ALTA’s Best Practices –

Sample Policies and Procedures

**INSERT LAW FIRM NAME HERE**

ALTA’s Best Practices -- Sample Policies and Procedures

Pillar #1 – **Required Licenses and Registrations**

**INSERT LAW FIRM NAME HERE**

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| **Policy** | | **Best Practice Pillar #1: LICENSING -- Establish and maintain current License(s) as required to conduct settlement services.** | | |
| **Name of Procedure** | | ***Law Firm Filings and Business Licenses***  [***NOTE: This procedure is stricter than the ALTA Procedure for Pillar #1 because of NC state law requirements under N.C.G.S. 58-26-1(a) and Chapter 84 requiring independence of law firms from title insurance agencies.]*** | | |
| **Reference Number** | | 1.01 Required licenses and registrations | | |
| **Applicable Parties** | | **INSERT LAW FIRM NAME HERE**  Practice Manager  [Third Party Service Providers – Attach Addendum] | | |
| **Effective Date** | | Highlight this text, then type effective date here | | |
| **Supporting Documentation** | | Add to, delete and/or modify the sample text below to describe documentation that evidences your firm’s compliance with this best practice. Delete the preceding sentence and this one before finalizing.   * [Articles] filed with NC Secretary of State * Firm Trade Name Approval from State Bar * Firm’s Registered Organization Approval from State Bar * [Partnership Agreement, Operating Agreement, ByLaws, and all amendments] * Most current Annual Report filed with NC Secretary of State * Most current state and local Business Licenses | | |
| **Procedures** | | Add to, delete and/or modify the sample text below to describe the procedure followed by your firm to assure compliance with this best practice. Delete the preceding sentence and this one before finalizing.  The Firm maintains current filings with the NC Secretary of State, NC State Bar, NC Bar Association, NC Department of Revenue and [local city / county requirements]  The Firm’s Trade Name / Registered Organization Name has been filed with the NC State Bar.  ANNUALLY, the Firm’s Practice Manager will:   * Verify required business licenses * [Local] * NC Secretary of State, [www.secretary.state.nc.us/Corporations/](http://www.secretary.state.nc.us/Corporations/) * NC Department of Revenue, [www.dor.state.nc.us/taxes/license/](http://www.dor.state.nc.us/taxes/license/) * Confirm annual filings with NC Secretary of State for firm [if professional limited liability company, professional limited partnership or professional corporation] * Maintain an electronic or paper file with a log of licenses, expiration dates, annual reporting and copies of licenses for quick reference (verifying payment of all fees and maintaining required CLE) * State Bar, [www.ncbar.gov](http://www.ncbar.gov) * NC Bar Association & Section memberships, [www.ncbar.org](http://www.ncbar.org) * [Other professional associations required by firm] * Verify current contact information for firm on each license and membership. * Calendar renewals   WITHIN 30 DAYS OF ANY CHANGE, the Firm’s Practice Manager will:   * Confirm filing of any amendments or changes in firm status or individual membership or licensure. * Immediately notify the NC State Bar, the NC Bar Association, any title insurance underwriter(s) with whom the firm or attorney are approved, the Firm’s malpractice carrier and [other] if an attorney dies or leaves the firm. | | |
| **Approved by / Date** | | Highlight this text, then type name of person approving here | | Highlight this text, then enter date of approval here |
| **Policy** | **Best Practice 1: LICENSING -- Establish and maintain current license(s) as required to conduct settlement services.** | | | |
| **Name of Procedure** | ***Individual Attorney Licenses*** | | | |
| **Reference Number** | 1.01 Required licenses and registrations | | | |
| **Applicable Parties** | **INSERT LAW FIRM NAME HERE**  Practice Manager  [Third Party Service Providers – Attach Addendum]  See *Individual Attorney Licenses* on attached Addendum | | | |
| **Effective Date** | Highlight this text, then type effective date here | | | |
| **Supporting Documentation** | Add to, delete and/or modify the sample text below to describe documentation that evidences compliance with this best practice. Delete the preceding sentence and this one before finalizing.  Copy of Attorney NC State Bar License  List of attorneys with NC State Bar License numbers ([www.ncbar.gov](http://www.ncbar.gov)) and NC Bar Association membership numbers ([www.ncbar.org](http://www.ncbar.org)) and next renewal due dates on attached Addendum  Individual attorney verification of Certified Specialist with NC State Bar, if any, [www.ncbar.gov](http://www.ncbar.gov)  Individual attorney verification of current membership and sections with American Bar Association, [www.americanbar.org](http://www.americanbar.org)  Individual attorney verficiation of privilege license with NC Department of Revenue, <http://www.dor.state.nc.us/taxes/license/> | | | |
| **Procedures** | Add to, delete and/or modify the sample text below to describe the procedure followed by your firm to assure compliance with this best practice. Delete the preceding sentence and this one before finalizing.  At the time an attorney joins the firm (whether as members, partner or associate), the Practice Manager will confirm they are currently licensed and in good standing with the NC State Bar. The professional liability / malpractice (and other affected) insurance carriers will be notified and the attorney will be added to the coverage. (See Best Practice #6)  The Practice Manager will establish a list of individual attorney licensees in the firm.  ANNUALLY, the Practice Manager will:   * Assure all attorneys maintain ongoing CLE and other requirements * Confirm approval status with title insurance underwriters * Maintain an electronic or hard copy folder with a log of licenses, expiration dates and copies of licenses for quick reference * Verify current contact information for individual on each license. * Calendar license renewals   WITHIN 30 DAYS OF ANY CHANGE, the Firm’s Practice Manager will:   * Confirm filing of any amendments or changes in firm status or individual membership or licensure. * Immediately notify the NC State Bar, the NC Bar Association, any title insurance underwriter(s) with whom the firm or attorney are approved, the Firm’s malpractice carrier and [other] if an attorney dies or leaves the firm. | | | |
| **Approved by / Date** | Highlight this text, then type name of person approving here | | Highlight this text, then enter date of approval here | |

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| **Policy** | **Best Practice 1: LICENSING -- Establish and maintain current license(s) as required to conduct settlement services.** | |
| **Name of Procedure** | ***Notary Commissions*** | |
| **Reference Number** | 1.01 Required licenses and registrations | |
| **Applicable Parties** | **INSERT LAW FIRM NAME HERE**  Practice Manager  [Third Party Service Providers – Attach Addendum]  See *Individual Notary Commissions* on attached Addendum | |
| **Effective Date** | Highlight this text, then type effective date here | |
| **Supporting Documentation** | Add to, delete and/or modify the sample text below to describe documentation that evidences compliance with this best practice. Delete the preceding sentence and this one before finalizing.  Copy of Notary Commissions  List of notaries with NC commission ID numbers with the NC Secretary of State, <http://www.secretary.state.nc.us/notary/thepage.aspx>, and expiration dates/next renewal due dates on attached Addendum | |
| **Procedures** | Add to, delete and/or modify the sample text below to describe the procedure followed by your firm to assure compliance with this best practice. Delete the preceding sentence and this one before finalizing.  **For Individual Notary Commissions and Filings:**  The Firm has established firm requirements for which attorneys and staff must be duly commissioned notaries. At the time a NC commissioned notary joins the firm, the Practice Manager will confirm they are currently commissioned and in good standing with the NC Secretary of State.  At the time a new employee joins the firm in a position requiring a notarial commission, the Practice Manager will assure the person takes the necessary training, examination (if required) and obtains their commission with the NC Secretary of State.  The Practice Manager will establish a list of commissioned notaries in the firm, along with their commission expiration dates and will maintain an electronic or hard copy folder with a log of licenses, verification of contact information for each on their commission, reminder system for expiration/renewal dates and copies of commissions for quick reference  The Firm has mandatory procedures for assuring compliance with the notary statutes, including:   * maintaining current commissions, * compliance with personal appearance of signatories and other requirements for acknowledgments, * compliance with personal appearance of signatories, swearing or affirmation for jurats, * secured protection of notarial seals in locked drawers in exclusive possession of the notary at all times not in use by the notary, * assuring the current edition of the Notary Public Guidebook is available in the office, and * notification to the Practice Manager in the event of any notice of violations of the notary statute by a notary with the firm. | |
| **Approved by / Date** | Highlight this text, then type name of person approving here | Highlight this text, then enter date of approval here |

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| **Policy** | **Best Practice 1: LICENSING -- Establish and maintain current license(s) as required to conduct settlement services.** | |
| **Name of Procedure** | ***Paralegals*** | |
| **Reference Number** | 1.01 Required licenses and registrations | |
| **Applicable Parties** | **INSERT LAW FIRM NAME HERE**  Practice Manager  [Third Party Service Providers – Attach Addendum]  See *Individual Paralegal Certifications* on attached Addendum | |
| **Effective Date** | Highlight this text, then type effective date here | |
| **Supporting Documentation** | Add to, delete and/or modify the sample text below to describe documentation that evidences compliance with this best practice. Delete the preceding sentence and this one before finalizing.  Copy of paralegal certifications  List of paralegals with NC State Bar Paralegal ID numbers ([www.nccertifiedparalegal.gov/](http://www.nccertifiedparalegal.gov/)), NC Paralegal Association ([www.ncparalegal.org](http://www.ncparalegal.org)) and/or NC Bar Association Paralegal Division ([www.ncbar.org](http://www.ncbar.org)) and next recertification due dates on attached Addendum. | |
| **Procedures** | Add to, delete and/or modify the sample text below to describe the procedure followed by your firm to assure compliance with this best practice. Delete the preceding sentence and this one before finalizing.  At the time a paralegal joins the firm, the Practice Manager will confirm they are currently certified and in good standing with the NC State Bar (including verifying payment of all fees and maintaining required CPE).  The Practice Manager will establish a list of individual paralegal certifications in the firm.  ANNUALLY, the Practice Manager will:   * Assure all maintain ongoing CPE and other requirements * Maintain an electronic or hard copy folder with a log of licenses, expiration dates and copies of licenses for quick reference * Verify current contact information for individual on each certification and membership. * Calendar license renewals | |
| **Approved by / Date** | Highlight this text, then type name of person approving here | Highlight this text, then enter date of approval here |

**[NOTE: ALTA Assessment Procedures 1.01 related to licensure of the Firm and the Individuals by the NC Department of Insurance are not applicable to a NC approved attorney because of the statutory prohibition on the closing attorneys serving as title agents or underwriters, NCGS 58-26-1.]**

# ALTA BEST PRACTICE 1 - ADDENDUM

# Required Licenses and Registrations

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| **Practice Manager** | Insert Name of Practice Manager |
| **Person Responsible for Plan Maintenance:** | Practice Manager |
| **Next Review Due (should be prior to the earliest renewal date set forth below):** | Insert Next Review Date |
| **Next Review Date Tickler Added to Practice Manager’s Calendar: (Insert Yes when added)** | State Yes when added |
| **Comments:** | Add Comments, if any |

**LAW FIRM: (Any changes in Firm name should be reflected in this chart)**

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| Name | Type of Entity |  |  |  |
| INSERT LAW FIRM NAME HERE |  |  |  |  |

**INDIVIDUAL ATTORNEY LICENSES (List includes current/active as well as prior/inactive Attorneys)**

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| --- | --- | --- | --- | --- | --- | --- | --- |
| Name | NC State Bar License # | NC State Bar Next Renewal Due | NC Bar Association Membership # | NC Bar Association Next Renewal Due | [ABA, Specialization or other] | Current Status: Active or Inactive | Malpractice  Coverage  Confirmed |
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**INDIVIDUAL NOTARY COMMISSIONS (List includes current/active as well as prior/inactive Notaries)**

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| --- | --- | --- | --- | --- | --- | --- |
| Name | NC Notary Commission # | NC Notary Commission Next Renewal Due |  |  |  | Current Status: Active or Inactive |
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**INDIVIDUAL PARALEGAL CERTIFICATIONS (List includes current/active as well as prior/inactive Paralegals)**

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| Name | NC State Bar Certification # | NC State Bar  Next Renewal Due |  |  |  | Current Status: Active or Inactive |
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**NOTE: FOR FIRMS WITH ATTORNEYS LICENSED IN MULTIPLE STATES, THE ABOVE POLICIES AND PROCEDURES AND CHECKLISTS SHOULD BE MAINTAINED FOR ALL STATES APPLICABLE.**

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| **Review/Revision History for All Required Licenses and Registrations:**  Each time the above information pertinent to Required Licenses and Registrations is:   * Reviewed for accuracy and no changes made, enter the date of the review, the person doing the review and a brief description such as “Reviewed by \_\_\_\_\_\_\_\_\_\_\_\_. No revisions needed.” * Reviewed for accuracy and revision(s) made, enter the date of the revision(s), the name of the person making the revision(s), and a detailed description of the change(s) such as “Reviewed by Sally Doe. Employment status of Notary Elizabeth Watson updated to Inactive.” | | |
| Date of Review/Revision | Person Reviewing/Revising | Description |
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**ADDENDUM: THIRD PARTY SERVICE PROVIDERS**

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| Name of Service Provider  Principals  Address | | | Service Provided  (Attach contract to electronic file, especially Non-disclosure agreement) | | Firm Employee Responsible for Regular Review of Service Provider | Last Renewal Date | Next Renewal Date | |
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| **Review/Revision History of Relationship with Third Party Service Providers:**  Each time the above information pertinent to Third Party Service Providers is:   * Reviewed for accuracy and no changes made, enter the date of the review, the person doing the review and a brief description such as “Reviewed by \_\_\_\_\_\_\_\_\_\_\_\_. No revisions needed.” * Reviewed for accuracy and revision(s) made, enter the date of the revision(s), the name of the person making the revision(s), and a detailed description of the change(s) such as “Reviewed by Sally Doe. John Wilson removed as Wire Initiator and added as Wire Approver.” | | | | | | | |
| Date of Review/Revision | Person Reviewing/Revising | | Description | | | |
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ALTA’s Best Practices -- Sample Policies and Procedures

