



IOWA TITLE GUARANTY
A DIVISION OF IOWA FINANCE AUTHORITY

AGENDA
Iowa Title Guaranty Board Meeting
November 30, 2021

Telephonic Meeting

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

Conference ID: 847 218 930#

10:30 a.m.

I. Roll Call

II. Action Items

- a. ITG Board Meeting Minutes August 31, 2021
- b. New Business
 - i. Transfer of Funds
 - 1. Resolution ITG 21-05
 - i. Title Plant Waiver Application
 - 1. W21-2 Mahaska Title-Johnston Abstract Co.
 - a. Written Ruling

III. Discussion & Informational Items

- | | |
|----------------------------|------------------|
| a. TEAMS Board Papers | Mike Hogan |
| b. Financial Report | David Morrison |
| c. Claims Report | Dillon Malone |
| d. Mortgage Release Report | Kevin Blackman |
| e. Commercial Update | Matt Veldey |
| f. 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, March 1, 2022.

Iowa Finance Authority, Helmick Room
Des Moines, Iowa 50315
10:30 a.m.



BOARD MEETING MINUTES

**Iowa Title Guaranty
Des Moines, Iowa
August 31, 2021**

TELEPHONIC MEETING

Board Members Present

Charles 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, Executive Director, IEDA
Rita Grimm, Chief Legal Counsel
Doug Mizer, Legal Counsel
Rachel Pettit, Operations Manager
Matt Veldey, Senior Commercial Attorney
Kevin Blackman, Senior Residential Attorney
Dillon Malone, Claims Attorney
Ethan Murray, Commercial Attorney

Emily Stokes, Compliance Officer
Julie Frye, Compliance Officer
Mary Brucker, Training Specialist
David Morrison, Accounting Manager
Heidi Koll, Participant Program Administrator
Kim Praska, Commercial Services Specialist
Hao Lu, ITG Billing Specialist
Carrie Nutt, Sr. Production Specialist

Others Present

Jan Gemar, ILTA

Call to Order

The August 31, 2021 meeting of the Iowa Title Guaranty Board of Directors was held via telephone. Chairman Winkleblack called the meeting to order at 10:30 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 May 25, 2021 Board Meeting Minutes

MOTION: On a motion by Ms. Pesek and a second by Ms. Hilgenberg, the Board unanimously accepted the May 25, 2021 Board Meeting Minutes.

New Business

Election of ITG Board Chair and Vice-Chair

Chairman Winkleblack opened the floor for nominations for ITG Board Chair and Vice-Chair.

MOTION: Ms. Hilgenberg moved to nominate Chairman Winkleblack to another term as ITG Board Chair and Mr. Seufferlein seconded the motion. Chairman Winkleblack moved to nominate Ms. Hilgenberg as Vice-Chair and Mr. Seufferlein seconded the motion. Ms. Pesek moved that the Board approve Mr. Winkleblack as Chairman and Ms. Hilgenberg as Vice-Chair. Mr. Froehlich seconded the motion. The Board unanimously approved Mr. Winkleblack as Chairman and Ms. Hilgenberg as Vice-Chair of the ITG Board.

ITG 21-04 – Transfer of Funds

Mr. Morrison presented the proposed transfer of ITG funds outlined in Resolution ITG 21-04. The proposed transfer would be in the amount of \$750,000.00 to Iowa Finance Authority's (IFA) housing assistance fund. Mr. Morrison requested board action on Resolution ITG 21-04.

MOTION: On a motion by Ms. Hilgenberg and a second by Mr. Froehlich, the Board unanimously approved ITG Resolution 21-04.

Discussion and Informational Items

Financial Report

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

- ITG operated favorable to budget through July FY21. Operating revenue was 60.30% above budget, and 92.6% above last year's budget.
- Operating expense was 18.2% unfavorable to budget, and 34% unfavorable to last year's budget. Employee expenses were favorable to budget \$26; offset by unfavorable Professional Services (\$150), primarily related to higher incentive payments.
- Net Operating Income After Grants (NOIAG) is \$517 favorable to budget and \$615 favorable to last year.
- Commitments increased 4.3% (\$4.386M vs. \$4.203M) compared to June, while outstanding receivables increased 41.9% in July (\$351K to \$247K primarily in >30 days aging).
- Iowa Title Guaranty issued 9.1 commitments FYTD July compared to 11.8 in FY21. ITG issued 12.9 certificates FYTD July compared to 7.9 in FY21.

Claims Update

Mr. Malone reported that ITG claims reserves as of August 11, 2021 are now \$414,992.14. Mr. Malone reported that ITG has paid out \$26,764.30 in claims in FY22. As of the date of the report ITG had 39 pending claims, with 5 in recoupment only status.

Mr. Malone reported that ITG has received 2 claims since July 1. Mr. Malone reported 4 claims have been resolved since that date. Since March of 2020 there has been a significant decrease in claims and this trend has continued into FY22.

Mr. Malone added the “Average Submission Time” showing the time between when a mortgage or deed is filed to when a claim is actually submitted. Overall, the average is 4.81 years.

Claims continue to 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 557 mortgage release requests through June 2021. He stated that 331 of the requests were in conjunction with the Rapid Certificate program (59%), 228 of the remaining requests included the \$200 fee (41%), and 478 releases were filed. Mr. Blackman noted ITG is still seeing record numbers for this program. Mr. Blackman reported that since inception, 7,242 mortgages have been released through this program.

Mr. Blackman commended Kim Praska for her work with the Mortgage Release Program.

Operations Update

Ms. Pettit reported FY21 was another record-breaking year for ITG. Her report highlighted ITG’s growth from FY18 to FY21, demonstrating dramatic increases across the board in a relatively short period of time. Highlights included the \$6.6 million paid in incentive payments, a 68% increase over FY20 and 112% increase over FY18; 142,499 certificates issued, a 47% increase over FY20 and 71% increase over FY18; and 60,649 CPLs issued, a 33% increase over FY20 and 129% increase over FY18. Increases were also shown in the number of owner certificates issued, commercial transactions closed, and mortgage release certificates filed. Ms. Pettit reported the total residential real estate covered in FY21 was \$28,464,907,218, a 54% increase over FY20 and 99% increase over FY18 and total commercial real estate covered was \$652,20,442, an 11% increase over FY20.

Commercial Update

Mr. Veldey reported that the ITG Commercial Team has been busy with new commitments and closings and volume remains high. The Commercial Team has noticed an increase in the number of closing protection letters (CPLs) required for commercial transactions. The policy for approving CPLs for commercial transactions was recently revised, and CPL requests are reviewed on a case-by-case basis in order to manage risk.

The ITG Commercial policy and procedure for escrow functions has also been revised, specifically the procedures for verifying wire transfers.

Mr. Veldey reported that Samantha Askland and Kim Praska will attend the HousingIowa Conference September 8. ITG Commercial will sponsor the CREW Iowa Annual Panel Event on September 14 and as well as the ICREA Expo on September 28. Mr. Veldey will present at the Realtors Land Institute Land Law Update on September 29.

