



IOWA TITLE GUARANTY

BOARD MEETING MINUTES

Iowa Title Guaranty
Des Moines, Iowa
August 6, 2019

Board Members Present

Chuck Winkleblack, Chair
Jason Froehlich

Judy Hilgenberg
Sarah Pesek

Board Members Absent

Daniel Seufferlein

Staff Members Present

Debi Durham, Executive Director, Iowa
Finance Authority
Lindsey Guerrero, Deputy Director, Iowa Title
Guaranty
Kristin Hanks-Bents, Legislative
Liaison/Counsel
Randy Ambrozic, Controller
Deb Franklin, Business Relationship Manager
Rachel Pettit, Audit Specialist
Kevin Blackman, Residential Underwriting
Attorney

Samantha Askland, Commercial Svcs. Officer
Faith Baker, Senior Production Specialist
Rosy Eichelberger, Residential Underwriting
Attorney
Kim Praska, Commercial Services Specialist
Carrie Nutt, Training Specialist
Steven Crouse, Production & MR Specialist
Heidi Koll, Participant Program Administrator
Ashley Jared, Communications Director, Iowa
Finance Authority
Rick Groom, IT
Rob Christensen, IT

Others Present

Jan Gemar, Executive Director, ILTA
(Telephone)
Mike St. Clair, ILTA
Zach Ruroden, ILTA
Sandra Heilman, Iowa Title/Midland Title &
Escrow

Deb Partee, Midland Title & Escrow
Ranee Slings, Iowa Title Company
Dean Hoag, Statewide Abstract
Doug Struyk, Iowa State Bar Association
Dwight Dinkla, Iowa State Bar Association
Tim Gartin, Hastings, Gartin & Boettger, LLP

Call to Order

Chairman Winkleblack called to order the Meeting of the Iowa Title Guaranty (ITG) Board of Directors, August 6, 2019 at 10:30 a.m. Roll call was taken, and a quorum was established with the following Board Members present: Chair, Chuck Winkleblack, and Members Judy Hilgenberg, Jason Froehlich, and Sarah Pesek. Member Dan Seufferlein was absent.

Action Items

Review and Approval of June 4, 2019 and June 24, 2019 Board Meeting Minutes

MOTION: On a motion by Ms. Hilgenberg and a second by Ms. Pesek, the Board unanimously accepted the June 4, 2019 and June 24, 2019 Board Meeting Minutes.

New Business

No Agenda Items.

Discussion and Informational Items

Financial Report

Mr. Ambrozic summarized Total Revenues for FY19. During the twelve months ended June 30, 2019, total operating revenue was \$6,837,929. Total FY 2019 revenue was unfavorable by \$409,164, or 5.6%, compared to total revenue budgeted. Total FY 2019 revenue was unfavorable by \$992,475, or 12.7%, compared FY 2018.

Mr. Ambrozic then reported on total Residential Revenues. During the twelve months ending June 30, 2019, ITG issued 35,621 purchase related lender certificates, a decrease of 994, or 2.7%, compared to FY 2019 budget and a decrease of 1,008, or 2.8%, compared to purchase certificates issued in FY 2018. ITG issued 31,242 owner certificates in FY 2019, an increase of 2,498, or 8.7%, compared to budget and an increase of 2,655, or 9.3%, compared to FY 2018.

Mr. Ambrozic explained that Total Operating Expense was reported to be \$5,245,481 for the twelve months ending June 30, 2019, a decrease of \$808,036, or 13.4%, compared to the budget and a decrease of \$1,263,094, or 19.4%, compared to last year. The decrease compared to budget was due largely to lower employee expenses.

He went on to explain that Net Operating Income for the twelve months ending June 30, 2019 was \$1,592,448 and favorable by \$398,872 compared to net operating income budgeted for the twelve months. Net Operating Income for the twelve months ending June 30, 2019 was favorable by \$270,619 compared to the Net Operating Income from the twelve months ending June 30, 2018.

