

ALTAs Best Practices

We are pleased to provide you with our company's policies and procedures in conjunction with the American Land Title Association's Best Practices. The American Land Title Association's (ALTA's) Title Insurance and Settlement Company Best Practices are a way for Cortes & Hay Title Agency, Inc., to demonstrate its commitment to our clients, and everyone with whom we do business.

Licensing

Purpose

To document mandated insurance licenses and corporate registrations (as applicable) so that Cortes & Hay Title Agency, Inc. is able to remain in good standing with each state(s) in which they conduct business.

Scope

These policies and procedures are for all of Cortes & Hay Title Agency, Inc. (hereafter referred to as "The Company") locations including all satellite offices. These procedures are to be followed by all employees and independent contractors where applicable.

The Company maintains active agency (business entity) licenses as well as agent (employee, owner, producer, notary) licenses. When necessary, the Company also maintains active non-resident state licenses.

The following people are licensed in accordance with state specific NJSA 17:22A-29 regulations:

- Persons who give rate quotes
- Persons who discuss coverage and exceptions
- Persons who make underwriting decisions
- Persons who sign commitments
- Persons who sign policies

A tracking report is maintained by the Office Manager as a monitoring control and periodically reviewed by the Vice President to help ensure the appropriate business professionals are licensed and renewed when necessary.

Licensed individuals, along with their active licenses, have been communicated to each underwriter. The underwriter is notified when a license becomes inactive.

Licensed individuals maintain the necessary continuing education requirements including any necessary ethics requirements. Documentation is maintained to evidence the requirements have been met.

The Company maintains and has on file the appropriate American Land Title Association Policy Forms License.

Contact Officer: Michele Caporin
Date Approved: January 1, 2014
Date of Commencement: January 1, 2014
Amendment Dates: N/A
Date for Next Review: January, 2018

Related References and Links

The "License Monitoring Tracking Report" is kept on the Company's network drive in a folder entitled "Licensing".

Completed continuing education materials for each licensee are kept on the Company's network drive in a folder entitled "Licensing".

Active licenses (agency and agent) are kept in electronic copy on the Company's network drive in a folder entitled "Licensing". Hard copies are also displayed in the lobby.

ALTA's Best Practices
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Escrow/Trust Accounting

Purpose

Document escrow/trust internal controls are in place to meet requirements for the safeguarding of client funds and to minimize the exposure to loss of client funds.

Scope

These policies and procedures are for all of Cortes & Hay Title Agency, Inc. (hereafter referred to as "The Company") locations including all satellite offices. These procedures are to be followed by all employees and independent contractors where applicable.

Procedures

Escrow funds and operating accounts are separately maintained.

The Company maintains One (1) escrow/trust account for real estate and mortgage loan transactions. Escrow/trust funds The Company maintains under a fiduciary capacity are not commingled with The Company's operating funds or an employee or manager's personal account.

Escrow/Trust Accounts Trial Balance Reports.

A trial balance report depicting the balance of a particular customer's funds can be produced for each escrow/trust account at any time. This report depicts all individual customer file balances that do not have a zero balance. On a monthly basis, the Office Manager reconciles the trial balance report to the bank balance and reconciled book balance, creating a "three way" reconciliation.

Trial balance reports are produced for each escrow/trust account maintained by The Company, including recording accounts and underwriter premium accounts.

Escrow/Trust Account Reconciliations

It is the responsibility of the Office Manager to reconcile the escrow/trust accounts. Account receipts and disbursements activity are reconciled daily (two-way). Monthly, a three-way reconciliation between the bank records, book records, and trial balance is performed. This reconciliation is completed within 15 of days after receipt of bank statement.

A listing is kept of all escrow/trust accounts. This listing includes underwriter premiums accounts, recording accounts and dormant accounts.

Escrow/trust account reconciliations are performed by a Manager who does have check signing authority or the capability/authority to perform wire transfer transactions.

Each month escrow/trust account reconciliations are reviewed by Company management and evidence of the review is documented. The escrow/trust account reconciliations are available to the title insurance underwriter at any time requested.

Escrow/trust account reconciling items are clearly noted on the reconciliations. These reconciling items are followed up and addressed by post closer within 5 days of completion of the reconciliation so as to not carry over on the reconciliations from month to month.

Escrow/Trust Accounts are properly labeled and maintained in insured institutions.

Escrow/trust bank accounts are appropriately designated as “escrow” or “trust” accounts. This designation is noted in the original banking agreements as well as on our check stock, deposit slips, and bank statements. Unless mandated by state regulation or directed by a customer with a signed agreement, escrow/trust accounts are maintained with insured financial institutions.

