

## VETTING OF ATTORNEYS PROVIDING REAL ESTATE SERVICES

- I. Direct Regulation – CFPB/Dodd-Frank and the Practice of Law
  - A. Exemption under 1027(e) **See Exhibit 1.**
  - B. Limitation under (2) Rule of Construction
    - 1. “a consumer financial product or service”
    - 2. “provided... to any consumer...who is not receiving legal advice or services from the attorney”
  - C. Escrow Services
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    - 1. 2001 OCC guidance on Bank’s use of third party service providers
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- II. Indirect Regulation – Bank Client requirements driven by regulatory compliance
  - A. As a model, foreclosure law firms are driven by client priorities
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  - B. Audits by clients at least annually
    - 1. Continuous upgrades to physical and electronic security
    - 2. New procedures to address issues as they arise
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  - C. Foreclosure transactions are handling much less actual funds, so there is a lower issue of temptation.
- III. Secure Settlements Business model **See Exhibit 2.**
  - A. Offer to evaluate closing and settlement service providers and provide scoring to lenders
    - 1. License database of individuals and firms
    - 2. Background (credit and criminal) checks of individuals
    - 3. Litigation and loss history of firms
    - 4. E&O and employee theft coverage
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    - 1. \$299 annually for account signatories
    - 2. \$99 annually for non-signatory closers, title producers
  - C. No cost to lenders to review scores in real time
  - D. Possible insurance (CPL equivalent) in some jurisdictions
- IV. Third Party Vetting – Timeline
  - April 13, 2012 – CFPB Bulletin on Service Providers  
CFPB Expectations – “Conducting thorough due diligence”
  - Summer 2012 – Secure Settlements, Inc. begins contacting escrow providers
  - August 2012 – National Association of Independent Land Title Agents issues position paper **See Exhibit 3.**

September 2012 – Escrow Institute of California letter to Secure Settlements and state and federal regulators. **See Exhibit 4.**

Both NAILTA and EIC raise the issue of RESPA violations, underwriter auditing and state regulation of industry practice

October 2012 ALTA meets with CFPB. In discussion of the vetting issue, CFPB is surprised by the impact of the April 13 Bulletin. CFPB states that it was a reminder of long standing policy and not a new initiative.

November 15, 2012 ALTA announces that warehouse lenders First Tennessee Warehouse Group and Texas Capital Bank have postponed requiring that title and settlement companies obtain certification from third-party vetting companies by Jan. 1, 2013 in order to continue receiving business from them. **See Exhibit 5.**

December 5, 2012 – California Department of Corporations issues their Bulletin 001-12 adopting many of the positions of the EIC letter. **See Exhibit 6.**

January 2, 2013 ALTA releases Best Practices, begins marketing these standards as valuable consumer. **See Exhibit 7.**

Where we stand today –

Third party vetting, like the fiscal cliff, has been pushed off but has not gone away. Lenders will need to find a comfort level with alternatives or settlement attorneys will be vetted by a number of competing entities.

ALTA best practices will have a strong influence on acceptable minimum standards for escrow practice by both attorneys and non-attorney operations. A parallel version tailored for the ABA may be desirable, so that compliance with either one is viewed as an equivalent credential.

Title underwriter audits will become more systematic and uniform  
Underwriters using established third party audit firms  
Possible sharing of results/certification

Attorneys and settlement providers will likely need to self-report audit results from underwriters and compliance with best practices to lender clients as a reasonable alternative to third party vetting.

# Exhibit 1

## **SEC. 1027. LIMITATIONS ON AUTHORITIES OF THE BUREAU; PRESERVATION OF AUTHORITIES.**

*(e) EXCLUSION FOR PRACTICE OF LAW.—*

*(1) IN GENERAL.—Except as provided under paragraph (2), the Bureau may not exercise any supervisory or enforcement authority with respect to an activity engaged in by an attorney as part of the practice of law under the laws of a State in which the attorney is licensed to practice law.*

*(2) RULE OF CONSTRUCTION.—Paragraph (1) shall not be construed so as to limit the exercise by the Bureau of any supervisory, enforcement, or other authority regarding the offering or provision of a consumer financial product or service described in any subparagraph of section 1002(5)—*

*(A) that is not offered or provided as part of, or incidental to, the practice of law, occurring exclusively within the scope of the attorney-client relationship; or*

*(B) that is otherwise offered or provided by the attorney in question with respect to any consumer who is not receiving legal advice or services from the attorney in connection with such financial product or service.*

*(3) EXISTING AUTHORITY.—Paragraph (1) shall not be construed so as to limit the authority of the Bureau with respect to any attorney, to the extent that such attorney is otherwise subject to any of the enumerated consumer laws or the authorities transferred under subtitle F or H.*

*(f) EXCLUSION FOR PERSONS REGULATED BY A STATE INSURANCE REGULATOR.—*

*(1) IN GENERAL.—No provision of this title shall be construed as altering, amending, or affecting the authority of any State insurance regulator to adopt rules, initiate enforcement proceedings, or take any other action with respect to a person regulated by a State insurance regulator. Except as provided in paragraph (2), the Bureau shall have no authority to exercise any power to enforce this title with respect to a person regulated by a State insurance regulator.*

*(2) DESCRIPTION OF ACTIVITIES.—Paragraph (1) does not apply to any person described in such paragraph to the extent that such person is engaged in the offering or provision of any consumer financial product or service or is otherwise subject to any enumerated consumer law or any law for which authorities are transferred under subtitle F or H.*

*(3) STATE INSURANCE AUTHORITY UNDER GRAMM-LEACH-BLILEY.—Notwithstanding paragraph (2), the Bureau shall not exercise any authorities that are granted a State insurance authority under section 505(a)(6) of the Gramm-Leach-Bliley Act with respect to a person regulated by a State insurance authority*

## Exhibit 2

### Secure Settlements Launches Risk Management Firm

Wed, 2012-08-22 11:54 — NationalMortgag...



Secure Settlements Inc. has launched as an independent evaluation and risk management firm focusing on the vetting and ongoing monitoring of closing professional identity, background and credentials in order to reduce fraud, manage risk, and meet recently mandated federal regulatory requirements. Secure Settlements has developed a closing professional risk management program for the mortgage industry which verifies closing entities and individuals in real-time, and provides a standardized evaluation and reporting platform for mortgage lenders and warehouse banks.

