



BEST PRACTICES POLICIES AND PROCEDURES MANUAL

A policy issuing agent of WESTCOR Land Title Insurance Company

Mission Statement

This Best Practices Manual had been developed by Perfect Title & Escrow, Inc. in accordance with the guidelines set forth by American Land Title Association (ALTA) and in compliance with both the Gramm-Leach Bliley Act and the Consumer Financial Protection Bureau established under the Dodd-Frank Act. The goal of this manual is to outline the policies and procedures set forth by Perfect Title & Escrow, Inc. on providing the best practices to protect consumers, promote quality service, provide for ongoing employee training, and meet legal and market requirements. These practices are voluntary and designed to help members illustrate to consumers and clients the industry's professionalism and best practices to help ensure a positive and compliant real estate settlement experience. These best practices are not intended to encompass all aspects of title or settlement company activity.

1. **Best Practice – Licensing:** Establish and maintain current license(s) as required to conduct the business of title insurance and settlement services and corporate registrations (as applicable) to help ensure the Company remains in good standing with the state.

Perfect Title & Escrow, Inc. Licensing Procedures: All licenses for Perfect Title & Escrow, Inc. and it's agent(s) are maintained through the Administrative Department. Currently Perfect Title & Escrow, Inc. and it's agent(s) are active and in good standing in the State of Florida. Perfect Title & Escrow, Inc.'s current license numbers are listed in Appendix A.

- Licenses are renewed based on state regulations and at the earliest point that renewal becomes available (typically 90 days in advance).
- Annual Reports are filed and completed yearly with all applicable fees.
- Each licensed title insurance agency in the State of Florida must pay \$200 as an administrative surcharge by the end of January every year. Failure to pay this amount can result in administrative action and/or a fine being assessed against the license of the title insurance agency. The invoice is e-mailed at the beginning of January every year and paid immediately.
- Continuing education credits are earned and completed for agent licensing every two years.
- Establish and maintain appropriate compliance with ALTA's Policy Forms Licensing requirement. Perfect Title & Escrow, Inc. maintains an annual subscription to ALTA's Policy Forms License to ensure that all forms are up to date and compliant with current policies and laws.

2. **Best Practice – Escrow Account Controls:** Adopt and maintain appropriate procedures and controls for Escrow Accounts allowing for verification of reconciliation and safeguarding of client funds.

Perfect Title & Escrow, Inc. Procedures: All escrow funds are maintained in separate designated accounts which are reviewed for reconciliation discrepancies on a daily basis. In addition to following all applicable laws concerning trusting account, these accounts are monitored under the following controls:

- Escrow funds and operating accounts are separately maintained.
- Escrow funds or other funds the Company maintains under a fiduciary duty to another are not commingled with the Company’s operating account or an employee or manager’s personal account.
- Escrow Trust Accounts are prepared with Trial Balances.
- Escrow Trust Accounts are reconciled monthly by a third party. Perfect Title & Escrow, Inc. uses the underwriter, WESTCOR Land Title Insurance Company, to complete all reconciliations and audits.
- On at least a daily basis, reconciliation of the receipts and disbursements of the Escrow Trust Account is performed.
- On at least a monthly basis, a Three-Way Reconciliation is performed reconciling the bank statement, check book and Trial Balances.
- Escrow Trust Accounts are properly identified. Accounts are identified as “escrow” or “trust” accounts. Appropriate identification appears on all account-related documentation including bank statements, bank agreements, disbursement checks and deposit tickets.
- Outstanding escrow balances and outstanding checks are reviewed by management on a weekly basis.
- Transactions are conducted by authorized employees only. Only those employees whose authority has been defined to authorize bank transactions may do so. Appropriate authorization levels are set by the Company and reviewed for updates annually. Former employees are immediately deleted as listed signatories on all bank accounts.
- Escrow Trust Accounts are maintained in Federally Insured Financial Institutions.
- Background Checks are completed in the hiring process.
- Ongoing training is conducted for employees in management of escrow funds and escrow accounting.
- Positive Pay and ACH Debit blocks setup on all accounts.
- Appropriate authorization levels are set and maintained.

3. **Best Practice – Information and Data Privacy:** Establish and maintain a written privacy and information security program to protect non-public personal information as required by local, state, and federal law.

