

**The American Land Title Association's  
Title Insurance and Settlement Company Best Practices  
As Performed at Central Maine Title Company, Inc.  
Adopted June 2013  
Updated January 2016**

As President and Owner of Central Maine Title Company, Inc., I am pleased to provide you with our company's policies and procedures in conjunction with the American Land Title Association's Best Practices.

Central Maine Title Company was founded in 1990 and operates in the State of Maine. Our business is local and our clients are like family – earning their trust and maintaining longstanding relationships with them is our goal.

Our company currently employs 3 full-time and 4 part-time employees. We also have a group of dedicated outside Abstractors providing close to full-time title service. Training and Continuing Education are paramount to our mission. Central Maine Title Company is active in the title and real estate industry's state and national land associations.

The American Land Title Association's (ALTA's) Title Insurance and Settlement Company Best Practices are a way for Central Maine Title Company to demonstrate its commitment to our clients, to our goal of striving to always improve upon what we do, and to earn the trust of those with whom we do business.

If you have any questions about our Policies and Procedures documents included in this manual, please feel free to contact me personally.

I look forward to our continued working relationship and want to thank you for your business.

Sincerely,

Linda B. Gifford, Esq.  
President and Owner  
Central Maine Title Company, Inc.  
78 Winthrop Street  
Augusta, ME 04330  
www.cmetitle.com  
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1-207-622-7505

## Policies and Procedures

# Licensing

<b>Purpose</b>	To document mandated insurance licenses and corporate registrations (as applicable) so that Central Maine Title Company, Inc. is able to remain in good standing in the State of Maine.
<b>Scope</b>	These policies and procedures apply to Central Maine Title Company, Inc. (hereafter referred to as the "Company"). These procedures are to be followed by all employees and independent contractors where applicable.
<b>Procedures</b>	<p><b>Licensing</b></p> <p>The Company maintains an active closing agency license with the State of Maine Consumer Regulation Bureau as well as title insurance agent (employee and owner) licenses with the State of Maine Insurance Bureau. In addition, three people (two employees and owner) maintain active Notary Public certifications through the State of Maine Secretary of State's Office. Also, two company members are licensed attorneys through the Maine Board of Bar Overseers and adhere strictly to all continuing education requirements.</p> <p>The following people are licensed in accordance with state specific regulations:</p> <ul style="list-style-type: none"><li>• Persons who give rate quotes</li><li>• Persons who discuss coverage and exceptions</li><li>• Persons who sign commitments</li><li>• Persons who sign policies</li></ul> <p>The President and Owner actively monitors activity to ensure the appropriate business professionals are licensed and renewed when necessary, and required corporate and title agency registrations are kept current.</p> <p>Licensed individuals, along with their active licenses, have been communicated to our underwriter. The underwriter is notified when a license becomes inactive.</p> <p>Licensed individuals maintain the necessary continuing education requirements including any necessary ethics requirements. Documentation is maintained to evidence the requirements have been met.</p> <p>The Company maintains and has on file the appropriate American Land Title Association Policy Forms License.</p>
<b>Contact Officer</b>	Linda Gifford, President and Owner
<b>Date Approved</b>	June, 2013
<b>Date of Commencement</b>	January, 2014
<b>Amendment Dates</b>	January, 2015, 2016
<b>Date for Next Review</b>	January, 2017

<b>Related References and Links</b>	Copies of licenses and certifications are available upon request as are proof of meeting continuing education requirements.
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<b>Policies and Procedures</b>
<b>Escrow/Trust Accounting</b>

