

Title Guaranty Division Board Meeting Minutes

June 2, 2009

Board Members Present:

Deborah Petersen
Tim Reilly
Mitchell Taylor
Pat Schneider
Surasee Rodari

Staff Members Present:

Loyd Ogle, TGD Director
Matt White, TGD Deputy Director
Linda Berg, TGD Director of Business
Development
Becky Petersen, TGD Director of Field
Operations
Joanna Wilson, TGD Attorney
Becky Wu, IFA Accountant
Susan Mock, TGD Administrative Assistant

Others Present:

Bill Blue – American Abstract
Dean Hoag Jr. – Republic Abstract
John Eisenman – ILTA (by phone)

Call to Order

Ms. Deborah Petersen called the June 2, 2009, meeting of the Title Guaranty Board of Directors to order at 10:30 a.m. Present at that time along with Ms. Deborah Petersen were Ms. Schneider, Mr. Taylor, and Mr. Rodari.

Review & Approval of Board Meeting Minutes

The Board discussed the February 10, 2009, meeting minutes.

Motion: On a motion by Mr. Taylor, seconded by Mr. Rodari, the Board unanimously approved the February 10, 2009, Board meeting minutes.

Review of Financial Reports and Transfer of Funds to IFA's Housing Programs

Mr. Ogle delivered the financial report. The market share number is not actually reflective of market share. It is reflective of the percentage of revenue that TGD reports versus the percentage of revenue that other out-of-state underwriters are reporting.

Mr. Reilly entered the meeting at 10:35 a.m.

Mr. Ogle said that revenue has been coming in strongly the last couple of months, primarily driven by refinance activity. Commercial is showing a 50 percent increase in revenue over the last two years.

Motion: On a motion by Ms. Schneider, seconded by Mr. Taylor, the Board unanimously approved the financial report.

Mr. Ogle also noted that \$369,000 was available for transfer to IFA's housing programs.

Motion: On a motion by Mr. Rodari, seconded by Ms. Schneider, the Board unanimously approved the transfer of \$369,000 to IFA's housing programs.

Election of Chair and Vice Chair

Ms. Deborah Petersen said that chair and vice chair positions were open. Mr. Taylor nominated Ms. Deborah Petersen to remain chair and entertained discussion concerning the vice chair. Ms. Deborah Petersen suggested that Ms. Schneider be vice chair.

Motion: On a motion by Mr. Taylor, seconded by Mr. Rodari, the Board unanimously voted to retain Ms. Deborah Petersen as chair and elect Ms. Schneider as vice chair.

Resolution Thanking Walter Murphy for TGD Board Service

Ms. Deborah Petersen informed the Board that Mr. Walter Murphy has retired from the Board. She put forth the following resolution honoring Mr. Murphy's service:

WHEREAS, Walter Murphy has served with distinction on the Title Guaranty Division Board of Directors from May 1, 2003, to April 30, 2009; and

WHEREAS, Walter Murphy has provided immeasurable assistance, guidance, and support, as well as offered his unique perspective, to the Title Guaranty Division during his time on the Board; and

WHEREAS, Walter Murphy has overseen many new programs vital to the growth and development of the Title Guaranty Division during his years of service to the Board; and

WHEREAS, the Title Guaranty Division desires to publicly express its gratitude to Walter Murphy for his years of dedicated, devoted service on the Board of Directors and guidance to the Title Guaranty Division;

NOW, THEREFORE, BE IT RESOLVED by the Board of the Title Guaranty Division of the Iowa Finance Authority as follows:

The Board hereby expresses its sincerest appreciation to Walter Murphy for his years of service he has provided to the Title Guaranty Division.

PASSED AND APPROVED this 2 day of June, 2009.

Motion: On a motion by Mr. Taylor, seconded by Mr. Reilly, the Board unanimously passed the resolution thanking Mr. Murphy for his service to the Board.

Director's Report

Mr. Ogle gave the director's report. He pointed out that a bill legalizing title insurance in Iowa has not been introduced into the Legislature in five years, largely due to the work the Division has done with the industry to make Title Guaranty work for all parties

involved. The legislative session was very productive in that most of TGD's interactions with the rest of the industry were collaborative.

A bill that passed the Legislature authorizes an increase in recording fees with the funds going to the state's CLARIS system for redaction of Social Security numbers and personal information. One big concern TGD shared with ILTA and the real estate section of the Bar was CLARIS' attempt to sell the data for the entire state to an out-of-state company, Data Tree. Mr. Ogle's main concern was consumer protection. TGD played a role in having language included in the bill that explicitly said that CLARIS is prohibited from selling that data.

The other bill is the one to license abstractors in Iowa. TGD worked closely with ILTA on that and worked internally to get the Bar to come on board with that bill. The bill was unsuccessful. TGD and the Bar could not agree on some of the bill language.