Pillar #2 – Escrow/Trust Account Controls

**INSERT LAW FIRM NAME HERE**

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| **Policy** | **Best Practice Pillar #2: ESCROW TRUST ACCOUNTING -- Adopt and maintain appropriate written procedures and controls for Escrow Trust Accounts allowing for** [**electronic**](http://www.alta.org/news/news.cfm?newsID=19172) **verification of reconciliation.** | |
| **Name of Procedure** | ***Escrow Trust Account Controls, Authorizations, Reconciliations and Training***  [***NOTE: This procedure is stricter than the ALTA Procedure for Pillar #1 because of NC state law requirements under N.C.G.S. 58-26-1(a) and Chapter 84 requiring independence of law firms from title insurance agencies.]*** | |
| **Reference Number** | 2.01 Escrow Trust Account Controls | |
| **Applicable Parties** | Practice Manager  Trust Account Manager(s)  Attorney(s) with transactions in the Trust Account (herein Attorneys)  Employee(s) with access to client funds  Reconciler(s) / Reconciliation Service / Bookkeeper  Certified Public Accountant (CPA)  [Third Party Service Provider – attach addendum] | |
| **Effective Date** | Highlight this text, then type effective date here | |
| **Supporting Documentation** | Add to, delete and/or modify the sample text below to describe documentation that evidences your firm’s compliance with this best practice. Delete the preceding sentence and this one before finalizing.  Electronic Controls and Procedures File (list of contents)  For each Trust Account:   * signature cards * bank account agreements * written authorizations for signatories on wire transfers   Monthly reconciliation report, including:   * statements * checks * the report on results of the 3-way reconciliation * documentation of follow up for resolution of any open issues   Attached Addenda | |
| **Procedures** | Add to, delete and/or modify the sample text below to describe the procedure followed by your firm to assure compliance with this best practice. Delete the preceding sentence and this one before finalizing.  **2.01 Escrow Account Controls**  ***The Trust Account Manager shall be responsible for the following***:   1. Regularly, at least quarterly, review and assure compliance of the Law Firm with all of the North Carolina State Bar Audit Checklist and Rule 1.15 *et seq.* of the Revised Rules of Professional Conduct.   Any violations, such as commingling with operating funds or checks or wires by unauthorized Employee or not in appropriate written form, will be addressed immediately to prevent future occurrences.   1. Assure that all electronic files (in sections 2.01 – 2.04 below) are maintained in a secure Controls and Procedures file for external audit and to prevent tampering by personnel. 2. Create and maintain a list of all Trust Accounts, including confirming:  * bank name (federally insured as verified with FDIC or NCUA as applicable) * branch address * account number * titled as “trust account” * IOLTA verification * contact person at bank * List of Authorized Signatories, including designations of who is the account owner * List of Employees authorized to initiate and/or to approve wire requests * Positive Pay or Reverse Positive Pay * ACH blocks * International wire blocks * Business-sized checks; auxiliary on us field * Whether “open” or “closed” (and closed date) * Security of any electronic signatures or stamps  1. Maintain an electronic file of all:  * signature cards * bank account agreements * written authorizations for signatories on wire transfers  1. Retain, review and monitor Reconciler, [outside service\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ or internal Employee \_\_\_\_\_\_\_\_\_\_\_] to assure segregation of authority and that all transactions are reviewed by the Reconciler not involved in the transaction and who does not have signing authority for the trust account involved. 2. Document conversation(s) and image all written correspondence and authorizations into escrow file or Controls and Procedures file. 3. Maintain check stock in a secured lockbox, order new checks as needed and verify all information including sequential check numbers.   The Trust Account Manager is not a signatory on and does not have authority to initiate a wire transfer for the account being managed.  A separate independent computer is maintained solely for trust account on-line banking. | |
| **Approved by / Date** | Highlight this text, then type name of person approving here | Highlight this text, then enter date of approval here |

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| **Policy** | **Best Practice Pillar #2: ESCROW TRUST ACCOUNTING -- Adopt and maintain appropriate written procedures and controls for Escrow Trust Accounts allowing for** [**electronic**](http://www.alta.org/news/news.cfm?newsID=19172) **verification of reconciliation.** | |
| **Name of Procedure** | ***Escrow Trust Account Controls, Authorizations, Reconciliations and Training***  [***NOTE: This procedure is stricter than the ALTA Procedure for Pillar #1 because of NC state law requirements under N.C.G.S. 58-26-1(a) and Chapter 84 requiring independence of law firms from title insurance agencies.]*** | |
| **Reference Number** | 2.02 Escrow Account Authorizations | |
| **Applicable Parties** | Practice Manager  Trust Account Manager(s)  Attorney(s) with transactions in the Trust Account (herein Attorneys)  Employee(s) with access to client funds  Reconciler(s) / Reconciliation Service / Bookkeeper  Certified Public Accountant (CPA)  [Third Party Service Provider – attach addendum] | |
| **Effective Date** | Highlight this text, then type effective date here | |
| **Supporting Documentation** | Add to, delete and/or modify the sample text below to describe documentation that evidences your firm’s compliance with this best practice. Delete the preceding sentence and this one before finalizing.  Electronic Controls and Procedures File (list of contents)  For each Trust Account:   * signature cards * bank account agreements * written authorizations for signatories on wire transfers   Monthly reconciliation report, including:   * statements * checks * the report on results of the 3-way reconciliation * documentation of follow up for resolution of any open issues   Attached Addenda | |
| **Procedures** | Add to, delete and/or modify the sample text below to describe the procedure followed by your firm to assure compliance with this best practice. Delete the preceding sentence and this one before finalizing.  **2.02 Escrow Account Authorizations**  Create and maintain a list (electronic) of all personnel with access to client funds, including:   * The Employee’s specific authority, the date each is established, changed or terminated and date of notification in writing to each particular bank (checks, wires, reconciliation, requesting and/or confirming same) * Date of delivery to and explanation of the Firm’s written policies and procedures regarding trust accounting to any Employees with access to client funds * Dates and type of training provided, ongoing, regarding each Employee’s responsibilities with regard to the Trust Account * Dates and results of all background checks (at least 5 years’ report) which must be obtained: * At hiring and * Every 3 years * Dates and type of any violations or errors of the Employee with regard to their responsibilities with regard to the Trust Account * Verification of notification of all banks in the event of termination of the Employee, voluntarily or involuntarily.   Immediately on termination of any Employee or change of job responsibilities removing Trust Account authority, the Trust Account Manager shall notify banks and remove the Employee from signatory authority *in writing*, including obtaining updated signature cards, if necessary*.* | |
| **Approved by / Date** | Highlight this text, then type name of person approving here | Highlight this text, then enter date of approval here |

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| **Policy** | **Best Practice Pillar #2: ESCROW TRUST ACCOUNTING -- Adopt and maintain appropriate written procedures and controls for Escrow Trust Accounts allowing for** [**electronic**](http://www.alta.org/news/news.cfm?newsID=19172) **verification of reconciliation.** | |
| **Name of Procedure** | ***Escrow Trust Account Controls, Authorizations, Reconciliations and Training***  [***NOTE: This procedure is stricter than the ALTA Procedure for Pillar #1 because of NC state law requirements under N.C.G.S. 58-26-1(a) and Chapter 84 requiring independence of law firms from title insurance agencies.]*** | |
| **Reference Number** | 2.03 Account Reconciliations | |
| **Applicable Parties** | Practice Manager  Trust Account Manager(s)  Attorney(s) with transactions in the Trust Account (herein Attorneys)  Employee(s) with access to client funds  Reconciler(s) / Reconciliation Service / Bookkeeper  Certified Public Accountant (CPA)  [Third Party Service Provider – attach addendum] | |
| **Effective Date** | Highlight this text, then type effective date here | |
| **Supporting Documentation** | Add to, delete and/or modify the sample text below to describe documentation that evidences your firm’s compliance with this best practice. Delete the preceding sentence and this one before finalizing.  Electronic Controls and Procedures File (list of contents)  For each Trust Account:   * signature cards * bank account agreements * written authorizations for signatories on wire transfers   Monthly reconciliation report, including:   * statements * checks * the report on results of the 3-way reconciliation * documentation of follow up for resolution of any open issues   Attached Addenda | |
| **Procedures** | Add to, delete and/or modify the sample text below to describe the procedure followed by your firm to assure compliance with this best practice. Delete the preceding sentence and this one before finalizing.  **2.03 Account Reconciliations**  The Attorney shall, at the time of any transaction involving the client’s ledger, do a receipts and disbursements balance of that ledger, including the date, amount, payee/payer, and description of each item for any receipt or disbursement on the transaction. The Attorney shall assure compliance with the Settlement Statement and RESPA.  The Trust Account Manager shall balance receipts and disbursements daily.  The Trust Account Manager shall maintain a sequential list of all checks – whether voided, outstanding or cleared.  The Trust Account Manager shall assure that:   * All checks and deposits include information identifying the client and transaction to which related * All service charges, wiring and other fees for management of the account not paid directly for a particular transaction are paid using operating account funds, not trust account funds. * All checks are properly signed and wires are properly initiated and approved by authorized parties, within the authority level of the individual, and in compliance with the attached Addendum and the bank’s signature cards and written authorizations   Outstanding file balances must be documented by the Attorney, and records retained in the electronic Trust Account files, including appropriate escrow agreements.  The Trust Account Manager shall assure that as soon as the bank statement is received on each Trust Account each month, that:   * Current monthly 3-way reconciliation is initiated and completed within 10 days of receipt of bank statement * Report is distributed to Attorneys as soon as possible upon receipt * Electronic versions are maintained for all: * statements * checks * the report on results of the 3-way reconciliation * follow up for resolution of any open issues * The Attorneys actively review the reconciliation and acknowledge in writing * The Attorneys actively resolve any outstanding matters, including: * assuring all outstanding checks are appropriately applied for payments immediately, especially mortgage payoffs and obtaining final title insurance policies * any imbalances on a particular closing / client ledger are immediately addressed to cover shortages and apply overages as required by the State Bar rules * personal conferences, monitoring or, if necessary, disciplinary action for any violations by any Attorneys, Employees or outside providers violating the rules and authorities regarding the Trust Account * patterns of canceled and reissued checks * Significant Items must be addressed immediately, especially those which have appeared in prior months’ reconciliations, such as outstanding:   + - deposits over 5 days old and incoming wires over 2 days old not yet credited by bank (of any amount)     - items over $10,000     - recording fees over 30 days old     - mortgage payoff checks over 10 days past issuance     - mortgage payoff wires of any amount or age     - hazard insurance premiums over 30 days old     - property taxes over 30 days old     - title insurance premiums over 30 days old     - any items over 180 days old | |
| **Approved by / Date** | Highlight this text, then type name of person approving here | Highlight this text, then enter date of approval here |

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| **Policy** | **Best Practice Pillar #2: ESCROW TRUST ACCOUNTING -- Adopt and maintain appropriate written procedures and controls for Escrow Trust Accounts allowing for** [**electronic**](http://www.alta.org/news/news.cfm?newsID=19172) **verification of reconciliation.** | |
| **Name of Procedure** | ***Escrow Trust Account Controls, Authorizations, Reconciliations and Training***  [***NOTE: This procedure is stricter than the ALTA Procedure for Pillar #1 because of NC state law requirements under N.C.G.S. 58-26-1(a) and Chapter 84 requiring independence of law firms from title insurance agencies.]*** | |
| **Reference Number** | 2.04 Training | |
| **Applicable Parties** | Practice Manager  Trust Account Manager(s)  Attorney(s) with transactions in the Trust Account (herein Attorneys)  Employee(s) with access to client funds  Reconciler(s) / Reconciliation Service / Bookkeeper  Certified Public Accountant (CPA)  [Third Party Service Provider – attach addendum] | |
| **Effective Date** | Highlight this text, then type effective date here | |
| **Supporting Documentation** | Add to, delete and/or modify the sample text below to describe documentation that evidences your firm’s compliance with this best practice. Delete the preceding sentence and this one before finalizing.  Electronic Controls and Procedures File (list of contents)  For each Trust Account:   * signature cards * bank account agreements * written authorizations for signatories on wire transfers   Monthly reconciliation report, including:   * statements * checks * the report on results of the 3-way reconciliation * documentation of follow up for resolution of any open issues   Attached Addenda | |
| **Procedures** | Add to, delete and/or modify the sample text below to describe the procedure followed by your firm to assure compliance with this best practice. Delete the preceding sentence and this one before finalizing.  **2.04 Training**  The Trust Account Manager shall at time of hiring and thereafter regularly (at least annually) provide or obtain training and instruction for all Employees or outside providers (including CPAs or bookkeepers) providing services regarding the Trust Account to assure that they understand the above requirements for maintaining the Trust Account, as well as fraud detection and prevention and trust accounting procedures. The Trust Account Manager shall maintain this record in an electronic file.  All Employees providing services regarding the Trust Account are required to review and agree in writing to comply with the Policies and Procedures. | |
| **Approved by / Date** | Highlight this text, then type name of person approving here | Highlight this text, then enter date of approval here |