<b>Purpose</b>	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.
<b>Scope</b>	These policies and procedures are in effect for Central Maine Title Company, Inc. (hereafter referred to as the “Company”). These procedures are to be followed by all employees and independent contractors where applicable.
<b>Procedures</b>	<p><b>Escrow funds and operating accounts are separately maintained.</b></p> <p>The Company maintains two operating accounts, one for company operations and one for Simplefile recordings at the Registries of Deeds. The Company also maintains one Escrow Account through which closings of all transactions are handled, and several trust accounts at various lender clients into which closing funds are deposited, and then passed through to the Escrow Account. The Company maintains strict controls over the Escrow Account and trust accounts, and funds are never commingled with those funds in the operating accounts. Personnel who balance closing statements and prepare checks for closings have no signatory authority in the accounts, and daily and monthly reconciliations are done by separate individuals.</p> <p><b>Escrow/Trust Accounts Trial Balance Reports.</b></p> <p>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 Bookkeeper reconciles the trial balance report to the bank balance and reconciled book balance, creating a “three-way” reconciliation.</p> <p>Trial balance reports are produced for each escrow/trust account maintained by The Company, including recording accounts and underwriter premium accounts.</p> <p><b>Escrow/Trust Account Reconciliations</b></p> <p>It is the responsibility of the Bookkeeper and Processor to reconcile the escrow/trust accounts. Account receipts and disbursements activity are reconciled daily (two-way) by the Processor. Monthly, three-way reconciliation between the bank records, book records, and trial balance is performed. This reconciliation is completed within four business days of receipt of bank statement and is done by the Bookkeeper.</p> <p>A listing is kept of all escrow/trust accounts. This listing includes underwriter premiums accounts, recording accounts and dormant accounts. Escrow/trust</p>

account reconciliations are performed by the Bookkeeper who does not have check signing authority or the capability/authority to perform wire transfer transactions. Any wire transfers are ordered by the Processor, in writing, with a follow-up phone call from the Bank to the President/Owner or other employee (not the Processor) which requires a password to verify the amount and destination of the outgoing wire.

Each month, escrow/trust account reconciliations are reviewed by the President/Owner and evidence of the review is documented. The escrow/trust account reconciliations are available to the title insurance underwriters at any time as requested.

The President/Owner reviews and signs off on all 3-way reconciliations within four business days of their completion.

**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. The President/Owner’s approval 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 office by the President/Owner. The individual(s) designated as the ‘wire transfer administrator’ to set-up and change online banking permissions has been authorized by the President/Owner.

Authorized check signers and wire individuals do not maintain the escrow/trust accounting records or perform the escrow/trust account reconciliations.

**Positive pay, ACH Blocks, and international wire blocks are used.**

	<p>The “Positive Pay” feature offered by our financial institutions is used on escrow/trust accounts. The Bookkeeper and President/Owner review the positive pay exception report daily. All positive pay reports are maintained and any exceptions are documented and explained.</p> <p>ACH blocks and international wire blocks are placed on all escrow/trust accounts to prevent unauthorized users from withdrawing funds from the escrow/trust account.</p>
	<p><b>Background checks.</b></p> <p>Before an individual is hired, a background check (criminal and credit) is performed.</p> <p><b>Escrow/trust account training.</b></p> <p>The Company provides escrow/trust account training as needed to individuals handling customer funds and conducting escrow/trust account reconciliations.</p>
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<b>Date for Next Review</b>	January, 2017
<b>Related References and Links</b>	<ul style="list-style-type: none"> <li>• <i>Banking agreements and wire transfer user reports are kept in a locked drawer accessible to the President/Owner and Bookkeeper.</i></li> <li>• <i>Escrow Account Information and all records for other trust accounts is kept in locked drawers accessible to the President/Owner and Bookkeeper. This is a summary of pertinent escrow account information for Maine escrow regulation:</i>  <a href="http://www.maine.gov/pfr/financialinstitutions/laws_rules.htm">http://www.maine.gov/pfr/financialinstitutions/laws_rules.htm</a> </li> </ul>