Mr. Ambrozic then reported on Field Issuer Incentives and Claims Expense. During the twelve months ending June 30, 2019, Field Issuer Incentives decreased by \$88,440 compared to budget and

decreased \$339,830 compared to prior year. Total Claims Expense was \$246,273 for the twelve months ending June 30, 2019, an increase of \$87,829 compared to budgeted expense and a decrease of \$267,323 compared to expense during the twelve months ending June 30, 2018.

Mr. Ambrozic reported that Total Commitments Issued YTD look favorable.

Business Relationship Update

Ms. Franklin reported that representatives from Qualia Labs, Inc. visited Iowa Finance Authority on June 4th – 7th to introduce their product and services to the Iowa Title Guaranty staff.

Ms. Franklin, Business Relationship Manager, and Carrie Nutt, ITG Training Specialist, attended the NS3 2019 National Settlement Services Summit at the Arizona Biltmore in Phoenix, AZ., June 17th-20th. The key-note speakers and panelists covered many topics including the modernization of the title insurance industry, the need for innovation and the drive to leverage technology to support external partners more efficiently. They also discussed the importance of the relationship with the consumer and title partners and the need for robust compliance management systems.

Ms. Franklin met with 7 participants and lenders across the state in June to review effective lender and participant practices, compliance issues and ALTA's best practices.

Iowa Title Guaranty continues to promote the new flat rate pricing in effect July 1, 2019, which has been well received.

Audit Update

Ms. Pettit provided an overview of the ITG Audit Program's goals and objectives for the 547 ITG participants approved to issue Certificates and/or CPLs.

Ms. Pettit will be focused on scheduling annual or bi-annual audits to ensure compliance with ITG requirements and ALTA Best Practices. Audits will begin in September and continue throughout the fiscal year. ITG participants have been divided into Tier One and Tier Two categories according to volume of Certificates and CPLs issued. Tier One participants will be audited on an annual basis and Tier Two participants will be audited bi-annually.

Audits will be focused on the following:

Field Issuers:

1. Compliance in preparing commitments, certificates, and endorsements.
2. Compliance with timeframe guidelines.

CPL Covered Closing Services

1. Closing services related to CPL covered risks
2. Escrow trust account reconciliation

Ms. Pettit encouraged the ITG Board Members to contact her regarding any metrics they want included in future Audit Reports to the Board.

Mortgage Release Update

Mr. Blackman reported that through June 2019, 380 mortgage release requests had been received. He stated that 283 of the requests were in conjunction with the Rapid Certificate program (74%), 97 requests included the \$200 fee (26%) and 261 releases had been filed. Mr. Blackman reported that since inception, 6,391 mortgages have been released through this program.

Claims Update

Mr. Blackman reviewed the current claims report with the Board, stating that FY19 year to date ITG had paid out \$236,338.69 in claims. He gave a detailed report regarding the trends in claims and the types of claims received.

Commercial Update

Samantha Askland provided the Commercial Update in Matt Veldey's absence.

Ms. Askland reported that ITG Commercial had conducted 11 closings since June. During that same period, 50 commitments were issued, which is a 26% increase in new business over the same two-month period last year. Since June, 46 certificates were issued, versus 43 during that period last year.

Ms. Askland reported that interviews for the Commercial Attorney are complete. Once the new attorney is in place, the ITG Commercial Department will have more time to market commercial products and services, and to that end, the commercial department will have a booth at the IFA Annual Conference.

Overview of ITG Board Authority

Kristin Hanks-Bents, Legislative Liaison/Counsel, provided an overview of the statutory authority provided to the Iowa Finance Authority Board, as well as that of the Iowa Title Guaranty Board's authority, as a division of the Iowa Finance Authority. Ms. Hanks-Bents explained that the powers specific to Iowa Title Guaranty are vested in the Iowa Title Guaranty Board as they related to the specific functions of Iowa Title Guaranty (e.g., participant requirements and waiver of title plant requirements), whereas the Iowa Finance Authority has a more broad and general statutory authority.

