



TO: All Alliant National Agents
DATE: August 1, 2024
SUBJECT: ***Quality Improvement Based on QAR Findings***

The information in this memorandum will reinforce the guidance many of you have received from Alliant National's Quality Assurance Team. Having concluded Quality Assurance Reviews ("QAR") on most of our agents over the past year, we found the items below to be the most common issues in need of attention.

Bring to Date (also referred to as Update or Down-date or Date-down)

A bring-to-date should be performed on all transactions prior to closing to narrow the gap between the most recent search date and the day of closing. Ideally, a bring-to-date would be obtained the day of, or the day before, closing. At a minimum, title work must be brought forward, prior to closing, within the time period provided by state law, or no more than ten (10) business days if no state law is on point. Evidence of the search should be maintained in the file for at least seven years, or longer if required by law.

Recording Gaps

A delay between the disbursement of a transaction and the recording of the documents creates a gap during which others can record documents affecting the insured property. Ideally, documents would be filed for recording the same day as disbursement. At a minimum, documents should be recorded within the time period provided by state law, or within two (2) business days of the date of settlement as suggested in ALTA Best Practices Framework, Pillar #4.

Valid Identification of Parties

Your file should contain evidence of valid identification of the parties to the transaction (a legible copy of a government issued form of identification with a photo and signature, such as a driver's license or passport). Verification of the identities of the parties not only helps minimize fraud and forgery, but verification is also often a requirement in lenders' closing instructions.

If copies of identification are maintained in the files, remember to have a privacy plan in place to make sure private, personal information is kept secure.

If the transaction is a mail-out, or if a third-party signing company or individual notary is being used, then we encourage the use of a Notary Identification Form which requires the notary to identify him/herself and gives specific instructions, including obtaining copies of valid identification.

Rate Calculation Inconsistencies

Quality Assurance Reviews have highlighted the need for improvement in the following areas:

1. Using the correct table of rates for a particular area (e.g. for a specific county or geographic area);
2. Correctly calculating charges for endorsements; and
3. Determining how a particular rate was calculated (for example, reissue rates).

Training is essential. Make sure everyone responsible for the calculation of title insurance policy and endorsement rates has access to Alliant National's current rate filings. A copy of our most recent filing is available through the Agent Resource Center "ARC" (www.alliantnational.com). Make sure those who are calculating rates understand how to do so. From time to time, review their work in calculating rates for accuracy.

Maintain evidence in the file of how the rates were calculated. If the rate is calculated by an escrow software system, conduct a test periodically to ensure the system is calculating the rates correctly.

In addition to Alliant National underwriting requirements, you must comply with any state specific regulation regarding any additional fees or closing services charges.

Patriot Act/OFAC Searches

All files should contain evidence that the Patriot Act/OFAC search was conducted on each party in the transaction. This search can be easily performed through the Agent Resource Center "ARC" (www.alliantnational.com). If you utilize a search company or have access to a title plant, you should verify the search company is performing this search or that the title plant has access to the "Specially Designated Nationals and Blocked Persons" List. Be sure to maintain evidence in the file that this federally required search was performed and that there were no findings.

Escheatment

Each state has laws that require unclaimed funds to be escheated to the state. Be sure you are following these laws. Typically, the jurisdiction's escheat administrator (i.e., the state treasurer) has a filing portal with helpful information regarding how and when to report and remit. Alliant National may also have flyers that you can request from your Agency Manager that may be helpful to you.

Escrow Management

Quality Assurance Reviews have highlighted the need for improvement in the following areas:

- Prepare timely 3-way reconciliations, with signatures of both the preparer *and* reviewer.
- Open Files on the Trial Balance Report with negative balances (large or small) should be funded immediately.
- Outstanding Checks – Checks of \$100 or more and over six months old should be voided & reissued.
- Outstanding Funds/Checks intended for payoff of items that could be considered lienable, such as taxes, insurance, fees, HOA's, etc., should be researched and resolved as priorities.
- Open Files over six months old, but especially over one year old or more, need management attention and explanatory notes.

Privacy Act Notices

Privacy Act Notices are required by Federal law under Gramm-Leach-Bliley Financial Services Modernization Act 2001 and by state law. Ensure that the Agent's and the Underwriter's Privacy Act Notices are included with Title Insurance Commitments that are sent to each prospective insured.

Cyber Insurance

Although not required by Federal or state law, cyber insurance is critically important and covers cyber fraud risks not covered by standard E&O policies. There are two types of coverage that should be included if you have a cyber insurance policy – cybercrimes and liability. These provide agents with coverage for events such as wire fraud due to social engineering, or business email compromise.

Alliant National offers a courtesy review of your cyber insurance policy to determine if your company has proper and adequate coverage. Additionally, a subscription to [SecureMyTransaction \(SMT\)](#) or any other identity proofing service, will likely qualify you for a discount on cyber insurance.

Please contact Tom Weyant, VP of Risk Management at tweyant@alliantnational.com with questions or comments.