



IOWA TITLE GUARANTY
A DIVISION OF IOWA FINANCE AUTHORITY

AGENDA
Iowa Title Guaranty Board Meeting
May 25, 2021

Telephonic Meeting

Dial [+1 515-348-6300](tel:+15153486300)

Conference ID: 944 347 662#

10:30 a.m.

I. Roll Call

II. Action Items

- a. ITG Board Meeting Minutes March 2, 2021
- b. New Business
 - i. Proposed 2022 ITG Board Meeting Dates
 - ii. Transfer of Funds
 1. Resolution ITG 21-03
 - iii. Title Plant Waiver Application
 1. W21-1 O'Brien County Abstract LLC
 - a. Written Ruling

III. Discussion & Informational Items

- | | |
|----------------------------|------------------|
| a. Financial Report | David Morrison |
| b. Claims Report | Dillon Malone |
| c. Mortgage Release Report | Kevin Blackman |
| d. Commercial Update | Matt Veldey |
| e. ITG Director's Update | Lindsey Guerrero |

IV. Public Comment: The public is invited to provide comments at this time. Each speaker is asked to limit comments to 5 minutes.

V. Adjournment: Next Board meeting is Tuesday, August 31, 2021.
Iowa Finance Authority, Helmick Room (tentatively)
Des Moines, Iowa 50315
10:30 a.m.



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



IOWA TITLE GUARANTY

A DIVISION OF IOWA FINANCE AUTHORITY

Proposed 2022 ITG Board Meeting Dates

March 1, 2022

May 24, 2022

August 30, 2022

December 6, 2022

RESOLUTION ITG 21-03

WHEREAS, Iowa Title Guaranty (“ITG”), in accordance with the statutory directives set forth in Chapter 16 of the Code of Iowa, as amended, operates a program to offer guaranties of real property titles to facilitate mortgage lenders’ participation in the secondary market and to add to the integrity of the land-title transfer system in the state of Iowa; and

WHEREAS, ITG generates revenue by the sale of ITG Certificates, the revenues of which are deposited in the ITG Fund held by the treasurer of state with all interest generated from the ITG Fund being deposited in the housing trust fund; and

WHEREAS, section 16.91(1) of the Iowa Code provides that “if the authority board in consultation with the ITG board determines that there are surplus funds in the ITG fund after providing for adequate reserves and operating expenses of ITG, the surplus funds shall be transferred to the housing assistance fund created pursuant to section 16.40.”; and

WHEREAS, the ITG Board has determined that there are surplus funds in the ITG Fund in the amount of \$750,000 and it is recommending to the Iowa Finance Authority Board that it would be appropriate to transfer the surplus funds to the Housing Assistance Fund pursuant to Iowa Code section 16.91(1).

NOW, THEREFORE, BE IT RESOLVED that the ITG Board adopts and recommends that the surplus funds in the ITG Fund, in the amount of \$750,000 be transferred to the Housing Assistance Fund created pursuant to Iowa Code section 16.40.

PASSED AND APPROVED this 25th day of May, 2021.

Charles Winkleblack, Iowa Title Guaranty Board Chair

Lindsey A. Guerrero, Iowa Title Guaranty Board Secretary

(Seal)

On February 2, 2018, Iowa Title Guaranty issued a Letter of Authorization (“Letter”) which authorized Applicant to prepare abstracts and other search products while building a title plant for O’Brien County pursuant to 265 IAC 9.7(1)“b”. The Letter provided Applicant three (3) years to complete construction of an up-to-date title plant for O’Brien County, have it inspected by the Iowa Land Title Association (“ILTA”), and notify Iowa Title Guaranty of a passing inspection, in accordance with 265 IAC 9.7(1)“b”(2). The three (3) year period Iowa Title Guaranty granted Applicant was to expire February 2, 2021.

Applicant contacted Iowa Title Guaranty in May 2020 and advised it was uncertain it would be able to comply with the three-year timeline set forth in the Letter. To complete the title plant’s construction, Applicant required physical access to certain county records, and its customary access to those records was completely shut off or heavily restricted because of courthouse closures arising from the Coronavirus Disease 2019 (COVID-19) pandemic. Considering the operational disruptions the pandemic caused, Iowa Title Guaranty granted Applicant a three (3) month extension on building its title plant. This allowed Applicant until May 25, 2021 to complete the title plant and provide Iowa Title Guaranty with a passing ILTA certification. The Letter instructed Applicant that inability to complete its title plant by the extended deadline would result in automatic inactivation of Applicant’s abstracting services unless Applicant obtained a title plant waiver from the Iowa Title Guaranty Board or until Applicant provided Iowa Title Guaranty with a passing ILTA certification.

Applicant was ultimately unable to complete title plant construction and provide Iowa Title Guaranty with a passing ILTA certification by February 2, 2021. Applicant now seeks a provisional title plant waiver to allow it one additional year within which to complete its title plant, as it is unable to comply with the Letter’s May 25, 2021 extended deadline.

APPLICANT’S JUSTIFICATION OF WAIVER

Applicant offers the following in support of its application for a provisional title plant waiver for O’Brien County:

1. **HARDSHIP.** Applicant offers the following to support its claim that the title plant requirement imposes a hardship upon it:

- a. Applicant claims the title plant requirement imposes a hardship. Applicant notes it has been difficult hiring and training title plant indexing employees that are accurate and understand legal descriptions. The O'Brien county indexes the county recorder provided Applicant did not contain legal descriptions, as is required to obtain ILTA certification, so Applicant has had to access county records to view the legal descriptions needed to properly geographically index those documents. Applicant notes that the images of the documents from 1988–1999 (mortgages, releases, easements, etc.) are not available online. Accordingly, Applicant was unable to get the necessary legal descriptions relative to those documents because the O'Brien County courthouse was closed or had limited access due to the pandemic.
2. PUBLIC INTEREST. Applicant offers the following to support its claim that a title plant waiver would serve the public interest:
- a. Servicing a public need. Applicant claims it serves a public need for abstracting services in O'Brien County. To support this claim, Applicant notes it was started at the request of attorneys and bankers in O'Brien County that wanted another option for abstracting services that would be completed locally. Applicant notes it has the support of "the County, Primghar community, and the Economic Development of O'Brien County."
 - b. Protecting consumers and promoting competition. Applicant asserts that it promotes competition within its area by maintaining existing options for abstracting, which benefits consumers. Applicant also said it would provide prompt, professional and courteous abstracting services that meet the needs of O'Brien County consumers. It also mentions that increased competition will "bring quality work" and "encourage participation in Title Guaranty."
 - c. Improving the quality of land titles. Applicant states that granting its request for the one-year provisional waiver will allow it to obtain title plant certification and ensure quality land titles for O'Brien County. Applicant also noted its continued market presence would "add integrity to the land title transfer system in the state."
 - d. Increase division's market share. Applicant states that many attorneys and lenders in O'Brien county will not use an abstractor unless it is an Iowa Title Guaranty participant. Applicant notes that the area attorneys and lenders are anxious for it to continue as an Iowa Title Guaranty participating abstractor because "they want to use our title services". Continued use of an Iowa Title Guaranty participating

abstractor would at least maintain, and potentially increase Iowa Title Guaranty's market share in O'Brien county.

Iowa Title Guaranty published notice of this application on Iowa Title Guaranty's website. Iowa Title Guaranty provided direct notice of the application to the Iowa State Bar Association and the Iowa Land Title Association ("ILTA"). Iowa Title Guaranty received public comments regarding the application through April 10, 2021.

BASIS FOR TITLE PLANT WAIVER APPLICATION APPROVAL

Iowa Title Guaranty recognizes the 40-year title plant as the preferred method of providing title evidence for the purpose of issuing commitments and certificates. The legislature requires abstractors own or lease an up-to-date title plant for each county in which they prepare abstracts. Participating abstractors are further required to maintain and use these title plants when preparing abstracts for real property titles guaranteed by Iowa Title Guaranty. These requirements have been in place since Iowa Title Guaranty's inception.

The legislature also provided the Iowa Title Guaranty Board the option of waiving the up-to-date title plant under certain conditions. Iowa Title Guaranty must weigh the benefits of the traditional title plant with other alternatives to ensure buyers and lenders have access to high quality certificates throughout the state, rapid service, and a competitive price. Pursuant to Iowa Code §16.91(5)(b), the Iowa Title Guaranty Board may issue a ruling waiving the title plant requirement set forth in Iowa Code §16.91(5)(a)(2) if the Board finds the following:

1. The title plant requirement imposes a hardship to the applicant; and
2. The waiver is:
 - a. Clearly in the public interest; or
 - b. Absolutely necessary to ensure availability of certificates throughout the state.

"Hardship" means deprivation, suffering, adversity, or long-term adverse financial impact in complying with the title plant requirement that is more than minimal when considering all the circumstances.² "Public interest" means that which is beneficial to the public as a whole, including

² 265 IAC 9.7(1)"d"(5)(3).

but not limited to increasing competition among abstractors, encouraging the use of certificates throughout the state, making certificates more competitive than out-of-state title insurance, increasing Iowa Title Guaranty's market share, improving the quality of land titles, and protecting consumers.³

The title plant waiver provides Iowa Title Guaranty a mechanism to ensure the availability of certificates in all 99 counties, specifically in those counties in which an up-to-date title plant does not exist. The Iowa Title Guaranty Board has the option of issuing a title plant waiver to ensure that all Iowans have access to the title protection Iowa Title Guaranty offers.

The Iowa Title Guaranty Board has discretion to grant or deny a title plant waiver application, even if the hardship and public interest requirements of Iowa Code §16.91(5)(b) and 265 IAC 9.7(1)“d”(5) are satisfied. The final decision on whether the circumstances justify granting a waiver is made at the sole discretion of the Iowa Title Guaranty Board upon consideration of all relevant factors. Relevant factors to be considered include, but are not limited to, the Iowa Title Guaranty Director's proposed written ruling, the facts and circumstances set out in the application, any history of professional disciplinary action against the applicant, adverse claims made against the applicant, prior waiver withdrawal actions against the participating attorney or participating abstractor, public comments, the professional knowledge and expertise of the Board members and Iowa Title Guaranty staff, and any other resources available to the entire Iowa Title Guaranty Board. Consideration should be afforded to rulings on prior waiver requests, but the Iowa Title Guaranty Board shall not be bound by such rulings. The Iowa Title Guaranty Board may limit a waiver as to county, or transaction type, or both, and may also limit the duration of any granted waiver.

I. THE TITLE PLANT REQUIREMENT HAS TEMPORARILY IMPOSED HARDSHIP TO THE APPLICANT.

Upon review of the relevant facts and application of the applicable law and rules, the Board concludes Applicant has established a hardship under Iowa Code §16.91(5)(b). Hardship is defined in 265 IAC 9.7(1)“d”(5)(3) as deprivation, suffering, adversity, or long-term adverse financial

³ 265 IAC 9.7(1)“d”(5)(4).

impact in complying with the title plant requirement that is more than minimal when considering all the circumstances.