Through the use of a proprietary risk analysis software program, and national database and risk rating system, warehouse banks and mortgage lenders can reduce their exposure to fraud and the inherent risks associated with mortgage lending during the closing process. It also assists these institutions in meeting federal regulatory requirements regarding third party service providers outlined by the Consumer Financial Protection Bureau (CFPB) in its April 2012 directive to banks.

Secure Settlements Inc. was founded by Andrew Liput, an attorney with more than 20 years experience in the loss mitigation and financial consulting industries. Liput conceived the process of a closing professional vetting system nearly a decade ago, and has become a staunch advocate for its adoption while working toward the establishment of a formal identity and credential verification process. He has published several articles on the topic and speaks frequently about the importance of creating transparency in the closing industry.

"The Consumer Financial Protection Bureau recently mandated a recommendation that has been in place since 2005, requiring all lenders to take affirmative steps toward evaluating third-party relationships and demonstrating that a policy is in place to protect consumers in regard to how they evaluate partners, such as closing professionals," Liput said. "Secure Settlements fills the auditing void left for many banks by the new regulations, empowering them with the information they need to best evaluate potential closing professional partners."

Since mortgage closing professionals are often sourced from both the legal and financial communities, achieving standardization and common best practices for the industry has been difficult in the past. By offering pre-closing analysis and risk management services, Secure Settlements provides an additional safeguard, not only for the benefit of banks and lenders, but also for buyers and sellers of real estate properties.

"A mortgage closing is typically the single largest transaction in someone's life, so we want to minimize the potential for fraud and negligence during such transactions," Liput said. "We provide all parties involved in a mortgage transaction the data needed to make the best choice possible when selecting a closing professional—and we provide a uniform standard of care and set of best practices for the benefit of those who work in the closing industry. Our goal is to provide an independent analysis of closing professionals on an individual level, and ultimately establish a standard that further protects both lenders and consumers by creating an environment of transparency and accountability for the industry as a whole."

While Secure Settlements is not a licensing agency, the company's process and proprietary database will help improve efficiencies in the lending process by creating a national pool of qualified and respected closing professionals who meet basic requirements, as well as a national watch list for high-risk individuals culled from law enforcement, public data, and private industry sources. The Secure Settlements Watch List currently includes more than 45,000 names. Liput hopes lenders will use this data as a pre-closing, pre-wiring quality control step for the benefit of consumers, investors, and warehouse partners.

"We have a sophisticated system in place that provides a solution to the challenges lenders suddenly face," said Liput. "Our software system generates a matrix of data that creates a rating for lenders to review on their own. This kind of rating currently doesn't exist in the market, and this type of vetting is necessary if lenders are going to meet recent regulatory requirements. We believe it will be a valuable tool in the risk management portfolio for banks across the country."

## Exhibit 3



### Third Party Vetting Companies: Are They Legal or Necessary?

On April 13, 2012, the Consumer Financial Protection Bureau (CFPB) authored an advisory bulletin known as CFPB Bulletin 2012-03 which provides the following expectation:

“The CFPB expects supervised banks and nonbanks to have an effective process for managing the risk of service provider relationships.”<sup>1</sup>

“Service providers” are generally defined in 12 U.S.C. § 5481(26) of the Dodd-Frank Act as “any person that provides a material service to a covered person in connection with the offering or provision by such covered person of a consumer financial product or service.” The Bulletin goes on to state that a service provider may or may not be affiliated with the person to which it provides services.<sup>2</sup> Under these definitions, a service provider covered by the Bulletin would include a title insurance agency and title insurance agent, whether affiliated to the bank, non-bank or not.

The Bulletin applies to both supervised banks and nonbanks (i.e. credit unions, etc.). The Bulletin attempts to provide additional guidance to those covered parties as to the use of service providers. In particular, the CFPB asks banks and nonbanks to perform the following due diligence tests of their service providers:

- Conducting thorough due diligence to verify the service provider understands and is capable of complying with Federal consumer financial law;<sup>3</sup>
- Requesting and reviewing the service provider’s policies, procedures, internal controls and training manuals to ensure that the service provider conducts appropriate training and oversight of employees or agents that have consumer contact or compliance responsibilities;<sup>4</sup>

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<sup>1</sup> CFPB Bulletin 2012-03, April 13, 2012.

<sup>2</sup> Id.

<sup>3</sup> Id.

<sup>4</sup> Id.

- Including in the contract with the service provider clear expectations about compliance, as well as appropriate and enforceable consequences for violating any compliance-related responsibilities, including engaging in unfair, deceptive, or abusive acts or practices;<sup>5</sup>
- Establishing internal controls and on-going monitoring to determine whether the service provider is complying with Federal consumer financial law; and,<sup>6</sup>
- Taking prompt action to address fully any problems identified through the monitoring process, including terminating the relationship where appropriate.<sup>7</sup>

In response to the CFPB's actions, there has been the recent outgrowth of third party vetting companies, such as Secure Settlements, Inc. (SSI), which is generally illustrative of the problems associated with the Bulletin. These vetting companies purport to provide the following:

"Secure Settlements is the mortgage industry's only third-party closing professional verification service, addressing warehouse bank, lender, and title underwriter risk management at mortgage closings. Secure Settlements has established evaluation criteria, verified independently through public and private databases, with which it vets closing professionals. The purpose is to create a national database of bank approved closing professionals to establish uniformity of risk evaluation and assist industry players in knowing their partners at the closing table."<sup>8</sup>

Contrary to SSI's assertions, SSI is not the only third-party closing professional verification service. Title insurance underwriters have been vetting closing professionals since the agency format took hold in the 1960's. Title insurance underwriters have developed risk management protocols and audit processes that track title insurance agents all across the United States. Nearly all title insurance agents are professionally licensed by their respective state departments of insurance and separately appointed by an appointment process facilitated by title insurance underwriters, who are also separately licensed by their respective domicile state department of insurance. Title insurance agents are also audited by their respective title insurance underwriters on at least an annual basis.<sup>9</sup> The audit consists of a thorough review of both quality control measures (i.e. title search standards, errors and omissions coverage, closing practices, policy issuance) and escrow functions (i.e. reconciled bank statements, proper disbursement techniques, HUD-1 Settlement Statement preparation, accurate depictions of all receipts and disbursements).

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<sup>5</sup> Id.

<sup>6</sup> Id.

<sup>7</sup> Id.

<sup>8</sup> <https://www.securesettlements.com/frequently-asked-questions> (visited September 18, 2012)

<sup>9</sup> <http://wltic.com/files/2010/04/Standard-Procedures-and-Controls-for-the-Title-Industry.pdf> (visited September 19, 2012).

