

# POLICY UPDATE SUMMARY

## JUNE 2020



**IOWA TITLE GUARANTY**  
A DIVISION OF IOWA FINANCE AUTHORITY

POLICY UPDATE SUMMARY JUNE 2020

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## 1. “750 Bright Line” Overview

Participants and lenders currently experience confusion regarding ITG policies, as the associated thresholds for each policy vary significantly, regularly creating inadvertent results. In a continued effort to improve the title production process, ITG has aligned existing policies to: (i) simplify use of the program for all stakeholders; (ii) clarify ambiguities that currently cause delay and frustration; and (iii) improve compliance oversight efficiency and risk mitigation strategies.

The following chart provides a summary of the policy changes which will be described in detail in the subsections below.

	<b>CURRENT</b>	<b>NEW</b>	<b>EFFECTIVE DATE</b>
<i>Residential Flat Rate Premium</i>	\$140	\$175	January 1, 2021
<i>Residential Flat Rate Coverage Maximum</i>	\$500,000	\$750,000	January 1, 2021
<i>Forms 900/901 Maximum</i>	\$1 million	\$750,000	January 1, 2021
<i>E &amp; O Minimum Requirement</i>	\$500,000 per occurrence	\$750,000 per occurrence	January 1, 2021
<i>Residential Underwriting Required</i>	> \$750,000	> \$750,000	Current
<i>Real Property Inspection Report or Survey Required</i>	> \$750,000	> \$750,000	Current
<i>Annual Participation Fee</i>	\$25 per service	\$75 flat fee	January 1, 2021
<i>E-Payment Policy</i>	-	-	Current
<i>Application E-Submission Requirement</i>	-	-	Current
<i>2020 Revised CMA</i>	-	-	Immediately
<i>2020 Notice of Availability</i>	-	-	Immediately
<i>Post-Closing Search Requirement</i>	-	-	Immediately
<i>2020 Minimum Abstract Standards</i>	-	-	January 1, 2021
<i>2020 Form 900/901 Manual</i>	-	-	Immediately

## 2. Residential Flat Rate Premium - Increase

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**Current: \$140**

**New: \$175**

**Effective Date: January 1, 2021**

**New Policy:** Effective January 1, 2021, ITG flat rate premium shall increase from \$140 to \$175 to generate the revenue necessary to pay for the development, support and maintenance of ITG's next generation title production system on a self-sustaining basis.

**Background:** ITG has partnered with Qualia Labs, Inc. ("Qualia") to modernize and outsource its title production system to reduce risk and compete more effectively in an increasingly digital and fast-paced real estate market. Qualia Labs, Inc. has agreed to develop, support and maintain ITG's next generation title production system for a \$30 per transaction fee generated upon the issuance of any Iowa Title Guaranty Certificate.

Qualia brings the entire closing team (lenders, real estate agents, buyers, sellers, abstractors, attorneys, field issuers and closers) to one digital platform to increase understanding, transparency and efficiency. Some of the key benefits of the platform include:

### KEY PLATFORM BENEFITS

<p><b>ALL PARTY ACCESS.</b> Enable all parties to participate in the transaction using role-based authorizations, including buyers and sellers.</p>	<p><b>CLOUD-BASED PLATFORM.</b> Log in from any device. No server updates.</p>
<p><b>CLOSING SCHEDULER AND TIMELINE.</b> Schedule closing within the platform to notify all transaction parties. View the closing tracker/timeline within Qualia "Connect"</p>	<p><b>TRANSACTION-BASED FEE STRUCTURE.</b> No annual maintenance or license fees.</p>
<p><b>ELIMINATION OF REDUNDANT DATA ENTRY.</b> Auto-population of data into relevant closing documents, including but not limited to, CD, ALTA settlement statement, title opinions, commitments and certificates.</p>	<p><b>INTERNAL BUSINESS REPORTING.</b> Learn more about your business operations using Qualia's reporting tools. Custom and automatic reporting for transactions, operations and performance.</p>
<p><b>SECURE DATA STORAGE AND MANAGEMENT.</b> Securely upload and store all closing documentation directly into the electronic file, known as an "Order".</p>	<p><b>SECURITY &amp; PRIVACY.</b> Two factor authentication, SOC Type II certification, ISO 27001, AES-256 Data-at-Rest Encryption.</p>
<p><b>STREAMLINED COMMUNICATION.</b> Securely communicate with all transaction parties in the platform. Securely deliver documents or invite transaction parties to view documents within the platform. Chat feature enables parties to quickly correspond with others while simultaneously working on a file.</p>	<p><b>TRAINING &amp; SUPPORT.</b> Live support, and online, on-demand education known as "Qualia University". Qualia chat feature for instant troubleshooting. Online video tutorials and training materials.</p>
<p><b>CUSTOM WORKFLOWS.</b> Create custom workflows and automated task management.</p>	<p><b>INTEGRATED E-PAYMENTS.</b> Digital invoicing and online payment processing.</p>
<p><b>OPTIONAL SETTLEMENT AND ESCROW SOFTWARE.</b> ITG's participants will have access to optional settlement and escrow features being provided at no cost.</p>	<p><b>INTEGRATIONS.</b> Shipping, e-recording, loan origination, recording, property data.</p>

## KEY PARTICIPANT & TRANSACTION PARTY BENEFITS

### TITLE ATTORNEYS

1. **Title opinion drafting** - Draft title opinion within the platform. Upload personalized letterhead and any cautions to create a custom template for the law firm.
2. **No rekeying of data** – Fields prepopulate in the CD, ALTA settlement statement, HUD, commitments and certificates using smart tags (buyer, seller, lender, property address, legal description, etc.).

### LENDERS

1. **Encompass® integration** – the mortgage industry’s first two-way integration with a title and escrow software.
2. **eSign** – eSign by Qualia is the first electronic signing solution built specifically for title and escrow software.
3. **Document sharing** – Share documents with buyers and sellers prior to closing and easily manage and store documents without needing to download, print or scan them.

### FIELD ISSUERS

1. **One-click title commitment/certificate generator** – Generate the title commitment with one click. The system will pull data from the fields in the title opinion template.
2. **No more downloading** – No more downloading, saving and emailing commitments and certificates. Send documents to all parties directly through the platform.
3. **Auto-populated requirements and exceptions** – Certain requirements and exceptions will auto-populate based on the type of coverage and endorsements selected. No more guessing or flipping through manuals to determine the appropriate requirement and exception language.
4. **Enhanced drop-down menus** – Updated drop-down menu for requirements and exceptions.

