



# ILTA Annual Convention

May 6, 2019

## Iowa Title Guaranty Program Update

# ITG Program Update

- 1) By the Numbers
- 2) Market History & Forecast
- 3) Program Effectiveness
- 4) Claims Trends
- 5) Senate File 527
- 6) The Future is Now!
- 7) Streamlined Pricing

# By the Numbers



**IOWA TITLE GUARANTY**  
A DIVISION OF IOWA FINANCE AUTHORITY

# 2018 FISCAL YEAR BY THE NUMBERS

**27,613**

Free Owner's Certificates issued to new homeowners

**83,563**

Total Residential Certificates issued

**26,508**

Closing Protections Letters issued to protect lenders

**\$14.3 billion**

in Residential Real Estate covered



SINCE INCEPTION  
IN 1985

**\$58.6 million**

has been invested into IFA Housing Programs

**\$1.2 million**

was invested into Iowa Affordable Housing Programs in FY 2018



**ITG COMMERCIAL**

**308**

Commercial transactions



**\$893 million**

in Commercial Real Estate covered

**93.1%**

of residential certificates issued were field issued



**\$3.1 million**

paid to field issuers



**321**

Mortgage Releases Filed

**1,289**

Participating Attorneys

**142**

Participating Abstractors

**332**

Participating Closers

**1,471**

Iowa Private Partnerships

Matthew Rousseau | Interim Director  
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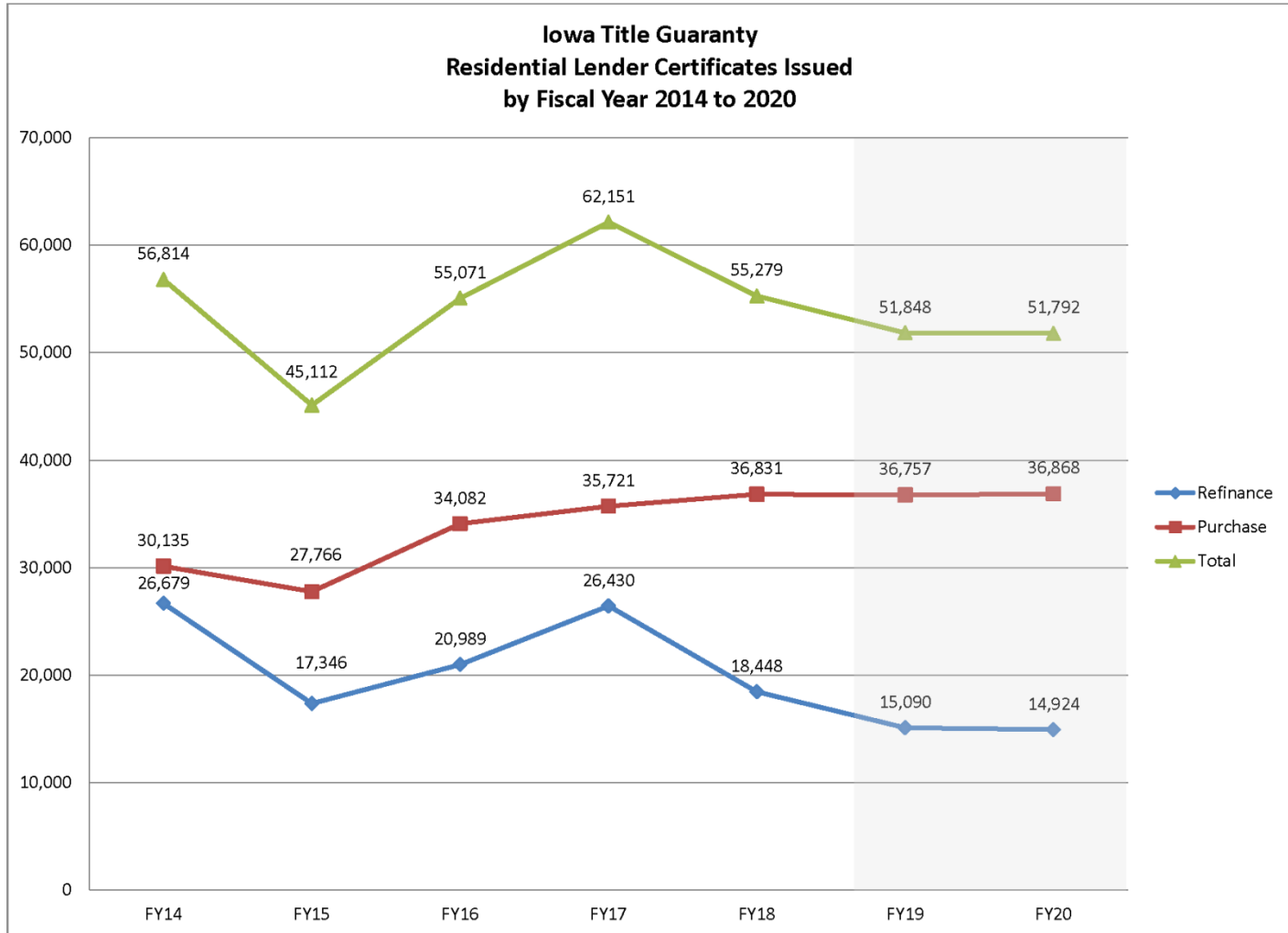