Dormant file balances.

Customer files that continue to hold funds after the settlement date are reviewed periodically to determine if any disbursements have been made. Management approval by Justin Hay, President is required for any disbursement from an inactive escrow. An inactive escrow is defined as any escrow which has had no activity for the past six months. This approval is documented and maintained.

Banking Transactions conducted by authorized employees.

Via agreements with financial institutions, The Company management authorizes employees for escrow/trust bank account transactions. Wire transfer initiation and approval levels are set by The Company and reviewed for changes in staff routinely. Former employees are immediately deleted as signatories and authorized wire transfer individuals. A list of authorized individuals is maintained in the Escrow Account Information Report. The individual(s) designated as the ‘wire transfer administrator’ to set-up and change online banking permissions has been authorized by management.

Escrow/trust account training.

The Company provides escrow/trust account training to new employees to individuals handling customer funds and conducting escrow/trust account reconciliations. This training is conducted by the Management Team.

Contact Officer: Michele Caporin

Date Approved: January 1, 2014

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Related References and Links

Policies and procedures relating to escrow accounting and trust accounts are kept on the Company’s network drive in a folder entitled “Escrow Acct P&P”.

Banking agreements are kept on the U drive in the personal folder of the Vice president in a folder entitled “Bank Info”.

Privacy and Information Security

Purpose

Document a privacy and information security program (policies and procedures) to help ensure Cortes & Hay Title Agency, Inc. maintains written protocols for the protection of data and Non-public Personal Information (NPI).

Scope

These policies and procedures are for all of Cortes & Hay Title Agency, Inc. (hereafter referred to as “The Company”) locations including all satellite offices. These procedures are to be followed by all employees and independent contractors where applicable.

Procedures

The Company has a formal privacy and information security program that is appropriate with the size and complexity, the nature and scope of the Company’s activities and the sensitivity of the information in the Company’s possession. As part of this program, The Company maintains a Privacy Policy Notice that is provided to customers and consumers for each order processed. Additional information about The Company’s privacy and information security program is available to consumers and customers upon request.

The Company policies associated with the privacy and information security program are given to all employees and the employees must

acknowledge in writing that they have read and understand such policies. It is the responsibility of the Office Manager to help ensure The Company has received all employee acknowledgements.

The Company makes an assessment annually of the standards and requirements affiliated with The Company's information security program, including those set out in this policy and procedure document.

Physical Security of NPI

The Company utilizes ORAgentGuard as the information provider for background and credit checks. The Company individuals who have access to NPI is restricted to authorized principals and employees who have undergone a formal background check and credit report process which identified no irregularities.

Removable media devices, including but not limited to external hard drives, compact discs, magnetic tapes and USB/flash drives are issued by the Company with the approval of the management. The use of removable media devices is prohibited unless management has authorized such use. Removable media is kept in a secure area and accounted for via management when not in use.

Other standard procedures for security of NPI include closing paper files other than the one currently being worked on, stow files away when away from workspace and lock desks and file cabinets at the end of the day. Hardcopy NPI that is transmitted outside The Company is done so using only secured envelopes and/or locked document bags.

Network Security of NPI

At the direction of Office Manager, The Company's designated Network Administrator grants appropriate access to The Company's various computer technology applications. The Company's file server(s) or main central processing unit is housed in a room with a secure door. The Company's computer network utilizes up-to-date anti-virus, anti-spyware and data encryption software applications. The Network Administrator is responsible for such software maintenance.

Access to The Company's information technology computers and network is secured by individual and unique passwords. The Company utilizes a computer application that prompts employees to change passwords in regular frequency 90 days. All The Company's computers no mater, desktop or laptop run a "screen timeout" application causing automatic system sign off when the system detects no activity for a period of 10 minutes.

Disposal of NPI

The Company has defined and communicated to employees the types of data/information that falls into the NPI category. Any NPI data is disposed of accordingly. Paper records by shredding. Large, secure shredding bins provided by IntelliShred can also be found in the office. When disposing of computers and portable storage devices, The Company uses a software application to erase/wipe clean the device.

Disaster Management Plan for NPI

The Company has a documented disaster management plan to help ensure adequate back-up, recovery and business continuation procedures. The plan also includes required procedures for notification and response to security incidents and breaches. The plan is called Cortes & Hay Title Agency, Inc. disaster-Recovery-Plan. The Company also maintains insurance coverage including commercial property insurance & business interruption coverage for such circumstances. The disaster management plan is reviewed on an annual basis by the Vice president and updated as appropriate.