# ALTA BEST PRACTICE Pillar #2 - ADDENDUM

**NORTH CAROLINA STATE BAR AUDIT CHECKLIST**

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| **Rule 1.15-1 Definitions** | | |
|  | (1) | Does the trust account contain only the funds of a client(s) for whom a lawyer is engaged to perform or is performing a legal service? Please note the exceptions permitted in Rule 1.15-2(f ). |
|  | (2) | Is a "dedicated trust account" (a special interest bearing trust account) maintained solely for the benefit of a single client or a specific transaction? |
|  | (3) | Is the term "general trust account" used to denote trust accounts other than dedicated trust accounts? |
|  | (4) | Is a "fiduciary account" designated as such and maintained solely for the deposit of fiduciary funds or other entrusted property of a particular person or entity (i.e., an estate, guardianship, power of attorney, trust, or escrow)? |
|  | (5) | Is the financial institution where the trust accounts are maintained a bank or savings and loan association chartered under North Carolina or federal law? |
| **Rule 1.15-2 General Rules** | | |
| ***Safekeeping*** | | |
|  | (1) | Is entrusted property (i.e., trust and fiduciary funds, and other property) identified, held, and maintained separate from the property of the lawyer? |
|  | (2) | Are all trust funds promptly deposited in a general or dedicated trust account? |
|  | (3) | Are all general trust accounts established as IOLTA accounts, from which interest is remitted to NC IOLTA at the State Bar? |
|  | (4) | Are all fiduciary funds promptly deposited in a fiduciary or general trust account? |
|  | (5) | Is all entrusted property not otherwise deposited in a trust or fiduciary account (e.g. stock certificates) promptly identified and labeled as property of the person or entity for whom it is held? |
|  | (6) | Is entrusted property (other than money) in a safe deposit box or other suitable place of safekeeping? |
|  | (7) | Is the location of the entrusted property disclosed to the client or other person for whom it is held? |
|  | (8) | Is the safe deposit box or other place of safekeeping located in North Carolina? |
|  | (9) | If not, has the client or other person for whom the entrusted property is held given written authorization to maintain the property outside North Carolina? |
|  | (10) | If a dedicated trust account is maintained at a bank outside the state or in a financial institution other than a bank in or outside North Carolina, has the client provided a written consent to do so? |
| ***Deposits and Disbursements*** | | |
|  | (1) | Are only client funds deposited in the trust account, except lawyer funds sufficient to open or service the account or funds belonging in part to a client, third party, or lawyer? |
|  | (2) | When funds belonging in part to the lawyer and in part to the client (e.g., a client check for legal fees and court costs) are received, are the funds deposited intact into the trust account? |
|  | (3) | Are checks for legal fees or expenses that are drawn on a trust or fiduciary account and made payable to the lawyer entered as disbursements on the client's ledger card? |
|  | (4) | Are all items drawn on a trust or fiduciary account made payable to a specific person or entity and not cash or bearer? |
|  | (5) | Is entrusted property used to obtain credit or other personal benefit only for the legal or beneficial owner of the entrusted property? |
| ***Notifications*** | | |
|  | (1) | Has a bank directive been filed with the bank where a trust or fiduciary account is maintained (see Section VIII)? |
|  | (2) | Is the client promptly notified of the receipt of any entrusted property belonging in whole or in part to the client |
| **Miscellaneous** | | |
|  | (1) | Is entrusted property belonging to the client and to which a client is entitled paid or delivered promptly to the client or to third persons as directed by the client? |
|  | (2) | Does the lawyer hold any entrusted property or title to property as security for the payment of any fees or other obligations to the lawyer (e.g., deeds of trusts or liens)? |
|  | (3) | If so, is the property clearly identified as property held as security and not as a completed transfer of ownership to the lawyer? |
|  | (4) | Has the lawyer promptly reported to the North Carolina State Bar any knowledge or reasonable belief that entrusted property has been misappropriated or misapplied? |
|  | (5) | Has all interest earned on a trust or fiduciary account been paid to the client or other person or entity entitled to the principal or to the State Bar IOLTA program as required by Rule 1.15-2 and Rule .1316 (see Section XII)? |
|  | (6) | Has the lawyer complied with the requirements of Chapter 116B concerning the escheating of abandoned/unidentified property? |
| **Rule 1.15-3 Records & Accounting** | | |
|  | (1) | Are the checks for all general trust accounts, dedicated trust accounts, and fiduciary accounts business-sized and do they contain an Auxiliary On-Us field in the MICR line? Rule 1.15-3(a). |
|  | (2) | Do bank receipts or deposit slips list source and date of deposit? For deposits to the general trust account, do bank receipts or deposit slips also list the name of the client or other person to whom the funds belong and source of funds if other than personal? |
|  | (3) | If records of canceled checks are furnished by the bank in digital image or CD-Rom format, do the digital images or CD-Roms satisfy the requirements of Rule 1.15-3(b)(2)(A)?   * Do they show amount, date, and payee, and, for the general trust account, do they show the client balance against which the item is drawn? * Is the lawyer/firm using business checks that contain an Auxiliary On-Us field? * Is the digital image a legible reproduction of front and back of the original item and not smaller than 1 3/16 × 3 inches? * Does the bank maintain, for at least six years, the ability to reproduce electronically additional or enlarged images within a reasonable time? * Is the lawyer retaining these records for the required six year period? |
|  | (4) | Are all instructions or authorizations to transfer, disburse, or withdraw funds from the trust account including electronic or written transfer records retained? |
|  | (5) | Are all bank statements and other documents received from the bank regarding the trust account, including any notices of insufficient funds, retained? |
|  | (6) | For the general trust account, is a ledger containing a record of receipts and disbursements for each person or entity from whom or for whom funds are received maintained? Does this ledger show the current and accurate balance of funds held in the trust account for each person or entity? |
|  | (7) | Are depository receipts or deposit slips for all deposited funds retained and do the receipts list the source and date of receipt? |
|  | (8) | Are all statements and other documents received from the depository bank regarding the account, including notices of insufficient funds, retained? |
|  | (9) | Are general trust accounts reconciled at least quarterly in the following manner: the individual client balances shown on the ledgers are totaled and reconciled with the current bank statement balance for the trust account as a whole? |
|  | (10) | Are general trust accounts reconciled monthly in the following manner: the balance of the trust account as shown on the lawyer's record is reconciled with the current bank statement balance for the trust account? |
|  | (11) | Are written accountings provided to the client upon the final disbursement of funds (i.e, when the balance reaches zero), when reasonably requested by client, and at least annually if funds are retained more than 12 months? |
|  | (12) | If not required by law, is a written accounting of fiduciary funds and other entrusted property rendered to the beneficial owners or representatives at least annually and upon termination of lawyers' professional fiduciary service? |
|  | (13) | Are complete and accurate records of all entrusted property received by the lawyer retained for six years from last transaction to which the record pertains? |

# ALTA BEST PRACTICE Pillar #2 - ADDENDUM

# Escrow/Trust Account Controls

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| **Trust Account Manager** | Identified below for each Trust Account |
| **Person Responsible for Plan Maintenance:** | Trust Account Manager |
| **Location of Electronic Controls and Procedures File** |  |
| **Access to Electronic Controls and Procedures File Limited to:** |  |

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| **TRUST ACCOUNT 1** | | | | |
| **Full Name of Trust Account:**  **(includes “escrow” or “trust” account in name)** | |  | | |
| Date Account Opened: | |  | | |
| Account #: | |  | | |
| Bank Name: | |  | | |
| Confirm Bank is FDIC Insured: (Yes/No)  Bank: <http://research.fdic.gov/bankfind/>  Credit Union: <http://researchcu.ncua.gov/views/findcreditunions.aspx> | |  | | |
| Contact Person at Bank: | |  | | |
| Contact Person’s Phone #: | |  | | |
| Contact Person’s Email Address: | |  | | |
| Confirm account is an IOLTA? (Yes/No) | |  | | |
| Confirm no Firm funds commingled with client funds in this Trust Account: (Yes/No) | |  | | |
| Confirm Positive Pay and/or Reverse Pay Required: (Yes/No) | |  | | |
| Confirm International Wire Blocks without additional authorization: (Yes/No) | |  | | |
| Confirm Automated Clearing House (ACH) Blocks: (Yes/No) | |  | | |
| Name(s) of Authorized Check Signatories & Authority Level: | |  | |
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| Description of Number of Signatures Required on Checks and any Additional Signatory Requirements: | |  | |
| Name(s) of Authorized Wire Initiators & Authority Level: | |  | |
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| Name(s) of Wire Approvers & Authority Level: | |  | |
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| Description of Number of Approvals and Approval Level required to Initiate Outgoing Wire: | |  | |
| Three-Way Account Reconciliation performed at least monthly by:  (Reconciler does not possess check signing or wire initiation or approval authority) | |  | | |
| Account is Active or Inactive? (If Inactive, include date account closed). | |  | | |
| Trust Account Manager: | |  | | |
| Date Next Review Due of Trust Account Information above: | |  | | |
| Next Review Date Tickler Added to Trust Account Manager’s Calendar: (Insert Yes when added) | |  | | |
| Comments: | |  | | |
| **Review/Revision History for Trust Account 1:**  Each time the above information pertinent to this Trust Account is:   * Reviewed for accuracy and no changes made, enter the date of the review, the person doing the review and a brief description such as “Reviewed by \_\_\_\_\_\_\_\_\_\_\_\_. No revisions needed.” * Reviewed for accuracy and revision(s) made, enter the date of the revision(s), the name of the person making the revision(s), and a detailed description of the change(s) such as “Reviewed by Sally Doe. John Wilson added as authorized signatory for checks and Alicia Parker removed as authorized signatory for checks.” | | | | |
| Date of Review/Revision | Person Reviewing/Revising | | Description | |
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| **TRUST ACCOUNT 2** | | | |
| **Full Name of Trust Account:**  **(includes “escrow” or “trust” account in name)** | |  | |
| Date Account Opened: | |  | |
| Account #: | |  | |
| Bank Name: | |  | |
| Confirm Bank is FDIC Insured: (Yes/No)  Bank: <http://research.fdic.gov/bankfind/>  Credit Union: <http://researchcu.ncua.gov/views/findcreditunions.aspx> | |  | |
| Contact Person at Bank: | |  | |
| Contact Person’s Phone #: | |  | |
| Contact Person’s Email Address: | |  | |
| Confirm account is an IOLTA? (Yes/No) | |  | |
| Confirm no Firm funds commingled with client funds in this Trust Account: (Yes/No) | |  | |
| Confirm Positive Pay and/or Reverse Pay Required: (Yes/No) | |  | |
| Confirm International Wire Blocks without additional authorization: (Yes/No) | |  | |
| Confirm Automated Clearing House (ACH) Blocks: (Yes/No) | |  | |
| Name(s) of Authorized Check Signatories & Authority Level: | |  | |
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| Description of Number of Signatures Required on Checks and any Additional Signatory Requirements: | |  | |
| Name(s) of Authorized Wire Initiators & Authority Level: | |  | |
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| Name(s) of Wire Approvers & Authority Level: | |  | |
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| Description of Number of Approvals and Approval Level required to Initiate Outgoing Wire: | |  | |
| Three-Way Account Reconciliation performed at least monthly by:  (Reconciler does not possess check signing or wire initiation or approval authority) | |  | |
| Account is Active or Inactive? (If Inactive, include date account closed). | |  | |
| Trust Account Manager: | |  | |
| Date Next Review Due of Trust Account Information above: | |  | |
| Next Review Date Tickler Added to Trust Account Manager’s Calendar: (Insert Yes when added) | |  | |
| Comments: | |  | |
| **Review/Revision History for Escrow Trust Accounting Policies and Procedures:**  Each time the above information pertinent to these Policies and Procedures is:   * Reviewed for accuracy and no changes made, enter the date of the review, the person doing the review and a brief description such as “Reviewed by \_\_\_\_\_\_\_\_\_\_\_\_. No revisions needed.” * Reviewed for accuracy and revision(s) made, enter the date of the revision(s), the name of the person making the revision(s), and a detailed description of the change(s) such as “Reviewed by Sally Doe. John Wilson added as authorized signatory for checks and Alicia Parker removed as authorized signatory for checks.” | | | |
| Date of Review/Revision | Person Reviewing/Revising | | Description |
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| **PERSONNEL WITH ACCESS TO CLIENT FUNDS (List includes those with active/current or inactive/prior access)** | |
| **Name** |  |
| Date Access to Funds First Provided: |  |
| Date Copy of Policies and Procedures Delivered: |  |
| Current Status: Active or Inactive |  |
| If Inactive Current Status – Date Bank Notified Person no Longer Authorized |  |
| Date of Last Background Check: |  |
| Date Next Background Check Due: |  |
| Authorized Check Signatory? (Yes/No) |  |
| Authorized Wire Initiator? (Yes/No) |  |
| Authorized Wire Approver? (Yes/No) |  |
| Reconciler? (Yes/No) |  |
| Reviews Reconciliation? (Yes/No) |  |
| Uses signature stamp (not recommended)? (Yes/No) If Yes, indicate who has access to the stamp and where is it securely stored. |  |
| Describe initial training: |  |
| Describe additional training: |  |
| Description of any error or violations – include date of error or violation, date person was made aware of error or violation, and resolution: |  |
| Comments: |  |
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| **Name** |  |
| Date Access to Funds First Provided: |  |
| Date Copy of Policies and Procedures Delivered: |  |
| Current Status: Active or Inactive |  |
| If Inactive Current Status – Date Bank Notified Person no Longer Authorized |  |
| Date of Last Background Check: |  |
| Date Next Background Check Due: |  |
| Authorized Check Signatory? (Yes/No) |  |
| Authorized Wire Initiator? (Yes/No) |  |
| Authorized Wire Approver? (Yes/No) |  |
| Reconciler? (Yes/No) |  |
| Reviews Reconciliation? (Yes/No) |  |
| Uses signature stamp (not recommended)? (Yes/No) If Yes, indicate who has access to the stamp and where is it securely stored. |  |
| Describe initial training: |  |
| Describe additional training: |  |
| Description of any error or violations – include date of error or violation, date person was made aware of error or violation, and resolution: |  |
| Comments: |  |
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| **Name** |  |
| Date Access to Funds First Provided: |  |
| Date Copy of Policies and Procedures Delivered: |  |
| Current Status: Active or Inactive |  |
| If Inactive Current Status – Date Bank Notified Person no Longer Authorized |  |
| Date of Last Background Check: |  |
| Date Next Background Check Due: |  |
| Authorized Check Signatory? (Yes/No) |  |
| Authorized Wire Initiator? (Yes/No) |  |
| Authorized Wire Approver? (Yes/No) |  |
| Reconciler? (Yes/No) |  |
| Reviews Reconciliation? (Yes/No) |  |
| Uses signature stamp (not recommended)? (Yes/No) If Yes, indicate who has access to the stamp and where is it securely stored. |  |
| Describe initial training: |  |
| Describe additional training: |  |
| Description of any error or violations – include date of error or violation, date person was made aware of error or violation, and resolution: |  |
| Comments: |  |
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|  | |
| **Name** |  |
| Date Access to Funds First Provided: |  |
| Date Copy of Policies and Procedures Delivered: |  |
| Current Status: Active or Inactive |  |
| If Inactive Current Status – Date Bank Notified Person no Longer Authorized |  |
| Date of Last Background Check: |  |
| Date Next Background Check Due: |  |
| Authorized Check Signatory? (Yes/No) |  |
| Authorized Wire Initiator? (Yes/No) |  |
| Authorized Wire Approver? (Yes/No) |  |
| Reconciler? (Yes/No) |  |
| Reviews Reconciliation? (Yes/No) |  |
| Uses signature stamp (not recommended)? (Yes/No) If Yes, indicate who has access to the stamp and where is it securely stored. |  |
| Describe initial training: |  |
| Describe additional training: |  |
| Description of any error or violations – include date of error or violation, date person was made aware of error or violation, and resolution: |  |
| Comments: |  |
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| **Name** |  |
| Date Access to Funds First Provided: |  |
| Date Copy of Policies and Procedures Delivered: |  |
| Current Status: Active or Inactive |  |
| If Inactive Current Status – Date Bank Notified Person no Longer Authorized |  |
| Date of Last Background Check: |  |
| Date Next Background Check Due: |  |
| Authorized Check Signatory? (Yes/No) |  |
| Authorized Wire Initiator? (Yes/No) |  |
| Authorized Wire Approver? (Yes/No) |  |
| Reconciler? (Yes/No) |  |
| Reviews Reconciliation? (Yes/No) |  |
| Uses signature stamp (not recommended)? (Yes/No) If Yes, indicate who has access to the stamp and where is it securely stored. |  |
| Describe initial training: |  |
| Describe additional training: |  |
| Description of any error or violations – include date of error or violation, date person was made aware of error or violation, and resolution: |  |
| Comments: |  |
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# ALTA BEST PRACTICE 2 - ADDENDUM

# Trust Accounting

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| --- | --- |
| **Practice Manager** | Insert Name of Practice Manager |
| **Person Responsible for Plan Maintenance:** | Practice Manager |
| **Next Review Due** | Insert Next Review Date |
| **Next Review Date Tickler Added to Practice Manager’s Calendar: (Insert Yes when added)** | State Yes when added |
| **Comments:** | Add Comments, if any |

**CLE/CPE & OTHER TRAINING ATTENDED RELATED TO TRUST ACCOUNTING:**

|  |  |  |  |
| --- | --- | --- | --- |
| Name | Course Title/Sponsor/Relevant Overview | Date |  |
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| **Review/Revision History for All Personnel with Access to Client Funds:**  Each time the above information pertinent to Personnel with Access to Client Funds is:   * Reviewed for accuracy and no changes made, enter the date of the review, the person doing the review and a brief description such as “Reviewed by \_\_\_\_\_\_\_\_\_\_\_\_. No revisions needed.” * Reviewed for accuracy and revision(s) made, enter the date of the revision(s), the name of the person making the revision(s), and a detailed description of the change(s) such as “Reviewed by Sally Doe. John Wilson removed as Wire Initiator and added as Wire Approver.” | | | |
| Date of Review/Revision | Person Reviewing/Revising | Description |
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**ADDENDUM: THIRD PARTY SERVICE PROVIDERS**