In addition, every title insurance underwriter also offers what is called “closing protection coverage” or a facsimile thereof to their potential insureds as part of the basic service of providing title insurance coverage. The closing protection letter indemnifies the policy-insured for any loss or damage as a result of agency defalcation or the agent’s failure to follow the closing instructions.<sup>10</sup> In a state like Ohio, Pennsylvania or Illinois, only licensed title insurance companies can provide this type of extraordinary coverage.<sup>11</sup> A company like SSI cannot issue closing protection coverage because it is not a licensed provider of insurance. In other words, what SSI and other vetting companies purport to provide – closing professional certification for a fee -- is already being provided by title insurance underwriters in every state pursuant to the provision of title insurance coverage.

Nevertheless, vetting companies like SSI have developed a program that seeks to create a redundancy in the closing process. Vetting companies like SSI accomplish the aforementioned stated goals by doing the following:

“Professionals who are verified by Secure Settlements are vetted annually, rather than by each lender prior to every closing (subject to ongoing monitoring). They are also eligible for free monthly best practice tips, fraud education, and industry trends, as well as reduced-cost E & O insurance, and are marketed to consumers and banks to assist in business development. Additionally, being vetted by Secure Settlements elevates their practices to a level of trust and professionalism that benefits the entire mortgage industry.”<sup>12</sup>

Again, the vetting companies are offering “services” that the title insurance industry already provides through its appointment, licensing and audit procedures. As part of a title insurance agent’s license requirements, most are required to obtain continuing education including ethics training. In states like Indiana and Texas<sup>13</sup>, each title insurance agency is audited annually by the regulatory enforcement body responsible for licensing the agent. In places like Ohio, errors and omissions insurance coverage is a prerequisite to obtaining a title agency license. In fact, nearly every title insurance underwriter doing business in the United States requires their appointed title agents to carry suitable errors and omissions coverage and fidelity bond coverage in addition to the protections provided to the insured that stem from the aforementioned closing protection letter.

Despite these protections, both banks and nonbanks of various sizes and locations have signed onto the SSI program and are now requiring service providers such as the independent title agencies represented by NAILTA to pay a \$299 fee in order to obtain SSI certification. Without the certification and the fee, the banks and nonbanks will not use the service provider. It is unknown whether those banks and nonbanks also share in a portion of the SSI fee, but is

<sup>10</sup> [http://www.americanbar.org/content/dam/aba/publishing/rpte\\_ereport/Murray.authcheckdam.pdf](http://www.americanbar.org/content/dam/aba/publishing/rpte_ereport/Murray.authcheckdam.pdf) (visited September 19, 2012).

<sup>11</sup> O.R.C. § 3953.32; see also, “INSURED CLOSINGS: TITLE COMPANY AGENTS AND APPROVED ATTORNEYS” by John C. Murray, 2003.

<sup>12</sup> [http://www.americanbar.org/content/dam/aba/publishing/rpte\\_ereport/Murray.authcheckdam.pdf](http://www.americanbar.org/content/dam/aba/publishing/rpte_ereport/Murray.authcheckdam.pdf) (visited September 19, 2012).

<sup>13</sup> Section 2602.103 of the Texas Insurance Code



presumed that they share in the profits of the venture. However, it is clear that unless service providers agree to pay the respective SSI fee to the vetting company and receive certification, those service providers do not obtain any business from the covered entity (i.e. bank and/or nonbank covered by the Bulletin) such that SSI as the vetting company has effective "control" over the entire referral process.

The very existence of unlicensed vetting companies raises even more troubling questions that NAILTA members and interested independent title agents across the United States have rightfully asked:

- Who "vets" the unlicensed vetting company to establish the criteria upon which they are based?
- How do the vetting companies comply with Gramm Leach Bliley Act privacy act provisions to ensure that non-public financial information is protected?
- What if another vetting company raises or lowers the so-called criteria for certification? Which criteria does the title agent have to meet?
- What happens when more vetting companies pop up? Does the service provider have to pay Vetting Company A, Vetting Company B and Vetting Company C in order to maintain business? What about the title insurance underwriter? Where do they fit with this?
- How does a service provider challenge the findings of the vetting company to protect its credit report and its reputation from unwarranted or inaccurate findings?
- What regulatory body is going to ensure that the vetting companies have sufficient capital and reserve to pay for the claims they allege they protect against?

### **Does a Third Party Vetting Company Violate RESPA Section 8?**

NAILTA believes that the relationship between vetting companies like SSI, the supervised banks and nonbanks and the service providers they refer business to presents a curious conundrum and may violate existing federal law.

Under the Real Estate Settlement Procedures Act (RESPA), 12 U.S.C. § 2607:

"No person<sup>14</sup> shall give and no person shall accept any fee, kickback, or thing of value pursuant to any agreement or understanding, oral or otherwise, that business incident to or a part of a real estate settlement service involving a federally related mortgage loan shall be referred to any person."

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<sup>14</sup> Under RESPA 12 U.S.C. § 2602(5), the term "person" includes individuals, corporations, associations, partnerships, and trusts.

This section of RESPA is known as the “anti-kickback” provision that governs all real estate settlement practices in the United States. In the example of SSI, it appears as though the vetting company accepts a fee pursuant to an agreement or understanding with existing banks and nonbanks that settlement service business will be referred to vetted title insurance agencies who agree to pay SSI for the privilege of doing business with the participating banks and nonbanks. In other words, it is a “pay-to-play” system. SSI illustrates these points with the following information from their website:

“Secure Settlements’ list of vetted agents is made available to warehouse banks, lenders, and title underwriters nationwide through contractual arrangements. These lenders and underwriters utilize the Secure Settlements list as their key source of closing professionals for their mortgage closing business. Vetted professionals will enjoy a special status that will increase the likelihood they will be selected by lenders and consumers for new business.”<sup>15</sup> (Emphasis added).