### REALTORS

1. **Closing timeline**– Access to the closing tracker with updates and notifications. Invite client to log in to view the timeline.
2. **Obtain confidential client information** - Invite client to log into the platform to securely provide personal information (e.g., marital status) or the required closing documents (e.g., 1099, W-9, SSN). No need to risk an email security breach.
3. **Communicate with transaction parties** – Securely and efficiently communicate with the examining attorney, closer, field issuer, and ITG directly through the platform.
4. **Document sharing** – Securely upload all closing documents (purchase agreement, amendments, seller disclosures, invoices, commission statements, termite inspection reports, etc.) to the platform to be conveniently accessed by all transaction parties.

### CLOSERS

1. **No rekeying of data** – Fields prepopulate in the CD, ALTA settlement statement and HUD-1 using smart-tags (buyer, seller, lender, property address, legal description, etc.).
2. **Centralized communication** – Digitally collaborate with lenders, attorneys, abstractors and realtors on fees and closing documents.
3. **Closing confirmation** – Confirm completion of closing to automatically notify abstractors to commence preparation of the final abstract or Form 901.
4. **Reconciliation** – Reconcile accounts and track disbursements and receipts.
5. **E-Recording** – E-record within the Qualia platform.

### ABSTRACTORS

1. **Legal description upload** – Upload the legal description directly to the platform instead of emailing the Word version to the various transaction parties.
2. **Legal description audit and tracking** – Platform tracks any changes made to the legal description.
3. **Form 900/901** – Prepare and send Form 900s and 901s within the platform.
4. **Closing notification** – Receive alerts when closing is complete, prompting preparation of post-closing search or final abstract continuation.

### BUYERS

1. **Closing participation** – Participate in the closing process from start to finish.
2. **Communication** - Buyers will be able to conveniently communicate with transaction parties to ask questions and schedule closing.
3. **Access to closing timeline and documentation** – Secure access to closing tracker and documentation, including but not limited to, CDs, ALTA settlement statements, commitments, and certificates.
4. **Securely provide confidential information** – Instead of sending unsecure emails containing NPPI, submit necessary information through the secure platform.

### SELLERS

1. **Closing participation** – Participate in the closing process from start to finish.
2. **Communication** - Conveniently communicate with transaction parties to ask questions and schedule closing.
3. **Access to closing timeline and documentation** –Secure access to closing tracker and documentation, including but not limited to, CDs and ALTA settlement statements.
4. **Securely provide confidential information** – Instead of sending unsecure emails with 1099s, W-9s and other confidential documents containing NPPI, submit necessary information through the secure platform.

According to the feedback received from the February 2020 Stakeholder Meetings, stakeholders prefer that the per transaction fee be included in the Iowa Title Guaranty flat rate premium instead of being itemized as a separate technology fee. The flat rate premium best conforms to RESPA disclosure requirements.

To harmonize with the 750 Bright Line policy, ITG adopts a flat fee of \$175. This flat rate will offset losses arising from the increased coverage maximum and third-party e-payment processing fees accompanying the e-payment requirement (discussed in sections three and seven below, respectively). ITG performed a cost comparison with title insurance in neighboring states. This increased rate remains competitive and significantly less than most title insurance premiums.

This flat rate will enable ITG to continue to further its mission to (1) offer guaranties of real property titles as an adjunct to the abstract-attorney's title opinion; (2) serve as a low-cost mechanism to facilitate lender's participation in the secondary market; (3) add to the integrity of Iowa's land-title transfer system; and (4) support Iowa homebuyers by reinvesting all excess revenue in excess of operating expenses into IFA's housing assistance programs.

- ✓ ITG **PROTECTS** Iowa homeowners and lenders by providing low-cost title coverage for Iowa real property.
- ✓ ITG **STRENGTHENS** Iowa's land-title system by guaranteeing clear property titles.
- ✓ ITG **SUPPORTS** Iowans by reinvesting into communities across the state through down payment assistance programs and participant incentive payments.

In 2019, ITG contributed to local Iowa communities in the following ways:

1. Invested \$1 million into Iowa Finance Authority's affordable housing programs.
2. Assisted 1,494 homebuyers with down payment assistance.
3. Partnered with 1,180 Iowa real estate attorneys, 140 Iowa abstractors, and 390 Iowa closers.
4. Paid \$2.7 million to participating field issuers across the state of Iowa.

Since inception, ITG has invested \$59.1 million into Iowa Finance Authority housing programs.

#### **Industry Impact:**

- Streamlines coverage premiums by combining transaction technology fee with ITG's flat fee premium.
- Participants gain access to individual Qualia Labs, Inc. platform deployments at no cost.
- Qualia Labs, Inc. platform brings the entire closing team (lenders, real estate agents, buyers, sellers, abstractors, attorneys, field issuers and closers) to one digital platform to streamline closings and increase understanding, transparency and efficiency.

### **3. Residential Flat Rate Coverage Maximum - Increase**

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**Current: \$500,000**

**New: \$750,000**

**Effective Date: January 1, 2021**

**New Policy:** Effective January 1, 2021, the maximum coverage amount qualifying for the flat rate premium of \$175 shall increase from \$500,000 to \$750,000.

**Background:** The majority of purchasers elect to obtain owner coverage when offered free in conjunction with the lender certificate. In FY19, 89% of purchasers eligible for free coverage elected to obtain owner coverage.<sup>1</sup> By contrast, only approximately 30% of purchasers with purchase prices over \$500,000 elected coverage when offered in conjunction with the lender certificate, and the percentage has remained unchanged over the years. Iowa purchasers with purchase prices over \$500,000 decline to elect for owner coverage due to the increased \$1 per \$1,000 premium. Most purchasers are not advised of the right to elect owner coverage prior to arriving at the closing table. While the \$1 per \$1,000 often amounts to a mere nominal fee, the thought of having to remit additional payment post-closing deters many purchasers from electing coverage. Increasing the flat rate premium coverage maximum to \$750,000 will encourage purchasers to elect owner coverage for no additional charge (if issued in conjunction with a lender certificate). The flat rate premium will also encourage purchasers who are not obtaining financing to obtain owner coverage up to \$750,000 for a flat rate of \$175.

For 2020, the Federal Housing Finance Agency (FHFA) raised the maximum conforming loan limit for a single-family property to be acquired by Fannie Mae and Freddie Mac from \$484,350 to \$510,400. ITG proposes increasing the maximum coverage amount qualifying for the flat rate premium to accommodate lenders and maintain a competitive edge in the title coverage industry.

