential real estate consisting of single-family housing or multifamily housing of no more than four units.~~

~~*"Supervision and control,"* for the purposes of the title guaranty program, means that a participant's or independent closer's shareholders, partners, associates, secretaries, paralegals, and other persons under the participant's or independent closer's supervision or control who transact the business of abstracting, which includes but is not limited to any manner of title search or review, opining on titles to real estate, or issuing commitments or certificates at the direction of or in the name of the participant or independent closer, shall comply with the requirements of the contracts, forms, the manual, staff supplements, and any other written or oral instructions or requirements given by the division. A participant or independent closer shall be liable to the division for loss or damage suffered by the division resulting from acts or omissions of the participant's or independent closer's shareholders, partners, associates, secretaries, paralegals, and other persons under the participant's or independent closer's supervision or control who transact the business of abstracting, which includes but is not limited to any manner of title search or review, opining on titles to real estate, or issuing commitments or certificates at the direction of or in the name of the participant or independent closer as an agent of the division as though the act or omission were that of the participant or independent closer.~~

~~*"Title guaranty report of title,"* for the purpose of nonpurchase financing, means a written or electronic short form of the abstract of title covering the borrower's title, liens, and encumbrances. The division board shall approve requirements and procedures for the title guaranty report of title in the manual.~~

~~*"Title search(es)"* or *"search(es),"* for the purposes of the title guaranty program, means the abstract of title.~~

~~[**ARC 8458B**, IAB 1/13/10, effective 2/17/10]~~

~~**265—9.2(16) Purpose.** This chapter describes the mission, organization, programs and operations of the division, including the office where and the means by which interested persons may obtain information and make submissions or requests.~~

~~[**ARC 8458B**, IAB 1/13/10, effective 2/17/10]~~

~~**265—9.3(16) Mission.** The mission of the division is to operate a program that offers guaranties of real property titles in order to provide, as an adjunct to the abstract-attorney's title opinion system, a low-cost mechanism to facilitate mortgage lenders' participation in the secondary market and add to the integrity of the land-title transfer system in the state. Surplus funds in the title guaranty fund shall be transferred to the authority's housing program fund after providing for adequate reserves and for the operating expenses of the division.~~

~~[**ARC 8458B**, IAB 1/13/10, effective 2/17/10]~~

~~**265—9.4(16) Organization.**~~

~~**9.4(1)** *Location.* The office of the division is located at 2015 Grand Avenue, Des Moines, Iowa 50312. Office hours are 8 a.m. to 4:30 p.m. Monday through Friday, excluding legal holidays. The division's Web site address is www.iowafinanceauthority.gov, and the division's telephone and facsimile numbers are as follows: (515)725-4900 (general telephone number); 1-800-432-7230 (toll-free telephone number); 1-800-618-4718 (TTY); and (515)725-4901 (facsimile).~~

~~**9.4(2)** *Division board.* A chair and vice-chair shall be elected annually by the members of the division board, generally at the first meeting following July 1 of each year, which is the beginning of the fiscal year.~~

~~**9.4(3)** *Meetings.* Meetings of the division board shall be held quarterly on the date and time determined by the board. Meetings of the division board may also be held at the call of the chair or on written request of two members. The division will give advance public notice of the specific date, time and place of each division board meeting, and will post the tentative agenda for each meeting at least 24 hours before commencement of the meeting at the main office of the authority, as well as on the authority's Web site. Meetings may occasionally be conducted by electronic means. Any interested person may attend and observe division board meetings except for any portion of a meeting that may be closed pursuant to Iowa Code section 21.5. The minutes of the division board meetings are available for viewing at the main office of the authority or via the authority's Web site. Three members of the division board constitute a quorum. An affirmative vote of a majority of the appointed board members is necessary for any substantive action taken by the division board. The majority shall not include any board member who has a conflict of interest, and a statement of a conflict of interest shall be conclusive for this purpose.~~

~~[**ARC 8458B**, IAB 1/13/10, effective 2/17/10]~~

~~**265—9.5(16) Location where public may obtain information.** Requests for information, inquiries, submissions, petitions and other requests may be directed to the division at the address set forth in subrule 9.4(1). Requests may be made personally, by telephone, mail, E-mail or any other medium available.~~

~~**265—9.6(16) Title guaranty program.**~~

~~**9.6(1)** *Operation*. The division operates a program to offer guaranties of real property titles in the state through the issuance of title guaranty commitments and certificates by the division, by participating abstractors for the division pursuant to subrule 9.6(4), paragraph "*c*," herein, or by participating attorneys pursuant to Iowa Code section 16.91(7).~~

~~**9.6(2)** *Application for title guaranty commitments or certificates*. The division may authorize entities engaged in the real estate industry to apply directly to the division staff, an independent closer, a participating attorney, or a participating abstractor for a title guaranty commitment or certificate. The applicant shall complete and submit such forms and other information as the division may require and pay the appropriate fee. Entities engaged in the real estate industry that the division may authorize to apply include, but are not limited to, mortgage lenders as defined in Iowa Code section 16.1(1)"*y*," and closing and escrow companies.~~

~~**9.6(3)** *Participating attorneys*. An attorney licensed to practice law in the state of Iowa may participate in the title guaranty program upon approval by the division director of an application submitted by the licensed attorney to the division and upon execution and acceptance by the division director of the attorney's participation agreement.~~

~~*a. License*. A participating attorney shall be licensed to practice law in the state of Iowa and shall be in good standing with the Iowa supreme court at all times while acting as an agent of the division.~~

~~*b. Underwriting determinations*. A participating attorney shall make all underwriting determinations prior to or at the time of closing. If the participating attorney does not attend the closing and is not available by telephone during the closing, all underwriting determinations must have been made by the participating attorney issuing the opinion, commitment or certificate prior to closing. For purposes of this rule, the term "underwriting determinations" includes, but is~~

~~not limited to, guaranteeing access, reviewing gap searches, possible judgments, survey matters (including encroachments), unreleased mortgages or other liens, and any other matters disclosed by the opinion, commitment or other sources of title information. A participating attorney who causes or allows an erroneous underwriting determination to be made by someone other than a member of the division's legal staff or the participating attorney who issued the opinion, commitment or certificate shall be strictly liable to the division for loss or damage the division may suffer as a result of the erroneous underwriting determination.~~

~~(1) A participating attorney shall make all underwriting determinations arising out of the issuance of an attorney title opinion or a title commitment or certificate using both:~~

~~1. Generally accepted and prudent title examining methods; and~~

~~2. Procedures implemented by the division and outlined in these rules, the manual, staff supplements, and any other written or oral instructions or requirements given by the division.~~

~~(2) Any underwriting determination about which there may be a bona fide difference of opinion among local lawyers and that is not specifically covered by materials provided by the division shall be approved by division legal staff.~~

~~*c. Authority of participating attorney*. A participating attorney is authorized to act as an agent of the division but only for the purposes and in the manner set forth in the attorney's participation agreement, the Code of Iowa, these rules, the manual, staff supplements, and any other written or oral instructions given by the division and in no other manner whatsoever. The authority of the participating attorney under the preceding sentence is not exclusive and is subject to the rights of the authority, the division, and other participants, independent closers, agents, or representatives of the division to transact the business of opining on titles to real estate~~

~~and issuing commitments and certificates and is further subject to the right of the division to appoint other participants and independent closers.~~

~~**9.6(4)** *Participating abstractors.* An abstractor or abstracting concern may participate in the title guaranty program upon approval by the division director of an application to the division and upon execution and acceptance by the division director of an abstractor's participation agreement.~~

~~*a. Title plant.* Participating abstractors shall own or lease, and maintain and use in the preparation of abstracts, an up-to-date abstract title plant including tract indices for real estate for each county in which abstracts are prepared for titles to real property guaranteed by the division. Each of the tract indices shall be designated to encompass a geographical area of not more than one block in the case of platted real estate, nor more than one section in the case of unplatted real estate. The tract indices shall include a reference to all of the instruments affecting real estate recorded in the office of the county recorder, and the tract indices shall commence not less than 40 years prior to the effective date of the abstractor's participation in the title guaranty program.~~

~~*b. Title plant exemption.* Grandfathered attorneys and attorneys and abstractors who have received a waiver of the use of an up-to-date plant described in Iowa Code section 16.91(5)"*a*"(2), either personally or through persons under their supervision and control, shall be exempt from the requirement to own or lease a title plant. This exemption is a personal exemption of the individual participant, is not transferable, and terminates at such time as the participant ceases providing abstracting services or upon the death or incapacity of the participant.~~

~~*c. Issuing title guaranty*. Pursuant to a written contract with the division director, a participating abstractor may be authorized to issue a title guaranty commitment or certificate for the division when the participating attorney who prepares the opinion allows issuance by the participating abstractor. Written contractual approval by the division director for division issuance will be based upon the completion of a division request form by a participating abstractor and the attachment of all disclosures required by the division. A participating abstractor authorized to issue a title guaranty commitment or certificate must comply with the Code of Iowa, these rules, the manual, staff supplements, and any other written or oral instructions or requirements given by the division and in no other manner whatsoever. The rights of the participating abstractor under the preceding sentence are not exclusive and are subject to the rights of the authority, the division, and other field issuers of the division to issue commitments or certificates and are further subject to the right of the division to appoint other field issuers. A participating abstractor's right to issue commitments and certificates is a privilege for the convenience of the division and may be terminated pursuant to the written contract with the division.~~

~~*d. Authority of participating abstractor*. A participating abstractor is authorized to act as an agent of the division but only for the purposes and in the manner set forth in the abstractor's participation agreement, the Code of Iowa, these rules, the manual, staff supplements, and any other written or oral instructions or requirements given by the division and in no other manner whatsoever. The authority of the participating abstractor under the preceding sentence is not exclusive and is subject to the rights of the authority, the division, and other participating abstractors, agents, or representatives of the division to transact the business of abstracting, which includes but is not limited to any manner of title search or review of titles to~~

~~real estate, and is further subject to the right of the division to appoint other participating abstractors.~~

~~**9.6(5)** Participation requirements.~~

~~*a. Errors and omissions insurance.* A participant shall maintain errors and omissions insurance at all times while acting as an agent of the division, with such coverage and in such amounts as the division board may direct from time to time by resolution.~~

~~(1) The division will inform the Iowa State Bar Association, the Iowa Land Title Association, and any person requesting such information of any proposed change in the amount of required errors and omissions insurance at least 30 days prior to the date of the meeting at which the matter will be considered.~~

~~(2) Interested parties may submit evidence or statements in support of or in opposition to the proposal in writing or by personal appearance before the division board.~~

~~*b. Participation fees.* A participant shall pay a participation fee set by resolution of the division board subject to the approval of the authority board.~~

~~(1) The division will inform the Iowa State Bar Association, the Iowa Land Title Association, and any person requesting such information of any proposed change in the amount of participation fees at least 30 days prior to the date of the meeting at which the matter will be considered.~~

~~(2) Interested parties may submit evidence or statements in support of or in opposition to the proposal in writing or by personal appearance before the division board.~~

~~**9.6(6)** *Abstract of title.* All abstracts of title shall be prepared and conducted in compliance with division procedures as specified in the manual, staff supplements, and any other written or oral instructions or requirements given by the division that are in effect at the time of~~

~~abstracting. A participating abstractor shall retain a written or electronic copy of each abstract of title prepared for a title guaranty certificate and shall provide such copy to the division upon request.~~

~~**9.6(7)** *Attorney title opinion.* All attorney title opinions shall be prepared and issued in compliance with division procedures as specified in the manual, staff supplements, and any other written or oral instructions or requirements given by the division that are in effect at the time of issuance. A participating attorney who is a field issuer may issue a commitment as the preliminary attorney title opinion and the certificate as the final attorney title opinion in compliance with division procedures. A written or electronic copy of each attorney title opinion shall be retained by a field issuer, and a copy thereof shall be provided to the division upon request.~~

~~**9.6(8)** Closing protection letters.~~

~~*a. Issuance of closing protection letters.* Division closers may be authorized to receive a closing protection letter approved by the division board when:~~

~~(1) A division closer has completed division forms and procedures training,~~

~~(2) The division director has approved the application, and~~

~~(3) A division commitment is issued.~~

~~*b. Application.* Application for designation of division closer status shall be on forms provided by the division, and all requested information shall be provided with the application form. The division may consider an application withdrawn if it does not contain all of the information required and the information is not submitted to the division within 30 days after the division requests the information. The application shall be accompanied by a fee to be set by the division board. The division director shall approve or deny the application within 90 days~~

~~after the application has been accepted for processing and send written notice thereof to the applicant.~~

~~*c. Guidelines*. In determining whether to approve or deny an application for designation of division closer status, the division director may consider the following factors, including but not limited to:~~

~~(1) The needs of the public and the needs of existing or potential customers of the applicant that are served by a designation of division closer status.~~

~~(2) A history of operation and management of the applicant's business.~~

~~(3) Character, fitness, financial responsibility and experience of the applicant and the applicant's employees.~~

~~(4) Criminal background checks for felony or misdemeanor convictions of the applicant or the applicant's employees involving moral turpitude.~~

~~(5) A record of defaulting by the applicant or the applicant's employees in the payment of moneys collected for others in this state or other states.~~

~~(6) A history of discharge of debts by the applicant or the applicant's employees through bankruptcy proceedings.~~

~~(7) The applicant's credit report, which is to be submitted directly to the division director at the expense of the applicant.~~

~~(8) Other factors as determined by the division director to be relevant.~~

~~*d. Investigation*. The division director may conduct an investigation as deemed necessary. The division director may solicit, by whatever manner deemed appropriate, comments from other persons conducting closings, or from any other person or entity which may be affected by or have an interest in the pending application.~~

~~*e.* *Revocation.* The division director has discretion to revoke a division closer's status for reasons including but not limited to the following:~~

~~(1) When the financial condition of the division closer deteriorates.~~

~~(2) When the division director determines that the division closer's activities are being conducted unlawfully or in an unsafe or unsound manner.~~

~~*f.* *Authority of division closer.* A division closer is authorized to conduct division closings only for the purposes and in the manner set forth in the division closer's agreement, the Code of Iowa, these rules, the manual, staff supplements, and any other instructions or requirements given by the division and in no other manner whatsoever. The authority of the division closer under the preceding sentence is not exclusive and is subject to the rights of the authority, the division, and other division closers to transact the business of guaranteeing titles to real estate in Iowa and is further subject to the right of the division to appoint other division closers.~~

~~A division closer shall obtain the written authorization of a member of the division's legal staff prior to issuing a commitment or certificate which exceeds such amounts as the division board may set from time to time by resolution. If any authorization required under 9.6(8)"*f*" is not obtained through the act or omission of the division closer, the division closer shall be strictly liable to the division for any resulting loss or damage.~~

~~*g.* *Division escrow accounts.* The division board shall approve procedures and requirements for the maintenance of division escrow accounts. Division closers shall comply with the rules and requirements set by the division board with respect to the procedures, format, and style for maintaining the division escrow accounts. The division board may require the division closer to provide an irrevocable letter of direction to the institution at which each~~

~~division escrow account is established, authorizing the division to review and audit the institution's records of such account at any time that the division, in its discretion, deems necessary.~~

~~**9.6(9)** General provisions.~~

~~*a. Commitment and certificate amount limitations.* A field issuer shall obtain the written authorization of a member of the division's legal staff prior to issuing a commitment or certificate which exceeds such amounts as the division board may set from time to time by resolution. If any authorization required under this paragraph is not obtained through the act or omission of the field issuer, the field issuer shall be strictly liable to the division for any loss or damage resulting from issuance of the commitment or certificate.~~

~~*b. Title/closing files and forms.* A participant or independent closer shall maintain separate title, client and closing files or maintain client files in such a manner that information pertaining to activities of the participant or the independent closer is readily available to the division. A participant or independent closer shall maintain files for a period of ten years after the effective date of the commitment and certificate or certificates.~~

~~(1) The division will provide forms to a participant or independent closer for use in acting for the division. A participant or independent closer may not alter any form supplied by the division, or use a form supplied by another person or entity to bind the division, or otherwise bind the division to liability with a form, other writing or representation not supplied or authorized by the division. In addition, the participant or independent closer shall:~~

~~1. Return the original of any canceled certificate to the division, and~~

~~2. Not transfer or attempt to transfer unissued commitments or certificates to another participant, independent closer, or other person or entity unless authorized in writing by the division.~~

~~(2) If a participant or independent closer fails to comply with the requirements of 9.6(9)"*b*," in addition to the division's other rights and remedies, the division may refuse to supply any forms to the participant or independent closer until the participant or independent closer complies with the requirements of 9.6(9)"*b*" to the satisfaction of the division.~~

~~(3) The participant or independent closer shall be liable to the division for loss or damage sustained by the division by reason of the loss of, misuse of, or inability of the participant or independent closer to account for any form supplied by the division, or the failure of the participant or independent closer to comply with the requirements of 9.6(9)"*b*."~~

~~*c*. *Training*. The division director may require a participant, an independent closer, and the participant's and independent closer's staff to attend training sessions or continuing education seminars as deemed necessary by the division director in order to ensure compliance with division requirements and procedures.~~

~~*d*. *Office audits*. The division may, with or without notice to a participant or an independent closer, audit the participant or independent closer at the participant's or independent closer's office. This audit may include, but need not be limited to, a review of the participant's or independent closer's commitment and certificate issuance procedures, an audit of serialized forms, an audit and test of title plants and tract indices, an audit of closing operation and closing procedures, an audit of the division escrow account(s), and verification of the participant's or independent closer's compliance with division rules, participation agreements, the Code of Iowa,~~

these rules, the manual, staff supplements, and any other written or oral instructions or requirements given by the division.

e. *Interest in property.* No participant or independent closer shall prepare an abstract of title, issue attorney title opinions, commitments, or certificates, or conduct a closing upon property in which the participant or independent closer has an interest without prior authorization of the division.