Applicant had a three-year time frame to complete constructing a title plant. In the final year of that time frame, Applicant encountered unanticipated and unforeseeable hardship in the form of extended courthouse closures arising from the COVID-19 pandemic. These closures acutely hampered Applicant's ability to complete its title plant in a timely manner.

Through the title plant construction process, Applicant obtained scanned indices for the years 1977–1988. Applicant also obtained an index of records from the O'Brien County Recorder from 1989 to the present. Currently, Applicant has records from 1977–1988 and 2000 to the present entered and indexed by legal description. Applicant is currently verifying and entering information for 1989–1999. Applicant has the grantor-grantee information for these documents but does not have the legal descriptions. Accordingly, Applicant must access public records to obtain that information to complete its title plant.

O'Brien County's real property records are housed in its courthouse. To construct its title plant, Applicant required access to those physical records because, as previously noted, the records it was provided did not include legal descriptions. To get the legal descriptions that an ILTA certified title plant requires, Applicant would access the county records housed in the O'Brien County Courthouse. When courthouse closures arose due to the pandemic, Applicant could not access the records it needed to complete its title plant.

The O'Brien County courthouse was initially closed to the public from March until July of 2020. In July 2020, while public entry to the courthouse was once again allowed, access to the real property records was still not permitted. Since the real property records are housed in an area where courthouse employees work, public access to those areas remained restricted, as part of an effort to protect courthouse employees from exposure to the coronavirus. Applicant reports that in August 2020 it was allowed "maybe an hour" access each day to the actual records it needed to inspect to build its title plant. During these brief access periods, record access was restricted to one person at a time. If a surveyor or other abstractor were already at the courthouse when Applicant arrived to access the records, Applicant had to wait for that party to finish its record review before

it could begin its access. In October 2020, access was again denied due to a COVID-19 outbreak at the courthouse. This time access remained restricted until February 2021, when access to the necessary records was again granted. Applicant reports that since the February reopening it has been able to get about six hours per week access to the records needed to construct the title plant.

Applicant's access to the public records it relied upon to construct its title plant was severely limited over the final year of the three-year period contemplated in its initial intent to build plan. Applicant had no other option but to wait out the courthouse closures, then work on its title plant in fits and starts when it was able to get limited access to the required records. This limited access constituted unforeseeable adversity that was more than minimal considering the circumstances. The pandemic and resulting courthouse closures were a historically unique hardship that no other ITG participants that have built title plants ever encountered. Accordingly, the Board finds that requiring Applicant to finish constructing its title plant within the initial three-year period it was initially given constitutes a hardship because for much of the third year of that predetermined time period, Applicant was not permitted access to the records it needed to complete its title plant.

II. THE TITLE PLANT WAIVER IS CLEARLY IN THE PUBLIC INTEREST OR IS ABSOLUTELY NECESSARY TO ENSURE THE AVAILABILITY OF CERTIFICATES THROUGHOUT THE STATE.

A. The Title Plant Waiver is Clearly in the Public Interest.

The Board further concludes that granting a provisional title plant waiver to Applicant is clearly in the public interest. The term "Public Interest", for purposes of 265 IAC 9.7(1)"d"(5), is defined as "that which is beneficial to the public as a whole, including but not limited to increasing competition among abstractors, encouraging the use of certificates throughout the state, making certificates more competitive than out-of-state title insurance, increasing the division's market share, improving the quality of land titles, and protecting consumers."⁴

⁴ 265 IAC 9.7(1)"d"(5)(4).

i. Increasing competition among abstractors.

Applicant asserts that granting a provisional title plant waiver is in the public interest because it will promote competition amongst abstractors. Applicant states that increased abstractor competition in O'Brien County will bring quality work, encourage participation in the Title Guaranty program, and add integrity to the state's land title transfer system.

The Board agrees that allowing Applicant to continue operating as an Iowa Title Guaranty participant while completing its title plant's construction would increase competition among abstractors in O'Brien County. The county currently has one other Iowa Title Guaranty participant title plant abstractor.

Increasing competition has several benefits to the public. Additional abstracting options give rise to competitive pricing and allow the open market to determine the value it is willing to pay for abstracting services. This practice encourages abstractors to offer reasonable pricing and expedient turnaround times for Iowans buying and selling real estate in O'Brien County.

ii. Encouraging the use of certificates throughout the state and making certificates more competitive than out-of-state title insurance.

Since being granted its intent to build waiver in 2018, Applicant's abstracting work has contributed to approximately 15% of all commitments and 17% of all certificates issued for O'Brien County. This figure demonstrates Applicant is fulfilling a significant public need in O'Brien County. Applicant's work enables owners and lenders to obtain ITG products and the protections they afford. Applicant's market presence widens the channel through which ITG products can be accessed in O'Brien County. Applicant's continued presence increases the number of transactions that O'Brien County abstractor participants can process. This improves transactional processing times, which keeps Iowa Title Guaranty products competitive with title insurance.

Failure to grant a provisional waiver and the subsequent deactivation of Applicant as an Iowa Title Guaranty participant would funnel the county's transactional volume through a smaller number of participants. While there are a handful of statewide waived attorneys that provide abstracting services to the occasional O'Brien County transaction, the only other title plant

abstractor in O'Brien County prepares most abstracts produced for O'Brien County properties. Deactivation would likely require that the remaining abstracting participant absorb the market share the Applicant's abstracting services currently occupy. Such a sudden market shift would likely slow abstract order processing times and increase the transaction turnaround time within O'Brien County.

If Iowa Title Guaranty participating abstractors are unable to meet lender and market demands, consumers within the O'Brien County market could foreseeably turn to title insurance for faster service. The availability of expedient abstracting is especially important in the current market conditions with historically low interest rates and a flourishing real estate market. The Board concludes that permitting Applicant to continue operating as an Iowa Title Guaranty participant pursuant to a provisional title plant waiver will allow abstractors to maintain competitive processing times. This will encourage the use of certificates in O'Brien County and make certificates competitive with title insurance.

iii. Increasing the division's market share.

The Board finds that granting Applicant a provisional waiver advances the express public purpose of increasing the division's market share. Were Applicant no longer available to assist in absorbing the county's demand for Iowa Title Guaranty certificates, an alternative would likely be title insurance. Allowing title insurance an opportunity to make inroads in any Iowa county would run counter to the directive that "increasing the division's market share" should be considered when determining whether granting a waiver is clearly in the public interest.

iv. Improve the quality of land titles.

The Board also finds that granting the provisional waiver will improve the quality of Iowa's land titles. Applicant stated it expects to have its title plant completed by September 2021. Upon completing its title plant, Applicant will provide abstracting services using a complete 40-year title plant, which is the preferred method of title evidencing in Iowa. Like the intent to build waiver Applicant was initially granted, a provisional waiver promotes the use of the 40-year title plant. Granting the waiver provides Applicant with an appropriate time and a fair opportunity to complete the plant.

Further, Applicant provides competent abstracting services. These services improve O'Brien County's land title quality by allowing ITG participating attorneys the benefit of reliable abstracts from which to render title opinions. Applicant employs experienced abstractors whose continued industry involvement strengthens the collective abstracting expertise in O'Brien County, which in turn maintains and improves the county's land title quality.

v. *Protecting consumers.*

The Board finds granting Applicant a provisional waiver to complete its 40-year title plant protects consumers. Allowing Applicant to operate as an Iowa Title Guaranty participant abstractor while it constructed its title plant introduced an additional abstracting option for O'Brien County lenders, ITG participant partners, and consumers. Accordingly, granting Applicant a provisional waiver to maintain its operations for one year while completing the title plant will continue to provide O'Brien County consumers with additional abstracting options and increase consumer access to abstracting performed based on a title plant. Applicant's continued market presence will promote competitive pricing and turnaround times within O'Brien County. Applicant's market presence also increases the amount of real estate transactions that can be processed in O'Brien County, which is crucial during the real estate boom Iowa is currently experiencing. Further, the 40-year title plant is the most thorough and reliable form of title evidencing, resulting in clean title for Iowa consumers. Finally, as mentioned above, Applicant employs a staff that has considerable experience operating as an Iowa Title Guaranty participant, albeit in other Iowa counties. Nonetheless, those individuals have a history of producing competent, quality abstracting work. Allowing Applicant's continued operation as an Iowa Title Guaranty participating abstractor affords Iowans transacting O'Brien County real estate the opportunity to utilize Applicant's expertise.

After considering these factors, the Board finds Applicant has established that a provisional waiver of the 40-year title plant requirement is clearly in the public interest, satisfying the requirement found in Iowa Code §16.91(5)(b) and 265 IAC 9.7(1)“d”(5)(2).

B. The Title Plant Waiver is Absolutely Necessary to Ensure Availability of Certificates throughout the State.

Having concluded that the public interest prong of Iowa Code §16.91(5)(b) and 265 IAC 9.7(1)“d”(5)(2) has been satisfied, the Board need not analyze whether granting a provisional waiver is absolutely necessary to ensure availability of certificates throughout the state.

III. ADDITIONAL FACTORS SUPPORTING APPROVAL OF THE PROVISIONAL TITLE PLANT WAIVER.

The Iowa Title Guaranty Board shall give considerable weight to an applicant’s experience abstracting under the supervision of a participating abstractor or participating attorney with whom the applicant has had a close working relationship or with whom the applicant is a partner or associate.⁵ The Iowa Title Guaranty Board shall also give considerable weight to a recommendation from a participating abstractor or participating attorney who supervised the applicant’s abstracting for a period of two years or more and who attests in writing or in person before the Iowa Title Guaranty Board regarding the applicant’s ability to abstract.⁶

Applicant’s managing member, Ruby Nitzel has over twenty-five years of title industry experience. She has experience building title plants in two Iowa counties (Clay and Dickinson). She oversees all incoming work and makes sure it is completed in a timely manner. Nitzel also handles all training of new employees as to abstracting, title work and using Title Scan Software, which hosts the title plant.

Applicant’s customers and industry partners have been complimentary of its services. William K. Klinker, an Iowa Title Guaranty participating attorney, provided a letter of reference in support of this application. Klinker stated his firm has used Applicant’s services since it opened, and he knows Applicant’s abstracting work will be done correctly and promptly, noting Applicant’s excellent work.

Attorney Lisa M. Steffen also vouched for Applicant’s expertise. Steffen stated in a letter of recommendation that Applicant “exemplifies the highest standards and strict adherence to the

⁵ 265 IAC 9.7(1)“d”(6)(4).

⁶ *Id.*

Iowa Title Standards of the Abstractor Association and the Lawyers Association”. Steffen also noted that when there is a difficult title issue she always relies on Applicant to resolve the matter.

Rodd A. Holtkamp, Senior Vice President and Trust Officer with Savings Bank in Primghar noted in another letter of recommendation that Applicant’s experience and expertise was quickly evident once it began abstracting in O’Brien county in 2017. Holtkamp notes that Applicant pays close attention to detail and is a sound abstractor. Holtkamp also noted that in his 31 years working as a lender in O’Brien county, 2020 was the county’s busiest real estate lending year “in all mortgage loan types”. Holtkamp wrote that Applicant is a “very critical and important business for all of O’Brien County”, and that its “ownership, staffing and investment into Primghar and O’Brien County has been outstanding.”

