



New England Regional Midweek Update
2/22/2023

Dear Stewart Partners,

We hope you are enjoying school vacation week. Here at Stewart, our New England Underwriting Team is working on our March webinar series – all about preparing title commitments and title policies. Keep an eye on your inbox (and next week's midweek update) for more information and an invite to sign up.

Speaking of webinars, we hope you had a chance to watch our recent webinars on the 2021 owner's and loan policies. If not, recordings are available. Contact your account representative or state underwriting counsel for information

Now that some of our agents are beginning to use the 2021 policy forms, we want to remind you of the availability of the Stewart Homeowner's Policy Endorsement, sometimes referred to as the Gold Endorsement. In this week's midweek update we also want to make you aware of upcoming changes to ALTA Best Practices, which will take effect on May 23, 2023. We have included information on an upcoming webinar hosted by ALTA, featuring Stewart's President of Agency Services, Tara Smith, on the changes to the Best Practices and how the changes will impact your practice.

As always, we hope you find this information helpful.



STGC Homeowner's Policy Endorsement – Worth its Weight in Gold

In conjunction with the 2021 ALTA Policy Forms, Stewart has developed the STG Homeowner's Policy Endorsement, also referred to as the Gold Endorsement. This endorsement is specific to Stewart; it is not an ALTA form and is only available for issuance with a Stewart Title Guaranty Company 2021 ALTA Homeowner's (expanded) policy insuring a single-family home or condominium unit. There is no additional charge for this endorsement. We recommend that this endorsement always be issued when the transaction meets all of the following requirements:

- Property being purchased is a single-family home or condominium unit; and
- The buyer intends to occupy the home as a principal place of residence or as a second home; and
- A Stewart 2021 Homeowner's (expanded) policy is being issued.

The STG Homeowner's Endorsement provides additional coverage and protections to the insured. Some of the key benefits include extending the availability of the expanded policy, subject to policy provisions, to a buyer that is a business entity, including corporations and LLCs, and expanding the post-policy coverage provisions. It also broadens the continuation of coverage provisions, including if there is a transfer to a spouse, child, or grandchild without consideration.

We have included links to the New England state underwriting bulletins regarding the Homeowner's Endorsement below.

Connecticut: [STG Homeowner's Endorsement Bulletin](#)

Maine: [STG Homeowner's Endorsement Bulletin](#)

Massachusetts: [STG Homeowner's Endorsement Bulletin](#)

New Hampshire: [STG Homeowner's Endorsement Bulletin](#)

Rhode Island: [STG Homeowner's Endorsement Bulletin](#)



ALTA BEST PRACTICES REVISION 4.0

A new version of ALTA Best Practices, Version 4.0, was recently published and will go into effect on May 23, 2023. Title and settlement agents can start using the new version now. Any Best Practice third-party or self-assessments after May 23, 2023 must be made using the newest 4.0 framework. This latest version was created with the objective to improve the safety, customer experience and efficiency of operations performed by title and settlement agents.

As many of you will recall, in 2013 ALTA promulgated its Best Practices to provide lenders with the assurances they need when working with title and settlement agents. ALTA Best Practices certification indicates to lenders that title and settlement agents meet certain criteria.

The ALTA Best Practices is broken down into steps, often referred to as the 7 Pillars. The following is a brief outline of the key requirements of the 7 Pillars:

1. Best Practice 1 – Licensing

Maintain state mandated insurance licenses as required, or for attorney states, provide a copy of license to practice law in each jurisdiction; if jurisdiction requires continuing legal education, maintain credits indicating requirements are met.

2. Best Practice 2 – Escrow Account Controls

Written procedures and controls for escrow accounts including account reconciliation, conducting employee background checks and utilization of fraud protection tools.

3. Best Practice 3 – Information and Data Privacy Protection of Non-Public Personal Information (NPI)

Physical and network security to protect money and confidential customer info (locked file cabinets, proper disposal of documents, etc.). Requires title and settlement agents to have a written information security plan (WISP) that describes the procedures they employ to protect NPI.