TGD worked closely with the Bar to overhaul the mechanic's lien law in Iowa. The bill would have completely overhauled the mechanic's lien law and start a state construction registry.

Mr. Ogle mentioned the bill to regulate closing companies. In Iowa, closing companies are completely unregulated. They are regulated in the other 49 states. The bill passed through funnel and had reached agreement with the entire lobby. At the last minute, the banking superintendent wanted to make major changes. It was agreed to hold off for a year on it.

In regard to abstractor licensing, Mr. Reilly addressed the need for education.

Mr. Ogle explained the Manual changes. TGD is trying to get the rules, Manual, and proposed staff supplement in a position to better reflect how the program actually operates and to draw clear lines on when and how decisions get made. Some underwriting decisions need to go through the administrative rule process, some need to be approved by the Board with 30 days notice prior to the Board meeting, and others can be made in real time as transactions happen. In the rules and Manual, there is some confusion as to when to take these types of actions. There are instructions on how to do tasks in the Manual that should be moved to the staff supplement. As real-time events happen, the staff supplement can be updated. Mr. Ogle noted that the Board members have a draft that separates out the administrative rules that cover the core items, the staff Manual that will become the reference for all TGD's forms and contracts that by statute need to be approved by the Board, and staff supplement that contains all the instructions and explanations.

The Board further discussed the proposed Manual changes with staff.

The Board, staff, and others present discussed the possibility of TGD becoming the repository for electronic abstracts for all 99 counties.

Mr. Ogle noted that TGD got the attention of a United Nations agency that is involved in development work in developing countries setting up secondary markets for mortgage

systems. That is based on the foundation of a good land title system. TGD was almost invited to go to a conference in Malaysia to talk about the TGD system. With the financial mess in the market, the ministry sponsoring the conference postponed it. TGD has also been invited to Florida to testify on the TGD program there in August.

Deputy Director's Report

Mr. White gave the Deputy Director's Report. In fiscal year 2009, TGD paid out about \$35,000 in claims. It is still considered within the range of normal to extremely good in terms of claims performance. He described a couple of claims that TGD paid. The Ortiz and Danielson cases were also discussed by Mr. White, Mr. Ogle, and the Board.

Mr. White reported on the Mortgage Release Program. The main change is that they are trying to streamline the process to make it more efficient.

Mr. Ogle noted that TGD currently charges nothing for the program. Almost 1½ full-time employees are assigned to the program. Mr. White has been requested to examine internal processes to see if there is a way to use less staff time. Staff is spending a lot of time doing research not included on the original application. Mr. Ogle said they will probably start distinguishing two types of transactions. If the Mortgage Release Program is used in conjunction with the Rapid Certificate Program, having staff putting the extra work on the release makes sense. For non-Rapid Certificate Program transactions, staff should be able to return the application if it is not complete. It is inevitable that TGD will have to start charging a fee for the program.

Business Development Director's Report

Ms. Berg delivered the Business Development Director's Report. TGD held its three Regional Academies in April and May, with almost 200 people among the three sites. Upcoming events are the Settlement Conference on October 14 and the Annual Conference on November 5.

Field Operations Director's Report

Ms. Becky Petersen gave the Business Development Director's Report. Field audits are being wrapped up. Over 60 audits were completed. Overall, the results of the audits have been positive. Training efforts over the last few months have focused on independent closers.

Mr. Ogle explained that due to the flooding in Linn County, a lot of abstracts were destroyed. The city of Cedar Rapids received federal money to buy out approximately 1,800 properties that are flood prone and will become green space. The city initially was going to contract one title plant in Linn County to do the abstracting on those properties. That company, Iowa Title, approached TGD about having a waiver of the requirements. Iowa Title wanted to do a long form search similar to the one done in Pottawattamie County if the abstract was lost or destroyed only for those 1,800 properties. The IFA Board approved Iowa Title's waiver. A couple of other companies requested and received the same waiver. For the 1,800 properties, a Title Guaranty certificate will be purchased.

Mr. Hoag asked how TGD was going to handle the new septic regulations that were passed by the Legislature this session. Mr. White said there may be more detailed instructions for closing letter protection transactions.

Next Meeting Date and Time

The next Board meeting is tentatively set for Tuesday, September 1, 2009, at 10:30 a.m.

Adjournment

Motion: On a motion by Ms. Schneider, seconded by Mr. Taylor, the Board unanimously voted to adjourn at 12:00 p.m.

Dated this September 1, 2009,

Respectfully submitted:

Approved as to form:

Loyd W. Ogle, Director
Title Guaranty Division

Deborah Petersen, Chair
Title Guaranty Division