**IOWA TITLE GUARANTY**  
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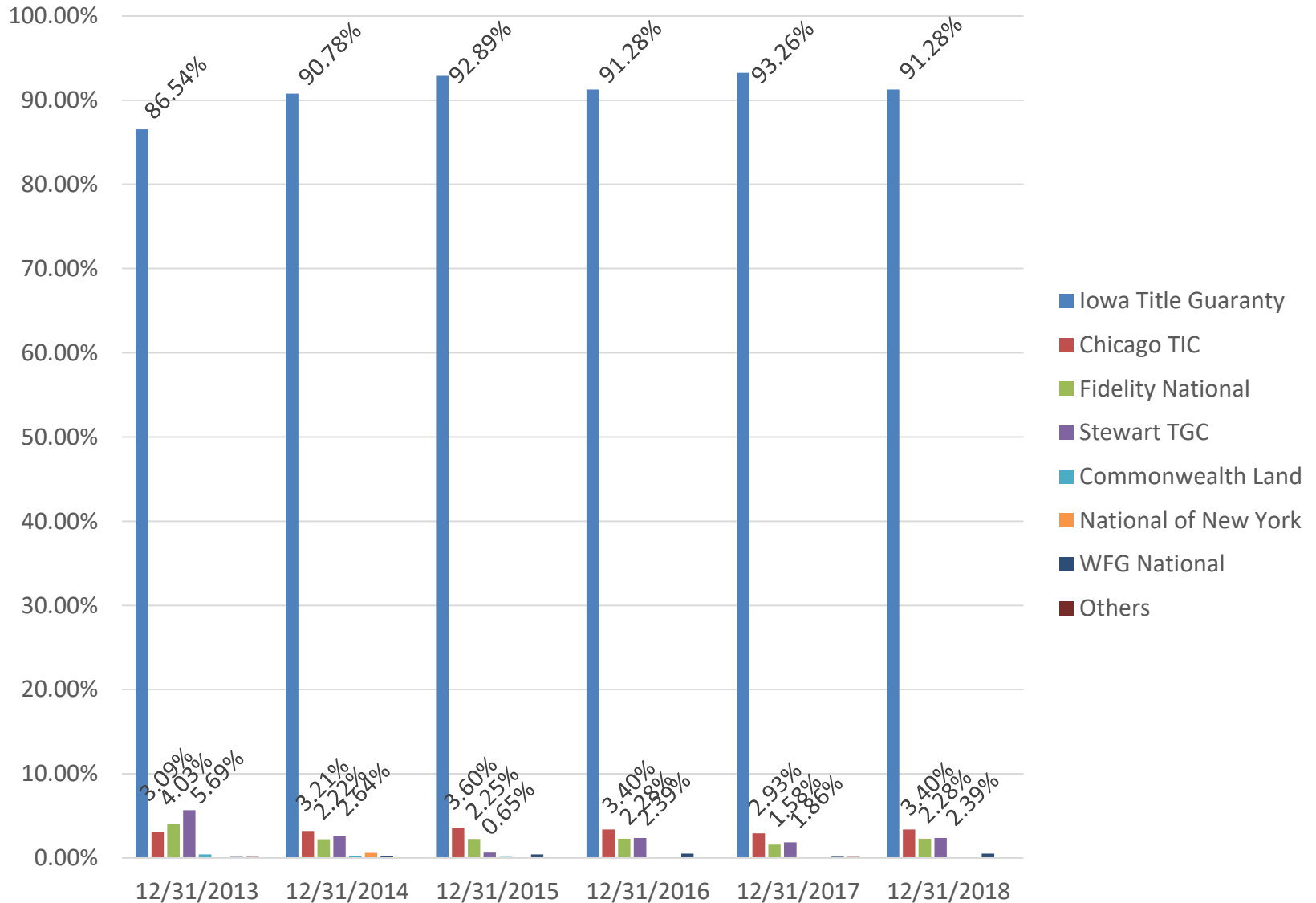
IowaTitleGuaranty.gov  
1963 Bell Avenue, Suite 200 | Des Moines, Iowa 50315