Most, if not all, of the participating banks and nonbanks in the SSI program have “all-or-nothing” rules regarding service providers. If a service provider does not obtain the SSI certification, the service provider cannot obtain business from the participating bank or nonbank. For smaller independent title agents and members of NAILTA this is especially troubling because SSI does not apply its vetting rules uniformly to all participants in the title insurance marketplace. In fact SSI promotes just the opposite concept:

“SSI supports the vetting of all individuals who handle funds and interact with consumers at the closing table. However we also realize that those employees who work directly under the supervision of major title insurers such as First American Title, Stewart Title, Old Republic Title and Fidelity National Title, have long-standing, trusted relationships with many warehouse banks and lenders. These insurers have adopted internal processes to verify and monitor their own employees that are consistent with good risk management. Therefore anyone who is a direct employee (as opposed to a contract partner, such as an abstract agency or title agency where the employees are not directly managed by the insurer) does not have to be vetted through the SSI system at this time.”<sup>16</sup> (Emphasis added).

Direct operations in the title insurance industry run by the largest four market participants have a “free pass” from the SSI certification process. These same four entities presumably apply the same rigorous audit and appointment standards to their direct operations that they apply to their independent title agents, yet the independent title agents are still scrutinized by SSI while the direct operators are not. This seems to suggest that vetting companies were constructed not with

<sup>15</sup> <https://www.securesettlements.com/frequently-asked-questions> (visited September 19, 2012).

<sup>16</sup> Id.

the interests of supervised bank or non-bank compliance at heart, but rather with an eye towards profiting off of those who lack the preferred direct business relationships. This preferential treatment disproportionately impacts independent title insurance agents represented by NAILTA.

Going further, since most of the referred mortgage loan business, if not all such business, pertains to federally-related mortgage loans involving mortgages secured by first or subordinate liens on residential real property, it would seem as though RESPA's anti-kickback rules would apply every time SSI accepts a fee from a service provider for the desired referral to a participating bank or nonbank. In other words, a vetting company cannot accept a fee involving business incident to federally related mortgage loans based upon the referral of settlement service business from a participating bank or nonbank. When a vetting company does accept the fee and makes the certification and thereby creates the referral arrangement, it violates RESPA Section 8 and likely subjects itself to fines and other punishment from the CFPB.

### **What the CFPB Bulletin 2012-03 Should Reinforce?**

Rather than creating a new playing field for profiteer groups like SSI that provide no new value to the due diligence processes already employed by title insurance underwriters and title trade organizations across the United States, the CFPB Bulletin 2012-03 should be amplified by new guidance that highlights the processes already employed by the title insurance industry to perform ordinary due diligence on settlement service providers.

Groups like the National Association of Independent Land Title Agents (NAILTA) are launching Blue Ribbon certification programs that will underscore the high standards and practices that independent land title agents must meet in order to obtain the certification. For instance, title agents that participate in the NAILTA Blue Ribbon process will be certified based upon the most stringent title underwriting criteria in the industry, including a thorough review of Federal consumer financial law on an annual basis. NAILTA Blue Ribbon recipients will carry a uniform set of policies, procedures, internal controls and training materials that meet with standards established in conjunction with the title industry and banking industry regarding closing protocols. A NAILTA Blue Ribbon service provider will meet the highest ethical and business practices in the industry. They will agree to do the following as part of their certification:

1. Perform a thorough search of the public records consisting of a minimum title search of 30 years (or more depending upon Marketable Title Act jurisdictional statutes) for every residential purchase and refinance transaction where title insurance is issued;
2. Divulge and provide informed consent concerning any perceivable conflict of interest that exists in the settlement process known to the title agent at the time of closing, including the existence of affiliate or joint venture relationships amongst the parties thereto;
3. Diligently follow all closing instructions or communicate and negotiate any changes thereto prior to acceptance of escrow;

4. Obtain prior consent of lender to any HUD-1 Settlement Statement disbursements or receipts;
5. Maintain membership in a national title insurance trade association that provides an enforceable Code of Ethics;
6. Maintain current errors and omissions coverage in an amount no less than \$1,000,000.00; and,
7. Perform monthly escrow account reconciliations that are in balance and have zero escrow account imbalances.

It is clear to NAILTA that the CFPB did not intend for vetting companies to create a revenue stream on the back of Bulletin 2012-03, but rather, to create a means for banks and nonbanks to be assured that the settlement service industry could provide better and more meaningful information concerning the due diligence tests it performs on its constituents. Groups like NAILTA and title insurance underwriters around the United States are already performing those important tests and the CFPB could help supervised banks and nonbanks to accept those assurances by outlining those practices in another informed bulletin or at least requiring that the banks be responsible for paying for those vetting services, not the service providers.

This paper asks the initial question whether vetting companies are legal or necessary. NAILTA believes that both questions should be answered in the negative. We ask that the CFPB look at providing additional guidance to help prevent "pay-to-play" redundancies in the settlement services industry that provide no value to consumers and little value to banks absent the presumed kickback these entities are likely receiving from the vetting company for the certification.

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### **About NAILTA**

The National Association of Independent Land Title Agents (NAILTA) is a non-profit trade association that represents the interests of independent title insurance agents and independent real estate settlement professionals from across the United States. It was created by independent real estate settlement professionals to further the agenda of small business owners from within the title insurance, abstracting, surveying, and real estate community who lack representation at local, state and national levels.

To contact NAILTA, please visit our website at [www.nailta.org](http://www.nailta.org).

## Exhibit 4



# ESCROW INSTITUTE OF CALIFORNIA

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September 25, 2012

VIA FEDERAL EXPRESS

Mr. Andrew Liput, President  
and Chief Executive Officer  
Mr. Wayne Doctor, Chief Operating Officer  
Secure Settlements, Inc.  
200 Lanidex Plaza, Suite 2104  
Parsippany, N.J. 07054

Dear Mr. Liput:

The Escrow Institute of California (EIC) is the professional trade association which represents California Department of Corporations (DOC) licensed escrow holders. The California Department of Corporations currently licenses 965 locations throughout the state where more than 6,100 people are employed. Our members are licensed by the Department of Corporations under a regulatory authority that has existed since 1942. Our members are extremely well regulated and owners and their employees are subject to state and federal criminal background checks, as well as being subject to strict state oversight and annual audits for the sole purpose of providing Escrow Services for California Consumers.

Your website states as follows "CFPB Bulletin 2012-03 sets forth a requirement that lenders adopt...and thereby oversee their business relationships with closing agents...." We vehemently disagree with your company's statement of what Bulletin 2012-03 states, which we believe is a blatant misrepresentation of the Bulletin. As a consequence of your marketing activities to lenders and resultant collaboration with them, our members are, in effect, being blackmailed to "sign up" with your company so they can continue to operate their businesses.