Security Practices of Independent Service Providers

If independent service providers for The Company receive NPI from The Company, The Company shares this policy document with the service provider and/or conducts appropriate due diligence of the NPI security measures of the service provider before transmitting any NPI data. Service providers are aware they must notify The Company regarding NPI security breaches of NPI data that has been transmitted.

If security breaches occur, proper notification is provided to consumers and law enforcement in accordance with The Company's privacy and information security program and disaster management plan.

Contact Officer: Michele Caporin
Date Approved: January 1, 2014
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Related References and Links Internal Company Policies:

Policies and procedures relating to privacy and information security are kept on the network drive in a folder entitled "Privacy and Information Security", document name "Privacy and Information Security P&P".
The Company's information security program and disaster management plan are kept on the U drive in the personal folders of the Vice President and Office Manager entitled "Information Security" and "Disaster Recovery".
The Company's "Privacy Policy Notice" document is kept on the network drive so that employees may access it and utilize as necessary.

Document Recordation/Title Settlement Pricing

Purpose

Document recordation and rate/pricing procedures and policies to assist Cortes & Hay, Inc. in compliance with applicable contractual obligations and Federal and State Consumer Financial Laws.

Scope

These policies and procedures are for all of Cortes & Hay, Inc. (hereafter referred to as "The Company") locations including all satellite offices. These procedures are to be followed by all employees and independent contractors where applicable.

Procedures

Pricing Procedures

The Company utilizes rate manuals and online calculators, as appropriate to help ensure correct fees are being charged for title insurance policy premiums, state-specific fees and endorsements.

Employees are aware of contractual and statutory rate and pricing requirements. Title insurance policy premiums, state specific fees and endorsements are calculated in accordance with the title insurance underwriter or regulatory or promulgated rate manual through The Company's software and/or through the use of title insurance underwriter rate calculators. All applicable rate discounts, such as Simultaneous Issue, Reissue, Refinance, and Substitution rates are calculated in accordance with the requirements in the rate manual.

When rate change bulletins are received, the Office Manager will communicate these rate changes to the appropriate parties and will test the accuracy of such changes and report the results to Company Management.

Throughout the year a representative sample of closed files is subject to a post-closing review by the Office Manager to conclude if fees were correctly charged.

Recording Procedures

Submit or ship documents for recording to the county recorder (or equivalent) or the person or entity responsible for recording within 2 business days of settlement.

After review of county specific recording requirements documents are submitted for recordation by the Post Closer. When available and

economically feasible, document recordation will be processed electronically via E-recording. When E-recordings cannot be utilized or are not available and when The Company does not utilize an employee, documents will be shipped for recording. The Company ships documents using USPS or Federal Express, tracks all packages and maintains tracking information until documents are recorded.

Timely responses to recording rejections and verify recording is filed of record.

The Company maintains a Recording Log to monitor all recordings. After documents are sent for recordation, The Company maintains contact with the appropriate personnel and parties to resolve any problems. The Company updates the Recording Log with information about outstanding recordings and rejected recordings, status and resolution. After documents are recorded, detailed information such as book, page, instrument number, time and date are included in the transaction file. Each week the Post Closer reviews and signs off on the Recording Log.

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Related References and Links

Recording Log is kept in the post closer's office

Rate Manuals are kept on the network drive in a folder entitled "Current Rate Information".

Post-Closing Reviews are kept with the post closer

Title Policy Production/Premium Remittance

Purpose

Maintain written procedures related to title policy production, delivery, reporting and premium remittance to the insurer to help ensure Cortes & Hay Title Agency, Inc. meets its legal and contractual obligations.

Scope

These policies and procedures are for all of Cortes & Hay Title Agency, Inc. (hereafter referred to as "The Company") locations including all satellite offices. These procedures are to be followed by all employees and independent contractors where applicable.

Procedures

Policy Inventory

The Company receives its policy inventory directly from the insurer. A Policy Inventory Report is maintained to track and monitor all of the electronic policy numbers allocated to The Company. When policies are issued to customers, they move into an 'issued' status within the Policy Inventory reports.

The following items are included in the Policy Inventory report:

The date electronic policies are received by or allocated to The Company

The file number associated with each policy number

Voided policies

Policy numbers assigned, but not yet reported to the insurer

Policy issued, but not yet reported to the insurer

In addition to the Policy Inventory report, The Company has a tracking system that identifies files that have closed for which policies have not been issued.

Electronic policy stock is limited to authorized users with login and passwords.

Policy inventory duties have been clearly defined and are the responsibility of the post closer and policy manager. We are able to reconcile our policy inventory records with the Insurer's records.