4. Best Practice 4 – Settlement Policies and Procedures

Compliance with federal and state consumer financial protection laws and regulations, including proper procedures for recording documents, checking files after settlement to ensure consumers were charged the company's established rates, verification that closing instructions were followed, and refunding of overpayments in a timely manner.

5. Best Practice 5 – Title Production

Prepare policies in accordance with company's underwriting standards. Deliver title policy, if possible, to the lender with the closing package, to owner within 30 days and to report and remit the premiums to insurance company within 45 days of settlement.

6. Best Practice 6 – Errors and Omissions and Fidelity Coverage

The title and settlement agents must maintain appropriate professional liability insurance and if they use independent title examiners, they must verify that the examiner has a policy covering searching errors or that they have professional liability errors and omissions coverage.

7. Best Practice 7 – Consumer Complaints Procedures

Ensure a process for receiving and addressing consumer complaints is in place. Must develop a standard consumer complaint form that identifies the appropriate information, including that a single point of contact for consumer complaints is designated, a complaint log is maintained and that consumer complaints are responded to in a timely manner.

The 4.0 revisions to these 7 Pillars focus primarily on Pillars 2, 3 and 4, and also include changes to ALTA's practice resources. The following is a summary of some of the changes.

Pillar 2 is updated to note that the loss of funds may not be covered by the title agency's Errors and Omissions ("E&O") coverage, meaning it would become the responsibility of the Title Agency. Pillar 2 was also updated to address undue risk for deposits that are not fully settled or that could be reversible. The update also specifies that Wire Transfer Procedures should include Multi-Factor Authentication. ALTA provides an Outgoing Wire Preparation Checklist and recommends the use of Wire Verification Services from vetted service providers. ALTA has also revised Pillar 2 to extend the background check requirement to all employees, not just those who have access to client funds.

Pillar 3 now defines WISP, which is a written information security plan to protect NPI. It also requires that a written disaster recovery plan be established and periodically tested to address any cybersecurity incidents, not just those involving NPI. ALTA provides a Cybersecurity Incident Response Plan Template, which can be found on ALTA's website, along with other helpful resources to get you through the Best Practices certification process.

Pillar 4 updates include establishing "consumer objectives" for the training of staff and also requires disclosure of Affiliated Business Arrangements in compliance with state and federal laws and regulations. Pillar 4 further requires title and settlement agents to

establish and implement procedures related to closing requirements, such as recording procedures. Most significantly, guidance in utilizing Remote Online Notarization (RON) Platforms has been updated.

As part of the 4.0 revision, the following ALTA Best Practices resources have also been updated:

- Best Practices Framework, which provides the standards for Best Practices evaluation.
- Best Practices Assessment Procedure Guide, which provides guidance on each of the Best Practices Pillars to see if you're ready for certification. (It is recommended that certification be renewed every 24 months).
- Best Practices Certification Reports: There are now two certification reports available for a title and settlement agent to choose from: The Best Practices Third Party Assessment Report or Internal Assessment Report and Letter (formerly known as the Self-Assessment).

The Best Practices Framework and Assessment Procedures are available to the public, but the Internal Assessment Report and Letter, and Third-Party Assessment Report are only available to ALTA members and non-members who have purchased access to this Best Practices collection. Here is a link to these ALTA documents: [ALTA Internal Assessment Report and Letter, and Third-Party Assessment Report](#)

ALTA plans to publish additional supporting documents sometime in February to provide further guidance in implementing Best Practices and we will share that information with you as soon as it becomes available.

We also encourage anyone seeking further information to register for an upcoming ALTA webinar scheduled for March 8th at 1:00 p.m. featuring Tara Smith, Stewart's President of Agency Services. Tara and her co-host will review the changes to the Best Practices and how those changes will impact your operation. To register, follow this link: <https://www.alta.org/education/webinars.cfm>

While we're on the topic of ALTA, we also want to bring to your attention that they recently created a new animated video, which provides a few simple examples that could be helpful when explaining the benefits of title insurance to your clients. Here is the link: https://www.youtube.com/watch?v=qBWAOUk_zJA&t=24s



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