# Market History & Forecast

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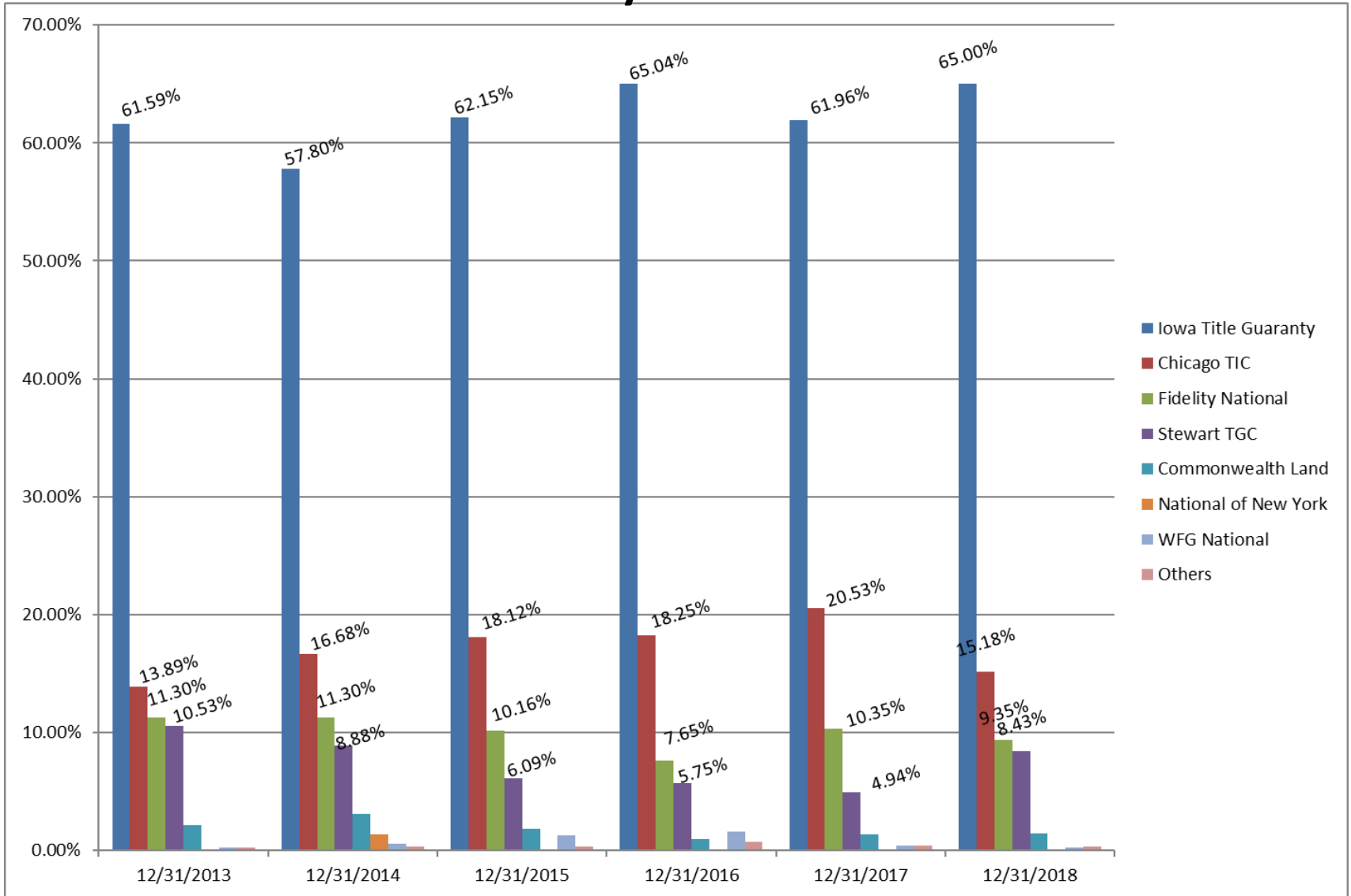


