



IOWA TITLE GUARANTY
A DIVISION OF IOWA FINANCE AUTHORITY

AGENDA
Iowa Title Guaranty Board Meeting
May 24, 2022

Telephonic Meeting

<https://akaiowa.us/itgboard>

10:30 a.m.

I. Roll Call

II. Action Items

- a. ITG Board Meeting Minutes March 1, 2022
- b. New Business
 - i. Transfer of Funds
 1. Resolution ITG 22-02

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 | Dillon Malone |

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 30, 2022.

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



BOARD MEETING MINUTES

**Iowa Title Guaranty
Des Moines, Iowa
March 1, 2022**

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
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
Katherine Smith, Residential Attorney
Emily Stokes, Compliance Officer

Mary Brucker, Training Specialist
Mike Hogan, IT System Administrator
David Morrison, ITG Accounting Manager
Heidi Koll, Participant Program Administrator
Kim Praska, Commercial Services Specialist
Hao Lu, ITG Billing Specialist
Carrie Nutt, Sr. Production Specialist

Others Present

Sandy Guy, Community Title, LLC
Dean Hoag, Community Title, LLC
Amy Portwine, Midland Title & Escrow
Randee Slings, Iowa Title Company

Call to Order

The March 1, 2022 meeting of the Iowa Title Guaranty Board of Directors was held via telephone. Chairman Winkleblack called the meeting to order at 10:32 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 November 30, 2021 Board Meeting Minutes

MOTION: On a motion by Mr. Froehlich and a second by Mr. Seufferlein, the Board unanimously accepted the November 30, 2021 Board Meeting Minutes.

New Business

ITG 22-01 – Transfer of Funds

Mr. Morrison presented the proposed transfer of ITG funds outlined in Resolution ITG 22-01. The proposed transfer would be in the amount of \$1,500,000.00 to Iowa Finance Authority's (IFA) housing assistance fund. Mr. Morrison requested board action on Resolution ITG 22-01.

MOTION: On a motion by Ms. Hilgenberg and a second by Ms. Pesek, the Board unanimously approved ITG Resolution 22-01.

Discussion and Informational Items

Financial Report

Mr. Morrison presented an overview of the financials for January 2022 YTD:

- ITG operated favorable to budget through the first month of the third quarter of FY2022. Operating revenue was 29.4% above budget and 48.1% above last year.
- Operating expense was 10.2% unfavorable to budget and 23.9% unfavorable to last year. Employee expenses were favorable to budget \$167; offset by unfavorable Professional Services (\$826), primarily related to higher incentive payments.
- Net Operating Income After Grants (NOIAG) is \$1,157 favorable to budget and \$1,467 favorable to last year.
- Commitments decreased 10.9% (\$3.950M vs. \$3.976M) compared to December, while outstanding receivables increased 14.9% in January (\$323K to \$281K primarily in <30 days and 30>60 days aging).
- January YTD ITG transferred \$2M to the IFA housing assistance fund compared to a budget of \$1M.
- Iowa Title Guaranty commitments are trending down due to an increase in interest rates. Certificates are still trending upwards.

Claims Update

Mr. Malone reported that ITG claims reserves as of February 9, 2022 are now \$419,650.40. Mr. Malone reported that ITG has paid out \$41,933.61 in claims in FY22. As of the date of the report ITG had 35 pending claims, with 4 in recoupment only status.

Mr. Malone reported that ITG has received 24 claims since July 1. Mr. Malone reported 30 claims have been resolved since that date.

While claim volume has steadily decreased, ITG continues to receive claims due primarily to issues with the drafting and breaks in the chain of title.

Mortgage Release Update

Mr. Blackman reported that ITG received 480 mortgage release requests through January 2022. He stated that 337 of the requests were in conjunction with the Rapid Certificate program (70%), 143 of the remaining requests included the \$200 fee (30%), and 390 releases were filed. Mr. Blackman reported that since inception, 7,632 mortgages have been released through this program. Mr. Blackman noted ITG numbers for the program thus far are exceeding the numbers for FY2021, especially in January 2022.

Mr. Blackman praised Kim Praska for her ability to manage the record number of release requests thus far.

Commercial Update

Mr. Veldey reported that the ITG Commercial Team continues to see a steady volume of transactions and a large number of those are agricultural commitments. The number of closings has slowed which has allowed the team to work on cross-training employees. Overall, the numbers for new transactions are strong and specific numbers are reflected in the premiums shown in the financial report.

ITG Director Update

Director Guerrero opened her comments with a staffing update. Two positions are currently open: a legal Summer Internship and a Production Specialist position to replace Amanda Jenkins.

ITG recently developed three short-form attorney certifications that participating ITG attorneys may use in lieu of a traditional title opinion when examining a Form 900, Form 901, or Post-Closing Search Certification. The forms do not eliminate the title opinion requirement as provided in Iowa Code Section 16.91(6). Rather, ITG created these forms to simultaneously uphold the title opinion requirement and expedite the title opinion process. The forms enable the title attorney to render a short-form opinion as to the status of title based upon review of the short-form abstracting product which shall be relied upon by the field issuer when issuing a commitment or certificate. The forms are not required. The title attorney has the discretion to require full abstracting and a traditional title opinion as the title attorney deems necessary.

Director Guerrero stated that the Iowa Finance Authority (“IFA”) Board approved of IFA Resolution “ITG 22-01,” granting petitioners, Clear Title & Abstract, LLC and Council Bluffs Title & Escrow, LLC, a five-year extension of the existing Pottawattamie County Abstract Definition Waiver and approving use of the updated Pottawattamie County Report of Title on residential and commercial transactions with coverage amounts of \$750,000 or less for the period of March 1, 2022

– March 1, 2027. The Iowa Administrative Code Rule 265-9.1 defines an abstract as a summary of “all matters of record” affecting title to a specific parcel of real estate. The Waiver waives the “all matters of record” requirement within the abstract definition, allowing the Applicants to prepare a Report of Title disclosing only those matters of record currently affecting the property. The Reports of Title must be prepared on Iowa Title Guaranty’s approved forms and in accordance with Iowa Title Guaranty’s Pottawattamie County Report of Title Requirements. The original waiver was granted in 2007 and extended for five-year terms in 2012 and 2017. Changes to the waiver include an expansion of the coverage amount from \$500,000 to \$750,000 or less and including both residential and commercial properties.

Director Guerrero shared the results from an independent market research study:

1. If the sale of title insurance is legalized in Iowa, Iowans would pay an additional \$45M per year in premiums and the profits would go to out-of-state title insurance companies.
2. ITG provides Iowans with title coverage for a quarter of the cost of an out-of-state title insurance policy.
3. The national average premium for a title insurance policy is \$911. ITG offers a flat rate premium of \$175 for residential coverage up to \$750,000.
4. Homeowners with out-of-state title insurance are twice as likely to suffer a title related loss as those with Iowa Title Guaranty coverage.
5. ITG reinvests all of its profits into the IFA housing assistance fund to help Iowans purchase homes, supporting an average of 2,300 homebuyers a year and totaling \$63M and counting.

Public Comment

There was no comment from the public.

Adjournment

MOTION: On a motion by Ms. Pesek and a second by Mr. Froehlich, the March 1, 2022 Meeting of the ITG Board of Directors adjourned at 11:12 a.m.

Dated this 24th day of May, 2022.