While Secure Settlements, Inc. represents that it relies on the Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub.L. 111-203, H.R. 4173) (the "Dodd-Frank Act") in promulgating the alleged necessity of its "vetting" assistance and collection of personal and confidential information from settlement services personnel and companies, EIC disputes this position and postulates the Dodd-Frank Act never supposed that unregulated "vetting" companies such as Secure Settlements, Inc. would rise from the bowels of the law to create millionaire collectors of personal and confidential information on escrow/settlement professionals.

This point aside, Secure Settlements, Inc. is completely unregulated and has no reasonable need or legal authority or requirement to collect individuals' and corporations' personal and confidential information. The information you propose to amass from thousands of persons across the United States (except for title insurance companies, an interesting immunity you grant) includes their social security numbers, corporate identifying numbers, credit reports and concomitant information, residence addresses which will then be available to your personnel who are completely unregulated and unlicensed. The persons whose information you have are then exposed to the serious risk of wrongful use by your personnel or Cyber thieves who can access even the most secure computer systems. Your statement the information will be secure as collected from thousands of people annually is clearly insufficient to give anyone confidence.

While EIC gives credit to Secure Settlement, Inc. for market entrepreneurship, we cannot stand by while you exploit our members. After careful analysis, EIC demands that Secure Settlements, Inc. and its agents immediately cease and desist from pursuing a course that blatantly and coercively mandates that our members purchase your unwanted and unneeded "services" to be able to conduct the business for which they are already legally licensed and regulated by the State of California and authorized to perform under the Real Estate Settlement Procedures Act (RESPA) and the Wall Street Reform and Consumer Protection Act (Dodd-Frank Act).

EIC represents an industry already struggling under the immense burdens of a major and prolonged economic downturn accompanied by zealous regulatory agencies. Your presumed "service" is unnecessary, expensive, duplicative and burdensome to our members who are all small businesses as defined by the Federal Government, many of which are minority and women owned businesses. We simply cannot allow this additional burden to stand as it harms both consumers and our members.

EIC shall take this matter up with mortgage lenders, the Consumer Financial Protection Bureau and the State of California, along with other appropriate and interested federal and state agencies and professional organizations. EIC also plans to pursue all legal and administrative actions available to it to protect its members and, where appropriate, to participate in actions by other agencies and organizations. EIC anticipates its members shall also individually take such remedial action available to them upon legal advice from their corporate counsel.

Below is a sampling of issues we find with the entire proposal of Secure Settlements, Inc.:

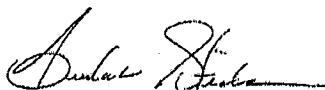
- 1) You are an unregulated entity mandating significant personal financial information be disclosed to you. Indeed, we wonder whether you have disclosed to your lender clients that they face potential liability should the personal financial information your company requires be stolen or misused.
- 2) We believe your model may constitute an unlicensed insurance product and an unlicensed credit reporting agency.
- 3) Your proposed "service" is merely a "pay to play" scheme that forces the unwilling participation of those who derive no benefit from it, for an uncertain perceived benefit to lenders. We view this scenario as a RESPA "anti-kickback" violation and will be exploring the legal aspects as to collusion, restraint of trade, extortion and racketeering aspects as well.
- 4) Your "vetting" process appears extremely subjective.
- 5) You are already exempting major national title companies from your "vetting" process making it discriminatory and anti-small business.
- 6) You are establishing yourself as a *de facto regulator*, who presumes to set "best practices" and continuing education requirements for an industry in which you have no apparent knowledge about or expertise in.
- 7) Your product and position assumes consumers have no choice in their affairs and encourages a lender's interference with an existing consumer contract where services and terms have been negotiated and agreed upon in advance of the lender's involvement, resulting in damages to the consumers who are the principals.
- 8) Your model creates an untenable level of risk for our members with regard to employee liability and personal data security.

Andrew Liput  
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September 25, 2012

- 9) Secure Settlements, Inc. appears to be improperly supplanting or augmenting the regulatory function of the California Department of Corporations and various other title and escrow regulators with respect to the required qualifications to act as a licensed escrow holder in California without regard to California's regulatory standards and requirements.

You are welcome to contact any of the undersigned to discuss these issues further.

Sincerely,



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cc: Richard Cordray, Director, Consumer Financial Protection Bureau  
Bart Sharpiro, Senior Advisory, Small Business, Community Banks and Credit Unions,  
Consumer Financial Protection Bureau  
Jeffrey Shu, Consumer Financial Protection Bureau  
Jan Lynn Owen, Commissioner, California Department of Corporations  
Kamala D. Harris, California Attorney General  
David Jones, Commissioner, California Department of Insurance  
Louisa Broudy, Assistant Commissioner, California Department of Corporations  
Kathleen Partin, Special Administrator/Escrow Law Program, California Department of  
Corporations  
DIAun Burns, Special Administrator/Residential Mortgage Lending Program, California  
Department of Corporations  
Michael Belote, California Escrow Association  
Art Davis, American Escrow Association  
Craig Page, California Land Title Association  
Alex Creel, California Association of Realtors  
Michelle Korsmo, American Land Title Association  
Anthony Alfatafi, Sr., National Association of Independent Land Title Association

## Exhibit 5

**Jim Ramseyer**

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**From:** mkorsmo@alta.org  
**Sent:** Thursday, November 15, 2012 2:13 PM  
**To:** Jim Ramseyer  
**Subject:** Special Advocacy Update on Third-Party Vetting



# ALTA Advocacy Update

**To:** Interested ALTA Members  
**From:** Michelle L. Korsmo, Chief Executive Officer  
**Date:** November 15, 2012  
**Subject:** Special Advocacy Update on Third-Party Vetting

There are some significant developments concerning some warehouse lenders requiring that title and settlement companies obtain certification from third-party vetting companies. I've learned that a couple of lenders have put on hold requirements that title and settlement agents be vetted by January 1 in order to continue receiving business from them.

This development is continued good news and comes on the heels of last month's special Advocacy Update indicating that the January deadline was arbitrary and warehouse lenders did not plan to lose business or have deals fall through because a settlement agent wasn't signed up with a vetting company.

The lenders did, however, reconfirm their desire to know more about the companies they work with and a desire to work with the industry and other organizations to design programs like best practices, new certifications and more expansive closing protection. These same warehouse lenders have been looking at possible insurance products that may require agent vetting and there may be changes if such an insurance product comes to market. That is why it continues to be our priority to implement ALTA's Title Insurance and Settlement Company Best Practices and ensure that title professionals have the tools necessary to meet their clients needs and allow title and settlement agents to continue serving as the vital independent third party to the real estate transaction. You can be sure our conversations with lenders will continue.