# Market Share Report - State of Iowa Transactions by Individual Underwriter



# Market Share Report - State of Iowa

## Direct Premiums by Individual Underwriter





# Program Effectiveness

# Comparison of Claims Rates

Table 1a:			
Losses due to title-related claims in Iowa (2013-2018)			
State	Paid Losses	Direct Premiums	Loss %
Iowa	664,248	67,675,537	<b>0.98%</b>

Table 1b:			
Losses due to title-related claims in Iowa's neighboring states (2013-2018)			
State	Paid Losses	Direct Premiums	Loss %
Kansas	16,003,960	288,671,978	5.54%
Nebraska	5,204,041	331,024,569	1.57%
Missouri	56,422,050	299,985,687	18.81%
Minnesota	28,262,850	861,181,769	3.28%
Wisconsin	23,506,876	1,036,922,607	2.27%
Illinois	130,070,342	2,666,223,656	4.88%
<b>Total</b>	<b>259,470,119</b>	<b>5,484,010,266</b>	<b>4.73%</b>

# Comparison of Claims Rates (cont.)

**Table 2:**  
**Losses due to title-related claims in Iowa**  
**(2013-2018)**

	Paid Losses	Direct Premiums	Loss %
Iowa Title Guaranty	136,894	42,203,947	0.32%
All Other Underwriters	527,354	25,471,590	2.07%
Total - Iowa	664,248	67,675,537	0.98%

# Claims Trends

# Current Claims Trends

Time period: 7/1/16 to 4/30/2019

Approximately the past **2 5/6**

**2**  
**YEARS**

# Current Claims Trends (cont.)

Total number of claims:

**347**

**299**  
**Lender**  
**claims**

**48**  
**Owner**  
**claims**

# Current Claims Trends (cont.)

Year over year increase in claims:

Claims Trends	Lenders	Y/Y Increase	Owners	Y/Y Increase	Total	Y/Y Increase
Claims in FY 2015 (July 1, 2014 to June 30, 2015)	49	-	0	-	49	-
Claims in FY 2016 (July 1, 2015 to June 30, 2016)	62	27%	6	-	68	39%
Claims in FY 2017 (July 1, 2016 to June 30, 2017)	84	34%	16	167%	100	46%
Claims in FY 2018 (July 1, 2017 to June 30, 2018)	108	28%	22	31%	130	28%
Claims to date FY 2019 (July 1, 2018 to April 30, 2019)	106		10		116	

# Current Claims Trends (cont.)

Latency period (in years):

	Shortest	Average	Longest
Lender Claims	0.02	5.03	21.79
Owner Claims	0.05	2.07	9.78



# Current Claims Trends (cont.)

Claims coverage determinations:

33% accepted vs. 67% denied

# Current Claims Trends (cont.)

## Top 5 Claims (based on total cost):

1. Taxes or Special Assessments (33%)
2. Prior Unreleased Mortgages (18%)
3. Prior Judgments – Civil (13%)
4. Boundary Disputes (10%)
5. *Legal Descriptions* (8%)



# Current Claims Trends (cont.)

Top 5 Claims (based on total number of claims):

1. Legal Descriptions (18%)
2. Chain of Title (16%)
3. Closing Table/Execution Errors (15%)
4. Prior Judgments – Civil (14%)
5. Prior Unreleased Mortgages (12%)



# Current Claims Trends (cont.)

Top 5 Claims (based on average cost per claim):

1. Taxes or Special Assessments
2. Easements
3. Boundary Disputes
4. Prior Unreleased Mortgages
5. *Mechanic's Liens*



# Current Claims Trends (cont.)

Claims expense categories:

1. Loss (47%)
2. Attorney's fees (51%)
3. Other costs (2%)



# Senate File 527

# Senate File 527

An Act relating to evidence of title by state banks and credit unions for certain loans.