Respectfully submitted:

Approved as to form:

Dillon D. Malone
Director, Iowa Title Guaranty

Charles Winkleblack
Board Chair, Iowa Title Guaranty

RESOLUTION ITG 22-02

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 \$2,200,000 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 \$2,200,000 be transferred to the Housing Assistance Fund created pursuant to Iowa Code section 16.40.

PASSED AND APPROVED this 24th day of May, 2022.

Charles Winkleblack, Iowa Title Guaranty Board Chair

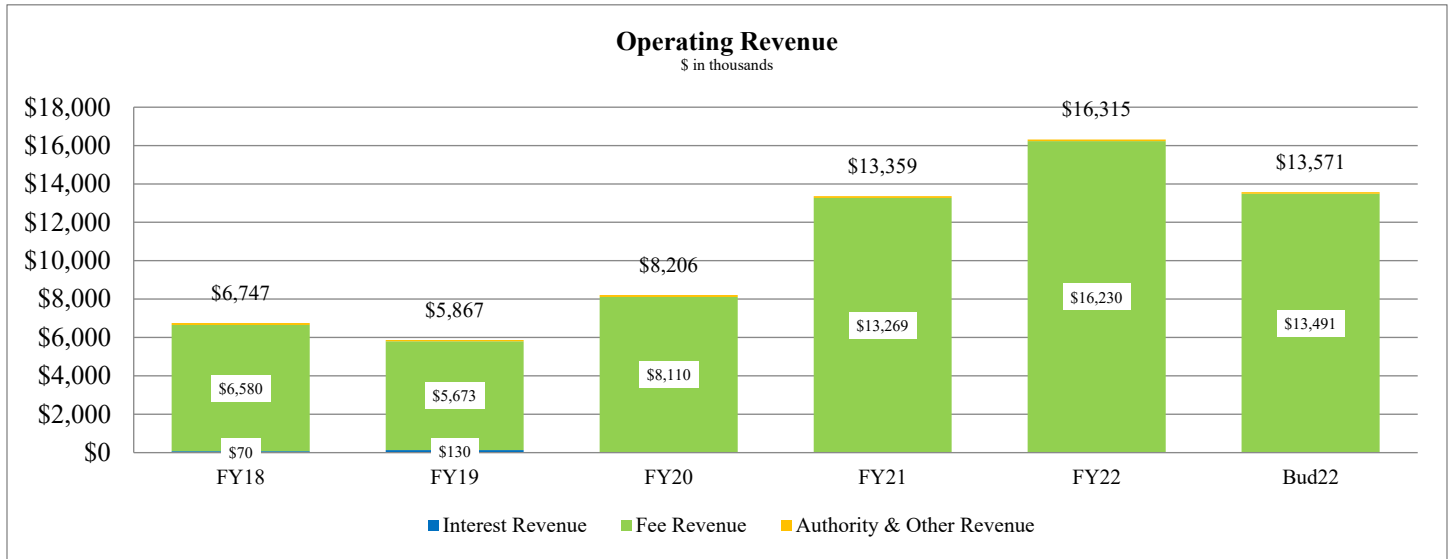
Dillon D. Malone, Iowa Title Guaranty Board Secretary



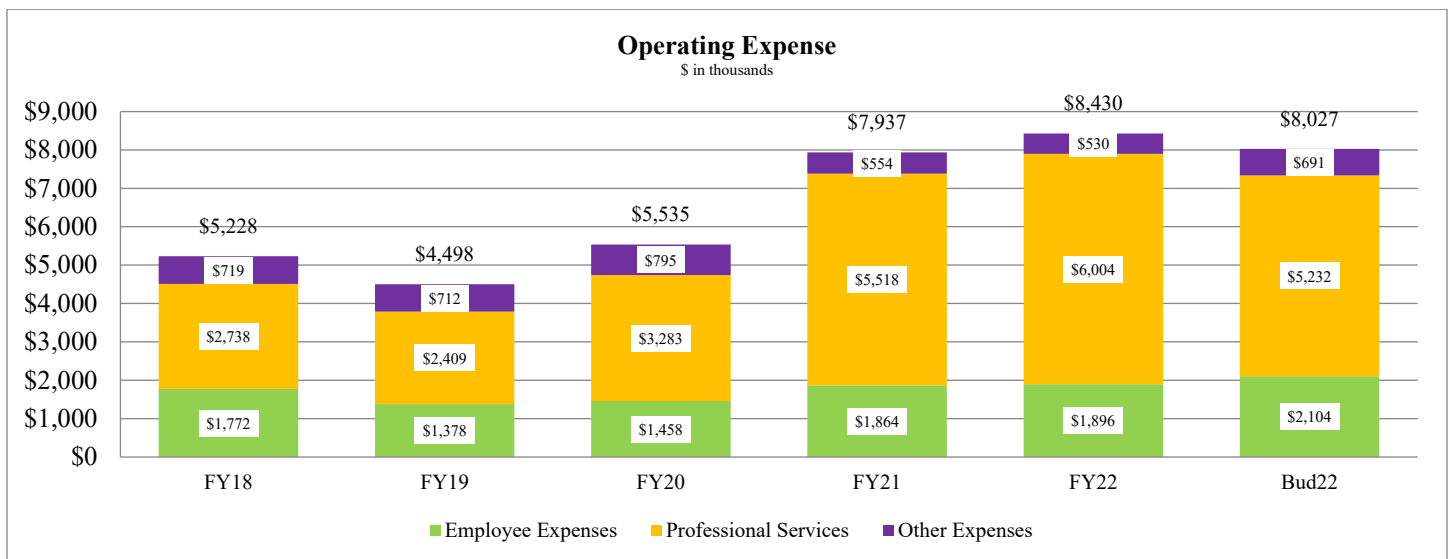
To: IFA & ITG Board Members
From: David Morrison
Date: May 24, 2022
RE: April 2022 YTD Financial Results

Iowa Title Guaranty Financial Results (\$ in thousands)

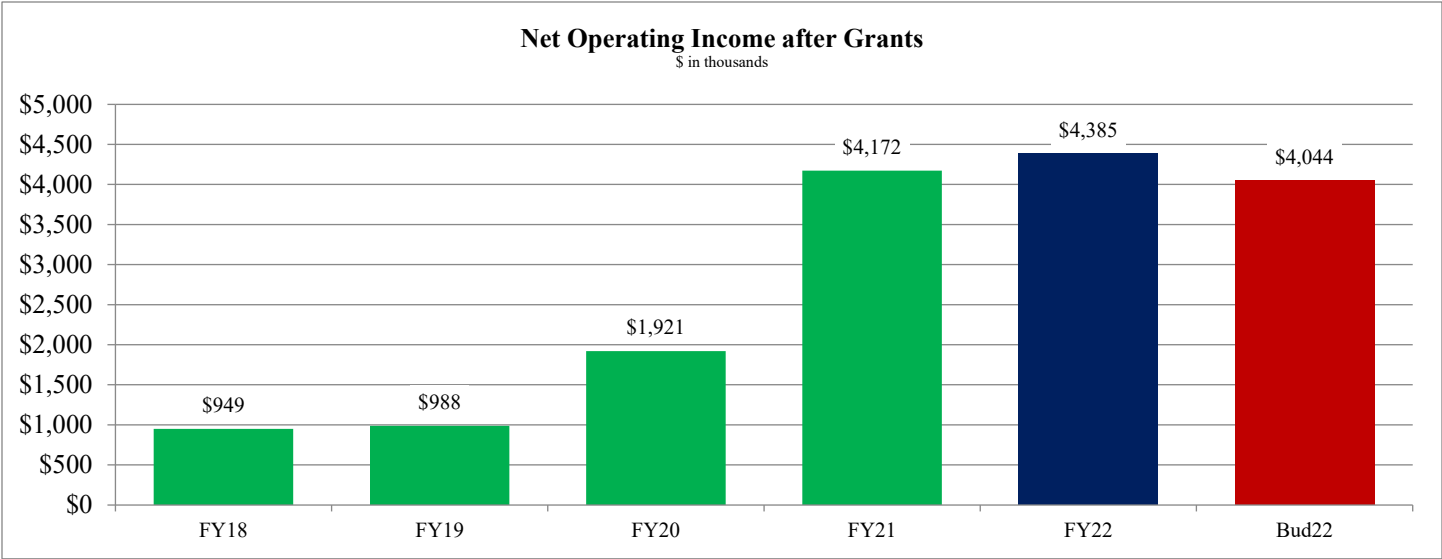
ITG operated favorably to budget through the first month of the 4th quarter of FY2022.