We will discuss this development further during a webinar at 2 p.m. ET, Tuesday, Nov. 20. Joining me on the webinar will be ALTA President Frank Pellegrini, of Prairie Title, and ALTA Immediate Past President Chris Abbinante, of Fidelity National Title Group. Part of the discussion will address industry implementation of the ALTA best practices and crucial next steps. Click here to email your RSVP for the webinar. Instructions on how to access the webinar will follow in an auto response to your RSVP.

Please share this important ALTA Advocacy Update with your colleagues. Your comments and questions are always welcome. I can be reached at michelle@alta.org.



Best regards,  
Michelle L. Korsmo

A handwritten signature in black ink, appearing to read "Michelle L. Korsmo". The signature is fluid and cursive, written in a professional style.

If you wish to no longer receive Advocacy Update emails, please visit the [ALTA Web site](#) to manage your email preferences.

# Exhibit 6

## COMMISSIONER'S BULLETIN



DEPARTMENT OF CORPORATIONS

*Supporting a Fair and Secure Financial Services Marketplace for all Californians*

[www.corp.ca.gov](http://www.corp.ca.gov)

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**Edmund G. Brown Jr.**  
*Governor*

**Jan Lynn Owen**  
*California Corporations Commissioner*

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**DATE: December 5, 2012**

**Commissioner's Bulletin No: 001-12**

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### **Emergence of Third-Party Risk Management Companies**

The Department of Corporations ("Department") has become aware of certain business arrangements that may involve unlawful referral fees to third-party risk management companies. The business model of some third-party risk management companies may lead to violations of licensing laws by entities subject to the Department's jurisdiction, including lenders and escrow agents. Consequently, the Department is issuing this Commissioner's Bulletin to prevent licensees from inadvertent violations of law.

#### **BACKGROUND**

On April 13, 2012, the Consumer Financial Protection Bureau ("CFPB") released guidance to supervised banks and nonbanks about overseeing their business relationships with service providers in a manner that ensures compliance with federal consumer financial laws. Among other things, the CFPB guidance advised supervised banks and nonbanks to take steps to ensure that their business arrangements with service providers, such as escrow companies, do not present unwarranted risks to consumers, such as: (1) conducting due diligence on service providers to ensure the service provider can comply with financial laws; and (2) reviewing the service providers' policies and procedures to ensure appropriate training and oversight of employees.

In response, third-party risk management companies have emerged to provide supervised banks and nonbanks with a screening service to pre-screen potential service providers. The Department has learned that some third-party risk management companies are requiring that potential service providers pay a fee in order to be pre-

screened by the companies, and to appear on a list of "approved" service providers. In addition, some supervised banks and nonbanks have been advising potential service providers that the service providers must be on the third-party risk management company's "approved list" in order to receive business.

Lenders subject to the Department's jurisdiction should be cautious of delegating their responsibility to vet service providers to third parties, and are reminded that they are responsible for such companies' compliance with the law. Escrow agents should be cautious of subscribing to the vetting services of third party companies for a fee, in order to get on a list provided to lenders, as these actions may lead to violations of law. All parties should take necessary precautions prior to sharing personal and confidential information with third parties.

#### ESCROW LAW RESTRICTIONS ON PAYING FOR REFERRALS

Among other things, one purpose of this bulletin is to remind escrow agents of the prohibition in Financial Code section 17420 against the payment of referral fees for soliciting escrow accounts. Section 17420 of the Financial Code states as follows:

"Except for the normal compensation of his own employees, it shall be a violation of this division for any person subject to this division to pay over to any other person any commission, fee, or other consideration as compensation for referring, soliciting, handling, or servicing escrow customers or accounts."

The payment of fees to be on a referral list appears to fall within this prohibition, and consequently may be a violation of the Escrow Law.

#### BUYER'S CHOICE ACT (AB 957 (Chap. 264, Stats. 2009))

In addition to potential violations of the Escrow Law, the practice of mandating the use of a service provider from a preapproved list may result in a violation of the Buyer's Choice Act (Civil Code Section 1103.22 et seq.). The Buyer's Choice Act provides that certain "sellers" of real estate may not require, directly or indirectly, as a condition of selling property, that title insurance covering the property or escrow service provided in connection with the sale of the property be purchased by the buyer from a particular title insurer or escrow agent. For purposes of the Buyer's Choice Act, "seller" is defined to include a mortgagee who obtains title to residential real property at a foreclosure sale.

A lender mandating the use of a particular service provider on a third-party risk management company's list, or prohibiting the use of a service provider not appearing on such list, may be violating California's Buyer's Choice Act.

#### RESPA PROHIBITION ON KICKBACKS

Federal provisions of law should also be considered in the context of paying for referrals. Section 8(a) of the Real Estate Settlement Procedures Act (RESPA), 12 U.S.C. §2607(a) prohibits the giving or receiving of any fee, kickback or thing of value for the referral of settlement service business. The Department defers to the CFPB on

whether the referral fee arrangement of the third-party risk management companies violates this provision.

### UNFAIR BUSINESS PRACTICES

Section 17200 of the California Business and Professions Code prohibits unfair business practices. The practice of requiring a service provider, such as an escrow agent, to pay for the referral of business from a lender is prohibited under the Escrow Law and raises an issue as to whether the conduct is an unfair business practice under the Business and Professions Code.

### CONSUMER PROTECTION

The Department recognizes industry efforts to ensure that service provider relationships result in compliance with the law. The purpose of this bulletin is not to discourage these efforts, but to alert licensees to potential regulatory pitfalls of business models that require settlement agents to pay for inclusion on referral lists, or that limit a consumer's ability to select service providers.

### CONCLUSION


The Department of Corporations is closely evaluating the business arrangements of its licensees under its lending and escrow laws that involve third-party risk management companies, which purport to pre-screen service providers for a fee paid by the service provider. The Department cautions licensees that it may bring an action against licensees that contract with third-party risk management companies or place restrictions on service providers, in a manner that violates the law.

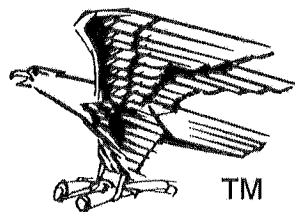
Questions regarding this bulletin may be addressed to the attention of Kathleen Partin at (213) 576-7595 or [kpartin@corp.ca.gov](mailto:kpartin@corp.ca.gov).