Policy Issuance

Policies are issued to customers (lender and/or purchaser) within 90 days after the transaction is disbursed. Electronic (or manual) logs are maintained within the software system to monitor all orders that have closed and disbursed in which final policies have not been issued.

If The Company does not perform the settlement/closing, the order is tracked and monitored by policy manager to help ensure the documents are received 30 days after disbursement.

If a short-form lender's policy is issued, it can be delivered immediately after disbursement; however, monitoring procedures are still in place to help ensure the necessary documents are recorded.

Premium Remittance and Policy Reporting

In accordance with contractual or statutory obligations on a monthly basis, The Company reports to the insurer all title insurance policies (including endorsements), premiums and other fees as contractually obligated. Reporting is performed using the attached policy register report that has been approved by the insurer or via electronic upload through the insurer's electronic reporting web-based system. Physical copies of the policies are picked up by the insurer.

A policy register report is maintained by each office that performs policy production.

Premium remittance duties have been clearly defined and are the responsibility of the policy manager and office manager. We are able to reconcile the premiums and fees we charged to our customers with the premiums and fees remitted to the insurer.

Contact Officer: Michele Caporin

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Date for Next Review: January, 2018

Related References and Links

Policy Register report is in our underwriter's electronic policy application.

Policy Tracking Inventory report is kept in our title production software application.

Professional Liability Insurance

Purpose

Document procedures for review of professional liability coverage (errors and omissions insurance) and so that Cortes & Hay Title Agency, Inc. has financial capacity to cover its professional services obligations.

Scope

These policies and procedures are for all of Cortes & Hay Title Agency, Inc. (hereafter referred to as "The Company") locations including all satellite offices. These procedures are to be followed by all employees and independent contractors where applicable.

Procedures

The Company is required by our underwriters to maintain errors and omissions insurance. Michele Caporin, VP is responsible for tracking and renewing each of these insurance coverages. The Company furnishes copies of all the insurance policies and applicable bonds to their title underwriter(s), including all endorsements, and proof of payment of the current premium.

Professional Liability Insurance Coverage – Errors and Omissions

The Company carries professional liability insurance for errors and omissions in accordance with The Company's contractual obligations in the amount of at least \$1,000,000.00 issued by Alterra, a company acceptable to our title insurance underwriter. This comprehensive liability policy has a deductible of no more than \$10,000.00 per loss. A copy of most current policy is attached.

When requested by the customer or required by state regulation, the Company will issue an insurer's Closing Protection Letter (CPL) in connection with the settlement funds and issuance of a title insurance policy. This CPL will be issued via the insurer's automated Closing Protection Letter system. When required by state regulation the Company will set aside funds in a statutory indemnity fund to cover fidelity losses not otherwise covered by the protections afforded by the insurer.

Contact Officer: Michele Caporin
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Date of Commencement: January 1, 2014
Amendment Dates: N/A
Date for Next Review: January, 2018

Related References and Links

Insurance information is kept on the network drive in a folder entitled "E&O" Policy copies are attached.

Consumer Complaints

Purpose

To establish a process for receiving and addressing consumer complaints to help ensure that Cortes & Hay Title Agency, Inc. addresses any instances of poor service or non-compliance.

Scope

These policies and procedures are for all of Cortes & Hay Title Agency, Inc. (hereafter referred to as "The Company") locations including all satellite offices. These procedures are to be followed by all employees and independent contractors where applicable.

Procedures

Maintain a standard consumer complaint form that identifies information that connects the complaint to a specific transaction.

The Company has a standard consumer complaint form and uses this to record any/all consumer complaints. As circumstances warrant, supporting documents are attached to the complaint form which provide additional information including communications, facts or specific details. Management documents approval on completed consumer complaint forms.

Single point of contact for consumer complaints and process for routing consumer complaints to appropriate personnel.

Justin Hay, President is the single point of contact at The Company for consumer complaints. The nature of the complaint determines to which appropriate personnel the complaint will be forwarded, if necessary.

Log of consumer complaints that includes whether and how the complaint was resolved.

The Company maintains a Consumer Complaint Log with information on all consumer complaints and their status. Company Management will periodically review, date and sign-off on the Consumer Complaint Log.

Contact Officer: Justin Hay

Date Approved: January 1, 2014

Date of Commencement: January 1, 2014

Amendment Dates: N/A

Date for Next Review: January 1, 2018

Related References and Links:

The Consumer Complaint Form is kept on the U drive in the personal folder of the Vice President in a folder entitled "Consumer Complaints".

The Consumer Complaint Log is kept on the U drive in the personal folder of the Vice President in a folder entitled "Consumer Complaints".