IFA Executive Director's Update

Director Durham began with an update on the ITG staffing situation. Currently ITG has 14 FTE's. Since June of 2018, 9 employees have left. Director Durham has met with HR to discuss the turnover and has since determined that that employees are not compensated appropriately for the expertise required. A complete and thorough review of the classifications and pay structure for both attorneys and staff will be reviewed and adjusted as needed, by the end of 2019. Director Durham stated that this review would need to be complete before the ITG Director position could be filled.

Director Durham mentioned that once IEDA relocates to the Bell Avenue building, there will be a senior leadership team overseeing both IEDA and IFA.

An offer has been extended for the Commercial Attorney position. ITG is in the process of interviewing for the Claims/Residential Underwriting Attorney position.

ITG Deputy Director Update

Ms. Guerrero provided an overview of the software platform selection process, reiterating the need for a new system. She then explained the different platform systems reviewed by ITG and the pros and cons of each, as well as the ITG internal evaluation process of Qualia Labs, Inc., and the steps toward implementation.

Ms. Guerrero reported that the budget for an ITG software platform was approved by the IFA Board at the June meeting.

ITG Stakeholders meetings are tentatively scheduled for August 26, 27 and 28, 2019.

Ms. Guerrero informed the Board that a Title Plant Waiver Application has been received from Abstract & Title Services of Boone County. Public Comments will be received through October 19, 2019. The Waiver Application will be presented at the December 3, 2019 ITG Board Meeting.

Chairman Winkleblack then opened the meeting for public comment regarding the Qualia Labs, Inc. software platform implementation.

Zach Ruroden, President Iowa Land Title Association (ILTA). The ILTA presented a letter to ITG and the ITG Board of Directors on August 5, 2019, via email stating that the ILTA supports ITG's decision to modernize with new technology and not store or collect abstracts. Mr. Ruroden also pointed out that the ILTA favors strict limitations on the collection and use of analytical data. The ILTA requests that they continue to be updated as the software platform is implemented and continues to offer its support in partnership with ITG.

Attorney Tim Gartin, of Hastings, Gartin & Boettger, LLP, spoke to his firm's use of Qualia Labs, Inc. software, since January 2019. The firm's experience with the overall platform and customer service, specifically, has been excellent. Mr. Gartin spoke to his full support of ITG moving forward with Qualia Labs, Inc. as a software partner.

Mr. Gartin spoke to the need for the ITG Director to be an attorney and gave his praise for the ITG Commercial Department.

Mr. Doug Struyk, presented comments on behalf of the Iowa State Bar Association (ISBA). The Bar Association appreciates ITG's efforts to move forward and keep our software relevant with the suite of tools offered. This is particularly important to attorneys in smaller practices who may not have the resources for such updates. This would also help attorneys in rural areas to keep a legal presence in their small towns. Mr. Struyk stated that the FAQ Portal ITG maintained eliminated many of the concerns the ISBA had regarding a new software platform. Mr. Struyk expressed the ISBA's appreciation for Director Durham's presence in stakeholder meetings during the last legislative session as well as her efforts to educate Iowa legislators on the importance of ITG in protecting Iowans and providing a higher quality product.

Public Comment

There was no additional comment from the public.

Other Business

There were no other business items for consideration.

Adjournment

MOTION: On a motion by Ms. Hilgenberg and a second by Mr. Froehlich, the August 6, 2019 Meeting of the ITG Board of Directors adjourned at 12:13p.m.

Dated this 3rd day of December, 2019.

Respectfully submitted:

Approved as to form:



Lindsey A. Guerrero
Director, Iowa Title Guaranty



Charles Winkleblack
Board Chair, Iowa Title Guaranty

