

**Title Guaranty Division**

**Board Meeting Minutes**

**June 5, 2007**

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4 **OGLE**           **The intent is to get through all of the agenda**  
5 **except for the waivers by lunchtime and then we'll break for**  
6 **lunch, eat lunch and then do two waivers. I'll tell you what**  
7 **there's been so much activity, so many things going on we do**  
8 **have a long agenda even without the waivers. I'm confident**  
9 **that we can move through this agenda pretty easily. We've**  
10 **(INAUDIBLE) and with the new governor we've had two**  
11 **board appointments expire. We have two new board members**  
12 **that we'll be welcoming today, Pat Schneider who is a real**  
13 **estate broker here in Des Moines and Deb Petersen who is an**  
14 **attorney in council bluffs. I'd like to welcome them to the**  
15 **board and appreciate your time and commitment. We're**  
16 **pretty -- I would argue that we have been pretty dynamic the**  
17 **last couple of years and this organization, the program has**  
18 **probably went through more changes in the last two years than**  
19 **in the first twenty years that we were in existence and I just**  
20 **appreciate your agreeing to serve on the board. Of course**  
21 **Surasee, Mitch and Wally certainly appreciate your continued**  
22 **commitment to the board. We all know we've got some hard**

1 issues here that we need to work through today and I hope at  
2 the end of the day we can all respect everyone's opinions  
3 regardless of the outcome of some of the decisions the board is  
4 going to be asked to make today. Some of the issues we've been  
5 dealing with have been really quite contumacious, very  
6 difficult for myself and staff to be in the midst of but I think we  
7 all accept that as part of our price of working in state  
8 government and being part of what is a really unique program  
9 that exists nowhere else in the country and I think there's --  
10 I'm personally honored to be part of this program and I'm  
11 honored that you all agree to serve on this board. So I guess  
12 with that Mitch --

13 MITCH Call the meeting to order. It's 10:41, want to  
14 take roll call?

15 MOCK Mitch?

16 MITCH Present.

17 MOCK (INAUDIBLE)?

18 UNKNOWN Present.

19 MOCK Surasee?

20 RODARI Here.

21 MOCK Wally?

22 MURPHY Present.

1           **MOCK**           **And Pat?**

2           **SCHNEIDER**   **Pat yes.**

3           **OGLE**           **All right our first order of business is to**  
4           **review and approve the minutes in the March 6<sup>th</sup> 2006 board**  
5           **meeting. They were presented with the first packet delivered to**  
6           **the board. Did everyone first of all get them? And it's kind of**  
7           **unusual that we're asking the two members to vote on**  
8           **something that they weren't here so about I looked at them,**  
9           **Surasee did you look at them and everybody have a chance to**  
10          **look at them did they look accurate?**

11          **TAYLOR**           **I think Deb made the comment that in the**  
12          **future, Susan, since we have a Becky Peterson and a Deb**  
13          **Peterson now we'll start using first names in addition to last**  
14          **names.**

15          **MOCK**           **Okay.**

16          **TAYLOR**           **We have on staff a Judy Peterson and a**  
17          **Becky Peterson and now a -- we always used to have a lot of**  
18          **Linda's, Linda Mahoney, Linda Berg and Linda Penman. Now**  
19          **we've got three Petersons.**

20          **TAYLOR**           **So I'm actually going to back up because it's**  
21          **kind of been a practice before we go on to the minutes. This**  
22          **will give Wally and Surasee a chance to read them again if**

1       they'd like but it's been our custom and our practice to have  
2       everyone in the room to introduce themselves. I think it's a  
3       nice, informal way so that we know everybody that's here. We  
4       don't need to know necessarily why you're here but just so that  
5       we can welcome you by your first name and we'll pick on  
6       Grant over here in the corner. This is Grant Dugdale, he's with  
7       the attorney general's office and we'll work this way over here.

8       **MCCLONEY**     Sandy McCloney (INAUDIBLE).

9       **TAYLOR**        Thanks for coming.

10      **B. MCCLONEY** Bob Mahoney

11      **KADRLIK**        Dan Kadrlik (INAUDIBLE).

12      **UNKNOWN**       (INAUDIBLE) abstract here in Clive.

13      **UNKNOWN**       (INAUDIBLE).

14      **UNKNOWN**       Abstract and Title Company in Mount Ayr.

15      **CARLSON**        I'm Barb Carlson --

16      **UNKNOWN**       (INAUDIBLE).

17      **REILLY**         Tim Reilly.

18      **BORDWELL**      Virginia Bordwell.

19      **UNKNOWN**       (INAUDIBLE), Title Guaranty.

20      **UNKNOWN**       (INAUDIBLE).

21      **UNKNOWN**       (INAUDIBLE).

1           **TAYLOR**           **Thanks for coming everybody that isn't here**  
2           **for the fifty dollars. We'll start here, you introduce yourself.**

3           **MOCK**               **Susan Mock, Administrative Assistant.**

4           **TAYLOR**           **Thank you.**

5           **WHITE**             **Matt White, Title Guaranty.**

6           **OGLE**               **Loyd Ogle, Title Guaranty.**

7           **BERG**               **Linda Berg, Title Guaranty.**

8           **PETERSEN**       **Becky Petersen, Title Guaranty.**

9           **TAYLOR**           **Go ahead.**

10          **UNKNOWN**         **Beth Winter.**

11          **TAYLOR**           **And you're from where?**

12          **MURPHY**           **Wally Murphy.**

13          **PETERSEN**       **Deborah Petersen, I'm an attorney from**  
14          **Council Bluffs, Iowa, Pottawattamie County (INAUDIBLE).**

15          **UNKNOWN**       **(INAUDIBLE).**

16          **TAYLOR**           **I'm Mitch Taylor from Burlington, Iowa.**

17          **And I'm sorry I got that a little out of order, can I have motion**  
18          **to approve the minutes March 6<sup>th</sup> 2006 of the board meeting.**

19          **RODARI**           **So moved.**

20          **TAYLOR**           **It's been moved and it's been seconded. All**  
21          **those in favor indicate approving it say I.**

22          **BOARD**           **I.**

1           **TAYLOR**           All of those opposed same sign. The financial  
2           reports (INAUDIBLE) roll call?

3           **MOCK**               No it's not a roll call but I just want to  
4           double check. You made the first motion and who seconded?

5           **TAYLOR**           Surasee did.

6           **MOCK**               Okay that's what I need to know thank you.

7           **OGLE**                Financial reports.

8           **OGLE**                I'd ask Lon if you want to make any  
9           comments regarding our financials. We're a little bit opposite  
10          of the real estate industry. When the summer time rolls around  
11          people get busy in the field. Our volume actually increases a  
12          little bit and then it increase in the fall and winter month as  
13          our attorneys (INAUDIBLE) close those loans they then get  
14          around to doing the backend work and getting those final  
15          policies out. So we're kind of opposite the real estate industry  
16          which tends to peak in the summertime and the warm months  
17          and then have a slow time in the summer. We tend to be the  
18          opposite. Our busy time tends to be when it gets colder out and  
19          people aren't out closing loans and then getting those final  
20          policies out. So our revenue dips a little bit in the summer  
21          months and we'll reflect that. Our revenue through March, the  
22          five months leading up to March, our volume was actually

1 higher than those same months one year ago. Our market  
2 share has increased about three point five percent. Bottom line  
3 to be profitable we need about two hundred thousand dollars  
4 in revenue each month to be profitable. A really bad month, I  
5 think in April we dipped to two hundred seventy thousand.  
6 You'll see our revenue to go to three fifty, maybe hit four  
7 hundred thousand in the winter months. So we are a profitable  
8 operation. Our budget, you know we set revenue targets where  
9 we'd like to hit and we've not met our revenue targets for this  
10 year that's why you'll see a negative number there but we do  
11 on a quarterly basis when the board meets any revenue in  
12 excess of what we need to pay our expenses the board  
13 transfers, according to statute, our excess funds to the Iowa  
14 Finance Authority to subsidized the loan and housing  
15 programs that I.F.A. administers. The last couple of years  
16 those moneys have been used to subsidize the first time home  
17 buyer program in the state of Iowa. I.F.A. has provided over  
18 two hundred million dollars annually for funds for mortgages  
19 for first time home buyers and the rates that those folks pay is  
20 a below market interest rate and they don't pay any points,  
21 any fees associated with those loans. It's a fantastic program,  
22 it's very popular around the state there's over two hundred

1 lenders that use it statewide. But we do have I think available  
2 for transfer four hundred and seven thousand Lon?

3 **KOBERNUSZ** Four hundred and two thousand.

4 **OGLE** Is the recommendation that there's four  
5 hundred two thousand dollars in excess revenue this quarter  
6 could declare an excess and could be a resolution transfer to  
7 the Iowa Finance Authority. Any questions on the financial,  
8 anyone have any questions?

9 **TAYLOR** I think it would be normal if our members  
10 would -- it's a little different type of math that we use, is that  
11 fair to say Loyd?

12 **TAYLOR** I think it's fair to say.

13 **TAYLOR** I kind of caught on to it a few years ago. So if  
14 you have questions it's a great time to ask and Wally will  
15 answer all of them for us.

16 **UNKNOWN** (INAUDIBLE) income expenses have been  
17 running about where we expect them to in recent months. We  
18 probably need to do a better job of setting targets here in  
19 (INAUDIBLE). We kind of got used to the Title Guaranty  
20 bringing in a lot of gross income over those good  
21 (INAUDIBLE) finance years. It's a little harder to do now so if



1 we could try to be a little more realistic with our targets so this  
2 doesn't look quite so skewed.

3 **TAYLOR** Meaning so the variances aren't so high?

4 **OGLE** Right.

5 **TAYLOR** Title Guaranty you can see here is doing a  
6 good job on keeping expenses down. The expenses are up  
7 because of the incentive program which we probably didn't  
8 target correctly.

9 **KOBERNUSZ** Actually we didn't know how successful that  
10 would be. Last year at this time seventy percent of all our  
11 policies were issued from this office and as you'll hear in a little  
12 bit the staff did a tremendous amount of training with  
13 abstractors and attorneys around the state. We flipped that,  
14 seventy percent of our production is down field where it needs  
15 to be. With each certificates issued we're paying the attorney  
16 or abstractor forty dollars so that expense, we did not  
17 anticipate that that program would take off so quickly. So it's  
18 been quite successful. It was a good move but that was an  
19 expenditure we were not anticipating would grow as much as it  
20 did.

21 **D. PETERSEN** My question is on the performance targets  
22 here on the first page of the report that you gave us

1           **(INAUDIBLE). The number three point nine one five million**  
2           **as of June 30<sup>th</sup> 0-7 that really just runs through this nine**  
3           **months. We've got another quarter to make up that versus**  
4           **target, did I answer that correct?**

5           **KOBERNUSZ    No we are on this week here.**

6           **D. PETERSEN    Within June?**

7           **KOBERNUSZ    Correct.**

8           **D. PETERSEN    But this three point three million that's only**  
9           **come in, or three point nine, has only come in through March?**

10          **TAYLOR           I'm looking at April 10 is that what you're**  
11          **looking at on the report?**

12          **D. PETERSEN    Yes.**

13          **TAYLOR           I think that's kind of how I read that too.**

14          **KOBERNUSZ    I'm not seeing where she's at.**

15          **TAYLOR           We're looking at the I.F.A. management**  
16          **memo.**

17          **OGLE             Yes that's annualized, I'm sorry.**

18          **TAYLOR           This has been annualized then?**

19          **D. PETERSEN    So we haven't really collected three point**  
20          **nine one five?**

21          **KOBERNUSZ    Well we've -- the next summary, summary of**  
22          **financial information --**

1 **D. PETERSEN** Uh-huh.

2 **KOBERNUSZ** Actually what we brought in year-to-date is  
3 two point nine million.

4 **D. PETERSEN** Okay got you.

5 **KOBERNUSZ** But our budget target by the end of the fiscal  
6 years is three point nine so we're one million down. We've got  
7 April, May and June, three more months, to try and close that  
8 gap of a million dollars. And as an average over the nine  
9 months we're tracking four hundred eighty thousand less than  
10 what we had targeted.

11 **D. PETERSEN** For this period?

12 **OGLE** For this period.

13 **D. PETERSEN** Okay got you.

14 **TAYLOR** But the answer to your questions is right  
15 that's correct. This is only a three quarter return, three  
16 quarter revenue period. Any other questions? Staff have any  
17 other comments or suggestions? All right and I would let the  
18 other board members, the new board members, it's a little  
19 scary sometimes to think about transferring that much money  
20 but it's common, rather common, we do a real good job and I  
21 would entertain a motion to transfer the funds as  
22 recommended by staff.

1           **SCHNEIDER**     **So move.**

2           **RODARI**           **Second.**

3           **TAYLOR**           **All those in favor signify by stating I.**

4           **BOARD**           **I.**

5           **TAYLOR**           **I.**

6           **TAYLOR**           **All those opposed, same sign.**

7           **TAYLOR**           **First, second and passed. That was a report**  
8           **and resolution to transfer funds. I'm not on my game here. Do**  
9           **we need to back up here and actually have a financial report?**

10          **I think we're fine.**

11          **TAYLOR**           **We kind of did that all with the same motion,**  
12          **that was the intent of the board?**

13          **BOARD**           **Yes.**

14          **TAYLOR**           **Fair enough? Okay.**

15          **TAYLOR**           **Resolution thanking Catherine Hult and --**  
16          **I asked Susan to pass around -- we have additional materials.**  
17          **We sent you an original board pack and then we mailed you a**  
18          **supplemental and Susan has an extra here -- additional**  
19          **materials. I'm going to ask you to pass them around now.**

20          **MOCK**            **I've already passed them out.**

21          **TAYLOR**           **Everyone's got one?**

22          **MOCK**            **Yes.**

1           **TAYLOR**           **Okay.**

2           **MOCK**           **And the first thing on there is some**  
3           **resolutions to recognize Berneil and Catherine for their service**  
4           **to the board. With passes of this resolution it's our intent to --**  
5           **I'm going to personally travel to Davenport and also to see**  
6           **Berneil to give them a copy of the resolution. We're also going**  
7           **to give them -- we've got some nice pens and pencils sets**  
8           **(INAUDIBLE.) They're quite nice and to recognize them you**  
9           **know Berneil was with us since '92 so she's been a very long**  
10          **standing board member, she's very good on attendance.**  
11          **Kathryn has been with us for one six year term and she's also**  
12          **been consistent in either attendance personally or by phone**  
13          **and we have some resolutions that we wanted to recognize and**  
14          **we'd ask the board to approve these resolutions.**

15          **TAYLOR**           **(INAUDIBLE) is for example the first one**  
16          **for Berneil the same as the one for Kathryn?**

17          **UNKNOWN**       **Substantially the same.**

18          **UNKNOWN**       **(INAUDIBLE)?**

19          **MOCK**           **Uh-huh.**

20          **TAYLOR**           **All right I see that too. You want to vote**  
21          **through the board I give you that authority. Is that what you**  
22          **want?**

1           **OGLE**            Yes I'd ask the board to approve both  
2           **resolutions.**

3           **TAYLOR**        I'm not going to read the resolutions. I think  
4           you all have them there. I say to these folks I would  
5           recommend that you pass this resolution even to afford Loyd  
6           the gas money to go down and see them or to go out to see them  
7           and I think that's very nice Loyd that you would do that. Very  
8           much in your character. So can I have a motion to approve the  
9           -- let's do the two resolutions at the same time.

10          **PETERSEN**      So moved.

11          **MURPHY**        Second.

12          **TAYLOR**        Okay we have a second over here. All those  
13          in favor indicate by saying I.

14          **BOARD**        I.

15          **TAYLOR**        All those opposed same sign, motion carries.  
16          The next order of business is the director's report. Loyd go  
17          ahead.

18          **OGLE**            We'll start with the legislative update. We've  
19          had a new legislature, a new party in power, a new governor.  
20          We did see a fair amount of activity this session. We had a few  
21          bills, specific to Title Guaranty. One relates to the mortgage  
22          release program and I'm going to be talking about that and

1       **Matt will talk about that a little later on the deputy director's**  
2       **report but Title Guaranty several years ago was given the**  
3       **statutory authority and ability to release mortgages. And the**  
4       **statute set the dollar amount limit of our authority at five**  
5       **hundred thousand meaning if you had a mortgage of a million**  
6       **dollars that needed to be released we did not have the ability to**  
7       **do so. We introduced a bill that would allow the Title**  
8       **Guaranty Board to recommend an I.F.A. Board through**  
9       **administrative rule to set the limit that we could release the**  
10      **mortgage and a little later on in the agenda we'll talk about**  
11      **that issue. We do want the ability to release mortgages**  
12      **particularly as you've heard me talk about rolling out a**  
13      **commercial department and having a true commercial**  
14      **program. There conceivably will be a need to release**  
15      **mortgages substantially in excess of a half million dollars.**  
16      **There are some legal issues, some liability issues around that**  
17      **and we're going to wait and talk about that a little later but the**  
18      **bill was passed and this board now does have the ability to set**  
19      **the amount of releases and currently it's at half a million and**  
20      **we are going to explore increasing that amount.**

21      **PETERSEN       The bill that was passed allows this board to**  
22      **fix the amount?**

1           **OGLE**           **That's correct. The floor was set by statute**  
2           **at half a million; now this board has the authority.**

3           **PETERSEN**       **Uh-Huh.**

4           **OGLE**           **In addition there was a bill that Matt White**  
5           **spent a considerable amount of time working with the real**  
6           **estate section of the bar to try to clean up and provide some**  
7           **clarity around mechanic's lien law in Iowa. Title Guaranty has**  
8           **had to pay a few claims where mechanic liens have trumped**  
9           **first mortgages where they were quite stale in my opinion, even**  
10          **a year out. We thought about appealing those to the Iowa**  
11          **Supreme Court. We decided the better route was to attempt a**  
12          **legislative fix so Matt was involved in really just trying to**  
13          **clarify the law, when that mechanic lien passes, when it has**  
14          **priority. The general idea is that you know mechanic liens be**  
15          **valid and trump the mortgage it's got to be filed in ninety days**  
16          **upon completion of the work and so the effort was really just to**  
17          **clarify that law and Matt if you want to expand on that at all.**

18          **WHITE**           **We had pretty good support of the bar**  
19          **association and the bankers were on the same side of the fence**  
20          **which apparently isn't entirely common so we had pretty**  
21          **broad support on the thing and got it through and it's in direct**  
22          **response to claims we have here so I think that should be**



1 favorable in the future when we will have more mechanic lien  
2 claims in the mix. Hopefully it will get rid of some of the  
3 decisions that we've had to make.

4 OGLE Second thing on that agenda that had  
5 approval (INAUDIBLE) technically the board doesn't need to  
6 approve that. We have the ability to contract with  
7 (INAUDIBLE). We, since our inception, have worked  
8 (INAUDIBLE) and that means any transaction over a half a  
9 million dollars a portion of the premium is sent to the Florida  
10 Fund to make sure our transactions, it's a protection it  
11 protects us from a catastrophic claim. It has something like  
12 five million dollars in reserves, our historic claims rate is like  
13 point zero seven four percent. In recent years it's been a little  
14 above one percent. Industry average is somewhere around six  
15 percent. But for larger transactions we do need to reassure.  
16 The problem we've had with the Florida Fund is basically on  
17 those reassured transactions we're having to follow Florida  
18 law, Florida statutes and it's created some difficulties for us in  
19 terms of having flexibility on our underwriting as well as on  
20 the larger transactions the inability to be competitive. So we,  
21 following state process in (INAUDIBLE) and there are really  
22 only five companies in the United States that can handle ten,

1        **twenty million dollar transactions, it's the big five that control**  
2        **ninety two percent of the market in this country. And we sent**  
3        **an (INAUDIBLE) to those five companies. Three of them**  
4        **responded, had some conversations with (INAUDIBLE), two**  
5        **ended up sending in bids to that business plan, one was Land**  
6        **America, the other was Stewart Title. It was the opinion of**  
7        **myself and Stan clearly one response was far superior and that**  
8        **was the Stewart Title. So at this point of time we're going to**  
9        **enter in to negotiations with them to see if we can negotiate an**  
10       **insurance treaty with them. They have an office in Kansas City**  
11       **with a number of lawyers on staff. We believe that they would**  
12       **be able to provide a number of underwriting support for us.**  
13       **That they would provide for us a platform where we can enter**  
14       **into the commercial market. Title Guaranty in the past really**  
15       **has not been active in commercial business. There's something,**  
16       **somewhere between three and six billion dollars a year**  
17       **commercial activity in this state and one of the reasons we've**  
18       **not been in that business is we've not provided escrowing**  
19       **services as something that's traditionally offered. So we believe**  
20       **with signing with a re-insurer offering escrowing services that**  
21       **we'll be able to be competitive within the commercial arena**  
22       **and that we'll bring business not only to ourselves but we will**

1 bring business to our fellow participating attorneys and  
2 abstractors as well and I think even if folks don't use this that  
3 we'll help bring down the prices of the commercial  
4 transactions because I think with Stewart we're going to be  
5 able to be more competitive on those commercial vehicles. So  
6 really all I have for you today is nothing to take action on it's  
7 just an update to let you know that we are going to enter into  
8 negotiations with Stewart Title and that at next board meeting  
9 we expect to have a fully executed contract at that time. I'm  
10 pretty excited about it the staff is really excited about entering  
11 the commercial field as the area really has a great promise for  
12 growth. Without even looking at the private commercial deals  
13 if you think of all the commercial transactions that occur in  
14 this state that have some type of public financing to them and I  
15 think we have a vehicle to enter in the market but we've got to  
16 execute and do so very well and create a positive response out  
17 there in the field and reassurance is going to be critical to that.  
18 So really today all to report is just to report to you that  
19 (INAUDIBLE) we've had two responses we've selected one,  
20 Stewart Title that it's our intention to negotiate and entry  
21 treaty with them. The last comment I'm going to make on that  
22 is the Florida Fund. They entered into an agreement with us

1        **twenty years ago primarily because they're a fellow attorney**  
2        **fund there's only four of them in the country and there's a**  
3        **certain affinity fellowship the attorney funds share. The only**  
4        **fund I know we use a lot of their expertise in setting up this**  
5        **division. Florida Fund agreed to be our reassurance not so much**  
6        **as a business incentive but really to show solidarity of a fellow**  
7        **attorney fund. So I think I will be communicating with the**  
8        **Florida Fund our appreciation for their support over the years**  
9        **and again they did this more with solidarity with this program**  
10       **as opposed to a business decision that makes sense for them to**  
11       **reinsure transactions. We've never had to exercise our right**  
12       **under our reinsurance contractor. We've never had a claim**  
13       **large enough to trigger it; I hope we never do but it in timing**  
14       **now we needed to move to a reinsure that would enable us to**  
15       **be competitive in the commercial market and so that is our**  
16       **goal. Any questions regarding our reinsurance?**

17       **TAYLOR            My question just backs up Matt how many**  
18       **claims for -- or request to release mortgages do we get that are**  
19       **in that five hundred thousand or greater range, do you get**  
20       **any?**

21       **WHITE              We get a few. Maybe one every few months.**  
22       **What I don't know is how many of them are stopped because**

1 of the people that are applying just simply know not to bother  
2 with paperwork because it doesn't fit the loan. But we do get  
3 some, every few months we'll get one or two but again there's  
4 probably lots of situations where it would work but the  
5 applicant knows that we simply can't help them so they don't  
6 bother.

7 **TAYLOR** Do you have a number in mind so we can  
8 start thinking about that you're going to be recommending  
9 that we set a limit at?

10 **WHITE** Well we're still deciding on that I think it  
11 depends a little bit about where the liability's going to rest if  
12 there's a problem with the release and (INAUDIBLE) Title  
13 Guaranty (INAUDIBLE) fair to state for a combination of  
14 those folks to be left holding the bag and pay for that.

15 **OGLE** We're going to talk about that more under  
16 Matt's report.

17 **TAYLOR** Okay well let's just save that for then thank  
18 you. Loyd we're still under your getting done with the  
19 approval of the reinsure. Are you going to tell us all about  
20 Pottawattamie County first of all where it's at for us that  
21 aren't out there?

