

May 20, 2010

Dear Paula and Andy:

From: Michael Draminski, WG Member

To: Paula Sisneros, Andy Helm

Subject: Suggestions to currently proposed Title Stat Plan form and Instructions

GENERAL INFO (LINES 1 THROUGH 8):

FORM:

- **Line 3:** Change ‘Name’ to ‘Agency/Agent/Firm Name’—something that is going to ensure that they don’t put the name of the person that is filling out the form—it happens.
- **Line 3:** Add a line for dba Name—Experience shows that individuals don’t always know the proper name for their business; they may put their dba without thinking about it—asking specifically for the dba may cause them to realize they are listing the wrong name. Will save the trouble of regulators having to double check when the names don’t match.
- **Line 17:** Move line 17 to this section between line 3 and 4 for **License Number**—some states don’t have license numbers, but those that do will want to capture that, especially when the name does not match state records identically. Moving to this section keeps like information together

INSTRUCTIONS:

- **Line 3:** Add ‘as seen on the license,’ if applicable; ‘as seen on the underwriter contract/agreement, if not a licensee.’
- **Line 5:** Specify the address fields; use formatting if possible

AGENCY TYPE [INSTRUCTION HEADING SHOULD READ—(LINES 9-21)]...not “Lines 9, 10, 11”—move line 9-11 to left margin in front of specific instructions.

FORM

- **Line 12:** The way it reads could be confusing because an Affiliated Business Arrangement could exist without an ownership interest. Might suggest: Business is affiliated with RE Brokerage, Mortgage Broker/Lender, Appraisal Company or Builder/Developer.—Yes/NO—List all that apply.
- **Line 12:** Add space for them to list all that apply
- **Line 14:** Give room to list the states or require that it be listed by attachment (Excel Spreadsheet)
- **Add Question:** Add a question asking: ‘Select One: Title Only or Title & Escrow (full svc) or Escrow Only
- **Add Question:** Number of Underwriter appointments (contract/agreements for non-appointment states)
- **Add Question:** List Underwriters and % of premium written for each
- **Line 16:** Add ‘in this state.’
- **Line 17:** Move to GENERAL INFO
- **Line 18:** incorporate the term FTE (if that is what you want)

INSTRUCTIONS:

- **Line 12:** add ‘or by any individual that has an interest in any of the above.’—If an owner of a RE Brokerage also has personal ownership in a title agency, but the Brokerage does not, we still want to capture that.
- **Line 14:** add ‘List all that apply.’
- **Line 16:** add ‘in this state.’
- **Line 17:** Move to GENERAL INFO
- **Line 18:** 1) include owner if he draws a salary, 2) FTE—if you want fractional then give example: 4.5 acceptable, 3) Pick a date Jan 1 or Dec 31 or Monthly Avg—this is a seasonal business and agencies typically thin the staff in the slow months (winter) and hire extra in the summer. May be better to collect FTE hours per month and average; then you have to consider straight time or include OT.

RISK ASSUMPTION (Lines 22 through 32) [NEW VERSION SAYS “GENERAL INFORMATION”????]

FORM:

- **Line 22-25:** Add ‘see instructions for definitions’
- **Line 26:** See Instr. Line 26—add language accordingly
- **Add Question:** % of Closings that are REFI transaction—goes to the stability of certain agents in certain economic conditions (high REFI = struggles when Int. rates increase and refis drop.)
- **Add Question:** % of Closings that are Purchase/Sale transaction—may be possible to just ask for a REFI/PURCHASE ratio in lieu of two questions.
- **Line 27-29:** Add ‘see instructions for definitions’
- **Line 30-32:** Add ‘see instructions for definitions’

INSTRUCTIONS:

Line 22: Define order.

Line 23: Define cancelled (3 mo, 6 mo, 9 mo, 12 mo old?) Actually cancelled or just not closed?—I’m guessing that agencies are all over the place on what they consider “cancelled” - - may get push back no matter how we proceed with defining.

Line 24: Premiums collected or remitted?

Line 25: What about intra- and inter- bifurcated closings.

Line 26: Does this include that included in Line 25? If so, if not so, specify.

Line 27: Define “full searches.” Do you mean searches done for commitments or those plus searches done as fee for activity (10 year, 20 year, 40 year, and 100 year?); do you mean to include line 28 and 29 in this total?