# Senate File 527 (cont.)

Evidence of title (currently by regulation)

1. *Legal opinion by attorney licensed where property located.*
2. *A title guaranty certificate issued by ITG.*
3. *Title insurance written by an insurance company licensed to do business in the state in which the real property is located.*



# Senate File 527 (cont.)

Evidence of title (proposed by statute)

1. *Legal opinion by attorney licensed where property located.*
2. *A title guaranty certificate issued by ITG.*
3. *A commercial title insurance policy. ~~Title insurance written by an insurance company licensed to do business in the state in which the real property is located.~~*

# Pottawattamie County

- 1) The problem
- 2) ITG's response
- 3) The results

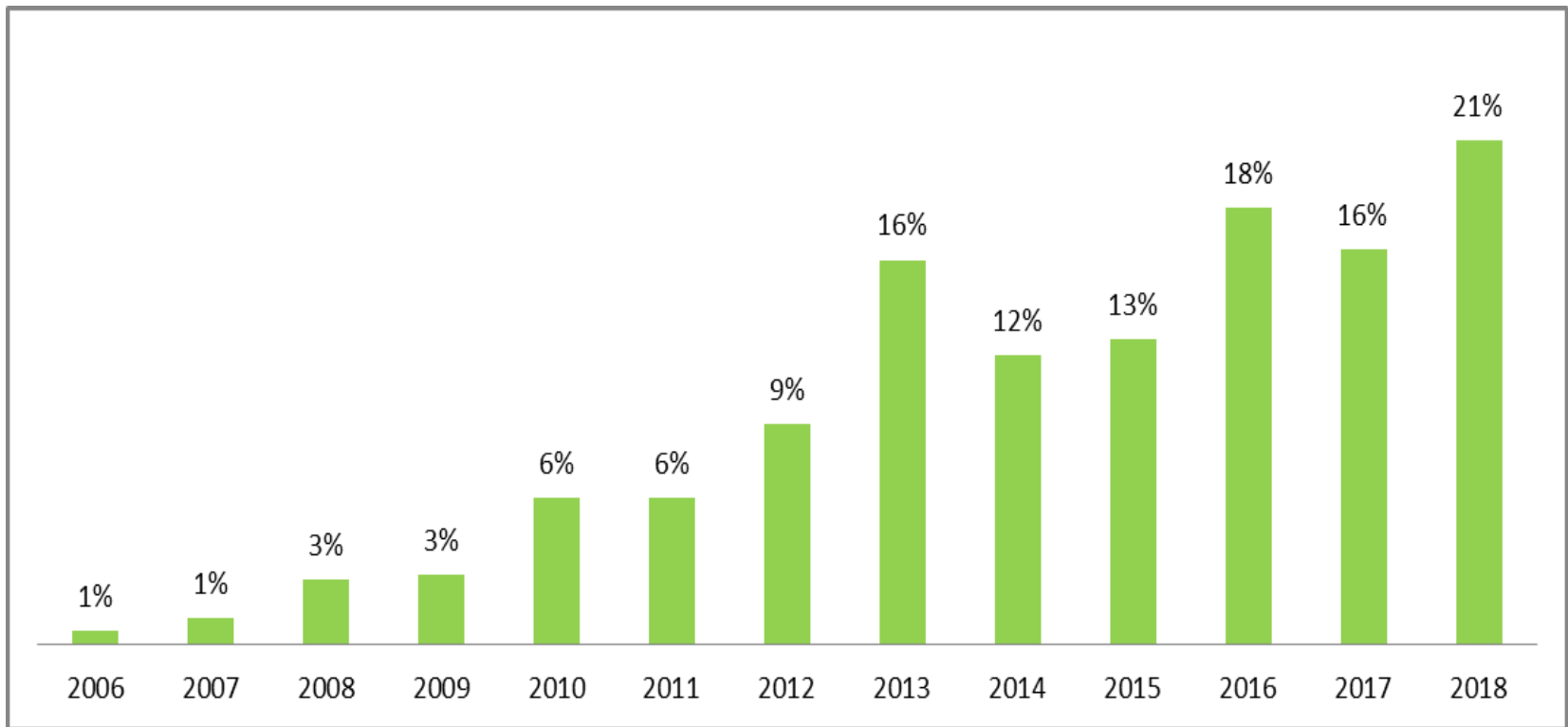
# Pottawattamie County (cont.)