This policy change is aligned with ITG's mission to provide low-cost title coverage to lenders and owners. ITG's clean title standard allows ITG to provide this flat rate structure with increased maximums without exposing ITG to unreasonable liability. Title insurance competitors will be unable to provide policy rates this low due to the title insurance "assumption of risk" model in which title companies write over defects instead of clearing them prior to closing. Due to this fee structure, ITG anticipates it will experience an estimated \$55,000 annual reduction in excess premiums. Yet, ITG expects that diminution will be offset in part by its new flat fee structure (\$5 per transaction). ITG anticipates acquiring new business from lenders who may currently use title insurance and from owners attracted to the low, simplified premium. ITG also anticipates an increase in residential certificates issued from new and existing participants that now have access to the Qualia software platform to perform residential transactions in compliance with the TILA-RESPA Integrated Disclosure (TRID) Rule and RESPA.

#### **Industry Impact:**

- Streamlines pricing for 99.8% all transactions, including lender and owner certificates.
- Encourage owners to elect coverage by removing the deterrent of the additional and unexpected cost discovered at the closing table.
- All Fannie Mae and Freddie Mac conforming loans become eligible for flat rate premiums. While this excludes "high-cost area limits" as defined by FHFA, no Iowa property constitutes a high-cost area.
- Provides ITG with a distinct competitive advantage over title insurance.
- Aligns with the "750 Bright Line" initiative with participant E & O minimums, Forms 900/901 coverage maximums, ITG underwriting standards, and land survey requirements.

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<sup>1</sup> This percentage has increased with ITG's adoption of the Notice of Availability which provides the owner with information pertaining to owner coverage and requires that the owner elect or deny coverage. In FY17, 66% of owners eligible for free coverage elected to obtain coverage.

## 4. Forms 900/901 Eligibility: Maximum Coverage Amount - Decrease

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**Current: \$1,000,000**

**New: \$750,000**

**Effective Date: January 1, 2021**

**New Policy:** Effective January 1, 2021, the Form 900/901 maximum coverage amount shall be \$750,000 or less.

**Background:** ITG currently permits the use of the Forms 900/901 for coverage amounts of \$1 million or less. The Forms 900/901 are short-form abstractor search products used in refinance transactions if certain eligibility requirements are met. The Forms 900/901 are limited search products that do not disclose specific plats, declarations, covenants, restrictions, easements, reservations, rights and options filed of record.

However, ITG requires full underwriting and a Real Property Inspection Report for all transactions with lender coverage amounts greater than \$750,000. Due to the increased value and associated potential loss of improvements on properties in this price range, full underwriting requires all record matters be disclosed as exceptions on the commitments and certificates. Since the abstractor does not perform a full abstract search when preparing the Forms 900/901, the ITG underwriters are forced to manually search the public records online to pull the record items that are not disclosed on the abstractors' Forms 900/901 and add them to the commitment and certificate. Essentially, ITG underwriters are performing a full abstracting search. A full search, especially if the land is unplatted or has been replatted numerous times, may take a full day to complete. ITG only has two full time residential underwriting attorneys. The administrative burden imposed upon the underwriting attorneys to complete transactions with coverage amounts in this price range is unreasonable and not an effective use of time.

More importantly, the practice is incredibly risky as ITG underwriting attorneys are not experienced abstractors, do not have extensive knowledge of local customs and practices, nor do they have physical access to the local county records to ensure they have accurately pulled all items in the 40-year chain of title. A title search performed by an ITG staff member rather than a professional abstractor exposes ITG to unwarranted risk by increasing the possibility that an exception to title is missed.

Prior to proposing this change, ITG conducted research as to the number of transactions that would be impacted by this change. In FY19 only 32 refinance transactions across the state of Iowa had coverage amounts between \$750,000 and \$1 million. Twenty of the 32 required full abstract continuations and only 12 of those 32 were eligible for the Form 900. According to this number, only 0.0009% of lowans refinancing would be impacted by the change and required to obtain full abstracting.

While full abstracting will impose an increased expense on those 0.0009% transactions described above with coverage amounts between \$750,001 and \$1 million, the expense is justifiable and necessary to mitigate the increased potential losses associated with properties in this price range. In most circumstances, the increased expensed will likely be no more than \$150 to \$300. This is not an unreasonable or prohibitive expense for properties within this price point. However, the new flat rate of \$175 for transactions up to \$750,000 will help mitigate this expense as the ITG coverage premium would be reduced by \$250.

Notwithstanding the foregoing, ITG will continue to permit the use of the Form 900/901 on transactions with coverage amounts over \$750,000 after January 1, 2021 provided that the following occurred **at the time of purchase by the current titleholders**: (1) a participating abstractor prepared a final abstract continuation certified through the date and time of the vesting deed; (2) a participating attorney rendered a final title opinion; and (3) an ITG certificate was issued. If the refinance field issuer issued original ITG certificate at the time of purchase, the field issuer should add the special exceptions as shown on the original certificate to Schedule B of the new commitment and certificate, as applicable. If the field issuer did not issue the original certificate, the ITG underwriter will add the special exceptions as shown on the original certificate to the new commitment and certificate, as applicable.

### **Industry Impact:**

- Compliant with Iowa law which requires that search products are prepared by participating abstractors that 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 real property title guaranteed by Iowa Title Guaranty, unless waived or grandfathered. ITG underwriting attorneys are not waived from the 40-year title plant requirement and should not be performing title searches.
- Protects ITG against significant potential claims losses associated with covenant violations, boundary disputes, and encroachments of valuable improvements into easements and setback lines.
- Aligns with the "750 Bright Line" initiative with participant E & O minimums, Forms 900/901 coverage maximums, ITG underwriting standards, and land survey requirements.



## 5. Participant E&O Minimum “Per Occurrence” Requirement - Increase

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**Current: \$500,000**

**New: \$750,000**

**Effective Date: January 1, 2021**

**New Policy:** Effective January 1, 2021, a participant’s professional liability insurance known as errors and omissions (E&O) “per occurrence” minimum shall be at least \$750,000. ITG does not propose a change to the current “in the aggregate” minimum of \$1,000,000.

**Background:** ITG currently requires participants to maintain a professional liability policy with a minimum of \$500,000 per occurrence. However, ITG does not conduct underwriting review unless the transaction involves a lender coverage amount of greater than \$750,000. Transactions with coverage amounts from \$501,000 to \$750,000 expose ITG to unnecessary risk, as the participants E&O insurance would not cover a loss exceeding \$500,000. The current policy exposes ITG to \$250,000 in liability for each transaction with a coverage amount between \$500,000 and \$750,000. This is further exacerbated by the fact that since the minimum insurance requirements were implemented, the average home has increased significantly with inflation and costs of living increases. Since 2010, the number of transactions with coverage amounts exceeding \$500,000 per year has increased by 700%.<sup>2</sup>

ITG’s reports evidence that 1,162 of 1,371 or 85% of participants already maintain “per occurrence” coverage over \$750,000. This demonstrates that most participants already recognize the need for increased professional liability insurance. Only 209 out of 1,371 participants or approximately 15% of all ITG participants only have the current \$500,000 minimum per occurrence and will be affected by this policy change.