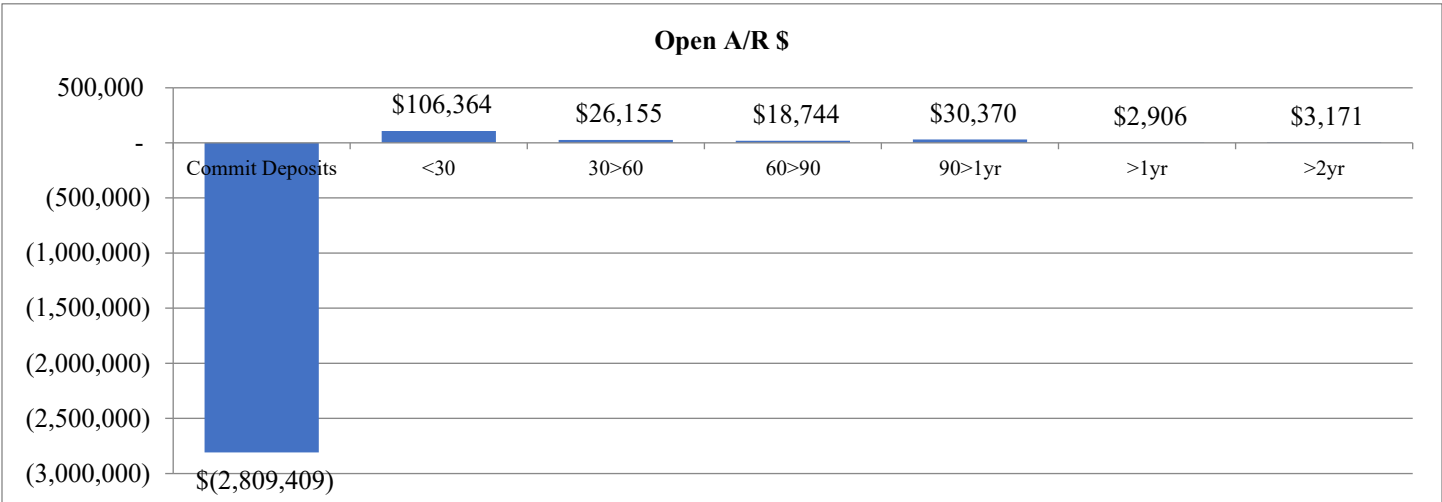
Operating revenue was \$2,744, or 20.2% above budget and 22.1% above last year. Fee Revenue is favorable to budget and prior year due to higher certificate issuance volumes.



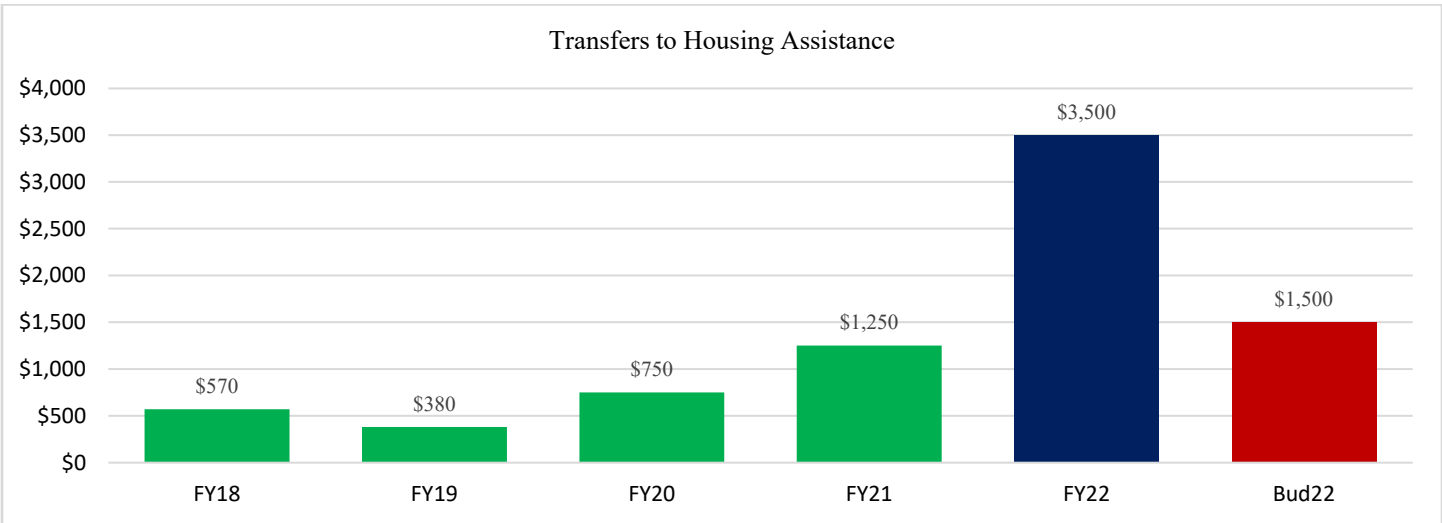
Operating expense was \$403, or 5.0% unfavorable to budget and 6.2% unfavorable to last year. Employee expenses were favorable to budget \$208, favorable Marketing \$39 and favorable Overhead allocation expenses to budget \$83; offset by unfavorable Professional Services (\$772) – primarily related to higher incentive payments.



As a result, NOIAG is \$340 favorable or 8.4% to budget and \$212 favorable or 5.1% to last year.