The ALTA Forms Committee has approved new endorsement forms. At some point ITG staff will review the forms and make recommendations.

ITG Director Update

Director Guerrero opened her comments with a staffing update and introduced Hao Lu as ITG's new Billing & Receivables Specialist.

She also summarized the ITG manuals that have been updated for our participants: ITG Program Overview Manual, Real Property Inspection Report (RPIR) Manual, Mortgage Release Certificate Program (MRCP) Manual and the ITG Claims Manual.

Ms. Guerrero reported that the customization required to integrate the Qualia platform with ITG's current system has proven to be more complicated than Qualia anticipated. As a result, ITG is working with counsel at the Attorney General's Office on a mutual termination agreement. Upon completion, ITG intends to develop an in-house software platform to adequately meet the needs of Iowa's unique land title system.

Iowa Finance Authority's marketing team has engaged a market research company to obtain data that ITG will use to develop marketing materials to educate Iowans on ITG products and services. ITG expects the market research project to conclude by the end of the 2021 calendar year.

ITG has scheduled a virtual training conference for November 9. The decision was made to host a virtual conference at the request of many participants who would be unable to take a full day to attend an in-person training due to the current workloads. Tentative training topics will include: ALTA endorsement form changes, title and abstract examination, wire fraud, and ITG's audit process.

Public Comment

There was no comment from the public.

Adjournment

MOTION: On a motion by Ms. Hilgenberg and a second by Mr. Froehlich, the August 31, 2021 Meeting of the ITG Board of Directors adjourned at 11:21 a.m.

Dated this 30th day of November, 2021.

Respectfully submitted:

Approved as to form:

Lindsey A. Guerrero
Director, Iowa Title Guaranty

Charles Winkleblack
Board Chair, Iowa Title Guaranty

RESOLUTION ITG 21-05

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 \$1,250,000 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 \$1,250,000 be transferred to the Housing Assistance Fund created pursuant to Iowa Code section 16.40.

PASSED AND APPROVED this 30th day of November, 2021.

Charles Winkleblack, Iowa Title Guaranty Board Chair

Lindsey A. Guerrero, Iowa Title Guaranty Board Secretary

(Seal)

BEFORE THE IOWA FINANCE AUTHORITY,
IOWA TITLE GUARANTY BOARD

IN RE:)	
APPLICATION FOR TITLE PLANT WAIVER)	WRITTEN RULING APPROVING
BY MAHASKA TITLE-JOHNSON)	TITLE PLANT WAIVER APPLICATION
ABSTRACT CO.)	#W21-2
)	

SUMMARY OF THE RELEVANT FACTS

Mahaska Title-Johnson Abstract Co. (“Applicant”) submitted an Application for Title Plant Waiver on August 31, 2021 (#W21-2).

Applicant is located at 121 High Ave. E., Oskaloosa, Iowa 52577. Applicant is an Iowa Land Title Association (“ILTA”) member offering abstracting products and services in Mahaska County, Iowa. Applicant was formed in June 1991 when Becky and Lyle Siefering purchased and merged Mahaska Abstract Co. and Johnson Abstract Co. Applicant has over 30 years’ experience preparing Iowa abstracts and title reports.

J. Todd Roach has managed Applicant since 2004. Mr. Roach is active with the ILTA. He was the Iowa Land Title Board’s Southeast Regional Vice President from 2013–2016. He has been a member of the ILTA Legislative Committee. Candace Slobe is Applicant’s senior abstractor. She is a Certified Land Title Professional. Ms. Slobe began abstracting in 1977. She has abstracted almost exclusively in Mahaska County. Janet Vernooy has abstracted for Applicant since 2005. She previously served as a typist and title researcher.

In May 2021, Applicant submitted its annual renewal application to Iowa Title Guaranty (“ITG”). The application disclosed Applicant’s title plant was delinquent. The plant’s most recent postings were more than thirty (30) days in arrears of the current date. On May 26, 2021, ITG sent Applicant a Title Plant Delinquency Notice (the “Notice”). The Notice directed Applicant to provide ITG with a corrective action plan and subsequent monthly progress reports detailing the status of its remediation measures. The Notice also required Applicant to bring its title plant current

by August 1, 2021 and present ITG with a passing ILTA inspection report no later than August 15, 2021.

The Notice provided Applicant two options if it were unable to timely cure its title plant delinquency. First, Applicant could wind up existing ITG business and terminate its participation in the ITG program. Alternatively, Applicant could apply for a provisional title plant waiver. Under the Notice's terms, if Participant submitted a provisional title plant waiver application, it could continue using its title plant in an unrestricted status while that application was under consideration. A provisional title plant waiver would allow Applicant to remain an ITG participant while continuing efforts to bring its title plant current.

Unable to provide ITG with a passing ILTA certification by August 15, 2021, Applicant now seeks a provisional title plant waiver.

APPLICANT'S JUSTIFICATION OF WAIVER

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

1. **HARDSHIP.** Applicant claims the title plant requirement imposes a hardship. In support, it offers the following:
 - a. Applicant claims its hardship culminates from a variety of factors, including but not limited to, the challenges of the COVID-19 pandemic, the surge in real estate transactional volume, unexpectedly losing a key staff member, and inability to find a suitable replacement for that key staff member. Applicant experienced an increased workload volume while simultaneously navigating through COVID challenges such as office closures, social distancing and staff quarantines. Applicant undertook title plant remediation measures while short staffed due to a key employee's extended medical leave followed by the employee's unexpected departure. Further, Applicant reported the title plant data entry would have to be handled while abstracting work "was coming in the door at a more rapid pace than normal". Finally, Applicant struggled in finding a replacement for the departed employee. It hired three (3) different replacements since January 2021. Per Applicant, the first two hires lasted "2-3 weeks" before departing. The third hire lasted two months before that individual left due to family obligations.

2. PUBLIC INTEREST. Applicant offers the following to support its claim that granting a title plant waiver would serve the public interest:

- a. Servicing a public need. Applicant claims it services a public need for abstracting services in Mahaska County. In support of this claim, Applicant notes it is relied upon by the Mahaska County Bar, Realtors, lenders, public and all others involved in the county's real estate and lending industries. Applicant asserts it is "the primary title company" for many local providers and the public. Applicant argues for its continued presence in the county real estate market by stating many transactional delays would occur if it were to suddenly stop providing abstracting products to the area. Applicant also stresses its knowledge of Mahaska County real estate titles is "second to none", which provides a public benefit as well.
- b. Encourage use of certificates. Applicant claims its continued operation encourages continued use of ITG certificates because many of the other abstract providers that serve Mahaska County "utilize title insurance products" instead of ITG products. Accordingly, Applicant alleges any absence from the market would "drive market share away" from ITG products and toward title insurance. Applicant notes it occasionally provides contract work to title companies throughout Iowa that typically use title insurance products. When these companies use Applicant, more business comes to ITG.
- c. Protecting consumers and promoting competition. Applicant notes its continued market presence would help avoid transactional delays it believes would occur if it left Mahaska County's real estate market. This would protect consumers, as would continued consumer access to the substantial abstracting experience Applicant notes in its application. Further, Applicant asserts it provides the "best and fairest priced title products" to Mahaska County consumers, noting it has been told its abstracts are less expensive than the products provided by other companies, a practice that protects consumers and promotes competition.
- d. Improving the quality of land titles. Applicant notes local attorneys and lenders repeatedly tell it that its abstracts are superior to work being done by "title companies that utilize title insurance." Applicant's continued market presence would allow it to continue providing its superior product.