### **Industry Impact:**

- Increased protection for lenders, consumers, and real estate professionals.
- Protects ITG against significant potential claims losses.
- Aligns with the “750 Bright Line” initiative with participant E & O minimums, Forms 900/901 coverage maximums, ITG underwriting standards, and land survey requirements.
- Aligns with ALTA Best Practice #6 which provides that appropriate levels of professional liability insurance or errors and omissions insurance help ensure that title agencies and settlement companies maintain the financial capacity to stand behind their professional services.

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<sup>2</sup> In 2010, only 75 transactions had coverage amounts over \$500,000. In 2019, 529 transactions had coverage amounts over \$500,000. In the first four months of 2020, over 634 transactions had coverage amounts over \$500,000.

## 6. Annual Participation Fee – Flat Fee Structure

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**Current: \$25 per service (title opinion, abstracting, closing protection letters).**

ITG Board Approved June 2, 2020<sup>3</sup>

IFA Board Approved June 3, 2020<sup>4</sup>

**No charge for field issuing.**

**New: \$75 flat annual participation fee for all participants.**

**Effective Date: January 1, 2021**

**New Policy:** Effective January 1, 2021, ITG adopts a flat \$75 annual participation fee for all participants regardless of the number of services requested.

**Background:** Since inception in 1987, ITG has charged a \$25 annual participation fee for each service the participant is approved to provide on its behalf. For example, the annual participation fee for a participant approved for title opinion and closing protection letters (“CPL”) is \$50. In 1987, participants submitted paper applications and renewals. Upon receipt of ITG approval, participants would remit payment for the services for which they were approved.

ITG eventually transitioned to online applications and renewals, requiring participants to remit payment as a condition of approval. This requirement ensured prompt payment of the participation fee. However, it also resulted in an additional refund process. In the event a requested service is denied under the current fee structure, an ITG staff member must manually process the \$25 refund. The Participant Program Administrator spends a significant volume of time simply processing participation fee refunds. The cost to administer each \$25 refund is exceedingly burdensome and is not an effective use of ITG’s limited resources. The flat fee will reduce the administrative burden of having to process refunds of \$25 fees.

ITG has exponentially grown over the years and now partners with approximately 1,500 participants, including attorneys, abstractors, and independent closers. The participant application has evolved into a Participant Program with a single dedicated staff member managing all 1,500 participant records. The Participant Program Administrator frequently spends hours corresponding with the participant via email and phone. An ITG attorney also reviews the participant’s corporate or organizational documents as well as the participant’s responses to compliance questions. The flat fee structure will allow ITG staff to reallocate the time currently being spent on processing refunds to managing participant records and performing necessary compliance reviews.

According to inflation models, \$25 in 1987 is equivalent to \$58.14 today. Using this figure, the participation fee should be increased to \$116.28 for 2 services and \$174.42 for 3 services. In determining the amount of the proposed flat participation fee, ITG considered the number of services provided by participants to determine the number of participants that would be impacted by the fee increase. Currently, 758 participants are approved for 1 service, 282 participants approved for 2 services; and 264 participants approved for 3 services. Given that many participants provide only 1 service, ITG proposes increasing the fee to only \$75.

Another important and often forgotten factor is that ITG pays for each participant’s American Land Title Association’s (“ALTA”) license fees which allows the participant to use ALTA’s commitment, closing protection letter, certificate, and endorsement forms. The license fee is \$195.00 for each participant that issues 51 or more certificates the previous year. This license fee is 7.8 times greater than the \$25 annual participation fee, and over 2.5 times greater than the proposed \$75 annual participation fee.

For the reasons stated above, ITG proposes a flat \$75 annual participation fee for all participants regardless of the number of services requested. For example, a participant requesting title opinion and CPL services as mentioned above would now be charged \$75 even though the participant will only provide 2 services. The annual fee will not increase for those participants that provide 3 services, as the three \$25. fees are equivalent to the flat \$75. According to the statistics on current ITG participants, ITG anticipates an increase of \$44,950.00 in participation fees. This revenue will help offset the estimated \$55,000 loss in revenue resulting from the increase in ITG’s flat rate premium threshold from \$500,000 to \$750,000.

### **Industry Impact:**

- Simplified, streamlined flat fee for all applicants regardless of services requested.
- Aligns with the “750 Bright Line” initiative with participant E & O minimums, Forms 900/901 coverage maximums, ITG underwriting standards, and land survey requirements.

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<sup>3</sup> Iowa Code §16.91(4).

<sup>4</sup> *Id.*

## **7. E-Payment Requirement**

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**Prior: E-Payment Encouraged**

**Current: E-Payment Required**

**New Policy:** ITG requires all premium payments be remitted electronically through the e-payment portal located on ITG's Resource Desk. Upon transition to Qualia Labs, Inc., e-payments must be submitted through the Qualia platform.

**Background:** ITG implemented the e-payment portal in 2015 and has encouraged participants to remit payment through the portal. Few participants have adopted this practice and continue to remit premiums via paper check. ITG currently processes approximately 4,000 checks per month. The administrative burden to process paper checks is monumental. ITG requires a full-time accounting position simply to process the paper checks. Often, the checks fail to include a copy of the invoice and fail to reference the corresponding certificate number. When this occurs, a staff member must manually search through CAP records to determine the proper transaction to which the funds should be applied. Given the volume of transactions processed through the CAP system since 2006, the research often leads to duplicate files and the inability to determine how the funds should be applied. This research function is also a full-time job.

The COVID-19 pandemic required ITG to implement a remote work policy. ITG's ability to promptly process premium payments remotely now requires that all ITG premiums be paid through the e-payment portal. ITG recognizes that the current e-payment portal could be significantly improved. ITG is diligently working with a third-party servicer to implement several user-friendly enhancements, including the addition of reference fields for check and file numbers. The transition to Qualia will greatly improve the efficiency of e-payment processing, as participants will have the ability to allocate or earmark funds to transaction files and submit aggregate payments to ITG.

**Industry Impact:**

- Expedited application of premium payments.
- Improved accuracy of application of funds by requiring the funds be electronically submitted with the transaction number.
- Reduction in administrative burden of processing thousands of checks.