The public comment ITG received was also supportive of Applicant. Zach Ruroden, President of the Iowa Land Title Association Board of Directors commented that Applicant is a member of the ILTA, and that it supports the application for a one-year provisional title plant waiver for Applicant to complete its title plant.

RULING

For these reasons, the Board approves O’Brien County Abstract, LLC’s Application for a provisional title plant waiver for a period of one (1) year from the date of this Written Ruling.

SO RULED this 25th day of May, 2021.

Charles Winkleblack, Iowa Title Guaranty Board Chair

Lindsey A. Guerrero, Iowa Title Guaranty Board Secretary

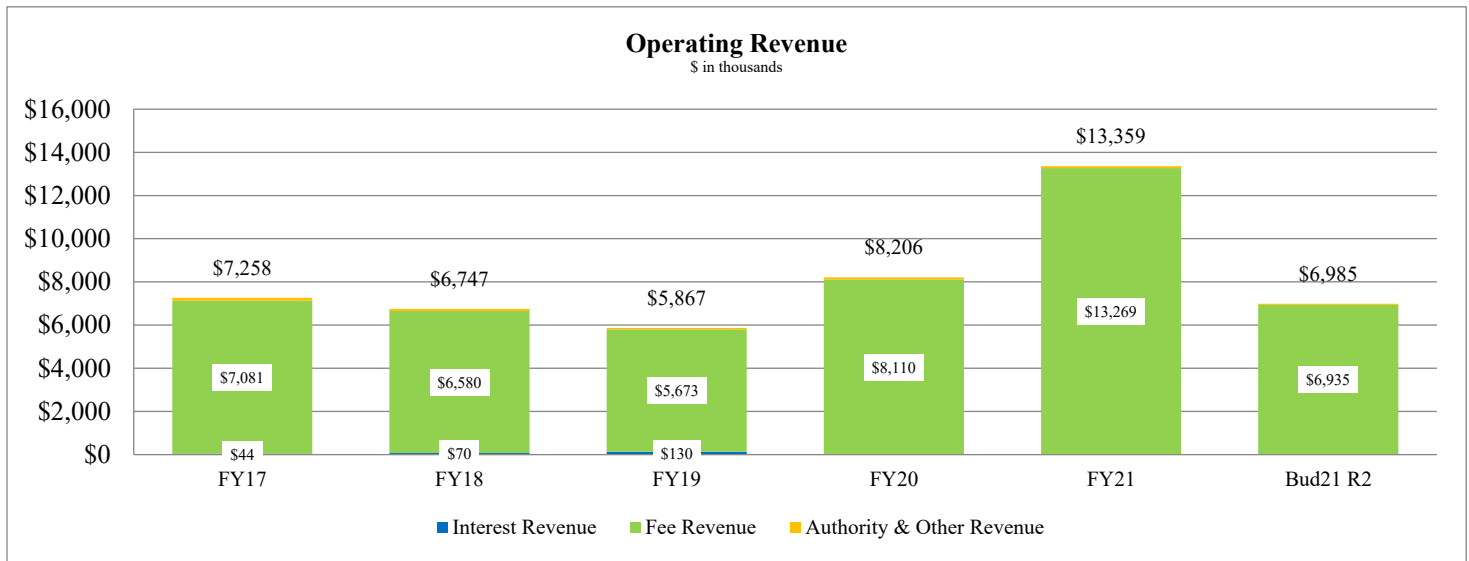
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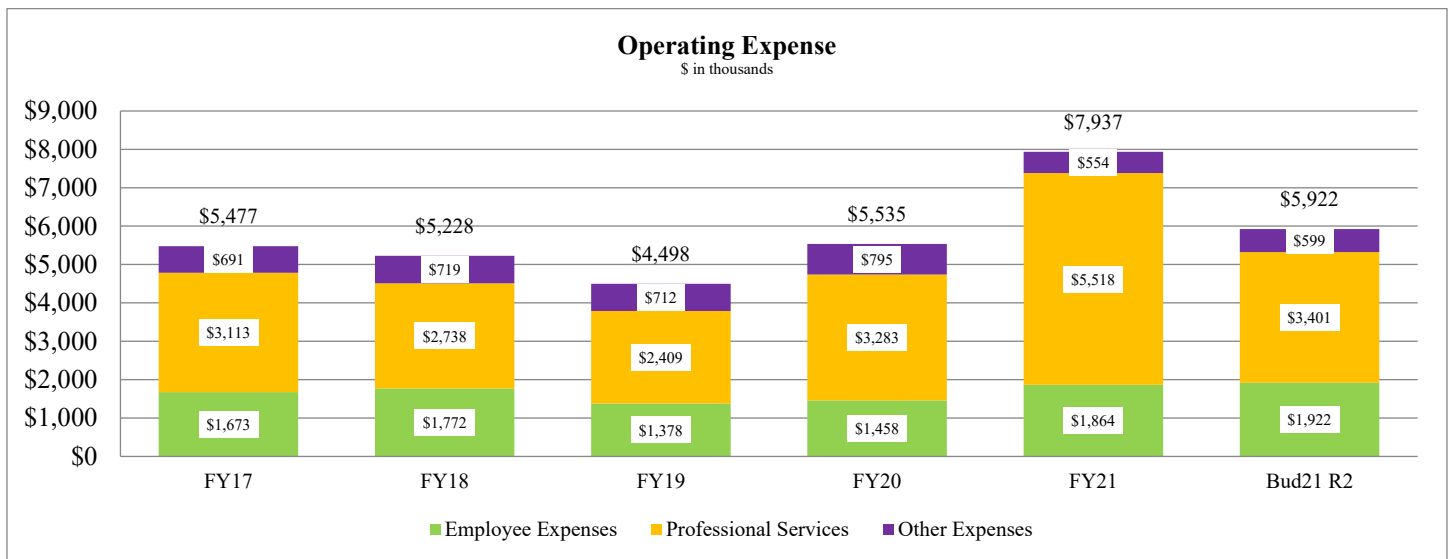
To: IFA & ITG Board Members
From: David Morrison
Date: May 12, 2021
RE: April 2021 YTD Financial Results

Iowa Title Guaranty Financial Results (\$ in thousands)

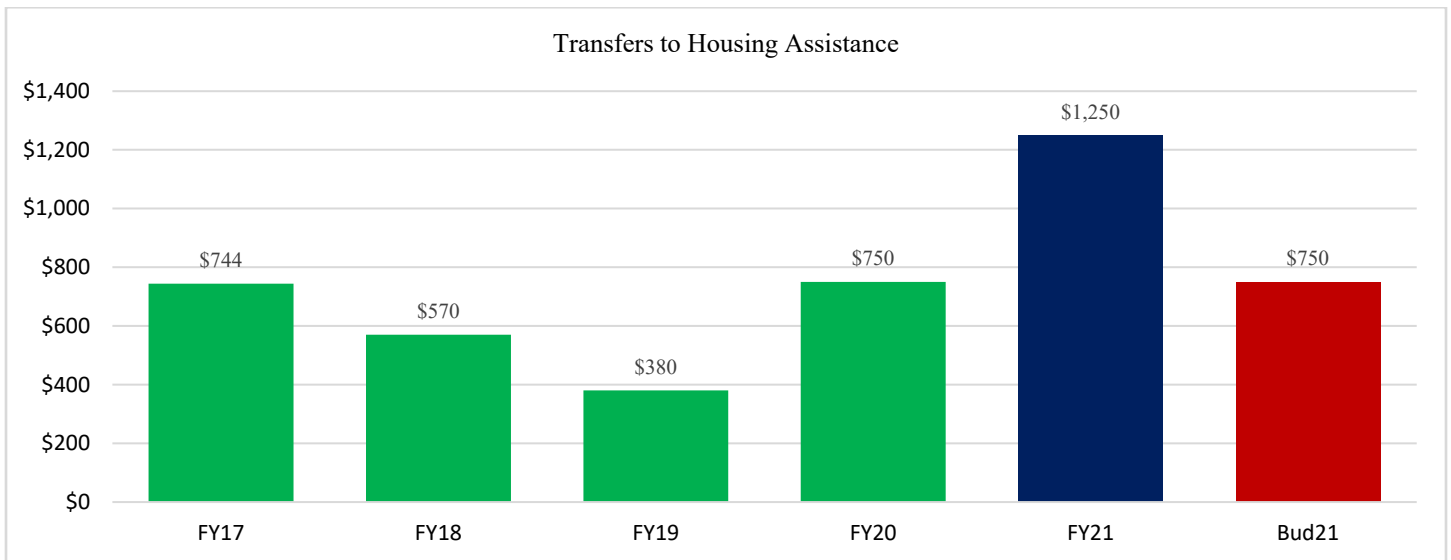
ITG is operating favorably to budget through the end of April FY21.



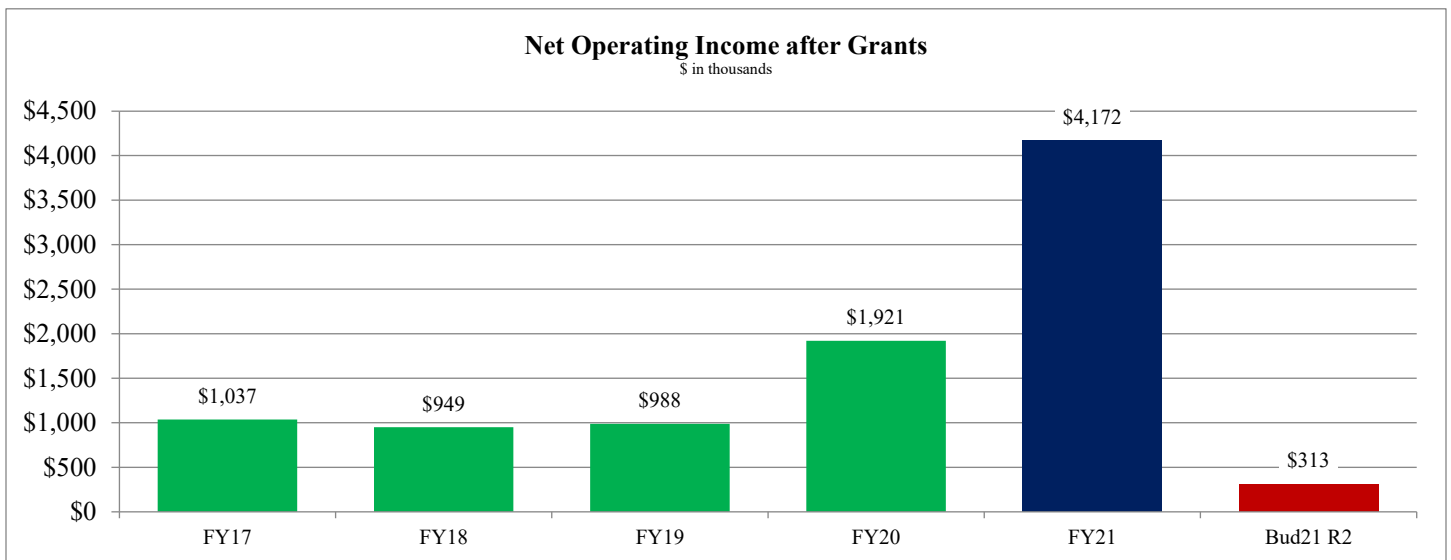
Operating revenue was \$6,374, or 91.2% above budget and \$5,153 or 62.8% above last year.