1           **OGLE           Yes. This is one of those issues that does raise**  
2           **some concern. We have some folks in the room I know of --**  
3           **welcome other people here present if they want to speak on this**  
4           **issue. In the information that was handed out to you from this**  
5           **morning you will find the memorandum from the Iowa**  
6           **Finance Authority Board of Directors. And this is a staff**  
7           **recommendation that I will be making tomorrow when the**  
8           **Iowa Finance Authority Board meets. While this board**  
9           **oversees the title Guaranty program this board does not have**  
10          **administrative rule making authority so any time we need**  
11          **administrative rules we recommend those to the I.F.A. board**  
12          **and the I.F.A. board actually approves those rules. For over a**  
13          **year now I have been and ever since J.D. Savvo was president**  
14          **of the Iowa Bar Association we've been actively scrutinizing**  
15          **the situation in Pottawattamie County in Council Bluffs. As a**  
16          **practical matter title Guaranty is not available is not used and**  
17          **we do not have a market presence in Council Bluffs. So we**  
18          **have been in the past year, investigating that situation over**  
19          **there and exploring ways that we might be able to enter that**  
20          **market. In fact I remember Deb, myself and Linda met with --**  
21          **quite a while ago about this issue. Becky Petersen on our staff**  
22          **has spent a lot of time over in Council Bluffs meeting with**

1 (INAUDIBLE), attorneys, the abstractors. They're trying to  
2 find a way that we can enter that market and out of those  
3 discussions one of the two abstractors there that has a plant,  
4 Abstractor Guaranty Company has applied to the I.F.A. board  
5 of directors for a waiver of one of the administrative rules.  
6 This is very different please do not confuse this with the waiver  
7 of plant requirement which is a statutory provision that this  
8 board has the authority to grant or deny. This is very different.  
9 Iowa Law does not define the abstract and because of that title  
10 Guaranty for an I.F.A. board through administrative rule  
11 defines the abstract. What we have with a non-purchase  
12 product allowed in effect a short form search to be performed  
13 in order to provide a product that was acceptable to the  
14 secondary market that would be useable to re-fi transactions  
15 and that was a non-purchase product.

16 TAYLOR And we do that statewide?

17 OGLE We do that statewide and as available. And  
18 really under that same theory we have an abstractor that is  
19 applying to the I.F.A. board of directors to waive  
20 administrative rule in terms of how we define the abstract that  
21 will allow attorneys and abstractors the title opinion abstract  
22 system to function in Pottawattamie County. I think the memo

1 is kind of self explanatory. Currently for a purchase  
2 transaction if you want to utilize the title Guaranty program  
3 you have to update an abstract and an abstract is defined as  
4 including all matters of record. In Pottawattamie County  
5 historically abstracts system never really took root.  
6 (INAUDIBLE) because of the Omaha dominance of that  
7 market and the use of out of state title insurance. We, last year  
8 did something like thirty some transactions in the county  
9 where there are over seven thousand real estate transactions  
10 and we had like thirty of them. And the reason we're not  
11 getting that business is the traditional abstracts are not  
12 available, have been destroyed, lost over time and lenders  
13 simply will not bear the cost of building a new abstract, the  
14 time and expense involved is simply not going to do it. And  
15 incidentally knowing that the prices that the consumers and  
16 lenders are paying for out of state title insurance is well above  
17 what you would pay in the rest of the state for title Guaranty.  
18 And we believe by entering this market even if we don't  
19 capture that business the consumer's going to benefit, their  
20 rates are going to go down, those premium charges are going to  
21 go down. So what we have is an application to allow the  
22 abstractors to use a report of title that would not include all



1 matters of record but would include those manners that affect  
2 title. So my abstract goes back and talks the Louisiana  
3 Purchase but as a practical matter I don't need to have that  
4 reported in my abstract to know whether or not I have good  
5 title. You know with that introduction I'm going to ask Becky  
6 maybe to speak a little about this since she's spent the most  
7 time on this issue, some of the dynamics. The Pottawattamie  
8 County Bar Association has passed a resolution supporting this  
9 waiver request that when I walk into my underwriting  
10 (INAUDIBLE) that the other core attorneys usually we don't  
11 ever have consensus on anything. Attorneys I think are like  
12 (INAUDIBLE) or something but we actually had and I don't  
13 think anyone was forced to come to this. We had consensus on  
14 all the title -- all the attorneys at Title Guaranty, we had  
15 consensus on this issue. That we should enter this market and  
16 by granting this waiver was a way to do so. With that Becky I  
17 don't know if you have anything to go with it.

18 PETERSEN Well I'll just point out a couple of things. I  
19 think the most telling statistic here is that we issued only thirty  
20 certificates in a county where there's seven thousand  
21 (INAUDIBLE) filed on record. So we have no market presence.  
22 So what's going on over there? Well here's kind of what we

1 think as far as we can tell. Number one, attorneys are not  
2 involved in residential real estate transaction, they don't use  
3 any abstracts, typically they don't do closings. The only time  
4 they get involved is after the fact when there's a problem.  
5 When somebody's trying to sell their house and something was  
6 missed from the last search then they get involved and try and  
7 clean up. In fact their typically hired by title insurance  
8 companies to clean up messes that have been insured over in  
9 the past. And I think the land records over there are really  
10 declining, the quality of them is declining. So that's very  
11 concerning to us. On purchase transactions they're doing what  
12 we call D.U. forward searches, searches that go back maybe a  
13 year or two ago, on a purchase transaction. So there are a lot  
14 of things that are being missed and a lot of title problems that  
15 are simply overlooked at the time that that buyer purchases  
16 the property. So you don't have attorneys involved in  
17 transactions, the quality of land titles is really declining  
18 rapidly. So in answer to this well we really looked at is there  
19 any way that we can bring abstracts back into the picture in  
20 Pottawattamie County because clearly that would be the best  
21 option for us but here's what's happening with abstracts Loyd  
22 mentioned, they're not being updated, they're lost, destroyed,

1       **this has been going on for twenty years, attorneys have not**  
2       **been examining them for twenty years so they're really not**  
3       **around. They're building hundreds of new homes in**  
4       **Pottawattamie County every year; they're not even creating**  
5       **new abstracts on new properties. There's not even an abstract**  
6       **out there period. So we didn't think forcing abstracts would**  
7       **really wouldn't be a vital option for us so that's where this**  
8       **comprehensive search comes about. Just so you have a picture**  
9       **of what this search is exactly, it is a proof of title search okay**  
10       **and Abstract Title Guaranty Company is the only company**  
11       **that was asked to buy this product. They do incidentally have a**  
12       **title plan so they'll have the benefit of that plan. They'll be able**  
13       **to go back to the route title and provide a report that shows all**  
14       **matters of record that currently affect this title to the property.**  
15       **We'll see easements, we'll see judgments, we'll see mortgages**  
16       **that are outstanding we'll see a lot of things that are being**  
17       **looked over or missed right now with this particular product.**  
18       **And I think one of the best parts about this is we're going to**  
19       **bring the attorneys back into the transaction. That report will**  
20       **go to an attorney for review who will then hopefully issue Title**  
21       **Guaranty commitment certificates based on the report. Any**  
22       **questions?**

1           **OGLE**                   **Our recommendation is that the waiver will**  
2           **be limited to a term of five years, that it can only be used when**  
3           **an abstract is not available so if the abstract is available they**  
4           **would need to do an abstract update. And it is conditional**  
5           **upon this board approving search product so if the I.F.A.**  
6           **Board approves the waiver it will come back to this board and**  
7           **this board will need to approve the actual product. So in effect**  
8           **even if I.F.A. approves it this board will make the final**  
9           **decision on this product. The issue and the concern I think that**  
10          **I have heard, we are very open about this, we went and talked**  
11          **to last year all of the regional meetings of the abstractors we**  
12          **talked about this issue and we talked at length with the real**  
13          **estate section of the bar about this issue. The biggest concern**  
14          **that was addressed to me was whether we were setting**  
15          **precedent and whether this was going to be opened up and**  
16          **available to the rest of the state, whether we were opening the**  
17          **door and I think that is a very fair concern but all I can tell**  
18          **you at this point in time Pottawattamie County is a pretty**  
19          **unique situation. It's limited real estate in Pottawattamie**  
20          **County that anyone else that came in and asked for waiver**  
21          **would have to go through the same process, the I.F.A. Board**  
22          **and our recommendation is they would also have to come to**

1       **this board. But I think you know we're a statewide program,**  
2       **we have an obligation to make title Guaranty available across**  
3       **the state and I don't think we can just write off Pottawattamie**  
4       **County. We need to be in this market, actually I'm pretty**  
5       **about it and I know Linda Berg is very excited about rolling**  
6       **out this program and doing marketing over in Council Bluffs**  
7       **so we're actually pretty excited about it but there is concern**  
8       **out there and if people in the room if they want to speak to this**  
9       **issue I think they're free to do so. So I recognize that concern**  
10       **and all I can tell you is this is a waiver specific to**  
11       **Pottawattamie County and there is no intent at this time to**  
12       **offer this anywhere in the state.**

13       **I know that you all probably trust Loyd and Becky and I know**  
14       **them and trust them (INAUDIBLE) but I am in Pottawattamie**  
15       **County, I've been practicing for coming up on twenty three**  
16       **years there and when I got out of law school I learned how to**  
17       **read an abstract (INAUDIBLE) so I learned all of that and I**  
18       **worked very closely -- actually with this particular applicant I**  
19       **didn't realize it was just then until I read the information but**  
20       **over that twenty three years everything they have told you is**  
21       **exactly correct. We don't have an abstract and title opinion**  
22       **process in Pottawattamie County it just basically doesn't exist.**

1       **The other thing that they kind of glanced over too is all of**  
2       **those dollars that are being charged most of those are going**  
3       **across the river into the state of Nebraska they're not being**  
4       **retained in Iowa. And so that's a lot of money that we're losing**  
5       **that you know we could be next month or next quarter**  
6       **transferring to these programs that benefit our residents here.**  
7       **The product of this particular applicant in my experience has**  
8       **been very good and I don't know if that's appropriate to say**  
9       **that or not but I have worked with them and I know that**  
10      **they're not putting out a sloppy product. I agree that the**  
11      **quality of titles in Pottawattamie County has been and**  
12      **continues to decline because we don't have the properly**  
13      **trained lawyers and abstractors in there on every transaction**  
14      **and there's a lot of people that are making final decisions and**  
15      **recommendations on these title policies that really don't**  
16      **understand what might need to be included in search and why**  
17      **we need to go back twenty years or forty years or why we need**  
18      **to look for those things or why a mechanic's lien might need to**  
19      **be looked at because some court made a goof up and said this**  
20      **lien is valid and it really probably shouldn't have been. Those**  
21      **things happen out there and I think a lot of those things as**  
22      **Becky (INAUDIBLE) figure it out and fix it later and**

1 sometimes works but we're not putting out a good product to  
2 the consumer there because the consumer doesn't want to buy  
3 a mess and then have to come in a fix it. The concern for the  
4 future, I agree, I don't you know this has got to be -- in my  
5 opinion this needs to be limited to our little unique situation as  
6 Loyd puts it. I mean if we're at less than one percent of the  
7 market in the transactions that are happening in that county  
8 then I think those are things we need to look at and I think  
9 when the next person comes back to this board and we have a  
10 situation where we have fifty percent of the transactions then I  
11 would not be inclined to look at that in this same way but I  
12 know for a fact that this is correct we don't do thirty six --  
13 that's quite a few actually have been issued in the last year in  
14 Pottawattamie County and you can check I didn't do any of  
15 them. So that's my two sense.

16 **TAYLOR** Did you have a question?

17 Yes I have a question. Excluding the purchase (INAUDIBLE)  
18 since the nine hundred or refi product has been available  
19 throughout the state has the market share increased in

20 **UNKNOWN** Pottawattamie County for refi's?

21 **OGLE** It hasn't and I think it's primarily because  
22 we just don't have the abstractor-attorney in place right now.

1           **It's really hard to go to them and say well we can do the refi**  
2           **business but we can't do the purchase business. And until we**  
3           **have a product that works for the purchase transactions we --**  
4           **once this is in place we'll be able to go to lenders and say we**  
5           **can handle all your business. Right now we're just not in that**  
6           **situation economically to get the abstractor and attorney**  
7           **familiar with using the abstract title opinion system. It is a**  
8           **practical matter we can't just go in and try and get the refi**  
9           **business. From a market standpoint we've got to go in and**  
10          **cover all of it.**

11          **UNKNOWN           I would think you would be able to push**  
12          **refi's say you're still saving the consumer money, you're still**  
13          **saving the lender money and you're getting the attorney**  
14          **involved. Why don't you push that and see if it works instead**  
15          **of trying something new?**

16          **OGLE                   Linda I don't know if you want to comment**  
17          **on that.**

18          **BERG                   Well my only comment on that and it sounds**  
19          **like a rational option and we did talk with lenders, actually we**  
20          **thought we could get a foothold in that market by pushing the**  
21          **refi business but the reality is the lenders don't really care.**  
22          **They want to get this thing done and they don't want to have to**



1 think every time oh is this one I can use this or do I have to use  
2 this. They want one solution to their product, to their situation  
3 and if we can't be everything then they're just not going to use  
4 us. Closing companies are used to handling things in a  
5 particular way and the lenders are just going with it and yes  
6 it's costing the consumer more but that's a pass-through cost  
7 to the buyers you know it's not affecting the lender so and you  
8 know the response we've gotten and believe me we have talked  
9 with all of the major lenders in Council Bluffs as well as a  
10 couple of them over in Omaha that do quite a bit of business in  
11 Council Bluffs and they're telling us the same thing. We'd love  
12 to use your product, today we can't. A refi is just not enough to  
13 bring them in.

14 UNKNOWN I have a comment. (INAUDIBLE).

15 TAYLOR So do I. I have a question about what's the  
16 significance of the five year waiver, when is that ever an issue?  
17 I mean I understand why we want to use it in Pottawattamie  
18 first. It's a jump start out there I recognize that but I'm with  
19 you what's the five year variance (INAUDIBLE)?

20 OGLE Well the reason we limit that waiver five  
21 years is to just signal that this isn't going to be open ended that  
22 we granted the waiver and see how this works and then

1           **between now and five years from now we'll need to make some**  
2           **decisions on where we want it to go. Quite frankly if this works**  
3           **for this abstractor then I think it will probably be**  
4           **administrative rule we would want to codify this process and**  
5           **allow any qualified abstractor in Pottawattamie County to use**  
6           **this option and if it doesn't work then the waiver expires and**  
7           **then we move on (INAUDIBLE). But I think as a practice**  
8           **continue to have people come in and asking for waivers of this**  
9           **administrative rule in Pottawattamie County and that works at**  
10          **some point we would just instead of making the waiver we**  
11          **would make it effective for all parties who are acting on real**  
12          **estate in Pottawattamie County.**

13          **TAYLOR            So it's just for five years -- I mean the truth**  
14          **of the matter here is we're just thinking academically here.**  
15          **This is not a decision we're going to make.**

16          **OGLE                 That's correct.**

17          **TAYLOR            I.F.A.'s going to make a decision tomorrow.**  
18          **We're going to make a decision as to what the definition of the**  
19          **report is. Is that what you understand?**

20          **OGLE                 Assuming the I.F.A. Board of Directors**  
21          **follows our staff recommendation.**

1           **TAYLOR**           We're just talking academically here we're  
2           not going to get to decide this. I.F.A.'s going to decide it.

3           **OGLE**                You're not hearing the appeal, you're not  
4           hearing the waiver request, the application's not before you so  
5           you can't -- you don't have any formal action to take. If this  
6           board wishes to express a preference supporting the staff  
7           recommendation, not supporting the staff recommendation we  
8           can do that. But the decision is at the I.F.A. Board.

9           **TAYLOR**           Virginia did you have a question?

10          **BORDWELL**        Yes I have a couple comments. I see that  
11          your recommendation is for five years in cases where there is  
12          no abstract and the terms and provisions approved by this  
13          board, how about thinking about making this possible only  
14          where abstractors (INAUDIBLE) land?

15          **OGLE**                The waiver, the applicant --

16          **BORDWELL**        The applicant is an abstractor but will it be  
17          more for (INAUDIBLE) or will it be for both of the  
18          abstractors?

19          **OGLE**                This waiver is just for this applicant.

20          **BORDWELL**        Just for that individual. All right so it's for  
21          that individual within that (INAUDIBLE). I thought it would  
22          be (INAUDIBLE).

1           **TAYLOR**           He just made that comment that that would  
2           be a possibility.

3           **OGLE**               I think down the road if this works we would  
4           ask the Title Guaranty Board to recommend an administrative  
5           board to the I.F.A. Board that would allow any qualified,  
6           participating abstractor in Pottawattamie County to --

7           **BORDWELL**       I had already jumped to that conclusion. The  
8           only other thing is I heard somebody say we will be approving  
9           the form for the search, would we also approve the instructions  
10          for how to do it. For the abstractor and or an attorney who  
11          may be answering that abstractors questions.

12          **OGLE**               That's (INAUDIBLE).

13          **BORDWELL**       Because the attorney (INAUDIBLE).

14          **OGLE**               (INAUDIBLE).

15          **TAYLOR**           Sir, you had a question?

16          **UNKNOWN**       I just wanted to make sure I understood, the  
17          whole owners problem is the searches are being performed by  
18          people without title license even though they are made familiar  
19          with Pottawattamie County and they're missing things called  
20          title problems but you have an abstractor who has a title  
21          (INAUDIBLE) he can provide a much higher quality of work  
22          and that's where we want to get to --

1           **PETERSEN**       Well I think the issue in Pottawattamie  
2           County specifically is what does the search entail. They're just  
3           not going back very far at all. In most cases they're going back  
4           to the last deed and catching just a year, picture of a year.  
5           They're not going back to the real title.

6           **UNKNOWN**       (INAUDIBLE)?

7           **PETERSEN**       That's correct.

8           **TAYLOR**        (INAUDIBLE).

9           **UNKNOWN**       What if I've got somebody moving to my  
10          county from Pottawattamie County that's going to use that  
11          Pottawattamie County bank and they don't have an abstract,  
12          people don't have an abstract. They're buying (INAUDIBLE)  
13          so they have to create a new abstract and that bank says oh we  
14          can (INAUDIBLE) but since we're not Pottawattamie County  
15          abstractors we can't do that.

16          **OGLE**           Well the waiver is only going to be effective  
17          on real estate in Pottawattamie County so --

18          **UNKNOWN**       Actually within (INAUDIBLE)?

19          **OGLE**           Yes.

20          **UNKNOWN**       Because we do do things for all the banks all  
21          over the state of Iowa.

1           **UNKNOWN**       **Do you think this will improve the titles in**  
2           **Pottawattamie County?**

3           **OGLE**               **I think it will by bringing attorneys and**  
4           **abstractors back into the process attorneys will follow the**  
5           **marketable title act and be producing title opinions identifying**  
6           **the effects on title and clearing them up we absolutely think it**  
7           **will improve the land title in Council Bluffs.**

8           **UNKNOWN**       **It does seem that if it doesn't improve the**  
9           **titles they're buying something we really don't want; bad titles.**

10          **OGLE**               **Okay.**

11          **UNKNOWN**       **I question whether we can run to**  
12          **Pottawattamie County and I question (INAUDIBLE).**

13          **TAYLOR**           **Comments on that guys.**

14          **UNKNOWN**       **Right away Mitch said I'd like to do that.**

15          **TAYLOR**           **Yes that'd be nice. (INAUDIBLE)?**

16          **OGLE**               **I don't have an answer to that. I think it's**  
17          **something the industry needs to talk about. I've heard**  
18          **members of ILTA Board say the issue for me is that the search**  
19          **be conducted off the plant and by a participating abstractor**  
20          **then I'm also concerned about whether I'm doing a**  
21          **comprehensive search or an abstract update. There are other**  
22          **members of the bar through ILTA that are very adamant that**

1 we should be doing everything we can to enforce the traditional  
2 abstract title opinion process. So I recognize this is problematic  
3 in terms of whether or not this has implications for the rest of  
4 the state and I think it's something that this industry and I'd  
5 ask the ILTA in particular to have a discussion with their  
6 membership about. I'd mention again this is only available  
7 where an abstractor is not available. I think we get attorneys  
8 involved in transactions again you'll see as these subdivisions are  
9 created that abstracts will be created for those subdivisions  
10 and that hopefully will actually get more abstracts back in the  
11 transactions. But I understand it does raise the question what  
12 happens -- you know as a practical matter right now Wells  
13 Fargo statewide on a purchase transactions is the abstracts is  
14 available in most areas of the state they utilize Title Guaranty. If  
15 the abstract is not available they just flip and use Nebraska.  
16 And they don't bother with having an abstract created.  
17 They're not tolerating that cost. So it does raise the question  
18 what do we do about those transactions and where does this  
19 industry want to be in the future and I think we need to have  
20 that discussion. But as far as Pottawattamie County I think we  
21 really only have the two choices. Either we're going to enter

1           **that market or we're going to deliberately make the decision**  
2           **that Title Guaranty is going to not be available**

3           **UNKNOWN       My only question Loyd is that looking at the**  
4           **situation we have in Pottawattamie County and I understand**  
5           **what you're saying Wally is that with Mitch saying well I'd**  
6           **like to be in it too. Why would you go out five years, I don't**  
7           **understand why wouldn't you just limit it maybe to three**  
8           **because by three years knowing where you are in the market**  
9           **now, we've got thirty transactions you're doing this year. In**  
10          **three years you'd have a pretty good indication as to whether**  
11          **or not that's going to work and then that would open it up to**  
12          **be able to do it sooner if it's really working to be able to do it**  
13          **sooner across the state or whatever as opposed to five years.**

14          **OGLE               I have no problem if it was the preference on**  
15          **this board to limit -- to change this recommendation and limit**  
16          **it to three years as opposed to five.**

17          **UNKNOWN       I mean your record keeping, I'm guessing**  
18          **you'd have a fairly good idea if your numbers jump to three**  
19          **thousand in year two you'd have a pretty good indication that**  
20          **this is working pretty well as opposed to waiting five years.**

21          **That seems like an awfully long time to wait because if Mitch**  
22          **and everybody else that's onboard says hey this is a great**



1 system let's try to implement it sooner rather than waiting, five  
2 years seems like an awfully long time.

3 **OGLE** Okay.

4 **UNKNOWN** I don't really have a problem with five years  
5 but I agree we should be looking at it all through that. And I'm  
6 thinking maybe the five years allows us a little bit of history in  
7 that the properties change hands a couple of times and we see  
8 that in five years but I don't know and I agree with Pat's  
9 comment you don't want to just put this on and say well we'll  
10 be back in five years to look at it I think there's something  
11 we've to keep on and if in two years we see it we've got now  
12 forty transactions then the record becomes why are we wasting  
13 our time and effort on this whole thing.

14 **UNKNOWN** Now we've done market research obviously  
15 at least in some part. You should have an idea what banks you  
16 think will come to you, I assume?

17 **OGLE** Yes we've actually had that conversation  
18 where a lender says sure if you do this we'll give you a try.

19 **UNKNOWN** That's more the answer to the question  
20 because when I sit in this room and I look at four of the top,  
21 probably four of the top six population based counties all  
22 expressing interest you know in a product similar to this you

1 know you have to have some thought process involved in that  
2 and like I said obviously the market share you have a concept  
3 of where this goes or you weren't trying at all. I mean there's  
4 no business savvy at all if you don't have somebody worried  
5 well where will this lead to in five years. Because the  
6 alternative is you make this play again and how many decades  
7 is it going to take to clean up the state records in  
8 Pottawattamie County? I mean this doesn't happen over night  
9 unless you have -- I mean you're talking a market swing of  
10 proportions that we all (INAUDIBLE).

11 **TAYLOR** Well is there any other public comment that  
12 any of you folks would like to make. Does the board want to  
13 make a recommendation or just wait and see what we get back  
14 from I.F.A.? Wait? Wait? Wait? Good luck Loyd.

15 **OGLE** Thank you. Well I think that concludes my  
16 report and we'll move on to Matt.

17 **WHITE** Claims report, I thought I'd tell you a little  
18 bit about some of the specifics of what we've seen coming  
19 through the door here since the last board meeting. I also  
20 wanted to tell you a little bit of a background on some of the  
21 historical claim members. I think I'm going to go into the first,  
22 the historical members, I think that's kind of telling. In the

1       fiscal year 0-6 we paid 4.4 percent in claims which was kind of  
2       a clue because we had one very large for us unusual claim that  
3       we paid of one hundred and four thousand so that bumped us  
4       up from what would be under two percent.

5       **OGLE**               I would mention that two years ago we had a  
6       legislative fix so we wouldn't have that title claim again. It had  
7       to do with the homestead waiver provision and up to that time  
8       we paid that claim when you waive your homestead rights, if  
9       it's agricultural product there's an additional notice that the  
10      borrower has to sign and if you don't sign that additional  
11      notice that waiver is void and we actually had a situation of  
12      where a property was in the incorporated limits of Iowa City  
13      but because it was land that potentially could be used for  
14      agricultural purposes the lender did not get the waiver  
15      signature, the abstractor didn't know, attorney didn't know it  
16      (INAUDIBLE). And this person went through a foreclosure  
17      and the district court determined that (INAUDIBLE) void.

18      And did that go to the Supreme Court Matt?

19      **WHITE**            We just lost that in district court  
20      (INAUDIBLE).