## **8. Application E-Submission Requirement**

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**Prior: E-Submission Encouraged**

**Current: E-Submission Required**

**New Policy:** ITG requires all applications for division-issued commitments and certificates be submitted electronically through ITG's [Resource Desk](#) or by emailing the necessary documentation to [tgdc commitments@iowafinance.com](mailto:tgdc commitments@iowafinance.com). Upon transition to Qualia Labs, Inc., application submissions must be submitted through the Qualia platform.

**Background:** ITG has historically accepted paper applications and subsequent submissions for division-issued commitments and certificates. ITG currently processes hundreds of paper submissions each month. These paper submissions create an unnecessary burden on ITG, as staff must sort, scan and upload the documentation.

The COVID-19 pandemic required ITG to implement a remote work policy. ITG's ability to promptly process applications now requires that all ITG applications be submitted electronically through ITG's [Resource Desk](#) or by emailing the necessary documentation to [tgdc commitments@iowafinance.com](mailto:tgdc commitments@iowafinance.com). Upon transition to Qualia Labs, Inc., application submissions must be submitted through the Qualia platform.

This policy change significantly reduces the administrative burden of sorting, scanning and uploading paper files, allowing ITG staff to process applications and subsequent submissions more efficiently.

**Industry Impact:**

- Expedited application processing.
- Increased production efficiency by reducing redundancy of manual tasks.

## 9. Composite Mortgage Affidavit - Update

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**Current:** N/A

**New:** See updates below

**Effective Date:** Immediately

**New Forms:** ITG adopts the updated June 2020 Composite Mortgage Affidavit (Owner/Seller) and Composite Mortgage Affidavit (Buyer). Please find copies of the new forms on our [ITG Resources](#) page. The new forms will print with all commitments issued on or after June 8, 2020. ITG will accept the 2018 version of the CMA for all commitments generated prior to June 8, 2020. On or after January 1, 2021, ITG will require the 2020 CMA for all transactions. Prior versions will no longer be accepted.

The fundamental updates to the documents are as follows:

- Addition of check boxes to produce affirmative responses;
- Rewording of the statements to be more easily understood by consumers;
- Requiring the disclosure of any labor, equipment or materials furnished for all property types;
- Providing examples of public improvements to provide clarification to the affiant;
- Providing examples of other interests that may impact the property;
- Requiring disclosure of any mortgages, lines of credit or bridge loans obtained prior to closing;
- Requiring spouses of all titleholders to join in execution;
- Improved, user-friendly format and signature lines; and
- Addition of multiple notary blocks.

**Background:** The Composite Mortgage Affidavit (“CMA”) is a document that must be completed, signed and properly acknowledged by all titleholders and purchasers of a property as a condition to obtaining ITG coverage. The CMA is a critical document because it is the only documentation evidencing those items that are not shown in the public record. These items are known as the four Standard Exceptions and are shown on Schedule B, Part II of the commitment:

1. Any right or claim of a **party in possession** not shown by Public Records.
2. Any **encroachment**, encumbrance, violation, variation or adverse circumstance affecting the title that would be disclosed by an accurate and complete land survey of the Land.
3. Any **easement** or claim of easement not shown by the Public Records.
4. Any lien or right to a lien for **services, labor or material** heretofore or hereafter furnished, imposed by law and not shown by the Public Records.

Most lenders require title coverage for these non-record items and will not accept a policy containing these items as exceptions. ITG agrees to remove these items as exceptions to title on the lender certificate ONLY IF the CMAs are accurately completed, signed and notarized and reflect no new matters. Without the required CMAs, ITG is unable to provide coverage for these items without an ALTA survey and other necessary assurances.

Due to the passive nature of statements in the current CMA, which require no response if not applicable, the owners and buyers frequently do not review the questions prior to signing. In some instances, the parties permit a real estate agent to sign the CMA with a Power of Attorney and the agent fails to consult with the client who has the knowledge to accurately answer the questions. This is extremely problematic, as ITG relies upon the statements and certifications on the CMA when agreeing to issue coverage.

Many of the claims ITG receives involve matters that should have been disclosed on the CMA at the time of closing. By requiring active responses to each question, ITG expects greater attention to detail by the affiants which will ultimately result in fewer claims and related expenses.

### Industry Impact:

- Purchasers and lenders obtain accurate information about the property prior to closing.
- Alerts the lender, purchaser and settlement agent to any matters that must be cleared prior to closing,
- CMA disclosures provide the opportunity for the settlement agent and/or examining attorney to clear all matters prior closing, ultimately resulting in fewer claims and protecting Iowa’s land title system. User-friendly language and formatting allow the parties to easily complete the forms.

## 10. Notice of Availability - Update

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**Current:** N/A

**New:** See updates below

**Effective Date:** Immediately

**New Form:** The updated Notice of Availability provides for additional options which allow an owner to elect owner coverage in cash transactions and when the purchase price of the property exceeds \$500,000 (\$750,000 on or after January 1, 2021). The content and formatting of the form was also updated to be user-friendly and informational to the purchaser. Please find a copy of the new form on our [ITG Resources](#) page. The new form will print with all commitments issued on or after June 8, 2020. ITG will accept the 2018 version of the Notice of Availability for all commitments generated prior to June 8, 2020. On or after January 1, 2021, ITG will require the 2020 Notice of Availability for all transactions. Prior versions will no longer be accepted.

**Background:** The existing Notice of Availability is flawed in that it only contemplates election of coverage if (i) it is being issued in conjunction with a lender certificate and (ii) the purchase price of the property is \$500,000 or less. This is a misleading representation which leads purchasers to believe that coverage is unavailable unless those two factors have been satisfied. The form does not allow for the purchaser in a cash deal to elect to obtain coverage, nor does it clearly permit those owners seeking coverage over \$500,000 to obtain coverage. The Notice of Availability in its current form results in owners declining to elect coverage.

**Industry Impact:**

- Informs purchasers as to their right to obtain owner coverage.
  - Purchasers can clearly review all coverage options and elect owner coverage, if desired.
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## 11. Post-Closing Search Requirement - Update

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**Current:** Closing Protection Letter (CPL) closers that field issue may perform final searches to confirm filing of the vesting deed and guaranteed mortgage and issue final certificates without a final search product prepared by a participating abstractor.

**New:** A final search product prepared by a participating abstractor certified through the date of the vesting deed and/or guaranteed mortgage is required for all ITG certificates.

### **Effective Date: Immediately**

**New Policy:** ITG requires that a final search product prepared by a participating abstractor certified through the date of the vesting deed and/or guaranteed mortgage be required prior to the issuance of an ITG certificate. Self-evidencing is prohibited.