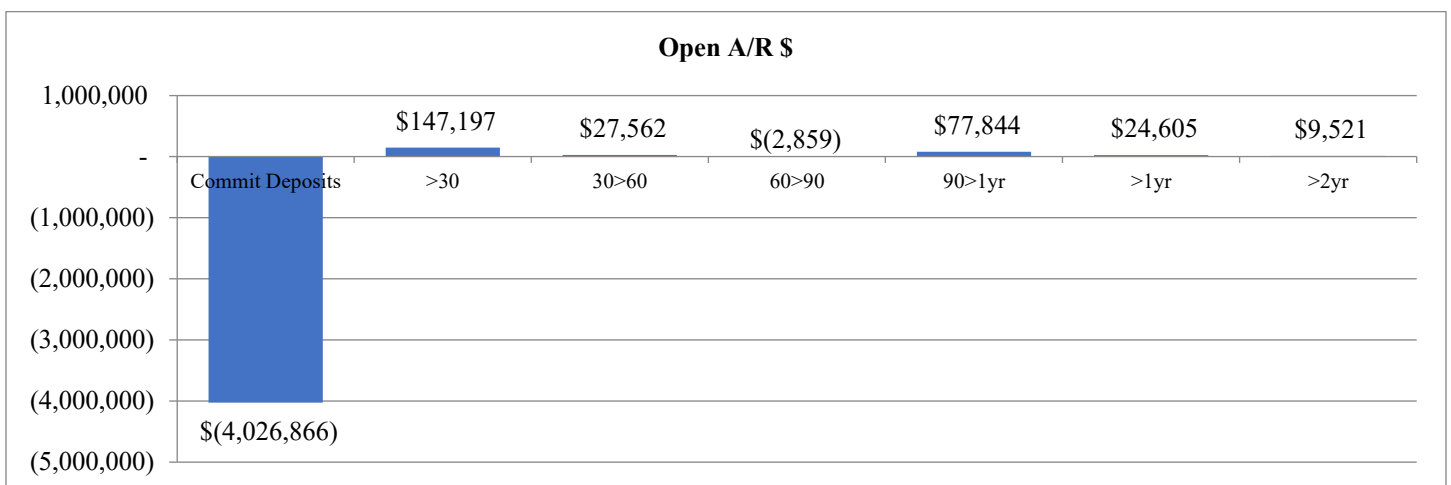
Operating expense was \$2,015, or 34.0% unfavorable to budget and 43.4% unfavorable to last year. Employee expenses were favorable to budget \$57, Other Expenses \$109 – due to \$53 lower Marketing, \$77 lower facility allocations, unfavorable Misc. Expenses (\$18) related to eRecording fees; offset by unfavorable Professional Services and Claims Expense (\$2,181) – primarily related to higher incentive payments (\$2,117) and increased Known Claim payments (\$64).



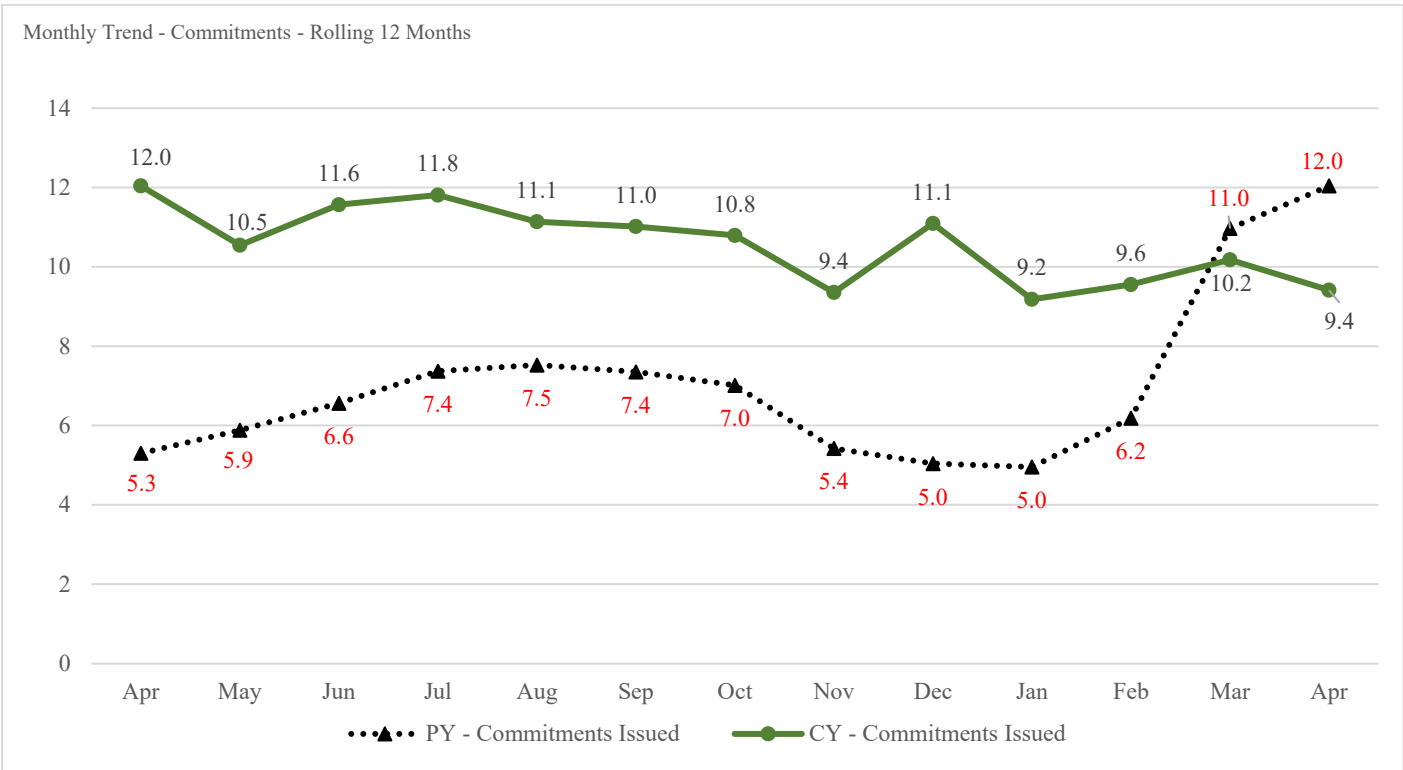
Transfers to Housing Assistance Fund from Title Guaranty ahead of budget and prior year.



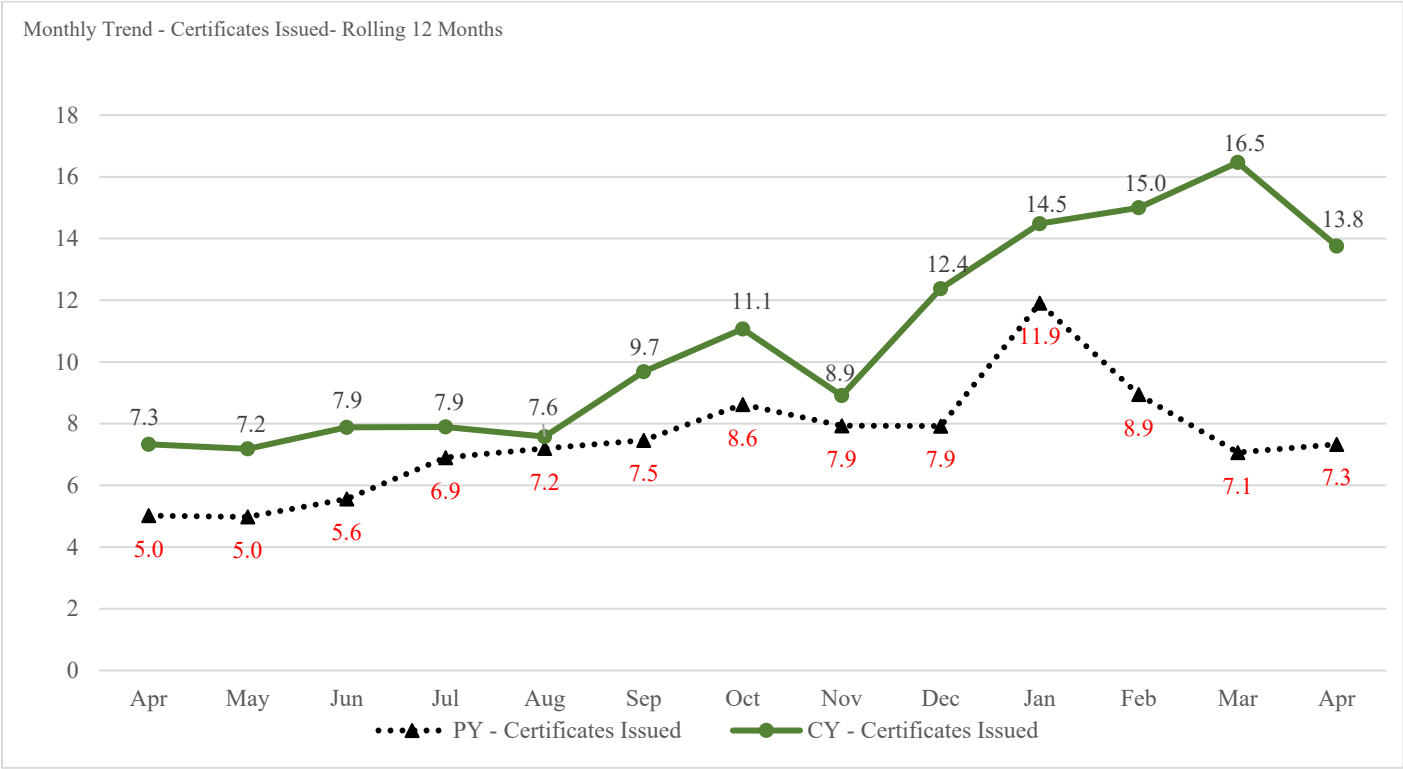
As a result, NOIAG is \$3,859 favorable to budget and \$2,251 favorable to last year.



Commitments increased 7.3% (\$4.027M vs \$3.752M) compared to March, while outstanding receivables increased 13.5% in April (\$284k to \$250k primarily in >30 days and 30>60 days aging).



Iowa Title Guaranty issued 103.5 commitments FYTD April compared to 73.9 in FY20 (in red font).



Iowa Title Guaranty issued 117.2 certificates FYTD April compared to 81.3 in FY20 (in red font).