Exhibit 7

# Title Insurance and Settlement Company Best Practices

Wednesday, January 2, 2013

  
AMERICAN  
LAND TITLE  
ASSOCIATION



## Title Insurance and Settlement Company Best Practices

### Mission Statement

- ALTA seeks to guide its membership on best practices to protect consumers, promote quality service, provide for ongoing employee training, and meet legal and market requirements. These practices are voluntary and designed to help members illustrate to consumers and clients the industry's professionalism and best practices to ensure a positive and compliant real estate settlement experience. These best practices are not intended to encompass all aspects of title or settlement company activity.
- ALTA is publishing these best practices as a benchmark for the mortgage lending and real estate settlement industry. ALTA seeks comments from stakeholders as the Association seeks to continually improve these best practices. A formal committee of ALTA members will regularly review and make improvements to these best practices, seeking comment on each revision.

### Definitions

**Background Check:** A background check is the process of compiling and reviewing both confidential and public employment, address, and criminal records of an individual or an organization. Background checks may be limited in geographic scope. This provision and use of these reports are subject to the limitations of federal and state law.

**Credit Report:** A report prepared by a financial institution or a credit reporting agency (such as Equifax, Experian, or TransUnion, or in the case of a corporation, Dun & Bradstreet) that summarizes a person's or organization's credit history and present financial position, including information on any liens in force against the person or organization. This provision and use of these reports are subject to the limitations of federal and state law.

**Escrow:** A transaction in which an impartial third party acts in a fiduciary capacity for the seller, buyer, borrower, or lender in performing the closing for a real estate transaction according to local practice and custom. The escrow holders have fiduciary responsibility for prudent processing, safeguarding and accounting for funds and documents entrusted to them.

**Escrow Trust Account:** An account to hold funds in trust for parties to a real estate transaction. These funds are held subject to a fiduciary capacity as established by written instructions.

**Federally Insured Financial Institutions:** A financial institution that has its deposits insured by an instrumentality of the federal government, including the Federal Deposit Insurance Corporation (FDIC) and National Credit Union Administration (NCUA).

**Licenses:** Title Agent or Producer License or registration, or any other business licensing requirement as required by state law, or a license to practice law, where applicable.



**Settlement:** In some areas called a “closing.” The process of completing a real estate transaction in accordance with written instructions during which deeds, mortgages, leases and other required instruments are executed and/or delivered, an accounting between the parties is made, the funds are disbursed and the appropriate documents are recorded.

**Non-public Personal Information:** Personally identifiable data such as information provided by a customer on a form or application, information about a customer’s transactions, or any other information about a customer which is otherwise unavailable to the general public. NPI includes first name or first initial and last name coupled with any of the following: Social Security Number, driver’s license number, state-issued ID number, credit card number, debit card number, or other financial account numbers.

**Trial Balance:** A list of all open individual escrow ledger record balances at the end of the reconciliation period.

**Three-Way Reconciliation:** A three-way reconciliation is a method for discovering shortages (intentional or otherwise), charges that must be reimbursed or any type of errors or omissions that must be corrected in relation to an escrow trust account. This requires the escrow trial balance, the book balance and the reconciled bank balance to be compared. If all three parts do not agree, the difference shall be investigated and corrected.

### **Best Practices**

**1. Best Practice: Establish and maintain current license(s) as required to conduct the business of title insurance and settlement services.**

**Purpose:** Maintaining state mandated insurance licenses and corporate registrations (as applicable) ensures that the company remains in good standing with the state.

Procedures to meet this best practice:

- Establish and maintain applicable business license(s).
- Establish and maintain compliance with licensing, registration, or similar requirements with the applicable state regulatory department or agency.
- Establish and maintain appropriate compliance with ALTA’s Policy Forms Licensing requirement.

**2. Best Practice: Adopt and maintain appropriate written procedures and controls for Escrow Trust Accounts allowing for electronic verification of reconciliation.**

**Purpose:** Appropriate and effective escrow controls and staff training help title and settlement companies meet client and legal requirements for the safeguarding of client funds. These procedures ensure accuracy and minimize the exposure to loss of client funds. Settlement companies may engage outside contractors to conduct segregation of trust accounting duties.

Procedures to meet this best practice:

- Escrow funds and operating accounts are separately maintained.
  - Escrow funds or other funds the company maintains under a fiduciary duty to another are not commingled with the company's operating account or an employee or manager's personal account.
- Escrow Trust Accounts are prepared with Trial Balances.
  - On at least a monthly basis, Escrow Trust Accounts are prepared with Trial Balances ("Three-Way Reconciliation"), listing all open escrow balances.
- Escrow Trust Accounts are reconciled.
  - On at least a daily basis, reconciliation of the receipts and disbursements of the Escrow Trust Account is performed
  - On at least a monthly basis, a Three-Way Reconciliation is performed reconciling the bank statement, check book and Trial Balances.
  - Segregation of duties is in place to ensure the reliability of the reconciliation and reconciliations are conducted by someone other than those with signing authority.
  - Results of the reconciliation are reviewed by management and are accessible electronically by the agency's contracted underwriter(s).
- Escrow Trust Accounts are properly identified.
  - Accounts are identified as "escrow" or "trust" accounts. Appropriate identification appears on all account-related documentation including bank statements, bank agreements, disbursement checks and deposit tickets.
- Outstanding file balances are documented.
- Transactions are conducted by authorized employees only.
  - Only those employees whose authority has been defined to authorize bank transactions may do so. Appropriate authorization levels are set by the company and reviewed for updates annually. Former employees are immediately deleted as listed signatories on all bank accounts.
- Unless directed by the beneficial owner, Escrow Trust Accounts are maintained in Federally Insured Financial Institutions.
- Utilize positive pay, Automated Clearing House blocks and international wire blocks, if available.
- Checks are completed in the hiring process and regularly conducted for existing employees.
  - At least every three years, obtain Background Checks going back five years for all employees who have access to customer funds.



- At least every three years, obtain Credit Reports for all employees who have access to customer funds.
- Ongoing training is conducted for employees in proper management of escrow funds and escrow accounting.