[**ARC 8458B**, IAB 1/13/10, effective 2/17/10]

265—9.7(16) Waiver of up-to-date title plant requirement. The division board shall consider an application by an attorney or abstractor for waiver of the use of an up-to-date title plant requirement described in Iowa Code Supplement section 16.91(5)"*a*"(2).

9.7(1) *Mission.* The division is authorized under Iowa Code chapter 16 to issue title guaranties throughout the state. The division's public purpose is to facilitate lenders' participation in the secondary market and to promote land title stability through use of the abstract-attorney opinion system. The division recognizes the 40-year title plant as the preferred method of providing title evidence for the purpose of issuing title guaranties. The division must weigh the benefits of the traditional title plant with other alternatives to ensure buyers and lenders high quality of title guaranties throughout the state, rapid service, and a competitive price. To assist the division in this mission, Iowa Code Supplement section 16.91(5)"*b*" expressly allows the division to waive the up-to-date title plant requirement.

9.7(2) *Definitions.* The following words and phrases, when used in this rule, shall have the meanings set forth below unless a meaning is inconsistent with the manifest intent or the context of a particular rule:

~~*"Availability of title guaranties"* means that title guaranties are uniformly accessible throughout the state to buyers and lenders with competitive pricing, service, and quality and that there are two or more abstractors physically located in all 99 counties.~~

~~*"Exempt attorney-abstractor,"* as it relates to the title plant requirement, means a grandfathered attorney or a waived attorney.~~

~~*"Grandfathered attorney"* means a participating attorney who has been providing abstract services continuously from November 12, 1986, to the date of application to be a participating abstractor, either personally or through persons under the participating attorney's supervision and control, who is exempt from the requirement to own or lease a title plant. This exemption is a personal exemption of the individual participating attorney, is not transferable, and terminates at such time as the participating attorney ceases providing abstracting services or upon the death or incapacity of the participating attorney.~~

~~*"Hardship"* means deprivation, suffering, adversity, or long-term adverse financial impact in complying with the title plant requirement that is more than minimal when considering all the circumstances. Financial hardship alone may constitute a hardship.~~

~~*"Interested person"* means a person requesting a plant waiver, all division board members, all participating abstractors in the county for which the waiver is requested, the Iowa State Bar Association, the Iowa Land Title Association, and any person requesting such information that an application for waiver has been made to the division.~~

~~*"Person"* means an individual, including a corporation, limited liability company, government or governmental subdivision or agency, business trust, trust, partnership or association, or any other legal entity.~~

~~*"Public interest"* means that which is beneficial to the public as a whole, including but not limited to increasing competition among abstractors, encouraging the use of title guaranties throughout the state, making title guaranties more competitive than out-of-state title insurance, increasing the division's market share, improving the quality of land titles, protecting consumers, and encouraging maximum participation by participating abstractors and participating attorneys physically located in all 99 counties.~~

~~*"Waiver"* or *"variance"* means an action by the division which suspends in whole or in part the requirement of the use of a current tract index described in Iowa Code Supplement section 16.91(5) as applied to an abstractor.~~

~~**9.7(3)** *Filing of application.* An applicant must submit a plant waiver application in writing to the attention of the director of the Title Guaranty Division of the Iowa Finance Authority, 2015 Grand Avenue, Des Moines, Iowa 50312.~~

~~**9.7(4)** *Content of application.* The title guaranty division may provide an application form on the division's Web site. A plant waiver application shall include, at a minimum, the following information where applicable and known to the applicant:~~

~~*a.* The name, business address, E-mail address, and telephone number of the abstractor for whom a waiver is being requested;~~

~~*b.* The type of waiver being requested, as described in subrule 9.7(8);~~

~~*c.* A general description of the applicant's business;~~

~~*d.* A description of intention to develop a 40-year tract index;~~

~~*e.* The relevant facts that the applicant believes would justify a waiver under subrules 9.7(7) and 9.7(8); and~~

~~*f.* A signed statement from the applicant attesting to the accuracy of the facts provided in the application.~~

~~**9.7(5)** Notification and response.~~

~~*a.* The division director shall acknowledge an application upon receipt. All interested persons shall be contacted by E-mail and Web-site posting, and notice shall be given by United States first-class mail to any party requesting the same in writing. Notice shall be given within 14 days of the receipt of the application by the division director. Notification to an interested person is not a requirement for the division board to consider the waiver, and failure to inform an interested person of an application for waiver shall not void or otherwise nullify any action or decision of the division board.~~

~~*b.* Any person may submit a written statement in support of or in opposition to the application.~~

~~*c.* The application shall be placed on the agenda for the next scheduled division board meeting which is at least 30 days after the application is filed unless a special meeting is requested by the chairperson of the board or by written request of two board members.~~

~~**9.7(6)** Board meeting action.~~

~~*a.* The informal review of the waiver is not a contested case proceeding but other agency action wherein the rules of evidence are not applicable.~~

~~*b.* To preserve order, the chairperson of the board may set reasonable limitations upon the number of persons who may appear before the division board and the time allotted for presentations in favor of and against the requested waiver.~~

~~*c.* Title guaranty director review. The title guaranty director shall investigate and review the petition and its supporting documentation and, at the waiver meeting before the board, shall give the board a recommendation to grant or deny the waiver.~~

~~*d.* The board shall consider the application, the criteria and type of waiver set forth in subrules 9.7(7) and 9.7(8), and then vote on the application.~~

~~**9.7(7)** *Criteria for waiver or variance.* In response to an application completed pursuant to subrule 9.7(4), the division board may issue a ruling permanently or provisionally waiving the requirement set forth in Iowa Code Supplement section 16.91(5)"*a*"(2) of an up-to-date title plant requirement, if the board finds both of the following:~~

~~*a.* The title plant requirement described in Iowa Code Supplement section 16.91(5)"*a*"(2) imposes a hardship to the abstractor or attorney; and~~

~~*b.* The waiver is:~~

~~(1) Clearly in the public interest; or~~

~~(2) Absolutely necessary to ensure availability of title guaranties throughout the state.~~

~~**9.7(8)** *Type of waiver or variance granted.* Provisional and permanent waivers described in this subsection may be granted by the division board. Guidelines for provisional and permanent waivers are as follows:~~

~~*a.* *Provisional waivers.* The division board may grant a provisional waiver of one year or less to an applicant intending to build a title plant. If such time period is not sufficient, the applicant may reapply to the division board for an extension of the waiver up to one additional year at the discretion of the division board. The division board may grant a provisional waiver when the applicant provides the following:~~

~~(1) Evidence that a title plant will be built for a specified county;~~

~~(2) Evidence of significant financial loss due to the inability to provide abstracts for the division;~~

~~(3) Evidence that the provisional waiver is necessary in order to produce a revenue stream to justify the expense associated with building a title plant; and~~

~~(4) Professional references from two licensed Iowa attorneys or one participating plant-abstractor attesting to the applicant's ability to abstract.~~

~~*b. Permanent waivers for attorneys.* The division board may grant a permanent waiver to an Iowa-licensed attorney.~~

~~(1) Attorneys granted a permanent waiver hold the same status as grandfathered attorneys and, absent express legislative authority to the contrary, the board will not limit geographically an attorney's ability to abstract for the division. However, the applicant may by contract with the division board agree voluntarily to limit the applicant's abstracting for the division to one or more specified counties.~~

~~(2) A permanent waiver is personal in nature and nontransferable. An attorney granted a permanent waiver shall be personally liable for abstracting conducted on behalf of the division. Although an attorney may abstract through a separate entity, such liability cannot be transferred to a corporate entity nor may an attorney utilize a corporate structure which would shield the attorney from personal liability.~~

~~(3) Permanent waivers are predicated upon the attorney's retaining an Iowa license to practice law. An attorney whose license is suspended shall reapply to the division director upon reinstatement by the Iowa supreme court. The division director has the discretion to refer the matter to the division board.~~

~~(4) There are two circumstances when an attorney may be granted a permanent waiver:~~

~~1. For attorney applicants with experience abstracting under the supervision and control of an exempt attorney-abstractor, the board shall consider, at a minimum, the following:~~

- ~~The applicant's abstract experience. The board shall give considerable weight to an applicant's experience abstracting under the personal supervision and control of an exempt attorney-abstractor with whom the applicant has had a close working relationship or with whom the applicant is a legal partner or associate.~~
- ~~Professional references. The board shall give considerable weight to a recommendation from the exempt attorney-abstractor or grandfathered attorney who personally supervised the applicant's abstracting for a period of two years or more and who attests in writing or in person before the division board regarding the applicant's ability to abstract.~~
- ~~Samples of abstracts prepared by the applicant.~~
- ~~The division board shall give consideration to the number of participating abstractors physically located in the county or counties where the applicant seeks to abstract in determining whether a waiver should be granted.~~

~~2. For attorney applicants without experience working under the supervision and control of an exempt attorney-abstractor, the board shall consider, at a minimum, the following:~~

- ~~The applicant's abstract experience;~~
- ~~Professional references;~~
- ~~Samples of abstracts prepared by the applicant;~~
- ~~The applicant's business plan;~~

- ~~Evidence of clients and volume of additional transactions that will be brought into the title guaranty abstract/attorney system as a result of the waiver;~~

- ~~The number, availability, service and quality of other abstractors available to perform abstracting and whether the grant of a permanent waiver will adversely impact the business of other participating abstractors;~~

- ~~Whether the applicant demonstrates the inability to abstract under the supervision and control of an exempt attorney.~~

~~c. Permanent waivers for non-attorneys.~~

~~(1) The board may grant a permanent waiver with limitations as to county, or transaction type, or both.~~

~~(2) In determining whether to grant a waiver, the board shall consider, at a minimum, the following:~~

~~1. The applicant's abstract experience, maintenance of a title plant by the applicant in any other county, and degree of participation by the applicant in the title guaranty division standards in excellence program;~~

~~2. Professional references;~~

~~3. Samples of abstracts prepared by the applicant;~~

~~4. The applicant's business plan;~~

~~5. Evidence of clients and volume of additional transactions that will be brought into the title guaranty abstract/attorney system as a result of the waiver;~~

~~6. The number, availability, service and quality of other abstractors available to perform abstracting and whether the grant of a permanent waiver will adversely impact the business of other participating abstractors.~~

~~**9.7(9)** *Ruling.* The division board shall direct the division director to prepare, or cause to be prepared, a proposed written ruling setting forth the board's rationale for granting or denying the waiver. Action to adopt or direct changes to the proposed ruling will be taken by the division board at a subsequent meeting. However, if the board directs the division director to prepare a proposed ruling granting the waiver, the applicant may start abstracting while the ruling is being prepared, and staff shall issue a new participating abstractor number to the applicant immediately.~~

~~*a.* The ruling granting or denying a waiver shall contain a reference to the particular applicant, discuss the application of subrules 9.7(7) and 9.7(8), and describe how granting the waiver would or would not advance the division's statutory mission described in subrule 9.7(1). The ruling will summarize the relevant facts and reasons upon which the action is based and include a description of the precise scope and duration of the waiver if the waiver contains limitations, restrictions or requirements.~~

~~*b.* The final decision on whether the circumstances justify the granting of a waiver shall be made at the sole discretion of the division board upon consideration of all relevant factors. Relevant factors to be considered are the unique circumstances set out in the application, presentations given before the board, the professional knowledge and expertise of the board members and division staff, and any other resources available to the entire division board. Consideration should be afforded to rulings on prior plant waiver requests, but the division board shall not be bound by such rulings.~~

~~*c.* Within seven days of its issuance, any ruling issued under subrule 9.7(9) shall be transmitted to the applicant, the Iowa State Bar Association and the Iowa Land Title Association.~~

~~*d.* The decision of the division board shall be final agency action and all appeals shall be filed with the Iowa District Court for Polk County.~~

~~**9.7(10)** *Title plant certification.* For applicants granted a provisional waiver, an inspection of the title plant shall be performed by division staff or a designee of the title guaranty director. The inspection shall determine if the title plant meets the criteria set forth in paragraph 9.6(4)"*a*" and shall occur before the division board grants up-to-date title plant status to the applicant. If the applicant, following verification of up-to-date title plant status by the division board, proposes to conduct business under a name other than that of the entity to which the provisional waiver was granted, the applicant must obtain prior written approval to do so from the division. Any transfer of a title plant must be approved by division staff in order for the title plant to be a title guaranty abstractor.~~

~~**9.7(11)** *Public availability.* Applications for waivers and rulings on waiver applications are public records under Iowa Code chapter 22. Some applications or rulings may contain information the division is authorized or required to keep confidential. Division staff may accordingly redact confidential information from applications or rulings prior to public inspection or dissemination.~~

~~**9.7(12)** *Voiding or cancellation.* A waiver or variance is voidable if material facts upon which the petition is based are not true or if material facts have been withheld. A waiver or variance issued by the division board may be withdrawn, canceled, or modified if, after appropriate notice and meeting, the division board issues a ruling finding any of the following:~~

~~*a.* That the petitioner or the applicant who was the subject of the waiver ruling withheld or misrepresented material facts relevant to the propriety or desirability of the waiver; or~~

~~*b.* That the alternative search method assuring that the public interest will be adequately protected after issuance of the ruling has been demonstrated to be insufficient; or~~

~~*c.* That the subject of the waiver ruling has failed to comply with all conditions contained in the ruling.~~

~~[**ARC 7892B**, IAB 7/1/09, effective 8/5/09; **ARC 0826C**, IAB 7/10/13, effective 8/14/13]~~

~~**265—9.8(16) Title guaranty contracts, forms, manual, and staff supplements.** The division shall adopt and issue such contracts, forms, and the manual as the division deems necessary to set out standards and requirements, and such other matters that the division deems necessary for implementation and effective administration of the title guaranty program. The contents of the contracts, forms, and the manual shall be applicable to participants and independent closers in the title guaranty program.~~

~~**9.8(1)** *Division board adoption.* The form of title guaranty commitments and certificates will be adopted, revised, or amended by resolution of the division board, and the form of such commitments and certificates is subject to the approval of the authority board. The manual will be adopted, revised, or amended on approval of a majority vote of the division board.~~

~~*a.* The division will inform the Iowa State Bar Association, the Iowa Land Title Association, and any person requesting such information of any proposed adoption of or change to the form of title guaranty commitments and certificates at least 30 days prior to the date of the division board meeting at which the matter will be considered.~~

~~*b.* Interested parties may submit evidence or statements in support of or in opposition to the proposal in writing or by personal appearance before the division board.~~

~~**9.8(2)** *Division staff adoption.* Under the direction of the division director, the division staff shall adopt and issue staff supplements as the division deems necessary to set out standards~~

~~and requirements of these rules, applicable statutes, and the manual; to address nonresidential, extraordinary and unusual risk situations; and to address such other matters that the division deems necessary for implementation and effective administration of the title guaranty program.~~

~~[**ARC 8458B**, IAB 1/13/10, effective 2/17/10]~~

~~**265—9.9(16) Mortgage release certificate.** Pursuant to Iowa Code section 16.92, the division is charged with the administration of a system, after notification to lenders, to clear paid-off mortgages from real estate titles in Iowa by executing and filing with county recorders release certificates for mortgages that have been paid in full.~~

~~**9.9(1)** *Definitions.* As used in this rule, unless the context otherwise requires:~~

~~*"Certificate"* means the certificate of release or partial release of mortgage issued by the division.~~

~~*"Claim for damages"* means a claim for actual money damages against the division caused by the division's wrongfully or erroneously, through an act of negligence, filing a certificate while division staff are acting within the scope of their office or employment.~~

~~*"Effective release"* or *"satisfaction"* means a release or satisfaction of mortgage pursuant to Iowa Code chapter 655.~~

~~*"Mortgage"* means a mortgage or mortgage lien on an interest in real property in this state given to secure a loan in an original principal amount, including any future advances, equal to or less than:~~

~~1. $20 million for mortgages paid off by the division staff or a division closer within a division closing, unless prior written approval is obtained from the division director.~~

~~2. $1 million for all other mortgages.~~

~~*"Real estate lender or closer"* means a person licensed to regularly lend moneys to be secured by a mortgage on real property in this state, a licensed real estate broker, a licensed attorney, or a participating abstractor.~~

~~**9.9(2)** *Request for certificate.* Applications, forms, procedures and practices for the implementation of an effective mortgage release certificate by the division pursuant to Iowa Code section 16.92 shall be provided in the staff supplements. Further, any fee to be charged for the mortgage release application shall be set by the division board upon the recommendation of the division director.~~

~~**9.9(3)** *Authority to sign certificate.* The division director or designee of the division director may execute and record the certificates pursuant to Iowa Code section 16.92 and this rule.~~

~~**9.9(4)** *Additional remedies.* In addition to any other remedy provided by law, the division may recover from the real estate lender or closer who requested the certificate all expenses incurred, and all damages including punitive or exemplary damages paid to the mortgagee or mortgage service provider, in satisfaction or resolution of a claim for damages.~~

~~[**ARC 8458B**, IAB 1/13/10, effective 2/17/10]~~

~~**265—9.10(16) Rates.** The rate or fee, if any, for the owner's guaranty, the lender's guaranty, the various endorsements, and the closing protection letter will be fixed by the division board by resolution. In situations involving extraordinary risk, unusual transactions, or unique or multiple endorsements, the division, under the direction of the division director, may make additional charges that are added to and become part of the rate or fee. The rates or fees of any other products or services that will be offered by the division shall be set by the division board upon the recommendation of the division director.~~

~~A participant or independent closer shall calculate the title guaranty fees and premiums according to the applicable rate schedule in effect on the effective date of the commitment or the certificate, whichever is earlier. A participant or independent closer shall collect the fee in effect for any other product or service offered by the division at the time the product or service is sold. Additional participant or independent closer responsibilities with regard to the collection and use of fees and premiums shall be set forth in the manual and staff supplements.~~