Upon receipt, ITG published notice of Applicant's title plant waiver application on its website. ITG notified the Iowa State Bar Association and the ILTA. ITG received public comments regarding the application through October 16, 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 in preparation of 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.¹ “Public interest” means 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 Iowa Title Guaranty’s market share, improving the quality of land titles, and protecting consumers.²

¹ 265 IAC 9.7(1)“d”(5)(3).

² 265 IAC 9.7(1)“d”(5)(4).

The title plant waiver provides Iowa Title Guaranty a mechanism to ensure the availability of certificates in all ninety-nine (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 offered by Iowa Title Guaranty.

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

As stated above, ITG sent Applicant the Notice on May 26, 2021. The Notice allowed Applicant until June 8, 2021 to provide ITG with a corrective action plan which would enable its title plant postings to be brought current by August 1, 2021. The Notice also required Applicant to present ITG with a passing ILTA inspection report no later than August 15, 2021. The Notice

specified that if Applicant could not provide ITG with a passing ILTA inspection report by August 15, 2021, it would either need to: (1) terminate its participation in the ITG program and wind up its ITG business; or (2) submit a Provisional Waiver of Title Plant Requirements application to the ITG Board of Directors (“the Board”) no later than September 1, 2021. The Notice specified that if Applicant submitted a timely, complete application, ITG would allow it to continue to use the title plant in an unrestricted status during the pendency of that application before the Board.

Upon receiving ITG’s Notice, Applicant provided ITG with a corrective action plan and began making efforts to bring its title plant current. Under its initial corrective action plan, Applicant noted it needed to enter filings spanning from April to June 2021. However, in its first monthly progress report to ITG, on July 8, 2021, Applicant reported its instrument backlog was “much more substantial than [it] originally thought and reported”. Applicant noted it was behind approximately one year on its “City index”, which was current through June 2020; and even further behind on its “Rural index” which was current through “the beginning of 2020”. Ultimately unable to remedy its title plant index’s deficiency by the August 1, 2021 deadline imposed in the Notice, Applicant seeks a provisional title plant waiver allowing it to continue abstracting for a period of one (1) year while it continues its work to bring its title plant postings current.

Beginning in March 2020, the Mahaska County Recorder’s office experienced the temporary closures and periods of limited access that many Iowa counties experienced during the first year of the COVID-19 pandemic. Following a period of total closure, access to the public records was limited to appointment only. This inhibited Applicant’s ability to index public records in the manner it typically would have prior to the pandemic. Further, Applicant periodically closed its own office to the public. Other times, employees were forced to quarantine following COVID-19 exposures. Throughout these disruptions, the real estate industry experienced an exponential growth in business. In late 2020, during this period of increased work volume and decreased record access, Applicant lost a key employee to medical leave. That employee, who had over 20 years abstracting experience, unexpectedly retired when it was time to return to work in early 2021. Applicant has since cycled through hiring and training three new potential replacements for this retired staff member, each of which subsequently left. As of late October 2021, Applicant hired a fourth potential replacement and commenced that individual’s training. Together, these factors combined to impose a hardship on Applicant.

Since receiving the Notice, Applicant made efforts to bring its title plant deficiency current. Applicant was ultimately unable to bring its title plant current or obtain ILTA certification by December 1, 2020. Applicant reports working short staffed during a period of high volume impeded its ability to remedy the title plant delinquency, though it is optimistic it will be able to bridge this gap in under one year once fully staffed. Accordingly, the Board finds that denying a provisional title plant waiver to Applicant would only serve to amplify the temporary hardship it is currently experiencing. Such a denial would also penalize this Applicant for the misfortunes it encountered while making a good faith effort to bring its title plant into compliance. Denying this application would be unjust considering the hardship Applicant suffered during its corrective action period. For the foregoing reasons, the ITG Board concludes Applicant established a hardship under Iowa Code §16.91(5)(b) and 265 IAC 9.7(1)“d”(5).

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 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.”³

i. *Increasing competition among abstractors.*

Applicant asserts that if it were unable to provide ITG products until it brought its title plant current, it would essentially have to close its doors to new business until completing the required data entry tasks. Removing a market participant from conducting business would decrease market options and competition. The Mahaska County bar members, realtors, lenders, and public are best served when there is increased competition among abstractors. Allowing Applicant to

³ 265 IAC 9.7(1)“d”(5)(4).

continue abstracting under a provisional title plant waiver promotes competition among abstractors. Granting the waiver maintains an existing, reliable option for abstracting services. The Board agrees that allowing Applicant to continue operating as an ITG participant while curing the indexing deficiency within its title plant would increase competition among abstractors in Mahaska County.

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

Applicant asserts that granting a provisional title plant waiver is in the public interest because it will encourage the use of certificates in Mahaska County by allowing it to meet local banks, attorneys, and real estate agents respective needs for timely abstracting. Over the past ten years, approximately eighty (80) percent of all certificates issued for Mahaska County real property were based on Applicant's abstracting. This figure demonstrates that Applicant is fulfilling a significant public need in Mahaska County by enabling owners and lenders to obtain ITG certificates.

Failure to grant a provisional waiver and the subsequent deactivation of Applicant as an ITG participant would displace an overwhelming majority of the county's transactional volume onto a smaller number of participants. There are a handful of statewide waived attorneys that provide occasional abstracting services to Mahaska County transactions. Deactivation would require that the remaining abstracting participants absorb the market footprint the Applicant's abstracting services currently occupy. Such an immediate influx of business would likely slow abstract order processing times and increase the transaction turnaround time within Mahaska County.

If ITG participating abstractors are unable to meet lender and market demands, consumers within the Mahaska County market could foreseeably turn to title insurance for expedient service. The availability of expedient abstracting is crucial considering the high transactional volume being experienced statewide. The Board concludes permitting Applicant to continue operating as an ITG participant pursuant to a provisional title plant waiver will allow abstractors to maintain competitive processing times. Competitive processing times will encourage certificate use in Mahaska 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. As Mahaska County's lone title plant abstractor, if Applicant were no longer available to assist in absorbing the county's demand for ITG certificates, an alternative would likely be title insurance. Allowing title insurance to absorb the market footprint that Applicant currently occupies 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 the public interest supports granting the provisional waiver because it will improve the quality of Iowa's land titles. Upon expiration of the provisional waiver, Applicant will be preparing abstracting using a complete 40-year title plant, which is the preferred method of title evidencing in Iowa. Like the intent to build, a provisional waiver promotes the use of the 40-year title plant, providing the applicant with an appropriate amount of time to complete the plant.