Balance Sheet	Iowa Title Guaranty Division (Rollup)						
	Apr-2021						
	Actuals	Bud21 R2	Difference	%	Last Year	Difference	%
Assets and Deferred Outflows							
Cash & Cash Equivalents	19,402,633	12,755,817	6,646,816	52.1	13,737,672	5,664,960	41.2
Investments	-	-	-	0.0	-	-	0.0
Mortgage Backed Securities	-	-	-	0.0	-	-	0.0
Line of Credit	-	-	-	0.0	-	-	0.0
Loans - net of reserve for losses	-	-	-	0.0	-	-	0.0
Capital Assets (net of accumulated depreciation)	-	-	-	0.0	-	-	0.0
Other Assets	735,104	51,932	683,172	1315.5	607,943	127,161	20.9
Deferred Outflows	270,190	307,669	(37,479)	-12.2	307,669	(37,479)	-12.2
Total Assets and Deferred Outflows	20,407,927	13,115,418	7,292,509	55.6	14,653,284	5,754,643	39.3
Liabilities, Deferred Inflows, and Equity							
Debt	-	-	-	0.0	-	-	0.0
Interest Payable	-	-	-	0.0	-	-	0.0
Unearned Revenue	-	-	-	0.0	-	-	0.0
Escrow Deposits	977,807	1,134,994	(157,187)	-13.8	2,086,747	(1,108,940)	-53.1
Reserves for Claims	1,374,778	1,022,671	352,106	34.4	1,069,721	305,057	28.5
Accounts Payable & Accrued Liabilities	4,654,824	1,497,184	3,157,640	210.9	1,497,049	3,157,775	210.9
Other liabilities	1,164,189	1,267,687	(103,498)	-8.2	1,267,687	(103,498)	-8.2
Deferred Inflows	255,588	88,843	166,745	187.7	88,843	166,745	187.7
Total Liabilities and Deferred Inflows	8,427,185	5,011,379	3,415,806	68.2	6,010,046	2,417,139	40.2
Equity							
YTD Earnings(Loss)	4,172,382	313,176	3,859,205	1232.3	1,920,535	2,251,847	117.3
Prior Years Earnings	7,808,360	7,790,863	17,497	0.2	6,722,703	1,085,657	16.1
Transfers	-	-	-	0.0	-	-	0.0
Total Equity	11,980,742	8,104,039	3,876,702	47.8	8,643,238	3,337,504	38.6
Total Liabilities, Deferred Inflows, and Equity	20,407,927	13,115,418	7,292,509	55.6	14,653,284	5,754,643	39.3

Income Statement	Iowa Title Guaranty Division (Rollup)													
	Apr-2021							YTD as of Apr-2021						
	Actuals	Bud21 R2	Difference	%	Last Year	Difference	%	Actuals	Bud21 R2	Difference	%	Last Year	Difference	%
Operating Revenue														
Interest Revenue	-	-	-	0.0	(140,005)	140,005	-100.0	-	-	-	0.0	-	-	0.0
Authority Revenue	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Fee Revenue	1,736,001	510,362	1,225,639	240.2	760,257	975,744	128.3	13,269,173	6,935,158	6,334,015	91.3	8,109,554	5,159,619	63.6
Other Revenue	4,899	5,000	(101)	-2.0	10,363	(5,464)	-52.7	89,729	50,000	39,729	79.5	96,421	(6,693)	-6.9
Total Operating Revenue	1,740,900	515,362	1,225,538	237.8	630,615	1,110,285	176.1	13,358,902	6,985,158	6,373,744	91.2	8,205,976	5,152,926	62.8
Operating Expense														
Interest Expense	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Authority Expense	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Employee Expenses	196,985	195,537	1,448	0.7	153,650	43,335	28.2	1,864,417	1,921,562	(57,146)	-3.0	1,457,525	406,892	27.9
Shared Expenses	14,671	15,512	(841)	-5.4	13,266	1,405	10.6	191,910	189,425	2,485	1.3	209,172	(17,262)	-8.3
Marketing Expense	100	1,045	(945)	-90.4	-	100	0.0	11,208	64,434	(53,226)	-82.6	76,006	(64,798)	-85.3
Professional Services	636,372	274,085	362,287	132.2	332,870	303,502	91.2	5,518,194	3,400,935	2,117,259	62.3	3,282,562	2,235,632	68.1
Claim and Loss Expenses	775	469	306	65.2	81,431	(80,656)	-99.0	85,572	21,944	63,628	290.0	184,913	(99,341)	-53.7
Service Release Premium	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Miscellaneous Operating Expense	5,534	7,550	(2,016)	-26.7	10,598	(5,064)	-47.8	93,578	75,500	18,078	23.9	98,697	(5,119)	-5.2
Overhead Allocation	8,128	20,325	(12,197)	-60.0	16,975	(8,847)	-52.1	171,642	248,181	(76,539)	-30.8	226,566	(54,924)	-24.2
Total Operating Expense	862,566	514,523	348,043	67.6	608,791	253,775	41.7	7,936,520	5,921,982	2,014,539	34.0	5,535,441	2,401,080	43.4
Net Operating Income (Loss) Before Grants	878,335	839	877,496	104592.0	21,824	856,510	3924.6	5,422,382	1,063,176	4,359,205	410.0	2,670,535	2,751,847	103.0
Net Grant (Income) Expense														
Grant Revenue	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Grant Expense	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Intra-Agency Transfers	-	-	-	0.0	(140,005)	140,005	-100.0	1,250,000	750,000	500,000	66.7	750,000	500,000	66.7
Total Net Grant (Income) Expense	-	-	-	0.0	(140,005)	140,005	-100.0	1,250,000	750,000	500,000	66.7	750,000	500,000	66.7
Net Operating Income (Loss) After Grants	878,335	839	877,496	104592.0	161,830	716,505	442.8	4,172,382	313,176	3,859,205	1232.3	1,920,535	2,251,847	117.3
Other Non-Operating (Income) Expense	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Net Income (Loss)	878,335	839	877,496	104592.0	161,830	716,505	442.8	4,172,382	313,176	3,859,205	1232.3	1,920,535	2,251,847	117.3
IFA Home Dept Staff Count	19	19	-	0.0	14	5	35.7	18	19	(1)	-3.2	13	5	37.3
FTE Staff Count	21	21	0	2.4	16	6	37.7	21	21	(0)	-0.5	16	5	28.0

Income Statement	800-020 Residential													
	Apr-2021							YTD as of Apr-2021						
	Actuals	Bud21 R2	Difference	%	Last Year	Difference	%	Actuals	Bud21 R2	Difference	%	Last Year	Difference	%
Operating Revenue														
Interest Revenue	-	-	-	0.0	(140,005)	140,005	-100.0	-	-	-	0.0	-	-	0.0
Authority Revenue	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Fee Revenue	1,576,940	483,050	1,093,890	226.5	753,120	823,820	109.4	12,630,047	6,493,660	6,136,387	94.5	7,538,914	5,091,133	67.5
Other Revenue	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Total Operating Revenue	1,576,940	483,050	1,093,890	226.5	613,115	963,825	157.2	12,630,047	6,493,660	6,136,387	94.5	7,538,914	5,091,133	67.5
Operating Expense														
Interest Expense	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Authority Expense	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Employee Expenses	163,354	161,410	1,944	1.2	116,424	46,929	40.3	1,522,414	1,572,955	(50,541)	-3.2	1,137,246	385,169	33.9
Shared Expenses	14,082	14,712	(630)	-4.3	12,422	1,661	13.4	182,330	178,373	3,956	2.2	194,137	(11,808)	-6.1
Marketing Expense	100	945	(845)	-89.4	-	100	0.0	5,958	55,689	(49,731)	-89.3	71,086	(65,128)	-91.6
Professional Services	636,135	273,235	362,900	132.8	332,579	303,556	91.3	5,514,525	3,396,935	2,117,590	62.3	3,282,144	2,232,381	68.0
Claim and Loss Expenses	775	1,368	(593)	-43.4	81,866	(81,091)	-99.1	85,572	14,100	71,472	506.9	169,009	(83,437)	-49.4
Service Release Premium	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Miscellaneous Operating Expense	610	300	310	103.3	7,114	(6,504)	-91.4	3,640	3,000	640	21.3	10,213	(6,573)	-64.4
Overhead Allocation	6,529	16,328	(9,799)	-60.0	13,350	(6,821)	-51.1	137,890	199,378	(61,488)	-30.8	178,185	(40,294)	-22.6
Total Operating Expense	821,586	468,299	353,287	75.4	563,755	257,831	45.7	7,452,329	5,420,430	2,031,899	37.5	5,042,019	2,410,310	47.8
Net Operating Income (Loss) Before Grants	755,355	14,751	740,603	5020.6	49,360	705,995	1430.3	5,177,718	1,073,230	4,104,488	382.4	2,496,894	2,680,824	107.4
Net Grant (Income) Expense														
Grant Revenue	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Grant Expense	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Intra-Agency Transfers	-	-	-	0.0	(140,005)	140,005	-100.0	1,250,000	750,000	500,000	66.7	750,000	500,000	66.7
Total Net Grant (Income) Expense	-	-	-	0.0	(140,005)	140,005	-100.0	1,250,000	750,000	500,000	66.7	750,000	500,000	66.7
Net Operating Income (Loss) After Grants	755,355	14,751	740,603	5020.6	189,365	565,989	298.9	3,927,718	323,230	3,604,488	1115.1	1,746,894	2,180,824	124.8
Other Non-Operating (Income) Expense	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Net Income (Loss)	755,355	14,751	740,603	5020.6	189,365	565,989	298.9	3,927,718	323,230	3,604,488	1115.1	1,746,894	2,180,824	124.8
IFA Home Dept Staff Count	15	15	-	0.0	10	5	50.0	14	15	(1)	-4.0	10	5	50.0
FTE Staff Count	18	17	1	6.0	12	6	51.8	17	17	0	1.2	13	4	34.1