21      **OGLE**                So the legislature approved a bill that set up  
22      (INAUDIBLE) standard of forty acres. If the land is less than

1       forty acres you don't need that extra waiver signature. If it's  
2       over forty acres you do so now --

3       **(END OF SIDE #1 OF TAPE #1)**

4       **WHITE**           So historically the numbers have been very  
5       low for us. Cumulatively it's been under one percent, it's been  
6       under one-tenth of a percent actually but it's been around one  
7       point two percent in 0-5, one point five percent in 0-4, in 0-7,  
8       the year we're in now it's probably going to be zero, zero  
9       percent. We may have one claim that we pay for three  
10      thousand dollars with our premiums that will be just about  
11      zero. So anyway that's the background is that we do very well  
12      missing these claims because the abstract being done, the title  
13      opinions (INAUDIBLE). But I thought I'd tell you a little bit  
14      about the claims that have briefly come in since the last  
15      meeting we've brought in nine new claims. I've taken care of  
16      twelve old claims that we had pending in the mail. And of those  
17      nine new claims I took care of five of those either -- without  
18      paying money actually. And I thought I'd just run through  
19      very briefly the kind of stuff we're seeing. A claim we just got  
20      the lender's foreclosing and the spouse didn't sign the  
21      mortgage, that's one we've seen several times. Another one, the  
22      lender's been served in a foreclosure action and another

1 mortgage lender is claiming first lien position (INAUDIBLE)  
2 on that claim. A seller of a property, the judgment creditor of a  
3 seller, has foreclosed on a property and the new purchasers  
4 have had their property sold in a sheriff's sale. (INAUDIBLE).  
5 Another claim where the spouse didn't sign the mortgage. We  
6 got a claim recently, in the last few weeks that (INAUDIBLE)  
7 creditor is foreclosing and claiming first lien priority over the  
8 mortgage filed four years earlier, interesting. That's the kind  
9 of stuff we get sometimes and I really think that new statute  
10 stuff will clean some things like this up but it doesn't display  
11 some genius parties to litigation that make these kind of  
12 interesting claims.

13 UNKNOWN I have a question Matt so you mean like the  
14 five thousand pages of the mortgage that you get a spouse  
15 didn't sign any of them and that's -- so you sit through this  
16 whole process and you watch your husband or your wife sign  
17 and you just sit there and you don't sign anything and a  
18 banker or a lender just sits there and watches you and he  
19 doesn't question?

20 WHITE Well yes and in some cases and we've had  
21 this argument consistently here. In some cases the lender says  
22 they can't sign the mortgage, I won't allow it, I will not allow

1           that spouse to sign that mortgage it's not necessary, their  
2           credit's bad, I won't do it. They don't understand -- they don't  
3           understand the Iowa law. Some of these things go through. On  
4           most of the claims that we see like that we have not issued title  
5           Guaranty on them we won't walk face first into those. We  
6           know there's a problem, we stop, the attorney knows there's a  
7           problem, the attorney knows there's a problem, we get the  
8           abstract, we stop. Our treatment of claims like that where we  
9           did not do title Guaranty may change as we do more closing  
10          protection lenders then we are responsible for the closing if it  
11          happens we're responsible for it. In claims like this we would  
12          expect to have liability on if in fact we do insure those closings.

13         **UNKNOWN**           On the one that you say we got nine in we  
14          took care five of them already is that just basically working  
15          with parties, the lender, their attorney or whoever and getting  
16          it resolved on paper? Somebody's just doing a little work here  
17          and there to clean up something that wasn't a major mess.

18         **WHITE**            I do a lot of that and some of them that have  
19          cleaned up or taken off the active list I've just simply denied  
20          them. I've said for instance we haven't written title Guaranty  
21          on it we knew there was a problem. We did a commitment we  
22          told you to have the spouse sign the mortgage; you didn't do it

1 so too bad. It's not our problem. We pass that back to the  
2 closer who probably who is going to have to be responsible for  
3 it or the lender.

4 UNKNOWN Okay.

5 WHITE So a lot of them yes but a lot of them are  
6 relatively simply fixes. We do a final affidavit, work with the  
7 attorneys and get a different understanding of what the law is  
8 maybe they'll pass on their judgment. It takes a lot of time but  
9 that's how we resolve most of these without much money spent.  
10 So that's the kind of thing we're seeing the door. The  
11 satisfactions of the claims have been kind of what we just  
12 talked about here just now. A lot of them get handled by phone  
13 calls, affidavits, things like that. So it takes up a lot of time but  
14 it doesn't take a lot of money. If the board has questions about  
15 claims further I'd sure entertain answering them now.  
16 Otherwise that's the information I wanted to give you.

17 TAYLOR I think it would be helpful for our new board  
18 members that you initially handle them and then if they  
19 include or go to litigation then AAG handles those for us right?

20 WHITE Grant there in the corner is my litigation  
21 man and of any one time I'd say we're involved in two or three  
22 to maybe six cases to where we're actually defending. Real

1           **good claims where we're not quite sure what's going to happen**  
2           **but it doesn't look good to frivolous claims practically but we**  
3           **still owe the lender (INAUDIBLE). It's part of the reason**  
4           **lenders and owners hopefully get title Guaranty is we assume**  
5           **the defense whether the claim is a good one or not it's a claim**  
6           **we deal with it. And Grant helps me deal with the ones that are**  
7           **in court.**

8           **TAYLOR           Right now we have two?**

9           **WHITE           Two. And we've gotten rid of several pretty**  
10           **recently that we court cases. That's all I had on claims if**  
11           **there's no further questions I'll go on to mortgage releases.**  
12           **The mortgage release program for the newer board members,**  
13           **it's a program where the state has a statute sixteen point nine**  
14           **two and a half is administered by title Guaranty, they either**  
15           **picked up or picked on us depending on how you want to look**  
16           **at it. It gives us a pretty good opportunity to get some deals**  
17           **done if the closing is stuck because there's a problem with no**  
18           **release of a mortgage or a bad release or a missing assignment,**  
19           **the parties can apply to us for this mortgage release product**  
20           **and they prove that the loan was paid in full by various means.**  
21           **We serve a demand on the lender and help release their loan or**  
22           **we're going to or tell us why they can't release it. And a lot of**



1 times what will happen as a practical matter is these closings  
2 will be on deck to happen to find a problem you know if we can  
3 intervene on these we'll put a quick letter together telling them  
4 that everything looks good on our end, we're going to start and  
5 wait for a judge since a lot of times a closing will happen. So as  
6 a practical matter this has helped the (INAUDIBLE) folks  
7 especially in getting deals done and it also helps the attorneys  
8 and bankers to some extent because they don't have to work so  
9 hard on getting releases from out of state lenders. We've done  
10 about twelve hundred of these releases so far without incident.  
11 We've always got quite a number of progress and quite a  
12 number of them get paid for the release of record after we start  
13 the process the lender will wake up and say oh my goodness I  
14 don't need you to take care of that I'll do it myself.

15 UNKNOWN Do you have a fee that you charge for that?

16 WHITE Well that's picked on or picks question. No  
17 we don't charge for that. Right now we have the applicant pay  
18 for their filing fee at the mortgage which is twelve dollars, we  
19 ask that they front that. But we do all the service, the legal  
20 work on this side, the reviews, that time we do all that  
21 ourselves. It's a good service, right now it's a manageable  
22 amount of time it's not a tremendous amount of time, it's

1 heading up now but it's not a (INAUDIBLE) but at some point  
2 it could be.

3 UNKNOWN When you're looking at the commercial  
4 things that you're doing that's something that would be a huge  
5 service but I would definitely suggest that you add a fee for  
6 that because knowing, on a commercial end when we're doing  
7 deals, we're trying to get things cleaned up that's the one issue  
8 that always comes up. There's always some old mortgage that's  
9 sitting out there that we're trying to get somebody to clean and  
10 you're going back it seems like you know two or three owners  
11 ago and it's still sitting out there on the abstract and  
12 everybody's going well I know it's paid but we can't seem to  
13 find where it was paid or the lender and it's just a huge mess  
14 and at that point you'd pay anything just to get it off the  
15 record so think about charging something.

16 WHITE I think that's a great segway into the next  
17 issue but I'll let that finish up. We've done over -- we've  
18 released over sixteen hundred mortgages I think now.

19 UNKNOWN We've had sixteen hundred requests for  
20 them and we've done twelve hundred releases out of that.

21 UNKNOWN Wow.

1           **UNKNOWN**        So it's been since -- it's probably been six or  
2           seven years now we've done this and it's a tremendous -- you  
3           know there's a lot of realtors that call us first and that's what I  
4           want. I want them to have a resource.

5           **UNKNOWN**        (INAUDIBLE).

6           **WHITE**           Well I might ask at some point you let me  
7           know what amount of mortgages, what the dollar amount is  
8           that you see. Whether it's more like fifty million or more like  
9           sixty hundred thousand.

10          **UNKNOWN**        It would probably in -- from that range,  
11          probably that range to two million would probably be pretty  
12          normal.

13          **WHITE**           Okay because that will help us kind of judge  
14          it what size and we'll talk about which we did get approval.  
15          This board can, based on some legislation we rolled out, this  
16          board can at some point pick an amount of mortgages that we  
17          will be able to take care of under this program and we're  
18          working on deciding exactly what that is.

19          **OGLE**           Well and actually the next item on the  
20          agenda we're going to defer or ask the board to defer on  
21          making a decision on increasing the amount. We're very  
22          anxious to do so as you mentioned Pat. It will be very

1           **advantageous for us entering into the commercial market if we**  
2           **have the authority to release mortgages above five hundred**  
3           **thousand dollars. We have an issue and I guess we'll try I hope**  
4           **it doesn't take up too much time but I'm going to back up a**  
5           **minute to back into this that's a little problematic. Title**  
6           **Guaranty and Iowa Finance Authority was set up intentionally**  
7           **with a separate corporate identity from the state of Iowa so**  
8           **that any liabilities, any of those millions of bond issues I.F.A.**  
9           **does, where any claims on Title Guaranty stays here and you**  
10          **cannot go back against the state if we don't have the ability to**  
11          **pay you can't go against the state of Iowa and pay your claim,**  
12          **the liability rests and stays with Title Guaranty and rests and**  
13          **stays with I.F.A. And that's codified in a Supreme Court**  
14          **decision a (INAUDIBLE) decision which proved the**  
15          **constitutionality of this arrangement of the Iowa Finance**  
16          **Board. When the mortgage release program was created it**  
17          **made a lot of sense to put in Title Guaranty because we're in**  
18          **the middle of real estate transactions and would be very easy**  
19          **for us to just pick up and administer this program and not be a**  
20          **cost to the state. But there is (INAUDIBLE) for liability if**  
21          **there's a problem and we wrongly release a mortgage. Right**  
22          **now through administrative rule we state that if you do have a**

1 claim under the mortgage release program that that claim goes  
2 against the state of Iowa. It doesn't go to Title Guaranty, it  
3 doesn't go to I.F.A. That's questionable whether that's  
4 enforceable given the constitutional arrangement. In addition  
5 the statute specifically says that any claim resulting from  
6 under title Guaranty that our reserves are only to pay claims  
7 related to our title Guaranty certificates. So there's a question  
8 if you had a claim under the mortgage release program  
9 whether or not you could reach Title Guaranty's reserves. On  
10 the other hand you've got I.F.A. sitting there they're not real  
11 interested in assuming the liabilities through this program  
12 either. It's a hot potato, no one wants the liabilities, the state  
13 doesn't want it, Title Guaranty doesn't want it, I.F.A. doesn't  
14 want it. So Joanna is heading (INAUDIBLE)? We are trying to  
15 at least know where the liability rests under this program and  
16 it may just be that it's going to be on Title Guaranty. But until  
17 we have that question answered we don't want to come to this  
18 board and ask them to increase that limit because substantial -  
19 - we've talked about you know even going to five, ten million  
20 dollars in order to accommodate some of these commercial  
21 deals substantially increasing the limit. But until we get a  
22 definitive answer on where the liability rests we hope that the

1 next regularly scheduled board meeting we will have a  
2 recommendation on raising that limit but we need to have this  
3 question answered first.

4 UNKNOWN Are we able to insure that with the Stewart  
5 people?

6 OGLE That will be also plays a role in part of our  
7 negotiations as well.

8 TAYLOR Is the present Mortgage Release Program  
9 provided for in the reserve?

10 OGLE It's not. Currently through administrative  
11 rule state that a claim doesn't go against the Title Guarantor it  
12 goes to the state of Iowa.

13 TAYLOR Should we consider this in our reserves?

14 OGLE These are all questions that we intend to  
15 have an answer for you --

16 TAYLOR You're working on it?

17 OGLE We're working on it. But we do not have a  
18 recommendation or an action in recommendations through  
19 today.

20 TAYLOR Has the legislature allowed us to charge a fee  
21 for the Mortgage Release Program or do they not give us that  
22 authority?

1           **OGLE**            **We could.**

2           **TAYLOR**         **You could?**

3           **OGLE**            **It may be that --**

4           **TAYLOR**         **Anything -- I guess, is there a limit on that?**

5           **OGLE**            **Depending on the urgency of the voice**

6           **(INAUDIBLE).**

7           **UNKNOWN**       **Usually two days before closing you're going**

8           **what do you mean we've got something we didn't know we**

9           **had? They won't release it.**

10          **OGLE**            **Matt do you have anything else?**

11          **WHITE**           **No unless there's other questions.**

12          **OGLE**            **And actually (INAUDIBLE) Joanna to**

13          **forward that to the board. She just laid it out very plainly the**

14          **language and that's not an oxymoron. (INAUDIBLE).**

15          **TAYLOR**         **It's done. So we're moving on to the Business**

16          **Development Director's report.**

17          **BERG**            **That would be me and I've got some packets**

18          **here and I know that we're running short of time so -- this is**

19          **the marketing stuff. You can have any of this stuff and more if**

20          **you'd like to hand it out in your markets that would be terrific.**

21          **But from a marketing standpoint this is just kind of a**

22          **summary of the last quarter and this is just activities not**

1 including the normal day-to-day meeting with lenders, meeting  
2 with realtors, meeting with abstractors you know one on one.  
3 Just kind of showing you what we did on a broader scale. First  
4 of all advertising, April 1 we introduced the free owner's  
5 coverage and so the bulk of our advertising this quarter has  
6 really been promoting this to the lenders and everybody in our  
7 database. We ran print ads in the Iowa Lawyers, Iowa  
8 Mortgage Press and that by the way the Iowa Mortgage Press  
9 is the publication that is for the mortgage brokers. We're in  
10 Iowa Banking Magazine, the Iowa Realtor; we also do a lot of  
11 e-newsletters for some of the lenders. We did this postcard that  
12 we sent to everybody in our database. If any of you in this  
13 room did not get one I need to know because I need your name  
14 on my list.

15 Do you know, Linda, how many people took advantage of this?  
16 **BERG** We do. Now keep in mind that this rolled out  
17 April 1<sup>st</sup> and it was only for closings that occurred April 1<sup>st</sup> or  
18 later. So I ran the stats from April through May 31<sup>st</sup> okay so I  
19 got two months compared to last year. This year we did four  
20 hundred and seven owner's certificates. Last year we did two  
21 hundred and six in the same time frame so an understanding  
22 that sometimes there's a lag between closing even when the



1 certificate is actually issued. Sometimes we need thirty days so  
2 I think that's a very telling statistic. It's also a little telling that  
3 the number we're comparing to is so pitifully small but we're  
4 working on raising awareness of that as well. So we did that we  
5 added an email bug to every staff person in Title Guaranty so  
6 if you get emails from us there's a little file folder that says  
7 pre-owner's certificate, you click on it, you go to a letter from  
8 Loyd, it tells all about it and then we did an e-bulletin, this is  
9 sort of our electronic newsletter. I just got a photocopy of what  
10 if looks like but when you get this email to you can click on  
11 these tabs, they're interactive and they go right to information  
12 about that specific topic. We've had really good response to the  
13 e-board. So that's just kind of --

14 UNKNOWN I like it it's easy to use --

15 BERG And there will be another one coming out  
16 hopefully yet this week with more interesting news. So also in  
17 promoting the pre-owner's coverage we revised our consumer  
18 brochure we made this brochure available to everybody in the  
19 state at absolutely no cost to hand out to consumers. It's die-  
20 cut so they can put the business card in it and we're just  
21 shipping out thousands of those things the more we get out and  
22 let people know about this. Okay moving on, as far as the

1 website we've done some real updating on our website. Oh wait  
2 back up we're also doing a test co-op advertising program  
3 right now with the -- did you want a packet -- with the Iowa  
4 State Bar Association. We're only testing in two counties but  
5 we are advertising it started May 24<sup>th</sup> and runs through this  
6 weekend, we're advertising in Des Moines County and in  
7 Marshall County. I don't know why those two counties the bar  
8 picked those two counties but we're running two ads and the  
9 objective is to try to get -- you can call their attorney about real  
10 estate but -- and I've got sample of the ads in the packet we  
11 talk also about Title Guaranty. We're just splitting the cost of  
12 this fifty-fifty just the placement of this ad just a short term  
13 test but the bar also sent out an email to all of the attorneys in  
14 those two counties asking them please to keep track of any  
15 kind of response they get. The ads are driving the consumer to  
16 a specific website that's run by the bar and we're measuring  
17 the clicks on that website and then as my segway when they  
18 click on that website if they want to find an attorney then  
19 they're going to be re-directed, they won't know this, but  
20 they're coming to our website where you can now search for  
21 attorneys and abstractors by services provided. So I just did a  
22 screen print of what the searches look like showing that you

1 can pick by city, by county, by services. I gave an example of  
2 Ames only because it's not such a huge list as Des Moines  
3 might be. One of the revisions that we've made is now you're  
4 going to get the -- if you in the past if you search for an  
5 attorney in Des Moines you're going to get everybody actually  
6 in Polk County so Clive attorneys would show up ahead of Des  
7 Moines so now if you search Des Moines you're going to get the  
8 Des Moines attorneys first and then there will be a second  
9 search result that says surrounding area this works for  
10 abstractors as well you can search by services, by location, so  
11 just trying to make a little more user friendly. We get a lot of  
12 calls from out of state lenders particularly who don't  
13 understand our system and they don't know who to call now  
14 we can refer them to the site and they can search by services  
15 offered. One of the challenges in marketing the Title Guaranty  
16 Program is that we don't always know any given market who  
17 is the decision maker. In some markets it's the attorney, the  
18 attorney controls whether they're going to use Title Guaranty  
19 or First Nebraska or whoever else it may be. In some markets  
20 it's the real estate agent. That's the case I think to a degree in  
21 Pottawattamie County as we've learned. In some markets it's  
22 the lender but it could be all over so we have to advertise and

1 promote to a wide audience trying to identify that decision  
2 maker but we also work with our participating lenders and  
3 abstractors. I just put some samples of some of the joint  
4 marketing I did last quarter with some of you in this room in  
5 Waterloo we've done some open houses for realtors where they  
6 do the abstract update I do the title guaranty. We did a joint  
7 meeting with the Clinton County Bar Association with Bob and  
8 Sandy McCloney we did a lunch and learn for the Newton  
9 Board of Realtors. Just really trying to get the word out about  
10 what we have to offer and why it's a benefit to them. I also do  
11 continuing education classes that are accredited by the state. I  
12 have a three hour realtor class and I have a four hour  
13 mortgage broker class and then in this last quarter we also did  
14 a number of conferences and meetings including the Iowa  
15 Mortgage Association, the Iowa State Bar Association, the  
16 Land and Title Association and as Becky will talk about our  
17 Title Guaranty Regional (INAUDIBLE). So we're really busy  
18 we want to busier there's a lot of market out there that we  
19 don't have and I appreciate any suggestions, comments, if  
20 we're missing the ball anywhere let me know because we want  
21 to be there.

1           **UNKNOWN**       **Have you thought about trying to have the**  
2           **Iowa Association of Realtors, they have classes and they're**  
3           **statewide --**

4           **BERG**               **We actually are approved through the Iowa**  
5           **Association and we do classes and our real estate class, they**  
6           **sponsor it in the places they run schools and I do it for them**  
7           **but we also do it for schools that are not sponsored by them**  
8           **that some -- Cedar Rapids Board of Realty for example, has**  
9           **their own real estate school so I also do it for them. So actually**  
10          **we work through the Iowa Association of Realtors as much as**  
11          **possible.**

12          **TAYLOR**       **Is that it?**

13          **BERG**               **Yes.**

14          **TAYLOR**       **Okay well thank you very much. I've been to**  
15          **a lot of the types of seminars that you put on and I can tell you**  
16          **those of you who have not gone to them you're missing a good**  
17          **presentation. All right the Field Operation Director's Report is**  
18          **that Becky then?**

19          **PETERSEN**       **Yes.**

20          **TAYLOR**       **All right Becky, go.**

21          **PETERSEN**       **Okay. Well we continue to push production**  
22          **to the field. Right now we're looking at seventy five percent of**

1       our commitments being issued under terms (INAUDIBLE)  
2       abstractors. About sixty five percent of our final certificates so  
3       that's really a huge improvement that's completely flip flopped  
4       from where we were at a year ago. We've actually in the last  
5       quarter done a tremendous amount of training. You'll recall  
6       that at the last board meeting we approved the pre-owner's  
7       coverage and also implemented the 2006 (INAUDIBLE) forms  
8       so we've pretty much hit every corner of the state in the last  
9       quarter trying to get all of our users up to speed on some of the  
10      changes that we've made to our CAP program. So we've  
11      trained about a hundred and twenty people in the last quarter.  
12      The other thing that's really driving training requests for us is  
13      the closing protection letter program which was rolled our last  
14      fall. As more and more attorneys and abstractors hear about  
15      this and realize that we offer these programs they want to get  
16      on more of a CAP and start being able to offer some of these  
17      services. So that's really been driving training requests for us  
18      as well. We've been doing quite a few lab sessions and we're  
19      going to move at this point to more one on one training sessions  
20      as that's really what we're focusing on now we've got about a  
21      dozen attorneys out in the field that are still not using the  
22      program that do significant volumes so we're really going to be

1 focusing in on them, going to their offices and getting them  
2 onboard so that we can push that seventy five percent even  
3 higher. The other thing that we did this last quarter was our  
4 first round of Title Guaranty Regional Academies. We were in  
5 Des Moines, Bettendorf, Sioux City and Cedar Falls. This was  
6 the first year we did this it was basically a full day of  
7 continuing legal education with regard to real estate of course  
8 really focusing in on our attorneys and our abstractors and  
9 getting them a good quality day of education. I think we did  
10 achieve that. We had Tim Garten who's the chair of the real  
11 estate section and Dan War as our two key speakers and they  
12 really did a fantastic job, we got great reviews on those  
13 regional academies and so next year we're going to do it again  
14 for a new location. We had about a hundred and eighty five  
15 people around the state attend those total so we had pretty  
16 good attendance. I think that's all I have. Well I guess I should  
17 tell you too one of the things that we will be doing as far the  
18 field is concerned is we will be rolling out our compliance  
19 program, specifically the field audits. We will be visiting  
20 attorneys and abstractors who issue significant volume this  
21 fall.

1           **TAYLOR**           **Thank you very much. Approval of the Title**  
2           **Guaranty Manual we were all provided that -- a lot of stuff**  
3           **quite a while ago. I've had a chance to read it did the board get**  
4           **a chance to read this? I understand that the new members**  
5           **didn't. What, in jeopardy, do we place ourselves by maybe**  
6           **tabling this as the result of the new board members?**

7           **OGLE**           **Tabling?**

8           **UNKNOWN**       **I'm not uncomfortable with the work that's**  
9           **been put into this by the staff and if the existing board**  
10          **members have been working on this for some time I'm not**  
11          **afraid to vote on it with your recommendation because I think**  
12          **is not something that just got invented last week and put**  
13          **together.**

14          **OGLE**           **Yes we would prefer to have action on it.**  
15          **We've been working on this for quite some time. Joanna has**  
16          **put a tremendous amount of staff time to it and our current**  
17          **manual is out of date.**

18          **TAYLOR**       **Okay.**

19          **OGLE**           **And really in most cases what this manual**  
20          **does is update the manual for what our current practices are.**  
21          **There are a few changes that I want to mention that do have**  
22          **some input really about our implications particularly around**



1       **the non-purchase product but I think for the most part this**  
2       **manual has been worked through with the real estate section of**  
3       **the bar. I'm pretty comfortable with this thing and as a**  
4       **practical matter you would probably be coming to the board**  
5       **on a regular basis constantly updating this manual as we add**  
6       **information to it, as we tweak things so we would ask for the**  
7       **board to approve this today.**

8       **UNKNOWN       Is this a summary of the changes?**

9       **OGLE            That is a summary of the changes that are**  
10      **made -- after we sent out this manual, how long ago did we**  
11      **send that out?**

12      **UNKNOWN       Last quarter.**

13      **OGLE            Last quarter we sent out the manual, the**  
14      **copy you have, and asked for comments and input and the**  
15      **changes you see are result of the comment we had back to us so**  
16      **those are changes to the packet you have.**

17      **UNKNOWN       So is this not final, this big thing?**

18      **OGLE            No it would be -- what we would ask today is**  
19      **that that manual be approved with those changes.**

20      **UNKNOWN       Got it.**

21      **TAYLOR         Okay got it.**

1           **UNKNOWN**       **Attached to the changes of the pages that**  
2           **were changed it explains --**

3           **UNKNOWN**       **So basically you've got one and a half pages**  
4           **of summary of changes and then the actual changes are here.**

5           **TAYLOR**           **To this document?**

6           **UNKNOWN**       **Right. The one you've read in detail.**

7           **TAYLOR**           **In detail.**

8           **OGLE**               **I don't want to gloss over anything --**

9           **UNKNOWN**       **No, I understand.**

10          **OGLE**               **But the biggest changes I think -- most of**  
11          **these are what I would consider minor changes. The biggest**  
12          **change we have is in regards to the non-purchase product.**

13          **UNKNOWN**       **Okay.**

14          **OGLE**               **And when we rolled that program out we**  
15          **said at that time you know look this is a new product we have**  
16          **we're trying to get in the refi business we can anticipate**  
17          **everything that's going to happen with it and we've got a lot of**  
18          **feedback on that product and so we do have changes in here**  
19          **that would make it a little more flexible and a little more**  
20          **useable. The fundamental issues when the non-purchase**  
21          **product was created it could only be used on a property where**  
22          **the legal description has not changed and where the title**

1 holders have not changed and we've gotten a tremendous  
2 amount of feedback from abstractors and attorneys and  
3 lenders about wanting to use the non-purchase product when  
4 there are situations where the title holder changed. Principally  
5 when there's been a dissolution of marriage or someone has  
6 died and one of the title holders want to refi the property so the  
7 proposed change would now allow the non-purchase product  
8 to be used in those situations when there has been a change in  
9 title holder. We would still require that the legal description be  
10 the same but we would open up the product and allow it to be  
11 used in situations where title holders have changed and I don't  
12 know whether Joanna wanted to comment to that specifically  
13 or Joanna more generally about the changes that have been  
14 made.