Perfect Title & Escrow, Inc. Procedures: Follow all federal and state laws (including the Gramm-Leach-Bliley Act) requiring title companies to develop a written information security program that describes the procedures they employ to protect non-public personal Information. Procedures to meet this best practice:

- All personal and sensitive information is sent via encrypted e-mails by ZixMail Encryptions Services.
- Controlled access to physical and electronic storage as well as secure destruction of physical documents.
- Secure transmission of information.
- Monitoring of third-party service providers access.
- Prohibit or control the use of removable media.
- Physical entry controls to prevent unauthorized access.
- Use only secure delivery methods when transmitting non-public personal information.
- Network guidelines and access controls including restrictions on user authentication and authorization.
- Remote access controls and restrictions.
- Up to date virus management software and firewall controls against malicious software, viruses, an unauthorized websites.
- Real time disaster recovery imaging of all servers with additional onsite back up.
- Establish a disaster management plan.
- Security incident reporting and resolution.
- Background checks on all personnel.
- Training of employees to ensure compliance with program.
- Restrictions and the appropriate use of Perfect Title & Escrow, Inc. systems.

4. **Best Practice – Settlement Policies and Procedures:** Establish standard real estate settlement procedures and policies that help ensure compliance with federal and state consumer financial laws as applicable to the settlement process.

Perfect Title & Escrow, Inc. Procedures: Follow appropriate policies and conduct ongoing employee training to help ensure the Company can meet state, federal, and contractual obligations governing the settlement process. Perfect Title & Escrow, Inc. uses software and technology to track a file through each step of the closing process and provide transparency of the work being done on each file. This allows us to verify that each part of the closing process adheres to accurate company procedures and that checks and balances are in place to monitor these procedures. Our procedures to meet this best practice:

- Review legal and contractual requirements.
- Obtain proper information required prior to closing.
- Up-to-date access to premium rate information.
- Complete review of closing instructions.
- Proper processing of mortgage payoffs.
- Accurate disbursement of proceeds and handling of escrow funds.
- Timely and accurate recording guidelines.

5. Best Practice – Title Production: Establish and maintain appropriate procedures for the production, delivery, reporting, and remittance of title insurance policies to help ensure that title companies can meet both their legal and contractual obligations.

Perfect Title & Escrow, Inc. Procedures: Perfect Title & Escrow, Inc.'s policy is to deliver all policies to customers within the guidelines set forth by the underwriter's agency contracts (generally within thirty (30) days). Policies are prepared and delivered following review that all terms and conditions of the title insurance commitment have been satisfied and all closing documents and necessary releases have been reported. Copies of policies and premiums are remitted to the underwriter on a monthly basis.

6. Best Practice - Errors & Omissions and Fidelity Coverage: Establish appropriate levels of professional liability or errors and omissions insurance and fidelity coverage to ensure the financial capacity to stand behind the professional services provided.

Perfect Title & Escrow, Inc. Procedures: Perfect Title & Escrow, Inc. consistently maintains all levels of insurance required by the law, underwriters, and lenders and that is comparable to the complexity, nature, and scope of the title agency's operations. Coverages held for professional liability, fidelity coverage (including employee theft, forgery, and altercation, computer and funds transfer fraud) as well as surety bond coverage.

7. Best Practice – Consumer Complaints: Establish and maintain procedures for receiving and addressing consumer complaints so that any instances of poor service or noncompliance do not go undiscovered.

Perfect Title & Escrow, Inc. Procedures: Perfect Title & Escrow, Inc. is very sensitive to any complaints that are made. Any and all complaints received by an employee are to be forwarded to management for immediate resolution. This resolution will always include a follow up to not only the consumer but also their loan officer to ensure that it is agreed that the issue has been fixed. In certain cases, the complaint will also result in a verbal follow up with an employee regarding the circumstances causing the complaint and the view of Perfect Title & Escrow, Inc.'s policies and procedures.

Appendix A

State of Florida

Name of Licensee: Perfect Title & Escrow, Inc.
License Number: W104646
Business Location: West Palm Beach, Florida
Type: Title Insurance Agency
APPOINTMENTS: Westcor Land Title Insurance Company

State of Florida

Name of Licensee: Victoria Doran
License Number: P110838
Business Location: West Palm Beach, Florida
Type: Title
APPOINTMENTS: Westcor Land Title Insurance Company