~~[**ARC 8458B**, IAB 1/13/10, effective 2/17/10]~~

~~265—9.11(16) Claims.~~

~~9.11(1)~~ ~~*Definitions.* The following words and phrases, when used in this rule, shall have the meanings set forth below unless a meaning is inconsistent with the manifest intent or the context of a particular rule:~~

~~*"Claim"* means loss or damage or potential loss or damage arising by reason of a matter actually, possibly, or allegedly within the coverage of a commitment, certificate, closing protection letter, mortgage release certificate, or by reason of any other matter for which the division is actually, possibly, or allegedly liable.~~

~~*"Claim loss"* means amounts paid by the division in the investigation and resolution of a claim including, but not limited to, payments to the guaranteed, payments to adverse claimants, attorneys' fees, and all other expenses and costs related to or arising from the claim in accordance with the provisions of this rule.~~

~~*"Party"* means a participant, independent closer, or any other person or entity that has a contractual relationship with the division to provide coverage or services for which a claim may be brought against the division.~~

~~**9.11(2)** *Claim procedures.* In the event of a claim, the rights of the division and a party are as follows:~~

~~*a.* Upon receipt of notice by a party of a claim, the party must notify the division in writing within three business days of receipt of information about a claim by the party and shall mail notification to the division by first-class mail at the division's address in subrule 9.4(1). In addition, if the nature of the claim is such that the guaranteed claimant or the division, or both, may suffer loss or damage that might be reduced or avoided by notice given more promptly than required by the preceding sentence, the party shall notify the division by telephone, facsimile transmission, overnight mail or other overnight delivery service, or any combination of these methods.~~

~~*b.* When a party receives a request from the division for information with respect to a claim, the party shall supply to the division any documents, correspondence, surveys, abstracts of title, title searches, other writings, or other information known by or available to the party and relevant to the claim, even if not specifically requested by the division.~~

~~*c.* A party shall cooperate fully in the investigation and resolution of a claim and shall supply any additional, new information that may come to the party's attention with such promptness as the circumstances permit.~~

~~*d.* The division may, with or without prior notice to the party or parties involved, investigate and resolve any claim in any manner that, in the division's sole discretion, the division may deem advisable.~~

~~**9.11(3)** Claim loss recovery.~~

~~*a.* Any claim losses paid are recoverable from a party by the division.~~

~~*b*. In the absence of knowledge by the party about the title defect or other matter causing the claim loss, the division shall not seek recovery from the party when a claim loss arises from one or more of the following:~~

~~(1) Hidden defects, including, but not limited to, forged deeds and mortgages, false affidavits, and false statements of marital status;~~

~~(2) Errors by public officials in maintaining and indexing the public records, including, but not limited to, errors by county assessors, recorders, clerks, and treasurers;~~

~~(3) Errors in these rules, the manual, staff supplements, and any other written or oral instructions or requirements given by the division that the party relies upon in issuing an abstract of title, opinion, commitment, certificate, or endorsement;~~

~~(4) Errors in surveys provided by registered Iowa land surveyors that the party relies upon in giving survey coverage or issuing an endorsement or endorsements; or~~

~~(5) Underwriting determinations or title risks approved by the division prior to issuance of the abstract of title, opinion, commitment, certificate, or endorsement.~~

~~*c*. The party shall reimburse the division for a claim loss when the division determines, in accordance with 9.11(3)"*d*," that the party is liable and when the claim loss arises from one or more of the following:~~

~~(1) Errors by the party in the title search and report of information in the public record;~~

~~(2) Reliance by the party upon sources of title searches and other title information that had not been approved by the division at the time of the reliance;~~

~~(3) Errors made by the party in examining the title information provided in an abstract of title, survey, affidavit, or other source of title information;~~

~~(4) Errors made by the party in the preparation or review of an abstract of title, opinion, commitment or certificate;~~

~~(5) Knowing issuance of an abstract of title, opinion, commitment or certificate by the party upon a defective title; or~~

~~(6) Failure of the party to follow these rules, the manual, staff supplements, or any other written or oral instructions or requirements given by the division with respect to any other matters not included within 9.11(3)"*c*."~~

~~*d.* Unless another rule, the Code of Iowa, the manual, a procedure, or a guideline provides for a different standard of liability or other rule for determining whether the party shall be liable for a claim loss, the division shall apply the following standards:~~

~~(1) In the event that a claim loss occurs for which the division may seek recovery from the party under 9.11(3)"*c*"(1), the division may demand reimbursement from the party if the party was grossly negligent in conducting the title search. Gross negligence includes the failure to make a search or the use of inadequate search procedures. Gross negligence under the preceding sentence includes but is not limited to failure to search certain indices, failure to search all names of parties with an interest in the real estate, or failure to search in all public offices required by the division search procedures or procedures used by prudent title searchers if the division has not established specific search procedures. In making its determination whether to seek recovery, the division may consider the complexity of the public record, the reliance of the party upon division approved search procedures, the training and experience of the person who made the error, and the existence or nonexistence of previous search errors by the party.~~

~~(2) In the event that a claim loss occurs for which the division may seek recovery from a party under 9.11(3)"*c*"(2), the division may demand reimbursement from that party if the~~

~~party relied upon sources of title searches or other title information that had not been approved by the division at the time of the reliance.~~

~~(3) In the event that a claim loss occurs for which the division may seek recovery from the party under 9.11(3)"*c*"(3), the division may demand reimbursement from the party if the party negligently examined the title information used in making a title determination, failed to raise an appropriate exception, waived an exception, or endorsed a title commitment or certificate.~~

~~1. The division may make full review of local county abstracting standards and bar title rules as a guide to determine whether the party has failed to meet the standard of skill and competence of an abstractor who prepares an abstract of title or an attorney who examines titles in the community where the claim arose.~~

~~2. The division may also consider whether the party followed these rules, the manual, staff supplements, or any other written or oral instructions or requirements given by the division in examining the title.~~

~~3. In addition, the division may seek input from other parties in the community in which the claim arose as to the standard of care of an abstractor who prepares an abstract of title or of an attorney who examines titles in that community.~~

~~(4) In the event that a claim loss occurs for which the division may seek recovery from the party under 9.11(3)"*c*"(4), the division may demand reimbursement from the party if the party negligently prepared and reviewed an abstract of title, opinion, commitment or certificate.~~

~~(5) In the event that a claim loss occurs for which the division may seek recovery from the party under 9.11(3)"*c*"(5), the division may demand reimbursement from the party if~~

~~the issuance of the abstract of title, opinion, commitment or certificate constituted fraud, concealment or dishonesty, or if the issuance of the abstract of title, opinion, commitment or certificate was based upon an underwriting decision on an unusual risk that was made without contacting the division for approval.~~

~~(6) In the event that a claim loss occurs for which the division may seek recovery from the party under 9.11(3)"*c*"(6), the division may demand reimbursement from the party if the party failed to follow these rules, the manual, staff supplements, or any other written or oral instructions or requirements given by the division with respect to the matter causing the claim loss.~~

~~(7) In the event the division seeks reimbursement from a party, the division shall state the basis of the reimbursement.~~

~~*e*. The division board may, from time to time by resolution, establish levels of authority, including dollar amounts, for the division board, the division director and the division staff for the settlement of claims made against the division.~~

~~[**ARC 8458B**, IAB 1/13/10, effective 2/17/10]~~

~~**265—9.12(16) Rules of construction.** In the construction of this chapter, the following rules of construction shall be observed, unless either the rules of Iowa Code chapter 4, Construction of Statutes, or the following rules of construction are inconsistent with the manifest intent or the context of a rule:~~

~~1. The word "shall" means mandatory and not permissive and the word "may" means permissive and not mandatory.~~

~~2. The word "closing" includes, but is not limited to, the recording of a deed executed and delivered in lieu of a mortgage foreclosure or pursuant to a mortgage foreclosure~~

~~proceeding and also includes the entry into a binding agreement and transfer of possession by a seller to a buyer on a contract sale of land.~~

~~3. Nothing contained in this chapter shall be construed to require a participating attorney to disclose privileged information of a client to the division or to any other person.~~

~~4. Any rule that provides a specific remedy or sanction for violation of the rule shall not be construed as limiting the ability of the division to pursue and enforce other penalties or sanctions under this chapter, or otherwise, against the participating abstractor, participating attorney, independent closer or other person responsible or liable, either separately, concurrently, cumulatively, or in any combination, at the sole discretion of the division.~~

~~5. The failure of the division to enforce a right or remedy under this chapter, a statute, or common law shall not be construed as a waiver of such right or remedy either in the specific instance or in any other instance.~~

~~[**ARC 8458B**, IAB 1/13/10, effective 2/17/10]~~

~~**265—9.13(16) Seal.** The division shall have a corporate seal that may be altered from time to time. The seal shall impress the words "Title Guaranty Division Iowa Finance Authority" and may be used to authenticate acts and legal instruments of the division.~~

~~[**ARC 8458B**, IAB 1/13/10, effective 2/17/10]~~

265—9.1(16) Definitions. The following words and phrases, when used in this chapter, shall have the meanings set forth below unless a meaning is inconsistent with the manifest intent or the context of a particular rule:

"Abstract" means a written or electronic summary of all matters of record affecting title to a specific parcel of real estate prepared in accordance with abstract minimum standards adopted by the division, provided however, that for nonpurchase transactions, "abstract" may also mean a

written or electronic short-form summary setting forth the titleholders, liens, and encumbrances in accordance with guidelines adopted by the division.

"Abstractor" means a person who is engaged in the practice of searching public records for the purpose of creating abstracts.

"Authority" means the Iowa finance authority established by Iowa Code chapter 16.

"Certificate" means the form used to guarantee title, including any part or schedule thereof and any endorsements thereto.

"Claim" means loss or damage or potential loss or damage arising by reason of a matter actually, possibly, or allegedly within the coverage of a commitment, certificate, closing protection letter, mortgage release certificate, or by reason of any other matter for which the division is actually, possibly, or allegedly liable.

"Claim loss" means amounts paid by the division in the investigation and resolution of a claim including, but not limited to, payments to the guaranteed, payments to adverse claimants, attorneys' fees, and all other expenses and costs related to or arising from the claim.

"Closing protection letter" means the division's written agreement to indemnify a lender or borrower or both for loss caused by a participating closer's theft of settlement funds or failure to comply with written closing instructions relating to title certificate coverage when agreed to by the participating closer.

"Commitment" means the division's written offer to issue a certificate.

"Division" means Iowa title guaranty, a division of the Iowa finance authority.

"Division board" means the board of the division created pursuant to Iowa Code section 16.2A(1).

"Field issuer" means a participant authorized by the division to issue commitments and

certificates.

"Mortgage release certificate" means a certificate of release or a certificate of partial release issued by the division, pursuant to Iowa Code section 16.92.

"Participant" means a participating attorney, a participating abstractor, or a participating closer.

"Participating abstractor" means an abstractor who is authorized by the division to prepare abstracts for division purposes.

"Participating attorney" means an attorney licensed to practice law in the state of Iowa who is authorized by the division to prepare title opinions for division purposes.

"Participating closer" means any of the following authorized by the division to issue a closing protection letter: an Iowa licensed attorney disbursing funds through an interest on lawyer trust account, a closing agent licensed by the Iowa division of banking, or a real estate broker licensed by the Iowa real estate commission disbursing funds through a real estate trust account.

"Party" means a participant, or any other person, that has a contractual relationship with the division to provide services for which a claim may be brought against the division.

"Person" means an individual or legal entity, including corporation, limited liability company, government or governmental subdivision or agency, business trust, estate, trust, partnership or association, or any other legal entity.

265—9.2(16) Purpose. This chapter describes the mission, organization, programs and operations of the division, including the office where and the means by which a person may obtain information and make submissions or requests.

265—9.3(16) Mission. The mission of the division is to operate a program that offers guaranties

of real property titles in order to provide, as an adjunct to the abstract-attorney's title opinion system, a low-cost mechanism to facilitate mortgage lenders' participation in the secondary market and add to the integrity of the land-title transfer system in the state of Iowa and to perform other duties as assigned by Iowa law. Surplus funds generated by the division shall be transferred to the authority's housing assistance fund after providing for adequate reserves and for the operating expenses of the division.

265—9.4(16) Organization.

9.4(1) *Location.* The office of the division is located at 2015 Grand Avenue, Des Moines, Iowa 50312. Office hours are 8 a.m. to 4:30 p.m. Monday through Friday, excluding legal holidays. The division's Web site address is www.iowatitleguaranty.gov and the division's telephone and facsimile numbers are as follows: (515)725-4900 (general telephone number); 1-800-432-7230 (toll-free telephone number); and (515)725-4901 (facsimile). The division's e-mail address is titleguaranty@iowa.gov. Inquiries, submissions, applications and other requests for information may be directed to the division at the address set forth herein. Requests may be made personally or by telephone, fax, mail or e-mail.

9.4(2) *Division board.* A chair and vice chair shall be elected annually by the members of the division board at the first quarterly meeting following July 1 of each year, which is the beginning of the division's fiscal year.

9.4(3) *Meetings.* Meetings of the division board shall generally be held quarterly on the date and time determined by the division board. Meetings of the division board may also be held at the call of the chair or on written request of two division board members. The division will give advance public notice of the specific date, time and place of each division board meeting. At least 24 hours before commencement of a division board meeting, the division will post the

tentative agenda at the office of the division and on the division's Web site. Division board meetings may be conducted by conference call. Any person may attend and observe division board meetings except for any portion of a division board meeting that may be closed pursuant to Iowa Code section 21.5. The minutes of the division board meetings are available at the office of the division and on the division's Web site. Three members of the division board constitute a quorum. An affirmative vote of a majority of the division board members is necessary for any substantive action taken by the division board. The majority shall not include any division board member who has a conflict of interest, and a statement of a conflict of interest shall be conclusive for this purpose.

265—9.5(16) Operation. The division offers guaranties of real property titles in the state through the issuance of commitments and certificates.

9.5(1) *Commitments, certificates, forms and manuals.* The terms, conditions, and form of commitments and certificates shall be approved by the division board. The division may adopt and use manuals and other forms as the division deems necessary for implementation and administration of the title guaranty program.

a. The division will provide forms to a participant for use in issuing commitments and certificates on behalf of the division. A participant may not alter any form supplied by the division or use a form supplied by another person to bind the division. In addition, the participant shall not transfer or attempt to transfer unissued commitments or certificates to another participant or other person unless authorized in writing by the division.

b. If a participant fails to comply with the requirements of this rule, in addition to the division's other rights and remedies, the division may refuse to allow the participant access to any forms until the participant complies with the requirements of this chapter to the satisfaction

of the division.

c. A participant shall be liable to the division for loss or damage sustained by the division by reason of the loss of, misuse of, or inability of the participant to account for any form supplied by the division, or the failure of the participant to comply with the requirements of this rule.

9.5(2) *Application for commitments and certificates.* The division shall make an application for commitments and certificates available at the office of the division and on the division's Web site.

9.5(3) *Rates.* The division shall set the rates for certificates and closing protection letters in an amount sufficient to permit the title guaranty program to operate on a self-sustaining basis, including payment of administrative costs and the maintenance of an adequate reserve against claims. In transactions involving extraordinary risk or unusual or unique endorsements, the division may charge additional fees.

265—9.6(16) Participants.

9.6(1) *General provisions.* An applicant shall submit a participant application and the first year's annual fee and shall sign a participation agreement in order to be authorized to provide one or more services on behalf of the division.

9.6(2) *Participant application.* Applications for participation and renewal are available on the division's Web site. An applicant shall submit an application to provide one or more services on behalf of the division. If the applicant is approved as a participant, the participant is required to submit a renewal application annually.

9.6(3) *Eligibility considerations.* In determining whether to approve or deny a participant application, the division may consider the following, including but not limited to:

a. The needs of the public and the needs of existing or potential customers of the applicant.

b. A history of the operation and management of the applicant's business.

c. The character, fitness, financial responsibility and experience of the applicant and the applicant's employees.

d. A credit report or criminal background check of the applicant or the applicant's employees.

e. A record of default in the payment of moneys collected for others by the applicant or the applicant's employees.

f. A history of discharge of debts by the applicant or the applicant's employees through bankruptcy proceedings.

g. Compliance with the title and settlement best practices adopted by the division.

h. Other factors as determined by the division.

9.6(4) *Participation agreement.* The participation agreement sets forth the contractual relationship between the participant and the division. A new participation agreement is executed annually and when otherwise required by the division.

9.6(5) *Annual fee.* A participant may be required to pay an annual fee to be eligible to participate in the title guaranty program. The fee, if any, shall be set by the division.

9.6(6) *Professional liability insurance.* A participant shall maintain professional liability insurance, also known as errors and omissions insurance, at all times while acting as an agent of the division, with such coverage and in such amounts as the division may determine.

9.6(7) *Agent relationship.* A participant is only authorized to act as an agent of the division for the purposes and in the manner set forth in the participant's participation agreement, the Code of Iowa, these rules, manuals and any other written instructions given by the division. The authority of a participant to act as an agent of the division is not exclusive and is subject to the

rights of the authority, the division, and other participants, agents, or representatives of the division.

9.6(8) *Conflict of interest.* A participant shall not, without prior authorization of the division, prepare an abstract or issue a title opinion, commitment, certificate, or closing protection letter for a transaction in which the participant has a personal or financial interest in the real estate that is the subject of that transaction.

9.6(9) *Clearance of title objections.* All title objections must be cleared in accordance with applicable division manuals and any other written instructions given by the division prior to the issuance of a certificate. Any underwriting determination about which there may be a bona fide difference of opinion among attorneys, which is not specifically addressed by division manuals or instructions, shall be approved by the division in writing.