**Background:** In 2008, ITG permitted CPL closers that also performed field issuing services to issue a final certificate without having a final search performed by a participating abstractor. This policy was permissible at the time because a pre-closing search was required for the issuance of the CPL and e-filing was not yet common practice. In 2008, the abstractor delivered the documents to the recorder's office shortly after execution, typically running a further final search immediately prior to recording. The risk for an intervening lien using this process was minimal and the risk to ITG providing first lien coverage was extremely low.

Since 2008, not only is e-filing with a county recorder or through Iowa Land Records now commonplace, often bypassing the abstractor and the abstractor's final last-minute search, but other county offices and state agencies have implemented mandatory electronic filing. Iowa's Judicial Branch now requires electronic filing of all documents and Iowa's Secretary of State requires electronic postings to the Mechanic's Notice and Lien Registry ("MNL"). The instantaneous nature of electronic filings and postings significantly increases the risk that an intervening lien could be filed and take priority over the guaranteed mortgage. The mere verification of recordation of the guaranteed mortgage and/or deed which was an acceptable procedure when the abstractor was performing a final search immediately prior to the filing of documents, now exposes ITG to much greater risk. Iowa has long held that abstractors and attorneys providing abstracting services have the specialized skills and expertise required to thoroughly search the public records to identify any and all title defects. Given today's complexities of various indexing requirements which can vary significantly from county to county, the speed at which liens are now filed, and the intricacies of determining legal filings affecting real property, ITG has determined it is no longer sufficient to simply confirm the filing of the vesting deed and guaranteed mortgage in order for ITG to guaranty first lien position.

Due to evolution of e-filing, as well as the potential liability associated with failure to properly perform final title searches, ITG requires a final search prepared by a participating abstractor commencing from the pre-closing search certification date and continuing through the filing date of the vesting deed and/or guaranteed mortgage to confirm proper title vesting and first lien priority. A final search must be conducted against all titleholders (sellers in a purchase, owners in a refinance) and all property covered by an ITG certificate, defined as the "Land". ITG permits the use of an abstractor post-closing search in lieu of a final continuation if an abstract continuation was completed prior to closing, provided, however, that the examining attorney may require a final abstract continuation to render a final title opinion. For detailed information on acceptable search products, please see updated "Abstracting and Title Search Products for Residential Transactions" on our [ITG Resources](#) page.

ITG will continue to provide lenders with CPL and GAP coverage. ITG is simply requiring that the CPL closer obtain a post-closing search to confirm that the closing documents were filed in the proper order with no intervening liens. This post-closing requirement not only protects ITG, but also protects the CPL closer. While ITG remains obligated to the lender under the CPL, ITG would eventually seek recoupment from the CPL closer for failure to properly follow ITG's requirements and/or the lender's closing instructions. The post-closing requirement affords the CPL closer the prompt opportunity to resolve any issues immediately post-closing instead of numerous years into the future. Most title defects or errors in lien priority can be resolved relatively easily and quickly if the transaction recently closed. Correcting title defects years after a closing is much more difficult, as it is often challenging to locate the proper transaction parties.

While ITG offers the same title coverage products as offered by title insurance, it is important to remember that ITG is fundamentally different than title insurance. ITG operates as an adjunct to Iowa's attorney-abstract land-title system by offering low-cost title coverage and adding to integrity to Iowa's land-title system. Iowa's land-title system is a "guaranty system" (guarantying clear title prior to closing) rather than an "assumption of risk system" (insuring over defects). In other words, ITG guarantees lenders and consumers clear title for a low, flat-rate premium. Conversely, title insurance companies agree to assume risks for defects in exchange for exorbitant premiums. While title insurance may agree to pay to resolve a title defect discovered post-closing, the consumer will undoubtedly be faced with time, expense and potential closing delay while navigating through the claim procedures.

The Iowa Title Guaranty system is built upon the premise that title must be clear prior to closing. ITG's sustainability requires clean title and few claims. ITG routinely covers roughly \$14 billion in residential loans each year. Due to ITG's low premiums, ITG only generates around \$1 million in excess revenue annually. Currently, this excess revenue is reinvested back into Iowa communities in the form of down payment assistance grants. If ITG expected to take on the increased risk associated with circumventing the abstractor's final search, ITG would be forced to exponentially increase fees to cover claims and further the mission of supporting housing assistance programs. However, such an increase in fees to support an assumption of risk system would be contrary to ITG's mission to provide low-cost title guaranties and add to the integrity of Iowa's land-title system. Ultimately, ITG would be charging consumers an increased premium for a lesser assumption of risk product.

Therefore, the post-closing search requirement is critical for ITG to remain viable and to allow ITG to continue to provide low-cost title coverage to lenders and consumers.

**Industry Impact:**

- Lenders have assurance the Guaranteed Mortgage is in first lien position.
- Owners have assurance of clear and marketable title.
- Creates consistency in post-closing search requirements. Reduces errors resulting from searching unofficial or incomplete records online.



## 12. Minimum Abstract Standards – Update

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**Current:** N/A

**New:** See updates below.

**Effective Date:** January 1, 2021

**New Policy:** Effective January 1, 2021, ITG adopts the Minimum Abstract Standards 2020 to replace ITG's Minimum Abstract Standards (2014) to improve overall format and readability, update requirements in response to new legislation, case law, ITG underwriting issues and claims, and to provide enhanced clarification as to ITG's abstracting requirements. Please find a copy of the Minimum Abstract Standards on our [ITG Resources](#) page.

**Background:** The most recent version of ITG Minimum Abstract Standards was adopted in 2014 ("Standards"). ITG proposes updating the Standards to address common questions and provide clarity to abstractors and other ITG participants. ITG has encountered a variety abstracting issues that warrant additional clarification. Therefore, ITG has added the following requirements and clarifications to the Standards:

1. **REMOTE NOTARIAL ACTS** – Senate File 475, approved by the Governor on April 28, 2019, legalizes remote online notaries ("RON") in Iowa effective July 1, 2020. The Governor's Proclamation of Disaster Emergency on March 22, 2020 related to COVID-19 expedited the implementation of the Act. Pursuant to the Proclamation, RON shall remain valid in Iowa so long as it is extended by proclamation. In the event the disaster expires prior to July 1, 2020, the RON Act will again become effective on July 1, 2020. Due to the uncertainty and lender restrictions on the use of RON, ITG has updated its Standards to include the following requirement:
  - i. **REQUIREMENT: Identify remote notarial acts and include the recitation shown in the acknowledgment (e.g. "This notarial act involved the use of communication technology.")**.
2. **ACCESS** – ITG frequently encounters transaction in which the property owner does not have a legal right of access.
  - i. **REQUIREMENT: The abstract must reflect all matters of record showing access to the public right-of-way pursuant to Title Standard 1.11. The abstractor has no affirmative duty to confirm legal access. However, if lack of access or other access issues are discovered or otherwise known, the abstractor should alert the examiner by noting in the abstract entry.**
3. **MNLR POSTINGS** – The purpose of the Secretary of State's Mechanic's Notice and Lien Registry is to provide notice of work being performed or materials being furnished on a property. If a contractor, materialmen, supplier or subcontractor posts a commencement of work notice and/or a preliminary notice, a later-filed mechanic's lien relates back to the date of the original notice posting. Currently, many abstractors are not abstracting notices because they do not constitute liens. While a notice alone is not technically a lien, the notice is a public record which serves as the effective date of the mechanic's lien, when and if filed. This creates the following problem in title examination: Contractor files a commencement of work notice on June 1, 2020. Owner sells the property to Buyer on June 15, 2020. The abstractor's preliminary abstract update and pre-closing search do not set forth the commencement of work notice. Buyer executes a mortgage in the amount of \$300,000 which is filed the same day, June 15, 2020. The mortgage is not a purchase money mortgage. The attorney issues an ITG lender certificate guaranteeing the mortgage is in first lien priority. On June 30, 2020, Contractor files a mechanic's lien in the amount of \$500,000 which is now effective as of June 1, 2020, taking priority over the guaranteed mortgage.

Currently, closers are tasked with performing MNLR searches at the time of closing. This practice is problematic for the following reasons:

- a. *Searches Not Being Performed.* Many closers assume the abstractor is performing the search, and therefore, do not perform any MNLR searches.
- b. *Lack of Search Expertise.* Often, the closer, who has no experience in searching public records and does not have the same level of expertise as the abstractor, does not understand how to properly perform an MNLR search or understand the consequences of an improper search. Those participants that do understand the importance of the search and gravity of a mistake believe that abstractors are best equipped to perform searches of the public records and should be responsible for doing so.
- c. *Closing Delays.* If a closer performs an MNLR search, it is performed on the day of closing. If a posting is revealed on the day of closing, closing is delayed allowing time to prepare and obtain lien waivers and file satisfactions and/or withdrawals.

- d. *ITG Liable under CPL.* If a CPL is issued a no search or an improper search is performed, ITG is liable for any postings that were not satisfied or withdrawn prior to closing. If the field issuer is not the closer, the field issuer does not know that the closing occurred until months later when the lender requests a final title certificate. While the field issuer could (and should) perform an MNLN search prior to issuing the final certificate, ITG would remain liable under the CPL for any postings that were not cleared prior to closing.

After obtaining input from industry stakeholders, ITG has determined it is in the best interest of ITG and Iowa's land title system that abstractors perform MNLN searches for the following reasons:

- a. *Public Records.* The abstractor's role in Iowa's real estate industry is to search the public records. The public records are not limited to the county recorder, but also include records of the courthouse, treasurer, and postings to the Secretary of State's MNLN database. MNLN postings should not be exempt from public records searches simply because the search venue has shifted to the Secretary of State's office. The shift does not impose a physical burden on the abstractor, as all postings are discoverable through the online database.
  - b. *Prevents Closing Delays.* As mentioned above, closings are often delayed due to a notice or lien posting discovered on the day of closing. Setting forth notice postings in the preliminary abstract continuation will prevent delays by providing the examining attorney and closer the time necessary to resolve any postings revealed.
  - c. *Abstractor Expertise.* The nature of abstracting is detail-oriented, and abstractors are equipped with the necessary search expertise to properly perform MNLN searches. While closers may understand closing procedure and closing instructions, many—if not most—are unfamiliar with performing real property searches.
  - d. *Industry Demands.* In conducting research, ITG discovered that many abstractors, including abstracting companies performing work in Iowa's largest metropolitan areas are already performing MNLN searches and showing MNLN postings due to the demands of clients – attorneys and closers.
  - e. *Compensation.* Abstractors are not being asked to perform the search for free. Rather, the abstractor may charge for the search as an additional revenue stream.
    - i. **REQUIREMENT: The abstract must reflect all postings to the Iowa Secretary of State's Mechanics Notice and Lien Registry, including mechanic's liens, commencement of work notices, preliminary notices and withdrawals.**
4. **OPEN-END MORTGAGES** - ITG requires closers and field issuers to obtain documentation evidencing that an open-end, future advance, HELOC or other form of line of credit mortgage has been satisfied, closed and released. A satisfaction merely states that the balance of the loan has been paid to zero, but it does not release the lien from the Land. A release provides that the lien has been released or detached from the Land—confirming that the Land no longer serves as collateral for the loan. A document entitled "satisfaction" may be acceptable, so long as the substantive terms within the body of the document provide that the lien is discharged and released. Obtaining a mere satisfaction without the required release language may result in a previous owner taking a future draw. Currently, many abstractors are not identifying and setting forth and alerting the examiner if the mortgage contains a future advance or line of credit clause. This creates an issue for the title examiner who relies on the abstract entry to determine his or her title objections and requirements. Without a recitation in the abstract indicating that the mortgage is an open-end mortgage, the examiner is unable to determine if (1) he/she must require a Request to Close and Release be sent to the lender, and (2) a mere satisfaction (without release language) adequately clears title.
    - i. **REQUIREMENT 1: Mortgage entries must reflect that the mortgage secures an open-end, future advance, HELOC or other form of line of credit mortgage.**
    - ii. **REQUIREMENT 2: When abstracting a release and/or satisfaction pertaining to an open-end, future advance, HELOC or other line of credit mortgage, the release or satisfaction must be typed in full or in short form, provided a copy of the complete instrument is included for the examining attorney's review.**
  5. **ZONING AND LAND USE** – The current Standards provide that zoning ordinances are excluded from the minimum requirements. This exclusion is in conflict with Iowa Title Standard 1.10 which requires that all recorded zoning and land use regulations that specifically refer to the real estate described in the caption of the abstract should be briefly abstracted to alert the examiner to the existence of the same. ITG will not require the abstractor to abstract all other zoning and land use regulations but will require the abstractor include the recitation below.

- i. **REQUIREMENT:** Pursuant to Title Standard 1.10, all recorded zoning and land use regulations that specifically refer to the real estate described in the caption of the abstract should be briefly abstracted to alert the examiner to the existence of the same. For all other zoning and land use regulations, the following (or similar) notation in an abstract is sufficient: *“Various proceedings regarding zoning and land use regulations may affect the real estate described in the caption of this abstract. You may wish to contact the appropriate offices for further particulars to see how they may affect the subject real estate.”*

The current Standards are provided in a list format with little organization which presents a challenge for participants wishing to quickly reference the Standards. The proposed Minimum Abstract Standards (2020) reorganizes the requirements and presents the material in a user-friendly format.

