

First Montana Title Company of Hamilton

2020



BEST PRACTICES

Title Insurance and Settlement Services

For: consumers, real estate professionals, regulators and compliance managers

www.firstmttitle.com

250 W. Main, Hamilton, Montana, 59840



WHAT WE DO

- WE ARE THE ONLY FULLY-FUNCTIONAL PHYSICAL TITLE PLANT IN WESTERN MONTANA SERVING CONSUMERS, LENDERS, ATTORNEYS, DEVELOPERS, REAL ESTATE PROFESSIONALS, AND GOVERNMENT AGENCIES
- WE PROVIDE TITLE INSURANCE THROUGH NATIONAL UNDERWRITERS WITH MULTIPLE POLICY OPTIONS COVERING ALL CONSUMER AND LENDER NEEDS
- WE PROVIDE WORLD-CLASS SETTLEMENT SERVICES FOR TRANSACTIONS OF ALL SIZES
- WE DILIGENTLY PROTECT SENSITIVE DOCUMENTS AND PERSONAL INFORMATION FOLLOWING ESTABLISHED DATA SECURITY GUIDELINES
- WE COLLECT, SECURE AND SAFELY DISBURSE FUNDS FOR ALL CONSUMERS, CLIENTS, LENDERS AND SETTLEMENT PARTIES

The Bitterroot Valley's original abstract company was established around the turn of the Twentieth-Century, became part of the First Montana Title family of companies by the 1970's, and was purchased by our family in 1985. First Montana Title Company of Hamilton (FMT) continues today as Western Montana's most experienced and trusted real estate settlement and title insurance agency.

FMT desires to inform vendor and financial institution compliance departments, regulators, and consumers about best practices implemented to adhere to market regulatory requirements, promote quality service, provide employee training, and to protect consumers. The FMT Best Practices program is modeled after the guidelines published by the American Land Title Association (ALTA) in 2013, and addresses compliance with both the Graham-Leach Bliley Act and the Consumer Financial Protection Bureau established under Dodd-Frank.

World-Class Settlement Services

A claim rate of less than one percent over the past 35 years

OUR COMMITMENT

FMT is committed to providing best-in-class settlement services and competitive insurance products while protecting the integrity, privacy and security of consumer information and related real estate transactions. This is achieved through adherence to established ALTA procedures and best practices, and through a deeply held commitment to accuracy and customer experience.

WHY THIS MATTERS

On April 13, 2012 the Consumer Financial Protection Bureau (CFPB) bulletin 2012-03 was issued to outline regulatory expectations concerning lender and service provider relationships, and CFPB governing authority. According to the CFPB, lenders are to oversee and ensure compliance by service providers relative to financial protection laws and consumer welfare. In an effort to assist lenders in fulfilling these expectations, ALTA has developed best practice guidelines emphasizing industry policies and procedures designed to protect lenders, consumers and transactional integrity. FMT has adopted these practices in support, service and protection of all of our partners, vendors and patrons.

TITLE INSURANCE UNDERWRITERS

FMT uses Old Republic National Title Insurance Company and Commonwealth Land Title Insurance Company (a Fidelity National company) to underwrite title insurance policies.

ERRORS AND OMISSIONS

FMT carries Errors and Omissions coverage through Lloyd's of London, of up to \$1 million per transaction, with a title claim rate of less than 0.01% over the past 35 years.

DATA SECURITY

FMT uses the most up-to-date internal networking systems, Internet and email security programs to protect consumer data and financial processes.



PRINCIPLE 1: Active and Transparent Licensing

Establish and maintain current licenses as required to conduct the business of title insurance and settlement services.

First Montana Title Insurance maintains all appropriate corporate and individual licenses necessary to transact title insurance business in Montana, in accordance with state licensing registration and other regulatory requirements.

FMT is also a proud member in good standing of the Montana Land Title Association (MLTA) and American Land Title Association (ALTA), and maintains a license to use or issue ALTA forms, endorsements and title policies.

All licenses are available for review upon request.

PRINCIPLE 2: Accurate and Secure Escrow Accounting

Adopt, apply and maintain written policies, procedures and controls for Escrow Trust Accounts creating secure, consistent and accurate verification and reconciliation.

FMT maintains separate operating and escrow accounts with federally insured financial institutions, and are properly identified and documented as custodial accounts. Trial balances are prepared for escrow accounts daily, with account reconciliation occurring monthly. Escrow departmental duties are assigned to segregate reconciliatory activities from signing authority, and management reviews each report to document both positive and negative balances.

With security as a primary consideration, FMT has authorized only those employees having completed satisfactory background checks as settlement or closing agents. Escrow account signatories consist only of active company officers. Bank transfer or wiring approvals are granted by active company officers after third-source verification of destination accounts.



PRINCIPLE 3: Privacy, Security Procedures and Technology

Adopt written privacy and security protocols to protect consumer information. Apply appropriate procedures and technology to facilitate data transfer and integrity.

The Gramm-Leach-Bliley act (and other state and federal laws) require title companies to develop written policies related to information security to protect non-public customer information. FMT has developed and implemented an activity-based security program including the use of secure email services using multifactor authentication and encryption technologies.

FMT maintains secure internal servers, tightly controls removable media, and encrypts electronic data transfer to ensure maximum data security. FMT also maintains a written disaster recovery program that includes redundant servers and cloud-based backup systems.

Physical documents containing personal information are stored in a secure and limited access environment. Outdated and redundant documents are disposed of using approved disposal methods or vendors.

FMT strives to separate settlement statements and other closing documents between parties at closing as generally accepted. However, FMT maintains the right to share statements and other appropriate information with all involved agents, attorneys, and lenders as requested and necessary to complete and support a particular transaction.



PRINCIPLE 4: Timely Recording and Accurate Pricing

Adopt product pricing and settlement procedures to ensure compliance with state and federal laws, and to create optimum customer experience.

FMT uses industry standard software with online rate calculators to ensure accurate and real-time premium and fee quotes. All settlement fees are disclosed prior to closing, are market standard, and comply with state and federal regulations.

FMT requires recording of appropriate documents before final disbursement. For local transactions, documents are hand-delivered to the records office for same-day recording, or when necessary, within a 24-hour period following final approval.

PRINCIPLE 5: Timely Policy Completion

Adopt written procedures related to title insurance policy production and premium payment.

FMT uses several national underwriters to provide for a variety of insurance products for client needs. Reporting and remission of premiums are completed in a timely manner as necessary to meet regulatory and contractual obligations.

As a rule FMT delivers final policies to clients within 30 days of closing, either electronically or physically, as necessary to meet demands of lenders and consumers.

PRINCIPLE 6: Appropriate Liability Coverage

Maintain appropriate professional liability or Errors and Omissions insurance.

Title insurance companies use professional liability (Errors and Omissions) to ensure financial viability and capacity to support the level of professional service being provided during agency and settlement activities. FMT maintains appropriate E & O insurance coverage for current service levels, including Cyber Security and Fraud policies. A fidelity and/or surety bond is not required by state or contractual obligations at this time.

PRINCIPLE 7: Customer Experience

Adopt procedures and practices for providing optimum customer experience and resolving consumer complaints.

FMT has a written complaint resolution process that allows employees to resolve complaints, or elevate issues to a corporate officer as necessary to ensure resolution

FMT seeks customer feedback through surveys, social media campaigns and professional service audits.



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