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| Name of Service Provider  Principals  Address | | | Service Provided  (Attach contract to electronic file, especially Non-disclosure agreement) | | Firm Employee Responsible for Regular Review of Service Provider | Last Renewal Date | Next Renewal Date | |
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| **Review/Revision History of Relationship with Third Party Service Providers:**  Each time the above information pertinent to Third Party Service Providers is:   * Reviewed for accuracy and no changes made, enter the date of the review, the person doing the review and a brief description such as “Reviewed by \_\_\_\_\_\_\_\_\_\_\_\_. No revisions needed.” * Reviewed for accuracy and revision(s) made, enter the date of the revision(s), the name of the person making the revision(s), and a detailed description of the change(s) such as “Reviewed by Sally Doe. John Wilson removed as Wire Initiator and added as Wire Approver.” | | | | | | | |
| Date of Review/Revision | Person Reviewing/Revising | | Description | | | |
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ALTA’s Best Practices -- Sample Policies and Procedures

Pillar #3 – Information and Data Privacy

**INSERT LAW FIRM NAME HERE**

**Security Statement**

The Firm has taken measures to guard against unauthorized or unlawful processing of personal data and against accidental loss, destruction or damage. This includes:

* Adopting this information security policy
* Taking steps to control physical security (projects and staff records are all kept in a locked filing cabinet)
* Putting in place controls on access to information (password protection on files and server access)
* Establishing a business continuity/disaster recovery plan (including, at a minimum taking regular back-ups of its computer data files and this is stored away from the office at a safe location)
* Training all staff on security systems and procedures
* Detecting and investigating breaches of security should they occur

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| **Policy** | **Best Practice Pillar #3: INFORMATION AND DATA PRIVACY – Adopt and maintain a written privacy and information security plan to protect Non-public Personal Information as required by local, state and federal law.** | |
| **Name of Procedure** | Information Security (IS) Program Management | |
| **Reference Number** | 3.01 | |
| **Applicable Parties** | Firm Management  Practice Manager  [Privacy Officer]  Firm IT Manager  Emergency Management Team  [Third Party Service Providers – Attached Addendum] | |
| **Effective Date** | Highlight this text, then type effective date here | |
| **Supporting Documentation** | Add to, delete and/or modify the sample text below to describe documentation that evidences your firm’s compliance with this best practice. Delete the preceding sentence and this one before finalizing.  Written policies including:   * Network Usage Policy and user permissions for all employees and all systems, * Clean Desk and Clean Office Policy * Retention and Destruction Policy * Data Breach Incident Reporting * Business Continuity and Disaster Recovery * Employee Training and Management * Hardware and software maintenance * Third party providers * Website, social media and other Firm public sites   Vendor contracts and privacy statements for SaaS, software, hardware, email, shared document, records destruction and other services | |
| **Procedures** | Add to, delete and/or modify the sample text below to describe the procedure followed by your firm to assure compliance with this best practice. Delete the preceding sentence and this one before finalizing.  **3.01 Information Security (IS) Program Management**  The Firm Manager has responsibility to for ongoing management, monitoring and implementation of policies and procedures adopted by Firm Management, and to make recommendations to Firm Management for updates and changes to data and information security policies and procedures as needed (at least annually), including:   * Network Usage Policy (3.04 below), including   + logical access restrictions and user permissions for all employees and all systems (hardware, software and removable media),   + password access requirements * Clean Desk and Clean Office Policy (3.04 below) * Retention and Destruction Policy (3.05 below) * Data Breach Incident Reporting (3.07 below) * Business Continuity and Disaster Recovery (3.08 below) * Employee Training and Management (3.03below) * Hardware and software maintenance (3.04 below) * Third party providers (3.06 below) * Website, social media and other Firm public sites (3.04 below) * Privacy Policy to be posted on Firm website and provided to all clients (3.04 below) * Ongoing systems risk analysis, maintenance and review (3.02 below)   The Firm Management, in consultation with the Practice Manager and Firm IT Manager, will review all of the above data and information security policies and procedures:   * at least annually, * upon any significant change in available technology, industry requirements, Firm hardware or software, offices or procedures, * in the event of a security breach or * as required by significant clients of the Firm.   The Firm IT Manager will:  (1) Maintain electronic records (below).  (2) Maintain, monitor and continually update an electronic list, the Network Usage Policy, identifying:   * All hardware (servers, computers, laptops, tablets, mobile devices, scanners, facsimile machines, copiers, etc.) * All software (including closing, banking, email, data storage, firewalls, encryption, cloud storage, shared document, scanning, among others) * The authorized uses for business purposes by job position * The authorized user-employees with their individual levels of authority, dates of training * Access to and control of network access and client information, including removable media (USB ports, CD/DVD drives, laptops) and * Any records of violations or breaches.   (3) Monitor and enforce the requirements of the Firm’s data and information security policies and procedures and maintain applicable electronic records.  (4) Assure that antivirus software runs automatically, along with real-time intrusion detection on all computers.  (5) Assure that software (especially antivirus) patches and updates are installed timely when available.  (6) Assure constant maintenance of network intrusion detection and prevention systems (firewall) to detect unauthorized intrusion to the systems from unknown sources, to automatically detect and log the event and notify the Firm IT Manager.  (7) Assure that all computer processes are backed up to remote off-site storage at least daily.  (8) Assure that all NPI information is permanently deleted from all hardware when decommissioned.  (9) Monitor and maintain all Firm websites and social media sites | |
| **Approved by / Date** | Highlight this text, then type name of person approving here | Highlight this text, then enter date of approval here |

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| **Policy** | **Best Practice Pillar #3: INFORMATION AND DATA PRIVACY – Adopt and maintain a written privacy and information security plan to protect Non-public Personal Information as required by local, state and federal law.** | |
| **Name of Procedure** | Risk Identification and Assessment | |
| **Reference Number** | 3.02 | |
| **Applicable Parties** | Firm Management  Practice Manager  [Privacy Officer]  Firm IT Manager  Emergency Management Team  [Third Party Service Providers – Attached Addendum] | |
| **Effective Date** | Highlight this text, then type effective date here | |
| **Supporting Documentation** | Add to, delete and/or modify the sample text below to describe documentation that evidences your firm’s compliance with this best practice. Delete the preceding sentence and this one before finalizing.  Written policies including:   * Network Usage Policy and user permissions for all employees and all systems, * Clean Desk and Clean Office Policy * Retention and Destruction Policy * Data Breach Incident Reporting * Business Continuity and Disaster Recovery * Employee Training and Management * Hardware and software maintenance * Third party providers * Website, social media and other Firm public sites   Vendor contracts and privacy statements for SaaS, software, hardware, email, shared document, records destruction and other services | |
| **Procedures** | Add to, delete and/or modify the sample text below to describe the procedure followed by your firm to assure compliance with this best practice. Delete the preceding sentence and this one before finalizing.  **3.02 Risk Identification and Assessment**  The Firm Manager will report to Firm Management at least quarterly on review of Firm’s data and information policies and procedures and the status of internal and external risks which may affect protection of Firm NPI, including:   * Location, storage, access, usage of NPI * Analysis of any violations identified by firewalls, vulnerability / penetration testing, and mitigation efforts * Employee training, monitoring and violations * Network, software and hardware status and updates needed * Updates recommended on Firm’s data and information policies and procedures   The Firm Manager will, at least monthly, or more frequently upon any breach or significant change in risk, obtain outside independent IT professional vulnerability or penetration testing for review of the Firm’s systems, and methods of storing, processing, transmitting and disposing of NPI, including internal and external potential threats or risks of unauthorized disclosure, misuse, alternation or destruction of NPI or other client information.  The Firm Manager, in consultation with the Firm IT Manager, will monitor for risks or breaches on an ongoing basis.  Any vulnerabilities will immediately be either remedied , mitigated or discussed with and addressed by Firm Management. | |
| **Approved by / Date** | Highlight this text, then type name of person approving here | Highlight this text, then enter date of approval here |

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| **Policy** | **Best Practice Pillar #3: INFORMATION AND DATA PRIVACY – Adopt and maintain a written privacy and information security plan to protect Non-public Personal Information as required by local, state and federal law.** | |
| **Name of Procedure** | Employee Training, Management, and Responsibilities | |
| **Reference Number** | 3.03 | |
| **Applicable Parties** | Firm Management  Practice Manager  [Privacy Officer]  Firm IT Manager  Emergency Management Team  [Third Party Service Providers – Attached Addendum] | |
| **Effective Date** | Highlight this text, then type effective date here | |
| **Supporting Documentation** | Add to, delete and/or modify the sample text below to describe documentation that evidences your firm’s compliance with this best practice. Delete the preceding sentence and this one before finalizing.  Written policies including:   * Network Usage Policy and user permissions for all employees and all systems, * Clean Desk and Clean Office Policy * Retention and Destruction Policy * Data Breach Incident Reporting * Business Continuity and Disaster Recovery * Employee Training and Management * Hardware and software maintenance * Third party providers * Website, social media and other Firm public sites   Vendor contracts and privacy statements for SaaS, software, hardware, email, shared document, records destruction and other services | |
| **Procedures** | Add to, delete and/or modify the sample text below to describe the procedure followed by your firm to assure compliance with this best practice. Delete the preceding sentence and this one before finalizing.  **3.03 Employee Training, Management, and Responsibilities**  The Firm Manager is responsible for the following:  (1) Maintain a list of all employees, the Firm’s systems, software or Third Party Service Providers (see attached Addendum) for which the Firm has authorized access to records containing current or archived NPI, and the authorized purpose for which each such employee has such access based upon the legitimate business purpose for their job function. Each employee must have a unique user identification and strong password.  (2) Conduct five year Background Checks at hiring and every 3 years thereafter for all employees with access (or potential access) to NPI, and assure access is not provided to any other employee.  (3) Maintain electronic records, including completed background check reports, on each employee. Assure access is not allowed to any other employees.  (4) Immediately terminate access to all internal and external data and information, as well as notify Third Party Service Providers, upon the employee’s termination.  (5) Assure that all employees attend the appropriate mandatory training, at time of hiring and at least annually for all employees with access to NPI regarding   * the importance of information security and Personal Information * the ethical obligations for confidentiality of client files and information * the proper use of Firm computer resources, information and passwords * the control of information and procedures to prevent Personal Information disclosure to unauthorized parties and to prevent “snooping” * mandatory Firm procedures for maintaining data and information security (3.04 below). file retention / destruction (3.05 below), data breach reporting (3.07 below) and business continuity / disaster preparedness (3.08 below)   (6) Annual update of employee signed agreement that they understand the Firm’s security procedures and agree to comply with them.  (7) Monitor ongoing operations to assure that employees who violate the procedures will be disciplined and, when necessary, terminated. | |
| **Approved by / Date** | Highlight this text, then type name of person approving here | Highlight this text, then enter date of approval here |

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| **Policy** | **Best Practice Pillar #3: INFORMATION AND DATA PRIVACY – Adopt and maintain a written privacy and information security plan to protect Non-public Personal Information as required by local, state and federal law.** | |
| **Name of Procedure** | Information Security | |
| **Reference Number** | 3.04 | |
| **Applicable Parties** | Firm Management  Practice Manager  [Privacy Officer]  Firm IT Manager  Emergency Management Team  [Third Party Service Providers – Attached Addendum] | |
| **Effective Date** | Highlight this text, then type effective date here | |
| **Supporting Documentation** | Add to, delete and/or modify the sample text below to describe documentation that evidences your firm’s compliance with this best practice. Delete the preceding sentence and this one before finalizing.  Written policies including:   * Network Usage Policy and user permissions for all employees and all systems, * Clean Desk and Clean Office Policy * Retention and Destruction Policy * Data Breach Incident Reporting * Business Continuity and Disaster Recovery * Employee Training and Management * Hardware and software maintenance * Third party providers * Website, social media and other Firm public sites   Vendor contracts and privacy statements for SaaS, software, hardware, email, shared document, records destruction and other services | |
| **Procedures** | Add to, delete and/or modify the sample text below to describe the procedure followed by your firm to assure compliance with this best practice. Delete the preceding sentence and this one before finalizing.  **3.04 Information Security**  **Physical security for each location:**   * The Firm maintains secure points of entry to the building and any interior offices where NPI may be stored. * A Visitor logbook is maintained. All visitors who will have access to areas containing NPI must enter their name, signature, organization represented, purpose of visit or name of person visited, date/time of arrival and date/time of departure. * Security systems includes individual access codes or personal keys/fobs, as appropriate * Vendors and visitors are escorted when passing through areas which may have NPI. * Areas containing NPI are accessible only by employees who have undergone background checks or those escorted by them for legitimate Firm purposes only.   **Clean Desk Policy:**   * Maintain a neat work environment during business hours:   + Store non-essential items when not in use   + Do not leave handwritten notes containing NPI outside of related files   + Securely store all files, documents and electronic media containing NPI when away from workstation for extended absence (i.e. lunchtime, break, meeting, vacation, outside office hours)   + Take all items to be destroyed to locked shredding bin when away from workstation for more extended absence (i.e. lunchtime, break, meeting, vacation, outside office hours)   + Whiteboards, planners, notepads or other items containing NPI must not be viewable from windows or doorways, must be secured when employee is away for extended absence (i.e. lunchtime, break, meeting, vacation, outside office hours) * Close paper and electronic files containing NPI and lock workstations when employees are away from their desks * At the end of the work day, all files, documents, portable devices, and electronic media containing NPI should be locked in a desk, file cabinet, or secure room overnight   **Data / Computer Security:**   * Only authorized persons can access company servers, workstations, laptops or other mobile devices, copiers, printers, scanners and fax machines, as determined by the Network Usage Policy. The telecom-equipment room, IT/server closet, mailroom, financial office are restricted to those employees with legitimate business responsibilities requiring access. * Servers are stored in locked facilities with access limited to employees identified, from time to time, in the Network Usage Policy. * Paper files are never removed from the office except as needed for a legitimate business purpose. * All devices, data and files containing NPI must have Password-protection or encryption. Passwords must be strong – at least eight characters using a combination of numbers, uppercase and lowercase letters and special characters. Separate accounts and passwords are established for each user. Passwords must be changed at least every 90 days or more frequently. Passwords may not be shared. None of last 6 passwords may be used. * Workstations must be located so they are not visible to the public (including through clear windows or doorways) and are locked when the employee leaves their desk or must be set to lock automatically on no more than 15 minutes of inactivity * No unauthorized software can be downloaded onto Firm hardware without Firm Manager approval * All NPI must be stored on encrypted devices and never on personal devices * Access to network with wireless devices is only allowed for legitimate business purposes and requires user authentication , i.e. virtual private network (VPN) or multifactor authentication (MFA) * Employees are required to report compromised passwords and to change possibly compromised passwords immediately. * Employees are required to report Security Program violations (perceived or actual) to the Firm Manager * Only authorized persons can access any Firm hardware under the Network Usage Policy (above), including:   + Computers   + Servers   + Laptops   + Tablets   + Mobile devices   + Fax machines   + Copiers   + Scanners   + Printers   All data on the network is protected by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ anti-virus software that runs on servers, workstations and laptops, and is updated automatically with on-line downloads from the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ website. This includes alerts whenever a virus is detected. Any viral infection that is not immediately dealt with by said software is notified to the Firm Manager and immediately addressed.  **Data / Email, Internet & Website Security:**   * Email containing NPI may only be handled over the Firm’s true business domain email account and address. Private employee email is prohibited for handling business issues. * Spam filters and firewalls must be used on email servers * Emails containing NPI must be encrypted. The Firm Manager will communicate with customers and vendors about which encryption services can be utilized based on various system requirements and considerations * Email attachments containing NPI must be password protected * For title order placement, closing package delivery, etc. sites utilizing secure file and data transmission encryption will be used, typically indicated by *https* at the beginning of the website address, not just *http.* * Internet usage is limited to business-related purposes only.   **Removable Media Security (USB ports, CD/DVD writeable drives, laptops, smartphones, external hard drives):**   * If NPI must be stored on removable media or a portable device:   + The device must be encrypted   + Employee must not leave documents, portable devices or electronic media containing NPI in a non-secured location (unlocked vehicle, hotel room, etc.) accessible to others   + Employee is responsible for protecting the portable devices in their possession from theft or unauthorized access * NPI must not be stored on personal electronic devices. * Employees are required to report, immediately, the loss or theft of a laptop or other supported media device to applicable the Firm Manager. (See. 3.07 below)   **Firm website**:  The Firm website contains a Privacy / Confidentiality Statement consistent with the Firm’s actual practices. | |
| **Approved by / Date** | Highlight this text, then type name of person approving here | Highlight this text, then enter date of approval here |