9.6(10) *Commitment and certificate coverage limitations.* A field issuer shall obtain written authorization from the division prior to issuing a commitment or certificate that exceeds the allowable maximum amount of coverage, as determined by the division. If authorization required under this subrule is not obtained through the act or omission of the field issuer, the field issuer shall be strictly liable to the division for any loss or damage resulting from issuance of the commitment or certificate.

9.6(11) *Document retention.* A participant shall maintain transaction files in such a manner that information pertaining to activities of the participant is readily available to the division while protecting confidential client information. A participant shall retain files for a period of ten years after the effective date of the certificate or the effective date of the commitment if a certificate is not issued. A participating abstractor shall retain a written or electronic copy of each abstract prepared for division purposes and shall provide a copy to the division upon request.

9.6(12) *Training.* The division may require a participant and the participant's staff, as a condition of participation, to participate in training sessions or continuing education seminars as deemed necessary by the division in order to ensure compliance with division requirements and procedures.

9.6(13) *Compliance.* Participants shall comply with the Code of Iowa, these rules, the participation agreement, manuals, and any other written instructions given by the division. The division may audit the participant, with or without notice, for verification of compliance. An audit may include, but not be limited to, a review of the participant's commitment and certificate issuance procedures, a test of title plants and tract indices, and a review of closing policies and procedures and escrow account details. An inspection of a title plant may be performed by the division or its designee to determine if the title plant meets the criteria set forth in paragraph 9.7(1)*"a."*

9.6(14) *Revocation.* The division has discretion to revoke a participant's authorization to provide services on behalf of the division for reasons including, but not limited to, the following:

a. Failure to comply with the terms and conditions of the participation agreement.

b. Failure to submit an annual renewal application.

c. Knowingly withholding or misrepresenting material facts relied upon by the division.

d. Fraud, theft, dishonesty, or misappropriation of funds or documents.

e. Deterioration of the participant's financial condition adversely affecting the participant's ability to provide services on behalf of the division.

f. A finding by the division director of material noncompliance with the Code of Iowa, these rules, manuals, and any other written instructions given by the division.

g. Other factors as determined by the division.

265—9.7(16) Services offered.

9.7(1) *Abstracting.* Abstracts utilized for division purposes must be prepared by a participating abstractor.

a. Title plant. A participating abstractor shall own and maintain, or lease and use, a title plant including tract indices for each county in which that participating abstractor prepares abstracts for division purposes, unless exempt under paragraph 9.7(1)*"c"* or authorized under paragraph 9.7(1)*"d."* Each of the tract indices shall be designated to encompass a geographical area of not more than one block in the case of platted real estate, nor more than one section in the case of unplatted real estate. The tract indices shall include a reference to all of the instruments affecting real estate recorded in the office of the county recorder, and the tract indices shall commence not less than 40 years prior to the effective date of the abstractor's participation in the title guaranty program. A government-maintained and -controlled database is not considered a title plant for division purposes.

b. Intent to build title plant. The division may authorize an abstractor that is building or that intends to build a title plant to prepare abstracts for use by the division, upon review of the following:

(1) The abstractor's business plan;

(2) Evidence that a title plant will be built for a specific county or counties within three years;

(3) A timeline for completion of the title plant; and

(4) A description of the applicant's abstracting experience.

c. Grandfathered attorney. A participating attorney who has provided abstracts continuously from November 12, 1986, to the date of application to provide abstracts for division purposes, either personally or through persons under the participating attorney's supervision and control,

shall be exempt from the requirements to own or lease a title plant. This exemption is unique to the participating attorney, is nontransferable, and terminates at such time as the participating attorney ceases providing abstracts for division purposes or upon the death or incapacity of the participating attorney.

d. Title plant waivers. The division recognizes the 40-year title plant as the preferred method of providing title evidence for the purpose of issuing commitments and certificates. The division must weigh the benefits of the traditional title plant with other alternatives to ensure buyers and lenders high quality of certificates throughout the state, rapid service, and a competitive price. Iowa Code section 16.91(5)*"b"* allows the division board to waive the up-to-date title plant requirements under certain conditions.

(1) General provisions. The division board shall consider an application for a title plant waiver upon submission by an attorney or an abstractor.

(2) Submission of application. The division shall provide an application form at the office of the division and on the division's Web site. An applicant must submit an application in writing to the attention of the division director at the office of the division.

(3) Content of application. The applicant must provide, at a minimum, the following information:

1. The name, business address, e-mail address, and telephone number of the applicant;
2. The applicant's business plan;
3. The county or counties in which the applicant intends to abstract;
4. A description of the applicant's abstracting experience;
5. Samples of abstracts prepared by the applicant;
6. A history of any professional disciplinary action against the applicant;

7. Professional references in support of the applicant;

8. The relevant facts that the applicant believes would justify a waiver under 9.7(1)"*d*"(5) and 9.7(1)"*d*"(6)"4"; and

9. A signed statement from the applicant attesting to the accuracy of the facts provided in the application.

(4) Notification and response.

1. The division shall notify the applicant upon receipt of a complete application.

2. The division shall publish notice of an application on the division's Web site within 7 calendar days of receipt of a complete application. A copy of the application and supporting documents will be provided to any interested person upon request.

3. The Iowa State Bar Association and Iowa Land Title Association shall be provided notice of an application. Provision of the notice to the identified associations is not a requirement for the division board to consider the application, and failure to inform an interested person of an application shall not void or otherwise nullify any action or decision of the division board.

4. If a complete application is received at least 90 days prior to the next scheduled division board meeting, the application shall be placed on the agenda for that division board meeting. The division shall receive public comments up to 45 calendar days prior to that division board meeting.

(5) Criteria for title plant waiver. Pursuant to Iowa Code section 16.91(5)"*b*," the division board may issue a ruling waiving the title plant requirement set forth in Iowa Code section 16.91(5)"*a*"(2) if the board finds the following:

1. The title plant requirement imposes a hardship to the applicant; and

2. The waiver is:

- Clearly in the public interest; or
- Absolutely necessary to ensure availability of certificates throughout the state.

3. For purposes of paragraph 9.7(1)*"d,"* "hardship" means deprivation, suffering, adversity, or long-term adverse financial impact in complying with the title plant requirement that is more than minimal when considering all the circumstances.

4. For purposes of paragraph 9.7(1)*"d,"* "public interest" means that which is beneficial to the public as a whole, including but not limited to increasing competition among abstractors, encouraging the use of certificates throughout the state, making certificates more competitive than out-of-state title insurance, increasing the division's market share, improving the quality of land titles, and protecting consumers.

(6) Board meeting and ruling.

1. The review of a waiver application is not a contested case proceeding.

2. The division director or designee shall review an application and its supporting documentation. The division director shall present to the division board a proposed written ruling. The division board shall adopt, amend or reject the proposed written ruling. If the proposed written ruling is rejected, the division board shall instruct the division director to prepare an alternative written ruling to be considered at a subsequent division board meeting.

3. The written ruling shall summarize the relevant facts and the basis for granting or denying the waiver. The written ruling may specify the scope and duration of the waiver and any restrictions, conditions, or requirements.

4. The final decision on whether the circumstances justify the granting of a waiver shall be made at the sole discretion of the division board upon consideration of all relevant factors. Relevant factors to be considered include, but are not limited to, the division director's

proposed written ruling, the facts and circumstances set out in the application, any history of professional disciplinary action against the applicant, adverse claims made against the applicant, prior waiver withdrawal actions against the participating attorney or participating abstractor, public comments, the professional knowledge and expertise of the board members and division staff, and any other resources available to the entire division board. The division board shall give considerable weight to an applicant's experience abstracting under the supervision of a participating abstractor or participating attorney with whom the applicant has had a close working relationship or with whom the applicant is a partner or associate. The division board shall also give considerable weight to a recommendation from a participating abstractor or participating attorney who supervised the applicant's abstracting for a period of two years or more and who attests in writing or in person before the division board regarding the applicant's ability to abstract. Consideration should be afforded to rulings on prior waiver requests, but the division board shall not be bound by such rulings. The division board may limit a waiver as to county, or transaction type, or both.

5. The written ruling shall be mailed to the applicant within 7 days of its issuance.

6. The decision of the division board shall be final agency action, and all appeals shall be filed with the Iowa District Court for Polk County.

(7) Conditions. A waiver is unique to the recipient and is nontransferable. A waiver recipient shall be accountable to the division for abstracts prepared for division purposes. The division may require a waiver recipient to provide a guarantee, performance bond, or other form of indemnification, as assurance for abstracts prepared by the waiver recipient on behalf of the division. The division may review the waiver recipient annually and may require a renewal, modification or addition to any required assurances. Retention of a waiver is dependent on the

applicant meeting the requirements for a participant in rule 265—9.6(16). If the waiver recipient fails to meet the terms of the recipient's participation agreement, the waiver may be withdrawn by the division board.

(8) Withdrawal of a waiver. A waiver issued by the division board may be withdrawn or modified if, after public notice and division board meeting, the division board issues a written ruling finding any of the following:

1. That the waiver recipient knowingly withheld or misrepresented material facts relied upon by the division board in granting the waiver; or

2. That the waiver recipient failed to comply with all conditions contained in the written ruling; or

3. That the abstracts prepared by the waiver recipient fail to meet the abstract minimum standards adopted by the division.

4. That the division has revoked the waiver recipient's authorization to provide services on behalf of the division pursuant to subrule 9.6(13).

The decision of the division board shall be final agency action, and all appeals shall be filed with the Iowa District Court for Polk County.

(9) Public availability. Applications for waivers and written rulings are public records under Iowa Code chapter 22. Some applications or written rulings may contain information that the division is authorized or required to keep confidential. The division may redact confidential information from applications or written rulings prior to public inspection or dissemination.

9.7(2) *Issuing title opinions.*

a. All title opinions shall be prepared by participating attorneys and issued in compliance with division procedures as specified in manuals and any other written instructions given by the

division.

b. A participating attorney who is a field issuer may issue a commitment as the preliminary title opinion and the certificate as the final title opinion.

c. A participating attorney shall be licensed to practice law in the state of Iowa and shall be in good standing with the Iowa supreme court at all times while acting as an agent of the division.

9.7(3) *Issuing commitments and certificates.* Pursuant to a participation agreement with the division, a participant may be authorized to issue a commitment or certificate on behalf of the division. A participant's right to issue commitments and certificates is a privilege for the convenience of the division and may be terminated pursuant to terms of the participation agreement.

9.7(4) *Issuing closing protection letters.* Pursuant to a participation agreement with the division, a participant may be authorized to issue a closing protection letter on behalf of the division.

The division may require the participating closer to provide an irrevocable letter of direction to the institution at which each escrow account is established, authorizing the division to review and audit the institution's records of such account at any time that the division, in its discretion, deems necessary.

265—9.8(16) Claims.

9.8(1) *Claim procedures.* In the event of a claim, the rights of the division and a party are as follows:

a. Upon receipt of notice by a party of a claim, the party must notify the division in writing within three business days of receipt of information about a claim by the party and shall mail

notification to the division by first-class mail at the division's address as set forth in subrule 9.4(1). In addition, if the nature of the claim is such that the guaranteed claimant or the division, or both, may suffer loss or damage that might be reduced or avoided by notice given more promptly than required by the preceding sentence, the party shall notify the division by telephone, facsimile transmission, e-mail, overnight mail or other overnight delivery service, or any combination of these methods.

b. When a party receives a request from the division for information with respect to a claim, the party shall supply to the division any documents, correspondence, surveys, abstracts of title, title searches, other writings, or other information known by or available to the party and relevant to the claim, even if not specifically requested by the division.

c. A party shall cooperate fully in the investigation and resolution of a claim and shall supply any additional, new information that may come to the party's attention with such promptness as the circumstances permit.

d. The division may, with or without prior notice to the party or parties involved, investigate and resolve any claim in any manner that, in the division's sole discretion, the division may deem advisable.

9.8(2) *Claim loss recovery.*

a. Any claim losses paid are recoverable from a party by the division.

b. In the absence of knowledge by the party about the title defect or other matter causing the claim loss, the division shall not seek recovery from the party when a claim loss arises from one or more of the following:

(1) Hidden defects, including, but not limited to, forged deeds and mortgages, false affidavits, and false statements of marital status;

(2) Errors by public officials in maintaining and indexing the public records, including, but not limited to, errors by county assessors, recorders, clerks, and treasurers;

(3) Errors in these rules, manuals, and any other written instructions given by the division that the party relies upon in issuing an abstract, title opinion, commitment or certificate;

(4) Errors in surveys provided by registered Iowa land surveyors that the party relies upon in issuing a certificate that provides survey coverage; or

(5) Underwriting determinations or title risks approved by the division prior to issuance of the abstract, title opinion, commitment, or certificate.

c. The party shall reimburse the division for a claim loss when the division determines, in accordance with paragraph 9.8(2)*"d,"* that the party is liable and when the claim loss arises from one or more of the following:

(1) Errors by the party in the preparation of an abstract or any other report of information in the public record;

(2) Reliance by the party upon sources of title searches and other title information that had not been approved by the division at the time of the reliance;

(3) Errors made by the party in examining the title information provided in an abstract, survey, affidavit, or other source of title information;

(4) Errors made by the party in the preparation or review of an abstract, title opinion, commitment or certificate;

(5) Issuance of an abstract, title opinion, commitment or certificate by the party with knowledge that title is defective; or

(6) Failure of the party to follow the Code of Iowa, these rules, manuals, or any other written instructions given by the division.

d. Unless another rule, the Code of Iowa, manuals, or any other written instruction given by the division provides for a different standard of liability or other rule for determining whether the party shall be liable for a claim loss, the division shall apply the following standards:

(1) In the event that a claim loss occurs for which the division may seek recovery from the party under subparagraph 9.8(2)*"c"*(1), the division may demand reimbursement from the party if the party was grossly negligent in preparing the abstract. Gross negligence includes the failure to make a search or the use of inadequate search procedures. Gross negligence under the preceding sentence includes but is not limited to failure to search certain indices, failure to search all names of parties with an interest in the real estate, or failure to search in all public offices required by the division search procedures or procedures used by prudent title searchers if the division has not established specific search procedures. In making its determination whether to seek recovery, the division may consider the complexity of the public record, the reliance of the party upon division-approved search procedures, the training and experience of the person who made the error, and the existence or nonexistence of previous search errors by the party.

(2) In the event that a claim loss occurs for which the division may seek recovery from a party under subparagraph 9.8(2)*"c"*(2), the division may demand reimbursement from that party if the party relied upon sources of abstracts or other title information that had not been approved by the division at the time of the reliance.

(3) In the event that a claim loss occurs for which the division may seek recovery from the party under subparagraph 9.8(2)*"c"*(3), the division may demand reimbursement from the party if the party negligently examined the title information used in making a title determination, failed to raise an appropriate exception, waived an exception, or endorsed a commitment or certificate.

1. The division may make full review of local county abstracting standards and bar title rules

as a guide to determine whether the party has failed to meet the standard of skill and competence of an abstractor who prepares an abstract or an attorney who examines titles in the community where the claim arose.

2. The division may also consider whether the party followed the Code of Iowa, these rules, manuals, or any other written instructions given by the division in examining the title.

3. In addition, the division may seek input from other parties in the community in which the claim arose as to the standard of care of an abstractor who prepares an abstract or of an attorney who examines titles in that community.

(4) In the event that a claim loss occurs for which the division may seek recovery from the party under subparagraph 9.8(2)*"c"*(4), the division may demand reimbursement from the party if the party negligently prepared or reviewed an abstract, title opinion, commitment or certificate.

(5) In the event that a claim loss occurs for which the division may seek recovery from the party under subparagraph 9.8(2)*"c"*(5), the division may demand reimbursement from the party if the issuance of the abstract, title opinion, commitment or certificate constituted fraud, concealment or dishonesty, or if the issuance of the abstract, title opinion, commitment or certificate was based upon an underwriting decision on an unusual risk that was made without contacting the division for approval.

(6) In the event that a claim loss occurs for which the division may seek recovery from the party under subparagraph 9.8(2)*"c"*(6), the division may demand reimbursement from the party if the party failed to follow the Code of Iowa, these rules, manuals, or any other written instructions given by the division with respect to the matter causing the claim loss.

(7) In the event the division seeks reimbursement from a party, the division shall state the basis of the reimbursement.

e. The division board may establish levels of authority, including dollar amounts, for the division for the settlement of claims made against the division.

265—9.9(16) Mortgage release certificate. Pursuant to Iowa Code section 16.92, the division is charged with the administration of a program to release, after proper notification, paid-off mortgages from real estate titles in Iowa by executing and filing with the county recorder a mortgage release certificate.

9.9(1) *Application.* The division shall provide a mortgage release application at the office of the division and on the division's Web site. The following may submit an application for a mortgage release certificate:

a. A person authorized to regularly lend moneys to be secured by a mortgage on real property in Iowa.

b. A licensed real estate broker.

c. A licensed attorney.

d. A participating abstractor.

e. A licensed closing agent.

9.9(2) *Application fee.* An applicant may be required to pay a fee to apply for a mortgage release certificate. The fee shall be set by the division.

9.9(3) *Maximum principal amount of mortgage.* The division board may set a maximum principal amount for mortgages that may be released by a mortgage release certificate.

9.9(4) *Authority to sign certificate.* A mortgage release certificate shall be executed by the division director or designee of the division director.

265—9.10(16) Rules of construction. In this chapter, the following rules of construction shall be observed:

1. The word “shall” means mandatory and not permissive and the word “may” means permissive and not mandatory.

2. Nothing contained in this chapter shall be construed to require a participating attorney to disclose privileged information of a client to the division or to any other person.

3. Any rule that provides a specific remedy or sanction for violation of the rule shall not be construed as limiting the ability of the division to pursue and enforce other remedies or sanctions under this chapter, or otherwise against a participant or other person responsible or liable, either separately, concurrently, cumulatively, or in any combination, at the sole discretion of the division.