In addition, granting Applicant's provisional title plant waiver application is clearly in the public interest because Applicant provides competent abstracting services. Applicant employs the county's most experienced abstractor. Its employees have amassed over seventy (70) years' experience abstracting and conducting title searches for Iowa real property. As Mahaska County's only title plant abstractor, Applicant is uniquely positioned to improve the county's land titles. Its continued operation should be preserved to affect this end.

v. Protecting consumers.

The Board finds granting Applicant a provisional waiver to complete its 40-year title plant protects consumers. Allowing Applicant to maintain operations pursuant to a provisional waiver protects consumers by promoting competitive pricing and turnaround times within Mahaska County. Further, the 40-year title plant is the most thorough and reliable form of title evidencing, resulting in clean title for Iowa consumers. Finally, Applicant has considerable experience

operating as an ITG participant. It has a history of producing competent, quality abstracting work that participants have relied on for years while issuing ITG coverage for Iowans transacting real estate in Mahaska County. A participant with this track record of competency and reliability should be allowed to continue operating, as that continued operation ultimately serves to protect Iowans.

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 requirements of 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 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 THE 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.⁴ 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.⁵

Applicant’s employees extensive experience is significant and noteworthy. Staff members Todd Roach, Candace Slobe and Janet Vernooy have over seventy (70) years combined experience between them. Multiple Mahaska County ITG participating attorneys offered letters supporting Applicant’s request for a provisional title plant waiver. Each communicated Applicants critical

⁴ 265 IAC 9.7(1)“d”(6)(4).

⁵ *Id.*

importance as Mahaska County’s lone local abstract company, stressing any service disruption would work to the Mahaska County real estate community’s detriment.

Dustin Hite, an attorney and State Representative for Iowa’s Seventy-Ninth District, commented in his letter that Applicant is “one of the finest” abstract companies with whom he works. Hite noted Applicant’s work product is “as good as or better than any other abstract company in the state”. In his letter, Oskaloosa attorney Michael W. Broerman endorsed Applicant’s trustworthiness, reliability, and excellent work quality. Attorney David Dixon, who has practiced for forty-three (43) years in Oskaloosa, echoed Broerman’s sentiments, noting Applicant produces excellent work. Dixon’s letter states he has “marveled” with fellow area practitioners about “how lucky we are to have the quality of [Applicant’s] service.” Dixon noted other abstract companies work product is often found to be lacking by comparison to Applicant’s work. Dixon also offered praise for Applicant’s consistent helpfulness, and considerable knowledge. Zach Ruroden, President of the Iowa Land Title Association (“ILTA”) Board of Directors wrote in public comments on the Application that the ILTA supports title-plant abstracting and supports the one-year title plant waiver application.

RULING

For these reasons, the Board approves Mahaska Title-Johnson Abstract Co.’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 30th day of November, 2021.

Charles Winkleblack, Iowa Title Guaranty Board Chair

Lindsey A. Guerrero, Iowa Title Guaranty Board Secretary

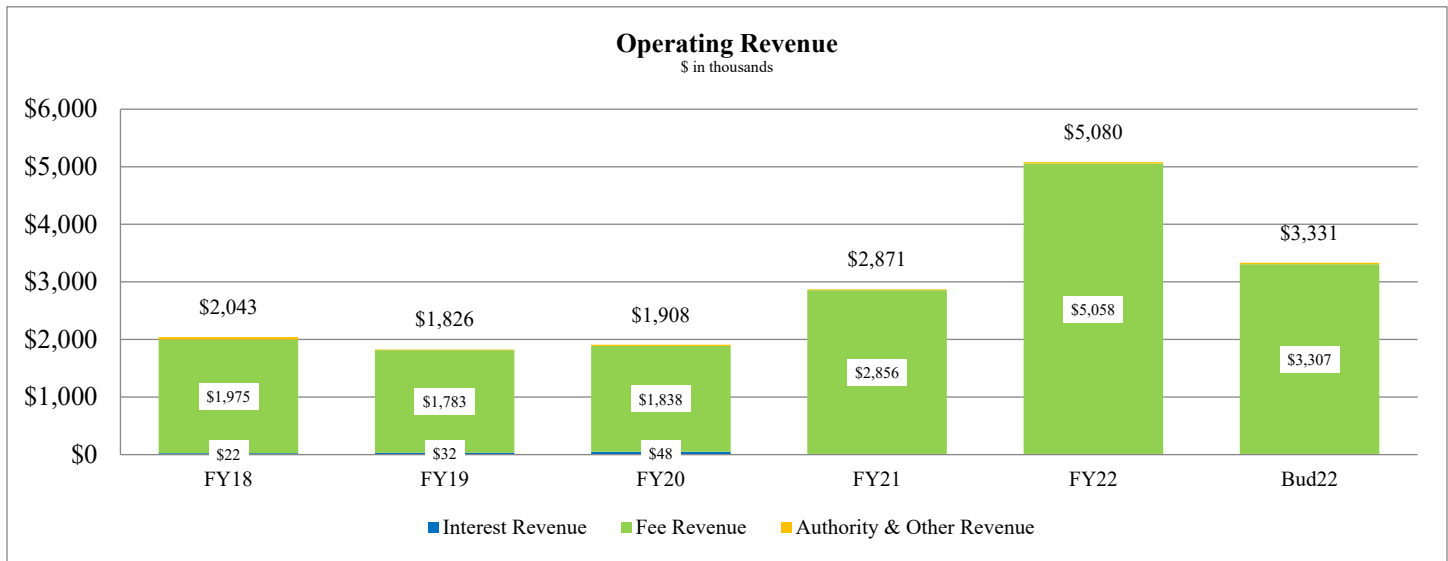
(seal)



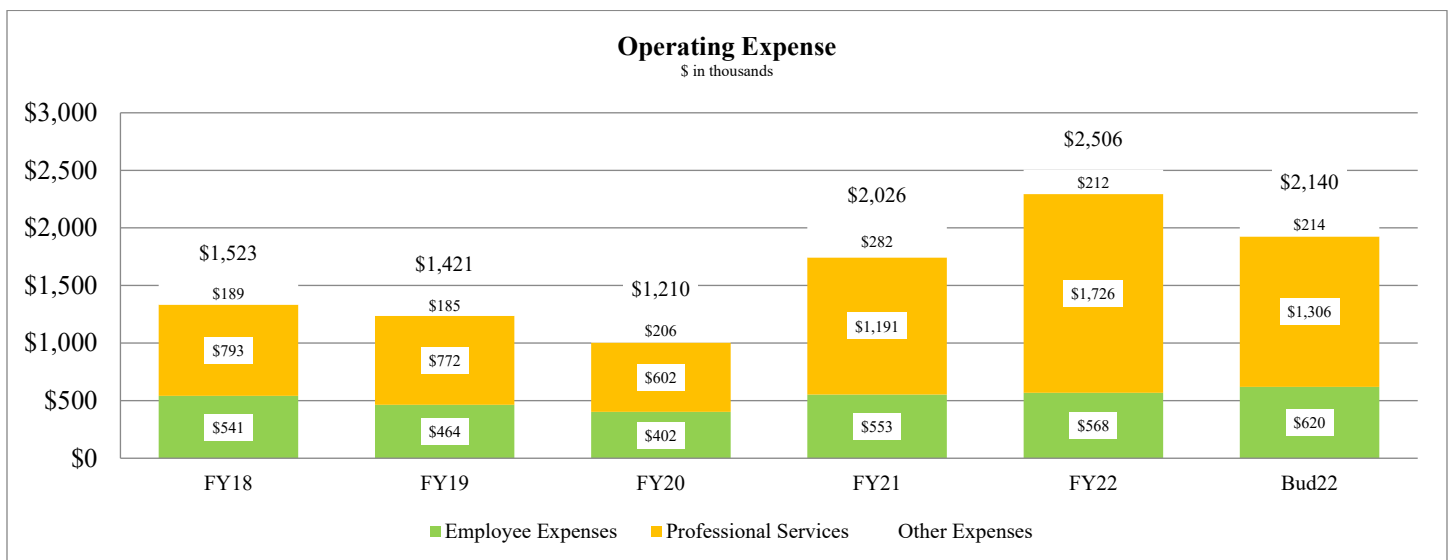
To: IFA & ITG Board Members
 From: David Morrison
 Date: November 30, 2021
 RE: September 2021 YTD Financial Results