## Policies and Procedures

# Privacy and Information Security

<b>Purpose</b>	Document a privacy and information security program (policies and procedures) to ensure Central Maine Title Company, Inc. maintains written protocols for the protection of data and Non-public Personal Information (NPI).
<b>Scope</b>	These policies and procedures are for activities of Central Maine Title Company, Inc. (hereafter referred to as the "Company"). These procedures are to be followed by all employees and independent contractors where applicable.
<b>Procedures</b>	<p>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 (see attached) that is posted on The Company's website and provided to customers at each closing. Additional information about the Company's privacy and information security program is available to customers upon request.</p> <p>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 Owner to ensure The Company has received all employee acknowledgements.</p> <p>The Company makes an assessment on an annual basis of the standards and requirements affiliated with the Company's information security program, including those set out in this policy and procedure document. This assessment is conducted by Beneficial Technologies and a report on compliance is issued to the Company President/Owner.</p> <p><b>Physical Security of NPI</b></p> <p>The Company utilizes Bonney Staffing Center or other appropriate provider as the information provider for background and credit checks. The Company individuals who have access to NPI is restricted to authorized principals and employees of long standing who have no background irregularities.</p> <p>Removable media devices, including but not limited to external hard drives, compact discs, magnetic tapes and USB/flash drives are prohibited, except to the extent of customer closing documents being given to the customer on a compact disc, and operating account information given to the outside accountant on a thumb drive at the end of the tax year.</p> <p>Other standard procedures for security of NPI include closing paper files which include NPI, other than the one currently being worked on, stowing files which include NPI away when away from workspace and locking desks and file cabinets containing NPI at the end of the day. Hardcopy NPI that is</p>

transmitted outside the Company is done so using only secured envelopes through trackable delivery systems or hand delivery directly to the lender client.

### **Network Security of NPI**

At the direction of the President/Owner, the Company's designated Network Administrator (Beneficial Technologies) 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 lockable rack enclosure. The Company's computer network utilizes up-to-date anti-virus, and 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 with regular frequency. All of the Company's computers no matter whether desktop or laptop run a "screen timeout" application causing automatic system sign off when the system detects no activity for a period of 15 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 are shredded. Large, secure shredding bins provided by Shredding On Site are located in the office. When disposing of computers and portable storage devices, the Company uses a software application to erase/wipe clean the device, administered by the Network Administrator.

### **Disaster Management Plan for NPI**

The Company has a documented disaster management plan to 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 Company also maintains insurance coverage for such circumstances. The disaster management plan is reviewed on an annual basis by the President/Owner with the Network Administrator and is 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 a security breach were to occur, proper notification would be provided to consumers and law enforcement in accordance with the Company's privacy and information security program and disaster management plan.
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<b>Date for Next Review</b>	January, 2017
<b>Related References and Links</b>	<ul style="list-style-type: none"> <li>• <i>The Company's information security program and disaster management plan are kept in the office of the Network Administrator as well as the desk of the President/Owner.</i></li> <li>• <i>The Company's "Privacy Policy Notice" document is kept on the Central Maine Title network drive so that employees may access it and utilize as necessary, as well as on the website. A copy is attached.</i></li> </ul>

**RECORDS AND INFORMATION MANAGEMENT  
CONSENT AND ACKNOWLEDGEMENT FORM**

This will certify that I have read and understand the "Central Maine Title Company Non-Public Personal Information Policy". Furthermore, I also understand that Central Maine Title Company is committed to protecting its records and fully complying with all applicable laws and regulations.

I understand that if I have a concern about a possible violation of this Policy, I have a duty to report the concern to management. I further understand that this Policy does not constitute a contract and may be modified from time to time by Central Maine Title Company with or without notice.

\_\_\_\_\_  
Print Name of Employee/Consultant/Contractor

\_\_\_\_\_  
Signature Name of Employee/Consultant/Contractor

\_\_\_\_\_  
Date

**Policies and Procedures**

**Document Recordation / Title and Settlement  
Pricing**

<b>Purpose</b>	Document recordation and rate/pricing procedures and policies to assist Central Maine Title Company in compliance with applicable contractual obligations and Federal and State Consumer Financial Laws.
<b>Scope</b>	These policies and procedures are for all activities of Central Maine Title Company, Inc. (hereafter referred to as the "Company") These procedures are to be followed by all employees and independent contractors where applicable.
<b>Procedures</b>	<p><b>Pricing Procedures</b></p> <p>The Company utilizes rate manuals and online calculators, as appropriate to ensure correct fees are being charged for title insurance policy premiums, state-specific fees and endorsements.</p> <p>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 underwriters' rate manuals 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.</p> <p>When rate change bulletins are received, the President/Owner will communicate these rate changes to the appropriate parties.</p> <p>Throughout the year a representative sample of closed files is subject to a post-closing review by the underwriters to conclude if fees were correctly charged.</p> <p><b>Recording Procedures</b></p> <p>The Company submits or ships documents for recording to the appropriate County Registry of Deeds within 2 business days of settlement or disbursement in the case of a refinance.</p> <p>After review of county specific recording requirements, documents are submitted for recording by the Processor. When available and economically feasible, document recordation will be processed electronically via E-recording using Simplefile. When E-recordings are not available, documents will be hand-delivered whenever possible. Otherwise, documents will be mailed first-class.</p> <p><b>Timely responses to recording rejections and verify recording is filed of record.</b></p>