4. The failure of the division to enforce a right or remedy under this chapter, a statute, or common law shall not be construed as a waiver of such right or remedy either in the specific instance or in any other instance.

265—9.11(16) Seal. The division shall have a corporate seal that may be altered by the division from time to time.

These rules are intended to implement Iowa Code sections 16.2A, 16.4C, 16.5, 16.90 to 16.94, 17A.3, 17A.9, 17A.10~~,~~ and 535.8(10)~~, 2007 Iowa Code Supplement sections 16.1, 16.2, 16.3, 16.5, 16.40, and 16.91, and Iowa Code section 16.93 as amended by 2008 Iowa Acts, Senate File 2117~~.

RESOLUTION
ITG 16-03

WHEREAS, Iowa Title Guaranty ("ITG"), in accordance with the statutory directives set forth in Chapter 16 of the Code of Iowa, as amended, operates a program to offer guaranties of real property titles to facilitate mortgage lenders' participation in the secondary market and to add to the integrity of the land-title transfer system in the state of Iowa; and

WHEREAS, ITG generates revenue by the sale of ITG Certificates, the revenues of which are deposited in the ITG Fund held by the treasurer of state with all interest generated from the ITG Fund being deposited in the housing trust fund; and

WHEREAS, section 16.91(1) of the Iowa Code provides that "if the authority board in consultation with the ITG board determines that there are surplus funds in the ITG fund after providing for adequate reserves and operating expenses of ITG, the surplus funds shall be transferred to the housing assistance fund created pursuant to section 16.40."; and

WHEREAS, the ITG Board has determined that there are surplus funds in the ITG Fund in the amount of $350,000 and it is recommending to the Iowa Finance Authority Board that it would be appropriate to transfer the surplus funds to the Housing Assistance Fund pursuant to Iowa Code section 16.91(1).

NOW, THEREFORE, BE IT RESOLVED that the ITG Board adopts and recommends that the surplus funds in the ITG Fund, in the amount of $350,000, be transferred to the Housing Assistance Fund created pursuant to Iowa Code section 16.40.

PASSED AND APPROVED this 8th day of March, 2016.

_____
Pat Schneider, Iowa Title Guaranty Board Chair

_____
Tara Lawrence, Iowa Title Guaranty Board Secretary

(Seal)

IOWA TITLE GUARANTY

To: Iowa Title Guaranty Board

From: Carrie Nutt

Date: February 10, 2016

Re: Mortgage Release Certificate Program– FY 16

Mortgage Release Certificate Program

To date, we have received 313 requests:

208 were in conjunction with the Rapid Certificate program

95 were charged the $100 fee

247 releases have been filed in FY 16

Since inception, 4,910 mortgages have been released through this program.

FY 2016	Requests Received	Rapid Certificates	Paid $100	Releases Filed	Claims	No Charge/ not RC
Jul-15	41	19	21	28	1	0
Aug-15	34	18	15	42	1	0
Sep-15	69	50	19	31	0	0
Oct-15	47	28	13	44	1	0
Nov-15	43	31	10	46	2	0
Dec-15	48	36	12	33	0	0
Jan-16	31	26	5	23	0	0
Feb-16						
Mar-16						
Apr-16						
May-16						
Jun-16						
Totals FY2016	**313**	**208**	**95**	**247**	**5**	**0**

IOWA TITLE GUARANTY

To: Iowa Title Guaranty Board

From: Tara Lawrence, Iowa Title Guaranty Director

Date: March 8, 2016

Re: Mortgage Release Certificate Program

At the Iowa Title Guaranty Board meeting on October 2, 2015, the Iowa Title Guaranty Board (the "Board") asked for a memorandum detailing the costs incurred in operating the Mortgage Release Certificate Program (the "MRCP"), the fees collected by the MRCP, and a proposed fee increase. Below is a report of activity of the MRCP for calendar year 2015.

2015	New Requests	Rapid Certificate	Paid $100 Fee	Releases Filed	Claims Related	Fee Collected
Jan	48	25	23	37	0	2,300
Feb	27	16	09	22	1	900
Mar	35	22	13	24	1	1,300
Apr	67	45	22	28	0	2,200
May	20	11	09	25	0	900
June	55	35	17	48	3	1,700
Jul	41	19	21	28	1	2,100
Aug	34	18	15	42	1	1,500
Sep	69	50	19	31	0	1,900
Oct	47	28	13	44	1	1,300
Nov	43	31	10	46	2	1,000
Dec	48	36	12	33	0	1,200
Totals	534	336	183	408	10	$18,300

Iowa Title Guaranty covers the costs associated with the administration of the MRCP. The expenses incurred by Iowa Title Guaranty include costs for office supplies and equipment, postage, federal express carrier fees, recording fees, etc. It costs Iowa Title Guaranty approximately $20-25 to process each release request, not including expenses for employee salaries and time. In fiscal year 2015, the MRCP required 1,993 hours of staff time to administer the program, which totaled an approximate $59,267 in employee salaries and fringe benefits. After considering all expenses, it costs Iowa Title Guaranty approximately $72,000 each year to administer the MRCP or approximately $133 to process each mortgage release request. As noted in the chart above, Iowa Title Guaranty collected a total of $18,300 in calendar year 2015 to offset the costs of administering the program.

IOWA TITLE GUARANTY

Between December 2009 and May 2013, Iowa Title Guaranty charged $30 for each mortgage release request not associated with an Iowa Title Guaranty rapid certificate transaction. Release requests associated with an Iowa Title Guaranty rapid certificate transaction have historically not been charged a fee. More than half of the requests received are generally associated with an Iowa Title Guaranty rapid certificate and therefore no fee is charged for those releases. In May 2013, Iowa Title Guaranty increased the fee charged on non-rapid certificate related requests to $100.

Fees for the administration of the MRCP may be set by the Board upon a recommendation from the Iowa Title Guaranty Director. 265 IAC 9.9(2). It is my recommendation as the Iowa Title Guaranty Director that the Board increase the fee for non-rapid certificate related requests to $200. It is also my recommendation that the Board authorize a fee in the amount of $30 for release requests that are associated with an Iowa Title Guaranty rapid certificate transaction. Using the volume numbers for calendar year 2015 (see chart above) and applying the proposed fee increases, Iowa Title Guaranty would have collected $46,680 to offset the costs of administering the MRCP. The proposed fee increases would not entirely cover all of the costs associated with administering the MRCP but would cover the direct out of pocket expenses related to office supplies and equipment, postage, federal express carrier fees, recording fees, etc. Iowa Title Guaranty staff and I believe the proposed fee increases are reasonable and appropriate for the services rendered.

RESOLUTION
ITG 16-04

WHEREAS, Iowa Title Guaranty, in accordance with the statutory directives set forth in Chapter 16 of the Code of Iowa, as amended, operates a program to offer guaranties of real property titles to facilitate mortgage lenders' participation in the secondary market and to add to the integrity of the land-title transfer system in the state of Iowa; and

WHEREAS, Iowa Code section 16.91 authorizes the Iowa Title Guaranty board to operate the title guaranty program, adopt contracts and forms, and set fees; and

WHEREAS, Iowa Code section 16.92(8), in referring to the mortgage release certificate program, states that Iowa Title Guaranty ". . . may charge a fee for services under this section"; and

WHEREAS, 265 IAC 9.9(2) states that ". . . any fee to be charged for the mortgage release application shall be set by the division board upon the recommendation of the division director"; and

WHEREAS, the current fee for a mortgage release certificate application is $100 if the release request <u>is not</u> associated with a mortgage paid off in Iowa Title Guaranty rapid certificate transactions; and

WHEREAS, the current fee for a mortgage release certificate application is $0 if the release request <u>is</u> associated with a mortgage paid off in Iowa Title Guaranty rapid certificate transactions; and

WHEREAS, Iowa Title Guaranty covers the costs associated with the administration of the Mortgage Release Certificate Program and such costs are estimated at approximately $72,000 per year; and

WHEREAS, the Iowa Title Guaranty Director recommends that, in order to defray a larger portion of the above-referenced costs covered by Iowa Title Guaranty, the Board increase the fee for non-rapid certificate related requests to $200 and that the Board authorize a fee in the amount of $30 for release requests that are associated with an Iowa Title Guaranty rapid certificate transaction.

NOW, THEREFORE, BE IT RESOLVED that the Iowa Title Guaranty Board adopts the Iowa Title Guaranty Director's recommendation and authorizes the increase of the fee for non-rapid certificate related requests to $200 and authorizes a fee in the amount of $30 for release requests that are associated with an Iowa Title Guaranty rapid certificate transaction. The Board further authorizes the Director and staff to make the necessary changes to enact such fee increases.

PASSED AND APPROVED this 8th day of March, 2016.

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Pat Schneider, Iowa Title Guaranty Board Chair

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Tara Lawrence, Iowa Title Guaranty Board Secretary

(Seal)

IOWA TITLE GUARANTY

To: Iowa Title Guaranty Board

From: Gerald LoRang

Date: March 8, 2016

Re: Abstract Associates of Iowa, LLC – Calhoun County Progress of Title Plant Completion

On October 7, 2014, the Iowa Title Guaranty Board voted to grant a provisional waiver to Abstract Associates of Iowa, LLC to build a title plant in Calhoun County. On December 2, 2014, the Iowa Title Guaranty Board issued a written ruling granting a provisional waiver to Abstract Associates of Iowa, LLC for Calhoun County. Abstract Associates of Iowa, LLC has until December 1, 2016 to build the title plant, have it inspected, and certified as complete.

Abstract Associates of Iowa, LLC has been providing me with regular updates. Current daily recordings are being indexed into the digital title plant. As of February 5th, Abstract Associates of Iowa, LLC has indexed and verified 100% of the records from 1989 through 2014 and indexed and verified approximately 18% of 38,784 scanned and copied records from November 1, 1974 to January 2, 1989.

I believe Abstract Associates of Iowa, LLC is making adequate progress on its title plant and is in compliance with the waiver requirements.

IOWA TITLE GUARANTY

To: Iowa Title Guaranty Board

From: Gerald LoRang

Date: March 8, 2016

Re: Abstract Associates of Iowa, LLC – Wright County Progress of Title Plant Completion

On October 7, 2014, the Iowa Title Guaranty Board voted to grant a provisional waiver to Abstract Associates of Iowa, LLC to build a title plant in Wright County. On December 2, 2014, the Iowa Title Guaranty Board issued a written ruling granting a provisional waiver to Abstract Associates of Iowa, LLC for Wright County. Abstract Associates of Iowa, LLC has until December 1, 2016 to build the title plant, have it inspected, and certified as complete.

Abstract Associates of Iowa, LLC has been providing me with regular updates. Current daily recordings are being indexed into the digital title plant. Abstract Associates of Iowa, LLC has 40 years of records in its digital data base and completed acquisition of Wright County records. As of February 5th, records from Wright County from 1989 through 2014 are over 34.8% indexed and over 32.2% verified.

I believe Abstract Associates of Iowa, LLC is making adequate progress on its title plant.

IOWA TITLE GUARANTY

To: Iowa Title Guaranty Board

From: Gerald LoRang

Date: March 8, 2016

Re: Blue Advantage Title Systems, LLC Update on Progress of Title Plant Completion

On October 7, 2014, the Iowa Title Guaranty Board issued a written ruling granting a provisional waiver to Blue Advantage Title Systems, LLC. The waiver became effective February 1, 2015, at which time Mr. Blue was to have a title plant in place from 1992 to the current date. The plant was inspected by an ILTA Title Plant Inspection Team which found that it passed according to the inspection guidelines of the ILTA for the dates January 1, 1992 through January 30, 2015. On January 5, 2016, the Iowa Title Guaranty Board passed Resolution ITG 16-01 granting Blue Advantage Title Systems, LLC until February 1, 2017 to finalize its title plant.

Mr. Blue has submitted regular progress reports as required by the Iowa Title Guaranty Board's ruling, and has kept staff notified of his progress in relation to building the plant. He continues to convert digitized indexes into text. He has digitized the indexes back to June 1972 and has converted those to text back to 1975. They are simultaneously moving the converted text data into records consisting of fields suitable for importation into the halFILE database system. According to Mr. Blue, this phase is in the very early stages, but is progressing as expected.

I feel Blue Advantage Title Systems, LLC continues to make progress on building its title plant.

IOWA TITLE GUARANTY

To: Iowa Title Guaranty Board

From: Gerald LoRang

Date: March 8, 2016

Re: Clay County Abstract, LLC - Update on Progress of Title Plant Completion

On June 4, 2014, the Iowa Title Guaranty Board voted to grant a provisional waiver to Clay County Abstract, LLC to build a title plant in Clay County. The title plant is required to be completed on or before May 2, 2016. As required in the Iowa Title Guaranty Board's ruling, I have been provided with monthly updates as well as spoken with Ms. Nitzel on a regular basis regarding the progress of the title plant.

Ms. Nitzel provided updated statistics on February 4, 2016. Through January 29, 2016, they have scanned all of the books from the Clerk of Court and Recorder and have posted 167,975 records to the title plant. Of those records, 50,041 have been verified. They continue to stay in compliance with the requirements set out in the written ruling approved at the Iowa Title Guaranty Board meeting on August 6, 2014.

I believe Clay County Abstract, LLC is making adequate progress on the building of its title plant.

IOWA TITLE GUARANTY

To: Iowa Title Guaranty Board

From: Gerald LoRang

Date: March 8, 2016

Re: Crawford County Abstract, LLC dba Sac County Title - Update on Progress of Title Plant Completion

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On December 2, 2014, the Iowa Title Guaranty Board voted to grant a provisional waiver to Crawford County Abstract, LLC dba Sac County Title to build a title plant in Sac County. Crawford County Abstract, LLC dba Sac County Title is required to complete its title plant on or before December 1, 2016. I have spoken with Mr. Kahl, owner, on several occasions and have received regular updated reports.

Since the last report, Crawford County Abstract, LLC dba Sac County Title has entered 11,908 documents in the title plant. They now have a fully trained staff, and the pace of work on the title plant is accelerating. They continue to make progress in establishing the title plant and stay in compliance with the requirements set out in the written ruling approved at the Iowa Title Guaranty Board meeting on March 10, 2015.

I believe Crawford County Abstract, LLC dba Sac County Title is making adequate progress on the building of its title plant.

IOWA TITLE GUARANTY

To: Iowa Title Guaranty Board

From: Gerald LoRang

Date: 03/08/2016

Re: Monroe County Abstract Company Update on Progress of Title Plant Completion

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On August 6, 2014 the Iowa Title Guaranty Board (Board) voted to grant a provisional waiver to Monroe County Abstract Company (MCAC) to build a title plant in Monroe County. On October 7, 2014 the Board executed its written ruling stating that MCAC's title plant is required to be complete and certified prior to July 3, 2016, and verified by the Board as complete and up-to-date before August 3, 2016.

Since the last report, Ms. Graham reports that they continue indexing documents for years 1997 to 2015 and have 17,277 old documents left to index. She also reports that they are putting in all current filings for 2016, running copies of the older records to be scanned to their software and indexing them as time is available. Ms. Graham states: "We have to [sic] much invested in this now to not put an effort into meeting our dead line [sic]."

I have stressed the urgency of the matter and informed Ms. Graham that the statute and rules do not allow an extension beyond the two year period.

IOWA TITLE GUARANTY

To: Iowa Title Guaranty Board

From: Michael J. Moss

Date: February 17, 2016

Re: Claim Report

I. Current Total Claims Reserves as of February 17, 2016: $14,440.58

II. Fiscal Year 2016 Claims Paid to Date: $9,349.40

III. Claim Summary as of February 17, 2016:

Total Pending Claims as of February 17, 2016	23
Pending Claims in Recoupment Status	3
Net Pending Claims as of February 17, 2016	20
Claims Received since July 1, 2015	41
Claims Resolved since July 1, 2015	49

IV. Trends:

IOWA TITLE GUARANTY

To: Iowa Title Guaranty Board
From: Rhonda Kimble
Date: March 8, 2016
Re: Business Relations Update

Volume Report Residential and Commercial
January 2016 Certificates totaled 7,471 compared to 6,698 in January 2015, up 11.54%. Increased Certificates equal increased revenue for the month of $593,770 compared to $526,940 in January '15 representing a jump of 12.68%. Total volume numbers include 26 commercial transactions for this month compared to 17 in January '15 which is 52.94% increase in volume.

E-Payment
Calendars and E-Bulletins were sent to Participants to increase the awareness of E-Payment along with providing the benefits of E-Payment such as a secure, reliable and accurate method for making online payments, viewing historical transactions, printing receipts and much more.

ITG Event Calendar
I presented at the ILTA Manager's Meeting on February 16, 2016. The presentation requested from ILTA was on ALTA's Best Practices. Jerry LoRang is an ILTA Board Member and was also in attendance.

Jerry LoRang and Mike Moss will be presenting at the Drake Real Estate CLE March 4, 2016 about program details, products, benefits of Iowa System, and claims. Following the event is a Networking Reception that several staff members will be attending from residential and commercial.

ITG will attend the IFA Single Family Lender Lunch on March 10, 2016 and provide an update to the lenders including the benefits of Owner's Coverage.

Carla Pope and I will be attending the ALTA 2016 Social Media Summit and Business Strategies Conference March 16 – 18th. These educational sessions are given by speakers and panelists from the title industry and other experts on topics of interest to title professionals. Topics including connect to the consumer, cybersecurity, Know Before You Owe: Beyond the Forms, Best Practices, and much more.

We will have a shared booth with IFA Single Family Division at the Coldwell Banker Spring Rally on March 24, 2016 as well as the Iowa Mortgage Association Spring Conference on April 6, 2016.