Iowa Title Guaranty Financial Results (\$ in thousands)

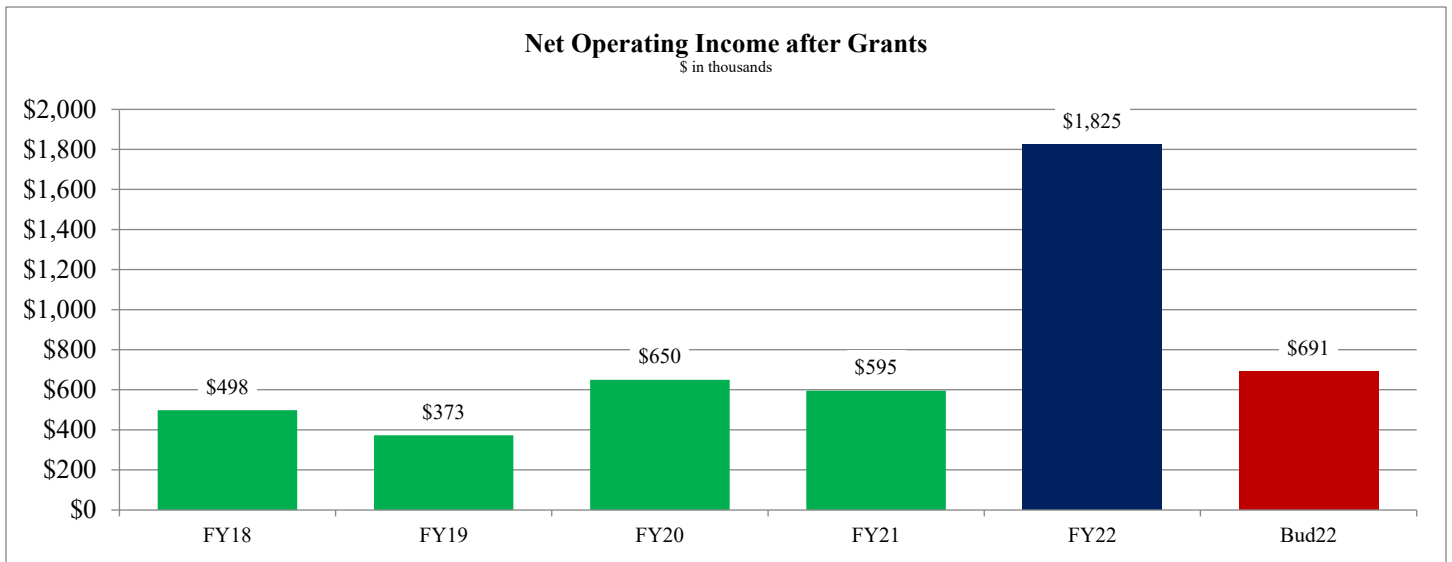
ITG operated favorably to budget for the first quarter of FY2022.



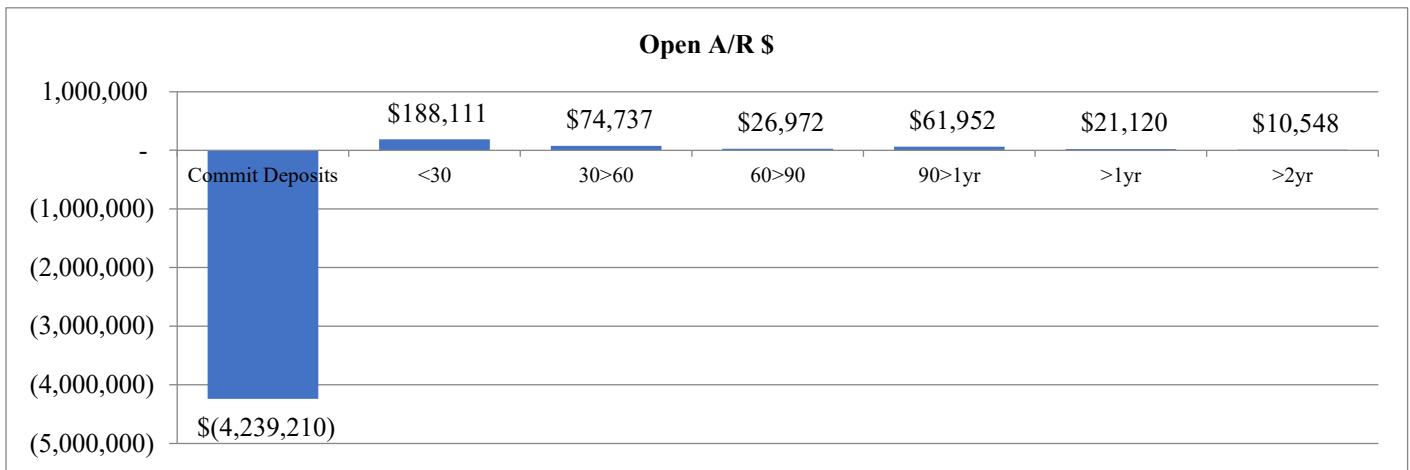
Operating revenue was \$1,749, or 52.5% above budget and 77.0% above last year.