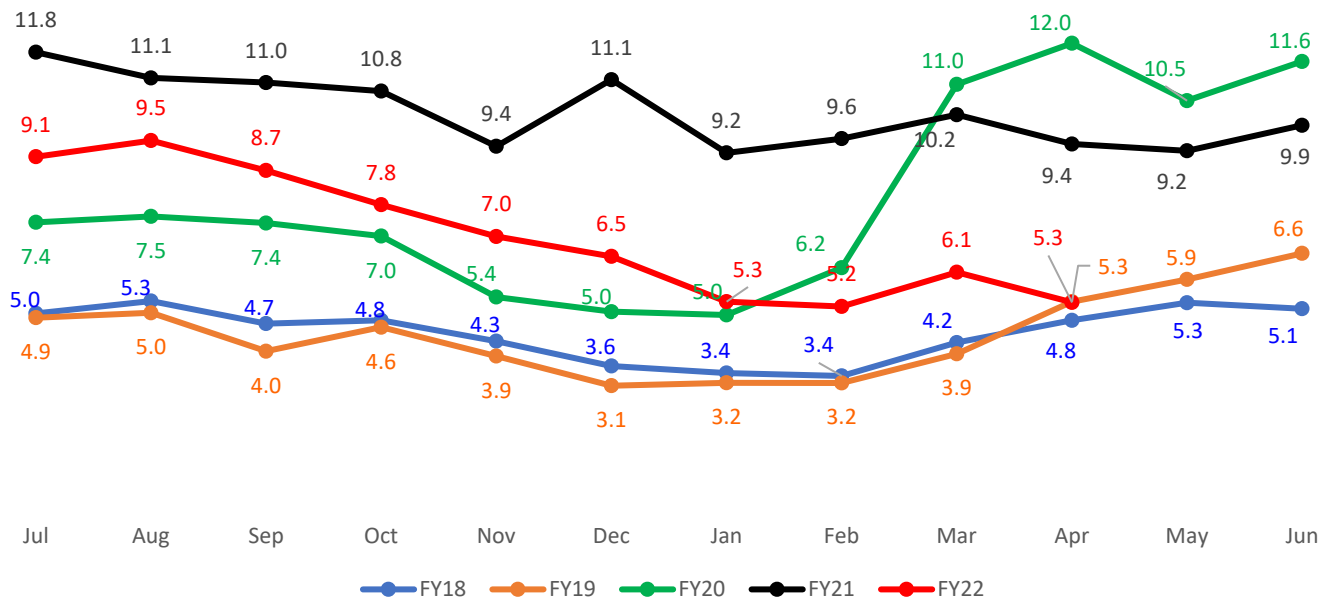


Commitments decreased 1.7% (\$2.809M vs \$2.859M) compared to March, while outstanding receivables decreased 23.2% in April (\$188k to \$244k primarily in 30>60 day and 60>90 day aging).

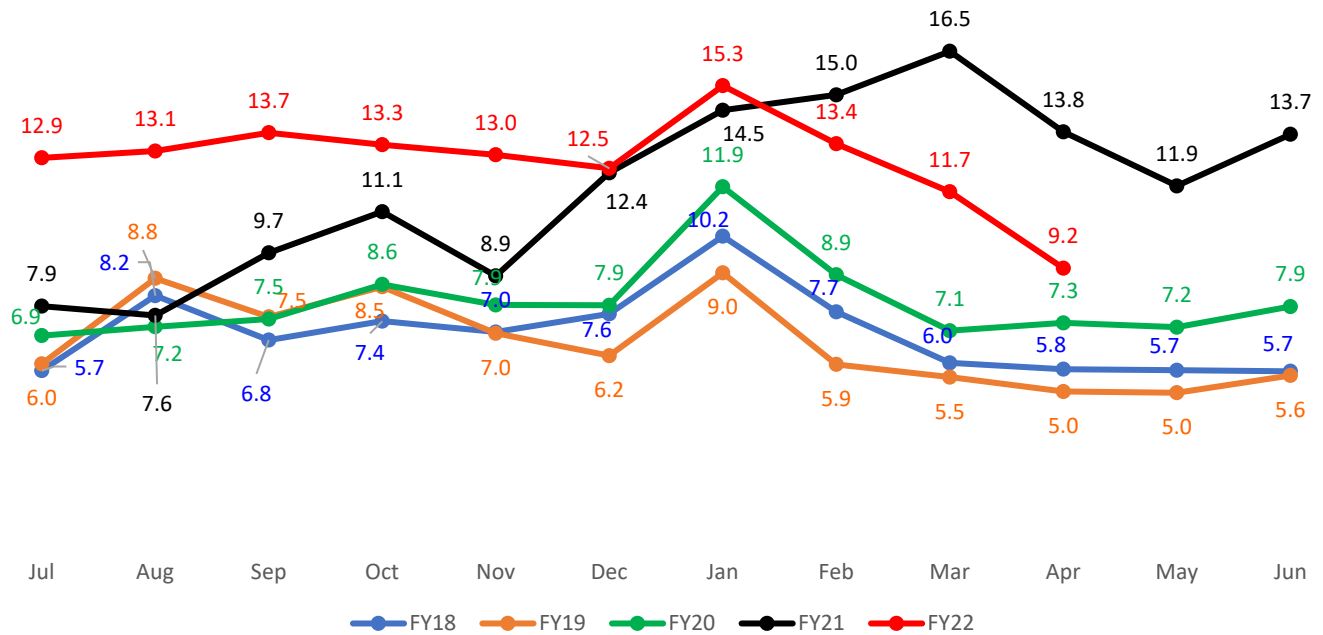


Comparison of April YTD

Monthly Trend - Commitments Issued- 5 yr trends



Monthly Trend - Certificates Issued 5 year trend



Balance Sheet	Iowa Title Guaranty Division (Rollup)						
	Apr-2022						
	Actuals	Bud22	Difference	%	Last Year	Difference	%
Assets and Deferred Outflows							
Cash & Cash Equivalents	23,346,546	23,312,641	33,905	0.1	19,402,633	3,943,913	20.3
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	70,512	181,715	(111,203)	-61.2	735,104	(664,592)	-90.4
Deferred Outflows	317,864	270,190	47,674	17.6	270,190	47,674	17.6
Total Assets and Deferred Outflows	23,734,923	23,764,546	(29,623)	-0.1	20,407,927	3,326,995	16.3
Liabilities, Deferred Inflows, and Equity							
Debt	-	-	-	0.0	-	-	0.0
Interest Payable	-	-	-	0.0	-	-	0.0
Unearned Revenue	-	-	-	0.0	-	-	0.0
Escrow Deposits	939,478	912,288	27,189	3.0	977,807	(38,329)	-3.9
Reserves for Claims	1,619,363	1,473,928	145,435	9.9	1,374,778	244,585	17.8
Accounts Payable & Accrued Liabilities	3,249,276	4,288,692	(1,039,416)	-24.2	4,654,824	(1,405,548)	-30.2
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	7,401,997	8,036,380	(634,384)	-7.9	8,427,185	(1,025,189)	-12.2
Equity							
YTD Earnings(Loss)	4,384,545	4,044,398	340,147	8.4	4,172,382	212,163	5.1
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	16,332,926	15,728,166	604,760	3.8	11,980,742	4,352,184	36.3
Total Liabilities, Deferred Inflows, and Equity	23,734,923	23,764,546	(29,623)	-0.1	20,407,927	3,326,995	16.3