Income Statement	800-030 Commercial													
	Apr-2021							YTD as of Apr-2021						
	Actuals	Bud21 R2	Difference	%	Last Year	Difference	%	Actuals	Bud21 R2	Difference	%	Last Year	Difference	%
Operating Revenue														
Interest Revenue	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Authority Revenue	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Fee Revenue	159,061	27,312	131,749	482.4	7,137	151,924	2128.7	639,126	441,498	197,628	44.8	570,641	68,486	12.0
Other Revenue	4,899	5,000	(101)	-2.0	10,363	(5,464)	-52.7	89,729	50,000	39,729	79.5	96,421	(6,693)	-6.9
Total Operating Revenue	163,960	32,312	131,648	407.4	17,500	146,460	836.9	728,855	491,498	237,357	48.3	667,062	61,793	9.3
Operating Expense														
Interest Expense	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Authority Expense	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Employee Expenses	33,631	34,127	(496)	-1.5	37,226	(3,595)	-9.7	342,002	348,607	(6,605)	-1.9	320,279	21,723	6.8
Shared Expenses	589	800	(211)	-26.4	845	(255)	-30.2	9,580	11,052	(1,472)	-13.3	15,035	(5,454)	-36.3
Marketing Expense	-	100	(100)	-100.0	-	-	0.0	5,250	8,745	(3,495)	-40.0	4,920	330	6.7
Professional Services	237	850	(613)	-72.1	291	(54)	-18.6	3,669	4,000	(331)	-8.3	418	3,251	778.3
Claim and Loss Expenses	-	(899)	899	-100.0	(435)	435	-100.0	(0)	7,844	(7,844)	-100.0	15,905	(15,905)	-100.0
Service Release Premium	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Miscellaneous Operating Expense	4,924	7,250	(2,326)	-32.1	3,484	1,440	41.3	89,938	72,500	17,438	24.1	88,484	1,454	1.6
Overhead Allocation	1,598	3,997	(2,398)	-60.0	3,625	(2,027)	-55.9	33,752	48,803	(15,051)	-30.8	48,381	(14,629)	-30.2
Total Operating Expense	40,980	46,224	(5,244)	-11.3	45,036	(4,056)	-9.0	484,192	501,552	(17,360)	-3.5	493,422	(9,230)	-1.9
Net Operating Income (Loss) Before Grants	122,980	(13,912)	136,892	-984.0	(27,535)	150,515	-546.6	244,664	(10,054)	254,717	-2533.6	173,641	71,023	40.9
Net Grant (Income) Expense														
Grant Revenue	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Grant Expense	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Intra-Agency Transfers	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Total Net Grant (Income) Expense	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Net Operating Income (Loss) After Grants	122,980	(13,912)	136,892	-984.0	(27,535)	150,515	-546.6	244,664	(10,054)	254,717	-2533.6	173,641	71,023	40.9
Other Non-Operating (Income) Expense	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Net Income (Loss)	122,980	(13,912)	136,892	-984.0	(27,535)	150,515	-546.6	244,664	(10,054)	254,717	-2533.6	173,641	71,023	40.9
IFA Home Dept Staff Count	4	4	-	0.0	4	-	0.0	4	4	-	0.0	4	0	5.3
FTE Staff Count	4	4	(1)	-12.7	4	(0)	-5.8	4	4	(0)	-7.4	4	0	6.2

To: IFA & ITG Board Members
 From: David Morrison
 Date: May 25, 2021
 RE: FY22 Iowa Title Guaranty Budget Overview

FY21 Forecast

A forecast for the remainder of FY21 has been prepared in conjunction with the FY22 Budget. It considers the first nine months of actual results and three months of projections using current trends and input from ITG leaders. Thus, creating a starting point for the FY22 Budget and is used for all FY21 to FY22 comparisons.

Total Operating Income is forecast to exceed FY21 budget by \$7.7m or 95.0%.

- Premiums increased 98.6% to \$15.5m compared to \$7.8m budget, primarily related to higher volume of purchase and refinance certificates issued.
- Single premium price increase from \$140.00 to \$175.00 per transaction effective January 1, 2021.
- Mortgage Release premiums increased 94.4% or \$20.4k compared to \$21.6k budget.
- Reinsurance premiums increased 36.8% or (\$42.4k).

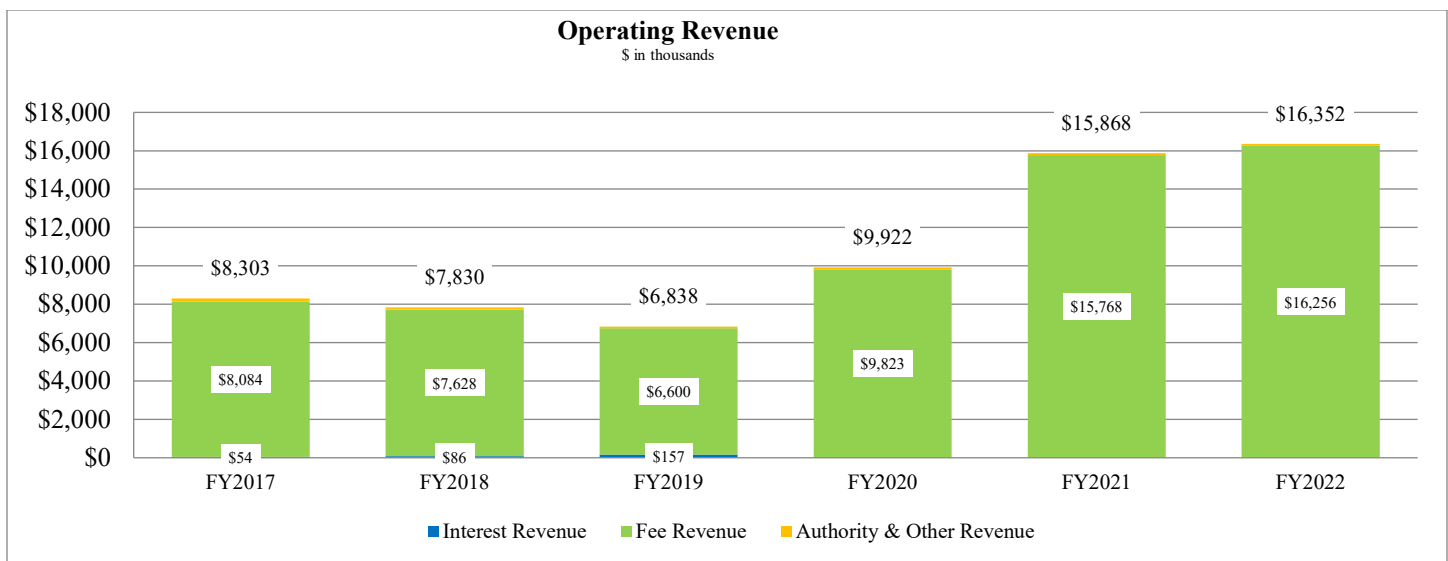
Total Operating Expenses of \$10.0m are \$3.0m or 42.8% above budget of \$7.0m.

- Primarily driven by higher incentive payments to issuers in line with certificate volume increase.

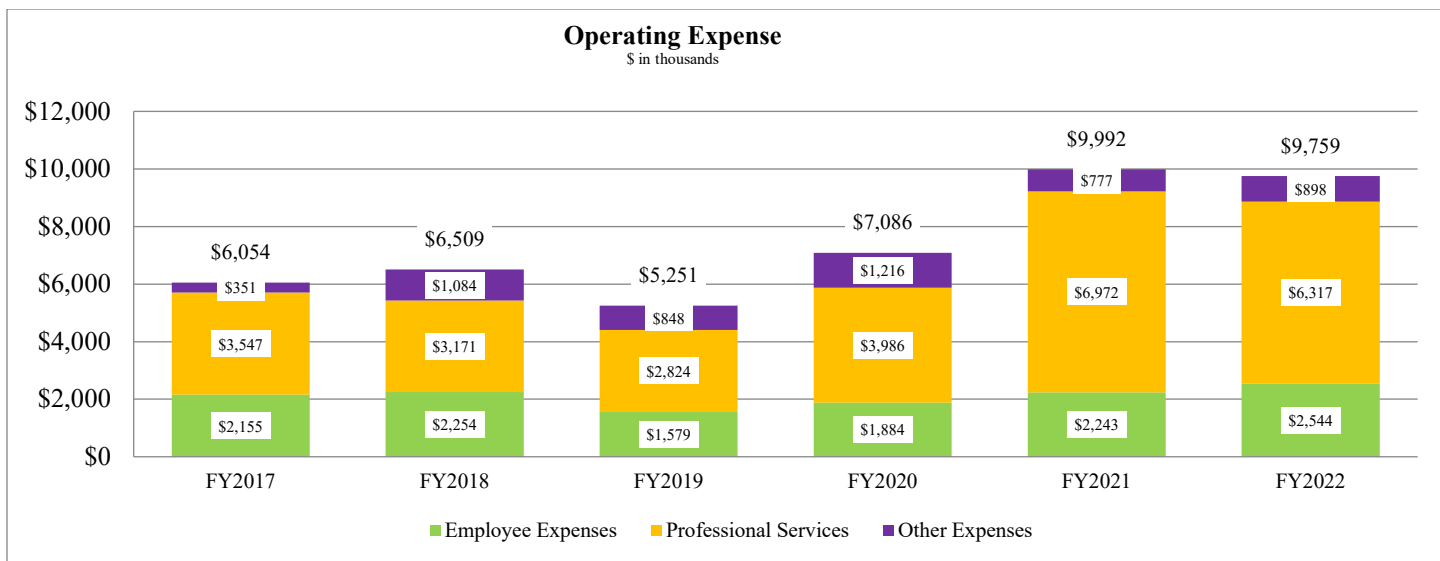
Transfers to Housing Assistance Fund are forecast at \$2.0m, \$0.9m or 81.8% more than budget.

As a result, **Net Operating Income After Grants** forecast of \$3.9m exceeds budget by \$3.8m.

FY22 - Financial Statement Highlights (FY22 Budget compared to FY21 Forecast)



Total Operating Revenue \$16.3m or increase of 3.1% above FY21 forecast. Slight decrease in residential purchase 7% and refinance 5% activity, partially offset by full year price increase (\$140 to \$175).



Total Operating Expenses are budgeted to decrease \$0.2m or 2.3% compared FY21 forecast.

Employee Expenses are budgeted to increase \$0.3m, or 13.6% compared to FY21, due to:

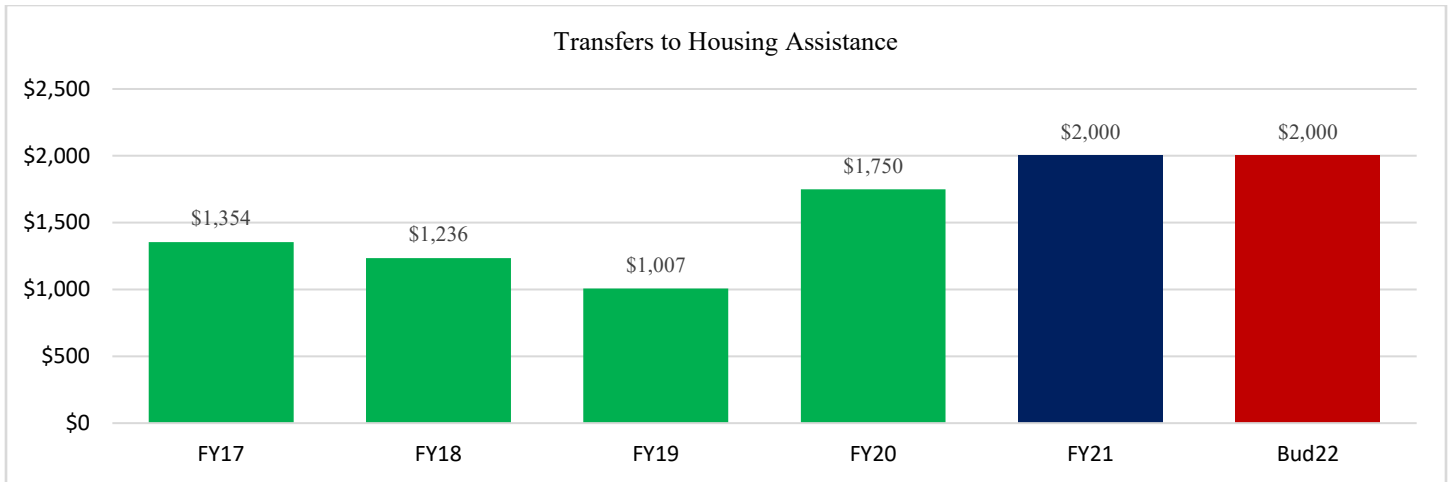
- Positions that were vacant for various time periods in FY21 are budgeted to be filled during FY22.
- Scheduled Step Increases – 3%
- Across the board 1.1% increase 7/1/2021.
- Increased Travel and Education which was lower in FY21 related to pandemic restrictions.