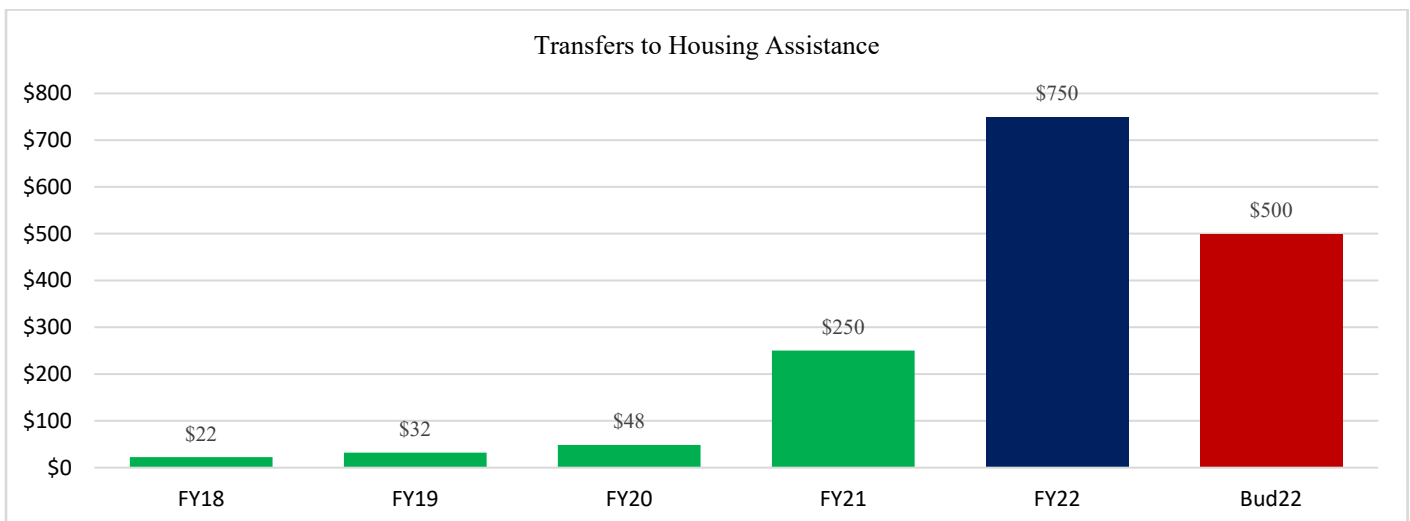
Operating expense was \$366, or 17.1% unfavorable to budget and 23.7% unfavorable to last year. Employee expenses were favorable to budget \$52; offset by unfavorable Professional Services (\$420) – primarily related to higher incentive payments.



As a result, NOIAG is \$1,134 favorable to budget and \$1,230 favorable to last year.

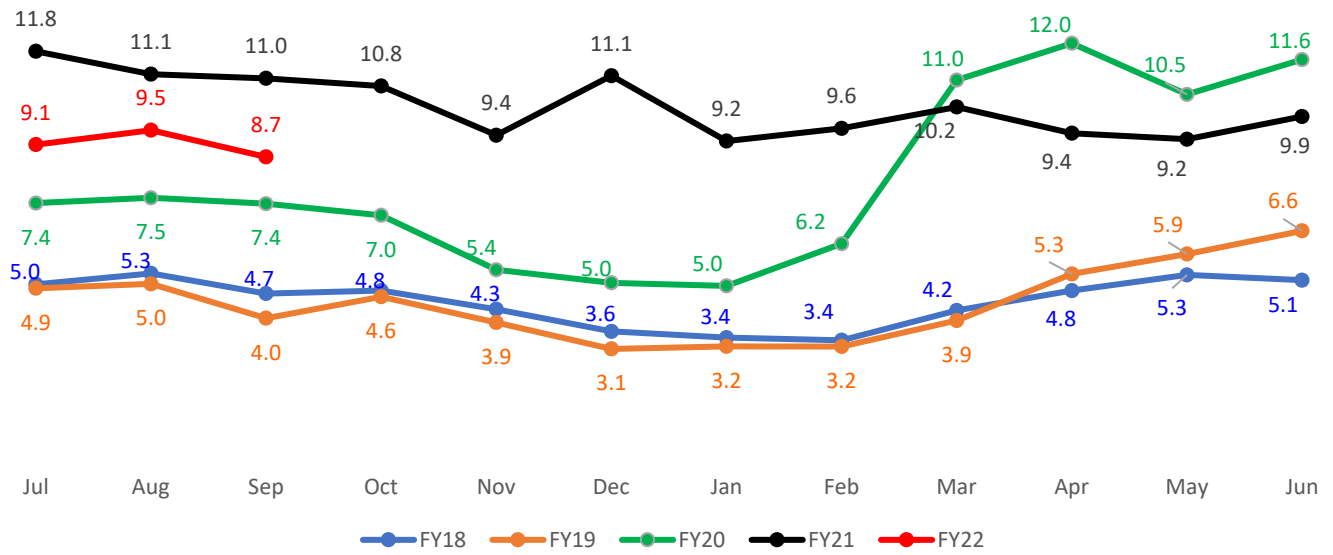


Commitments increased 4.0% (\$4.239M vs \$4.414M) compared to August, while outstanding receivables increased 21.0% in September (\$383k to \$316k primarily in <30 days and 30>60 days aging).