## ITG Market Share

<b>Year</b>	<b>Total Mortgages Recorded</b>	<b>ITG Lender Certificates</b>	<b>ITG's Market Share</b>
2006	6746	40	1%
2007	5874	65	1%
2008	4615	126	3%
2009	4914	143	3%
2010	3773	230	6%
2011	3872	238	6%
2012	4232	390	9%
2013	4250	681	16%
2014	3143	379	12%
2015	3629	462	13%
2016	3928	715	18%
2017	3692	608	16%
2018	3398	714	21%

# Pottawattamie County (cont.)

## ITG Market Share



# The Future is Now!

# Recent Industry News (cont.)

- Article from NCSHA Washington Report, 12/7/2018
  - “...the application of financial technology in the mortgage market is accelerating, challenging existing norms as the industry transitions toward automated, digital practices and processes that appeal to customer demands in today’s digital age.” (from U.S. Treasury report released last summer).

# Recent Industry News (cont.)

- “Closepin launches eClosing tool.” 4/1/2019
  - “...assists mortgage lender in their efforts to conduct fully digital closings.”
  - “...empowers lenders to search for eClosing-enabled title agents...”
  - “One of the biggest challenges [for lenders] has been finding closing agent partners who are equipped to manage these transactions. Closepin now solves that for lenders.”
  - “Freddie Mac has included a link to the Closepin search tool on one of its eMortgage pages.”
  - “Freddie Mac is constantly working to find ways to innovate and improve the mortgage lending process,” Freddie Mac Vice President Samuel Oliver III said.
  - “Providing access to information and resources ... helps simplify and streamline the mortgage process for both lenders and their borrowers.”

# Recent Industry News (cont.)

- “Qualia enhances Encompass integration.” 4/1/2019
  - “Qualia has added a new fee collaboration enhancement to its integration with Ellie Mae’s Encompass...”
  - “...will help mortgage lenders provide more accurate fee information to consumers and title companies to disburse matched fees in a timely manner.”
  - “...eliminates the manual, time-intensive processes that previously contributed to delays and human error.”
  - “...one step closer to being able to offer a truly digital mortgage and home closing experience...”
  - “...enables lenders and title companies to securely collaborate on Closing Disclosures, import fees and other data, instantly identify discrepancies, and seamlessly balance and match fees.”



# Recent Industry News (cont.)

- “Reggora announces integration with Ellie Mae.”  
4/1/2019
  - “...all-in-one appraisal platform for lenders and appraisers.”
  - “...streamlines the appraisal process for lenders – including payment processing, algorithmic ordering, automatic rule-based reviews, appraisal delivery, status updates, and more...”
  - “...secure and seamless integration...”
  - “...lenders across the country can truly begin to transform and automate their appraisal process without any friction to their existing workflows.”

# Recent Industry News (cont.)

- “Simplifile to sell to MERS parent.” 5/1/2019
  - \$335 million sale price.
  - “...closely aligned...vision...to simplify the industry for all of its stakeholders.”
  - “...help to transform markets going through an analog to digital conversion...make them more transparent and efficient...”
  - “Simplifile and MERS support the residential lending industry’s shift to digitization...”
  - “...seamless, auditable and transparent...”
  - “...enhance...efforts to further streamline a legacy process ripe for innovation.”