Our Spring Settlement Conference is scheduled April 26, 2016 at Prairie Meadows Conference Center. The theme for the event is "Charging Forward". We are bringing in industry experts to talk about Post-TRID challenges, Best Practices, Major Issues Facing the Industry and the Opportunities That Exist, and more.

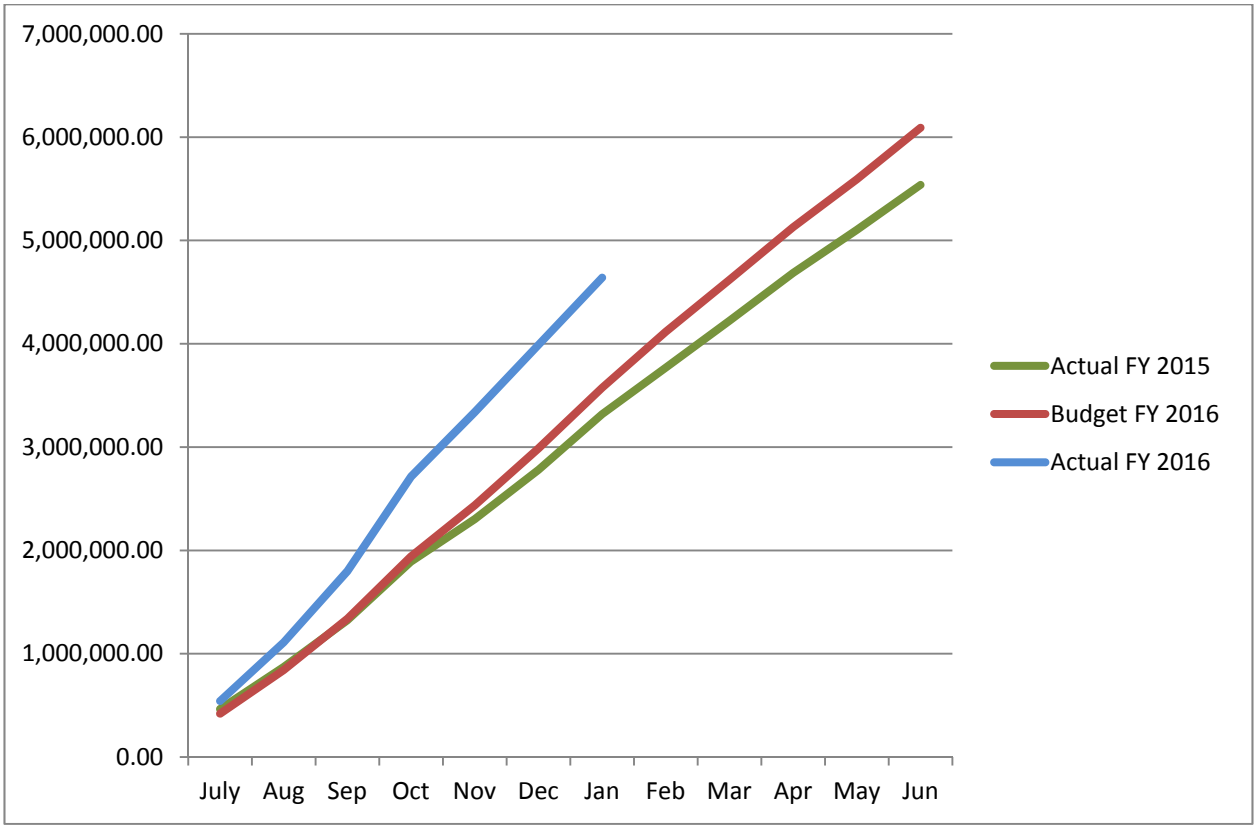
IOWA TITLE GUARANTY

Iowa Title Guaranty

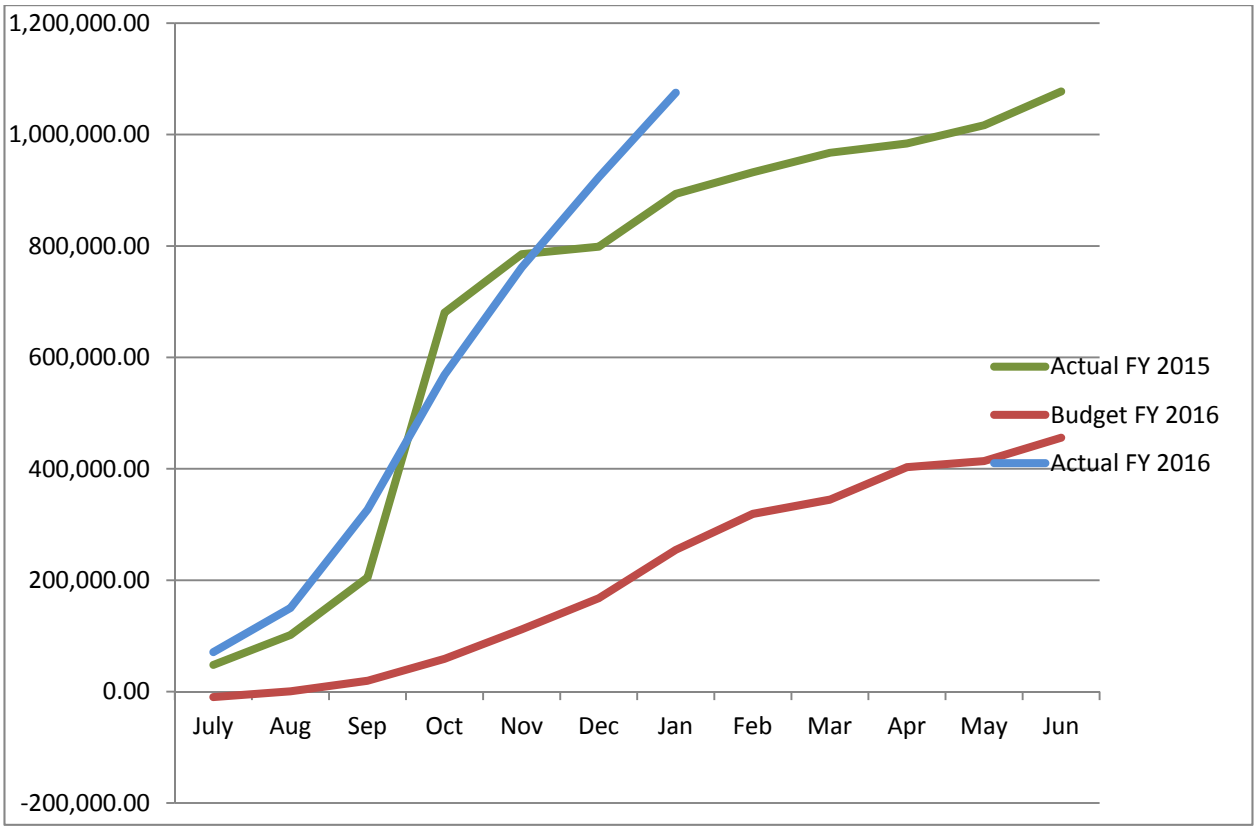
Monthly Reporting Package

January 31, 2015

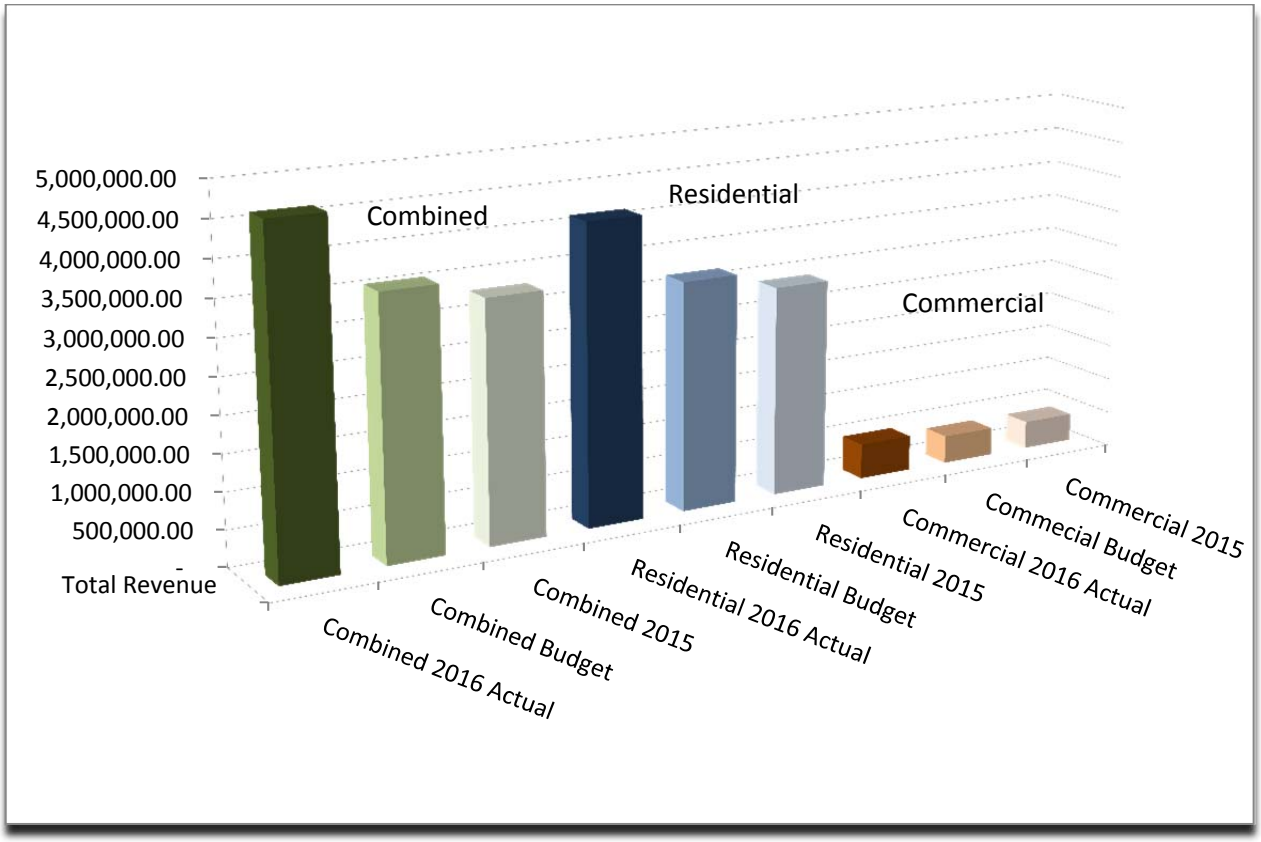
Fiscal Year to Date Revenue



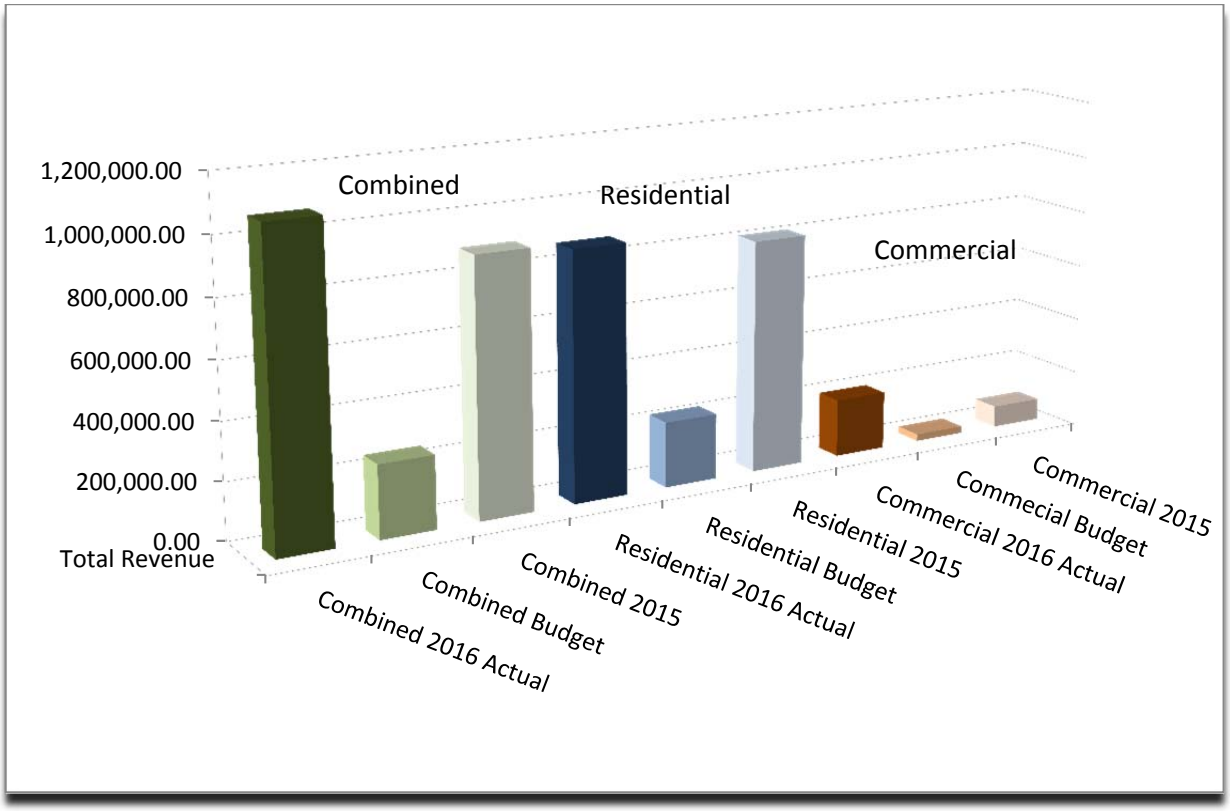
Fiscal Year to Date Net Income



Year to Date Revenue by Series



Year to Date Net Income by Series



IOWA TITLE GUARANTY

To: ITG and IFA Board Members

From: Randy Ambrozic

Date: February 16, 2016

Subject: Iowa Title Guaranty – A Division of the Iowa Finance Authority – January 2016

Mission Statement: To provide guaranties of Iowa real property titles to facilitate lenders' participation in the secondary market and to add to the integrity of the Iowa land-transfer system. All surplus funds are re-invested to support affordable home ownership.

Revenue

During the seven month period ended January 31, 2016, total operating revenue is approximately $4,640,200. The 2016 fiscal year–to-date revenue increased $1,065,600, or 29.8%, compared to revenue budgeted for the period and increased $1,321,100, or 39.8%, compared to the seven month period ended January 31, 2015.

(000's)	Actual	Budget	Variance from Budget - $	Last Year	Variance from Last Year - $
Premium Fees - Residential	**$4,070.5**	$3,138.0	$932.5	$2,881.4	$1,189.0
Premium Fees - Commercial	**$393.2**	$315.2	$78.0	$356.0	$37.2
Conference Registration Fees	**$16.4**	$10.0	$6.4	$8.1	$8.3
Annual Participant Fees	**$32.9**	$22.5	$10.4	$26.1	$6.8
Escrow Fees	**$102.4**	$83.4	$19.0	$81.2	$21.2
Other Income	**$65.4**	$48.2	$17.2	$48.8	$16.6
Reinsurance	**($40.7)**	($42.8)	$2.1	($82.6)	$41.9
Net Operating Revenue	**$4,640.2**	$3,574.6	$1,065.6	$3,319.1	$1,321.1

Total Operating Expenses

Total Operating Expense is approximately $3,565,100 for the seven months ended January 31, 2016, which is an increase of $244,800 compared to the budget and an increase of $1,139,500 compared to the seven month period ended January 31, 2015.

(000's)	Actual	Budget	Variance from Budget - $	Last Year	Variance from Last Year - $
Employee Expenses	**$996.8**	$1,305.9	($309.1)	$1,162.2	($165.4)
Operating Expenses	**$167.2**	$162.1	$5.1	$143.2	$24.0
Sales & Marketing	**$45.1**	$80.9	($35.8)	$111.5	($66.4)
Field Issuer Incentives	**$1,870.6**	$1,383.3	$487.3	$1,173.0	$697.6
Other Professional Services	**$287.1**	$218.6	$68.5	$115.9	$171.2
Claims Activity Expenses	**$198.3**	$169.5	$28.8	($280.2)	$478.5
Total Operating Expenses	**$3,565.1**	$3,320.3	$244.8	$2,425.6	$1,139.5

Net Operating Income

Net Operating Income is approximately $1,075,000 for the seven months ended January 31, 2016 which is an improvement of $820,600 compared to budgeted net operating income for the seven months. Net Operating Income for the seven months ending January 31, 2016 increased approximately $181,500 compared to the net operating income from the seven months ended January 31, 2015.

New Accounting Treatment – Pensions

The Governmental Accounting Standards Board (GASB) issued Statement No. 68, "Accounting and Financial Reporting for Pensions" effective for fiscal years beginning after June 15, 2014. Iowa Title Guaranty employees participate in the Iowa Public Employees Retirement System, IPERS. IPERS is a multiple employer, cost sharing pension plan and, under the new accounting guidance, employers participating in a cost sharing plan are required to recognize a liability for their proportionate share of the pension plan's total net pension liability. Iowa Title Guaranty adopted GASB 68 for its fiscal year beginning July 1, 2015 and its proportionate share of IPERS' total net pension liability is $724,910 at January 31, 2016. GASB 68 adjustments are not reflected in fiscal year 2016 results through January 31 but will be reported when made available by IPERS.