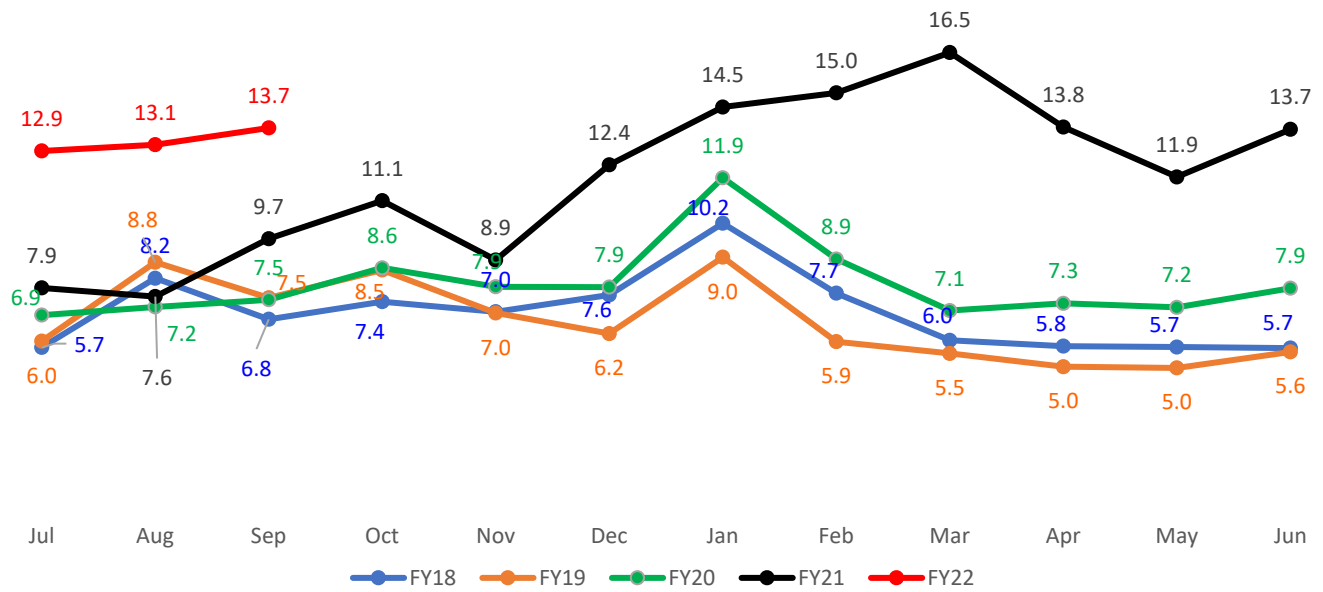


Comparison of September YTD

Monthly Trend - Commitments Issued- 5 yr trends



Monthly Trend - Certificates Issued 5 year trend



Balance Sheet	Iowa Title Guaranty Division (Rollup)						
	Sep-2021						
	Actuals	Bud22	Difference	%	Last Year	Difference	%
Assets and Deferred Outflows							
Cash & Cash Equivalents	22,910,592	19,783,262	3,127,331	15.8	14,734,020	8,176,572	55.5
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	403,699	266,555	137,144	51.5	830,638	(426,939)	-51.4
Deferred Outflows	317,864	270,190	47,674	17.6	270,190	47,674	17.6
Total Assets and Deferred Outflows	23,632,155	20,320,006	3,312,149	16.3	15,834,848	7,797,307	49.2
Liabilities, Deferred Inflows, and Equity							
Debt	-	-	-	0.0	-	-	0.0
Interest Payable	-	-	-	0.0	-	-	0.0
Unearned Revenue	-	-	-	0.0	-	-	0.0
Escrow Deposits	1,789,219	912,288	876,930	96.1	1,276,360	512,859	40.2
Reserves for Claims	1,646,041	1,473,928	172,113	11.7	1,554,046	91,995	5.9
Accounts Payable & Accrued Liabilities	4,830,097	4,197,552	632,545	15.1	3,181,092	1,649,005	51.8
Other liabilities	1,418,775	1,279,687	139,088	10.9	1,164,189	254,586	21.9
Deferred Inflows	175,105	81,785	93,320	114.1	255,588	(80,483)	-31.5
Total Liabilities and Deferred Inflows	9,859,237	7,945,240	1,913,997	24.1	7,431,276	2,427,961	32.7
Equity							
YTD Earnings(Loss)	1,824,537	690,999	1,133,538	164.0	595,212	1,229,325	206.5
Prior Years Earnings	11,948,381	11,683,767	264,614	2.3	7,808,360	4,140,021	53.0
Transfers	-	-	-	0.0	-	-	0.0
Total Equity	13,772,918	12,374,766	1,398,152	11.3	8,403,572	5,369,346	63.9
Total Liabilities, Deferred Inflows, and Equity	23,632,155	20,320,006	3,312,149	16.3	15,834,848	7,797,307	49.2

Income Statement	Iowa Title Guaranty Division (Rollup)													
	Sep-2021							YTD as of Sep-2021						
	Actuals	Bud22	Difference	%	Last Year	Difference	%	Actuals	Bud22	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	1,698,966	1,250,587	448,379	35.9	1,086,647	612,319	56.3	5,058,224	3,307,085	1,751,139	53.0	2,855,607	2,202,617	77.1
Other Revenue	1,640	8,000	(6,360)	-79.5	11,231	(9,591)	-85.4	22,270	24,000	(1,730)	-7.2	15,308	6,962	45.5
Total Operating Revenue	1,700,606	1,258,587	442,019	35.1	1,097,878	602,727	54.9	5,080,493	3,331,085	1,749,408	52.5	2,870,915	2,209,579	77.0
Operating Expense														
Interest Expense	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Authority Expense	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Employee Expenses	192,242	212,625	(20,383)	-9.6	194,905	(2,663)	-1.4	567,918	619,721	(51,803)	-8.4	552,509	15,409	2.8
Shared Expenses	48,453	15,971	32,481	203.4	14,545	33,908	233.1	76,894	54,964	21,930	39.9	43,298	33,596	77.6
Marketing Expense	1,183	5,510	(4,327)	-78.5	-	1,183	0.0	1,283	7,600	(6,317)	-83.1	-	1,283	0.0
Professional Services	601,575	480,868	120,707	25.1	449,781	151,794	33.7	1,726,464	1,306,358	420,107	32.2	1,190,994	535,470	45.0
Claim and Loss Expenses	4,390	10,000	(5,610)	-56.1	61,876	(57,486)	-92.9	65,146	30,000	35,146	117.2	150,789	(85,643)	-56.8
Service Release Premium	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Miscellaneous Operating Expense	3,741	7,600	(3,859)	-50.8	12,519	(8,778)	-70.1	32,126	22,800	9,326	40.9	16,840	15,286	90.8
Overhead Allocation	15,464	15,625	(160)	-1.0	10,680	4,785	44.8	36,124	98,644	(62,519)	-63.4	71,272	(35,148)	-49.3
Total Operating Expense	867,047	748,199	118,848	15.9	744,305	122,743	16.5	2,505,956	2,140,086	365,870	17.1	2,025,702	480,254	23.7
Net Operating Income (Loss) Before Grants	833,558	510,388	323,171	63.3	353,574	479,985	135.8	2,574,537	1,190,999	1,383,538	116.2	845,212	1,729,325	204.6
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	750,000	500,000	250,000	50.0	250,000	500,000	200.0	750,000	500,000	250,000	50.0	250,000	500,000	200.0
Total Net Grant (Income) Expense	750,000	500,000	250,000	50.0	250,000	500,000	200.0	750,000	500,000	250,000	50.0	250,000	500,000	200.0
Net Operating Income (Loss) After Grants	83,558	10,388	73,171	704.4	103,574	(20,015)	-19.3	1,824,537	690,999	1,133,538	164.0	595,212	1,229,325	206.5
Other Non-Operating (Income) Expense	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Net Income (Loss)	83,558	10,388	73,171	704.4	103,574	(20,015)	-19.3	1,824,537	690,999	1,133,538	164.0	595,212	1,229,325	206.5
IFA Home Dept Staff Count	20	21	(1)	-4.8	18	2	11.1	20	21	(1)	-4.8	18	2	11.1
FTE Staff Count	21	23	(1)	-6.0	21	0	1.8	21	23	(1)	-6.4	21	1	3.2