15 **WILSON** Did you all find the sheet that says changes  
16 and statements that has all the changes and I can go through  
17 the sheet to point them out to you to make this a little bit  
18 simpler to go a little bit faster and they go in order of the  
19 articles. So if you flip to the first page, article one on the first  
20 page, two paragraphs down all we did is add the definition of  
21 residential property and that definition comes straight from  
22 administrative rules so it's nothing new we just thought that

1 especially since the manual mostly applies to residential  
2 property that we should get the definition early on instead of  
3 making you dig through, the person who's trying to use the  
4 manual, rather than dig through to find the definition if that's  
5 a question. But in that definition is in italics there with a little  
6 explanation about mixed-use properties right after that. That's  
7 the only change on that page. If you flip to the next page  
8 section 1.01 for administration we had a typo on our help line  
9 telephone number and then we added our audit online address,  
10 we added that. That's generally for people who use our online  
11 system, are new to it and I think for the first fifty files they're  
12 audited on these files and that's where they go to get approval.  
13 If you flip that page section 1.03 the only change on that page if  
14 you go two thirds of the way down right after abstract  
15 processing at the end of that paragraph we just say refer to  
16 CAP users manual for more details about CAP. CAP is our  
17 online system for our attorneys and abstractors who issue title  
18 guaranty and the CAP users manual is pretty much gives you  
19 all the directions on how to use the computer and so forth; it's  
20 our training manual. But we don't put it in this manual  
21 because that gets constantly changed and updated. We took  
22 out one word the second bullet point; applicant shall constantly

1       **keep (INAUDIBLE) insurance. We deleted applicant shall**  
2       **increase and if you're doing field issuance your (INAUDIBLE)**  
3       **insurance does increase but I guess that's just surplus language**  
4       **that we took out and just put in the amount you have to**  
5       **increase it to. Flip the page under abstractor process and**  
6       **responsibilities we deleted the second bullet point that pretty**  
7       **much stated that the participating abstractor has to get**  
8       **permission from the participating attorney to use his opinion. I**  
9       **think if you look at the next bullet point which is now the**  
10       **second bullet point it pretty much states the same thing the**  
11       **participating abstractor who issues title guaranty still has to go**  
12       **through the participating attorney to get clearance on**  
13       **everything that's on the commitment to get the final certificate,**  
14       **say you have to get clearance for probate or make sure that the**  
15       **documents are done correctly and so forth they still have to do**  
16       **that before the certificate can be issued so it was a little bit**  
17       **redundant so we deleted that second bullet point even though**  
18       **you don't see that there. If you flip the page, section 1.04**  
19       **attorneys and title guaranty once again we tell the issuing**  
20       **attorneys just like we did earlier to the issuing abstractors**  
21       **refer to the CAP user's manual. Flip the page again section**  
22       **2.01, division issued requirements; we just added division**

1 issued requirements, before it just said requirements. This is  
2 just a little bit more descriptive. These are the requirements  
3 when the division is issuing title guaranty, what the division  
4 means and it's a little bit different from when the attorney and  
5 abstractor issues is why we have that section. We took two  
6 words off that page also 2A, I guess 2A2 it says name of  
7 abstractor company or abstractor must be a participating  
8 abstract. Before it said division participating abstract and we  
9 just took off division, it's just a little redundant and it's the two  
10 or three A, once again we just say must be a participating  
11 abstractor, took out the word division before participating  
12 abstractor. As you can tell most of this is just clean up and it's  
13 just a little bit helpful so that you can see that what changes  
14 are made without having to spend a lot of time and effort. If  
15 you flip to the next page you should see application for Title  
16 Guaranty, we have a brand new application and we found that  
17 over and over we have the same question we've already started  
18 using this and we keep the same question under number three,  
19 other information, check only those that apply. We find that a  
20 lot of applicants are getting a little bit confused; they don't  
21 have to check anything at all. We get a lot of calls saying well I  
22 have this type of mortgage or what not and what am I

1 supposed to hit so we added at the end of the right hand  
2 column in that mortgage-other. And that's the only change  
3 from before. If you flip back to on the back half page that we  
4 were just looking at the section 3.01, overview of commitment,  
5 second paragraph, right before the last sentence it goes  
6 participating attorneys who are issuing agents may issue a  
7 commitment and all we did is take out for the division which is  
8 located. Before it read participating attorneys who are issuing  
9 agents for the division they issue, we just took out for the  
10 division that's just a little redundant. These are just simple  
11 changes as you can see. Flip over to article four, division forms,  
12 second paragraph, four lines down in the middle of the  
13 sentence. Before we started we have participants, it started  
14 with it is presumed that each participant is familiar with Title  
15 Guaranty (INAUDIBLE) Standards and so forth and we just  
16 changed that to participants should familiarize themselves with  
17 the Title Guaranty Examination of Standards, it's just a little  
18 change.

19 OGLE Joanna for the sake of time, if it's all right  
20 with the board I suggest maybe you just go over the changes  
21 that are substantial because most of these --

22 WILSON We're almost through actually.

1           **UNKNOWN**       **I have a question.**

2           **WILSON**         **Sure.**

3           **UNKNOWN**       **The form that's in my packet doesn't have**  
4           **changes. Either that or I'm (INAUDIBLE).**

5           **UNKNOWN**       **Yes I have the changes.**

6           **WILSON**         **Oh okay.**

7           **UNKNOWN**       **But they weren't marked or lined out or**  
8           **underlined or shaded or anything. Okay so first of all I'm not**  
9           **crazy. When you do approve them can you put**  
10          **(INAUDIBLE)?**

11          **OGLE**             **Yes that's what we're planning on doing.**

12          **WILSON**         **There will be a footnote on the**  
13          **(INAUDIBLE) so when you're looking at it online you'll know**  
14          **(INAUDIBLE).**

15          **TAYLOR**         **Okay very good.**

16          **WILSON**         **(INAUDIBLE) on the pages and a lot of**  
17          **times you can click on the chapter you want and look at it and**  
18          **(INAUDIBLE) so these things will be done. Flip to the next**  
19          **page, you just have your lenders and owners policies, the only**  
20          **changes we made is we put the Title Guaranty logo on there.**  
21          **Article 6, the first word changed in the first paragraph. Instead**  
22          **of, I think, it said charges, fee charges or what not I may have**



1 that (INAUDIBLE), we're now saying premiums. It means the  
2 same thing, just a little more consistency within. Now we're  
3 going to go to section 8.01, non-purchase product, which is the  
4 section that has the vast majority of the changes and pretty  
5 much the major change on that is, be sure to read the second  
6 paragraph, pretty much what we're saying is that the product  
7 was designed for refinances and second mortgages it's for  
8 simple and uncomplicated residential properties and therefore  
9 the division (INAUDIBLE) should less time to prepare and the  
10 search cost should be less expensive. Now we really didn't have  
11 much of an explanation before it was just -- it just makes it a  
12 little bit easier. There are some various little changes  
13 throughout but all the wording is pretty much the same. We  
14 did shorten the last sentence of the first paragraph to this  
15 procedure may be advantageous when there's no time to  
16 search for the abstract. We took off may be advantageous  
17 when there's no time to search and that there shouldn't be any  
18 legal description problems or changes in the title. Even though  
19 it doesn't -- we took off the part about the legal description  
20 shouldn't change we do have that in the questions and answers  
21 in explanation that the legal description shouldn't change from  
22 your root deed which at least needs to be two years old versus

1 the mortgage now that you're going to cover. We took off Loyd  
2 did a very good job of explaining that there shouldn't be any  
3 change of title due to the fact that we kind of thought about the  
4 process and many time what happens when form 900 is  
5 ordered many times the home owners don't stop to think. They  
6 don't know that it's going to affect the form 900, they had a  
7 dissolution of marriage or say their spouse has died who is in  
8 title with them they don't realize that that is a major problem  
9 and many times order (INAUDIBLE) to the abstractor and he  
10 doesn't realize that there is that problem until he has started  
11 his search. So we've attempted to make this a little more user  
12 friendly and we made our changes, if you look back under the  
13 question and answers, number question eleven and question  
14 twelve. Question eleven if you want to look at that, that wasn't  
15 in the materials before. It says can division form 900 be used  
16 when one of the spouses of title has died? And the answer is yes  
17 if the husband and wife or joint tenants with rights of  
18 survivorship. It should be a very simple matter for the  
19 abstractor to show the affidavit from the surviving spouse. It  
20 may be a little bit more problematic if the husband and wife  
21 are tenants (INAUDIBLE) and pretty much what we've  
22 decided is we would leave it to the discretion of the abstractor

1 and attorney together to decide whether this probate is a fairly  
2 simple one that can be shown fairly easily, simply or whether  
3 they want to say to the parties you must bring in your abstract  
4 and you can have the section on that if you want but we're  
5 finding sometimes that the abstractors are more than willing to  
6 show the probate. We've seen several of those come through  
7 and others would prefer that the abstract is obtained. It may  
8 be that it was shown in the abstract from before and maybe is  
9 just a simple matter then to get the abstract. Sometimes  
10 coming from the abstract may be more simpler than starting  
11 the form 900 and we pretty much leave that to the discretion of  
12 the attorney and the abstractor to decide. Question twelve can  
13 division form 900 be used when a spouse has been removed  
14 from title due to dissolution of marriage? And yes that's  
15 possible if the dissolution proceeding is shown in full or  
16 attached. So that's a major change to this program another  
17 change that we made, I guess I want to back track here a little  
18 bit. Instructions for preparation of Division Form 900 and 901  
19 said that the property search commenced with the filing date of  
20 the deed for value at least two years prior and we believe that -  
21 - I guess before it was execution date I'm sorry I couldn't  
22 speak. Reading it as it's changed it's now the filing date of the

1 deed for value. Before it was execution date and I believe that  
2 was a typo from before (INAUDIBLE) for some time now.

3 Obviously it's hard to go back two years for an execution. The  
4 abstractor would have had to search back many more years if  
5 the execution date is what our two year period revolves  
6 around. So obviously we changed that too. The only other  
7 major change is we added an acronym page that you might  
8 find next. Every industry uses acronyms we're not different  
9 you know I.F.A. for Iowa Finance Authority, I.A.C. for Iowa  
10 Administrative Code. We just thought this might help people  
11 especially when you open up the manual and you're just  
12 looking at a specific topic and you don't want to read from the  
13 beginning, having an acronym page just makes it a little bit  
14 more user friendly to use.

15 TAYLOR Well thank you. That's a tough topic to  
16 handle right before lunch. Loyd, Wally?

17 MURPHY I've got one thing here, article one in I  
18 believe the second bullet point under the header Abstractor  
19 Process and Responsibilities.

20 WILSON Yes sir.

21 MURPHY Second bullet point or the third one?

1           **WILSON**           It was the second one in your original  
2           **materials. If you're looking at the change it's not in there but if**  
3           **-- I can pull it.**

4           **TAYLOR**           On the topic participating attorney asking  
5           **consent is that the issue?**

6           **MURPHY**           No --

7           **WILSON**           Abstractor processing responsibilities which  
8           **is under --**

9           **TAYLOR**           Which one are you looking there?

10          **UNKNOWN**          11.3?

11          **MURPHY**           Yes.

12          **UNKNOWN**          The applicant must consent to credit or  
13          **criminal background investigations as deemed necessary by**  
14          **the division. The (INAUDIBLE) maintains the right to conduct**  
15          **these investigations (INAUDIBLE).**

16          **TAYLOR**           Twice. At least twice.

17          **MURPHY**           I think you got it. I think you can look back  
18          **at the minutes.**

19          **OGLE**               Yes we have and actually and the language  
20          **we have is the same as to what we had worked out before. It is**  
21          **fundamental to our business our ability to get reinsurance, our**  
22          **from an (INAUDIBLE) basis, we have to have that right. If we**

1           **cannot have the ability at our discretion to conduct credit**  
2           **checks or criminal background checks to audit our**  
3           **participating members we cannot offer closing protection**  
4           **letters, we cannot get reinsurance. I realize it's a sore point and**  
5           **we did soften it quite a bit. All we really have now is we retain**  
6           **the right to do so. But in most scenarios and most cases we do**  
7           **not do criminal background checks we do not do credit checks.**  
8           **But there potentially could be situations where we would opt to**  
9           **do so.**

10          **PETERSEN           Well if you recall the original language**  
11          **allowed us to conduct investigations on the applicant, the**  
12          **applicant's spouse, the employees all of the employee spouses.**  
13          **We took all of that out and the other part it that's in there has**  
14          **to do with the charges for the investigations, initially we said it**  
15          **would be up to the applicant to bear that cost, we deleted that**  
16          **as well so that's when Loyd talks about softening it specifically**  
17          **that's what we did and that's sort of the compromise.**

18          **MURPHY           I'd certainly like to look at the minutes, if I**  
19          **remember correctly we asked does this apply to attorneys also,**  
20          **background checks, signing the letter?**

21          **OGLE                Yes.**

22          **MURPHY           It should.**

1           **PETERSEN**        **And I did not change that language from the**  
2           **current manual, it's the same as it was approved from before.**

3           **UNKNOWN**        **There was that requirement about, what**  
4           **(INAUDIBLE).**

5           **TAYLOR**         **Yes.**

6           **PETERSEN**        **Well I think you'll find around the country**  
7           **and all other states it's a common provision for all title**  
8           **companies and their agents.**

9           **UNKNOWN**        **Then this language is not different than**  
10          **what's in the current manual?**

11          **UNKNOWN**        **The one that's deleted under abstract**  
12          **process or responsibilities they should contact the attorney to**  
13          **make sure (INAUDIBLE).**

14          **UNKNOWN**        **Yes correct.**

15          **UNKNOWN**        **This is not deleted, the insurance and the**  
16          **criminal correct?**

17          **MURPHY**         **I'd like to check our -- check the minutes --**

18          **UNKNOWN**        **But you're saying now it's changed before**  
19          **and that's what he wants to change right?**

20          **MURPHY**         **Okay I'm following you now.**

21          **TAYLOR**         **I may not be following you Wally, what**  
22          **page?**

1           **MURPHY**           **1-0-3, abstractor processing --**

2           **TAYLOR**           **Responsibilities?**

3           **UNKNOWN**       **No. He's looking at abstractor processing,**  
4           **those bullet points, that's what he's looking at.**

5           **MURPHY**           **Bullet point three.**

6           **TAYLOR**           **Bullet point three. Processing limitations --**

7           **UNKNOWN**       **You're saying you guys already decided this**  
8           **before.**

9           **MURPHY**           **I think so several times.**

10          **UNKNOWN**       **Several times?**

11          **MURPHY**           **At least twice.**

12          **UNKNOWN**       **Joanna said she didn't change that.**

13          **WILSON**           **I did not change that at all.**

14          **OGLE**               **The language in question, we had a**  
15          **discussion when we first approved this manual this was the**  
16          **language that the board agreed to. The update, this manual**  
17          **update, does not change any of that language, that language is**  
18          **the same in the current manual.**

19          **UNKNOWN**       **(INAUDIBLE).**

20          **UNKNOWN**       **(INAUDIBLE).**

21          **TAYLOR**           **Completely?**



1 UNKNOWN We can check that over lunch and then we  
2 can vote later.

3 TAYLOR (INAUDIBLE).

4 UNKNOWN Yes rather than simply but if we did it we  
5 did it.

6 WHITE Are there any other questions?

7 TAYLOR No let's just find out what we did do.

8 OGLE Probably December 6<sup>th</sup>.

9 TAYLOR So we'll act on that after our break is that  
10 okay with everyone on the board?

11 OGLE It's twelve thirty six we do have lunch for  
12 members of the board here so I suggest Mitch we just decide  
13 what time's the board is going to reconvene and then I'd  
14 remind the board that we're all going to stay here and eat  
15 lunch we're not to talk about any board business and that we  
16 can reconvene after lunch hopefully we can wrap up the  
17 manual and then immediately proceed with the (INAUDIBLE)  
18 waiver.

19 TAYLOR Can someone, can you complete that within  
20 an hour?

21 OGLE I would suggest forty five minutes --

22 TAYLOR I would like to keep it short too.

1           **OGLE**            **Let's say we reconvene at one fifteen?**

2           **UNKNOWN**       **Can everybody else get out and back?**

3           **TAYLOR**         **Is that a problem with anyone being back at**  
4           **one fifteen if it is we'll go a full hour. One fifteen it is.**

5           **TAYLOR**         **All right so you want to motion to do**  
6           **something.**

7           **OGLE**            **Grant what does the board just -- do we have**  
8           **to have a motion simply to reconvene or how do we close?**

9           **DUGDALE**       **I just say you just go on a break.**

10          **OGLE**            **Okay.**

11          **TAYLOR**         **Did you say he said we needed a motion?**

12          **UNKNOWN**       **No we don't.**

13          **TAYLOR**         **See everybody at one fifteen.**

14                       **(BOARD BREAK AT 12:36pm; reconvened**  
15                       **at 1:25pm)**

16          **TAYLOR**         **Before we left we were finishing up the**  
17          **business concerning the approval of the Title Guaranty**  
18          **Manual at which time an issue came up concerning credit**  
19          **checks and criminal record checks in the manual and records**  
20          **were requested from previous board meetings and those have**  
21          **been provided to all the board -- Loyd.**

1           **OGLE           You have the December board minutes and**  
2           **the May board minutes where the manual, you recall we**  
3           **passed that in chunks and the contracts were passed as part of**  
4           **the manual. So you have language in front of you of the two**  
5           **board meetings where the issues were discussed, it was**  
6           **discussed twice because if you recall when we originally rolled**  
7           **out the programs to allow abstractors to issue Title Guaranty**  
8           **certificates you needed to approve a contract that we would**  
9           **execute with the abstractors and that was the first time that**  
10          **that language appeared. Subsequently in December we**  
11          **consolidated all of our various contracts into one master**  
12          **contract and the board voted to approve that master contract**  
13          **and the language appeared again there so it was discussed a**  
14          **second time. My recollection of it was that each time this issue**  
15          **has come up it's been a bit contentious and through a**  
16          **compromise in discussion at our board meeting that we**  
17          **softened the language and also recall that originally the issue of**  
18          **criminal background checks and credit checks was part of the**  
19          **actual application that would be sent to an abstractor and that**  
20          **is no longer the case. What remains in my recollection and the**  
21          **compromise was reached that there would be language**  
22          **retained that Title Guaranty had the right to conduct criminal**

1           **and credit checks but there is no reference to that in the**  
2           **applications. Originally we had the right to charge a person for**  
3           **those checks and now we have the cost incurred by Title**  
4           **Guaranty so I think from day one it's been pretty clear that it**  
5           **would be a pretty rare circumstance where we would request**  
6           **or do criminal or credit checks on individuals. But it's**  
7           **language that we need to have and it's consistent with the**  
8           **industry across the country. Really fundamental in our**  
9           **practice if we're insuring the actions of abstractors and**  
10          **attorneys that we have to have some right to conduct audits**  
11          **and checks if necessary.**

12          **TAYLOR           So we're reduced to the participating, the**  
13          **member is entitled to have that done on them is that the**  
14          **response to Wally's question?**

15          **OGLE               Well it's reduced to, we have language in the**  
16          **manual that just says that we have the right to conduct them.**

17          **TAYLOR           Isn't your question on whom?**

18          **MURPHY           Yes.**

19          **OGLE               Originally we had said we had a right to**  
20          **conduct it on any employee plus their spouses and that**  
21          **language is gone away.**

22          **UNKNOWN         That language was?**

1           **OGLE**           **Eliminated.**

2           **UNKNOWN**       **Okay.**

3           **MURPHY**       **Must consent to the credit and criminal**  
4           **background investigations if deemed necessary by the division.**  
5           **This resolution talks about a participant shall cooperate to the**  
6           **extent practical with Title Guaranty to conduct credit checks**  
7           **and background checks as deemed necessary.**

8           **TAYLOR**       **Difference being cooperate or consent?**

9           **MURPHY**       **Must consent.**

10          **TAYLOR**       **They should be the same.**

11          **MURPHY**       **Not cooperate.**

12          **TAYLOR**       **They should be the same and they should be?**

13          **MURPHY**       **(INAUDIBLE).**

14          **TAYLOR**       **Yes.**

15          **MURPHY**       **That's what we agreed to.**

16          **UNKNOWN**       **Well that's for lawyers and abstractors both.**

17          **MURPHY**       **I think they are.**

18          **OGLE**           **It's in different sections but yes it applies,**  
19          **the language.**

20          **UNKNOWN**       **Well I'd say the current language says must**  
21          **consent as deemed necessary by the provision.**

1           **OGLE**            **And what's the language in the minutes say**  
2           **Wally?**

3           **MURPHY**       **Shall cooperate to the extent practical with**  
4           **the Title Guaranty to conduct credit checks and background**  
5           **checks as deemed necessary.**

6           **OGLE**            **Okay. If you want to be consistent with that**  
7           **language I think it would be fine to come in the manual to**  
8           **reflect the language contained in the minutes of --**

9           **MURPHY**       **December 5<sup>th</sup> 2006.**

10          **OGLE**            **December 5 2006.**

11          **UNKNOWN**     **We probably could just take out shall**  
12          **consent and make that or must consent to shall cooperate**  
13          **couldn't we? The applicant shall cooperate with I guess you**  
14          **should say a credit and criminal background investigation as**  
15          **deemed necessary by the division. Because we still want to keep**  
16          **the as deemed necessary.**

17          **MURPHY**       **Uh-huh.**

18          **UNKNOWN**     **Okay.**

19          **TAYLOR**       **So we can do that by just simply motioning**  
20          **and we were going to need a motion approving these anyway so**  
21          **we could make a motion with the correction to keep them in**

1 with the same language but that December 5 and we'll consider  
2 that to be the first of the motion if that's fair Wally?

3 MURPHY Yes.

4 TAYLOR Someone else second it?

5 UNKNOWN I second.

6 TAYLOR All those in favor signify by stating I.

7 GROUP I.

8 TAYLOR All opposed same sign.

9 TAYLOR Motion carries.

10 TAYLOR We'll be moving on to the afternoon's  
11 business of a waiver request. I'd ask at this point in time that  
12 Loyd will go over kind of some rules of our event but I think it  
13 would also be a good idea in the spirit of our tradition that we -  
14 - there's been some people that have joined us since we did --  
15 introduced ourselves again. You wouldn't mind that would you  
16 Loyd?

