



BOARD MEETING MINUTES

**Iowa Title Guaranty
Des Moines, Iowa
March 2, 2021**

TELEPHONIC MEETING

Board Members Present

Chuck Winkleblack, Chair
Daniel Seufferlein

Judy Hilgenberg, Vice-Chair
Jason Froehlich
Sarah Pesek

Board Members Absent

None.

Staff Members Present

Lindsey Guerrero, Director, Iowa Title Guaranty
Debi Durham, IEDA/IFA Executive Director
Doug Mizer, Legal Counsel
Rachel Pettit, Operations Manager
Matt Veldey, Senior Commercial Attorney
Kevin Blackman, Senior Residential Attorney
Ethan Murray, Commercial Attorney
Katherine Smith, Residential Attorney

Dillon Malone, Claims Attorney
Emily Stokes, Compliance Officer
Mary Brucker, Training Specialist
Julie Frye, Compliance Officer
David Morrison, Accounting Manager
Heidi Koll, Participant Program Administrator
Kim Praska, Commercial Services Specialist
Rachel Buckingham, Production Specialist
Carrie Nutt, Sr. Production Specialist

Others Present

Jan Gemar, ILTA
Zach Ruroden, ILTA
Dean Hoag, Midwest Community Title

Rod Brooks, Abstracting Incorporated
JoAnn Schnell, Abstracting Incorporated
Peggy King, Abstracting Incorporated

Call to Order

Due to COVID-19, the March 2, 2021 meeting of the Iowa Title Guaranty Board of Directors was held via telephone. Chairman Winkleblack called the meeting to order at 10:31 a.m. Roll call was

taken, and a quorum was established with the following Board Members present: Chairman Winkleblack, Vice-Chair Judy Hilgenberg, Dan Seufferlein, Jason Froehlich and Sarah Pesek.

Action Items

Review and Approval of December 1, 2020 Board Meeting Minutes

MOTION: On a motion by Ms. Hilgenberg and a second by Mr. Froehlich, the Board unanimously accepted the December 1, 2020 Board Meeting Minutes.

New Business

ITG 21-01 – Transfer of Funds

Mr. Morrison presented the proposed transfer of ITG funds outlined in Resolution ITG 21-01. The proposed transfer would be in the amount of \$500,000.00 to Iowa Finance Authority's (IFA) housing assistance fund. Mr. Morrison requested board action on Resolution ITG 21-01.

MOTION: On a motion by Ms. Pesek and a second by Mr. Seufferlein, the Board unanimously approved ITG Resolution 21-01.

Provisional Title Plant Waiver Application W20-2 for Abstracting Incorporated: Written Ruling

Mr. Mizer presented the Application for Provisional Title Plant Waiver (the "Application") submitted by Abstracting Incorporated ("Applicant") on November 23, 2020. Mr. Mizer pointed out that the Applicant applied for a provisional waiver for a period of one year rather than a permanent title plant waiver.

Mr. Mizer summarized the relevant facts leading to the Application's submission. Next, Mr. Mizer summarized the Applicant's justification of the application for a provisional title plant waiver for Wright County. Mr. Mizer stated it was ITG's opinion that the Applicant established a hardship under Iowa Code §16.91(5)(b). The operational disruptions brought about by the COVID-19 pandemic were cited as primary factors in concluding a hardship existed. Mr. Mizer then stated that it was ITG's finding that granting the title plant waiver is in the public interest, as Applicant's continued operation in Wright County would increase competition, keep consumer costs stabilized, and allow Applicant to continue serving a significant portion of the Wright County market. Mr. Mizer then summarized the applicant's significant abstracting experience as well as the positive recommendations regarding the applicant's ability to abstract and the Iowa Land Title Association's support for the one-year provisional title plant waiver. Therefore, the Director recommended that the Board approve Abstracting Incorporated's Application for a provisional title plant waiver for a period of one (1) year from the date of the Written Ruling presented to the Board.