Field Issuer Fees

(000's)	Actual	Budget	Variance from Budget - $	Last Year	Variance from Last Year - $
Field Issuer Incentives	$1,870.6	$1,383.3	$487.3	$1,173.0	$697.6
Premium Fee Income - Res.	$4,070.5	$3,138.0	$932.5	$2,881.4	$1,189.1
Percent of Income	46.0%	44.1%	1.9%	40.7%	5.2%

Field Issuer Incentives vary proportionally with changes in Residential Premiums. When premiums are up, Field Issuer Incentives are up, and vice versa. Field Issuer Incentives increased compared to budget by $487,300 and $697,600 compared to prior year. Field Issuer Incentives are 46.0% of year to date Residential Premiums through January 31, 2016 compared to 4.1% budgeted. Field Issuer Incentives were 40.7% of year to date Residential Premiums through January 31, 2015. ITG increased its Field Issuer incentive rates to $60.00 for all certificates issued on mortgages recorded on or after July 1, 2015. Prior to this change, incentive compensation was $50.00 for purchase transactions and $40.00 for refinance transactions.

Claims Expense

Claims activity expense is $198,300 for the seven months ended of January 31, 2016, an increase of $28,800 compared to budget and an increase of $478,500 compared to the seven months ended January 31, 2015. Premium fee income increased $1,010,500 during the seven months ended January 31, 2016 compared to budget and increased $1,226,200 compared to the seven months ending January 31, 2015. Know claim expense increased $310,100 in the seven months ended January 31, 2016 compared to the seven months ended January 31, 2015 as a loss reserve on one known claim was taken down when the claim was dismissed in District Court. Claims paid expense increased $85,700 in the seven months ended January 31, 2016 compared to January 31, 2015 due to ITG recovering $85,000 on a claim in the prior year.

(000's)	Actual	Budget	Variance from Budget - $	Last Year	Variance from Last Year - $
Statutory Reserve Expense	**$262.8**	$169.5	$93.3	$171.7	$91.1
Known Claim Expense	**($71.9)**	$0.0	($71.9)	($382.0)	$310.1
Claims Paid	**$7.3**	$0.0	$7.3	($78.4)	$85.7
Fees and Expenses	**$0.1**	$0.0	$0.1	$8.5	($8.4)
Total Claims Expense	**$198.3**	$169.5	$28.8	($280.2)	$478.5

Total Claim Reserves

Total Claim loss reserves are approximately $498,200 at January 31, 2016, a decrease of $4,328,500 compared to January 31, 2015 reserves. ITG engaged an independent actuarial firm to review its claim reserves at June 30, 2015 and provide an opinion on the ultimate claim liability. As a result of the actuarial study, ITG and its outside auditors, KPMG, determined an adjustment is required to bring ITG's reported claim reserves into compliance with General Accepted Accounting Standards. Statutory Claim Reserves and Closing Protection Letter Reserves are reduced by $4,519,700 to record the GAAP adjustment. Additionally, claim loss reserves for known claims decreased approximately $176,800 compared to the known reserves at January 31, 2015. The decrease from the statutory adjustment and from known claim reserves is partially offset by a reserve increase of $368,000 for estimated claims requirements on new guarantees issued.

(000's)	1/31/2016	1/31/2015	Change
Statutory Claim Reserves	**$3,995.4**	$3,623.9	$371.5
Known Claim Reserves	**$18.3**	$234.0	($215.7)
Closing Protection Letter Reserve	**$1,000.0**	$1,000.0	$0.0
GAAP Adjustment	**($4,519.7)**	-	($4,519.7)
Total Reserves	**$494.0**	$4,857.9	($4,363.9)
Outstanding claims - count	**24**	30	-6

Transfer to Iowa Housing Assistance Program

Iowa Title Guaranty generated net operating income of $1,075,000 during the seven months ended January 31, 2016. Net operating income exceeds budget by approximately $820,600 during the first seven months of fiscal year 2016. Based on current year operating results, Iowa Title Guaranty transferred $350,000 to the Iowa Housing Assistance Fund in the month of December 2015 and will be proposing to transfer an additional $350,000 in March 2015.

Additionally, ITG earned $15,970 in interest during the seven months ended January 31, 2016 on its funds held with the Treasurer of the State. As prescribed by section 16.91.1, interest earned on ITG's funds with the Treasurer of the State are also transferred to the Iowa Housing Assistance Fund. As a result, ITG's total contribution to the Iowa Housing Assistance Program is $365,970 for the seven months ended January 31, 2016. ITG's contribution to the Iowa Housing Assistance Fund was $512,000 during the seven months ended January 31, 2015.

Performance Targets*:*

	6/30/2012	6/30/2013	6/30/2014	6/30/2015	Budget 6/30/2016
Revenue	6,027,953	8,347,435	6,582,561	5,537,782	6,090,733
Transfer to Iowa Housing Assistance Program	2,302,679	2,517,000	1,169,000	1,012,000	350,000

Summary Financial Information*:*

	Current Month -December				Fiscal Year to Date 12/31/2015			
Title Guaranty	Actual	Budget	Var	%	Actual	Budget	Var	%
Revenue	650,611	587,212	63,399	10.8%	4,640,173	3,574,569	1,065,604	29.8%
Net Operating Income	151,723	86,642	65,081	75.1%	1,075,016	254,408	820,608	322.6%

IOWA TITLE GUARANTY
800- COMBINED
INCOME STATEMENT
JANUARY 31, 2016

	Jan-2016			Jan-2015		YTD as of Jan-2016			YTD as of Jan-2015	
	Actuals	Bud FY16	ACT - BUD	Actuals	CMA - PMA	Actuals	Bud FY16	ACT - BUD	Actuals	CYA - PYA
Operating Income										
5400-000 FEE INC - TG PREMIUM	549,252	486,709	62,543	503,378	45,874	4,004,403	3,010,454	993,949	3,072,516	931,887
5400-001 FEE INC - TG ENDORSEMENTS	26,670	24,922	1,748	18,230	8,440	234,885	168,655	66,230	164,948	69,937
5400-004 FEE INC - TG CPL	51,250	62,136	(10,886)		51,250	224,425	274,132	(49,707)		224,425
5400-005 FEE INC - TG MORTGAGE RELEASE	1,000	1,319	(319)	2,200	(1,200)	11,100	9,828	1,272	10,730	370
5400-006 FEE INC - TG APPLICATION										
5400-007 FEE INC - TG ANNUAL PARTICIPANT FEES	5,675	3,213	2,463	4,125	1,550	32,875	22,488	10,388	26,075	6,800
5400-010 FEE INC - TG REINSURANCE	(922)	(3,999)	3,077	(5,385)	4,463	(40,673)	(42,811)	2,138	(82,586)	41,912
5400-015 FEE INC - TG ESCROW SERVICES	10,555	9,324	1,231	11,960	(1,405)	102,399	83,405	18,994	81,214	21,186
5400-020 FEE INC - TG REGISTRATION						16,425	10,000	6,425	8,100	8,325
5500-000 OTHER INCOME	5,029	3,589	1,441	4,308	721	38,364	38,418	(54)	38,111	253
5000-050 INT INC - PROGRAM ACCT	2,101		2,101		2,101	15,970		15,970		15,970
	650,611	587,212	63,399	538,816	111,794	4,640,173	3,574,569	1,065,604	3,319,108	1,321,065
Employee Expenses										
7100-010 SALARIES & BENEFITS TOTAL	136,608	171,280	(34,672)	165,933	(29,325)	953,524	1,242,139	(288,615)	1,096,782	(143,258)
7100-011 TEMPORARY EMPLOYMENT SERVICES	192	5,900	(5,708)	2,763	(2,572)	31,799	40,965	(9,166)	38,469	(6,670)
7100-013 EMP EXP - GASB 68 PENSION ADJUSTMEN										
7100-021 TRAVEL	21	2,333	(2,312)	1,220	(1,199)	8,354	16,335	(7,981)	4,976	3,378
7100-022 DO NOT USE (formerly travel)				1,156	(1,156)				14,123	(14,123)
7100-025 EDUCATION AND TRAINING	405	750	(345)	1,538	(1,133)	3,139	6,430	(3,291)	7,852	(4,713)
	137,225	180,263	(43,038)	172,610	(35,385)	996,816	1,305,869	(309,053)	1,162,202	(165,386)
7100-030 OFFICE SUPPLIES EXPENSE	832	1,018	(187)	703	129	6,632	7,129	(497)	3,955	2,677
7100-031 POSTAGE	646	487	159	409	237	3,205	3,410	(205)	3,097	108
7100-032 SUBSCRIPTIONS AND BOOKS	904	500	404	487	418	4,681	1,300	3,381	1,265	3,416
7100-033 DO NOT USE (formerly stationary)									366	(366)
7100-050 TELEPHONE & DATA EXPENSE	2,518	2,524	(6)	2,441	77	18,657	17,668	989	14,028	4,629
7100-055 UTILITIES EXPENSE	1,087	1,107	(20)	1,032	55	7,850	7,749	101	6,672	1,178
7100-058 INSURANCE EXPENSE		66	(66)	74	(74)	930	465	465	495	435
7100-059 BUILDING MAINTENANCE EXPENSE	3,437	2,723	713	2,919	517	20,050	19,063	987	17,128	2,922
7100-060 RENT EXPENSE		55	(55)				387	(387)		
7100-065 SOFTWARE & SOFTWARE MAINT EXP	244		244		244	553		553	212	341
7100-070 OFFICE EQUIP MAINT AGREEMENT EXPEN	912	1,439	(527)	1,774	(862)	6,783	10,074	(3,290)	9,856	(3,073)
7100-075 DO NOT USE (formerly equipment expens										
7100-077 DEPRECIATION - FIXED ASSETS	5,390	7,293	(1,903)	5,217	173	37,349	43,543	(6,194)	36,179	1,170
7100-085 STATE INDIRECT COST ALLOCATION	800	1,755	(955)	1,478	(678)	15,247	12,284	2,963	10,279	4,968
7100-300 MISCELLANEOUS EXPENSES	7,096	3,672	3,425	5,302	1,795	45,298	38,999	6,299	39,643	5,655
	23,866	22,640	1,226	21,835	2,031	167,236	162,070	5,166	143,175	24,061
Sales & Marketing Expenses										
7100-026 MEETING EXPENSES		255	(255)	374	(374)	863	1,785	(922)	1,789	(926)
7100-035 DUES & MEMBERSHIPS	2,258	1,675	583		2,258	10,573	12,475	(1,903)	17,397	(6,825)
7100-036 LICENSE FEE EXPENSE							30,000	(30,000)	29,795	(29,795)
7100-041 ADVERTISING & PUBLICITY EXPENSE	4,837	1,792	3,045	3,616	1,222	8,769	12,538	(3,769)	16,951	(8,181)
7100-042 CONFERENCE HOSTING EXPENSE	322		322		322	15,251	20,000	(4,749)	21,554	(6,303)
7100-045 MARKETING	3,091	584	2,507	6,005	(2,914)	9,619	4,083	5,536	24,028	(14,409)
	10,508	4,306	6,202	9,995	513	45,074	80,881	(35,807)	111,513	(66,439)
Professional Services Expense										
7100-066 SOFTWARE CITRIX FILE SHARE		50	(50)				350	(350)	711	(711)
7100-101 PROF SERV - FINANCIAL AUDIT FEES	1,500		1,500		1,500	1,500		1,500	3,000	(1,500)
7100-103 PROF SERV - LEGAL	1,966	2,083	(117)	2,083	(117)	12,565	14,581	(2,016)	12,503	62
7100-104 PROF SERV - COMPLIANCE						1,591		1,591		1,591
7100-106 PROF SERV - THOMSON REUTERS		600	(600)	591	(591)		4,200	(4,200)	3,526	(3,526)
7100-108 PROF SERV - ACCOUNTING CONSULTANTS	18,998		18,998	21,625	(2,628)	143,188		143,188	74,770	68,418
7100-120 PROF SERV - BANKING	1,603	4,200	(2,597)	1,143	461	6,452	29,400	(22,948)	8,686	(2,233)
7100-130 PROF SERV - FIELD ISSUER INCENTIVE	285,610	241,975	43,635	182,930	102,680	1,870,630	1,383,303	487,327	1,172,980	697,650
7100-150 PROF SERV - INFORMATION TECHNOLOGY	13,600		13,600		13,600	101,200		101,200	9,600	91,600
7100-160 PROF SERV - CONSULTANTS		14,280	(14,280)			20,000	170,040	(150,040)	2,794	17,206
7100-190 PROF SERV - MISCELLANEOUS	229		229		229	606		606	341	266
	323,506	263,188	60,318	208,372	115,134	2,157,731	1,601,874	555,857	1,288,910	868,822
Claims Expense										
7100-105 PROF SERV - CLAIMS DEFENSE									7,587	(7,587)
7130-010 TG STATUTORY RESERVE EXPENSE	34,827	30,173	4,654	31,137	3,690	262,793	169,468	93,325	171,736	91,057
7130-020 TG KNOWN CLAIM RESERVE EXPENSE	(38,914)		(38,914)		(38,914)	(71,904)		(71,904)	(382,000)	310,096
7130-040 TG ACTUAL CLAIMS PAID EXPENSE	7,870		7,870		7,870	7,337		7,337	(78,418)	85,756
7130-050 TG OTHER CLAIMS EXPENSE						73		73	850	(777)
	3,783	30,173	(26,390)	31,137	(27,354)	198,300	169,468	28,832	(280,245)	478,545
TOTAL DIRECT OPERATING EXPENSES	498,888	500,570	(1,682)	443,949	54,939	3,565,157	3,320,161	244,996	2,425,554	1,139,603
NET OPERATING INCOME (LOSS)	151,723	86,642	65,081	94,867	56,856	1,075,016	254,408	820,608	893,554	181,462
7210-500 TRANSFERS TO HOUSING ASSISTANCE	2,101		2,101		2,101	365,970		365,970	512,000	(146,030)
CHANGE IN NET POSITION	149,621	86,642	62,979	94,867	54,754	709,046	254,408	454,639	381,554	327,492