17 OGLE No.

18 TAYLOR Why don't we start with you Loyd.

19 OGLE Loyd Ogle with Title Guaranty.

20 DUGDALE Grant Dugdale with the Attorney General's  
21 office.

22 PETERSEN Becky Petersen, Title Guaranty.

- 1        **SCHNEIDER**        **Pat Schneider (INAUDIBLE) Des Moines.**
- 2        **MURPHY**            **Wally Murphy, (INAUDIBLE).**
- 3        **PETERSEN**         **Deborah Petersen, attorney, Council Bluffs,**  
4        **Iowa.**
- 5        **RODARI**            **Surasee Rodari (INAUDIBLE).**
- 6        **TAYLOR**            **Mitch Taylor, Burlington, Iowa.**
- 7        **MOCK**             **Susan Mock, Title Guaranty.**
- 8        **WHITE**             **Matt White, Title Guaranty.**
- 9        **CARLSON**         **Barb Carlson, Jones County Abstract.**
- 10       **HOUSKA**          **Jenny Houska, Jones County Abstract.**
- 11       **JOHNSON**         **Joan Johnson, Iowa Title Company.**
- 12       **SLINGS**          **Randee Slings, Iowa Title Company.**
- 13       **SKLADZIEN**       **Beverly Skladzien, Grant Wood Avenue**  
14       **Abstract.**
- 15       **REILLY**          **Tim Reilly, Black Hawk County Abstract,**  
16       **Waterloo.**
- 17       **BORDWELL**       **Virginia Bordwell, IFA Board Member,**  
18       **Washington Title Guaranty.**
- 19       **KADRLIK**         **Dan Kadrlik, Hancock & Winnebago**  
20       **County Abstract.**
- 21       **LAWRENCE**       **Tara Lawrence, Title Guaranty.**
- 22       **UNKNOWN**        **(INAUDIBLE)**



- 1           **LINTZ**           **Vince Lintz, IFA Board Member, Federal**  
2           **Home Loan Bank.**
- 3           **HENDRICKS**   **Charles Hendricks, Attorney.**
- 4           **UNKNOWN**       **(INAUDIBLE).**
- 5           **UNKNOWN**       **(INAUDIBLE).**
- 6           **KNUTH**           **Adrian Knuth, ISBA.**
- 7           **DAVIS**           **Jim Davis, Iowa Land & Title Association.**
- 8           **GILLIAM**         **Jim Gilliam, attorney.**
- 9           **MCCLONEY**      **Bob McCloney, United Land Title Company.**
- 10          **MCCLONEY**      **Sandy McCloney, United Land Title.**
- 11          **HOEGH**          **Chris Hoegh, Marion County Title Services**  
12          **in Knoxville.**
- 13          **MCCLAIN**         **Gerald McClain, Abstract & Title**
- 14          **MCCLAIN**         **Geraldine McClain, County Abstract**
- 15          **BLUE**            **Bill Blue, American Abstract & Title in Clive**  
16          **Iowa.**
- 17          **TAYLOR**          **Welcome everybody. We'll go ahead and**  
18          **start the hearing. First Loyd's going to maybe perhaps Grant**  
19          **will provide us the rules and the procedure. I think he just**  
20          **gave you the thumb so it's up to you Loyd.**
- 21          **OGLE**             **Yes.**
- 22          **TAYLOR**          **We'll make sure you get them right.**

1           **OGLE**                   **These proceedings we, while there's some**  
2           **formality to them, the idea is that we want to have the**  
3           **applicant the opportunity to present their case for the waiver.**  
4           **Any member of the public that wishes to comment either in**  
5           **support or against the waiver request will be given an**  
6           **opportunity to do so and the board is the decider of the case,**  
7           **they're the judge, they're the fact finder so when people are**  
8           **addressing the board they should keep in mind that their**  
9           **comments are directed to the board. Generally we try to avoid**  
10          **conversations or questions back and forth between various**  
11          **parties all your comments should come to the board. Now we**  
12          **are going to do one thing differently now in the past we have**  
13          **relied on the board decision and on the minutes and the**  
14          **records of the meeting that form the record regarding the**  
15          **decision. Because of the adverse court ruling we do have**  
16          **recommendation that after you vote on this meeting today that**  
17          **staff, based on the record, will develop the written ruling to**  
18          **accompany the decision now this will require the Title**  
19          **Guaranty Board to convene to approve that written decision. It**  
20          **is our recommendation is that we do that sometime in the**  
21          **month of July. The meeting can be electronic for the purpose**  
22          **of approving the written decision so we are asking the board to**

1           **convene an electronic meeting in July then to approve the**  
2           **written decisions based on your actions that you take today**  
3           **and on the record. We have two waivers to hear and we're**  
4           **taking them in the order that they were received in this office.**  
5           **Folks know Charles Hendricks submitted an application**  
6           **shortly before prior to our last board meeting and the board**  
7           **deferred to action on that until today so we would hear his**  
8           **waiver first and after that we would be entertaining a waiver**  
9           **from Sharon Minger if I have that correct and I think that**  
10          **would conclude remarks generally I think. As people present**  
11          **board members should feel free to ask questions of the**  
12          **applicant or anyone that wants to make a public comment,**  
13          **staff also, myself may ask some questions of the applicants to**  
14          **assist the board in making their decision. Since Chuck**  
15          **Hendricks is up first I just wanted to review briefly the**  
16          **materials that you all have received. You would have received**  
17          **in your original board packet the original application from**  
18          **Chuck Hendricks and in addition we sent out supplemental**  
19          **information, a brief and argument from the Iowa Land Title**  
20          **Association. There is also a packet of letters that we received,**  
21          **anything that we received has either been given to you in the**  
22          **original board packet we have one supplemental in addition**

1       **this morning ones that came in later Susan has handed out to**  
2       **you a packet of information and basically in addition to the**  
3       **additional letters there's a one-pager that I'm going to ask you**  
4       **guys to pull out and this is a summary of the Iowa Code and of**  
5       **the Administrative rules that we currently have in place to**  
6       **remind you of the guidelines on the factors and determinations**  
7       **you look at when you grant waivers. Now given this issue it is**  
8       **our intention to sometime this fall propose administrative rules**  
9       **that will further clarify procedurally how these waiver**  
10       **requests are going to be handled, timing, notice, what-not. In**  
11       **addition provides some additional guidance to the public as to**  
12       **what certain definitions mean what hardship means, what**  
13       **public interest means, what availability of Title Guaranty**  
14       **means and try to signal to the public in general, generally what**  
15       **type of situations the board would grant waivers and in what**  
16       **situations generally they would not grant waivers. So the**  
17       **attempt will probably be just to put in the administrative code**  
18       **what has been the past practice of the board. There are seven**  
19       **attorneys that have been waived since inception. There have**  
20       **been seven attorneys that have come forward and the board**  
21       **has approved waivers on. I'm thinking there's about a similar**  
22       **amount that have been denied. Each of those are determined**

1 based on the individual facts of their individual waiver request.  
2 The other thing I want to make clear for the record is that the  
3 waivers are personal in nature. That waiver is not granted  
4 when it's someone asking for a waiver to abstract without a  
5 plant that that waiver's personal to the applicant. They cannot  
6 transfer that it does not stay with the firm or any other identity  
7 that is personal to them and there has been some issue that the  
8 statute is quite clear on that point that it is personal in nature.  
9 With that Grant if you have anything you want to add.

10 **DUGDALE** Historically we've always asked the  
11 applicant to state their position, people speak on behalf of the  
12 applicant, then in proponent and proponents, supporters and  
13 then the applicant will have the opportunity to reply. Is that  
14 the way we'll conduct this today? All right. With that in mind  
15 Mr. Hedrick we'll focus our attention to you sir, welcome.

16 **HEDRICK** Thank you everyone for taking time out to  
17 consider my request.

18 **OGLE** You want to pull up to the table Chuck?

19 **HEDRICKS** Sure. I've been a member of the bar since 99  
20 predominantly real estate since 2003, recently in November of  
21 last year I left (INAUDIBLE) and began my own law firm and  
22 closing company. It was really at that time that I experienced

1 the problems that I have personally with how the current  
2 system works and my comments are generally stated toward  
3 abstractors but it's by no means an indictment on every  
4 abstractor. There are many good abstractors out there. The  
5 majority of the abstractors are in my opinion great  
6 abstractors. My problems have risen with attempting to  
7 negotiate (INAUDIBLE) agreements with abstractors where  
8 the deal does not close I don't have to pay for the title search.  
9 The reason this is really important to me is my clients are  
10 predominantly mortgage brokers who have utilized title  
11 insurance and that came about the past few years until Title  
12 Guaranty got some traction with the form 900 searches and  
13 were still requiring full abstract updates. It was very costly and  
14 time consuming so a lot of mortgage brokers at that point  
15 moved toward title insurance. It was quicker and mostly it was  
16 cheaper and they could get a full (INAUDIBLE) agreement. So  
17 I'm attempting to compete with title insurance who is offering  
18 loss agreement so I have to offer that and honor that with my  
19 clients at which time if the deal doesn't close and I can't get a  
20 wash agreement with an abstractor I personally, my company,  
21 cuts a check for that title search. Since January 1 those checks  
22 have totaled over twelve thousand dollars that I have paid out

1 of pocket for deals that have not closed. The other thing that I  
2 began to notice is that with the various counties there's no  
3 standardized pricing and in fact there's not even a  
4 standardized language. When I first started ordering form 900  
5 searches many of the counties didn't even know what I was  
6 talking about. I had to explain to them what exactly a form 900  
7 search was and what the form 911 subsequent (INAUDIBLE)  
8 was. Also they have different names for different things and  
9 you can get charged fees after closing if you don't specifically  
10 speak the abstractor's language. In other words what one  
11 abstractor might call an gap search another abstractor will call  
12 a date of closing search well if you don't specify that you want  
13 the gap search they'll quote you a fee when you do the closing  
14 and then when you send in your package they'll send you a bill  
15 saying well you really wanted this and it's an additional charge  
16 for that. Well again I can't go back to my client and say well  
17 there was miscommunication on exactly what was needed for  
18 this transaction, I need another hundred dollars. So those are  
19 examples of things that I started noticing more when I started  
20 on my own. Also the time turnaround, in some counties you  
21 can get a form 900 search within, pretty consistently within  
22 forty eight hours which is just great. Other counties it can take

1 up to a week to get a form 900 search. Well understand again  
2 my clients are used to twenty four hour turnaround on their  
3 title. So it's hard for me to compete with title insurance  
4 companies and promote Title Guaranty without having the  
5 ability to control the abstracting portion of my practice. All of  
6 that's what's led me to be here today. By way of the law,  
7 everybody has it in front of them, the two things that I need to  
8 show is hardship which as defined by the recent court decision  
9 the judge stated that I must show ability to maintain a  
10 (INAUDIBLE) plan will create a hardship. Well I'm seeking to  
11 abstract in every county so I'd be required to build and  
12 maintain ninety nine abstracts throughout the state of Iowa  
13 and I think just the idea of that let alone the oversight and  
14 opposing councils briefly suggested that I could lease title plans  
15 well there's two counties where there's not even a title plant  
16 right now. The only searching being done or abstracting being  
17 done is by and on title plant attorneys. There's another half of  
18 a county where it's split north and south well obviously I can't  
19 lease a facility that does not exist in those counties. The second  
20 component that I believe I've shown, actually I think I've met  
21 both of the second component, the public interest and also to  
22 make it readily available throughout the state. First with the



1 public interest, if I am granted this waiver I am going to offer  
2 wash agreements across the board this will help keep costs to  
3 title down it will also promote Title Guaranty, it'll help stop  
4 title insurance issued in this state as my brief has shown when  
5 people use title insurance, a non title guarantee product, claim  
6 rates go up astronomically, well that's clearly the public  
7 interest. Just granting you the waiver and causing competition  
8 in each of these counties and right now when I call up an  
9 abstractor and they're the only abstractor in the county and I  
10 ask for a wash agreement it usually goes something like this,  
11 well why would we do that? We're the only abstractor. Well  
12 what can I say to that, why would they? There's no  
13 competition, there's no pressure for them to do that. If I want  
14 to participate as an attorney through Title Guaranty and issue  
15 title guaranty policies I have to utilize that abstractor they're  
16 the only source for my abstracting search. In addition to that  
17 bringing some standardize pricing to the arena I think would  
18 be tremendously beneficial to Title Guaranty. Right now  
19 certain counties you can have over three hundred dollars  
20 charged for a form 900 search once they get done with actual  
21 search the index search for each of the people in the title and  
22 the applicant post-closing search. Not to single out any specific

1        **counties but Marion County routinely my abstracting bill on**  
2        **the refinance form 900 search it sees three hundred dollars.**  
3        **Well again my title insurance competitors are offering title**  
4        **insurance for three hundred dollars. They'll search and title**  
5        **your transaction for three hundred dollars. Well if my**  
6        **abstracting search is beginning at three hundred dollars and**  
7        **then you have the title guaranty premium on that like right**  
8        **now whenever a deal closes in a county like that I lose money**  
9        **on it but again I have to offer that across the board to my client**  
10       **because they are closing loans in all the various counties. If I**  
11       **don't if I say well you can use me for these ninety counties but**  
12       **not the other nine counties well again they're going to turn to**  
13       **title insurance they're going to utilize what they've known. It's**  
14       **very easy for me to get a broker to try me for title that is very**  
15       **easy. It is very difficult for me to get that broker to continue to**  
16       **use me for title mainly because of the turnaround time on the**  
17       **abstracting searches. The second component of that second**  
18       **prong, to make title guaranty readily available throughout the**  
19       **state. Many of you are probably aware of an attorney by the**  
20       **name of James Birdcamp recently attempted to utilize Title**  
21       **Guaranty for Wells Fargo Financial and what he did was he**  
22       **sent a memo out to each of the abstractors asking them if at**

1 two hundred and fifty dollars which is a very, in my opinion,  
2 very reasonable fee for a nine hundred abstract search would  
3 you be willing to offer he didn't even ask for a whole wash I  
4 believe he asked for a fifty percent wash agreement with a  
5 standardized forty eight hour turnaround time well he could  
6 not get coverage throughout the state because certain  
7 abstractors did not reply or did not say yes you can utilize us  
8 for that. Well if it wasn't for attorneys who can abstract cross  
9 counties Wells Fargo Financial would still be using title  
10 insurance as of right now. The only opportunity to bring a  
11 large national entity into the title guarantee arena is through  
12 an attorney who is willing is to abstract across counties. So  
13 those are legally speaking the reasons, the background on why  
14 I'm here. Just for way of information since I was tabled in  
15 March I began doing the abstracting searches myself I still  
16 order the certified abstract search. In essence I look at it as a  
17 (INAUDIBLE) with a training with a safety net just to see  
18 where there would be differences between my search results  
19 and what the abstractors search results would be and in the  
20 three hundred plus searches that I did there were actually six  
21 where there were differences. Of those six there was one where  
22 it was my mistake and there were five where I would say it was

1 the entitled clients mistake and I have some of them in here but  
2 they included an agent mortgage taken out in 83 with a final  
3 due date of 87 it was shown on their form 900 search but to  
4 make it even more alarming it was a prior title holder so why  
5 (INAUDIBLE) beyond the deed, they had a deed for  
6 consideration that was ten years old and this mortgage was  
7 twenty years old but part of my point in my materials is that  
8 fighting documents it's only part of abstracting understanding  
9 the legal ramification of the document is just as important.

10 Well we have statues we have title standards you know final  
11 payment due date twenty years ago we don't show that you  
12 know the ten year statute of limitations in the state of Iowa and  
13 most of you know that but the abstractor I was dealing with  
14 does not. Well the problem that's created by this is once they  
15 show it in the lead search I noted on my title opinion because  
16 they didn't know when the final due date was so then I pass  
17 that on to my client well at that point my client then has to  
18 clear title. So they have to process the file and try to get a  
19 release from this twenty-some year old mortgage well after  
20 they couldn't get anywhere because it was a situation where  
21 the company had went bankrupt they contacted me. Well I  
22 went and pulled the online documents and you can see clearly

1 on there the final payment due date was 87 so I made the  
2 objection. Well if the abstractor had done that from the  
3 beginning this process would not have been slowed and the  
4 problem that's created by that is there's negative follow up. As  
5 I said it's easy for me to get my clients to try me for title or title  
6 guarantee and when they have things like this happen it's  
7 difficult. The other thing, some of the other issues that I've  
8 seen in abstracts judgments that get noted that are zero  
9 balance traffic tickets well throughout the state the custom and  
10 the practice is that the state of Iowa does not file the releases  
11 and satisfactions of those judgments. It's pretty standard if you  
12 look it up if you see a traffic notation on it you go to I.C.O.  
13 that's the Iowa Courts Online and you look up the financials  
14 and see if there's an outstanding balance if there's not you  
15 don't show it well again I had them show it in the abstract I  
16 noted it on my title opinion, sent it off to my client, they were  
17 processing it and I get a call saying hey baboon why are you  
18 showing zero balance traffic tickets under title opinion. Well  
19 again it creates a bad image or me as an examining attorney  
20 and also for the Title Guaranty as a whole just by situations  
21 like that. Other things I've seen where names come back  
22 incorrect and the state proceedings a lot of times abstractors

1 don't show everything (INAUDIBLE) certain documents like  
2 affidavits and mailing and stuff like that if they show them in  
3 the abstract it'd be a lot quicker to process that  
4 (INAUDIBLE). And again this isn't an indictment on every  
5 abstractor and I am not above and beyond making mistakes I  
6 mean I've made typos in my title opinions and I've missed a  
7 mortgage release in my title opinion I'm not (INAUDIBLE)  
8 but those are all things and all the reasons why I'm here today  
9 and I'll answer any questions if you have them for me as to  
10 legal or anything for that matter. To become members of the  
11 bar we underwent background investigations, F.B.I., so I --  
12 whatever is wanted for it. I have not decided I mean in many  
13 counties see here's the problem with the status of where we're  
14 at with my request and the overwhelming opposition from the  
15 abstractors. In many counties I'm going to continue to use the  
16 abstractors even if I'm granted a waiver there's just certain  
17 counties that I just cannot offer title guarantee to my clients.  
18 I'm also I have no interest in even attempting to do  
19 (INAUDIBLE) title abstracts. I may not even do abstract  
20 update on purchase money. My practice is primarily, I only do  
21 maybe twenty or thirty title opinions a month I mean the  
22 volume of my business is the refinance transaction it's the

1 mortgage broker it's not the local banker it's national lenders  
2 who sub out the origination of their loans and because of where  
3 we're at in Iowa with loans today the only way that I can  
4 continue to be competitive with title insurance and remain a  
5 participating Title Guaranty attorney is if I'm allowed to at  
6 least do the abstracting should I choose in the various counties.

7 MURPHY Concerning your wash agreements isn't that  
8 really a marketing tool for you isn't that one of the reasons  
9 that you got the (INAUDIBLE) to begin with?

10 HENDRICKS Yes to --

11 MURPHY And then to say well the other guys have to  
12 pay for it? You know most clients when there is a legitimate  
13 (INAUDIBLE) or something like that most abstractors do take  
14 into consideration this -- give me my abstract back we'll just  
15 hang on to it until you stop again but it seems to me that to use  
16 that as a marketing tool and then want somebody else to pay  
17 for it is --

18 HENDRICKS Two points with that the first is that there  
19 are counties and then I'm going to name an abstractor, the  
20 abstractor in Cass County does not offer wash agreements on  
21 purchase money updated abstracts. The problem created by  
22 that is that now the realtors, and I've learned this through my

1 clients, they're now wanting to do title insurance on purchase  
2 money. Pottawattamie is now sliding over to Cass County. The  
3 reason for it is as follows: an abstract update is going to take  
4 probably seven to fourteen days well if they can't get a wash  
5 agreement the realtors have refused to order the abstract  
6 update right away they'll only order it after the mortgage has  
7 cleared, completely cleared from underwriting so that often  
8 doesn't happen until two or three days before a close date well  
9 you can't possibly get the abstract update and get it to an  
10 attorney and then even if title's clear you can't get that  
11 transaction closed in those three days so the solution because  
12 the only abstractor in that county won't do Wash Agreements  
13 is to do title insurance. The second thing I'd say to that is it's a  
14 marketing tool for Title Guaranty I mean I'm trying to  
15 compete for you guys and gals with title insurance companies.  
16 Title insurance companies across the board offer Wash  
17 Agreements that's their marketing tool I'm simply trying to  
18 meet that so that I can bring these customers into Title  
19 Guaranty and benefit Title Guaranty. Yes it's a marketing tool  
20 for me but if I won't do that they're going to utilize title  
21 insurance and title plans will go up and insurance premiums  
22 will be leaving this state and so yes it's a marketing mechanism



1           **for me but I certainly don't enjoy paying twenty five hundred**  
2           **dollars a month on deals that don't close and that's**  
3           **realistically that is about a third of the title premiums that I've**  
4           **applied on deals that did close so yes it's a marketing**  
5           **mechanism but it's as much a marketing mechanism for Title**  
6           **Guaranty.**

7           **UNKNOWN           Did you have a question?**

8           **UNKNOWN           I'd like to make a comment.**

9           **OGLE                 I think we should --**

10          **TAYLOR             Make them identify themselves?**

11          **OGLE                 I think we should stick with protocol of the**  
12          **applicant makes their case, they finish and then we ask for**  
13          **comments from the public. We can't -- I would not recommend**  
14          **that we allow other than questions from the board any**  
15          **presenter be someone interrupt and someone else**  
16          **(INAUDIBLE).**

17          **TAYLOR             Okay and then to add to that I want you to**  
18          **identify who you are so that all we have is the tape recorder**  
19          **but I do believe that there were at least no other member of the**  
20          **board had a question at this particular time. Oh okay. I think**  
21          **we should do those first does that seem to offend anyone? I'd**  
22          **like to have the board members ask the questions first and**

1       **then the members that have attended here would then ask**  
2       **questions to the board or in presentation to the board.**

3       **\*\*So my question is as a practical matter I mean when I read**  
4       **through your application and I read all of the information if I**  
5       **envision you running out to ninety nine counties and doing this**  
6       **that's just absolutely crazy you're not going to do that right?**

7       **No and I will utilize Iowa land records where I do my searches**  
8       **I will utilize as I said current existing title clients and attorneys**  
9       **that are already grandfathered in to the arena. It will be a**  
10       **combination of that based on the county and some of this stuff**  
11       **that I've read in the supplemental materials that's not what**  
12       **I'm going to do I mean I'm not going to put myself in a**  
13       **situation where I mean if there is a specific problem that is**  
14       **inherent in a certain county I am not going to abstract in that**  
15       **county. I am not going to personally expose myself in liability**  
16       **because at the end of the day if I miss something on my title yes**  
17       **Title Guaranty pays the premium and then they call me and**  
18       **they say hey we just paid because you messed up on your**  
19       **abstracting so no I'm not going to run around to each of the**  
20       **ninety nine counties I'll utilize and understand the Iowa land**  
21       **records in certain counties the images aren't available so you**  
22       **need people on the ground to hold certain documents for you.**

1       **Certain counties go back farther than other counties so it's**  
2       **kind of a county by county basis as to what exactly my search**  
3       **technique will be there but yes I'm not going out to each of the**  
4       **ninety nine counties and --**

5       **UNKNOWN       So as I'm understanding what you really**  
6       **want to accomplish is when you're doing a refi on a form 900 if**  
7       **county A has got an abstractor in place that's doing a great**  
8       **search for two hundred bucks or two hundred fifty bucks and**  
9       **that fits within your guidelines you're going to be calling that**  
10      **abstractor, ordering the search from them and issuing the**  
11      **form 900?**

12      **HENDRICKS       Absolutely. There's some abstractors that**  
13      **charge less than one hundred dollars for their form 900 search.**  
14      **I've never met Randee back there but it's seventy five dollars**  
15      **on the form 900 is a great price. Yes I mean --**

16      **UNKNOWN       It just went to a hundred now.**

17      **HENDRICKS       But yes there are certain counties where the**  
18      **abstractor's model fits with my model and Randee has been**  
19      **kind enough to extend partial wash agreements with me on**  
20      **certain deals and that is what I need to survive as a real estate**  
21      **attorney.**

1           **UNKNOWN**       And you're also looking at a situation where  
2           maybe she fits within your model but for some reason she can't  
3           meet your timeline during that particular transaction you want  
4           to be able to go in and do that search on your own?

5           **HENDRICKS**     Absolutely we get rush requests all the time  
6           as attorneys whether it be you know we might, the abstract  
7           update might take seven days there might be another five day  
8           lag until it gets to us and then our client wants their title  
9           opinion that day you know we check it in at ten and they want  
10          their title opinion by eleven. Well that just if it is a rush deal or  
11          particularly on a refinance deal where for whatever reason  
12          title wasn't ordered initially yes I just need the flexibility to be  
13          able to provide that to my clients to keep them happy with the  
14          title that I have provided through Title Guaranty.

15          **UNKNOWN**       One of the other comments that you made as  
16          you were kind of doing this test with the net and you did these  
17          three hundred searches in the last few months were you doing  
18          your searches on these public records internet searches?

19          **HENDRICKS**     Yes.

20          **UNKNOWN**       Okay and on I.C.O. and Iowa Land  
21          Records?

1           **HENDRICKS**     **Correct which most of the abstractors use**  
2           **Iowa Courts Online for searches now (INAUDIBLE) and only**  
3           **a number of abstractors are doing it with title plants I mean**  
4           **that's how they're doing their searches. If they search**  
5           **bankruptcies records they use (INAUDIBLE) they don't go to**  
6           **the clerk for the bankruptcy court and go do a physical**  
7           **inspection of those documents so also there are now electronic**  
8           **updates in the larger counties well that electronic update that**  
9           **is sent to the abstractor is stored electronically on their server**  
10          **and they then search it electronically. Well that same electronic**  
11          **update is what's being sent to the land records to update their**  
12          **servers so it's different search techniques but at the end of the**  
13          **day the overwhelming number of times (INAUDIBLE) and you**  
14          **can look at Scott County for that. I mean you have a twenty**  
15          **year test case you know most of the non-title plant attorneys**  
16          **are in Scott County. They probably do I don't know I've seen**  
17          **estimates in excess of eighty percent of the volume of the Title**  
18          **Guaranty product their in Scott County well is there a cluster**  
19          **of title claims in Scott County? No the twenty year history**  
20          **shows that you don't need a title plant to perform searches that**  
21          **title guarantee can then be issued on. The claims don't**  
22          **necessarily go up just because you don't have a title plant.**

1           **UNKNOWN**       I saw one more question on your application  
2           the question on the amount of errors and emissions coverage  
3           and you talk about that meaning meeting more than our  
4           minimum requirement here at Title Guaranty but my question  
5           is that a legal malpractice coverage and does that cover you  
6           when you're abstracting?