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| **Policy** | **Best Practice Pillar #3: INFORMATION AND DATA PRIVACY – Adopt and maintain a written privacy and information security plan to protect Non-public Personal Information as required by local, state and federal law.** | |
| **Name of Procedure** | Retention and Destruction of Personal Information | |
| **Reference Number** | 3.05 | |
| **Applicable Parties** | Firm Management  Practice Manager  [Privacy Officer]  Firm IT Manager  Emergency Management Team  [Third Party Service Providers – Attached Addendum] | |
| **Effective Date** | Highlight this text, then type effective date here | |
| **Supporting Documentation** | Add to, delete and/or modify the sample text below to describe documentation that evidences your firm’s compliance with this best practice. Delete the preceding sentence and this one before finalizing.  Written policies including:   * Network Usage Policy and user permissions for all employees and all systems, * Clean Desk and Clean Office Policy * Retention and Destruction Policy * Data Breach Incident Reporting * Business Continuity and Disaster Recovery * Employee Training and Management * Hardware and software maintenance * Third party providers * Website, social media and other Firm public sites   Vendor contracts and privacy statements for SaaS, software, hardware, email, shared document, records destruction and other services | |
| **Procedures** | Add to, delete and/or modify the sample text below to describe the procedure followed by your firm to assure compliance with this best practice. Delete the preceding sentence and this one before finalizing.  **3.05 Retention and Destruction of Personal Information**  NPI is to be collected only if relevant and necessary for the purpose specified.  Closing files and client information are to be retained in compliance with the NC State Bar Revised Rules of Professional Conduct, Rule 1.15-3(g), RPC 209 and RPC 16, for a period of six (6) years since the file became inactive, unless either the client consent to destruction of the file or, after notice to the client that the lawyer intends to destroy the file, the client either retrieves the file or fails to do so within a reasonable period of time.  Within 30 days of closing:   * Files are promptly scanned into the Firm’s secure server and paper copies are shredded * Files are moved to locked files in a secure location [in the Firm’s office(s) or off-site storage]   All user data is backed up to tape automatically on a daily basis, to [to Firm off-site server, off-site storage or cloud location: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_] location, using an appropriately secure system for fast indexing and data restoration.  A full server backup to [to Firm off-site server, off-site storage or cloud location: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_] is completed [daily, weekly].  The Firm Manager or Privacy Officer will regularly review and updated disposal dates on records.  Disposal Certificates will be obtained from all Third Party Service Providers handling media and paper destructions. Service Level Agreements will be maintained current. | |
| **Approved by / Date** | Highlight this text, then type name of person approving here | Highlight this text, then enter date of approval here |

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| **Policy** | **Best Practice Pillar #3: INFORMATION AND DATA PRIVACY – Adopt and maintain a written privacy and information security plan to protect Non-public Personal Information as required by local, state and federal law.** | |
| **Name of Procedure** | Overseeing Third Party Service Providers | |
| **Reference Number** | 3.06 | |
| **Applicable Parties** | Firm Management  Practice Manager  [Privacy Officer]  Firm IT Manager  Emergency Management Team  [Third Party Service Providers – Attached Addendum] | |
| **Effective Date** | Highlight this text, then type effective date here | |
| **Supporting Documentation** | Add to, delete and/or modify the sample text below to describe documentation that evidences your firm’s compliance with this best practice. Delete the preceding sentence and this one before finalizing.  Written policies including:   * Network Usage Policy and user permissions for all employees and all systems, * Clean Desk and Clean Office Policy * Retention and Destruction Policy * Data Breach Incident Reporting * Business Continuity and Disaster Recovery * Employee Training and Management * Hardware and software maintenance * Third party providers * Website, social media and other Firm public sites   Vendor contracts and privacy statements for SaaS, software, hardware, email, shared document, records destruction and other services | |
| **Procedures** | Add to, delete and/or modify the sample text below to describe the procedure followed by your firm to assure compliance with this best practice. Delete the preceding sentence and this one before finalizing.  **3.06 Overseeing Third Party Service Providers**  The Firm Manager will investigate and recommend any Third Party Service Provider for approval by the Firm Management prior to retaining their services. In compliance with Revised Rule of Professional Conduct 5.3(a) and 2011 FEO 6, the Firm must obtain adequate assurance that:   * The vendor is aware of the lawyer’s obligation of confidentiality * NPI will be preserved in a manner compatible with the lawyer’s professional obligations * Background checks are obtained by the vendors and updated every 3 years on any employees who may have access to areas or equipment containing NPI. * Vendor employees are trained on the importance of maintaining security of NPI. * Security acknowledgment form and non-disclosure agreement (NDA) is obtained from the vendor   The Firm Manager’s investigation should include:   * The experience, stability, and reputation of the vendor. * The vendor’s website, terms of service, service contract and other assurances regarding:   + measures for safeguarding security and confidentiality, including, but not limited to, firewalls, encryption techniques, socket security features, and intrusion-detection systems   + ability of the Firm to retrieve the data in a non-proprietary format and the vendor’s destruction of their copy of any data on termination of the contract   + extent to which the vendor backs up hosted data and uses generally accepted encryption protocols   + the vendor’s business continuity plan and disaster preparedness (such as remote backups of information) * The reputation of the vendor   The Firm Manager must confirm appropriate procedures with any outside couriers, title examiners and or other providers to protect against unauthorized disclosure of NPI.  The Firm Manager will maintain a list of all Third Party Service Providers (see attached Addendum) for which the Firm has authorized access to records containing current or archived NPI, and the authorized purpose for which each such Third Party Service Provider has such access based upon the legitimate business purpose for their service.  The Firm Manager must monitor the service provider's performance on a regular basis to determine whether the provider is continuing to provide the contracted service and meet privacy and security requirements.  Disposal Certificates will be obtained from all Third Party Service Providers handling media and paper destructions. Service Level Agreements will be maintained current.  The Firm Manager will maintain the list of Third Party Service Providers of the Firm, their relevant contact information, dates of agreement(s) and latest nondisclosure agreements, on the Attached Addendum, including: [Identify specifically on attached Addendum]:   * Software * Hardware (copiers, fax, other equipment) * Telephone * Email * Off-site (physical) storage * Cloud storage * Shared document sites * Couriers * Title examiners * Outside or associated counsel * Janitorial staff * Landlord * Water and coffee suppliers * Background investigation providers * Trust account reconciliation services * On-site shredding * Training vendor (if access to NPI) * [other] | |
| **Approved by / Date** | Highlight this text, then type name of person approving here | Highlight this text, then enter date of approval here |

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| **Policy** | **Best Practice Pillar #3: INFORMATION AND DATA PRIVACY – Adopt and maintain a written privacy and information security plan to protect Non-public Personal Information as required by local, state and federal law.** | |
| **Name of Procedure** | Data / Security Breach Incident Reporting | |
| **Reference Number** | 3.07 | |
| **Applicable Parties** | Firm Management  Practice Manager  [Privacy Officer]  Firm IT Manager  Emergency Management Team  [Third Party Service Providers – Attached Addendum] | |
| **Effective Date** | Highlight this text, then type effective date here | |
| **Supporting Documentation** | Add to, delete and/or modify the sample text below to describe documentation that evidences your firm’s compliance with this best practice. Delete the preceding sentence and this one before finalizing.  Written policies including:   * Network Usage Policy and user permissions for all employees and all systems, * Clean Desk and Clean Office Policy * Retention and Destruction Policy * Data Breach Incident Reporting * Business Continuity and Disaster Recovery * Employee Training and Management * Hardware and software maintenance * Third party providers * Website, social media and other Firm public sites   Vendor contracts and privacy statements for SaaS, software, hardware, email, shared document, records destruction and other services | |
| **Procedures** | Add to, delete and/or modify the sample text below to describe the procedure followed by your firm to assure compliance with this best practice. Delete the preceding sentence and this one before finalizing.  **3.07 Data / Security Breach Incident Reporting**  Employees are required to report, immediately, the loss or theft of a laptop or other supported media device to the Firm Manager.  Employees and Third Party Service Providers are required to report any data or security breach immediately.  The Firm Manager will immediately report any data breaches to Firm Management.  The Firm Manager will take immediate action to consult with the parties involved, retain additional services if needed, secure any ongoing breach, investigate the source and extent of the breach, take appropriate action to address any issues and prevent its recurrence.  The Emergency Management Team, including Firm Manager and senior attorneys and staff, will immediately report all data breaches as required by state and federal law and assure compliance with G.S. 75-60 *et seq.* notification requirements. | |
| **Approved by / Date** | Highlight this text, then type name of person approving here | Highlight this text, then enter date of approval here |

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| **Policy** | **Best Practice Pillar #3: INFORMATION AND DATA PRIVACY – Adopt and maintain a written privacy and information security plan to protect Non-public Personal Information as required by local, state and federal law.** | |
| **Name of Procedure** | Business Continuity and Disaster Recovery | |
| **Reference Number** | 3.08 | |
| **Applicable Parties** | Firm Management  Practice Manager  [Privacy Officer]  Firm IT Manager  Emergency Management Team  [Third Party Service Providers – Attached Addendum] | |
| **Effective Date** | Highlight this text, then type effective date here | |
| **Supporting Documentation** | Add to, delete and/or modify the sample text below to describe documentation that evidences your firm’s compliance with this best practice. Delete the preceding sentence and this one before finalizing.  Written policies including:   * Network Usage Policy and user permissions for all employees and all systems, * Clean Desk and Clean Office Policy * Retention and Destruction Policy * Data Breach Incident Reporting * Business Continuity and Disaster Recovery * Employee Training and Management * Hardware and software maintenance * Third party providers * Website, social media and other Firm public sites   Vendor contracts and privacy statements for SaaS, software, hardware, email, shared document, records destruction and other services | |
| **Procedures** | Add to, delete and/or modify the sample text below to describe the procedure followed by your firm to assure compliance with this best practice. Delete the preceding sentence and this one before finalizing.  **3.08 Business Continuity and Disaster Recovery**  Electronic, off-site backup of critical software and data are as provided in 3.01 – 3.07 above.  Firm Management will adopt a Business Continuity and Disaster Management / Recovery Plan and an Emergency Evacuation Plan. The Practice Manager will:   * maintain and advise on updates as needed, at least annually or if any potential risk event. * provide training to all employees at least annually.   Firm Management must maintain an Emergency Evacuation Plan that accounts for all personnel and clearly sets forth procedures to protect life safety in the event of an evacuation, heart attack, bomb threat, etc.  The Firm’s Disaster Management and Recovery Plan must be documented, readily available to all employees and affected individuals who would require them in an emergency, audited and tested annually (and results documented), identifying:   * Roles of each employee * Recovery strategies for critical processes – client files, data that is stored locally and remotely, client funds, representation * Contacts list for emergency personnel, clients, critical vendors (software, SaaS, phones) and disaster assistance * Business continuity plans of critical vendors   Firm Management must maintain a Local Crisis Management Team with predestinated and well defined roles and responsibilities, tested annually | |
| **Approved by / Date** | Highlight this text, then type name of person approving here | Highlight this text, then enter date of approval here |

# ALTA BEST PRACTICE 3 - ADDENDUM

# Information and Data Privacy

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| **Practice Manager** | Insert Name of Practice Manager |
| **Person Responsible for Plan Maintenance:** | Practice Manager |
| **Next Review Due** | Insert Next Review Date |
| **Next Review Date Tickler Added to Practice Manager’s Calendar: (Insert Yes when added)** | State Yes when added |
| **Comments:** | Add Comments, if any |

**CLE/CPE & OTHER TRAINING ATTENDED RELATED TO INFORMATION AND DATA PRIVACY:**

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| --- | --- | --- | --- |
| Name | Course Title/Sponsor/Relevant Overview | Date |  |
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| **Review/Revision History for Information and Data Privacy Policies and Procedures:**  Each time the above information pertinent to these Policies and Procedures is:   * Reviewed for accuracy and no changes made, enter the date of the review, the person doing the review and a brief description such as “Reviewed by \_\_\_\_\_\_\_\_\_\_\_\_. No revisions needed.” * Reviewed for accuracy and revision(s) made, enter the date of the revision(s), the name of the person making the revision(s), and a detailed description of the change(s) such as “Reviewed by Sally Doe. Employment status of Notary Elizabeth Watson updated to Inactive.” | | |
| Date of Review/Revision | Person Reviewing/Revising | Description |
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**ADDENDUM: THIRD PARTY SERVICE PROVIDERS**

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| Name of Service Provider  Principals  Address | | | Service Provided  (Attach contract to electronic file, especially Non-disclosure agreement) | | Firm Employee Responsible for Regular Review of Service Provider | Last Renewal Date | Next Renewal Date | |
|  | | | (Website) | |  |  |  | |
|  | | | (IT consultant) | |  |  |  | |
|  | | | (Shredding company) | |  |  |  | |
|  | | | (Cleaning staff) | |  |  |  | |
|  | | | (Storage warehouse) | |  |  |  | |
|  | | | (Supply services / deliveries) | |  |  |  | |
|  | | | (BCO consultant) | |  |  |  | |
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| **Review/Revision History of Relationship with Third Party Service Providers:**  Each time the above information pertinent to Third Party Service Providers is:   * Reviewed for accuracy and no changes made, enter the date of the review, the person doing the review and a brief description such as “Reviewed by \_\_\_\_\_\_\_\_\_\_\_\_. No revisions needed.” * Reviewed for accuracy and revision(s) made, enter the date of the revision(s), the name of the person making the revision(s), and a detailed description of the change(s) such as “Reviewed by Sally Doe. John Wilson removed as Wire Initiator and added as Wire Approver.” | | | | | | | |
| Date of Review/Revision | Person Reviewing/Revising | | Description | | | |
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ALTA’s Best Practices -- Sample Policies and Procedures

