

American Land Title Association, the trade association for Title Company, Underwriters of Title Insurance, and Closing Attorneys created “Best Practices” to provide a guideline to its members in order to provide assurances to Lenders that Real Estate Closers are in compliance with the regulations being implemented by the Consumer Financial Protection Bureau, (CFPB) as pertains to RESPA, DODD FRANKS, and numerous other Federal and State Laws applying to residential loan transactions. The purpose being to protect lenders and consumers, while ensuring a positive professional and compliant real estate settlement experience. The Best Practice standard consists of seven pillars which a closing practice needs to meet. They are as follows:

- 1. Best Practice: Establish and maintain current License(s) as required to conduct the business of title insurance and settlement services.**
- 2. Best Practice: Adopt and maintain appropriate written procedures and controls for Escrow Trust Accounts allowing for electronic verification of reconciliation.**
- 3. Best Practice: Adopt and maintain a written privacy and information security program to protect Non-public Personal Information as required by local, state and federal law.**
- 4. Best Practice: Adopt standard real estate settlement procedures and policies that help ensure compliance with Federal and State Consumer Financial Laws as applicable to the Settlement process, including adequate proof to Lender the closing firm is not in violation of 12 U.S.C. 2601(b)2 concerning kickbacks and marketing service agreements.**
- 5. Best Practice: Adopt standard real estate settlement procedures and policies that help ensure compliance with Federal and State Consumer Financial Laws as applicable to the Settlement process.**
- 6. Best Practice: Maintain appropriate professional liability insurance and fidelity coverage.**
- 7. Best Practice: Adopt and maintain written procedures for resolving consumer complaints.**

The ALTA Best Practices Framework has been developed to assist professional real estate closers to aid lenders in satisfying their due diligence responsibility to manage third party vendors, for which they are now responsible. These are only guidelines, but if a lender requests evidence of the closer meeting these requirements, the Lender should be in a good position in the event of an audit by CFPB.