	The Company maintains a Recording Log in each file to monitor all recordings. After documents are sent for recording, the Company maintains contact with the appropriate personnel and parties to resolve any problems. After documents are recorded, detailed information such as book and page numbers, time and date are included in the transaction file.
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<b>Related References and Links</b>	<ul style="list-style-type: none"> <li>• <i>The Recording Log is kept in each file located in the Docstar system.</i></li> <li>• <i>Rate Manuals are kept on the Central Maine Title network drive in a folder entitled Softpro.</i></li> <li>• <i>Recording information is kept in each file in the Docstar system.</i></li> </ul>

## Policies and Procedures

# Title Policy Production / Premium Remittance

<b>Purpose</b>	Maintain written procedures related to title policy production, delivery, reporting and premium remittance to the insurer to ensure Central Maine Title Company meets its legal and contractual obligations.
<b>Scope</b>	These policies and procedures apply to Central Maine Title Company (hereinafter the "Company") These procedures are to be followed by all employees and independent contractors where applicable.
<b>Procedures</b>	<p><b>Policy Inventory</b></p> <p>The Company receives its policy inventory directly from the insurer via the electronic policy application. A Policy Inventory Report is available in the application to track and monitor all of the electronic policy numbers allocated to the Company.</p> <p>The following items are included in the Policy Inventory report:</p> <ul style="list-style-type: none"><li>• The electronic policies received by the Company</li><li>• The file number associated with each policy number</li><li>• Unused policies</li><li>• Voided policies</li><li>• Policy numbers assigned, but not yet reported to the insurer</li><li>• Policies issued, but not yet reported to the insurer</li></ul> <p>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.</p> <p>Electronic policy stock is limited to authorized users with login and passwords.</p> <p>Policy inventory duties have been clearly defined and are the responsibility of the President/Owner. We are able to reconcile our policy inventory records with the Insurer's records.</p> <p><b>Policy Issuance</b></p> <p>Policies are issued to customers (lender and/or purchaser) within 30 days after the transaction is disbursed. A manual system is maintained within the software system and via file tracking to monitor all orders that have closed and disbursed in which final policies have not been issued.</p> <p>If the Company does not perform the settlement/closing, the order is tracked and monitored by the Processor to ensure the documents are received 30 days after disbursement.</p> <p>If a short-form lender's policy is issued, it will be delivered concurrent with disbursement; however, monitoring procedures are still in place to ensure the necessary documents are recorded.</p>

	<p><b>Premium Remittance and Policy Reporting</b></p> <p>In accordance with contractual obligations and on a monthly basis, the Company submits copies to the insurer of all title insurance policies (including endorsements), premiums and other fees as contractually obligated. Physical copies of the policies including payment are mailed to the insurer or picked up by an employee of the insurer.</p> <p>Premium remittance duties have been clearly defined and are the responsibility of the President/Owner. We are able to reconcile the premiums and fees we charged to our customers with the premiums and fees remitted to the insurer.</p>
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<b>Related References and Links</b>	<ul style="list-style-type: none"> <li>• <i>The Policy Inventory Register report is in our underwriter’s electronic policy system.</i></li> <li>• <i>The Policy Tracking report is in our title production software application (Softpro), and in our Docstar system.</i></li> </ul>