Line 29: Not sure what you are asking for here at all????

Line 30: CO requires a fee for these now but it is likely common practice for agencies to give “listing packages” or products less than a commitment for RE agents looking at prospective properties.

Line 32: How does line 32 different than line 29???

INCOME

FORM:

- **Line 35-37:** Add ‘see instructions for definitions’

- **Add Line:** Suggest that we add a line to collect income from cancelled orders—we ask in line 23 for the number of cancelled orders—it would be nice to see how much, if anything, is charged for true cancellations—it would offset costs.
- **Add Line after line 39:** Similar to Line 21, we need to capture what is included in Line 39 “Other Income” to explain current submissions and to review for future updates to data call form.

INSTRUCTIONS:

Line 33: Add something to the like: ‘should include all premiums collected during calendar year’ or ‘Premium booked or deposited during calendar year.’

Line 34: Add something to the like: ‘only include remitted premiums related to line 33—do not include premium booked from previous year but remitted during this calendar year.’ ????

Line 35: Better Define—does this include all fees charged in the 1100 / 1200 sections on a closed HUD or just closing fee. There is such a variety of closing related fees in addition to “closing fee” such as: Doc Prep, Doc review, Atty Pkg prep, recording handling fees, courier/overnight fees, etc, etc... May want to also address pass through, such as recording fees and transfer tax, unless we intend to offset on the expense side.

Line 36: Add: ‘for non all-inclusive states.’

Line 38: Add: ‘Include money earned by “sweeping” accounts and any interest earned on escrow accounts.’

EXPESES (LINES 41 through 60)

FORM:

- **Line 41:** Does this include sales commissions? If so, note here and also exclude from Line 54.
- **Line 47/48:** Q: If agency does not maintain title plan, but pays for access to private title plant or ROD electronic records—does it belong on line 47 or 48? Line 48 appears to be just purchasing title searches from other title entities or contractors?
- **Add Line after line 59:** Similar to Line 21, we need to capture what is included in Line 39 “Miscellaneous Expenses” to explain current submissions and to review for future updates to data call form. Add to Instructions: ‘Do not include items in Lines 61-68.’

INSTRUCTIONS:

Line 50: Add: ‘Do not include E&O, indemnity coverage here—see lines 66 and 67.’

Line 54: Q: says (if not included as reimbursements in wages)—not experienced with reimbursement in wages other than some portions of expenses account reimbursements that are taxable. We may want to note here that this includes pure (non-taxable) reimbursed expense accounts, or something to the like.

LOSS, LOSS MITIGATION, AND UNDERWRITING EXPENSES (LINES 61 through 68)

FORM:

- **Line 61:** Change to ‘Losses emanating from a title policy claim not reimbursed by an underwriter’—**Sub Question:** ‘current amount due \$ - a) \$ claims pending, b) \$ settled not paid’—problem with agencies handling claims directly is that reserves may not be established or tracked properly. Curious to know who is letting their agencies settle title claims.
- **Add Question after Line 61:** ‘Reimbursement to Underwriter for losses emanating from a title policy claim’—**Sub Question:** ‘current unpaid balance of unpaid reimbursement to UW.’
- **Line 62:** Change to ‘Losses emanating from a closing/search service (escrow claim).’

- **Add Sub-Questions to line 62: a) Number of short escrow files funded; b) aggregate \$ shortage funding; c) Total of “b” not reimbursed.** —this is an important question to ensure that a) agencies are funding shortages and b) understanding the total losses that emanate from escrow shortages. Sub-questions are captured in line 62 so they will not be added to Line 68 again.
- **Line 63:** Change to ‘Losses emanating from an abstract/search sold.’
- **Add Line after line 59:** Similar to Line 21, we need to capture what is included in Line 39 “Miscellaneous Expenses” to explain current submissions and to review for future updates to data call form. Add to Instructions: ‘Do not include items in Lines 61-68.’

INSTRUCTIONS:

Line 62: Add: ‘Includes escrow account maintenance costs, including funding and individual escrow account shortage funding.’ **Sub-Question: Total number of escrow file’ shortages funded; aggregate before and after reimbursement.**

MISCELANEOUS SUGGESTION:

- Put a column next to each question that allows the provider to select either ‘ACTUAL’ or ‘ESTIMATED’
- I am in favor of collecting segregated Res and Non-Res info—not sure how to do it though.