



## ***Lighthouse Title Best Practices 1 – Licensing***

Lighthouse maintains all company and employee Resident Producer licenses as mandated by State regulations to conduct the business of Title Insurance and Settlement Services.

### Procedures:

- All appropriate personnel are licensed.
- Lighthouse maintains a database with all individual resident producer licenses as well as all company resident producer licenses.
- Annually Lighthouse maintains a spreadsheet of all individual licensees to our underwriters for appointment verification.
- Lighthouse reviews the State of Michigan Department of Insurance and Financial Services website to ensure proper appointments.
- Lighthouse coordinates all personnel changes to ensure that the underwriter and the state are properly notified when a licensee is no longer with our agency.
- Lighthouse has established and maintains appropriate compliance with ALTA's Policy Forms Licensing.
- Details and/or copies of licenses are available upon request.



## ***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.



## ***Lighthouse Title Best Practices 3 – Information Security Statement***

Lighthouse Title Group has taken measures to guard against unauthorized or unlawful processing of personal data and against accidental loss, destruction or damage.

This Includes:

- Adopted an information security policy (this document is our policy).
- Established steps to control physical security and “clean desk” policies.
- Established controls on access to information (password protection on files and server access).
- Implemented a business continuity/disaster recovery plan (including, at a minimum taking regular backups of its computer data files and this is stored away from the office at a safe location).
- Train staff members on privacy laws, rules and regulations thru Real Estate Data Shield.
- Established protocol for detecting and investigating breaches of security should they occur.

Principles:

1. Personal data is to be collected only for the purpose specified and is only able to be accessed by authorized personnel.
2. Data collected is to be relevant but not excessive for the purposes required.
3. Data is not to be kept for longer than necessary for the purposes collected. Within 10 days of closing, files are scanned into our secure server and paper copies are shredded by a secured shredding service.
4. We protect the data with appropriate technical and organizational measures to minimize the risk of unauthorized or unlawful processing and against accidental loss or destruction or damage to personal data.
  - a. Servers are stored in locked facilities
  - b. Facilities that house our servers are only accessible through multiple layers of security: proxy card/standard key (building access), building alarm system and standard key to the server room.
  - c. Remote access to files is only available with the proper credentials
  - d. The computers are disconnected from the internet and turned off, during non-business hours.
  - e. Data is accessible only with proper authority.
  - f. Firewalls (multiple levels), Intrusion Detection Systems, and Anti-Virus/Spam protection solutions are in place to protect data.
5. Data is not removed from the office, except when contained within appropriately secured data transmission methods.
  - a. Paper files are not removed from the office except as needed for a remote closing by authorized personnel.
  - b. Remote access is only provided to our server for employees.

6. Access to data whether current or archived is provided to those individuals who, in the course of performing their responsibilities and functions, must be a member of that specific security group.
7. All data on the network is protected by McAfee VirusScan Enterprise anti-virus / anti-spam software that runs on servers and workstations, which is updated automatically with virus definitions as released by the manufacturer, Network Associates / McAfee. Administrators will be notified if any computer has been infected with a virus.
8. All viral infections are dealt with immediately and the end-user that is infected is logged off until the infected profile is fixed.
9. All user data is backed up to disk automatically on a daily basis.
10. A full server backup to disk takes place when a server is brought into production, followed by incremental backups to disk on a daily basis.
11. All backups are automatically replicated to a remote facility at least 32 miles away from the primary data center.
12. A business continuity plan, in case of catastrophic loss, is regularly reviewed and updated.



## ***Lighthouse Title Best Practices 4 – Privacy Policy***

Lighthouse Title respects the privacy expectations of our customers and the requirements of federal and state privacy laws. We believe that making you aware of how we use your non-public personal information (“Personal Information”), and to whom it is disclosed, will form the basis for a relationship of trust between us. This Privacy Statement provides that explanation. We reserve the right to change this Privacy Statement from time to time consistent with applicable privacy laws.

We collect Personal Information about you from the following sources;

- Information we receive from you, such as your name, address, telephone number, or social security number.
- Information about your transactions with us, our affiliates, or others. We receive this information from your lender, attorney, real estate broker, etc.
- Information from public records.

We do not disclose Personal Information about our customers to anyone, except as permitted by law. We will disclose your Personal Information when you direct or give us permission, when we are required by law to do so, or when we suspect fraudulent or criminal activities. We also may disclose your Personal Information when otherwise permitted by applicable privacy laws such as, for example, when disclosure is needed to enforce our rights arising out of any agreement, transaction or relationship with you. We may also disclose your Personal Information to other title companies if needed to clear title or assist in title production. One of the important responsibilities of our company is to record documents in the public domain. Such documents may contain your Personal Information. We restrict access to Personal Information about you to those employees who need to know that information to provide the products or services requested by you or your lender. We maintain physical, electronic, and procedural safeguards that comply with appropriate Federal and State regulations. We utilize industry best practices with security and encryption standards, including Unified Threat Management firewalls and security practices, to shield and protect your personal data in electronic formats from outside threats. Concurrently with this Notice you may also receive a Privacy Notice from the insurance company we represent in your transaction. Please review that Notice carefully as their privacy policy may differ from ours.