IOWA TITLE GUARANTY
020 - RESIDENTIAL
INCOME STATEMENT
JANUARY 31, 2016

	Jan-2016			Jan-2015		YTD as of Jan-2016			YTD as of Jan-2015	
	Actuals	Bud FY16	ACT - BUD	Actuals	CMA - PMA	Actuals	Bud FY16	ACT - BUD	Actuals	CYA - PYA
Operating Revenues										
5400-000 FEE INC - TG PREMIUM	528,560	458,550	70,010	484,498	44,062	3,726,617	2,799,259	927,358	2,815,645	910,972
5400-001 FEE INC - TG ENDORSEMENTS	17,400	11,053	6,347	12,045	5,355	119,535	64,634	54,901	65,784	53,751
5400-004 FEE INC - TG CPL	51,200	62,136	(10,936)		51,200	224,325	274,132	(49,807)		224,325
5400-005 FEE INC - TG MORTGAGE RELEASE	1,000	1,319	(319)	2,200	(1,200)	11,100	9,828	1,272	10,730	370
5400-006 FEE INC - TG APPLICATION										
5400-007 FEE INC - TG ANNUAL PARTICIPANT FEES	5,675	3,213	2,463	4,125	1,550	32,875	22,488	10,388	26,075	6,800
5400-010 FEE INC - TG REINSURANCE				(42)	42				(860)	860
5400-020 FEE INC - TG REGISTRATION						16,425	10,000	6,425	8,100	8,325
5500-000 OTHER INCOME						1		1		1
5000-050 INT INC - PROGRAM ACCT	2,101		2,101		2,101	15,970		15,970		15,970
	605,936	536,270	69,666	502,826	103,110	4,146,848	3,180,341	966,507	2,925,474	1,221,374
Employee Expenses										
7100-010 SALARIES & BENEFITS TOTAL	110,564	135,271	(24,707)	136,579	(26,016)	774,446	980,465	(206,019)	900,627	(126,180)
7100-011 TEMPORARY EMPLOYMENT SERVICES TOTAL	192	4,650	(4,458)	2,420	(2,228)	26,025	32,215	(6,190)	19,707	6,318
7100-013 EMP EXP - GASB 68 PENSION ADJUSTMENT										
7100-021 TRAVEL	21	1,500	(1,479)	1,220	(1,199)	8,338	10,500	(2,162)	4,976	3,362
7100-022 DO NOT USE (formerly travel)									9,175	(9,175)
7100-025 EDUCATION AND TRAINING	405	750	(345)	1,538	(1,133)	2,905	5,430	(2,525)	6,577	(3,672)
	111,181	142,171	(30,990)	141,757	(30,576)	811,714	1,028,610	(216,896)	941,062	(129,347)
Operating Expenses										
7100-030 OFFICE SUPPLIES EXPENSE	815	824	(9)	644	171	5,711	5,770	(59)	3,281	2,430
7100-031 POSTAGE	325	394	(69)	271	55	1,839	2,760	(921)	2,023	(185)
7100-032 SUBSCRIPTIONS AND BOOKS	904	500	404	487	418	4,106	1,300	2,806	1,265	2,840
7100-033 DO NOT USE (formerly stationary)									247	(247)
7100-050 TELEPHONE & DATA EXPENSE	2,038	2,043	(5)	1,953	85	14,864	14,300	564	11,162	3,702
7100-055 UTILITIES EXPENSE	880	896	(16)	826	54	6,354	6,272	82	5,336	1,018
7100-058 INSURANCE EXPENSE		54	(54)	59	(59)	753	376	376	396	357
7100-059 BUILDING MAINTENANCE EXPENSE	2,782	2,204	578	2,335	447	16,645	15,429	1,216	13,997	2,648
7100-060 RENT EXPENSE		45	(45)				314	(314)		
7100-065 SOFTWARE & SOFTWARE MAINT EXP	244		244		244	494		494		494
7100-070 OFFICE EQUIP MAINT AGREEMENT EXPENSE	738	1,165	(427)	1,494	(756)	5,540	8,154	(2,613)	8,314	(2,774)
7100-075 DO NOT USE (formerly equipment expense)										
7100-077 DEPRECIATION - FIXED ASSETS	4,368	5,903	(1,535)	4,174	195	30,267	35,243	(4,976)	28,943	1,324
7100-085 STATE INDIRECT COST ALLOCATION	647	1,420	(773)	1,182	(535)	12,333	9,942	2,391	8,247	4,087
7100-300 MISCELLANEOUS EXPENSES	(1,580)		(1,580)	325	(1,905)	3,235		3,235	1,369	1,866
	12,162	15,448	(3,286)	13,749	(1,588)	102,142	99,860	2,281	84,580	17,561
Sales & Marketing Expenses										
7100-026 MEETING EXPENSES		255	(255)	374	(374)	863	1,785	(922)	1,789	(926)
7100-035 DUES & MEMBERSHIPS	2,258	1,675	583	(170)	2,428	10,253	11,725	(1,473)	16,447	(6,195)
7100-036 LICENSE FEE EXPENSE							30,000	(30,000)	29,795	(29,795)
7100-041 ADVERTISING & PUBLICITY EXPENSE	2,837	1,375	1,462	135	2,703	6,769	9,625	(2,856)	7,549	(780)
7100-042 CONFERENCE HOSTING EXPENSE	322		322		322	15,251	20,000	(4,749)	21,304	(6,053)
7100-045 MARKETING	3,091		3,091	5,850	(2,759)	8,895		8,895	19,802	(10,907)
	8,508	3,305	5,203	6,189	2,319	42,031	73,135	(31,104)	96,685	(54,654)
Professional Services Expense										
7100-066 SOFTWARE CITRIX FILE SHARE									711	(711)
7100-101 PROF SERV - FINANCIAL AUDIT FEES	1,500		1,500		1,500	1,500		1,500	3,000	(1,500)
7100-103 PROF SERV - LEGAL	1,966	2,083	(117)	2,083	(117)	12,565	14,581	(2,016)	12,503	62
7100-104 PROF SERV - COMPLIANCE						1,591		1,591		1,591
7100-106 PROF SERV - THOMSON REUTERS		600	(600)	591	(591)		4,200	(4,200)	3,526	(3,526)
7100-108 PROF SERV - ACCOUNTING CONSULTANTS	18,998		18,998	21,625	(2,628)	143,188		143,188	74,770	68,418
7100-120 PROF SERV - BANKING	821	3,500	(2,679)	481	340	1,368	24,500	(23,132)	3,830	(2,462)
7100-130 PROF SERV - FIELD ISSUER INCENTIVE	285,610	241,975	43,635	182,930	102,680	1,870,630	1,383,303	487,327	1,172,980	697,650
7100-150 PROF SERV - INFORMATION TECHNOLOGY	13,600		13,600		13,600	101,200		101,200	9,600	91,600
7100-160 PROF SERV - CONSULTANTS		14,280	(14,280)			20,000	170,040	(150,040)	2,794	17,206
7100-190 PROF SERV - MISCELLANEOUS	229		229		229	486		486	241	245
	322,724	262,438	60,286	207,711	115,013	2,152,526	1,596,624	555,902	1,283,954	868,572
Claims Expense										
7100-105 PROF SERV - CLAIMS DEFENSE									7,584	(7,584)
7130-010 TG STATUTORY RESERVE EXPENSE	32,834	27,760	5,074	30,134	2,700	232,160	151,989	80,171	154,419	77,742
7130-020 TG KNOWN CLAIM RESERVE EXPENSE	(38,914)		(38,914)		(38,914)	(71,904)		(71,904)	(382,000)	310,096
7130-040 TG ACTUAL CLAIMS PAID EXPENSE	7,870		7,870		7,870	7,337		7,337	(78,418)	85,756
7130-050 TG OTHER CLAIMS EXPENSE						73		73	850	(777)
	1,790	27,760	(25,970)	30,134	(28,344)	167,667	151,989	15,677	(297,565)	465,232
TOTAL DIRECT OPERATING EXPENSES	456,365	451,123	5,242	399,540	56,824	3,276,080	2,950,219	325,861	2,108,716	1,167,364
NET OPERATING INCOME (LOSS)	149,572	85,148	64,424	103,286	46,286	870,768	230,122	640,646	816,758	54,010
7210-500 TRANSFERS TO HOUSING ASSISTANCE	2,101		2,101		2,101	365,970		365,970	512,000	(146,030)
CHANGE IN NET POSITION	147,470	85,148	62,323	103,286	44,185	504,798	230,122	274,676	304,758	200,040

IOWA TITLE GUARANTY
030- COMMERCIAL
INCOME STATEMENT
JANUARY 31, 2016

	Jan-2016			Jan-2015		YTD as of Jan-2016			YTD as of Jan-2015	
	Actuals	Bud FY16	ACT - BUD	Actuals	CMA - PMA	Actuals	Bud FY16	ACT - BUD	Actuals	CYA - PYA
Operating Revenues										
5400-000 FEE INC - TG PREMIUM	20,692	28,159	(7,467)	18,880	1,812	277,786	211,195	66,591	256,871	20,915
5400-001 FEE INC - TG ENDORSEMENTS	9,270	13,870	(4,600)	6,185	3,085	115,350	104,021	11,329	99,164	16,186
5400-004 FEE INC - TG CPL	50		50		50	100		100		100
5400-005 FEE INC - TG MORTGAGE RELEASE										
5400-006 FEE INC - TG APPLICATION										
5400-010 FEE INC - TG REINSURANCE	(922)	(3,999)	3,077	(5,343)	4,421	(40,673)	(42,811)	2,138	(81,726)	41,052
5400-015 FEE INC - TG ESCROW SERVICES	10,555	9,324	1,231	11,960	(1,405)	102,399	83,405	18,994	81,214	21,186
5400-020 FEE INC - TG REGISTRATION										
5500-000 OTHER INCOME	5,029	3,589	1,441	4,308	721	38,363	38,418	(55)	38,111	252
5000-050 INT INC - PROGRAM ACCT										
	44,674	50,942	(6,267)	35,990	8,684	493,325	394,228	99,097	393,634	99,691
Employee Expenses										
7100-010 SALARIES & BENEFITS TOTAL	26,044	36,009	(9,965)	29,353	(3,309)	179,077	261,673	(82,596)	196,155	(17,078)
7100-011 TEMPORARY EMPLOYMENT SERVICES TOT		1,250	(1,250)	343	(343)	5,774	8,750	(2,976)	18,762	(12,988)
7100-013 EMP EXP - GASB 68 PENSION ADJUSTMEN										
7100-021 TRAVEL		833	(833)			16	5,835	(5,819)		16
7100-022 DO NOT USE (formerly travel)				1,156	(1,156)				4,948	(4,948)
7100-025 EDUCATION AND TRAINING						234	1,000	(766)	1,275	(1,041)
	26,044	38,092	(12,048)	27,332	(4,809)	185,102	277,258	(92,157)	221,140	(36,038)
Operating Expenses										
7100-030 OFFICE SUPPLIES EXPENSE	17	194	(177)	59	(42)	921	1,359	(438)	674	247
7100-031 POSTAGE	321	93	228	138	182	1,366	650	716	1,073	293
7100-032 SUBSCRIPTIONS AND BOOKS						576		576		576
7100-033 DO NOT USE (formerly stationary)									119	(119)
7100-050 TELEPHONE & DATA EXPENSE	480	481	(1)	488	(8)	3,792	3,368	425	2,866	927
7100-055 UTILITIES EXPENSE	207	211	(4)	206	1	1,496	1,477	19	1,336	160
7100-058 INSURANCE EXPENSE		13	(13)	15	(15)	177	89	89	99	78
7100-059 BUILDING MAINTENANCE EXPENSE	655	519	136	584	71	3,405	3,633	(229)	3,131	274
7100-060 RENT EXPENSE		11	(11)				74	(74)		
7100-065 SOFTWARE & SOFTWARE MAINT EXP						59		59	212	(153)
7100-070 OFFICE EQUIP MAINT AGREEMENT EXPEN	174	274	(100)	280	(106)	1,243	1,920	(677)	1,542	(299)
7100-075 DO NOT USE (formerly equipment expens										
7100-077 DEPRECIATION - FIXED ASSETS	1,022	1,390	(368)	1,043	(21)	7,082	8,299	(1,218)	7,236	(154)
7100-085 STATE INDIRECT COST ALLOCATION	152	334	(182)	296	(143)	2,914	2,341	572	2,032	881
7100-300 MISCELLANEOUS EXPENSES	8,677	3,672	5,005	4,977	3,700	42,064	38,999	3,064	38,274	3,789
	11,705	7,192	4,513	8,086	3,619	65,094	62,209	2,885	58,594	6,500
Sales & Marketing Expenses										
7100-026 MEETING EXPENSES										
7100-035 DUES & MEMBERSHIPS				170	(170)	320	750	(430)	950	(630)
7100-036 LICENSE FEE EXPENSE										
7100-041 ADVERTISING & PUBLICITY EXPENSE	2,000	417	1,583	3,481	(1,481)	2,000	2,913	(913)	9,402	(7,402)
7100-042 CONFERENCE HOSTING EXPENSE									250	(250)
7100-045 MARKETING		584	(584)	155	(155)	723	4,083	(3,360)	4,226	(3,503)
	2,000	1,001	999	3,806	(1,806)	3,043	7,746	(4,703)	14,828	(11,784)
Professional Services Expense										
7100-066 SOFTWARE CITRIX FILE SHARE		50	(50)				350	(350)		
7100-101 PROF SERV - FINANCIAL AUDIT FEES										
7100-103 PROF SERV - LEGAL										
7100-104 PROF SERV - COMPLIANCE										
7100-106 PROF SERV - THOMSON REUTERS										
7100-108 PROF SERV - ACCOUNTING CONSULTANTS										
7100-120 PROF SERV - BANKING	782	700	82	661	121	5,084	4,900	184	4,856	229
7100-130 PROF SERV - FIELD ISSUER INCENTIVE										
7100-150 PROF SERV - INFORMATION TECHNOLOGY										
7100-160 PROF SERV - CONSULTANTS										
7100-190 PROF SERV - MISCELLANEOUS						120		120	100	20
	782	750	32	661	121	5,205	5,250	(45)	4,956	249
Claims Expense										
7100-105 PROF SERV - CLAIMS DEFENSE									2	(2)
7130-010 TG STATUTORY RESERVE EXPENSE	1,993	2,413	(420)	1,003	990	30,633	17,478	13,154	17,318	13,315
7130-020 TG KNOWN CLAIM RESERVE EXPENSE										
7130-040 TG ACTUAL CLAIMS PAID EXPENSE										
7130-050 TG OTHER CLAIMS EXPENSE										
	1,993	2,413	(420)	1,003	990	30,633	17,478	13,154	17,320	13,313
TOTAL DIRECT OPERATING EXPENSES	42,523	49,448	(6,924)	40,889	1,635	289,077	369,942	(80,865)	316,837	(27,761)
NET OPERATING INCOME (LOSS)	2,151	1,494	657	(4,898)	7,049	204,248	24,286	179,962	76,797	127,452
7210-500 TRANSFERS TO HOUSING ASSISTANCE										
CHANGE IN NET POSITION	2,151	1,494	657	(4,898)	7,049	204,248	24,286	179,962	76,797	127,452

IOWA TITLE GUARANTY
BALANCE SHEET
JANUARY 31, 2016

		January 31, 2016 - Balance Sheet - TG Combined						
		Actual	Prior Month	Variance from Prior Month - $	Variance from Prior Month - %	Same Period Last Year	Variance from Same Period Last Year - $	Variance from Same Period Last Year - %
	ASSETS							
	Current Assets:							
	Cash and Cash Equivalents:							
1002-002	**Cash - TG Dep/Great Western Bank**	**$1,350,222**	$1,822,045	($471,823)	-26%	$0	$1,350,222	**
1002-005	**Cash - TG Escrow**	**$3,091,222**	$2,219,173	$872,049	39%	$2,201,897	$889,325	40%
1002-010	**Cash - TG Dep / Wells Fargo**	**$0**	$0	$0	**	$1,251,857	($1,251,857)	-100%
1002-030	**Cash - State Treasurer**	**$6,524,821**	$5,900,996	$623,825	11%	$6,121,125	$403,696	7%
	Other Cash & Cash Equivalents	**$0**	$0	$0	**	$0	$0	**
	Total Cash and Cash Equivalents	**$10,966,265**	$9,942,214	$1,024,051	10%	$9,574,879	$1,391,386	15%
	Accounts Receivable:							
1240-001	**Accounts Receivable - Trade**	**$227,996**	$174,750	$53,246	30%	$207,573	$20,423	10%
1240-000	**Misc Receivables**	**$680**	$680	$0	0%	$0	$680	**
1240-009	**Less Reserve for Doubtful Accounts**	**($7,576)**	($7,576)	$0	0%	$0	($7,576)	**
	Accounts Receivable - Net	**$221,100**	$167,854	$53,246	32%	$207,573	$13,527	7%
1400-019	**Prepaid Expenses**	**$16,803**	$18,330	($1,527)	-8%	$0	$16,803	**
1250-000	**Due From AP**	**$0**	$0	$0	**	$0	$0	**
1260-001	**Due From General Fund**	**$0**	$0	$0	**	$0	$0	**
1260-800	**Due From - Title Guaranty**	**$0**	$0	$0	**	$0	$0	**
	Other Current Assets	**$0**	$0	$0	**	$0	$0	**
	Total Current Assets	**$11,204,168**	$10,128,398	$1,075,770	11%	$9,782,452	$1,421,716	15%
	Fixed Assets:							
1310-000	**Building & Leasehold Impr**	**$0**	$0	$0	**	$0	$0	**
1320-000	**Capital Assets in Progress**	**$0**	$0	$0	**	$0	$0	**
1310-010	**Equipment & Other Fixed Assets**	**$81,914**	$81,914	$0	0%	$78,574	$3,340	4%
	Total Fixed Assets	**$81,914**	$81,914	$0	0%	$78,574	$3,340	4%
1300-011	**Less Accumulated Depreciation**	**($78,796)**	**($78,768)**	($28)	0%	($78,574)	($222)	0%
	Fixed Assets - Net	**$3,118**	$3,146	($28)	-1%	$0	$3,118	**
1520-002	**Deferred Outflows - Pension**	**$219,725**	$219,725	$0	0%	$0	$219,725	**
	Other Assets	**$0**	$0	$0	**	$0	$0	**
								**
	Total Assets	**$11,427,011**	$10,351,269	**$1,075,742**	10%	$9,782,452	$1,644,559	17%
	LIABILITIES AND CAPITAL							
	Current Liabilities:							
2510-000	**Escrow Deposits**	**$3,091,222**	$2,219,173	$872,049	39%	$2,201,897	$889,325	40%
2400-001	**Accounts Payable - State**	**$0**	$0	$0	**	$0	$0	**
1250-000	**Due To AP**	**$0**	$0	$0	**	$0	$0	**
1260-001	**Due To General Fund**	**$100,733**	$68,368	$32,365	47%	$210,266	($109,533)	-52%
1260-800	**Due To Title Guaranty**	**$0**	$0	$0	**	$0	$0	**
	Claims Reserves:			$0	**		$0	**
2310-005	**Claims Reserve - TG GAAP Adjustment**	**($4,519,674)**	($4,519,674)	$0	0%		($4,519,674)	**
2310-010	**Claims Reserve - TG Residential Statutory**	**$3,759,725**	$3,726,890	$32,835	1%	$3,430,755	$328,970	10%
2310- 015	**Claims Reserve - TG Commercial Statutory**	**$235,743**	$233,750	$1,993	1%	$193,135	$42,608	22%
2310-020	**Claims Reserve - TG Known**	**$18,311**	$57,225	($38,914)	-68%	$234,000	($215,689)	-92%
2310-030	**Claims Reserve - TG Closing Letter**	**$1,000,000**	$1,000,000	$0	0%	$1,000,000	$0	0%
	Total Claims Reserves	**$494,105**	$498,191	($4,086)	-1%	$4,857,890	($4,363,785)	-90%
2400-015	**Accrued Liabilities - TG Commitments**	**$284,961**	$293,379	($8,418)	-3%	$244,058	$40,903	17%
2610-000	**Deferred Commitment Fees**	**$0**	$0	$0	**	$0	$0	**
2400-020	**Accrued Payroll Expenses**	**$261,455**	$249,752	$11,703	5%	$302,658	($41,203)	-14%
2400-010	**Misc Accrued Expenses**	**$439,112**	$416,604	$22,508	5%	$272,733	$166,379	61%
	Current Portion of LTD	**$0**	$0	$0	**	$0	$0	**
	Total Current Liabilities	**$4,671,588**	$3,745,467	$926,121	25%	$8,089,502	($3,417,914)	-42%
2700-003	**Net Pension Liability**	**$724,910**	$724,910	$0	0%	$0	$724,910	**
2900-000	**Deferred Inflows - Pension**	**$276,460**	$276,460	$0	0%	$0	$276,460	**
	Long-Term Debt:	**$0**	$0	$0	**	$0	$0	**
	Total Liabilities	**$5,672,958**	$4,746,837	$926,121	20%	$8,089,502	($2,416,544)	-30%
	Capital:							
4000-100	**Restricted Fund balance**	**$5,866,935**	$5,866,935	$0	0%	$1,311,396	$4,555,539	347%
4000-104	**Effect of GASB 68 Accounting Change**	**($821,928)**	($821,928)	$0	0%	$0	($821,928)	**
7210-500	**I-A Grant to Housing Assistance program**	**($365,970)**	($363,868)	($2,102)	1%	($512,000)	$146,030	-29%
	Current Period Income	**$1,075,016**	$923,293	$151,723	16%	$893,554	$181,462	20%
	Total Capital	**$5,754,053**	$5,604,432	$149,621	3%	$1,692,950	$4,061,103	240%
	Total Liabilities and Capital	**$11,427,011**	$10,351,269	$1,075,742	10%	$9,782,452	$1,644,559	17%