Professional Services are budgeted to be \$6.3m in FY22, a decrease of \$0.6m or 9.4%, compared to forecasted amounts in FY21, due to:

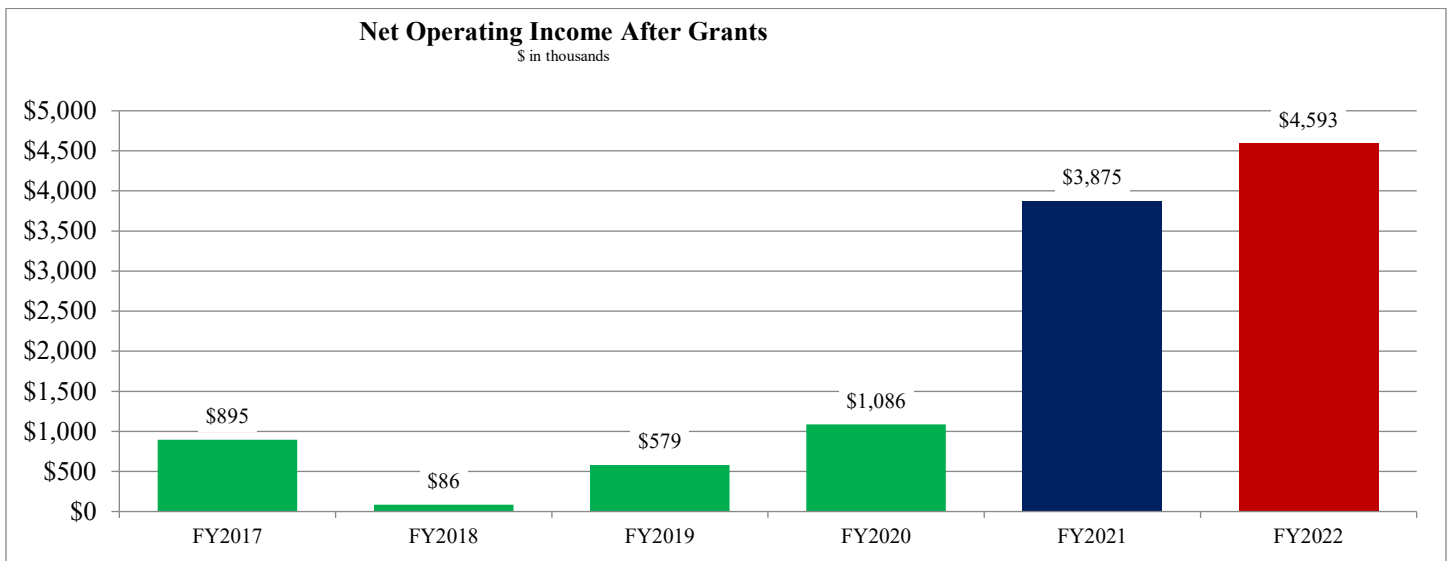
- Field issuer incentives are budgeted to be 35.7% of residential premiums in FY22 compared to 41.4% in FY21. Resulting in decreased expenses of \$661k
- Increased Bank Fees \$19k, due to more e-Payment activity utilization. Utilization rate has increased from 46.9% in February 2020 to 88.3% in February 2021. ITG expects this trend to continue into FY22.

Other Operating expenses in FY22 are budgeted to be \$0.1m higher than FY21, due to:

- Increased Shared Expenses \$25k related to anticipated increases in subscriptions, E&O Insurance coverage and postage.
- Sales and Marketing Expenses are budgeted to be \$74k in FY22, an increase of \$55k compared to FY21 forecast. ITG is budgeting to attend, hold and/or sponsor more workshops including Fall Conference that were postponed due to pandemic.
- Increased Direct Cost Transfer \$55k related to 1963 Bell facility.
- Offset by lower Misc. Operating expenses (\$19k) related to third party closing cost, such as recording fees, associated with Commercial closing transactions.



Transfers to Housing Assistance Fund from Title Guaranty.



As a result, NOIAG is \$717k or 18.5% favorable to FY21 forecast.

Balance Sheet	Bud22									
	Iowa Title Guaranty Division (Rollup)									
	ACT FY15	ACT FY16	ACT FY17	ACT FY18	ACT FY19	ACT FY20	FCST FY21	BUD FY22	\$ change	% change
Assets and Deferred Outflows										
Cash & Cash Equivalents	9,254,442	13,813,463	10,406,451	9,942,205	11,383,211	13,207,122	19,805,436	24,011,409	4,205,973	21%
Investments	-	-	-	-	-	-	-	-	-	0%
Mortgage Backed Securities	-	-	-	-	-	-	-	-	-	0%
Line of Credit	-	-	-	-	-	-	-	-	-	0%
Loans - net of reserve for losses	-	-	-	-	-	-	-	-	-	0%
Capital Assets (net)	3,313	2,979	2,645	2,311	-	-	-	-	-	0%
Other Assets	146,471	282,810	181,209	170,558	157,800	655,647	157,475	157,475	-	0%
Deferred Outflows	219,725	241,770	283,103	393,180	307,669	270,190	270,190	270,190	-	0%
Total Assets and Deferred Outflows	9,623,951	14,341,022	10,873,408	10,508,254	11,848,680	14,132,960	20,233,101	24,439,074	4,205,973	21%
Liabilities, Deferred Inflows, and Equity	-	-	-	-	-	-	-	-	-	0%
Liabilities and Deferred Inflows	4,578,943	9,019,142	4,656,295	4,364,872	5,125,977	6,324,600	8,549,334	8,162,420	(386,913)	-5%
Equity	5,045,007	5,321,880	6,217,114	6,143,382	6,722,703	7,808,360	11,683,767	16,276,654	4,592,886	39%
Total Liabilities, Deferred Inflows, and Equity	9,623,951	14,341,022	10,873,408	10,508,254	11,848,680	14,132,960	20,233,101	24,439,074	4,205,973	21%

Income Statement	Bud22									
	Iowa Title Guaranty Division (Rollup)									
	ACT FY15	ACT FY16	ACT FY17	ACT FY18	ACT FY19	ACT FY20	FCST FY21	BUD FY22	\$ change	% change
Operating Revenue										
Interest Revenue	-	30,353	54,124	85,620	157,327	-	-	-	-	0%
Authority Revenue	-	-	-	-	-	-	-	-	-	0%
Fee Revenue	5,433,802	7,265,274	8,084,427	7,628,252	6,599,796	9,823,305	15,767,698	16,255,565	487,867	3%
Other Revenue	74,455	117,732	164,496	116,531	80,805	98,264	99,829	96,000	(3,829)	-4%
Total Operating Revenue	5,508,256	7,413,360	8,303,047	7,830,404	6,837,929	9,921,570	15,867,527	16,351,565	484,038	3%
Operating Expense										
Interest Expense	-	-	-	-	-	-	-	-	-	0%
Authority Expense	-	-	-	-	-	-	-	-	-	0%
Employee Expenses	1,856,910	1,688,843	2,155,089	2,253,501	1,579,076	1,884,471	2,242,865	2,543,591	300,726	13%
Shared Expenses	241,372	242,390	247,240	388,091	477,646	241,094	227,069	252,019	24,950	11%
Marketing Expense	100,210	68,304	54,506	65,831	42,830	83,434	19,243	74,024	54,781	285%
Professional Services	2,391,530	3,399,456	3,547,146	3,170,936	2,823,868	3,985,680	6,972,038	6,317,328	(654,710)	-9%
Claim and Loss Expenses	(4,726,508)	376,392	(116,877)	513,596	246,273	529,742	214,797	220,000	5,203	2%
Service Release Premium	-	-	-	-	-	-	-	-	-	0%
Miscellaneous Operating Expense	77,203	130,748	166,586	116,620	81,588	101,264	110,693	91,200	(19,493)	-18%
Overhead Allocation	-	-	-	-	-	260,228	205,415	260,517	55,101	27%
Total Operating Expense	(59,284)	5,906,133	6,053,689	6,508,575	5,251,281	7,085,913	9,992,120	9,758,679	(233,441)	-2%
Net Operating Income (Loss) Before Grants	5,567,540	1,507,226	2,249,357	1,321,829	1,586,648	2,835,657	5,875,407	6,592,886	717,479	12%
Net Grant (Income) Expense										
Grant Revenue	-	-	-	-	-	-	-	-	-	0%
Grant Expense	-	-	-	-	-	-	-	-	-	0%
Intra-Agency Transfers	1,012,000	1,230,353	1,354,124	1,235,620	1,007,327	1,750,000	2,000,000	2,000,000	-	0%
Total Net Grant (Income) Expense	1,012,000	1,230,353	1,354,124	1,235,620	1,007,327	1,750,000	2,000,000	2,000,000	-	0%
Net Operating Income (Loss) After Grants	4,555,540	276,873	895,233	86,208	579,321	1,085,657	3,875,407	4,592,886	717,479	19%
Non-Operating (Income) Expense	-	-	-	-	-	-	-	-	-	0%
Net Income (Loss)	4,555,540	276,873	895,233	86,208	579,321	1,085,657	3,875,407	4,592,886	717,479	19%

IFA Staff Count by Home Dept	17.5	15.8	17.7	18.3	14.4	13.7	18.5	21.0	2.5	14%
Contractor Staff Count by Home Dept	0.7	1.0	0.1	0.5	0.5	0.0	0.0	0.0	0.0	0%
Staff Count by FTE	19.4	17.7	19.2	20.0	16.1	16.3	20.7	22.9	2.1	10%