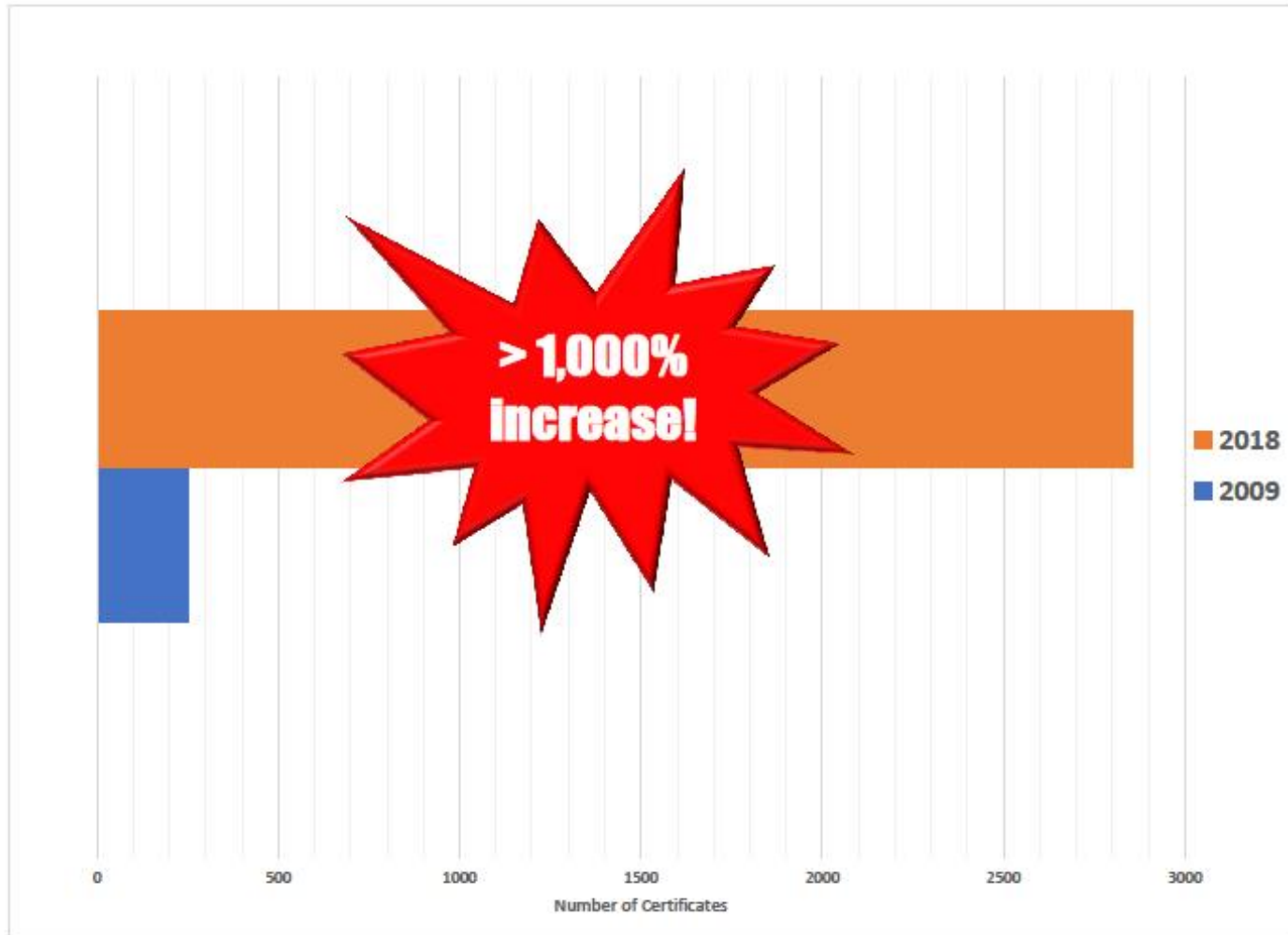
# Recent Industry News

- “Tennessee Title completes state’s first online closing.” 4/1/2019
  - Buyer in Chicago, seller in TN, notary in VA.
  - “...provide ‘ease of use’ options...”
  - “...adding more than 100 title agents to our platform each month...”
  - “...online closings and digital mortgages will save the real estate industry more than \$1 billion each year.”