Income Statement	Iowa Title Guaranty Division (Rollup)													
	Apr-2022							YTD as of Apr-2022						
	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	1,133,605	1,272,112	(138,507)	-10.9	1,736,001	(602,396)	-34.7	16,229,923	13,491,192	2,738,731	20.3	13,269,173	2,960,749	22.3
Other Revenue	1,633	8,000	(6,367)	-79.6	4,899	(3,267)	-66.7	84,763	80,000	4,763	6.0	89,729	(4,965)	-5.5
Total Operating Revenue	1,135,237	1,280,112	(144,874)	-11.3	1,740,900	(605,663)	-34.8	16,314,686	13,571,192	2,743,495	20.2	13,358,902	2,955,784	22.1
Operating Expense														
Interest Expense	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Authority Expense	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Employee Expenses	198,464	203,822	(5,358)	-2.6	196,985	1,479	0.8	1,896,060	2,104,149	(208,089)	-9.9	1,864,417	31,644	1.7
Shared Expenses	15,476	16,470	(995)	-6.0	14,671	805	5.5	233,922	219,966	13,956	6.3	191,910	42,012	21.9
Marketing Expense	323	1,045	(722)	-69.0	100	223	223.4	27,671	66,934	(39,263)	-58.7	11,208	16,463	146.9
Professional Services	438,990	505,993	(67,002)	-13.2	636,372	(197,382)	-31.0	6,003,611	5,231,917	771,695	14.7	5,518,194	485,417	8.8
Claim and Loss Expenses	1,287	10,000	(8,713)	-87.1	775	512	66.0	26,733	100,000	(73,267)	-73.3	85,572	(58,839)	-68.8
Service Release Premium	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Miscellaneous Operating Expense	2,473	7,600	(5,127)	-67.5	5,534	(3,062)	-55.3	97,050	76,000	21,050	27.7	93,578	3,472	3.7
Overhead Allocation	15,457	16,203	(747)	-4.6	8,128	7,329	90.2	145,093	227,828	(82,734)	-36.3	171,642	(26,549)	-15.5
Total Operating Expense	672,469	761,133	(88,664)	-11.6	862,566	(190,096)	-22.0	8,430,141	8,026,793	403,348	5.0	7,936,520	493,621	6.2
Net Operating Income (Loss) Before Grants	462,768	518,978	(56,210)	-10.8	878,335	(415,567)	-47.3	7,884,545	5,544,398	2,340,147	42.2	5,422,382	2,462,163	45.4
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	-	-	0.0	3,500,000	1,500,000	2,000,000	133.3	1,250,000	2,250,000	180.0
Total Net Grant (Income) Expense	-	-	-	0.0	-	-	0.0	3,500,000	1,500,000	2,000,000	133.3	1,250,000	2,250,000	180.0
Net Operating Income (Loss) After Grants	462,768	518,978	(56,210)	-10.8	878,335	(415,567)	-47.3	4,384,545	4,044,398	340,147	8.4	4,172,382	212,163	5.1
Other Non-Operating (Income) Expense	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Net Income (Loss)	462,768	518,978	(56,210)	-10.8	878,335	(415,567)	-47.3	4,384,545	4,044,398	340,147	8.4	4,172,382	212,163	5.1
IFA Home Dept Staff Count	19	21	(2)	-9.5	19	-	0.0	20	21	(1)	-5.7	18	1	7.6
FTE Staff Count	21	23	(2)	-7.4	21	(0)	-0.9	21	23	(2)	-7.0	21	0	2.4

Income Statement	800-020 Residential													
	Apr-2022							YTD as of Apr-2022						
	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	1,073,899	1,225,375	(151,476)	-12.4	1,576,940	(503,041)	-31.9	15,469,915	13,023,825	2,446,090	18.8	12,630,047	2,839,868	22.5
Other Revenue	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Total Operating Revenue	1,073,899	1,225,375	(151,476)	-12.4	1,576,940	(503,041)	-31.9	15,469,915	13,023,825	2,446,090	18.8	12,630,047	2,839,868	22.5
Operating Expense														
Interest Expense	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Authority Expense	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Employee Expenses	163,921	171,027	(7,106)	-4.2	163,354	567	0.3	1,544,643	1,757,084	(212,440)	-12.1	1,522,414	22,229	1.5
Shared Expenses	15,273	16,170	(898)	-5.6	14,082	1,191	8.5	226,499	211,934	14,565	6.9	182,330	44,169	24.2
Marketing Expense	323	945	(622)	-65.8	100	223	223.4	23,171	56,939	(33,768)	-59.3	5,958	17,213	288.9
Professional Services	438,674	505,643	(66,968)	-13.2	636,135	(197,461)	-31.0	6,000,443	5,228,417	772,027	14.8	5,514,525	485,919	8.8
Claim and Loss Expenses	1,287	10,000	(8,713)	-87.1	775	512	66.0	26,733	100,000	(73,267)	-73.3	85,572	(58,839)	-68.8
Service Release Premium	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Miscellaneous Operating Expense	840	350	490	140.0	610	230	37.7	6,565	3,500	3,065	87.6	3,640	2,925	80.4
Overhead Allocation	12,892	13,537	(645)	-4.8	6,529	6,362	97.4	121,017	190,338	(69,322)	-36.4	137,890	(16,873)	-12.2
Total Operating Expense	633,210	717,672	(84,462)	-11.8	821,586	(188,375)	-22.9	7,949,072	7,548,211	400,861	5.3	7,452,329	496,743	6.7
Net Operating Income (Loss) Before Grants	440,689	507,703	(67,014)	-13.2	755,355	(314,666)	-41.7	7,520,843	5,475,614	2,045,229	37.4	5,177,718	2,343,125	45.3
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	3,500,000	1,500,000	2,000,000	133.3	1,250,000	2,250,000	180.0
Total Net Grant (Income) Expense	-	-	-	0.0	-	-	0.0	3,500,000	1,500,000	2,000,000	133.3	1,250,000	2,250,000	180.0
Net Operating Income (Loss) After Grants	440,689	507,703	(67,014)	-13.2	755,355	(314,666)	-41.7	4,020,843	3,975,614	45,229	1.1	3,927,718	93,125	2.4
Other Non-Operating (Income) Expense	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Net Income (Loss)	440,689	507,703	(67,014)	-13.2	755,355	(314,666)	-41.7	4,020,843	3,975,614	45,229	1.1	3,927,718	93,125	2.4
IFA Home Dept Staff Count	15	17	(2)	-11.8	15	-	0.0	16	17	(1)	-7.1	14	1	9.7
FTE Staff Count	17	19	(2)	-8.6	18	(0)	-1.8	17	19	(2)	-8.5	17	1	3.0