Balance Sheet	Bud22 800-020 Residential									
	ACT FY15	ACT FY16	ACT FY17	ACT FY18	ACT FY19	ACT FY20	FCST FY21	BUD FY22	\$ change	% change
Assets and Deferred Outflows										
Cash & Cash Equivalents	9,254,442	13,813,463	10,406,451	9,942,205	11,383,211	13,207,122	19,805,436	24,011,409	4,205,973	21%
Investments	-	-	-	-	-	-	-	-	-	0%
Mortgage Backed Securities	-	-	-	-	-	-	-	-	-	0%
Line of Credit	-	-	-	-	-	-	-	-	-	0%
Loans - net of reserve for losses	-	-	-	-	-	-	-	-	-	0%
Capital Assets (net)	3,313	2,979	2,645	2,311	-	-	-	-	-	0%
Other Assets	146,471	282,810	181,209	170,558	157,800	655,647	157,475	157,475	-	0%
Deferred Outflows	219,725	241,770	283,103	393,180	307,669	270,190	270,190	270,190	-	0%
Total Assets and Deferred Outflows	9,623,951	14,341,022	10,873,408	10,508,254	11,848,680	14,132,960	20,233,101	24,439,074	4,205,973	21%
Liabilities, Deferred Inflows, and Equity	-	-	-	-	-	-	-	-	-	0%
Liabilities and Deferred Inflows	4,578,943	9,019,142	4,656,295	4,364,872	5,125,977	6,324,600	8,549,334	8,162,420	(386,913)	-5%
Equity	5,045,007	5,321,880	6,217,114	5,952,872	6,588,327	7,808,360	11,683,767	16,276,654	4,592,886	39%
Total Liabilities, Deferred Inflows, and Equity	9,623,951	14,341,022	10,873,408	10,317,744	11,714,305	14,132,960	20,233,101	24,439,074	4,205,973	21%
Income Statement	Bud22 800-020 Residential									
	ACT FY15	ACT FY16	ACT FY17	ACT FY18	ACT FY19	ACT FY20	FCST FY21	BUD FY22	\$ change	% change
Operating Revenue										
Interest Revenue	-	30,353	54,124	85,620	157,327	-	-	-	-	0%
Authority Revenue	-	-	-	-	-	-	-	-	-	0%
Fee Revenue	4,851,451	6,454,966	7,441,853	6,749,141	6,053,759	9,151,665	15,175,907	15,694,725	518,818	3%
Other Revenue	25	1	2,392	-	-	-	-	-	-	0%
Total Operating Revenue	4,851,476	6,485,320	7,498,369	6,834,761	6,211,086	9,151,665	15,175,907	15,694,725	518,818	3%
Operating Expense										
Interest Expense	-	-	-	-	-	-	-	-	-	0%
Authority Expense	-	-	-	-	-	-	-	-	-	0%
Employee Expenses	1,509,787	1,377,038	1,780,939	1,880,387	1,242,426	1,488,798	1,828,457	2,118,980	290,523	16%
Shared Expenses	204,925	204,302	218,637	348,816	422,604	221,246	216,677	243,386	26,709	12%
Marketing Expense	83,430	62,959	48,075	60,686	39,130	74,189	13,693	63,829	50,136	366%
Professional Services	2,382,632	3,391,648	3,539,200	3,163,194	2,820,127	3,984,739	6,967,556	6,313,128	(654,428)	-9%
Claim and Loss Expenses	(4,755,801)	328,850	(143,585)	498,471	235,672	507,358	214,797	220,000	5,203	2%
Service Release Premium	-	-	-	-	-	-	-	-	-	0%
Miscellaneous Operating Expense	2,806	7,314	5,611	3,176	6,329	10,870	3,930	4,200	270	7%
Overhead Allocation	-	-	-	-	-	204,658	165,705	217,648	51,943	31%
Total Operating Expense	(572,221)	5,372,111	5,448,877	5,954,730	4,766,287	6,491,859	9,410,815	9,181,172	(229,643)	-2%
Net Operating Income (Loss) Before Grants	5,423,697	1,113,209	2,049,492	880,032	1,444,799	2,659,806	5,765,092	6,513,553	748,461	13%
Net Grant (Income) Expense										
Grant Revenue	-	-	-	-	-	-	-	-	-	0%
Grant Expense	-	-	-	-	-	-	-	-	-	0%
Intra-Agency Transfers	1,012,000	1,230,353	1,354,124	1,235,620	1,007,327	1,750,000	2,000,000	2,000,000	-	0%
Total Net Grant (Income) Expense	1,012,000	1,230,353	1,354,124	1,235,620	1,007,327	1,750,000	2,000,000	2,000,000	-	0%
Net Operating Income (Loss) After Grants	4,411,697	(117,144)	695,367	(355,588)	437,472	909,806	3,765,092	4,513,553	748,461	20%
Non-Operating (Income) Expense	-	-	-	-	-	-	-	-	-	0%
Net Income (Loss)	4,411,697	(117,144)	695,367	(355,588)	437,472	909,806	3,765,092	4,513,553	748,461	20%
IFA Staff Count by Home Dept	14.6	13.0	14.7	15.3	10.8	9.8	14.5	17.0	2.5	17%
Contractor Staff Count by Home Dept	0.7	1.0	0.1	0.5	0.4	0.0	0.0	0.0	0.0	0%
Staff Count by FTE	16.4	14.4	15.3	16.5	13.0	12.7	16.9	19.1	2.2	13%

Balance Sheet	Bud22 800-030 Commercial									
	ACT FY15	ACT FY16	ACT FY17	ACT FY18	ACT FY19	ACT FY20	FCST FY21	BUD FY22	\$ change	% change
Assets and Deferred Outflows										
Cash & Cash Equivalents	-	-	-	-	-	-	-	-	-	0%
Investments	-	-	-	-	-	-	-	-	-	0%
Mortgage Backed Securities	-	-	-	-	-	-	-	-	-	0%
Line of Credit	-	-	-	-	-	-	-	-	-	0%
Loans - net of reserve for losses	-	-	-	-	-	-	-	-	-	0%
Capital Assets (net)	-	-	-	-	-	-	-	-	-	0%
Other Assets	-	-	-	-	-	-	-	-	-	0%
Deferred Outflows	-	-	-	-	-	-	-	-	-	0%
Total Assets and Deferred Outflows	-	-	-	-	-	-	-	-	-	0%
Liabilities, Deferred Inflows, and Equity										
Liabilities and Deferred Inflows	-	-	-	-	-	-	-	-	-	0%
Equity	0	-	0	190,510	134,376	(0)	-	-	-	0%
Total Liabilities, Deferred Inflows, and Equity	0	-	0	190,510	134,376	(0)	-	-	-	0%
Income Statement	Bud22 800-030 Commercial									
	ACT FY15	ACT FY16	ACT FY17	ACT FY18	ACT FY19	ACT FY20	FCST FY21	BUD FY22	\$ change	% change
Operating Revenue										
Interest Revenue	-	-	-	-	-	-	-	-	-	0%
Authority Revenue	-	-	-	-	-	-	-	-	-	0%
Fee Revenue	582,351	810,308	642,574	879,111	546,037	671,641	591,791	560,840	(30,951)	-5%
Other Revenue	74,430	117,731	162,104	116,531	80,805	98,264	99,829	96,000	(3,829)	-4%
Total Operating Revenue	656,780	928,039	804,678	995,642	626,843	769,905	691,620	656,840	(34,780)	-5%
Operating Expense										
Interest Expense	-	-	-	-	-	-	-	-	-	0%
Authority Expense	-	-	-	-	-	-	-	-	-	0%
Employee Expenses	347,123	311,806	374,149	373,114	336,650	395,674	414,408	424,611	10,203	2%
Shared Expenses	36,447	38,088	28,603	39,276	55,042	19,847	10,391	8,633	(1,759)	-17%
Marketing Expense	16,780	5,345	6,431	5,144	3,700	9,245	5,550	10,195	4,645	84%
Professional Services	8,898	7,808	7,946	7,742	3,741	941	4,482	4,200	(282)	-6%
Claim and Loss Expenses	29,293	47,541	26,708	15,125	10,601	22,383	(0)	-	0	-100%
Service Release Premium	-	-	-	-	-	-	-	-	-	0%
Miscellaneous Operating Expense	74,397	123,434	160,975	113,444	75,259	90,394	106,763	87,000	(19,763)	-19%
Overhead Allocation	-	-	-	-	-	55,569	39,710	42,868	3,158	8%
Total Operating Expense	512,938	534,022	604,812	553,845	484,993	594,054	581,305	577,507	(3,798)	-1%
Net Operating Income (Loss) Before Grants	143,842	394,017	199,866	441,797	141,849	175,851	110,315	79,333	(30,982)	-28%
Net Grant (Income) Expense										
Grant Revenue	-	-	-	-	-	-	-	-	-	0%
Grant Expense	-	-	-	-	-	-	-	-	-	0%
Intra-Agency Transfers	-	-	-	-	-	-	-	-	-	0%
Total Net Grant (Income) Expense	-	-	-	-	-	-	-	-	-	0%
Net Operating Income (Loss) After Grants	143,842	394,017	199,866	441,797	141,849	175,851	110,315	79,333	(30,982)	-28%
Non-Operating (Income) Expense	-	-	-	-	-	-	-	-	-	0%
Net Income (Loss)	143,842	394,017	199,866	441,797	141,849	175,851	110,315	79,333	(30,982)	-28%
IFA Staff Count by Home Dept	2.9	2.8	3.0	3.0	3.6	3.8	4.0	4.0	0.0	0%
Contractor Staff Count by Home Dept	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0%
Staff Count by FTE	3.0	3.3	3.8	3.5	3.1	3.6	3.8	3.8	0.0	-1%



IOWA TITLE GUARANTY

A DIVISION OF IOWA FINANCE AUTHORITY

To: Iowa Title Guaranty Board

From: Dillon Malone

Date: May 25, 2021

Re: Claims Report

I. Current Total Claims Reserves as of May 07, 2021: \$404,517.73

II. Fiscal Year 2021 Claims Paid to Date: \$119,615.79

III. Claim Summary as of May 07, 2021:

Total Pending Claims as of May 07, 2021	44
Pending Claims in Recoupment Status	3
Net Pending Claims as of May 07, 2021	41
Claims Received since July 01, 2020	45
Claims Resolved since July 01, 2020	49

IV. Trends:

Claims Trends	Lenders	Owners	Total
Claims in FY 2017 (<i>July 1, 2016 to June 30, 2017</i>)	94	12	106
Claims in FY 2018 (<i>July 1, 2017 to June 30, 2018</i>)	108	22	130
Claims in FY 2019 (<i>July 1, 2018 to June 30, 2019</i>)	129	13	142
Claims in FY 2020 (<i>July 1, 2019 to June 30, 2020</i>)	88	18	106
Claims to date FY 2021 (<i>July 1, 2020 to Present</i>)	32	13	45

Current Active Claims Topics	
<i>Number of Claims</i>	<i>Nature of Claim</i>
18	Issues with drafting, execution of Vesting Deed or Guaranteed Mortgage
7	Break in Chain of Title
5	Mechanic's Liens
5	Claims in Recoupment Status
4	Potential Encroachment or Boundary Dispute
2	Judgments or Liens Against Prior Titleholder
2	Manufactured Home Endorsement Claim
1	Planned Unit Development (PUD) Endorsement
1	Property Taxes or Special Assessments



To: Iowa Title Guaranty Board
From: Kevin Blackman
Date: May 25, 2021
Re: Mortgage Release – FY21

Mortgage Release – FY21 Update

Through April 2021, we received 441 requests:

256 were in conjunction with the Rapid Certificate program (58%)

185 of the remaining requests included the \$200 fee (42%)

356 releases have been filed

Since inception, 7,112 mortgages have been released through this program.

FY 2021	Requests Received	Rapid Certificates	Paid \$200	Releases Filed
Jul-20	35	19	16	26
Aug-20	40	20	20	36
Sep-20	31	20	11	54
Oct-20	33	13	20	18
Nov-20	45	25	20	40
Dec-20	46	27	19	28
Jan-21	50	36	14	31
Feb-21	48	26	22	29
Mar-21	67	42	25	45
Apr-21	46	28	18	58
Totals	441	256	185	365