## ***Lighthouse Title Best Practices 5 – Settlement Policies and Procedures***

1. We acknowledge that Lenders expect full disclosure of all receipts and disbursements in accordance with written mutual instructions.
2. All sets of Closing Instructions are collected and reviewed prior to closing.
3. If any one set of Closing Instructions is adverse to another set of closing instructions – we obtain in writing from all parties consent to the changes made to correct the adverse matters prior to closing.
4. The closing is performed in accordance to all instructions from:
  - a. Lender Closing Instructions
  - b. Title Commitment
  - c. Purchase Agreement
  - d. Any other misc. agreements (Escrow Agreements, etc.)
5. Follow all HUD Regulations in preparation of the HUD Settlement Statements and be sure that ALL disbursement checks MATCH EXACTLY as to what is shown on the HUD Settlement Statement.

### **Pricing Procedure:**

When rate change bulletins are issued, they are immediately reviewed by title management and changes are sent out to the staff in order to insure that proper rate changes are made. Rate Manuals and Rate Calculations are reviewed upon underwriter re-filing rates/rules with appropriate staff. Applicable rate discounts, such as Simultaneous Issue, and recent transfer rates are calculated and charged when appropriate.

### **Recording Procedure:**

Documents are submitted or shipped for recording to the proper recording office within 3 business days of Settlement. Where set up and available, electronic recording is used, or documents are hand delivered or sent overnight delivery. Shipments of documents for recording are tracked and a log is kept. We verify that recording actually took place and maintain recording information for each document in each file.



## ***Lighthouse Title Best Practices 6 – Timely Policy Issuance and Premium Remittance***

### Procedures:

- Title Insurance Policies shall be issued at the “table” whenever allowed by the insured’s and circumstances.
- All residential title policies shall be issued and delivered to the insured within 30 days of satisfying terms and conditions of the title commitment.
- Premiums shall be remitted within time expectations of the insuring underwriter.



## ***Lighthouse Title Best Practices 7 – Insurance Coverages***

Lighthouse maintains professional liability (errors and omissions insurance) from a carrier that is acceptable to our underwriters. Said amount is not less than agreed to in the Company's underwriting agreement(s). Further, Lighthouse maintains other insurance coverages from carriers that are acceptable to our underwriters. Said amounts are not less than required by state law or agreed to by the Company's underwriting agreement(s).

Lighthouse Insurance Coverages include:

- Professional Liability (Errors and Omissions)
- Fidelity Bond Liability
- Directors and Officers Liability
- Employee Dishonesty
- Cyber Liability
- Workers Compensation
- Property





## ***Lighthouse Title Best Practices 8 – Consumer Complaint Resolution Process***

All employees need to be sensitive to the idea that consumers may make a complaint in a variety of ways, including phone calls, voice mail, email, or regular mail. Any employee can receive a complaint; therefore all employees have access to and the ability to complete a complaint intake form. This initiates our consumer complaint resolution process. The goal is to resolve the complaint within five business days. Complaints may also be easily submitted online at [www.lighthousetitle.net](http://www.lighthousetitle.net) through the Contact Us page. To send a direct email to the Title Complaints Coordinators, simply click on the Title Complaints link located on the right side of submission form.

In order to meet this goal, employees are required to forward the intake form the day it is received to the Title Complaint Coordinators at [titlecomplaints@lighthousetitle.net](mailto:titlecomplaints@lighthousetitle.net).

Upon receipt of the complaint, an automated response will be sent to the submitter of the complaint assigning a tracking number and giving contact information of the coordinator.

The Complaint coordinator initiates and maintains a Complaint log in Request Tracker and will either handle the resolution of the complaint directly or, if necessary, assign the complaint to the next resolution level before the end of the second day.

The next level will contact the consumer by the end of the fourth day to explain the resolution or communicate the steps to resolution.

By end of the fourth day if Level 2 is unable to resolve the complaint they will assigned the complaint to the third and final level of resolution while also providing an update to the consumer.

Should the resolution not be possible by the end of the fifth day, consumer updates will be communicated each day thereafter.



## Complaint Intake Form

Complaint Filed by:	Date:
Phone:	Email:
Other Contact:	
Current Address:	

### Complaint Information

File Number (if available):

Property address:

Borrower/Buyer:

Owner/Seller:

Details (attached additional sheet if need be):

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## ***Lighthouse Title Best Practices Addendum***

The Lighthouse Title Best Practices are in effect for Lighthouse Title, Inc. direct and its affiliates