**3. Best Practice: Adopt and maintain a written privacy and information security program to protect Non-public Personal Information as required by local, state and federal law.**

**Purpose:** Federal and state laws (including the Gramm-Leach-Bliley Act) require title companies to develop a written information security program that describes their procedures to protect non-public customer information. The program must be appropriate to the company's size and complexity, the nature and scope of the company's activities, and the sensitivity of the customer information the company handles. A company evaluates and adjusts its program in light of relevant circumstances, including changes in the firm's business or operations, or the results of security testing and monitoring.

Procedures to meet this best practice:

- Physical security of Non-public Personal Information.
  - Restrict access to Non-public Personal Information to authorized employees who have undergone Background Checks and Credit Reports at hiring.
  - Prohibit or control the use of removable media.
  - Use only secure delivery methods when transmitting Non-public Personal Information.
- Network security of Non-public Personal Information.
  - Maintain and secure access to company information technology
  - Develop guidelines for the appropriate use of company information technology.
  - Ensure secure collection and transmission of Non-public Personal Information.
- Ensure disposal of Non-public Personal Information.
  - Federal law requires companies that possess Non-public Personal Information for a business purpose to dispose of such information properly in a manner that protects against unauthorized access to or use of the information.
- Establish a disaster management plan.
- Appropriate management and training of employees to ensure compliance with company's information security program.
- Oversight of service providers to ensure compliance with a company's information security program.
  - Companies should take reasonable steps to select and retain service providers that are capable of appropriately safeguarding Non-public Personal Information.
- Audit and oversight procedures to ensure compliance with company's information security program.

- Companies should review their privacy and information security procedures to detect the potential for improper disclosure of confidential information.
- Notification of security breaches to customers and law enforcement.
  - Companies should post the privacy and information security program on their websites or provide program information directly to customers in another useable form. When a breach is detected, companies should have a program to inform customers and law enforcement as required by law.

**4. Best Practice: Adopt standard real estate settlement procedures and policies that ensure compliance with Federal and State Consumer Financial Laws as applicable.**

**Purpose:** Adopting appropriate policies and conducting ongoing employee training can ensure that a real estate settlement company can meet state, federal and contractual obligations governing the settlement process and provide a safe and compliant settlement.

In particular, some procedures to meet this best practice:

- Recording procedures.
  - Companies review their legal and contractual requirements to determine their obligations for recording documents and incorporate these requirements in their procedures.
    - Submit or ship documents for recording to the county recorder (or equivalent) or the person or entity responsible for recording within two (2) business days of Settlement.
    - Use electronic recording where available.
    - Track shipments of documents for recording.
    - Ensure timely responses to recording rejections.
    - Addressing rejected recordings to prevent unnecessary delay.
    - Verify that recordation actually occurred and maintain a record of the recording information for the document(s).
- Pricing procedures.
  - Companies develop procedures to ensure that customers are charged the company's established rates for their services. These rates are determined by a mix of legal and contractual obligations.
    - Utilize rate manuals and online calculators, as appropriate, to ensure correct fees are being charged for title insurance policy premiums, state-specific fees and endorsements.
    - Ensure discounted rates are calculated and charged when appropriate, including refinance or reissue rates.
    - Quality check files after Settlement to ensure consumers were charged the company's established rates.



- Provide timely refunds to consumers when an overpayment is detected.

**5. Best Practice: Adopt and maintain written procedures related to title policy production, delivery, reporting and premium remittance.**

**Purpose:** Appropriate procedures for the production, delivery and remittance of title insurance policies ensures title companies meet their legal and contractual obligations.

Procedures to meet this best practice:

- Title policy production and delivery.
  - Title insurance policies are issued and delivered to customers in a timely manner to meet statutory, regulatory or contractual obligations.
    - Issue and deliver policies within thirty days of Settlement if terms and conditions of title insurance commitment have been satisfied.
- Premium reporting and remittance.
  - Title insurance policies are reported and premiums are remitted to the underwriter in a timely manner to meet statutory, regulatory or contractual obligations.
    - Report policies (including a copy of the policy) to underwriter by the last day of the month following the month in which the insured transaction was settled.
    - Remit premiums to underwriter by the last day of the month following the month in which the insured transaction was settled.

**6. Best Practice: Maintain appropriate professional liability insurance and fidelity coverage.**

**Purpose:** Appropriate levels of professional liability (errors and omissions insurance) ensure that title agencies and settlement companies have the financial capacity to stand behind their professional services. In addition, state law and contractual obligations may require a company to maintain fidelity bond and surety bond policies with prescribed minimum amounts of coverage.

Procedures to meet this best practice:

- Professional liability or errors and omissions insurance.
  - The company possesses an amount of professional liability insurance from a carrier that is acceptable to the underwriter, given the company's size and complexity and the nature and scope of its operations in an amount not less than agreed to in the company's underwriting agreement(s).
- Fidelity coverage.

- When required by state law or contractual obligations, the company possesses the required amount of fidelity bond coverage, from a carrier that is acceptable to the underwriter in an amount not less than the amount required by state law or agreed to in the company's underwriting agreement(s).
- If coverage is not required by state law or contractual obligations, the company possesses an appropriate amount of fidelity bond coverage given the company's size and complexity and the nature and scope of its operations.
- Alternatively, the company ensures that Closing Protection Letter coverage, where mandated by statute, is issued in connection with the disbursement or that a statutory indemnity fund is established to cover fidelity losses not otherwise covered by the protections afforded by the underwriter.
- Surety coverage.
  - When required by state law or contractual obligations, the company possesses the required amount of surety bond coverage from a carrier that is acceptable to the underwriter in an amount not less than the amount required by state law or agreed to in the company's underwriting agreement(s).
  - If coverage is not required by state law or contractual obligations, the company possesses an appropriate amount of surety coverage from a carrier that is acceptable to the underwriter.
  - Companies should also ascertain whether the underwriter for the transaction carries an agent surety bond to cover such losses.

#### **7. Best Practice: Adopt and maintain procedures for resolving consumer complaints.**

**Purpose:** A process for receiving and addressing consumer complaints is important to ensure that any instances of poor service or non-compliance do not go undiscovered.

Procedures to meet this best practice:

- Consumer complaint intake, documentation and tracking.
  - Standard procedures for logging and resolving consumer complaints ensure that consumers provide the company with sufficient information to understand the nature and scope of the complaint.
    - Develop a standard consumer complaint form that identifies information that connects the complaint to a specific transaction.
    - Set a single point of contact for consumer complaints.
    - Establish procedures for forwarding complaints to appropriate personnel.
    - Maintain a log of consumer complaints that includes whether and how the complaint was resolved.