Income Statement	800-030 Commercial													
	Apr-2022							YTD as of Apr-2022						
	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	59,706	46,737	12,969	27.7	159,061	(99,355)	-62.5	760,008	467,367	292,642	62.6	639,126	120,882	18.9
Other Revenue	1,633	8,000	(6,367)	-79.6	4,899	(3,267)	-66.7	84,763	80,000	4,763	6.0	89,729	(4,965)	-5.5
Total Operating Revenue	61,338	54,737	6,602	12.1	163,960	(102,622)	-62.6	844,772	547,367	297,405	54.3	728,855	115,917	15.9
Operating Expense														
Interest Expense	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Authority Expense	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Employee Expenses	34,543	32,795	1,748	5.3	33,631	912	2.7	351,417	347,065	4,352	1.3	342,002	9,415	2.8
Shared Expenses	203	300	(97)	-32.3	589	(386)	-65.5	7,423	8,033	(609)	-7.6	9,580	(2,157)	-22.5
Marketing Expense	-	100	(100)	-100.0	-	-	0.0	4,500	9,995	(5,495)	-55.0	5,250	(750)	-14.3
Professional Services	316	350	(34)	-9.8	237	79	33.2	3,168	3,500	(332)	-9.5	3,669	(502)	-13.7
Claim and Loss Expenses	-	-	-	0.0	-	-	0.0	-	-	-	0.0	(0)	0	-100.0
Service Release Premium	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Miscellaneous Operating Expense	1,633	7,250	(5,617)	-77.5	4,924	(3,292)	-66.8	90,485	72,500	17,985	24.8	89,938	547	0.6
Overhead Allocation	2,565	2,666	(101)	-3.8	1,598	967	60.5	24,077	37,489	(13,413)	-35.8	33,752	(9,676)	-28.7
Total Operating Expense	39,259	43,461	(4,202)	-9.7	40,980	(1,721)	-4.2	481,069	478,582	2,487	0.5	484,192	(3,122)	-0.6
Net Operating Income (Loss) Before Grants	22,079	11,275	10,804	95.8	122,980	(100,901)	-82.0	363,702	68,785	294,918	428.8	244,664	119,039	48.7
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	22,079	11,275	10,804	95.8	122,980	(100,901)	-82.0	363,702	68,785	294,918	428.8	244,664	119,039	48.7
Other Non-Operating (Income) Expense	-	-	-	0.0	-	-	0.0	-	-	-	0.0	-	-	0.0
Net Income (Loss)	22,079	11,275	10,804	95.8	122,980	(100,901)	-82.0	363,702	68,785	294,918	428.8	244,664	119,039	48.7
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)	-1.3	4	0	3.6	4	4	0	0.6	4	(0)	-0.4



To: IFA & ITG Board Members
From: David Morrison
Date: May 24, 2022
RE: FY23 Iowa Title Guaranty Budget Overview

FY22 Forecast

A forecast for the remainder of FY22 has been prepared in conjunction with the FY23 Budget. It considers the first eight months of actual results and four months of projections using current trends and input from ITG leaders. Thus, creating a starting point for the FY23 Budget and is used for all FY22 to FY23 comparisons.

Total Operating Income is forecast to exceed FY22 budget by \$2.6MM or 16.0%.

- Premiums increased 15.4% to \$18.4MM compared to \$16.0MM budget, primarily related to higher volume of purchase and refinance certificates issued.
- Endorsements increase 61.9% from \$120k to \$194k primarily in the Commercial sector.
- Mortgage Release premiums increased 94.4% or \$42.0k compared to \$21.6k budget.
- Reinsurance premiums increased 5.5% or \$9.2k.

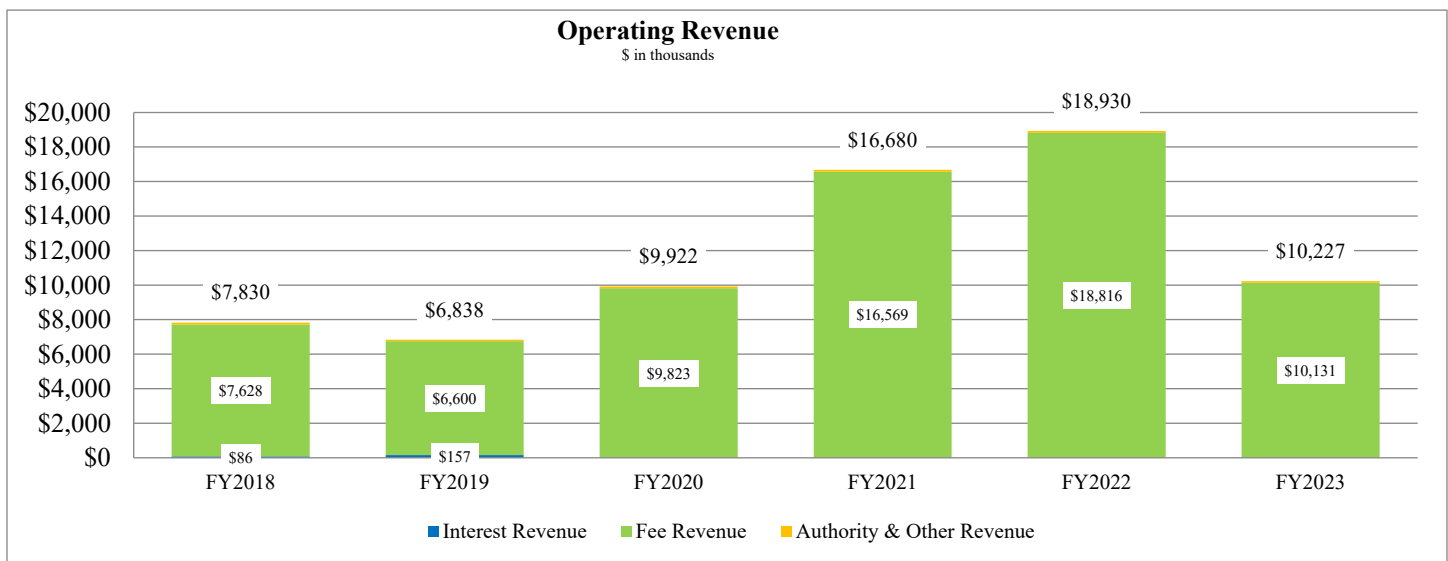
Total Operating Expenses of \$10.3MM are \$0.5MM or 5.4% above budget of \$9.7MM.

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

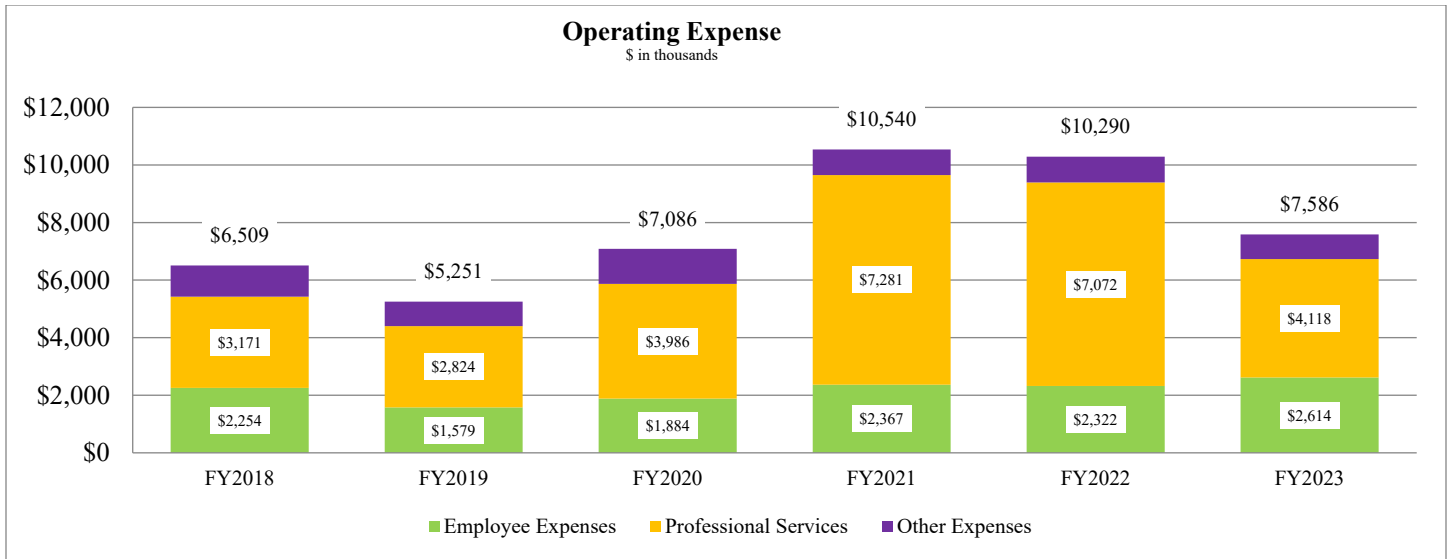
Transfers to Housing Assistance Fund are forecast at \$4.0MM, \$2.0MM or 100.0% more than budget.

