



Lighthouse Title Best Practices 2 – Escrow Account Control

Procedures:

- Separate bank accounts are established for all escrow funds. Escrow funds are not commingled with operating funds.
 - Current list of escrow accounts is kept on hand and is available upon request for all underwriters.
- Escrow funds are deposited in federally insured Financial Institutions unless directed otherwise by the beneficial owner.
- Escrow accounts are identified or titled as “escrow” or “trust” accounts.
- Positive pay and ACH debit blocks are utilized when available.
- Transactions are conducted by authorized employees only. Current list of authorized employees is kept on hand for each escrow account.
 - Authorization levels for each employee are updated on an annual basis.
 - Former employees are immediately deleted as listed signatories on all escrow accounts.
- Authorized signatories are not involved with the reconciliation process.
- Outstanding file balances are documented.
- All escrow accounts are reconciled on a “daily” basis.
- Trial Balances are prepared for all escrow accounts.
 - Trial balances indicate if any files are overdrawn.
 - Trial balances are reviewed on a monthly basis by management.
- At the end of each month Three-Way reconciliations are performed reconciling the bank statement, check book and trial balances.
 - The end of month Three-Way reconciliation is reviewed and signed off by management.
 - Three-Way reconciliations are scanned into our computer system and kept for a minimum of 7 years.
 - Copies of Three-Way reconciliations are available upon request for all of our underwriters.
- Credit and background checks are performed on all new employees before they are hired.
- Credit reports and back ground checks will be obtained on all employees every three years.
- Training manual available upon request.
 - Training is conducted upon hire for all new employees.
 - Ongoing training for existing employees is done on an annual basis.