Pillar #4 – **Settlement Policies and Procedures**

**INSERT LAW FIRM NAME HERE**

|  |  |
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| **Policy** | **Section 4: Best Practice Pillar #4 - Settlement Process** |
| **Name of Procedure** | ***Settlement Process – Recording Procedures, Pricing Procedures and Training***  [***NOTE: This procedure is stricter than the ALTA Procedure for Pillar #1 because of NC state law requirements under N.C.G.S. 58-26-1(a) and Chapter 84 requiring independence of law firms from title insurance agencies.]*** |
| **Reference Number** | 4.01 Recording Procedures |
| **Applicable Parties** | **INSERT LAW FIRM NAME HERE**  Closing Attorney  [Third Party Service Providers – Attach Addendum] |
| **Effective Date** | Highlight this text, then type effective date here |
| **Supporting Documentation** | Add to, delete and/or modify the sample text below to describe documentation that evidences your firm’s compliance with this best practice. Delete the preceding sentence and this one before finalizing.  [Firm Closing Checklists as developed by the firm; refer to attached “Sample” checklists, the RELANC Standards of Practice [www.RELANC.com/standards-of-practice.htm](http://www.RELANC.com/standards-of-practice.htm), NC Bar Association Real Property Section Fundamentals or Practical Skills presentations and materials or other reference sources to develop closing checklist applicable to the Firm’s practices] |
| **Procedures** | **4.01 Recording Procedures**  The Closing Attorney [or real estate paralegal] shall:   * Quality check execution, authority and identification of signers, and notarization of all documents prior to recording. * Submit documents for recording to the register of deeds in the county in which the property is located immediately upon update of title and prior to disbursement of any funds, in compliance with the Good Funds Settlement Act (for all residential transactions), engagement letter with client (if one) and lender’s written closing instruction. * Verify appropriate recordation in the order required for the transaction. * Use electronic recording where requested and available. * Respond immediately to recording rejections, since disbursement must be delayed until completed. All effort is made to resolve the problem and submit for re-recording immediately, prior to disbursement of funds * Maintain a record verifying when documents were recorded * Comply with the lender’s written closing instructions, the Offer to Purchase and Contract, the client’s instructions and the Firm Closing Checklists.   [***NOTE: This procedure is stricter than the ALTA Procedure 4.02 because of NC state law requirements under the Good Funds Settlement Act and NS State Bar RPC 191.]*** |
| **Approved by / Date** |  |

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| **Policy** | **Section 4: Best Practice Pillar #4 - Settlement Process** |
| **Name of Procedure** | ***Settlement Process – Recording Procedures, Pricing Procedures and Training***  [***NOTE: This procedure is stricter than the ALTA Procedure for Pillar #1 because of NC state law requirements under N.C.G.S. 58-26-1(a) and Chapter 84 requiring independence of law firms from title insurance agencies.]*** |
| **Reference Number** | 4.02 Pricing Procedures |
| **Applicable Parties** | **INSERT LAW FIRM NAME HERE**  Closing Attorney  [Third Party Service Providers – Attach Addendum] |
| **Effective Date** | Highlight this text, then type effective date here |
| **Supporting Documentation** | Add to, delete and/or modify the sample text below to describe documentation that evidences your firm’s compliance with this best practice. Delete the preceding sentence and this one before finalizing.  [Firm Closing Checklists as developed by the firm; refer to attached “Sample” checklists, the RELANC Standards of Practice [www.RELANC.com/standards-of-practice.htm](http://www.RELANC.com/standards-of-practice.htm), NC Bar Association Real Property Section Fundamentals or Practical Skills presentations and materials or other reference sources to develop closing checklist applicable to the Firm’s practices] |
| **Procedures** | **4.02 Pricing Procedures**  The Closing Attorney [or real estate title paralegal] shall:   * Collect at closing the invoiced premium provided with the Title Commitment, and assure any changes are made if the coverage amounts are changed. * Ensure discounted rates are charged when appropriate, including reissue rates * Review files after closing to ensure consumers were charged proper rates * Timely refund consumers when overpayment is detected   [***NOTE: This procedure differs from ALTA Procedures 4.01 and 4.03 because attorneys must obtain rate invoices from the title insurance underwriter or agent involved, and a closing attorney cannot be the title insurance underwriter or agent under NCGS 58-26-1.]*** |
| **Approved by / Date** |  |

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| **Policy** | **Section 4: Best Practice Pillar #4 - Settlement Process** |
| **Name of Procedure** | ***Settlement Process – Recording Procedures, Pricing Procedures and Training***  [***NOTE: This procedure is stricter than the ALTA Procedure for Pillar #1 because of NC state law requirements under N.C.G.S. 58-26-1(a) and Chapter 84 requiring independence of law firms from title insurance agencies.]*** |
| **Reference Number** | 4.03 Training |
| **Applicable Parties** | **INSERT LAW FIRM NAME HERE**  Closing Attorney  [Third Party Service Providers – Attach Addendum] |
| **Effective Date** | Highlight this text, then type effective date here |
| **Supporting Documentation** | Add to, delete and/or modify the sample text below to describe documentation that evidences your firm’s compliance with this best practice. Delete the preceding sentence and this one before finalizing.  [Firm Closing Checklists as developed by the firm; refer to attached “Sample” checklists, the RELANC Standards of Practice [www.RELANC.com/standards-of-practice.htm](http://www.RELANC.com/standards-of-practice.htm), NC Bar Association Real Property Section Fundamentals or Practical Skills presentations and materials or other reference sources to develop closing checklist applicable to the Firm’s practices] |
| **Procedures** | **4.03 Training**  The Closing Attorney and all real estate paralegals shall attend at least annually updated CLE and CPE presentations addressing changes in the closing process, RESPA requirements and other relevant information. Any issues will be discussed within the Firm on a regular basis to assure that all employees are well-educated on the requirements of their position and compliance with state and federal consumer laws. |
| **Approved by / Date** |  |

#4 Settlement Policies and Procedures

**SAMPLE: Real Estate Closing Checklist**

Preliminary Title Opinion

Title Commitment

Check the title exceptions and review with examiner if needed

Survey ordered and received prior to closing

Mortgage payoffs ordered or releases acquired for old mortgages on title

Home Equity payoffs ordered, if applicable, need “Account Close” Letter to be signed off by

Borrowers and delivered with the payoff check – if no payoff (zero balance) deliver “Close” Letter!

Transfer excise tax as well as local transfer tax where applicable

Ad valorem taxes – real, personal, deferred

Assessments, sanitation liens, water bills or other local liens

Owners’ association dues

Tax prorations computed for closing; real estate taxes, insurance, association fees, water, sewer

Real estate broker commission and splits

Amount of earnest money; brought to closing or retained by broker

Power of Attorney

Seller's documents for closing:

Deed (check vesting, spelling of names)

Lien Waiver

Bill of Sale, if applicable

County Valuation or Tax Declaration, if applicable

If Condominium

Right of First Refusal

Paid HOA dues and assessment Letter

Certificate of Insurance transferred to new owner

If Investment

Copies of Leases

Security Deposit Log

Letters to Tenants

Prorations of Rents and Security Deposits

If in a Land Trust

Recorded Certificate of Trust

Trustee's Deed

Buyers Documents for Closing

Drivers’ license or acceptable form of I.D. from each buyer

Home Owners Insurance with paid receipt

Settlement Statement from sale of previous home, if applicable

Closing confirmed with all parties

Buyer(s) – Borrower(s)

Seller(s)

Lender

Seller’s attorney (if applicable)

Buyer’s attorney (if applicable)

Listing Broker

Selling Broker

**SAMPLE CLOSING GUIDELINES**

1. The Firm acknowledges 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 – the Firm obtains ***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.)

1. Follow all regulations and lender instructions in preparation of the Settlement Statements and be sure that ALL disbursement checks MATCH EXACTLY as to what is shown on the final Settlement Statement.

**Specific Detailed Guidelines: Disbursement Of Proceeds**

**Buyer/Borrower Proceeds:**

* Any amount shown as funds due from Buyer/Borrower on the Settlement Statement must come into the Firm’s trust account from the borrower or be disbursed to the borrower as shown.
* Any funds received by any other party must reflect on the appropriate line, designating the source of funds.

**Seller Proceeds:**

* Seller proceeds must not be assigned other than as accurately reflected and approved by all parties and are disbursed to Seller, as defined in the Loan Closing instructions and Settlement Statement. Where the Seller requests the proceeds to be paid otherwise, pre-closing clearance is obtained by us.
* Multiple disbursements to the same payee are not acceptable especially when asked to disburse in increments of $10,000 or less as this may be perceived as participation in a money laundering scheme.
* Borrower proceeds from a refinance, if any, are only be paid in strict compliance with the written closing instructions provided by the funding lender. Pre-closing consent is obtained from the lender on any request to pay additional parties. If such consent is paid, the changes are listed on the Settlement Statement. The Firm does not rely on approval of the mortgage broker. Additionally, the funder’s approval of the Settlement Statement is not sufficient.
* If a lender disapproves of any requested disbursement the seller or borrower, as appropriate, is notified in writing.
* Where directed or allowed by Lender, the Firm will accept written instructions:
  + Deposit proceeds directly into a bank account on behalf of the principals.
  + Cut separate checks or send a wire in the name of each individual seller or borrower.

**Mortgage Payoffs:**

* Payoff Statements should only be accepted directly from the lender being paid off – NEVER from an individual who delivers it to you. (It could have been altered).
* Payoff Statements must be in writing and should reference loan number and property address in addition to borrower’s name.
* Watch home equity lines of credit and obtain a signed ‘closing letter’ from the borrower to the lender requesting that the credit line be closed.
* Put sufficient detail on the payoff check to identify the property and borrower.
* If property is in foreclosure, make certain you have accounted for any attorney’s fees and other court costs.
* Sellers are never to deliver their own payoff check. Payoff checks must be delivered in a manner in which the date and time of receipt of the check can be documented.

**Escrowed Funds Disbursement:**

Purpose:

a. Approvers’ and/or check signers’ responsibilities on external disbursements are to ensure the payment amounts are supported, proper vendors are paid, and disbursements have been properly authorized by the closing attorney and parties.

b. Approvers’ and/or check signers’ responsibilities over the Firm’s fee income are to ensure that check/journals to recognize fees to the Firm are only processed after the closing is completed

Procedure:

All trust account disbursements (check and/or wire) require two approvers. Evidence of the two approvals is required on the check/wire request and the check disbursement register for every escrow.

**Cancelled Checks and Stop Payments:**

|  |  |
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| Purpose:  Check fraud and wire fraud are expensive issues. The ‘holder in due course’ doctrine gives legal protections to innocent third-party recipients of checks and wires that are presented to them and not patently counterfeit.  A Cashier or Teller check in the hands of holder without knowledge of a defense must be honored by the financial institution on which it is drawn because it is the obligation of the financial institution not the closing attorney. Failure to observe this requirement may result in the closing attorney and/or title company being personally liable if the consumer or client suffers a loss on the transaction when the lost, stolen or destroyed item is subsequently presented and paid.  Procedure:  **Cashier's or Teller Checks** |  |

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| * Payment on a Cashier’s or Teller check issued by the Company may not be stopped without :   + Obtaining approval from the closing attorney before directing that a replacement item is issued.   + Obtaining an affidavit concerning the lost, stolen or destroyed item from the person whose obligation is paid by the Cashier’s or Teller.   + Satisfying any requirement by the bank upon which the check is drawn to obtain a bond or other form of security for the amount of the check , if the bank is going to reissue the check before a 90 day period has elapsed. |
| **Trust Account Checks** | |
| * A check that has been issued, processed in the accounting records, but subsequently lost, stolen or returned to the attorney is “voided”. * If the original check has been returned, mark it “Void”, remove the signature portion of the check and forward it to accounting for adjustment to the appropriate records. Voided checks, if found, must be retained. * Unless a check has been lost or stolen, do not stop payment without consulting the closing attorney. * If the check has been lost or stolen, first determine if the check has cleared the bank. The accounting department should contact the bank to verify that the check has not cleared the bank. * If it has not cleared, the bank should be advised both orally and in writing to place a stop payment on the check. * No check should be reissued until it has been determined that it has not cleared the bank and you have received authorization from the accounting department. * If the original check is subsequently found, it should be forwarded to the accounting department with a note across the face of the original check stating that a stop payment was issued on this check and indicating the date of the stop payment. | |

**Disbursement or Receipt of Funds By Wire:**

Purpose:

Wire transfer transactions usually involve large dollar amounts that must be processed quickly. There is also finality to a wire transfer transaction at the time of execution. Generally, wire transfers are not subject to a stop payment, recall, cancellation or adjustment; once a wire request has been executed the funds immediately become the property of the transfer recipient. Because of these concerns and to minimize the risk of loss from errors or fraud, wire transfer authority is to be centralized within a limited number of management, accounting or administration employees.

Procedure:

* No employee shall be unilaterally authorized to issue or accept a wire transfer.
* Customers are to communicate all wire transfer requests in writing and each closing attorney will then communicate the wire transfer information to one of the authorized employees in writing *or by fax* and confirmed in writing.
* In all cases of initiation of a wire transfer by a closing attorney or other authorized party, a reasonable security procedure must be used to validate the transfer.

**Mortgage Fraud Awareness and Prevention:**

Purpose:

It is in the Firm’s own self-interest to be vigilant for signs of potential mortgage fraud. The costs of becoming drawn into a mortgage fraud investigation are substantial, and you personally may be drawn into an investigation. Regulators and Underwriters, as well as the general public, consider us to be a significant part of the process and system for minimizing mortgage fraud.

The Firm will not tolerate ANY deviation from standard closing procedures that would result in Mortgage fraud

Procedure:

* Adhere to all Underwriting Bulletins concerning Settlement Issues.
* Mortgage fraud has many moving pieces, but can include any of the following:
  + A person that knowingly, with the intent to defraud, does any of the following is guilty of the crime of residential mortgage fraud, punishable as provided in this section.
  + A person that makes a false statement or misrepresentation concerning a material fact or deliberately conceals or fails to disclose a material fact during the mortgage lending process.
  + A person that, during the mortgage lending process, makes or uses a false pretense, or uses or facilitates the use of another person's false pretense, concerning the person's intent to perform a future event or to have a future event performed.
  + A person that uses or facilitates the use of a false statement or misrepresentation made by another person concerning a material fact or deliberately uses or facilitates the use of another person's concealment or failure to disclose a material fact during the mortgage lending process.
  + A person that receives or attempts to receive any proceeds or any other money in connection with the mortgage lending process that the person knows resulted from a violation.
  + A person that files or causes to be filed with the register of deeds of any county of this state any document involved in the mortgage lending process that the person knows to contain a deliberate material misstatement, misrepresentation, or omission.
  + A person that fails to disburse funds in accordance with the settlement or closing statement for the mortgage loan.
  + A person that solicits, encourages, or coerces another person to participate in any of the above activities.

**SAMPLE: Documents for Recording**

**DEEDS & DEEDS OF TRUST**

Name & Address of NC attorney who prepared document

Address to which to return document after recording

**Deed:** Consideration recited & applicable excise tax stamps and transfer stamps

(actual consideration should be used on an administrator's, executor's or guardian's deed)

**Deed of Trust:** Verify amount of loan to be secured, that borrower is exactly same as Grantor (or address

if hypothecated security or spousal joinder only), future advance provisions and maximum amount to be insured.