7           **HENDRICKS**     Well again right now I have because of my  
8           business structure I have my law firm and I have a real estate  
9           title and closing company so I actually have a legal malpractice  
10          I actually have an E&O policy on my real estate, closing and  
11          title company. My E&O on that company because I do  
12          currently abstract I just cannot issue title guarantee on my  
13          policies but if I get a cash client or something they want a  
14          quick title report I already do that so I have that coverage an  
15          employee of my real estate, closing and title so I have both in  
16          place and it covers searches and abstracting and certainly if for  
17          some reason my I'll investigate on my legal malpractice to see  
18          if it covers it and what additional addendum or rider would be  
19          needed I certainly am going to cove myself --

20          **UNKNOWN**       Because the legal malpractice is going to  
21          cover your title opinion that you're sending in?

1       **HENDRICKS**     Correct but to answer your question I  
2       believe the way that I'm structured with the two companies as  
3       an employee of the one with the specific E&O that covers that  
4       search I believe covers anything within searches.

5       **UNKNOWN**       I have a question are you finished?

6       **UNKNOWN**       I'm finished for right now.

7       **UNKNOWN**       And it may be because I'm new and I'm not  
8       sure I quite understand all this but if you're going to use  
9       abstractors you say you're not going to use some of the  
10      counties where there are already why do you have to have a  
11      waiver then for all ninety counties if you're going to be using  
12      some of the ones that are already there why do you need a  
13      waiver for all ninety nine counties?

14      **HENDRICKS**     Well again I want to provide my clients the  
15      flexibility that if there is a rush situation or I mean I will  
16      exclusively use that abstractor in those counties. There may be  
17      times because of the circumstance I still do that search in that  
18      county but there are other counties where I will. It was just  
19      and going through all the counties understanding that ninety  
20      nine when you start trying to figure out which counties do I  
21      exactly intend to abstract in and which ones don't I it was  
22      pretty difficult to narrow it down to a list and say I want to

1 waiver in these certain counties and again the Supreme Court  
2 decision there's a Supreme Court decision that says as an  
3 attorney once they're waived in they have the right to abstract  
4 throughout the state of Iowa (INAUDIBLE). So since that's  
5 how the existing law is now I just figured that my waiver  
6 request that's why I amended it just to be statewide anyway  
7 because that's legally why I couldn't do it if I -- even if I just  
8 petitioned for one county if I was granted that waiver I could  
9 then abstract throughout the state because of that judicial  
10 decision.

11 UNKNOWN Yes I mean the issue that they're doing there  
12 we've confronted this issue a couple times Berger decision and  
13 once an attorney's been waived in once the waiver has been  
14 granted there's no statutory basis to limit their practice to just  
15 a particular county so it's done based on the issue of title. The  
16 statute if memory is serving correctly was in a Supreme Court  
17 decision.

18 MURPHY Have you used the (INAUDIBLE)?

19 HENDRICKS Well not totally I mean for my initial  
20 searches but I routinely have to pull documents from the  
21 county clerk's notes. So I mean I routinely pull judgments,  
22 dissolutions things of that nature but yes predominantly that is



1       **what I rely on for just searching judgments in particular**  
2       **counties.**

3       **How far back will you go in counties where there really isn't a**  
4       **good abstract system set up now? If you were going to**  
5       **Pottawattamie County and you're going back how far back are**  
6       **you going to be able to search?**

7       **HENDRICKS     Well I've got a list that each of the counties**  
8       **on (INAUDIBLE) available on (INAUDIBLE) --**

9       **UNKNOWN       Any Iowa land records --**

10      **HENDRICKS     Yes I don't know exactly but that would be**  
11      **my limitations for myself in conducting a search I mean**  
12      **obviously if -- suppose you have somebody refinancing a deed**  
13      **from 1976 in Polk County well land records don't go back that**  
14      **far so that's a search again that's just like a (INAUDIBLE)**  
15      **title abstracts it's just a search function that I can't perform so**  
16      **there are certain things that understanding the limitations of**  
17      **the system that I have to sub out to various abstractors. So to**  
18      **answer your question and whatever and I've got it in this and I**  
19      **brought some supplemental material but there's a index from**  
20      **an image from where you can pull images to a certain date and**  
21      **it's indexed back to a certain date so (INAUDIBLE) index**  
22      **back that would be my limitations and then if the image from**

1       **dates more recent than that again I've got people in contacts**  
2       **on various grounds where I can pull images from county**  
3       **recorder offices (INAUDIBLE) even if they're not online.**

4       **OGLE           (INAUDIBLE) pricing turnaround time the**  
5       **issue abstractors, how many abstractors have you actually**  
6       **talked to or had communication with directly about these**  
7       **issues so we know that (INAUDIBLE) or abstractor that the**  
8       **price (INAUDIBLE) that are workable for you. Can you give**  
9       **us an idea of the ninety nine counties how many abstractors**  
10      **you have direct communication with and how do you know if**  
11      **you've got a group of abstractors that can't meet your needs**  
12      **for your business model for you clients?**

13      **HENDRICKS    Yes I've got it printed out each of the --**  
14      **about a third -- every time I get a deal that doesn't close I call**  
15      **the abstractor and attempt to get a wash on that deal so just**  
16      **from looking at my list I've got about a third of the counties**  
17      **here. Of the third, these are the third that I've paid, probably**  
18      **I'd say about probably forty counties I have spoken directly to**  
19      **the abstractors and of those forty I've probably been able to**  
20      **get wash agreements in ten -- and understand there's two**  
21      **different kinds of wash agreements that they want you to do.**  
22      **Pure wash agreements in ten of them. The other thing that a**

1 lot of abstractors will extend to you is and talking to Bob he  
2 approached it as that the abstracting just on each file would be  
3 a little bit more once we figured out how many would be  
4 washed in a given time period. So I'd be paying a little bit  
5 more each search but the ones that didn't close would be a  
6 wash. Well to me since I'm paying for the abstract out of my  
7 fee that I charge for title in that it's six one half a dozen the  
8 other if I'm paying more on each of the ones that do close or  
9 the same on all of the deals so pure wash agreements probably  
10 ten to maybe twelve counties and I've contacted in excess of a  
11 third of them.

12 **OGLE** Would you care to estimate it if you're  
13 granted a waiver what percentage of your business are you still  
14 going to be contracting out to the participating abstractors and  
15 just how much of that business do you expect you to abstract  
16 yourself?

17 **HENDRICKS** I'd imagine it'd be pretty close to fifty really.  
18 Like I said all the purchase money at this point I don't have  
19 any plans to do it I mean I might possibly do it but I went back  
20 and forth on it and then on the refinance searches realistically  
21 you're talking about maybe fifty to sixty percent that I can say  
22 today that I am for sure going to do myself and then the other

1       **forty percent -- it may be that I don't want to be**  
2       **(INAUDIBLE). It may be a year from now I'm doing a**  
3       **hundred percent of my own searches not having done it and**  
4       **not having a track record as I sit here today I envision a system**  
5       **where I am probably searching two thirds of my own deals.**

6       **UNKNOWN       And as deals get older more stuff becomes**  
7       **available.**

8       **HENDRICKS       Correct it'll diminish over time as more and**  
9       **more becomes available online. Yes there's certain counties**  
10      **that just recently made the documents available online so yes**  
11      **as time progresses it will be a higher and higher percentage.**

12      **UNKNOWN       This wash seems to be pretty important to**  
13      **you, how many of your deals do not close, what percentage?**

14      **HENDRICKS       Probably twenty five percent.**

15      **UNKNOWN       Is there any primary reason why those don't**  
16      **close?**

17      **HENDRICKS       Well there's a lot of reasons and the main**  
18      **reason is that most of the mortgage brokers, again since they**  
19      **have the wash agreement with the title insurance company**  
20      **they order title right away. They get a potential deal they'll**  
21      **take the loan application and they'll order title right away**  
22      **before they even submit the thing to underwriting because they**

1 want to get that title back and see if there's a title issue to know  
2 whether or not that's one of the hurdles they have to jump  
3 because they don't have any idea what judgment, liens or  
4 things like that are out there against the people so they just  
5 have the practice of that's just how they've always done it and  
6 that's just how they're going to continue to do it so that's why  
7 it's a percentage very high. And you know I don't think that  
8 banks have anywhere near the twenty five percent fall  
9 (INAUDIBLE). I can't envision that they do because they're  
10 probably not ordering title until -- and they're loaning the  
11 money themselves so they know what their underwriting is.  
12 Mortgage brokers are submitting a package to two or three  
13 lenders to try and get the best deal and with the sub prime  
14 market the turmoil that it's had over the last six months I  
15 mean is just a greater fallout rate my cancellations have been  
16 up now because where there was a loan product for somebody  
17 before it's not there now so all the sub prime lenders going  
18 bankrupt and it's just increased the number of wash requests  
19 that I have.

20 UNKNOWN So in other words many of them don't close  
21 because of what has been disclosed by the title search?

1           **HENDRICKS**     Well some of them don't close because of  
2           that absolutely yes. If judgments or liens show up on the title  
3           search then the vehicle will automatically (INAUDIBLE) you  
4           can't do a lien avoidance or something to get things off there.  
5           Now I'm not saying that -- here's my point with wash  
6           agreements to fully explain it. When I ask an abstractor to  
7           enter into a wash agreement I'm just asking them to wash their  
8           time not their money and they don't agree to enter into a wash  
9           agreement with me because if I do a title opinion and the deal  
10          doesn't close I wash it it's just my time but the abstractors that  
11          won't wash with me well they're asking me at that point to pay  
12          them and I have no money coming in for it so I mean it's just  
13          one of those things where I've always looked at it as if you're  
14          just providing the service and the time you have the staff and  
15          the overhead already if all you're providing is time to do that it  
16          would be in everybody's financial interest that the person  
17          providing the time just didn't charge for it or even entered in  
18          to some kind of fifty percent wash agreement or something. A  
19          lot of these abstractors when you talk to them it's no why  
20          would I? You're going to order your searches from me, you  
21          can't not pay them or they won't do your searches at that  
22          point.

1           **UNKNOWN**        You've talked about your anticipated twenty  
2           **four to forty eight hours turnaround time to finance title**  
3           **searches and you're using the Iowa Land Records search.**

4           **What's the time frame by the time somebody reports an**  
5           **incident at the recorder's office until it shows up online?**

6           **HENDRICKS**     Each county varies certain counties it's not  
7           **electronically updated so the various county by county and**  
8           **again that's the Iowa Land Records form will have the same**  
9           **title (INAUDIBLE) that every abstracting search has on it so**  
10          **that in the event that a judgment or something is filed on**  
11          **record or a mortgage is filed to record after my date and time**  
12          **stamp I'm only certifying to that in a gap search will pick it up**  
13          **for the date of closing search or whatever.**

14          **UNKNOWN**       Well I'm just talking about a regular  
15          **instrument that anyone can report at the recorder's office.**

16          **HENDRICKS**     Generally speaking it's somewhere between  
17          **three to five days in the larger counties.**

18          **UNKNOWN**       So then if they've ordered something today  
19          **you wouldn't know until three to five days later whether or not**  
20          **it's been recorded or not is that right? So then are you making**  
21          **your certificate three to five days old?**

1           **HENDRICKS**     Well the certificate will be as of the date and  
2           time or the search with the limitations of what the online  
3           records provide so --

4           **UNKNOWN**       So the (INAUDIBLE) may have been  
5           recorded but you won't even know about it until three to five  
6           days.

7           **HENDRICKS**     Under a very rare circumstance absolutely  
8           that could happen. If again you have a situation where  
9           somebody who's currently getting a loan that's in  
10          underwriting that has their credit pulled at the time of closing  
11          with that mortgage won't report on their credit but it's not  
12          going to record online I mean yes absolutely there's situations  
13          where I have on a gap search been notified that there's not  
14          been a record and then my filings get down there and I get a  
15          call from an abstractor saying there's a bridge loan that was  
16          taken out. Well the bridge loan was taken out before the gap  
17          search so it's an issue with not just me but also title plants I  
18          mean there's a delay from the time that something's a record  
19          with the county recorder's office or if it's a title plant as well I  
20          mean that's just the nature of how it's done I mean the time  
21          period may be a little bit longer for how I'm conducting



1 searches but yes there's that open period of time where anyone  
2 who does it will have some sort of a closure.

3 UNKNOWN I can usually get instruments out of my  
4 courthouse within four hours. (INAUDIBLE). Unless you know  
5 what each situation is in each county I'm not sure that  
6 (INAUDIBLE) would be in your timeframe of twenty four to  
7 forty eight hours.

8 HENDRICKS Well even under your scenario you know you  
9 do an abstract update at 12:01, suppose the mortgage got filed  
10 at ten o'clock and you're in your (INAUDIBLE) everybody has  
11 a window where there's an exposure period because it's not  
12 instantaneously when something hits the recorder's office that  
13 it gets to a title plant or online or anything. What I'm saying is  
14 yes there's a period of time where I have that -- I may have a  
15 period of time where it's a longer period of exposure but  
16 you're still talking relatively small periods of time and you're  
17 talking about a relatively small number of transactions where  
18 that would even be affected and again when you send  
19 everything in there's a post closing search that's done on it as  
20 well so at some point relatively quickly in the process it's going  
21 to be discovered that there's a mortgage out there or whatever  
22 a judgment, lien or whatever. That's why there are the levels of

1 searches that Title Guaranty requires to issue a policy and  
2 that's the protections that they've put in place to make sure  
3 that something doesn't fall through the cracks. They've got the  
4 initial abstract update or search you have the gap search  
5 through the date of closing and then you have the post closing  
6 search to certify everything so they again certify that that  
7 mortgage is in first lien position. If you don't have the post  
8 closing search that does that you can't issue the Title Guaranty  
9 policy on that transaction either.

10 UNKNOWN But your certificate that you're going to  
11 attach to your search is going to reflect a date of time up  
12 through the Iowa Land Records where as his is going to reflect  
13 a date and time that he went to the courthouse and checked?

14 HENDRICKS Correct. There's a level of risk that's  
15 inherent in these transactions I mean would Title Guaranty be  
16 safer if they required a survey done on every transaction? Well  
17 yes but certain things in practice are not able to be done so yes  
18 there's some difference in the search that leads to it. Again at  
19 the end of the day we get to the same place.

20 OGLE Let's be specific if we were to not grant you a  
21 waiver what's going to happen to your practice and what  
22 about this business that Title Guaranty is currently in?

1           **HENDRICKS**     **I have not made a final decision on that but I**  
2           **cannot continue to do business the way I'm doing it. I can't pay**  
3           **out two, three thousand dollars out every month on deals that**  
4           **don't close, I can't have clients try me and then not do it. You**  
5           **know it's probably ninety five percent certain that at that point**  
6           **I'd probably abstract for a different type of insurance**  
7           **company. I mean that's what can be done in the state right**  
8           **now, that's what people are doing. The (INAUDIBLE)**  
9           **mortgage services right here in town they abstract and they**  
10          **issue insurance on their searches. They issue the title for free so**  
11          **they are arguably not selling it in the state. I have looked at it**  
12          **and again this is a personal legal opinion what I will do is I'll**  
13          **offer (INAUDIBLE) to my clients but here's what it's going to**  
14          **be. Do you want title insurance we'll get you the title within**  
15          **twenty four to forty eight hours full wash agreement if you**  
16          **want title guarantee here's the cost it's probably going to be**  
17          **more I can't guarantee you will have it in twenty four to forty**  
18          **eight hours and I am not going to offer you a wash agreement**  
19          **you're going to pay for deals that don't close so what I've**  
20          **considered is what I probably will do is market both and that's**  
21          **exactly how I will present it to my clients and let them choose**

1           **and from experience overwhelmingly they will choose the title**  
2           **insurance.**

3           **UNKNOWN       Mr. (INAUDIBLE) I don't have any other**  
4           **questions so I'm asking at this time that if none of the other**  
5           **board members do I would like to go on but I would like to**  
6           **give the reserve time to re-question the applicant after we hear**  
7           **the other people speaking in favor and speaking against.**

8           **TAYLOR           That's our intent once the other folks speak**  
9           **in his favor then we'll have the folks against it speak and then**  
10          **he'll have an opportunity to rebut and then we'll close and**  
11          **discuss as a board. Then we'll discuss in the public form so**  
12          **we'll have plenty of time. Wally do you have any other**  
13          **questions of him?**

14          **MURPHY           I'm just wondering about this three**  
15          **thousand titles that were abstracted throughout the state how**  
16          **many of those were through title guaranty and how many were**  
17          **title insurance?**

18          **HENDRICKS       Well most of my employees were employed**  
19          **for title insurance company so the overwhelming majority of**  
20          **their experience is in abstracting for a non-title guarantee**  
21          **company. But again it's the same type of search techniques**  
22          **that we're talking about. All of my -- everything that I have**

1 done and issued title even before November all of my title goes  
2 to Title Guaranty unless it's a cash deal and then I abstract  
3 myself I mean it goes through a certified abstractor a  
4 participating abstractor and goes to Title Guaranty. I have not  
5 issued one non-title guarantee insurance policy I don't even  
6 have a contract in place with a title insurance company to do  
7 that. I have been approached by and reviewed contracts so that  
8 I have kept all my options open but I have to this point chose to  
9 remain a participating attorney with Title Guaranty. Again the  
10 only reason for the waiver request is to have Title Guaranty  
11 issued on my searches and I can abstract right now without  
12 any oversight or regulation by the state.

13 **TAYLOR** Okay anybody else to speak for the  
14 applicant? I see no one else here to speak for the applicant  
15 anyone else, staff, members of the board have any questions at  
16 this point in time? Okay before we let the folks that are going  
17 to speak (INAUDIBLE) do you have anything else you would  
18 like to offer us and could you anticipate someone else might be  
19 here do you need more time, have you had an opportunity to  
20 (INAUDIBLE) need to say?

21 **HENDRICKS** Absolutely. Okay at this point in time I  
22 would ask you to go ahead and step back and we'll let the

1 people that have other comments contrary to your application  
2 have the opportunity to present that to the board who will ask  
3 them questions (INAUDIBLE).

4 UNKNOWN That'd be fine.

5 HENDRICKS Would you come up and introduce yourself?

6 GILLIAM My name's Jim Gilliam I'm here today as  
7 the attorney on behalf of Iowa Land Title Association. Before I  
8 present my client remarks what we'd like to do is have two of  
9 our members present very small (INAUDIBLE). The first will  
10 be Jim Davis and the second will be Bill Blue.

11 TAYLOR Which one are you sir?

12 DAVIS I'm Jim Davis.

13 TAYLOR Welcome, just like the Garfield cartoon do  
14 you want a chair you're an awful tall guy.

15 DAVIS That's fine. Anyway as it says my name is  
16 Jim Davis and I've been engaged in the abstract and title  
17 business for thirty years and I'm a past president of the Iowa  
18 Land Title Association. I'm here today on behalf of the  
19 association because we do not believe this waiver is in the  
20 public interest. When title guarantee was created in 1985 strict  
21 standards were written into the Iowa Code in order to  
22 maintain the integrity of the public record and protect the

1 public from losses. We believe that lowering these standards by  
2 granting this waiver will erode the quality of the public records  
3 and subject the public to potential losses. Numerous states look  
4 to Iowa as a model for the title insurance industry because of  
5 our high standards. We need to set and continue to set a good  
6 example for the rest of the nation to emulate. Over the decades  
7 the Iowa Bar Association and the Iowa Land Title Association  
8 have worked together to develop standards for conveying and  
9 financing real estate. This relationship has given Iowa one of  
10 the best land transfer systems in the country. We believe that  
11 this waiver weakens the relationship between these two  
12 associations. You'll find in your packet a letter from the Floyd  
13 County Bar Association which opposes this waiver for these  
14 very reasons. This letter states impart, when Title Guaranty  
15 was established strict standards were to prescribe for  
16 participation in the program these standards were put in place  
17 to maintain the integrity of public records and minimize losses  
18 to the public. The Floyd County Bar Association feels that is  
19 not in the public's interest to grant waivers that would erode  
20 these standards each year Title Guaranty requests we submit a  
21 participating abstractor questionnaire, question number three  
22 asks if you have an update to date forty year indices for all

1 land in your county, question number four it also inquires if  
2 you regularly use forty year indexes for preparing your  
3 abstracts. Title Guaranty recognizes the fundamental value of  
4 a title plant in providing title evidence. We applaud Title  
5 Guaranty to implementing changes to meet the demands of the  
6 marketplace this does not however mean that Title Guaranty  
7 should abandon the standards which have made this program  
8 successful. Therefore we would ask that you conclude that the  
9 granting of this waiver is not in the public interest and that the  
10 request should be denied.

11 **BLUE** Bill Blue.

12 **TAYLOR** Do you want to come on up here?

13 **BLUE** I just want to clarify a few technical issues  
14 that we discussed today.

15 **TAYLOR** Can you maybe better identify yourself?

16 **BLUE** Yes my name's Bill Blue I've been  
17 abstracting for twenty three years I work for American  
18 Abstract here in Clive, Iowa and I currently serve on the Iowa  
19 Board of Directors of the Iowa Land Title Association. A  
20 couple things, we were talking about wash agreements here  
21 and time, certainly time is money to us as abstractors when we  
22 have other clients who have asked us to do work



1 (INAUDIBLE) initial presentation. I wanted to talk about title  
2 plants and how (INAUDIBLE). It seems like there's just a little  
3 bit of confusion that we're using the same records and the  
4 same pieces of data that the county recorder is while we are  
5 taking the same documents we digest them as a title plant and  
6 we turn it around one hundred and eighty degrees and we  
7 index everything by the legal description of the property that's  
8 involved where the county recorder is bound by law to index it  
9 by the name of people involved, the party involved and there's  
10 a fundamental difference there in what you will find sometimes  
11 when you are searching and I won't go into all the various  
12 types of documents there are but affidavits, explanatory title,  
13 (INAUDIBLE), all kinds of things that can affect the title that  
14 would not be indexed against the current titleholder they  
15 would be indexed against the parties who were involved in  
16 documents and I can't speak for all of the counties in Iowa but  
17 again the limitation of the recorder systems sometimes require  
18 them to do their best to index things but they don't -- they  
19 can't index it as widely as we can and that's why we're able to  
20 find some things that you would not find at the recorder's or  
21 the Iowa Land Title Records. That was really my main thing I  
22 wanted to discuss. My other concern is (INAUDIBLE) that the

1       **claims, the rate of claims for title insurance companies through**  
2       **abstracting in Iowa goes exponentially and I feel right there is**  
3       **where we're going to be if we're doing abstracting without**  
4       **plants obviously those folks who are doing title insurance**  
5       **searches without plants realize that that's just a part of the**  
6       **cost of doing business is that level of claims but I don't believe**  
7       **that Title Guaranty is ready to step from the 0.01 percent**  
8       **claims rate into the -- I don't recall the exact numbers but**  
9       **thirty eight percent you know just huge claims. I don't think**  
10      **we're ready for that and on those basis I think that the board**  
11      **should deny this request. Thank you.**

12      **UNKNOWN       One of the things that I guess and I have no**  
13      **frame of reference other than the commercial but one of the**  
14      **things that I guess I'm sort of curious about is what is the**  
15      **turnaround time for a residential for your turnaround for a**  
16      **residential abstract? If you get it and you say you could do it in**  
17      **twenty four to forty eight hours is that typically normal for --**

18      **BLUE            I can only speak to Polk County. Our target,**  
19      **our goal is forty eight hours from the time it's ordered until it's**  
20      **out the door now there are occasions where it's a very unusual**  
21      **case where they pass away or the judge has the court file**  
22      **(INAUDIBLE). But a normal course of action forty eight hours**

1 is our promise to our clients. (INAUDIBLE) electronically but  
2 I can only speak for Polk.

3 UNKNOWN Can you work with commercial  
4 (INAUDIBLE)?

5 BLUE Yes well unfortunately if a residential is a  
6 dog a commercial is an elephant; they're different animals but  
7 we certainly do try. It's always a good question.

8 UNKNOWN Yes I have another question because I'm not  
9 an abstractor so I don't understand all but are you saying that  
10 let's say for instance there's a transaction between you and  
11 Mr. Hendricks, you are the parties to a transaction --

12 BLUE Let me add Chuck is a client of ours  
13 (INAUDIBLE).

14 PETERSEN But if -- let's say there's a title issue or  
15 something and I'm asked as an attorney to sign an affidavit  
16 and my name is Deborah Petersen so when you type in your  
17 name my affidavit is not going to come up is that what you're  
18 telling me?

19 BLUE It's very possible yes. At the county  
20 recorder's I can show many specific examples where the  
21 judgment was disclaimed against you it's going to be you to  
22 whom indexed by the recorder Petersen to whom.

1           **PETERSEN**        So in that instance in your case you would --  
2                            in your office you're going to index it under Petersen and then  
3                            you're going to take it and say it affects this piece of ground  
4                            and here's the ground.