As a result, **Net Operating Income After Grants** forecast of \$4.6MM exceeds budget by \$47k.

FY23 - Financial Statement Highlights (FY23 Budget compared to FY22 Forecast)



Total Operating Revenue \$10.2MM or decrease of 46.0% under FY22 forecast. Expected market decrease in residential purchase 27% and refinance 67% activity, and 11.3% decrease in commercial activity.



Total Operating Expenses are budgeted to decrease \$2.7MM or 26.3% compared FY22 forecast.

Employee Expenses are budgeted to increase \$0.3MM, or 12.6% compared to FY22, due to:

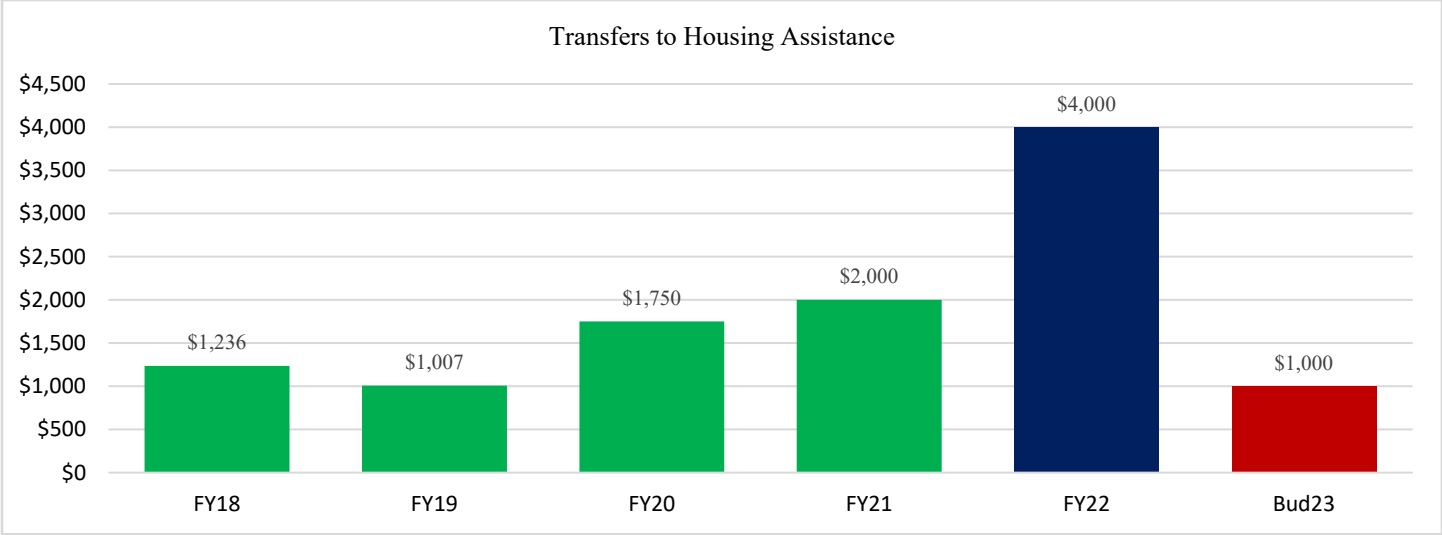
- Positions that were vacant for various time periods in FY22 are budgeted to be filled during FY23.
- Scheduled Step Increases – 3%
- Across the board 1.1% increase 7/1/2022.
- Increased Travel and Education which was lower in FY22 related to continued pandemic restrictions.

Professional Services are budgeted to be \$4.1MM in FY23, a decrease of \$3.0MM or 41.8%, compared to forecasted amounts in FY22, due to:

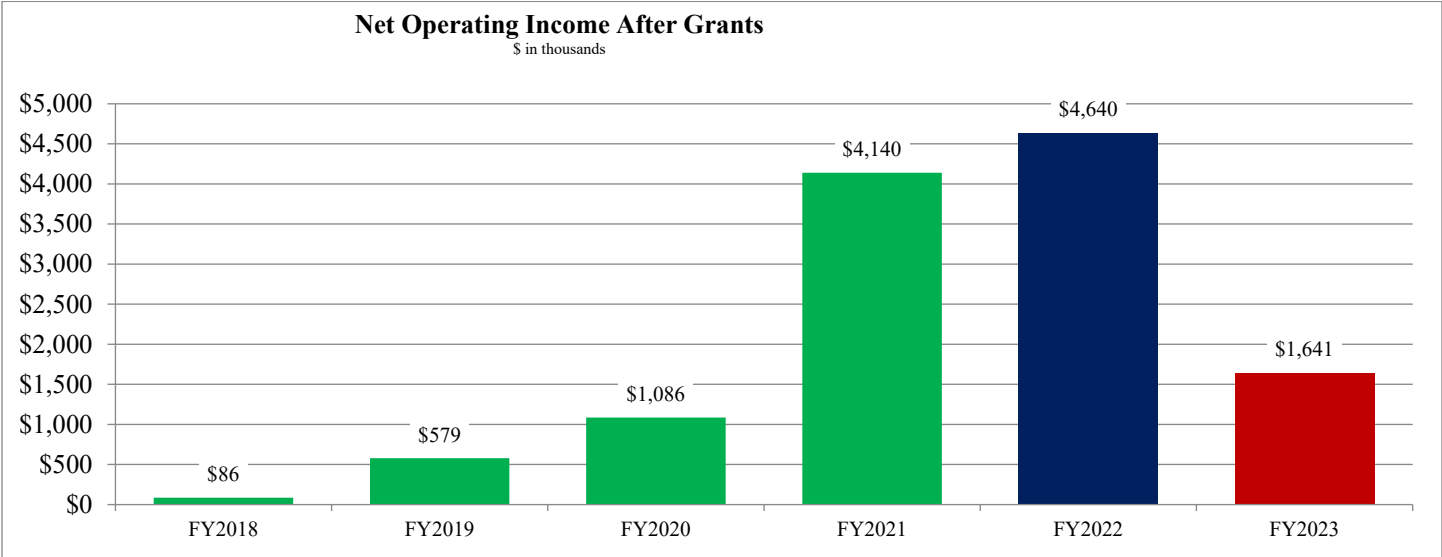
- Field issuer incentives are budgeted to be 36.3% of residential premiums in FY23 compared to 37.1% in FY22. Resulting in decreased expenses of \$2.9MM.

Other Operating expenses in FY23 are budgeted to be \$42k lower than FY22, due to:

- Increased Shared Expenses \$18k related to anticipated increases in subscriptions, E&O Insurance coverage and postage.
- Decreased Claim and Loss Expense \$84k
- Increased Direct Cost Transfer \$23k related to 1963 Bell facility.
- Offset by lower Misc. Operating expenses (\$32k) 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 \$3.0MM or 64.6% unfavorable to FY22 forecast.