Income Statement	800-020 Residential													
	Sep-2021							YTD as of Sep-2021						
	Actuals	Bud22	Difference	%	Last Year	Difference	%	Actuals	Bud22	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	1,641,913	1,203,850	438,063	36.4	1,034,317	607,596	58.7	4,818,025	3,166,875	1,651,150	52.1	2,725,359	2,092,666	76.8
Other Revenue	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Total Operating Revenue	1,641,913	1,203,850	438,063	36.4	1,034,317	607,596	58.7	4,818,025	3,166,875	1,651,150	52.1	2,725,359	2,092,666	76.8
Operating Expense														
Interest Expense	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Authority Expense	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Employee Expenses	155,951	171,758	(15,808)	-9.2	159,742	(3,791)	-2.4	461,331	512,149	(50,817)	-9.9	449,991	11,340	2.5
Shared Expenses	48,212	15,671	32,541	207.6	13,873	34,339	247.5	76,125	53,949	22,176	41.1	41,240	34,886	84.6
Marketing Expense	1,183	2,160	(977)	-45.2	-	1,183	0.0	1,283	4,050	(2,767)	-68.3	-	1,283	0.0
Professional Services	601,276	480,518	120,758	25.1	449,327	151,949	33.8	1,725,446	1,305,308	420,138	32.2	1,190,299	535,147	45.0
Claim and Loss Expenses	4,390	10,000	(5,610)	-56.1	62,296	(57,907)	-93.0	65,146	30,000	35,146	117.2	150,283	(85,137)	-56.7
Service Release Premium	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Miscellaneous Operating Expense	380	350	30	8.6	420	(40)	-9.5	1,550	1,050	500	47.6	1,060	490	46.2
Overhead Allocation	12,898	13,054	(155)	-1.2	8,580	4,319	50.3	30,130	82,412	(52,282)	-63.4	57,257	(27,127)	-47.4
Total Operating Expense	824,290	693,511	130,779	18.9	694,238	130,052	18.7	2,361,012	1,988,917	372,095	18.7	1,890,130	470,882	24.9
Net Operating Income (Loss) Before Grants	817,623	510,339	307,284	60.2	340,079	477,544	140.4	2,457,013	1,177,958	1,279,054	108.6	835,229	1,621,784	194.2
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	750,000	500,000	250,000	50.0	250,000	500,000	200.0	750,000	500,000	250,000	50.0	250,000	500,000	200.0
Total Net Grant (Income) Expense	750,000	500,000	250,000	50.0	250,000	500,000	200.0	750,000	500,000	250,000	50.0	250,000	500,000	200.0
Net Operating Income (Loss) After Grants	67,623	10,339	57,284	554.0	90,079	(22,456)	-24.9	1,707,013	677,958	1,029,054	151.8	585,229	1,121,784	191.7
Other Non-Operating (Income) Expense	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Net Income (Loss)	67,623	10,339	57,284	554.0	90,079	(22,456)	-24.9	1,707,013	677,958	1,029,054	151.8	585,229	1,121,784	191.7
IFA Home Dept Staff Count	16	17	(1)	-5.9	14	2	14.3	16	17	(1)	-5.9	14	2	14.3
FTE Staff Count	18	19	(1)	-7.6	17	0	1.9	18	19	(2)	-8.1	17	1	3.6

Income Statement	800-030 Commercial													
	Sep-2021							YTD as of Sep-2021						
	Actuals	Bud22	Difference	%	Last Year	Difference	%	Actuals	Bud22	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	57,053	46,737	10,316	22.1	52,330	4,723	9.0	240,199	140,210	99,989	71.3	130,248	109,952	84.4
Other Revenue	1,640	8,000	(6,360)	-79.5	11,231	(9,591)	-85.4	22,270	24,000	(1,730)	-7.2	15,308	6,962	45.5
Total Operating Revenue	58,693	54,737	3,956	7.2	63,561	(4,869)	-7.7	262,469	164,210	98,259	59.8	145,556	116,913	80.3
Operating Expense														
Interest Expense	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Authority Expense	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Employee Expenses	36,292	40,867	(4,576)	-11.2	35,163	1,129	3.2	106,586	107,572	(986)	-0.9	102,517	4,069	4.0
Shared Expenses	240	300	(60)	-19.9	672	(431)	-64.2	769	1,015	(246)	-24.2	2,059	(1,289)	-62.6
Marketing Expense	-	3,350	(3,350)	-100.0	-	-	0.0	-	3,550	(3,550)	-100.0	-	-	0.0
Professional Services	299	350	(51)	-14.6	454	(155)	-34.2	1,018	1,050	(32)	-3.0	695	323	46.5
Claim and Loss Expenses	-	-	-	0.0	(421)	421	-100.0	-	-	-	0.0	506	(506)	-100.0
Service Release Premium	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Miscellaneous Operating Expense	3,361	7,250	(3,889)	-53.6	12,099	(8,738)	-72.2	30,576	21,750	8,826	40.6	15,780	14,796	93.8
Overhead Allocation	2,566	2,571	(5)	-0.2	2,100	466	22.2	5,994	16,232	(10,238)	-63.1	14,015	(8,021)	-57.2
Total Operating Expense	42,757	54,688	(11,931)	-21.8	50,067	(7,309)	-14.6	144,944	151,169	(6,225)	-4.1	135,572	9,372	6.9
Net Operating Income (Loss) Before Grants	15,935	49	15,887	32754.8	13,495	2,441	18.1	117,525	13,041	104,484	801.2	9,984	107,541	1077.2
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	15,935	49	15,887	32754.8	13,495	2,441	18.1	117,525	13,041	104,484	801.2	9,984	107,541	1077.2
Other Non-Operating (Income) Expense	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Net Income (Loss)	15,935	49	15,887	32754.8	13,495	2,441	18.1	117,525	13,041	104,484	801.2	9,984	107,541	1077.2
IFA Home Dept Staff Count	4	4	-	0.0	4	-	0.0	4	4	-	0.0	4	-	0.0
FTE Staff Count	4	4	0	2.4	4	0	1.3	4	4	0	2.1	4	0	1.1



IOWA TITLE GUARANTY

A DIVISION OF IOWA FINANCE AUTHORITY

To: Iowa Title Guaranty Board

From: Dillon Malone

Date: November 30, 2021

Re: Claims Report

I. Current Total Claims Reserves as of November 10, 2021: \$439,970.05

II. Fiscal Year 2022 Claims Paid to Date: \$34,290.69

III. Claim Summary as of November 10, 2021:

Total Pending Claims as of November 10, 2021	38
Pending Claims in Recoupment Status	4
Net Pending Claims as of November 10, 2021	34
Claims Received since July 01, 2021	14
Claims Resolved since July 01, 2021	17

IV. Trends:

Claims Trends	Lenders	Owners	Total
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 in FY 2021 (<i>July 1, 2020 to June 30, 2021</i>)	37	17	54
Claims to date in FY 2022 (<i>July 1, 2021 to present</i>)	7	7	14

Average Submission Time	Overall	Lenders	Owners
	3.05 years	5.09 years	2.28 years

Current Active Claims Topics	
<i>Number of Claims</i>	<i>Nature of Claim</i>
11	Break in Chain of Title
7	Issues with drafting, execution of Vesting Deed or Guaranteed Mortgage
6	Mechanic's Liens
4	Claims in Recoupment Status
3	Potential Encroachment or Boundary Dispute
3	Judgments or Liens Against Prior Titleholder
2	Manufactured Home Endorsement Claim
2	Gap Endorsement Claim



IOWA TITLE GUARANTY
A DIVISION OF IOWA FINANCE AUTHORITY

To: Iowa Title Guaranty Board
From: Kevin Blackman
Date: November 30, 2021
Re: Mortgage Release – FY22

Mortgage Release – FY22 Update

Through October 2021, we received 252 requests:

170 were in conjunction with the Rapid Certificate program (67%)

82 of the remaining requests included the \$200 fee (33%)

202 releases have been filed

Since inception, 7,444 mortgages have been released through this program.

FY 2022	Requests Received	Rapid Certificates	Paid \$200	Releases Filed
Jul-21	54	33	21	51
Aug-21	47	27	20	61
Sep-21	71	52	19	38
Oct-21	80	58	22	52
Totals	252	170	82	202