# Recent Industry News (cont.)

- “Fidelity launches digital-closing platform.” 3/20/2019
  - As more and more states approve the legal structure needed for remote online notary (RON), the transformation of the real estate process from paper-centric to electronic is quickly taking shape.”
  - “[new] closing platform supports both hybrid and fully digital closing options and is integrated with Fidelity’s title production systems.”
  - “...designed to engage homebuyers and sellers in the process well in advance of the closing signature ceremony...”
  - “...provides increased transparency, flexibility and convenience.”
  - “...works with any loan origination system...”
  - “...getting state legislatures to put laws and regulations in place to permit electronic notarization is the last barrier preventing widespread adoption of eClosings.”

# 10-year Growth of Online Loans



# Streamlined Pricing



IOWA TITLE GUARANTY  
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**BIG** CHANGES  
COMING  
**JULY 1, 2019**

**NEW STREAMLINED PREMIUM!**

**\$140** ON COVERAGE OF  
\$500,000 OR LESS

ENDORSEMENTS ~~\$15~~ **NO** ADDITIONAL  
PREMIUM

CLOSING  
PROTECTION  
LETTERS ~~\$25~~ **NO** ADDITIONAL  
PREMIUM



IOWA TITLE GUARANTY  
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**IOWA TITLE GUARANTY RESIDENTIAL PREMIUM RATES**  
EFFECTIVE JULY 1, 2019

PRODUCT		COVERAGE AMOUNT	PREMIUM	
			PURCHASE	REFINANCE
Lender's-only Coverage	Applies to the following types of loans: in-house, conventional, FHA, VA, one-time close construction, subordinate financing, and refinancing of contracts.	\$0 - \$500,000	\$140	\$140
		Above \$500,000	\$140 + \$1 per \$1,000 over \$500,000	\$140 + \$1 per \$1,000 over \$500,000
Owner's-only Coverage	Applies to cash and contract purchases.	\$0 - \$500,000	\$140	n/a
		Above \$500,000	\$140 + \$1 per \$1,000 over \$500,000	n/a
Simultaneous Coverage (i.e., Lender's and Owner's Coverage)	Applies to primary and non-primary residences.	\$0 - \$500,000	\$140	n/a
		One or more certificates above \$500,000	\$140 + \$1 per \$1,000 over \$500,000 based upon the certificate with the higher coverage amount	n/a
Additional Concurrent Certificates	Applies to the following types of loans: junior mortgages and home equity lines of credit (HELOC) when issued in conjunction with a full-priced Lender's Certificate on the same transaction.		\$35	\$35
Closing Protection Letter			No additional premium	No additional premium

**ENDORSEMENTS ISSUED AS PART OF ORIGINAL TRANSACTION**  
**AVAILABLE FOR NO ADDITIONAL PREMIUM**

• Assignment (ALTA 10-06)	• Leasehold – Owners (ALTA 13-06)
• Balloon Mortgage	• Location – Condominium
• Comprehensive 1	• Location – Residential (ALTA 22-06)
• Comprehensive 2 (ALTA 9-06)	• Manufactured Housing Unit (ALTA 7-06)
• Comprehensive 6 (ALTA 9.3-06)	• Manufactured Housing Unit-Conversion Loan (ALTA 7.1-06)
• Condominium – Lender (ALTA 4.06)	• Multiple Tax Parcels (ALTA 18.1-06)
• Condominium – Owner (ALTA 4.1.06)	• Planned Unit Development (PUD) – Lender (ALTA 5-06)
• Encroachment – Adverse	• Planned Unit Development (PUD) – Owner (ALTA 5.1-06)
• Encroachment (ALTA 28.1)	• Single Tax Parcel (ALTA 18-06)
• Endorsement Against Loss-Lien	• Standard Exception Waiver – Residential
• Environmental Protection Lien (ALTA 8.1.06)	• Street Assessments (ALTA 1-06)
• Future Advance – Priority	• Variable Rate Mortgage (ALTA 6-06)
• Future Advance – Reverse Mortgage (ALTA 14.3-06)	• Variable Rate, Negative Amortization (ALTA 6.2-06)
• Gap Coverage	• Zoning (ALTA 3-06)
• Leasehold – Lenders (ALTA 13.3-06)	

**ENDORSEMENTS ISSUED APART FROM ORIGINAL TRANSACTION**  
**AVAILABLE FOR \$50**

• Assignment (ALTA 10-06)	• Mortgage Modification (ALTA 11-06)
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# The End



**Thank  
You!!!**