**Industry Impact:**

- Consistent, uniform guidance on ITG abstracting requirements.
- Alleviates uncertainty amongst ITG participants.
- Increases protection of consumers, lenders and ITG.
- User-friendly manual promotes awareness and understanding.

## 13. Form 900/901 Standards and Manual - Update

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**Current:** N/A

**New:** See updates below.

**Effective Date:** June 2020

**New Policy:** ITG proposes an updated Form 900/901 Manual to provide clarify as to existing requirements, expand eligibility criteria in two limited, but common circumstances, and to improve participant's overall knowledge and understanding of Form 900/901 eligibility and reporting requirements. Please find the new Form 900/901 Manual on our [ITG Resources](#) page.

**Background:** The ITG Forms 900/901 were introduced as short-form abstractor search products to reduce abstracting costs, expedite closings and allow ITG to remain competitive in the refinance market. However, real estate professionals have consistently expressed confusion and misunderstanding related interpretation of the Forms 900/901 eligibility and search requirements. To alleviate common concerns and promote uniformity across Iowa's 99 counties, ITG created the Form 900/901 Manual in September 2019. The manual sets forth the eligibility requirements, minimum reporting requirements, and provides sample Forms 900/901 and an updated attorney certification.

Since the release of the Form 900/901 Manual, ITG participants have suggested further improvements. The suggestions include clarifications as to existing policies, but also recommendations for policy changes. In response, ITG has added language to the Form 900/901 Manual to clarify the following existing policies:

1. **ACCESS.** While the abstractor has no affirmative duty to confirm legal access, the Forms 900/901 should not be used if the abstractor discovers there is no legal access to the property or if there are other known access issues.
2. **SPOUSAL EXCEPTION.** An exception to the requirement that all titleholders acquire title by virtue of the last full value deed exists when a spouse is added or removed from title by virtue of a deed less than full value, provided that the abstractor performs names searches on all grantors and grantees of the conveyance instrument(s) adding or removing the spouse and the title attorney examines the deed to confirm validity.
3. **PERSONAL LIEN SEARCHES.** While the Forms 900/901 only require property search since the date of the last full value deed, the abstractor must still perform 10-year lien searches against all current titleholders.
4. **OPTIONAL 24-MONTH CHAIN OF TITLE.** ITG does not require that the abstractor show the 24-month chain of title. However, most residential loans sold on the secondary market require that the title commitment include the 24-month chain. Abstractors may wish to add the 24-month chain of title as a courtesy to customers. NOTE: ITG only requires a search from the date of the last full value deed.

In accordance with the updated Minimum Abstracting Standards described above, ITG has amended the Form 900/901 Manual to require the following:

5. **OPEN-END MORTGAGES.** Mortgage entries must include a recitation indicating that the mortgage secures an open-end, future advance, HELOC or other form of line of credit mortgage. When showing a release and/or satisfaction pertaining to an open-end, future advance, HELOC or other line of credit mortgage, the release or satisfaction must be typed in full or in short form, provided a copy of the complete instrument is included for the examining attorney's review.
6. **MNLR POSTINGS** –The Forms 900/901 must reflect all postings to the Iowa Secretary of State's Mechanics Notice and Lien Registry, including mechanic's liens, commencement of work notices, preliminary notices and withdrawals.

In response to urgent industry demands of the spring 2020 refinance boom, ITG revised the current Form 900/901 Manual to expand eligibility criteria in a second limited circumstance falling within the parameters described below.

7. **INTER VIVOS TRUST EXCEPTION.** An exception to the requirement that all titleholders acquire title by virtue of the last full value deed exists when a transfer is made to/from an individual's and/or spouse's individual or joint inter vivos trust in which the individual and/or the individual's spouse is the settlor and the trustee of said trust, provided that the abstractor performs name searches on all grantors and grantees of the conveyance instrument(s) to/from the inter vivos trust (trustees/trust and individuals) and the title attorney examines the deed, trustee and purchaser affidavits, and guaranteed mortgage to confirm validity and desired lien priority.

The purpose of this change is to permit individuals or married couples who have transferred their property into an inter vivos trust for estate planning purposes to refinance the property without the need for full abstracting. This exception is limited to individuals and their spouses. All other transfers to and from trusts trigger full abstracting.

a. Examples of Form 900/901 Eligible Conveyances

- i. Sue Doe, single, to/from Sue Doe, Trustee of the Sue Doe Trust.
- ii. Jon Doe and Jan Doe, husband and wife, to/from Jon Doe and Jan Doe, Co-Trustees of the Jon Doe and Jan Doe Trust.
- iii. Jon Doe, Trustee of the Jon Doe Trust to/from Jon Doe and Jan Doe, husband and wife.

Notwithstanding the foregoing, the Forms 900/901 may not be used in transactions in which the examining attorney determines the Form 900 does not provide sufficient information to render an opinion. Nor can the Forms 900/901 be used when a transfer is made (1) from an individual, and spouse, if any, to a trust in which neither individual grantor nor the individual's spouse is both the settlor and the trustee; (2) from a trustee of a trust to an individual who is not the settlor and trustee of the trust; or (3) to/from other types of trusts.

b. Examples of Conveyances Triggering Abstracting

- i. Jan Doe, single, to/from Joe Smith, Trustee of the Joe Smith Trust (conveyance to a trust of an individual who is not a spouse).
- ii. Jon Doe and Jan Doe, husband and wife, to/from Joe Smith, Trustee of the Joe Smith Trust (conveyance to a trust of an individual who is not a spouse).

The last revision is proposed in accordance with the 750 Bright Line Policy.

8. COVERAGE AMOUNTS UP TO \$750,000: Effective January 1, 2021, the Forms 900/901 shall only be used for coverage amounts \$750,000 or less. Notwithstanding the foregoing, ITG will continue to permit the use of the Form 900/901 on transactions with coverage amounts over \$750,000 after January 1, 2021 provided that the following occurred at the time of purchase by the current titleholders: (1) a participating abstractor prepared a final abstract continuation certified through the date and time of the vesting deed; (2) a participating attorney rendered a final title opinion; AND (3) an ITG certificate was issued. See Section 4 above on Page 7 for further details.

For Form 900/901 preparation, abstractors should charge a reasonable fee which remains competitive with similar title insurance refinance products.

**Industry Impact:**

- Consistent, uniform guidance on Form 900/901 requirements.
- Alleviates uncertainty amongst ITG participants.
- Expands eligibility requirements to permit the use of the Form 900/901 in 2 common circumstances that otherwise would not meet eligibility requirements and would not qualify for the use of the Form 900/901.
- User-friendly manual promotes awareness and understanding.