## Policies and Procedures

# Professional Liability Insurance

<b>Purpose</b>	Document procedures for review of professional liability coverage (errors and omissions insurance, fidelity and surety bond) to insure that Central Maine Title Company has financial capacity to cover its professional services obligations.
<b>Scope</b>	These policies and procedures are for Central Maine Title (hereafter referred to as the "Company"). These procedures are to be followed by all employees and independent contractors where applicable.
<b>Procedures</b>	<p>The Company is required to carry and maintain errors and omissions insurance. The President/Owner is responsible for renewing all insurance coverages. The Company furnishes copies of the insurance policies to its title underwriter(s), including all endorsements, and proof of payment of the current premium. Proof of insurance is also provided to all lender clients.</p> <p><b>Professional Liability Insurance Coverage - Errors and Omissions</b></p> <p>The Company carries professional liability insurance for errors and omissions in accordance with the Company's contractual obligations in the amount of \$1,000,000 per occurrence with a \$1,000,000 aggregate limit issued by Westchester Fire Insurance Company, a company acceptable to our title insurance underwriter. This comprehensive liability policy has a deductible of no more than \$10,000 per loss. A copy of the most current declarations page is attached.</p> <p><b>Fidelity Bond Coverage</b></p> <p>Fidelity coverage is not required by state law or contractual obligations for title and closing activities. When requested by the client 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.</p>
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<b>Related References and Links</b>	<ul style="list-style-type: none"><li>• <i>Insurance information is kept in a locked drawer of the President/Owner.</i></li><li>• <i>Policy copies are available upon request. A copy of the Certificate of Liability insurance is attached.</i></li></ul>

## Policies and Procedures

# Consumer Complaints

<b>Purpose</b>	To establish a process for receiving and addressing consumer complaints to ensure that Central Maine Title Company addresses any instances of poor service or non-compliance.
<b>Scope</b>	These policies and procedures apply to Central Maine Title Company, Inc. (hereafter referred to as the "Company"). These procedures are to be followed by all employees and independent contractors where applicable.
<b>Procedures</b>	<p><b>Maintain a standard consumer complaint form that identifies information that connects the complaint to a specific transaction.</b></p> <p>The Company has a standard consumer complaint form (attached) 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.</p> <p><b>Single point of contact for consumer complaints and process for routing consumer complaints to appropriate personnel.</b></p> <p>The President/Owner is the single point of contact for consumer complaints. The nature of the complaint determines to which appropriate personnel the complaint will be forwarded, if necessary.</p> <p><b>Log of consumer complaints that includes whether and how the complaint was resolved.</b></p> <p>The Company maintains a Consumer Complaint Log (attached) with information on all consumer complaints and their status.</p>
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<b>Related References and Links</b>	<ul style="list-style-type: none"><li>• <i>The Consumer Complaint Form is kept by the President/Owner.</i></li><li>• <i>The Consumer Complaint Log is kept by the President/Owner.</i></li></ul>

**Consumer Complaint Form**

Please complete appropriate section(s) below, then "save as" using the following format:  
"Last Name Consumer Complaint MM-DD-YY" and email to lgifford@cmetitle.com  
**File Name Example: Smith Consumer Complaint 04-01-13**

**Date of Inquiry:**

**Consumer Contact Information:**

**Name:**  
**Property Address (Street, City, State, Zip):**  
**Contact Address (If different from Property Address):**  
**Contact Phone Number:**  
**Additional Contact Phone Number:**

**Transaction Information:**

\_\_\_\_\_  
**Central Maine Title Company File Number:**

\_\_\_\_\_  
**Policy Number:**

\_\_\_\_\_  
**Property Type (Residential or Commercial):**

\_\_\_\_\_  
**Transaction Type (Purchase, Refi, REO, etc.):**

**Briefly describe the nature of the consumer's inquiry including dates of any conversations, phone calls, and names (including title and company affiliation) of those with whom consumer has spoken.**

**Indicate whether additional information or documentation is attached under separate cover.**

**Advise consumer that this will be routed to Contact Name, Contact Title.**

Linda Gifford, President and Owner

\_\_\_\_\_  
**Name/Title of person completing form**

Linda Gifford, President

\_\_\_\_\_  
**Management Review Name/Title**