Address of property

Name and address of the Grantor consistent with chain of title (see notes below for particular Grantors)

Name and address of the Grantee (see notes below for particular Grantees)

**Deed of Trust:** Identify Trustee

Dated

Legal description – consistent as the title opinion, contract, commitment, tax/GIS and survey

PIN# match the tax records

**Deed:** Grantor residency statement

Signatures, consistent with Grantor block, title opinion, title commitment, match typed name beneath

Notarized

* County of notary commission
* State referenced in acknowledgment
* County in which acknowledgment taken
* Notarial Commission Expiration
* Individual who appeared before notary and acknowledged / swore or affirmed
* Date of acknowledgment
* Printed Notary Name
* Clear affixation of notarial seal
* Clear signature by notary, consistent with seal and commission

**GRANTOR - INDIVIDUALS**

Marital status stated?

Does the grantor have the capacity to convey? *i.e.,* not a minor, incompetent or other legally disabled person

If titleholder is married, spouse must sign to waive marital rights

**GRANTOR - PARTNERSHIPS**

Deed must recite the state in which the partnership was formed

Verify name from partnership agreement (for general partnership)

Verify name with Secretary of State records (for limited partnership)

Verify partner(s) with the authority to sign the Deed – from the partnership agreement or,

for limited partnership, from records filed with the Secretary of State

Record Assumed Name Certificate

* Terms of the Partnership Agreement
* Copy of the Agreement
* Copy of any Amendments, if any

**GRANTOR – CORPORATIONS**

Deed must state the state of incorporation

Certified copy of the Corporate Resolution authorizing the conveyance of the property

or the mortgage

Corporate Articles and By-laws, to verify authority of officers for the transaction

Verify name with Secretary of State records

Certificate of Good Standing

**GRANTOR - RELIGIOUS ENTITIES**

How is title held? Do you know who is authorized to sign the Deed?

* Non-Profit corporation? Review Secretary of State records
* Trustees? Verify current trustees as of last election and authority for this transaction
* Unincorporated nonprofit association? Assure recording of appropriate Certificate

Review By-laws, denominational requirements (if any)

Resolution passed by the members of the party in title authorized the conveyance

Proper procedure: Form of notice, meeting, attendance/quorum, number of votes at election

**GRANTOR - LIMITED LIABILITY COMPANY**

Deed must recite the state in which the company was formed

Certificate of Good Standing

Articles of Organization

List of managers or members from last filed Annual Report

Certification that no event of dissolution has occurred

**GRANTOR – POWER OF ATTORNEY**

Deed must recite the recording information of Power of Attorney

Affidavit of Attorney in Fact

**GRANTOR – TRUST**

Deed must recite the Trustee and authority

Certificate of Trustee

**GRANTOR – DECEDENT’S ESTATE**

Deed must recite the estate information

Grantors to include:

* Personal Representative
* Heirs/devisees, and spouses

Open Estate Affidavit

**SAMPLE WRITTEN POLICY: Settlement Policies & Procedures - Recording Procedure**

1. Documents are submitted for recording to the proper office of the Register of Deeds *in the county in which the property is located* prior to disbursement of funds, in compliance with the Good Funds Settlement Act and lender written closing instruction
2. The Firm verifies that recording actually took place and maintain recording information for each document in each file, as well as a separate log of all recordings.
3. When notice is received that a document has been rejected, the document is treated as a ‘new closing’ and all effort is made to resolve the problem and submit for re-recording immediately, prior to disbursement of funds. If a solution is not forthcoming, the Firm will consult with the underwriter involved and develop a strategy to mitigate immediately.

# ALTA BEST PRACTICE 4 - ADDENDUM

# Settlement Policies and Procedures

|  |  |
| --- | --- |
| **Practice Manager** | Insert Name of Practice Manager |
| **Person Responsible for Plan Maintenance:** | Practice Manager |
| **Next Review Due** | Insert Next Review Date |
| **Next Review Date Tickler Added to Practice Manager’s Calendar: (Insert Yes when added)** | State Yes when added |
| **Comments:** | Add Comments, if any |

**CLE/CPE & OTHER TRAINING ATTENDED RELATED TO SETTLEMENT POLICIES & PROCEDURES:**

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| Name | Course Title/Sponsor/Relevant Overview | Date |  |
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| **Review/Revision History for Settlement Policies and Procedures:**  Each time the above information pertinent to Settlement Policies and Procedures is:   * Reviewed for accuracy and no changes made, enter the date of the review, the person doing the review and a brief description such as “Reviewed by \_\_\_\_\_\_\_\_\_\_\_\_. No revisions needed.” * Reviewed for accuracy and revision(s) made, enter the date of the revision(s), the name of the person making the revision(s), and a detailed description of the change(s) such as “Reviewed by Sally Doe. John Wilson removed as Wire Initiator and added as Wire Approver.” | | | |
| Date of Review/Revision | Person Reviewing/Revising | Description |
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**ADDENDUM: THIRD PARTY SERVICE PROVIDERS**

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| Name of Service Provider  Principals  Address | | | Service Provided  (Attach contract to electronic file, especially Non-disclosure agreement) | | Firm Employee Responsible for Regular Review of Service Provider | Last Renewal Date | Next Renewal Date | |
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| **Review/Revision History of Relationship with Third Party Service Providers:**  Each time the above information pertinent to Third Party Service Providers is:   * Reviewed for accuracy and no changes made, enter the date of the review, the person doing the review and a brief description such as “Reviewed by \_\_\_\_\_\_\_\_\_\_\_\_. No revisions needed.” * Reviewed for accuracy and revision(s) made, enter the date of the revision(s), the name of the person making the revision(s), and a detailed description of the change(s) such as “Reviewed by Sally Doe. John Wilson removed as Wire Initiator and added as Wire Approver.” | | | | | | | |
| Date of Review/Revision | Person Reviewing/Revising | | Description | | | |
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ALTA’s Best Practices -- Sample Policies and Procedures

Pillar #5 – **Title Production & Premium Remittance**

**INSERT LAW FIRM NAME HERE**

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| **Policy** | **Best Practice Pillar #5 – POLICY PRODUCTION, DELIVERY, REPORTING AND PREMIUM REMITTANCE – Adopt and maintain written procedures related to title policy production, delivery, reporting and premium remittance.** | |
| **Name of Procedure** | **Title Policy Production and File Maintenance; Policy Delivery, Reporting and Premium Remittance** | |
| **Reference Number** | **5.01 Title Policy Production and File Maintenance; Policy Delivery, Reporting and Premium Remittance** | |
| **Applicable Parties** | **INSERT LAW FIRM NAME HERE**  Practice Manager  Closing attorney  Real Estate Title Paralegal  [Third Party Service Providers – Attach Addendum] | |
| **Effective Date** | Highlight this text, then type effective date here | |
| **Supporting Documentation** | Add to, delete and/or modify the sample text below to describe documentation that evidences your firm’s compliance with this best practice. Delete the preceding sentence and this one before finalizing. | |
| **Procedures** | Add to, delete and/or modify the sample text below to describe documentation that evidences your firm’s compliance with this best practice. Delete the preceding sentence and this one before finalizing.  The Firm will:  (1) Comply with all requirements of commitment at or before closing.  (2) Submit final title opinions, documents and invoiced premiums to title insurer in sufficient time for final policy production and deliver to the lender within 30 days following closing.  (3) Follow up to obtain satisfactions of paid deeds of trust, judgments or other liens within 30 days following closing.  (4) Review any pending files, post-closing, every 30 days until all requirements met to close.  ***[NOTE: ALTA Assessment Procedures under 5.01 and 5.02 related to issuance of policy and remittance of premium are not applicable to a NC approved attorney because of the statutory prohibition on the closing attorneys serving as title agents or underwriters, NCGS 58-26-1.]*** | |
| **Approved by / Date** | Highlight this text, then type name of person approving here | Highlight this text, then enter date of approval here |

# ALTA BEST PRACTICE 4 - ADDENDUM

# Title Production & Premium Remittance

|  |  |
| --- | --- |
| **Practice Manager** | Insert Name of Practice Manager |
| **Person Responsible for Plan Maintenance:** | Practice Manager |
| **Next Review Due** | Insert Next Review Date |
| **Next Review Date Tickler Added to Practice Manager’s Calendar: (Insert Yes when added)** | State Yes when added |
| **Comments:** | Add Comments, if any |

**CLE/CPE & OTHER TRAINING ATTENDED RELATED TO TITLE PRODUCTION & PREMIUM REMITTANCE:**

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| Name | Course Title/Sponsor/Relevant Overview | Date |  |
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| **Review/Revision History for Title Production and Premium Remittance:**  Each time the above information pertinent to Title Production and Premium Remittance is:   * Reviewed for accuracy and no changes made, enter the date of the review, the person doing the review and a brief description such as “Reviewed by \_\_\_\_\_\_\_\_\_\_\_\_. No revisions needed.” * Reviewed for accuracy and revision(s) made, enter the date of the revision(s), the name of the person making the revision(s), and a detailed description of the change(s) such as “Reviewed by Sally Doe. John Wilson removed as Wire Initiator and added as Wire Approver.” | | | |
| Date of Review/Revision | Person Reviewing/Revising | Description |
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**ADDENDUM: THIRD PARTY SERVICE PROVIDERS**

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| Name of Service Provider  Principals  Address | | | Service Provided  (Attach contract to electronic file, especially Non-disclosure agreement) | | Firm Employee Responsible for Regular Review of Service Provider | Last Renewal Date | Next Renewal Date | |
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| **Review/Revision History of Relationship with Third Party Service Providers:**  Each time the above information pertinent to Third Party Service Providers is:   * Reviewed for accuracy and no changes made, enter the date of the review, the person doing the review and a brief description such as “Reviewed by \_\_\_\_\_\_\_\_\_\_\_\_. No revisions needed.” * Reviewed for accuracy and revision(s) made, enter the date of the revision(s), the name of the person making the revision(s), and a detailed description of the change(s) such as “Reviewed by Sally Doe. John Wilson removed as Wire Initiator and added as Wire Approver.” | | | | | | | |
| Date of Review/Revision | Person Reviewing/Revising | | Description | | | |
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ALTA’s Best Practices -- Sample Policies and Procedures

Pillar #6 – Professional Liability, Errors & Omissions and Fidelity Coverage  
INSERT LAW FIRM NAME HERE

|  |  |  |
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| **Policy** | **Best Practice Pillar #6 – PROFESSIONAL LIABILITY INSURANCE AND FIDELITY COVERAGE – Maintain appropriate professional liability insurance, errors & omissions and fidelity coverage.** | |
| **Name of Procedure** | Professional Liability Insurance and Fidelity Coverage  [***NOTE: This procedure is stricter than the ALTA Procedure for Pillar #1 because of NC state law requirements under N.C.G.S. 58-26-1(a) and Chapter 84 requiring independence of law firms from title insurance agencies.]*** | |
| **Reference Number** | **6.01 Professional Liability Insurance and Fidelity Bond Coverage** | |
|  | The Practice Manager  Insurer(s)  [Third Party Service Providers – Attach Addendum] | |
| **Effective Date** | Highlight this text, then type effective date here | |
| **Supporting Documentation** | Add to, delete and/or modify the sample text below to describe documentation that evidences your firm’s compliance with this best practice. Delete the preceding sentence and this one before finalizing. | |
| **Procedures** | Add to, delete and/or modify the sample text below to describe documentation that evidences your firm’s compliance with this best practice. Delete the preceding sentence and this one before finalizing.  **6.01 Professional Liability Insurance and Fidelity Coverage**  The Firm maintains professional liability insurance in the amount of no less than $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. This amount is appropriate given the company’s size and complexity and the nature and scope of its operations.  The Practice Manager maintains a list of all attorneys and personnel, the applicable coverage related to each employee and any issues which must be reported to the carrier. [See Best Practice #1 list of attorneys and verification of malpractice insurance coverage.]  The Practice Manager reports, as required by the respective policies, any matters required to be reported by the terms of the policies.  Coverage’s / Endorsements are reviewed annually and are added or subtracted to reflect current changes in the practices of the industry and to reflect new threats to the Firm’s business as they arise, such as cybercrime.  The Practice Manager and the Firm annually (or more frequently if needed) review coverages to determine if amounts and coverages are appropriate for the practice. | |
| **Approved by / Date** | Highlight this text, then type name of person approving here | Highlight this text, then enter date of approval here |

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| **Policy** | **Best Practice Pillar #6 – PROFESSIONAL LIABILITY INSURANCE AND FIDELITY COVERAGE – Maintain appropriate professional liability insurance, errors & omissions and fidelity coverage.** | |
| **Name of Procedure** | Professional Liability Insurance and Fidelity Coverage  [***NOTE: This procedure is stricter than the ALTA Procedure for Pillar #1 because of NC state law requirements under N.C.G.S. 58-26-1(a) and Chapter 84 requiring independence of law firms from title insurance agencies.]*** | |
| **Reference Number** | **6.02 Errors & Omissions Coverage for Non-attorney Errors** | |
|  | The Practice Manager  Insurer(s)  [Third Party Service Providers – Attach Addendum] | |
| **Effective Date** | Highlight this text, then type effective date here | |
| **Supporting Documentation** | Add to, delete and/or modify the sample text below to describe documentation that evidences your firm’s compliance with this best practice. Delete the preceding sentence and this one before finalizing. | |
| **Procedures** | Add to, delete and/or modify the sample text below to describe documentation that evidences your firm’s compliance with this best practice. Delete the preceding sentence and this one before finalizing.  **6.02 Errors & Omissions Coverage for Non-attorney Errors**  If the Firm relies upon independent searchers, the Firm verifies they obtain a policy covering searching errors.  The Practice Manager reports, as required by the respective policies, any matters required to be reported by the terms of the policies.  The Practice Manager and the Firm annually (or more frequently if needed) review coverages to determine if amounts and coverages are appropriate for the practice. | |
| **Approved by / Date** | Highlight this text, then type name of person approving here | Highlight this text, then enter date of approval here |

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| **Policy** | **Best Practice Pillar #6 – PROFESSIONAL LIABILITY INSURANCE AND FIDELITY COVERAGE – Maintain appropriate professional liability insurance, errors & omissions and fidelity coverage.** | |
| **Name of Procedure** | Professional Liability Insurance and Fidelity Coverage  [***NOTE: This procedure is stricter than the ALTA Procedure for Pillar #1 because of NC state law requirements under N.C.G.S. 58-26-1(a) and Chapter 84 requiring independence of law firms from title insurance agencies.]*** | |
| **Reference Number** | **6.03 Fidelity Bond Coverage** | |
|  | The Practice Manager  Insurer(s)  [Third Party Service Providers – Attach Addendum] | |
| **Effective Date** | Highlight this text, then type effective date here | |
| **Supporting Documentation** | Add to, delete and/or modify the sample text below to describe documentation that evidences your firm’s compliance with this best practice. Delete the preceding sentence and this one before finalizing. | |
| **Procedures** | Add to, delete and/or modify the sample text below to describe documentation that evidences your firm’s compliance with this best practice. Delete the preceding sentence and this one before finalizing.  **6.03 Fidelity Bond Coverage**  The Firm maintains a fidelity bond policy in an amount of not less than $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.  The Practice Manager and the Firm annually (or more frequently if needed) review coverages to determine if amounts and coverages are appropriate for the practice.  The Practice Manager reports, as required by the respective policies, any matters required to be reported by the terms of the policies. | |
| **Approved by / Date** | Highlight this text, then type name of person approving here | Highlight this text, then enter date of approval here |