5           **BLUE**                Correct. Petersen will be just an  
6                            afterthought we're going to put it in and index it as the real  
7                            estate and then when we get all of the documents in we'll look  
8                            at the names. (INAUDIBLE).

9           **PETERSEN**        Thank you.

10          **BLUE**                Thank you very much for your time.

11          **TAYLOR**            Thank you very much. Mr. Gilliam?

12          **GILLIAM**        Chairman Taylor, members of the board,  
13                            Mr. Hendricks, ILTA has agreed in this case in hope that it  
14                            might assist the Title Guaranty board to develop a roadmap  
15                            for analyzing this particular application that you have in front  
16                            of you today and also future requests for waivers so that  
17                            basically what you're doing here today is going to be a  
18                            precedent on how you handle future applications and what  
19                            we'd like to do here today is assist you in coming up with a way  
20                            that makes sense to us on how this statute ought to be analyzed  
21                            and how the (INAUDIBLE) applies in this case to future cases.  
22                            The Title Guaranty statute establishes a two-part test that an

1        **applicant doesn't need through the grant of a waiver. The first**  
2        **is that the applicant must establish that the forty year title**  
3        **plant requirement causes the applicant a hardship. A hardship**  
4        **is not defined in your statute but the legislature did provide**  
5        **some insight to what it thought contribute to hardship by**  
6        **providing for what is known as the grandfathered attorneys**  
7        **now those provisions exempt attorneys who provided abstract**  
8        **services continually form November 12<sup>th</sup> 1986 through the day**  
9        **of the application from the requirement to own or lease a forty**  
10       **year title policy this tells us that the legislature believed that it**  
11       **was unfair to require those attorneys who were providing**  
12       **abstract services at the time of that the statute was passed to**  
13       **thereafter made a substantial investment, a substantial capital**  
14       **investment, in a forty year title plant. We believe it is this**  
15       **notion of unfairness that ought to guide your analysis of the**  
16       **hardship test when reviewing this waiver application and**  
17       **future waiver applications. In this application there is nothing**  
18       **inherently unfair about requiring the applicant to own or lease**  
19       **forty year title plants in the counties he wishes to provide**  
20       **services. The application does not provide any business case or**  
21       **business plant showing that similar to the attorneys that were**  
22       **grandfathered under the statue but the applicant relied upon**

1       **one state of (INAUDIBLE) in starting this business and that**  
2       **enforcing this rule at this stage is somehow unfair. The**  
3       **applicant comes to this business well after the rules have been**  
4       **established and the rules should apply to this applicant as well**  
5       **as any other person who wants to operate as part of a**  
6       **participating abstractor under the statute. The application**  
7       **searched that the hardship test ought to instead be analyzed as**  
8       **a financial or a competitive hardship measured by the cost of**  
9       **developing a forty year title plant or the cost of competing**  
10      **against title insurance. There's nothing in the statute though**  
11      **that says that that is the way that hardship ought to be**  
12      **analyzed and in fact doesn't make sense if the court case would**  
13      **look at the entire statute. In requiring ownership or a lease**  
14      **hold interest in a holding plant from participating abstractors**  
15      **the legislature knew that capital cost is requiring along with**  
16      **the pressures of competing against title insurance yet the**  
17      **legislature still required that capital investment. Capital costs**  
18      **and competitive pressures sighted by the applicant in this case**  
19      **are always going to exist and could be sighted by any applicant**  
20      **in the future. If you use a simple financial hardship test in your**  
21      **measure on whether or not a hardship is achieved you are**  
22      **essentially throwing out the forty year title requirement that a**

1 title plant requires in that existing statute. And we would  
2 submit to you that that's what's going to be done and the  
3 legislature ought to be doing that and not this board. The  
4 second part of the test can be omitted one of two ways proof  
5 that the waiver is clearly in the public interest or proof that the  
6 waiver is absolutely necessary to ensure availability of title  
7 guarantee throughout the state. This is not a case where the  
8 applicant is trying to provide title guarantee in a part of the  
9 state where title guarantee is not now available thus we believe  
10 your analysis should focus instead on whether this waiver is  
11 clearly in the public interest. The position of ILTA and your  
12 analysis of this standard ought to be guided by your mission  
13 statement and guided by your prior requests to be granting  
14 waivers. Your mission statement makes it clear that in addition  
15 to providing title guarantee as an adjunct to the abstract  
16 attorney's title (INAUDIBLE) system your mission is also to  
17 add to the integrity of the land title transfer system in the state.  
18 We suggest this mission requires the Title Guaranty board to  
19 look into an applicant's business model to determine whether  
20 an applicant will add to that system. The question should be  
21 will the applicant be investing resources, time and effort to  
22 provide services that will meet Title Guaranty's standards and

1 performance? Does the applicant have the experience and  
2 knowledge of local customs and practices that will give you  
3 confidence in their results knowing that they're not using a  
4 forty year title plant? This applicant's business model  
5 (INAUDIBLE) relies totally on Internet searches, a grant or a  
6 grantee records. A business model, as the evidence shows, that  
7 lacks the consistency (INAUDIBLE) let alone (INAUDIBLE)  
8 the consistency of using a forty year title plant. In those cases  
9 where Title Guaranty have previously granted waivers to  
10 attorneys those attorney abstractors establish their experience  
11 and knowledge of local custom and practice and were able to  
12 provide the board sufficient confidence to conclude that their  
13 work product would be the next best thing to relying on a forty  
14 year title company. This application does not establish any  
15 basis for you to conclude that the applicant has the local  
16 knowledge and experience in each of the counties that he's  
17 going to be servicing that approach Title Guaranty's  
18 performance standards. Searches such as those described in  
19 the application will weaken the integrity of the land title system  
20 and as subsequent searches get farther and farther away from  
21 an up to date abstract it's going to be more and more difficult  
22 for you to have integrity in your system. Finally the system you



1       **administer enjoys strong consumer confidence and has built a**  
2       **strong consumer brand consumer confidence in the Title**  
3       **Guaranty brand will weaken as the system parts from when**  
4       **our guarantees are issued only upon an attorney's title opinion**  
5       **after review of a certified, up to date abstract from a forty year**  
6       **title plant. Simply put public interest will not be served by**  
7       **granting this waiver. On behalf of the Iowa Land Title**  
8       **Association we would ask that the Title Guaranty Board deny**  
9       **the pending application for a waiver of the forty year title**  
10       **plant requirement and in doing so we urge you to adopt a**  
11       **method of analysis that can be consistently applied to future**  
12       **applications.**

13       **UNKNOWN       You talked about the attorneys that were**  
14       **grandfathered in and you said pre-1986 is that correct?**

15       **GILLIAM       Under the grandfather statute you have to be**  
16       **abstracting continuously from November of 1986 up until the**  
17       **time of their application for waiver.**

18       **UNKNOWN       And that is totally a separate part of the**  
19       **statute as opposed to the waiver application we're dealing with**  
20       **today?**

21       **GILLIAM       That's correct.**

22       **UNKNOWN       Okay.**

1           **GILLIAM**           Well it's in the same section of the statute,  
2           the part of the statute that requires a forty year title company  
3           plant.

4           **UNKNOWN**           But those guys that are grandfathered do not  
5           need to apply for a waiver?

6           **GILLIAM**           Right they need to be participating in the  
7           system so there's that process they have to go through  
8           (INAUDIBLE) waiver.

9           **OGLE**               That's correct they would sign contracts  
10          with us just like everyone else does but they're grandfathered  
11          then of course there's no (INAUDIBLE).

12          **UNKNOWN**           You were here earlier when Grant, our  
13          attorney, was telling us about if a waiver is granted for one  
14          county then it's (INAUDIBLE) is that accurate do you believe?

15          **GILLIAM**           Yes I think his interpretation of the statute  
16          may go a little bit more broader than mine. I'll defer to him on  
17          his understanding of that. It's my understanding though that  
18          that particular case involved grandfathered attorney not a  
19          waiver right?

20          **DUGDALE**           That's right.

1           **GILLIAM**           And in that particular case the court said  
2           that an attorney meeting that standard wasn't permitted to  
3           abstract (INAUDIBLE).

4           **UNKNOWN**           Okay and in the (INAUDIBLE) of the  
5           grandfathered versus waived attorneys has that statute been  
6           the same since all the applications for waiver from Title  
7           Guaranty?

8           **GILLIAM**           There hasn't been any material difference  
9           (INAUDIBLE).

10          **DUGDALE**           I agree.

11          **UNKNOWN**           Is the granting of a waiver to such as what  
12          Mr. Hendricks is asking -- is the granting of that waiver  
13          actually a threat to your client's members?

14          **GILLIAM**           A threat, what do you mean?

15          **UNKNOWN**           A business threat, I mean is it seen as a  
16          business threat that they're going to take business away from  
17          them?

18          **GILLIAM**           No I don't think that -- certainly as Mr.  
19          Hendricks described it if the attorney has the opportunity to  
20          present a need or scenario to his client that some clients will  
21          choose the option that doesn't require going to a certified  
22          abstractor and so in that sense there could be a threat but it's

1       our position really to (INAUDIBLE) a system that when you --  
2       when a consumer goes and gets a title insurance product they  
3       know what they're getting. If you look at the statute you know  
4       what you're getting there too because there's a requirement  
5       through Title Guaranty that you're utilizing a forty year title  
6       company. So in a way you're comparing apples to oranges as  
7       yes there is some imminent threat with the title insurance out  
8       there with the product that is available through Title Guaranty  
9       is so superior that (INAUDIBLE).

10       **OGLE**           I have a question for you. To make the  
11       argument if the waiver's granted it's going to degrade the  
12       quality of the land title records in Iowa. We currently enjoy the  
13       lowest claims rate in the country however the out of the state  
14       title companies offering in Iowa have some of the highest  
15       claims rates in the entire country and Matt had sent an email  
16       that was shared with the whole board and we pulled some of  
17       those figures from that file for example in 2004 the out of state  
18       title companies offering here in Iowa had a thirty seven percent  
19       claims rate and in 2005 it was nineteen point three percent.  
20       The national average is around six and of course for Title  
21       Guaranty it's somewhere around one percent. Claims indicate  
22       obviously that there's bad title, there's things going on with

1 title that if we know someone uses Title Guaranty we are  
2 preserving the integrity of the (INAUDIBLE) system but if that  
3 business goes to an out of state title company which what we  
4 see the predominant business model in Iowa is they avoid the  
5 abstractor and they avoid the attorney altogether that clearly  
6 these claims rates indicate that the market presence of these  
7 out of state title companies is damaging on a daily basis the  
8 integrity of the land title system in Iowa. So I ask the question  
9 because you stating the rate you make a comment that the  
10 legislature is mindful of the existence of title insurance from  
11 the Title Guaranty program is (INAUDIBLE) and could have  
12 established a program enough similar to title insurance to be  
13 competitive on price, turnaround time and other title industry  
14 practices so is there any concern at all do you feel from a  
15 statutory land plant that Title Guaranty needs to out compete  
16 title insurance? That we've got to have better pricing, better  
17 quality and better service or we won't get the business.

18 **HENDRICKS** I'm not sure I understand the question but  
19 again if what you're saying is that you have to lower your  
20 quality standards to keep the business then you're no better  
21 than title insurance.

22 **UNKNOWN** I'm not sure I understand the question.

1           **UNKNOWN**       **May I Jim?**

2           **TAYLOR**         **No you may not.**

3           **OGLE**             **Well the -- the point I'm trying to make is**  
4           **your brief implies that the legislature did not intend for the**  
5           **Title Guaranty program to be competitive to title insurance.**

6           **HENDRICKS**    **Right.**

7           **OGLE**             **On pricing, turnaround time and other title**  
8           **industry practices.**

9           **HENDRICKS**    **Right.**

10          **OGLE**             **And I guess I'm challenging you on that**  
11          **because I don't understand if we aren't competitive we don't**  
12          **get the business and at some point this program becomes**  
13          **completely loot and nobody uses us and all of these out of state**  
14          **companies avoid using attorneys and the abstract title opinion**  
15          **system don't follow the marketable title act. We'll destroy the**  
16          **integrity of land title system.**

17          **HENDRICKS**    **I guess my simplest answer to that is that the**  
18          **legislature could have done that. The legislature could have**  
19          **said Title Guaranty Board we are going to defer to your**  
20          **administrative expertise please develop a product that is**  
21          **competitive with title insurance on turnaround time and in any**  
22          **other measure of customer demand but they didn't. What the**

1 legislature said is that if you want to be a participating  
2 abstractor in the title guarantee program you must own or  
3 lease a forty year title plant. The legislature knew -- they had  
4 in their knowledge they knew what that was going to do  
5 competitively to Title Guaranty and they also knew what it was  
6 going to do to anyone who wanted to get into that business in  
7 terms of the capital out there. If this board decides as a matter  
8 of competition to title insurance that it needs to throw out the  
9 forty year title plant that's something that the legislature has  
10 already established (INAUDIBLE).

11 UNKNOWN But then the legislature also established the  
12 waiver so (INAUDIBLE).

13 HENDRICKS Yes but it didn't say use the waiver to keep  
14 title insurance at bay or to (INAUDIBLE) to be competitive to  
15 title insurance.

16 OGLE You mentioned in there that Mr. Hendricks  
17 should have a plant just like everybody else. We've got three  
18 counties where there's no plants so there's not the ability to  
19 lease a plant are you suggesting, what do we do about the three  
20 counties in Iowa that don't have plants?

1           **GILLIAM**           **Our suggestion would be to have Mr.**  
2           **Hendricks apply for a waiver in those counties just like the**  
3           **attorney/abstractors who are doing it now.**

4           **OGLE**               **Why would his application be treated any**  
5           **differently than people who are owning the services in those**  
6           **counties right now?**

7           **UNKNOWN**       **There's also the issue of --**

8           **TAYLOR**           **Just a point of forum, if you want to come**  
9           **back up you can and sir he's a counsel for I.F.A. I didn't mean**  
10          **to let him --**

11          **UNKNOWN**       **I understand.**

12          **TAYLOR**           **Okay thank you.**

13          **TAYLOR**           **Where you don't Loyd? Is it your point that**  
14          **in three counties there's not a plant to use?**

15          **OGLE**               **That's correct.**

16          **MURPHY**           **Which three counties are they?**

17          **TAYLOR**           **Louisa, Keokuk and what's the third?**

18          **UNKNOWN**       **Davis.**

19          **TAYLOR**           **Davis.**

20          **UNKNOWN**       **And Lee.**

21          **TAYLOR**           **What'd I say Louisa, Lee and Davis, those**  
22          **are the three.**



1 UNKNOWN (INAUDIBLE) Jim but if he gets a waiver in  
2 one of those three counties then an attorney can abstract  
3 statewide correct?

4 GILLIAM Well I understand your interpretation of the  
5 court case again that only applied to the attorneys who were  
6 grandfathered.

7 TAYLOR Okay either we're getting erroneous update  
8 or confusing information. Just to clarify to the board is that  
9 there's an attorney's general's claim that says that so we're all  
10 kind of saying the same thing but just using different words  
11 and that was an attorney general opinion written by Grant and  
12 so it is kind of an interesting question and I'm not even going  
13 to post. Anyone else? Any board? Staff?

14 OGLE I guess I'd just ask one more. You know  
15 clearly we're seeing a vast change in the last twenty years in  
16 the industry most loans originated back in eighty six were  
17 originated from (INAUDIBLE) banks located in Iowa,  
18 chartered in Iowa. With all the mergers, acquisitions with all  
19 the exotic financing going on the rise of mortgage brokers now  
20 just originate a tremendous amount of (INAUDIBLE) business  
21 that there is a lot of lenders and brokers who are looking for  
22 uniform pricing and turnaround time on a statewide basis and

1 currently the Title Guaranty model really doesn't offer that.  
2 Do you believe it's in the interest of the ILTA that they should  
3 encourage their membership to develop some type of uniform  
4 pricing and turnaround times or Title Guaranty product? In  
5 the rest of the country every other title company except for us  
6 sets the rate for their premiums that includes the searches.  
7 Here in Iowa we've not gone there politically that would be  
8 very sensitive we've not tried to impose pricing on anyone what  
9 you can charge for products nor do we want to but what is the  
10 answer to this issue about uniform pricing is this something  
11 that you feel because of the way the statutes read that we need  
12 to write off business from lenders that want uniform  
13 turnaround time and pricing?

14 GILLIAM The ILTA hired me as their legal attorney  
15 not their marketing director and so I'm sort of -- I can't  
16 answer that question. I can answer this I don't think that the  
17 statute permits you to part from the forty year title plant and  
18 because of market pressures or the way that the industry has  
19 evolved puts you in a position where you're no longer  
20 competitive that's where we require a statutory change. It's  
21 going to have to go back to the legislature and say we can no

1 longer operate to your (INAUDIBLE) forty year title plant  
2 requirement upon participating abstractors (INAUDIBLE).

3 **OGLE** What I'm struggling with an alternative note  
4 one response to this issue is to grant waivers and clearly ILTA  
5 feels that we should not do that so I'm asking short of a  
6 legislative fix is there anything that we can do to accommodate  
7 statewide lenders than the waiver or statute change is that  
8 really our only options?

9 **DUGDALE** The statute provides and allowed the board  
10 to do this -- you know clearly you basically are reading -- it  
11 seems to me that under what circumstance would you think the  
12 board should grant a waiver because the legislature said that  
13 the board can grant a waiver. What I'm hearing is that really  
14 you should never grant a waiver under what, since the  
15 legislature clearly contemplated that the board could grant a  
16 waiver, under what circumstances does ITLA does your client  
17 believe would a waiver be appropriate; what standards should  
18 they use?

19 **GILLIAM** In the standards of their proposal if an  
20 applicant came forward and was able to show something more  
21 than a financial hardship --

22 **OGLE** Which would be what?

1           **GILLIAM**           **I don't know. We can only look at the statute**  
2           **and the legislature did say -- and there are circumstances**  
3           **where we've had people who are already in the abstracting**  
4           **business we're not going to make them go out and invest in a**  
5           **forty year title company. It's something like that where the**  
6           **business plan has changed so dramatically so as impacted the**  
7           **applicant in a way that it would be a hardship then the board**  
8           **ought to consider it. I mean just coming in and saying it's**  
9           **going to cost too much isn't a hardship under the statute where**  
10          **the legislature contemplated that everyone would own or lease**  
11          **one.**

12          **DUGDALE**           **Subject to the waiver provision by the board**  
13          **which they do not -- which the legislature did not deal with and**  
14          **nothing -- look in the statute --**

15          **GILLIAM**           **Plus it still requires personal hardship or --**

16          **DUGDALE**           **Will require hardship --**

17          **GILLIAM**           **Well --**

18          **DUGDALE**           **Hardship --**

19          **GILLIAM**           **And or the public interest --**

20          **DUGDALE**           **And we have them both, the two statutes that**  
21          **we have. I'm just trying to struggle to work with the board**  
22          **here to say your interpretation almost renders my perspective**

1           **could almost render the exemption, the waiver provision**  
2           **meaningless because I don't think necessarily that the -- I**  
3           **don't know what the legislature feels I don't want to try and**  
4           **think what they want but looking at the statute --**

5           **GILLIAM           Well (INAUDIBLE) where I do think it**  
6           **would apply would be in those counties where you don't have a**  
7           **title plant present whereby custom practicing attorneys have**  
8           **been doing abstracting for years and that you've never**  
9           **required title plant (INAUDIBLE) in those counties for title**  
10          **guaranty to be issued. I think in those circumstances where**  
11          **you have granted waivers in the past should apply.**

12          **UNKNOWN           What do you think about situations -- what if**  
13          **there's a grandfathered attorney who is abstracting for Title**  
14          **Guaranty and has (INAUDIBLE) attorneys and that attorney**  
15          **dies and the new attorney comes in having three years, six**  
16          **years of experience and has worked with the grandfathered is**  
17          **that something your organization would support or would you**  
18          **still go back and say no this person hasn't been doing it since**  
19          **1986 forward so --**

20          **GILLIAM           I think we'd want to see the particulars of**  
21          **the application but in fact I think it (INAUDIBLE) one or**

1 more of the precedents that the board has granted waivers in  
2 the past are similar enough to that that (INAUDIBLE).

3 TAYLOR Just to interrupt Surasee just told me that he  
4 needs to leave here shortly for a medical issue. He just told me  
5 thirty seconds ago.

6 OGLE (INAUDIBLE) the board would need to  
7 approve the waiver you'd need from the board you'd need  
8 three votes so with this part of the proceeding I have no --  
9 Grant -- if Surasee says he has to leave do we have to defer?

10 DUGDALE You can either defer until Surasee's  
11 available or you can (INAUDIBLE) the proceeding without his  
12 presence.

13 TAYLOR Well Surasee you go where you need to go  
14 for your purpose. I think then what we're left with is we need  
15 to decide as a board what we're going to do. Are we going to  
16 move forward on this application with four members of the  
17 board or are we going to move forward with -- or are we going  
18 to table the discussion and pick it up at this point or what other  
19 options do we have Grant?

20 DUGDALE Those are the only two options that I'm  
21 aware of.

1           **TAYLOR**           We'll just cease the public hearing and  
2 reconvene it or to charge forward with four out of the five?

3           **OGLE**                I would tell you that my staff preference is  
4 that you probably go ahead and continue. This thing has drug  
5 out a lot.

6           **UNKNOWN**        I'd rather continue too. I don't think it's fair  
7 the applicant or all the people who have driven here today to  
8 make their presentations to the board to not be able to vote  
9 and I'm not sure we're going to be done by five o'clock Loyd.

10          **RODARI**            I will try to.

11          **UNKNOWN**        When you're done how about you call and  
12 see if we're not done if you can come back come back.

13          **TAYLOR**            And we'll let you vote.

14          **RODARI**            Okay.

15          **TAYLOR**            That's appropriate.

16          **UNKNOWN**        Is that workable?

17          **TAYLOR**            Well I guess you go ahead and go but I think  
18 it's also one time for a break but also I think the applicant  
19 should have some input in this too and perhaps -- is that  
20 appropriate? I mean it's his application he should --

21          **HENDRICKS**        I'm four months into this process by all  
22 means full speed ahead.

1           **TAYLOR**           **On four out of the five members, okay. All**  
2           **right then we're going to charge ahead and only get home at**  
3           **maybe eight o'clock tonight. Why don't we take a break and I**  
4           **meant to say that at the beginning if anyone wanted to take a**  
5           **break while you can't speak unless it's your turn we'll break to**  
6           **go to the bathroom all right so we've had a request to go to the**  
7           **bathroom let's adjourn for a brief race to the bathroom.**

8           **TAYLOR**           **Reconvene. All right we're going to go ahead**  
9           **and reconvene I think Mr. Gilliam left the table were you done**  
10          **sir?**

11          **GILLIAM**           **(INAUDIBLE). No Jim -- you'd better cancel**  
12          **the rest of your day's (INAUDIBLE).**

13          **TAYLOR**           **I think our attorney was asking a question**  
14          **about -- were you done?**

15          **DUGDALE**           **Yes.**

16          **TAYLOR**           **Okay does that lead you into any other**  
17          **questions?**

18          **DUGDALE**           **No.**

19          **TAYLOR**           **I assume that you have a couple members**  
20          **that want to speak too.**

21          **GILLIAM**           **I would imagine.**

22          **TAYLOR**           **Okay we'll go in order.**



1           **BLUE**            **I just want to add one very brief --**

2           **TAYLOR**          **Yes come on up.**

3           **BLUE**            **Sorry --**

4           **TAYLOR**          **It's Bill right?**

5           **BLUE**            **Yes.**

6           **DUGDALE**        **State your name for the recorder.**

7           **BLUE**            **Bill Blue (INAUDIBLE) Abstract. As this**  
8           **discussion was developing it's came to my mind that one of the**  
9           **ways around the waiver process, one of the conditions you met**  
10          **was you have a lease title holder that would be a way to avoid**  
11          **some of the (INAUDIBLE) problem. If the legislature intended**  
12          **for this to be a statewide thing I realize this case has now**  
13          **(INAUDIBLE) why would they put that in there? It doesn't**  
14          **even make sense how would you be able to lease a plant to**  
15          **qualify. They don't say a leased plant in every county they say**  
16          **a leased plant. The intention was this waiver process was to be**  
17          **a safety valve for those counties that did not meet the Title**  
18          **Guaranty initial provision but in some there wasn't a plant or**  
19          **(INAUDIBLE).**

20          **TAYLOR**          **Thank you. Does anyone have any questions**  
21          **of him? Okay next from against the waiver request.**

1           **MCCLONEY      Bob McCloney, United Land Title Company**  
2           **and immediate past president of the Iowa Land Title**  
3           **Association. A couple of things, Mr. Hendricks says that a**  
4           **wash agreement is just fine well to myself and I'll speak for**  
5           **myself only time is the only thing that I have other than the**  
6           **service life (INAUDIBLE) and so time is very valuable and so**  
7           **just to put it out there and then say time is not worth anything**  
8           **that's like saying to an attorney please perform my will at no**  
9           **cost because it's just your time. And so that is not a hardship**  
10          **you can't do that. I mean for everybody in this room time is**  
11          **very valuable even for a lawyer or (INAUDIBLE). Everybody**  
12          **time is very valuable look at your watch how many people are**  
13          **looking at your watch time is valuable to all of us so you can't**  
14          **use that. Other than that I will sit down because I promised**  
15          **myself I wouldn't get emotional on this because I do love what**  
16          **I do. I've been doing it for thirty five years now and I built a**  
17          **plant from scratch and Title Guaranty required me to be**  
18          **completely done with my plant before they would give me a**  
19          **Title Guaranty number. They would not give me a waiver I**  
20          **applied twice for a waiver they would not. Thank you.**

21          **TAYLOR              You have to declare your last name.**

1           **MCCLONEY     Sandy McCloney, United Land Title**  
2           **Company. I just have one very brief thing to say on these**  
3           **waivers. I'm a closing agent so I'm not an attorney and I'm not**  
4           **an abstractor so I know nothing of either of those worlds but**  
5           **I'm a closing escrow person and in the way -- when we do**  
6           **closings a closers (INAUDIBLE). I never had one of them**  
7           **require that I go to an abstract company that their buyer has**  
8           **hired to do the abstracting and ask them to do it for nothing.**  
9           **They expect to pay something if the deal falls through and they**  
10          **tell their clients at the beginning if you back out of this deal**  
11          **and that deal falls through then there will be some closing costs**  
12          **incurred to you and they also collect an application fee in the**  
13          **beginning when they take their applications and that**  
14          **application is used to pay for those closing costs that they incur**  
15          **that can't be taken back. I'd waive the closing fee but I**  
16          **certainly don't expect an attorney to waive his title opinion fee**  
17          **because I know (INAUDIBLE) and our attorneys don't classify**  
18          **that as a nothing. They prepared that title opinion and they**  
19          **want paid for that title opinion and the abstractor the same**  
20          **way. They've done work if the abstractor can take his abstract**  
21          **back, pull off the work that he's done and hold on to it then**  
22          **there is no title. That's really all I had to say. I guess one thing**

1 that was brought the nature of how it's done I heard that term  
2 (INAUDIBLE). This is how it's done if your lender -- if you  
3 don't get an abstract back because the realtor held on to it too  
4 long or the appraisal didn't come back yet and so we get it at  
5 the last minute and it's a rush deal yes you may only have two  
6 or three days to get that closing done but what you do is you  
7 bust your buns to get it done and if you're doing your job you  
8 get the job done you don't wash it away to somebody else or  
9 blame it on somebody else you do your best to get it done and  
10 sometimes that means two or three days and I (INAUDIBLE)  
11 Title Guaranty all the time and I don't see any difference  
12 between doing that or going out of state and using title  
13 insurance you still bust your butt to get it done so I don't  
14 understand how that makes a difference but that's all I have to  
15 say.