Balance Sheet	Bud23									
	Iowa Title Guaranty Division (Rollup)									
	ACT FY16	ACT FY17	ACT FY18	ACT FY19	ACT FY20	ACT FY21	FCST FY22	BUD FY23	\$ change	% change
Assets and Deferred Outflows										
Cash & Cash Equivalents	13,813,463	10,406,451	9,942,205	11,383,211	13,207,122	22,103,806	24,056,493	25,786,508	1,730,016	7%
Investments	-	-	-	-	-	-	-	-	-	0%
Mortgage Backed Securities	-	-	-	-	-	-	-	-	-	0%
Line of Credit	-	-	-	-	-	-	-	-	-	0%
Loans - net of reserve for losses	-	-	-	-	-	-	-	-	-	0%
Capital Assets (net)	2,979	2,645	2,311	-	-	-	-	-	-	0%
Other Assets	282,810	181,209	170,558	157,800	655,647	815,341	190,994	190,994	-	0%
Deferred Outflows	241,770	283,103	393,180	307,669	270,190	317,864	317,864	317,864	-	0%
Total Assets and Deferred Outflows	14,341,022	10,873,408	10,508,254	11,848,680	14,132,960	23,237,011	24,565,350	26,295,366	1,730,016	7%

Liabilities, Deferred Inflows, and Equity										
Liabilities and Deferred Inflows	9,019,142	4,656,295	4,364,872	5,125,977	6,324,600	11,288,630	7,976,978	8,066,100	89,122	1%
Equity	5,321,880	6,217,114	6,143,382	6,722,703	7,808,360	11,948,381	16,588,372	18,229,266	1,640,894	10%
Total Liabilities, Deferred Inflows, and Equity	14,341,022	10,873,408	10,508,254	11,848,680	14,132,960	23,237,011	24,565,350	26,295,366	1,730,016	7%

Income Statement	Bud23									
	Iowa Title Guaranty Division (Rollup)									
	ACT FY16	ACT FY17	ACT FY18	ACT FY19	ACT FY20	ACT FY21	FCST FY22	BUD FY23	\$ change	% change
Operating Revenue										
Interest Revenue	30,353	54,124	85,620	157,327	-	-	-	-	-	0.0%
Authority Revenue	-	-	-	-	-	-	-	-	-	0.0%
Fee Revenue	7,265,274	8,084,427	7,628,252	6,599,796	9,823,305	16,569,448	18,815,583	10,130,943	(8,684,640)	-46.2%
Other Revenue	117,732	164,496	116,531	80,805	98,264	110,475	114,211	96,000	(18,211)	-15.9%
Total Operating Revenue	7,413,360	8,303,047	7,830,404	6,837,929	9,921,570	16,679,923	18,929,794	10,226,943	(8,702,851)	-46.0%

Operating Expense										
Interest Expense	-	-	-	-	-	-	-	-	-	0.0%
Authority Expense	-	-	-	-	-	-	-	-	-	0.0%
Employee Expenses	1,688,843	2,155,089	2,253,501	1,579,076	1,884,471	2,367,317	2,322,440	2,614,169	291,729	12.6%
Shared Expenses	242,390	247,240	388,091	477,646	241,094	227,612	273,905	292,066	18,161	6.6%
Marketing Expense	68,304	54,506	65,831	42,830	83,434	18,273	33,210	65,480	32,270	97.2%
Professional Services	3,399,456	3,547,146	3,170,936	2,823,868	3,985,680	7,280,784	7,071,671	4,118,271	(2,953,400)	-41.8%
Claim and Loss Expenses	376,392	(116,877)	513,596	246,273	529,742	335,664	303,712	220,000	(83,712)	-27.6%
Service Release Premium	-	-	-	-	-	-	-	-	-	0.0%
Miscellaneous Operating Expense	130,748	166,586	116,620	81,588	101,264	109,661	123,307	91,200	(32,107)	-26.0%
Overhead Allocation	-	-	-	-	260,228	200,591	161,558	184,864	23,306	14.4%
Total Operating Expense	5,906,133	6,053,689	6,508,575	5,251,281	7,085,913	10,539,902	10,289,803	7,586,049	(2,703,754)	-26.3%

Net Operating Income (Loss) Before Grants	1,507,226	2,249,357	1,321,829	1,586,648	2,835,657	6,140,021	8,639,991	2,640,894	(5,999,097)	-69.4%
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Net Grant (Income) Expense										
Grant Revenue	-	-	-	-	-	-	-	-	-	0.0%
Grant Expense	-	-	-	-	-	-	-	-	-	0.0%
Intra-Agency Transfers	1,230,353	1,354,124	1,235,620	1,007,327	1,750,000	2,000,000	4,000,000	1,000,000	(3,000,000)	-75.0%
Total Net Grant (Income) Expense	1,230,353	1,354,124	1,235,620	1,007,327	1,750,000	2,000,000	4,000,000	1,000,000	(3,000,000)	-75.0%

Net Operating Income (Loss) After Grants	276,873	895,233	86,208	579,321	1,085,657	4,140,021	4,639,991	1,640,894	(2,999,097)	-64.6%
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Non-Operating (Income) Expense	-	-	-	-	-	-	-	-	-	0.0%
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Net Income (Loss)	276,873	895,233	86,208	579,321	1,085,657	4,140,021	4,639,991	1,640,894	(2,999,097)	-64.6%
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IFA Staff Count by Home Dept	15.8	17.7	18.3	14.4	13.7	18.6	20.2	21.2	1.0	5.0%
Contractor Staff Count by Home Dept	1.0	0.1	0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0%
Staff Count by FTE	17.7	19.2	20.0	16.1	16.3	20.9	21.5	22.5	1.0	4.7%



IOWA TITLE GUARANTY

A DIVISION OF IOWA FINANCE AUTHORITY

To: Iowa Title Guaranty Board
From: Dillon Malone
Date: May 24, 2022
Re: Claims Report

I. Current Total Claims Reserves as of May 11, 2022: \$408,361.70

II. Fiscal Year 2022 Claims Paid to Date: \$46,272.97

III. Claim Summary as of May 11, 2022:

Total Pending Claims as of May 11, 2022	32
Pending Claims in Recoupment Status	4
Net Pending Claims as of May 11, 2022	28
Claims Received since July 01, 2021	47
Claims Resolved since July 01, 2021	56

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>)	33	14	47

Current Active Claims Topics	
<i>Number of Claims</i>	<i>Nature of Claim</i>
12	Issues with Drafting, Execution of Vesting Deed or Guaranteed Mortgage
6	Mechanic's Liens
5	Break in Chain of Title
4	Claims in Recoupment Status
2	Prior Judgments or Liens
2	Manufactured Home Endorsement
1	Endorsement Against Loss Lien



To: Iowa Title Guaranty Board
From: Kevin Blackman
Date: May 24, 2022
Re: Mortgage Release – FY22

Mortgage Release – FY22 Update

Through April 2022, we received 723 requests:

511 were in conjunction with the Rapid Certificate program (71%)

212 of the remaining requests included the \$200 fee (29%)

635 releases have been filed

Since inception, 7,877 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
Nov-21	67	43	24	49
Dec-21	68	48	20	41
Jan-22	93	76	17	98
Feb-22	82	61	21	103
Mar-22	80	56	24	78
Apr-22	81	57	24	64
Totals	723	511	212	635