MOTION: On a motion by Ms. Hilgenberg and a second by Mr. Froehlich, the Board unanimously approved Provisional Title Plant Waiver Application W20-2 for Abstracting Incorporated, for a period of one (1) year from the date of this Written Ruling.

Discussion and Informational Items

Financial Report

Mr. Morrison presented an overview of the financials for January 2021 YTD:

- ITG operated favorable to budget through January 2021 and start of the third quarter of FY21. Operating revenue was \$2,882, or 55.0% above budget, and 42.4% above last year's budget. Operating expense was \$641, or 14.9% unfavorable to budget, and 28.9% unfavorable to last year's budget.
- Employee expenses were favorable to budget \$58 and Other Expenses were favorable to budget \$82. This was due to \$54 lower Marketing, \$61 in lower facility allocations and unfavorable Misc. Expenses (\$31). Employee expenses were offset by unfavorable Professional Services and Claims Expense (\$781), primarily related to higher incentive payments and increased Known Claim reserves.
- Iowa Title Guaranty Transfers to the Housing Assistance Fund are ahead of budget and prior year.
- Net Operating Income After Grants (NOIAG) is \$1,990 favorable to budget and \$1,163 favorable to last year.
- Commitments increased 0.5% (\$3.589M vs. \$3.570M) compared to December, while outstanding receivables increased 4.8% in December (\$315K to \$301K primarily in >30 days aging).
- Iowa Title Guaranty issued 74.4 commitments FYTD January compared to 44.7 in FY20. ITG issued 72.0 certificates FYTD December compared to 57.9 in FY20.

Claims Update

Mr. Malone reported that ITG claims reserves as of February 10, 2021 are now \$485,298.51. Mr. Malone reported that ITG has paid out \$30,290.65 in claims in FY21. As of the date of the report ITG had 45 pending claims, with 3 in recoupment only status.

Mr. Malone reported that ITG has received 27 claims since July 1. Mr. Malone reported 30 claims have been resolved since that date. Since March of 2020 there has been a significant decrease in claims. Claims continue to primarily arise due to issues with the drafting or execution of the vesting deed or guaranteed mortgage and breaks in the chain of title.

Mortgage Release Update

Mr. Blackman reported that ITG received 280 mortgage release requests through January 2021. He stated that 160 of the requests were in conjunction with the Rapid Certificate program (57%), 120 of the remaining requests included the \$200 fee (43%), and 233 releases were filed. Mr. Blackman noted ITG is still seeing record numbers as a result of both the number of refinances as well as the frequency of refinances due to low interest rates. Mr. Blackman reported that since inception, 6,980 mortgages have been released through this program.

Operations Report

Volume: Ms. Pettit stated that there has been a 67% overall increase in commitments issued and a 24% overall increase in certificates issued for the period July 1, 2020 to January 31, 2021 compared to July 1, 2019 to January 31, 2020. During that time ITG has experienced a 32% increase in division issued commitments and an 18% increase in division issued certificates, and a 68% increase in field issued commitments and a 25% increase in field issued certificates. During that same period there has been a 122% increase in refinances over purchases.

Abstractor Compliance: Ms. Pettit provided an update of abstractors who are in the process of bringing their title plants into compliance. Three abstractors are approved to prepare abstracts while in the process of building title plants and one abstractor was granted a provisional waiver for the period of one year by this Board on December 1, 2020 to prepare abstracts while bringing its deficient plant into compliance. Ms. Pettit provided a summary of the timeline that will be followed by each abstractor to bring their plant into compliance.

Compliance Review: Ms. Pettit reported that the ITG compliance team continues to complete desktop audits of participant field issuance and CPL closing practices. During the audits, ITG identifies compliance issue trends and develops uniform guidelines and remedial action plans to remedy all deficiencies. The most common compliance issues revealed by ITG's recent desktop audits are:

- a. Missing written pre-closing searches.
- b. Missing guaranteed mortgage spousal signature and/or marital recitations.
- c. Missing purchase money mortgage recitation for purchase transactions.