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| **Policy** | **Best Practice Pillar #6 – PROFESSIONAL LIABILITY INSURANCE AND FIDELITY COVERAGE – Maintain appropriate professional liability insurance, errors & omissions and fidelity coverage.** | |
| **Name of Procedure** | Professional Liability Insurance and Fidelity Coverage  [***NOTE: This procedure is stricter than the ALTA Procedure for Pillar #1 because of NC state law requirements under N.C.G.S. 58-26-1(a) and Chapter 84 requiring independence of law firms from title insurance agencies.]*** | |
| **Reference Number** | **6.04 Cyberinsurance Coverage** | |
|  | The Practice Manager  Insurer(s)  [Third Party Service Providers – Attach Addendum] | |
| **Effective Date** | Highlight this text, then type effective date here | |
| **Supporting Documentation** | Add to, delete and/or modify the sample text below to describe documentation that evidences your firm’s compliance with this best practice. Delete the preceding sentence and this one before finalizing. | |
| **Procedures** | Add to, delete and/or modify the sample text below to describe documentation that evidences your firm’s compliance with this best practice. Delete the preceding sentence and this one before finalizing.  **6.04 Cybercrime Insurance**  The Firm maintains cybercrime insurance in an amount of not less than $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.  The Practice Manager and the Firm annually (or more frequently if needed) review coverages to determine if amounts and coverages are appropriate for the practice.  The Practice Manager reports, as required by the respective policies, any matters required to be reported by the terms of the policies. | |
| **Approved by / Date** | Highlight this text, then type name of person approving here | Highlight this text, then enter date of approval here |

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| **Review/Revision History for Professional Liability, Errors & Omissions and Fidelity Coverage Policies and Procedures:**  Each time the above information pertinent to these Policies and Procedures is:   * Reviewed for accuracy and no changes made, enter the date of the review, the person doing the review and a brief description such as “Reviewed by \_\_\_\_\_\_\_\_\_\_\_\_. No revisions needed.” * Reviewed for accuracy and revision(s) made, enter the date of the revision(s), the name of the person making the revision(s), and a detailed description of the change(s) such as “Reviewed by Sally Doe. Employment status of Notary Elizabeth Watson updated to Inactive.” | | |
| Date of Review/Revision | Person Reviewing/Revising | Description |
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**ADDENDUM: THIRD PARTY SERVICE PROVIDERS**

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| Name of Service Provider  Principals  Address | | | Service Provided  (Attach contract to electronic file, especially Non-disclosure agreement) | | Firm Employee Responsible for Regular Review of Service Provider | Last Renewal Date | Next Renewal Date | |
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| **Review/Revision History of Relationship with Third Party Service Providers:**  Each time the above information pertinent to Third Party Service Providers is:   * Reviewed for accuracy and no changes made, enter the date of the review, the person doing the review and a brief description such as “Reviewed by \_\_\_\_\_\_\_\_\_\_\_\_. No revisions needed.” * Reviewed for accuracy and revision(s) made, enter the date of the revision(s), the name of the person making the revision(s), and a detailed description of the change(s) such as “Reviewed by Sally Doe. John Wilson removed as Wire Initiator and added as Wire Approver.” | | | | | | | |
| Date of Review/Revision | Person Reviewing/Revising | | Description | | | |
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ALTA’s Best Practices -- Sample Policies and Procedures

Pillar #7 – **Consumer Complaints**

**INSERT LAW FIRM NAME HERE**

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| --- | --- | --- |
| **Policy** | **Best Practice Pillar #7 – CONSUMER COMPLAINTS -- Adopt and maintain written procedures for resolving consumer complaints.** | |
| **Name of Procedure** | **Consumer Complaint Procedures**  [***NOTE: This procedure is stricter than the ALTA Procedure for Pillar #1 because of NC state law requirements under N.C.G.S. 58-26-1(a) and Chapter 84 requiring independence of law firms from title insurance agencies.]*** | |
| **Reference Number** | **7.01 Recordation and Response** | |
| **Applicable Parties** | Complaint Coordinator  Practice Manager  [Third Party Service Providers – Attach Addendum] | |
| **Effective Date** | Highlight this text, then type effective date here | |
| **Supporting Documentation** | Add to, delete and/or modify the sample text below to describe documentation that evidences your firm’s compliance with this best practice. Delete the preceding sentence and this one before finalizing.  Complaint Intake Form  Complaint Log | |
| **Procedures** | Add to, delete and/or modify the sample text below to describe documentation that evidences your firm’s compliance with this best practice. Delete the preceding sentence and this one before finalizing.  **7.01 Recordation and Response**  The Firm has appointed [\_\_\_\_\_\_\_\_\_\_\_\_\_] as Complaint Coordinator to handle and respond to any complaints received from clients or others, and to oversee the client complaint process. All complaints are directed to the Complaint Coordinator.  Complaint Coordinator will add the complaint to the Complaint Log (attached), create an electronic record of the complaint, the response, and assure documentation of all communications  The Complaint Log includes sufficient information to connect the compliant to a specific transaction and provide information to understand the nature and scope of the complaint.  Complaint Coordinator willmaintain the Complaint Log and will either handle the resolution of the complaint directly or ask the attorney or firm manager to resolve the complaint. The attorney or firm manager will contact the client by the end of the second business day to acknowledge receipt of the complaint and update the client with the status, such as ‘just started looking into it’ or ‘we’ve resolved it by…”  Upon receipt of a complaint, Complaint Coordinator will investigate to determine the validity of the complaint, any mitigating factors, and the best solution. The determination of the best solution may involve others in the office. | |
| **Approved by / Date** | Highlight this text, then type name of person approving here | Highlight this text, then enter date of approval here |

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| **Policy** | **Best Practice Pillar #7 – CONSUMER COMPLAINTS -- Adopt and maintain written procedures for resolving consumer complaints.** | |
| **Name of Procedure** | **Consumer Complaint Procedures**  [***NOTE: This procedure is stricter than the ALTA Procedure for Pillar #1 because of NC state law requirements under N.C.G.S. 58-26-1(a) and Chapter 84 requiring independence of law firms from title insurance agencies.]*** | |
| **Reference Number** | **7.02 Reporting** | |
| **Applicable Parties** | Complaint Coordinator  Practice Manager  [Third Party Service Providers – Attach Addendum] | |
| **Effective Date** | Highlight this text, then type effective date here | |
| **Supporting Documentation** | Add to, delete and/or modify the sample text below to describe documentation that evidences your firm’s compliance with this best practice. Delete the preceding sentence and this one before finalizing.  Complaint Intake Form  Complaint Log | |
| **Procedures** | Add to, delete and/or modify the sample text below to describe documentation that evidences your firm’s compliance with this best practice. Delete the preceding sentence and this one before finalizing.  **7.02 Reporting**  Complaint Coordinator will follow up on the Firm’s established response times and procedures, monitoring and following up with personnel (attorneys or other employees) to make any necessary corrections, including discipline if required.   |  |  | | --- | --- | | **Action** | **Timeframe** | | Customer complaint received |  | | Complaint intake form is filled out | By the end of the day | | Complaint intake form delivered to Complaint Coordinator | By the end of the day | | Customer is contacted for acknowledgment of receipt of complaint and/or to obtain additional information | By the end of the second day | | Status update is made to the consumer If the complaint is not resolvable within 3 additional business days. | By the end of the 5th business day | | Status update every 3rd business day thereafter. | By the end of the 8th business day and subsequent days until the complaint is resolved. | | Complaint intake form is completed and a copy is either uploaded to server or kept in a separate file along with others | At resolution of the complaint. |   The goal will be to resolve the complaint within 3 business days, but if not capable of resolution by then, to provide the client with an update on what is happening and when a result is expected.  Copies of all materials, such as the initial complaint, the Complaint Intake Form, etc. should either be put in an individual file folder or scanned to the server in an electronic file folder. | |
| **Approved by / Date** | Highlight this text, then type name of person approving here | Highlight this text, then enter date of approval here |

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| **Policy** | **Best Practice Pillar #7 – CONSUMER COMPLAINTS -- Adopt and maintain written procedures for resolving consumer complaints.** | |
| **Name of Procedure** | **Consumer Complaint Procedures**  [***NOTE: This procedure is stricter than the ALTA Procedure for Pillar #1 because of NC state law requirements under N.C.G.S. 58-26-1(a) and Chapter 84 requiring independence of law firms from title insurance agencies.]*** | |
| **Reference Number** | **7.03 Analysis and Self- Assessment** | |
| **Applicable Parties** | Complaint Coordinator  Practice Manager  [Third Party Service Providers – Attach Addendum] | |
| **Effective Date** | Highlight this text, then type effective date here | |
| **Supporting Documentation** | Add to, delete and/or modify the sample text below to describe documentation that evidences your firm’s compliance with this best practice. Delete the preceding sentence and this one before finalizing.  Complaint Intake Form  Complaint Log | |
| **Procedures** | Add to, delete and/or modify the sample text below to describe documentation that evidences your firm’s compliance with this best practice. Delete the preceding sentence and this one before finalizing.  **7.03 Analysis and Self- Assessment**  At least quarterly, the Practice Manager and Attorneys will review the procedures, complaints logged in and resolutions to assure that procedures are appropriate and any action is taken. | |
| **Approved by / Date** | Highlight this text, then type name of person approving here | Highlight this text, then enter date of approval here |

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| **Policy** | **Best Practice Pillar #7 – CONSUMER COMPLAINTS -- Adopt and maintain written procedures for resolving consumer complaints.** | |
| **Name of Procedure** | **Consumer Complaint Procedures**  [***NOTE: This procedure is stricter than the ALTA Procedure for Pillar #1 because of NC state law requirements under N.C.G.S. 58-26-1(a) and Chapter 84 requiring independence of law firms from title insurance agencies.]*** | |
| **Reference Number** | **7.04 Training** | |
| **Applicable Parties** | Complaint Coordinator  Practice Manager  [Third Party Service Providers – Attach Addendum] | |
| **Effective Date** | Highlight this text, then type effective date here | |
| **Supporting Documentation** | Add to, delete and/or modify the sample text below to describe documentation that evidences your firm’s compliance with this best practice. Delete the preceding sentence and this one before finalizing.  Complaint Intake Form  Complaint Log | |
| **Procedures** | Add to, delete and/or modify the sample text below to describe documentation that evidences your firm’s compliance with this best practice. Delete the preceding sentence and this one before finalizing.  **7.04 Training**  Complaint Coordinator will provide training to personnel in transacting with clients and the public to avoid complaints, or to address complaints appropriately. 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.  All employees are instructed to direct any client complaints to Complaint Coordinator. Any employee who sees or hears anything sounding like a complaint must complete the Complaint Intake Form (attached), attaching a printout of any email, fax or letter application, or notes of the voicemail or phone conversation, and deliver to the Complaint Coordinator as soon as possible – no later than end of day.  Ona monthly basis, Complaint Coordinator will make a brief presentation to the Staff about the complaints received. The purpose is to keep the Staff informed and to provide an opportunity for suggestions on how to avoid similar complaints in the future. If there are repeated complaints on the same subject, consider additional training in this area for all staff. | |
| **Approved by / Date** | Highlight this text, then type name of person approving here | Highlight this text, then enter date of approval here |

# ALTA BEST PRACTICE 7 - ADDENDUM

# Consumer Complaint Resolution

|  |  |
| --- | --- |
| **Practice Manager** | Insert Name of Practice Manager |
| **Person Responsible for Plan Maintenance:** | Practice Manager |
| **Next Review Due** | Insert Next Review Date |
| **Next Review Date Tickler Added to Practice Manager’s Calendar: (Insert Yes when added)** | State Yes when added |
| **Comments:** | Add Comments, if any |

**CLE/CPE & OTHER TRAINING ATTENDED RELATED TO CONSUMER COMPLAINT RESOLUTION:**

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| --- | --- | --- | --- |
| Name | Course Title/Sponsor/Relevant Overview | Date |  |
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# Sample Complaint Intake Form

This sample is designed to help you develop the plans and procedures which demonstrate that your business meets or exceeds the ALTA Best Practices. It is intended to be used as a starting point and should be customized to suit the specific needs of your law firm.

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| --- | --- | --- | --- | --- |
| CLIENT INFORMATION | | | | |
| Name of Client | |  | | |
| Phone# | |  | | |
| Address | |  | | |
| Email | |  | | |
| **COMPLAINT INFORMATION** | | | | |
| Date Received | |  | | |
| Details  (Attach extra sheets if necessary) | |  | | |
| **CLIENT CONTACT 1 INFORMATION** | | | | |
| Date & Time | |  | | |
| Notes | |  | | |
| **CLIENT CONTACT 2 INFORMATION** | | | | |
| Date & Time | |  | | |
| Notes | |  | | |
| **RESOLUTION INFORMATION** | | | | |
| Date & Time | |  | | |
| Resolution | |  | | |
| Date & Time Uploaded/Copied | |  | | |
| Signature |  | | Printed Name |  |

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| **Review/Revision History for Consumer Complaint Policies and Procedures:**  Each time the above information pertinent to these Policies and Procedures is:   * Reviewed for accuracy and no changes made, enter the date of the review, the person doing the review and a brief description such as “Reviewed by \_\_\_\_\_\_\_\_\_\_\_\_. No revisions needed.” * Reviewed for accuracy and revision(s) made, enter the date of the revision(s), the name of the person making the revision(s), and a detailed description of the change(s) such as “Reviewed by Sally Doe. Employment status of Notary Elizabeth Watson updated to Inactive.” | | |
| Date of Review/Revision | Person Reviewing/Revising | Description | |
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**ADDENDUM: THIRD PARTY SERVICE PROVIDERS**

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| Name of Service Provider  Principals  Address | | | Service Provided  (Attach contract to electronic file, especially Non-disclosure agreement) | | Firm Employee Responsible for Regular Review of Service Provider | Last Renewal Date | Next Renewal Date | |
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| **Review/Revision History of Relationship with Third Party Service Providers:**  Each time the above information pertinent to Third Party Service Providers is:   * Reviewed for accuracy and no changes made, enter the date of the review, the person doing the review and a brief description such as “Reviewed by \_\_\_\_\_\_\_\_\_\_\_\_. No revisions needed.” * Reviewed for accuracy and revision(s) made, enter the date of the revision(s), the name of the person making the revision(s), and a detailed description of the change(s) such as “Reviewed by Sally Doe. John Wilson removed as Wire Initiator and added as Wire Approver.” | | | | | | | |
| Date of Review/Revision | Person Reviewing/Revising | | Description | | | |
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