Commercial Update

Mr. Veldey reported that the ITG Commercial Team has been busy with new commitments and closings and business has remained strong over the last 6 months.

The Commercial Team has updated the commercial pricing sheet to show all endorsements and to correct some of the endorsement names to align with the Master Endorsement Naming Guide. The Commercial Forms Manual was updated as well by renaming the endorsements according to the Master Endorsement Naming Guide and including the endorsements approved by the Board today.

Mr. Veldey reported that he continues to attend ALTA Forms Committee meetings online.

ITG Director Update

Ms. Guerrero opened her comments to say that commitment and certificate volume is outstanding. In just over half a year, ITG has issued \$14.5B in coverage, an amount ITG normally issues on an annual basis. She praised the ITG Team as well as the ITG field issuers for their work.

Director Guerrero introduced two new staff members: Amanda Jenkins, Production Specialist and Julie Frye, Compliance Officer.

Director Guerrero reported that the testing of the Qualia platform in October revealed several deficiencies. Since then, ITG has been developing a comprehensive list of specific documents and features that need to be included in the final platform. Qualia is now in the process of developing an updated timeline. The platform rollout is not expected before fall 2021 at the earliest.

During the last quarter, ITG staff has finalized the following:

- ALTA Title Insurance Regulatory Survey
- Residential Endorsements Manual
- CPL Manual

CPL interest has increased, particularly from out-of-state closers. Because ITG's process is so unique from that of other states, ITG is exposed to increase risk when out-of-state closers conduct closings pursuant to an ITG CPL. However, if these closers are unable to issue ITG CPLs, they are forced to use title insurance. To mitigate risk,, ITG is in the initial phases of developing a CPL Partner Program in which ITG would partner out-of-state closers with an experienced Iowa real estate attorney for training and oversight. The attorney would provide training, review closing documentation, answer questions, and issue commitments and certificates on their behalf. ITG would only approve those attorneys with adequate Iowa closing and title experience and clean compliance records to serve as mentors.

ITG is again sponsoring Commercial Real Estate Women (CREW) which is a partnership that provides networking opportunities as well as business opportunities for ITG Commercial.

Looking ahead, ITG aims to develop pre-recorded webinar trainings on topics including, but not limited to, CPLs, CMAs, RPIRs/Surveys and ePayments.

Director Guerrero reported that the Pottawattamie County Abstract Definition Waiver expires in March 2022 and ITG will be reviewing the matter over the next few months.

IEDA/IFA Executive Director's Update

Executive Director Durham praised the ITG Team and the industry for record volume in the midst of the pandemic. She mentioned that Director Guerrero was interviewed by a California reporter regarding Iowa's land title system which concluded that states should look to Iowa's system as an example of providing value to consumers over title insurance.

Director Durham informed the Board that they will be trained on a new board materials software later this year which is designed to protect information and improve our efficiencies and interfacing between IEDA and IFA.

The following updates were provided:

- IEDA and IFA are holding meetings at 1963 Bell and staff is beginning to travel within the state. IEDA/IFA will continue to bring people back to the office as the COVID vaccine is more widely administered.

- 1963 Bell Avenue is converting Helmick into a formal Board Room and training facilities are planned on the first floor.

The Housing Omnibus Bill is working its way through the Legislature. The bill has several components including the enhancement of workforce housing tax credits, a new Iowa tax credit program that mirrors the federal LIHTC program, increasing trust funds that we have in every county, and provisions to set up an emergency housing unit in response to natural disasters.

Public Comment

There was no comment from the public.

Adjournment

MOTION: On a motion by Ms. Hilgenberg and a second by Mr. Froehlich, the March 2, 2021 Meeting of the ITG Board of Directors adjourned at 11:21 a.m.

Dated this 25th day of May, 2021.

Respectfully submitted:

Approved as to form:



Lindsey A. Guerrero
Director, Iowa Title Guaranty



Charles Winkleblack
Board Chair, Iowa Title Guaranty