16 TAYLOR Questions? Next.

17 MCLAIN I'm Geraldine McLain, Union County  
18 Abstract in Creston and Abstract & Title Company in Mt.  
19 Ayr. I have just completed a title plant. It took my husband  
20 and I thirteen months, two of us in the court house everyday  
21 with laptops taking off documents in a very small county. We  
22 probably have what Gerry five thousand people in the county,

1           **Gringold County, I know it's hard to do but you can do it. I**  
2           **also would like to say that in my twenty five years of doing**  
3           **abstracting I have had no bank call me and say will you do my**  
4           **title searches for x number of dollars; will you do a wash**  
5           **agreement? I have had no bank call me and ask me will I do**  
6           **that so how can I do that? And we have never billed an**  
7           **attorney or a bank for something that didn't go through. We**  
8           **get the abstract back and we wait until it's done the next time.**

9           **TAYLOR           Any questions?**

10          **MCLAIN            Pardon?**

11          **TAYLOR            No I was just asking if they had any**  
12          **questions. I don't think they did. Thank you Mrs. McLain.**

13          **TAYLOR            (INAUDIBLE). Anybody over here? Okay so**  
14          **come on up.**

15          **REILLY            I'm Tim Reilly with Black Hawk County**  
16          **Abstract & Title out of Waterloo. The applicant has made a --**  
17          **has alleged he will use online records. This is from the Iowa**  
18          **Land records disclaimer it says, and I'm paraphrasing this to a**  
19          **point, it says is provided as a service to the public for**  
20          **informational purposes only. Iowa land records system and**  
21          **this is quoting is not intended to replace a search of official**  
22          **records maintained in the office at the county recorder. There**

1 are similar disclaimers in Lynn County, Johnston County,  
2 Dubuque, Oak, none of those constitutes the official record of  
3 Title Guaranty gets behind and insures titles based upon that  
4 search.

5 TAYLOR I have a question and I know the answer to  
6 this question but I want to make sure because Wally didn't ask  
7 this but for the new board members and you'll find this out  
8 after you do some abstracting for a little while but for the new  
9 board members explain to them what the problem could be if  
10 you're looking at Iowa Land records.

11 UNKNOWN Well one thing the clerks in the recorder's  
12 office (INAUDIBLE) and they are pushed at times. They do  
13 not understand real estate documents. They don't understand  
14 titles and the documents are not indexed in such a fashion  
15 (INAUDIBLE). It's not the official record period.

16 UNKNOWN Who's indexing those (INAUDIBLE) in the  
17 Iowa Land records?

18 UNKNOWN I'm not certain but I believe the indexing is  
19 taken place on a local level (INAUDIBLE) --

20 UNKNOWN So you think there's ninety nine people doing  
21 it?

22 UNKNOWN There's ninety nine different people doing it.

1 UNKNOWN (INAUDIBLE).

2 TAYLOR (INAUDIBLE) you can search by  
3 (INAUDIBLE) electronically indexed it starts -- I don't know  
4 exactly when right now (INAUDIBLE) so anything you pick up  
5 on Iowa Land records.

6 UNKNOWN Well the recorder is by law required to  
7 (INAUDIBLE).

8 TAYLOR (INAUDIBLE).

9 UNKNOWN The real estate they might have some --  
10 (INAUDIBLE) but they are not required to index Iowa Land  
11 records.

12 TAYLOR And certainly some counties probably don't.

13 UNKNOWN So when we have disclaimers -- it's not an  
14 official record. An official record you go to that specific  
15 county's recorder's office.

16 TAYLOR And that's what I'm talking about that  
17 electronic way to a guaranteed index at the county recorder's  
18 office not the one they put on (INAUDIBLE).

19 UNKNOWN That too would not be what they're charged  
20 with (INAUDIBLE).

1           **TAYLOR**           **I just want to make sure that you understand**  
2           **in Des Moines County, that index is not in books anymore it's**  
3           **actually scanned in --**

4           **UNKNOWN**           **(INAUDIBLE).**

5           **TAYLOR**           **Okay I figured it was and is that common on**  
6           **larger counties or is that the way it is in your county Wally?**

7           **MURPHY**           **I never use it.**

8           **TAYLOR**           **You don't you don't even use it. They're**  
9           **double indexing doing it in books and computer?**

10          **MURPHY**           **I have no idea I don't use either one I don't**  
11          **use --**

12          **TAYLOR**           **Sure you're going back --**

13          **MURPHY**           **I'm going back I'm posting it into my**  
14          **(INAUDIBLE) I post it as to Lot 1, Lot 6 --**

15          **UNKNOWN**           **You're just picking up the legal documents**  
16          **and posting it to the legal?**

17          **MURPHY**           **I don't care who enters it or anything after**  
18          **so that's what I want to know so when I do my search I don't**  
19          **have to go through page after page of things looking for names**  
20          **which may or may not be right. I look for lot 1, lot 6 and I can**  
21          **search -- that computer knows how many years in just a few**  
22          **moments and each one of those says (INAUDIBLE) gives us**



1           **the date of the incident, the day it was recorded**  
2           **(INAUDIBLE), the release, the easements. I don't care what**  
3           **(INAUDIBLE) it's just going -- the (INAUDIBLE) and that's**  
4           **all I'm issuing, that's all anybody else is issuing.**

5           **UNKNOWN       Doing the work first.**

6           **UNKNOWN       Somebody else is paying for it.**

7           **MURPHY        Twenty years later when they come in and**  
8           **they say I need this abstract brought up to date I can go and**  
9           **there it is. I've got five or six instruments in the recorder's**  
10          **office. I also instead of using the Iowa Courts Online I get a**  
11          **copy (INAUDIBLE) ten days. Again I go through there I make**  
12          **sure that I've got all the cases, I take those cases that I can post**  
13          **to my track books and put them in there. Because they affect**  
14          **that real estate.**

15          **TAYLOR        Our discussion amongst the board doesn't**  
16          **have much to do with him unless you wanted to ask him a**  
17          **question. (INAUDIBLE) I appreciate your do you have any**  
18          **other questions --**

19          **UNKNOWN        My question is though what you're saying is**  
20          **that Mr. Hendricks would only be using, according to your**  
21          **perspective, would only be using these vehicles and nothing**  
22          **else and that's what you're saying?**

1           **REILLY**            I'm not saying he'll use strictly that and not  
2           do it (INAUDIBLE) --

3           **UNKNOWN**        More (INAUDIBLE) check?

4           **REILLY**            An onsite search but by using this method  
5           solely is not the official record.

6           **TAYLOR**           What is the official record in your opinion?

7           **REILLY**            In the recorder's office. The documents  
8           themselves and the indices.

9           **TAYLOR**           Not to start an argument here but the official  
10          record's not the abstractor's (INAUDIBLE) is it?

11          **UNKNOWN**        (INAUDIBLE).

12          **TAYLOR**           Do you have any other questions? Thanks.  
13          Next. You finally get your turn what's your name sir?

14          **KADRLIK**        I'm Dan Kadrluk I'm a manager at Hancock  
15          & Winnebago County Abstract Companies and I'm also a part  
16          of the Iowa Land Title Association. And I have several points  
17          first the loss ratios that we were quoted earlier which I  
18          applaud Title Guaranty for the minimal amount of claims that  
19          they had but the thing that I want to point out is that in  
20          comparison to commercial title insurance is based upon a  
21          system exactly like Mr. Hendricks is advocating here. If their  
22          loss ratios are what they are there's reason for that. Secondly

1       **there's a third facet to the code relating to granting the**  
2       **waivers and that is to provide Title Guaranty in all ninety nine**  
3       **counties and we currently have according to Title Guaranty's**  
4       **website at least one participating member, I believe two, in**  
5       **every county so I mean there is no lack of availability it is a**  
6       **lack of availability in terms that Mr. Hendricks believes to be.**  
7       **The third one in the pricing thing that we brought up earlier**  
8       **we've been chastised on the national level several occasions or**  
9       **even contemplating discussing pricing on a new level as a**  
10       **professional association. Anti-trust lawsuits are brought up**  
11       **continually if somebody even breaths the word price fixing so**  
12       **we are very much hands tied we are a professional association**  
13       **we don't have the ability to dictate and my friends we cannot**  
14       **dictate -- that's okay I'm used to it that's why I come**  
15       **prepared. At best you might make a suggestion as to how your**  
16       **pricing will work or talk about how you price. Whether you're**  
17       **a neighbor, competitor or otherwise you'll follow that as a**  
18       **guideline or use it or that's up to them we're all (INAUDIBLE)**  
19       **and that's an example to the use of this public record as it**  
20       **stands today computerized. My former competitor and I**  
21       **emphasize the word former missed the banks brand new**  
22       **mortgage on the very first abstract he did in the county**

1 because the recorder can't type and she can't proof it and you  
2 misspell a last name and guess what this stuff is just -- so it is a  
3 very real issue but as time goes on -- these claims won't show  
4 up today, next week, next month, maybe even next year but  
5 five years down the road Title Guaranty's claims rates are  
6 going to change dramatically. And that's all I have.

7 TAYLOR Any questions? Yes you may you're in  
8 charge of legal.

9 UNKNOWN (INAUDIBLE).

10 UNKNOWN There is a difference because all of those  
11 gentleman and ladies (INAUDIBLE) they may be are  
12 abstracting at home turf. They all are very familiar with the  
13 goings on in Scott County so they have a very distinct  
14 advantage to that. I defy and the abstractors in the room for  
15 the most part are all friends of mine and I've taken on  
16 (INAUDIBLE) County myself (INAUDIBLE). I got a very rude  
17 awakening in that what I thought I knew everything about  
18 when I got to a place where the world marches to the beat of a  
19 completely different drum. That's in your timeline -- between  
20 myself and my hired staff we have developed a knowledge  
21 about what is going on in that county we know when  
22 (INAUDIBLE) and that gives us an advantage over what

1 anybody coming in off the street (INAUDIBLE). And that is  
2 why Scott County, in my opinion, take that for what it's worth  
3 but that's why Scott County has been able to exist in the  
4 method that they have because they are infinitely familiar with  
5 their own (INAUDIBLE).

6 UNKNOWN One of the questions that was asked earlier  
7 and you said you were a past president of the organization as  
8 well, one of the questions that was asked earlier is if this  
9 provision is in the statute to allow for the waiver and if a  
10 financial hardship or waiving a forty year plant is not the  
11 intent of it what is the intent of it, do you have an answer to  
12 that question?

13 REILLY With permission to be blunt, the intention as  
14 it was explained because I was around at the time, the waiver  
15 intention at the time for the grandfathered attorneys is that  
16 potentially they all will go away and the rest of us would all  
17 have plants.

18 UNKNOWN But the waiver doesn't apply to the  
19 grandfathered attorneys --

20 REILLY Well it was a blanket waiver in the  
21 beginning. The waiver itself, the remaining waiver, and the  
22 three facets that we've talked about now (INAUDIBLE) allows

1       **for the circumstance in the three counties where there are no**  
2       **plants existing at all or they have not been maintained to be**  
3       **able to obtain Title Guaranty's certificates. That's the way it**  
4       **was explained to us at the time.**

5       **TAYLOR           Anybody else?**

6       **MURPHY           Maybe I can shed a little light on some of this**  
7       **stuff.**

8       **TAYLOR           Do you want to do it through questioning**  
9       **him?**

10      **MURPHY           No.**

11      **TAYLOR           Okay thank you very much.**

12      **UNKNOWN          Then do we want the applicant to --**

13      **TAYLOR           Before we lock her down and go into a board**  
14      **discussion let's --**

15      **UNKNOWN          One more.**

16      **TAYLOR           Okay we have one more speaker against you**  
17      **and then you can okay.**

18      **SLINGS            (INAUDIBLE).**

19      **TAYLOR           That's fine come on up here and introduce**  
20      **yourself.**

21      **SLINGS            I'm Randee Slings with Iowa Title and this is**  
22      **Joan Johnson with Iowa Title also.**

1           **TAYLOR**           **Joan?**

2           **SLINGS**           **Joan.**

3           **TAYLOR**           **Joan, sorry.**

4           **SLINGS**           **And I think that -- the main point that we**  
5           **want to make is that I think it was brought up earlier about**  
6           **are you doing this because this is competition that's a problem.**  
7           **I'm the first to admit that I think that competition is the best**  
8           **thing for all of us simply because it makes you look at being**  
9           **non-complacent in what you do. It makes sure that your**  
10          **service is good, it makes sure that your turnaround time and**  
11          **your appraisals are right but what we do ask is that they all**  
12          **play by the same rules and I think that's the thing that gets lost**  
13          **in the mix and I used an example one time (INAUDIBLE)**  
14          **because this is such a unique industry is that the neighboring**  
15          **restaurants next door can sell the hamburger a lot cheaper if**  
16          **they don't have to pass health inspection but is that mean that**  
17          **it's good for the public to do that and the thing that we want to**  
18          **look at is that we educate our customers, we make sure our**  
19          **turnaround times are good, we make sure our pricing is good**  
20          **but we want to play by the same rules. We have a hardship**  
21          **every day of making sure that we maintain a quality title plant**  
22          **so why don't we all play by the same rules? The other thing is**

1           **what's to stop Iowa Title from asking for a statewide waiver?**

2           **To come in here and say okay I have the same hardships that**

3           **Mr. Hendricks has so therefore I should be entitled to those**

4           **but is that the right thing to do? And was Title Guaranty**

5           **developed to provide a supplemental product to maintain the**

6           **integrity of the system and to benefit the public? Yes it was.**

7           **Was it to grant a waiver to everybody so that we can get a**

8           **larger share of the market? Probably not. Thank you.**

9           **JOHNSON           I would just reiterate that Iowa Title shares**

10          **the same hardship as Mr. Hendricks does we lose business to**

11          **people that want to do it cheaper and go through title**

12          **insurance as well so if that's what we're going to call hardship**

13          **and if it affects the quality that we're going to be satisfied with**

14          **then (INAUDIBLE) asking to do the same thing based upon**

15          **the same financial burdens that he has based them on as well.**

16          **Building a title plant and educating the public about what we**

17          **have to offer (INAUDIBLE) title insurance.**

18          **TAYLOR           Any questions? Thank you okay any other**

19          **individuals speak against the waiver request? Come on up.**

20          **HENDRICKS       Just a few things and all difference in respect**

21          **to the abstractors in the room I think to simply say because we**

22          **have title plants we have great title kind of forgets a major**



1 component of our title system in Iowa that's the attorney. We  
2 review your abstracts, we make legal determinations on what  
3 affects title, we clear the title. Currently several title insurance  
4 companies actually you folks for their searches and they issue  
5 title on your searches. Why are their claims rates higher if  
6 they're still utilizing the same title plants that are utilized  
7 through Title Guaranty attorneys? Is it perhaps because the  
8 attorney gets removed from the equation when the title  
9 insurance company issued that title. First Nebraska, for one  
10 competitor utilizes certified participating abstractors in the  
11 state for every search that they issue their title on and their  
12 claims rate is higher than Title Guaranty, why? You have a  
13 system in place you have a statute that has put forth what's  
14 required for attorneys to be waived in if the legislature really  
15 thought that attorneys were going to be bringing down the title  
16 standards of the state why would they have just grandfathered  
17 in that was abstracting why do we have over fifty attorneys in  
18 the state in the right now who are participating abstractors  
19 without title plants? Why in Scott County do they do over  
20 eighty percent of the work? Yes there's local knowledge there  
21 but there's a few attorneys who are starting to do it on a  
22 county by county basis. There's more to it than just the title

1        **plant and understanding what's going on and again there's**  
2        **just -- the Iowa Code is written -- I listen to the abstractors and**  
3        **I respect your opinions but the Iowa Code is written that**  
4        **constructive notice is based on a grant or agreement fee search**  
5        **and every one of you says well we don't care we just we search**  
6        **by legal descriptions and that's how we do it and it's better.**  
7        **Well that's not how the Iowa Code is constructive notice is**  
8        **created when that document is indexed by a grant or a grantee**  
9        **every affidavit that's done that affects title is supposed to be**  
10       **indexed yes an attorney may provide the affidavit of**  
11       **explanatory title but that title holder is supposed to be indexed**  
12       **as the grantee on that affidavit thereby it would get picked up**  
13       **in a search affecting an individual of the property. Yes there**  
14       **may be certain instances where something is better than the**  
15       **other but to say that by me becoming the fifty fifth attorney**  
16       **who can abstract in the state that all of the sudden the title in**  
17       **Iowa falls off the cliff it's hard for me to sit here and not take**  
18       **this personally I read through these letters and I can respect**  
19       **your opinions but there are so many attorneys doing this now.**  
20       **Hardship, I'm at a competitive disadvantage on both the**  
21       **attorneys who can do this, the abstractors who can do this, the**  
22       **title insurance companies who can do this, I have not just the**

1 financial hardship in creating these title plants but I have the  
2 day to day hardship in maintaining my client base I also have  
3 the hardship in time. I think I heard eleven months just to  
4 recreate a title plant well imagine doing it in ninety nine  
5 counties, imagine doing it in Polk County to create a title plant  
6 today where they're filing over a million documents a year, not  
7 a million a year but several hundred thousand a year. Yes a lot  
8 of it's electronic but then you have to incur the copy expense of  
9 this. What am I supposed to shut down my practice while I  
10 oversee the creation of these title plants it's just not feasible  
11 there's hardship on so many levels. The public interest  
12 argument, A) I can't accept that by me being able to abstract  
13 that claims are going to go up in a vast amount but again fifty  
14 plus attorneys have been doing this, I don't even know the true  
15 number that were grandfathered in but it had to be more than  
16 fifty since several I'm sure have retired since then. Claims  
17 rates have been consistency low because in addition to the  
18 abstracting search there is the attorney who adheres to the  
19 forty year marketable title act, reviews that abstract that's not  
20 being cut out on my searches there will still be an attorney  
21 reviewing that. Another hardship, just to bounce around,  
22 calling the county recorder's and asking them how many

1 documents they have they don't know how many documents a  
2 lot of them that record in a given month. Let alone the number  
3 of pages. Most of them say well some years we record a  
4 thousand, some years two thousand, some are a page, some are  
5 a hundred pages well I can't even get a firm grasp on what it  
6 would cost me to create a title plant on these counties. And  
7 you're also requiring of me in the three counties where there's  
8 not a title plant to incur and bear the burden of creating and  
9 maintaining a title plant that obviously the population can't  
10 support or there would be a title plant right now. I hear from  
11 the abstractors that title plants are better they're quicker, they  
12 just plug in the legal description and walla there is everything.  
13 Why does it take three days to get a 900 search back? Why  
14 does it take two to three weeks to get an abstract to me? Those  
15 are hardships on my practice that I can't without being able to  
16 abstract continue to provide Title Guaranty and again if title  
17 plants are so much better then beat me up in the market place  
18 you know if you can do it faster then you should be able to do it  
19 less expensively. If it only takes a few seconds to punch in a  
20 legal description and you get everything on title why won't you  
21 provide a wash agreement to me? If, I understand time is  
22 money and time is important, yes it is for all of us but I waive

1 my title opinion fees, I don't charge my clients if a deal doesn't  
2 close and yes I'm asking that of you but again there are several  
3 things that are just not bore out by the history of Title  
4 Guaranty of attorneys that have been abstracting; of the  
5 twenty-plus last years and I don't believe that the argument is  
6 to simply come in and say that if you grant me this waiver  
7 claims rates go up through the roof and Title Guaranty's in a  
8 world of hurt; it's just not born out by the history and I'm not  
9 going to put myself in a position where there are claims  
10 because again at the end of the day the claims will be made will  
11 come back on me and my insurance and at some point I won't  
12 be able to practice law anymore. So to say that I'm going to  
13 just put myself into a position and haphazardly do something  
14 that will increase claims is just not logic. That's the last that I  
15 have to say and is there any questions?

16 TAYLOR I have a couple questions for you. I'm  
17 concerned of how you can do this and I'm going to use kind of  
18 a common phrase here, how you're able to look at each  
19 counties grant or grantee index because my understanding it's  
20 just the images that are of record on Iowa Land Title's  
21 standards is that correct?

22 HENDRICKS Not --

1           **TAYLOR**           Because I don't use Iowa Land records.

2           **HENDRICKS**       No there's two different -- they have two  
3           different sets of dates. They have the images and the index  
4           from where they maintain the index from a given date and  
5           then there's the image from so there's --

6           **TAYLOR**           Right. So after a certain time period or at a  
7           certain time there's a cut off that on Iowa Land records they  
8           have not caught up with them, they have not gone back and  
9           (INAUDIBLE) --

10          **HENDRICKS**       Right.

11          **TAYLOR**           At some point in time we all may be looking  
12          at the fact that the standard may become Iowa Land records  
13          okay that's really an out there thought but that could be set up  
14          by the recorder's association and the Iowa Land Records  
15          website. How are you going to be able to search that period  
16          (INAUDIBLE) if you need to search that period back if you  
17          don't have boots on the ground in each county go in there to  
18          that county courthouse --

19          **HENDRICKS**       Again, that's where I don't do it --

20          **TAYLOR**           Okay.

21          **HENDRICKS**       And I am not in a position I mean that's -- if  
22          I get an order in I mean there's a segment of my practice

1 where I have to rely on the abstractors I mean I just I lack the  
2 ability to do it, I lack the time to drive over to a county and  
3 personally review the county recorder's office to pull title on  
4 deals so there's a level and that's why I'm saying there's a level  
5 of my practice that is still going to be given or subbed out so to  
6 speak to the participating abstractors and in those situations  
7 I'm stuck with whatever they're willing to provide as far as  
8 wash agreements and everything. But again that is from me  
9 maintaining and running a business where I am not going to  
10 put myself at risk of a claim. I've evaluated that I know the  
11 dates where they go back so when the search comes in I'll look  
12 at it if I can't pick that deed in that time frame then I have to  
13 send that to an abstractor.

14 **TAYLOR** Okay so your plan is that you'll have boots  
15 in every ninety nine counties to go to that recorder's office to  
16 search those non-Iowa land records?

17 **HENDRICKS** To pull them if I need a hard copy of them.

18 **TAYLOR** Aren't you concerned at all that the legal  
19 standard is (INAUDIBLE) and the legal standard is not at  
20 Iowa Land Records or online website?

21 **HENDRICKS** Well yes there's -- and again this is a  
22 decision that the board has to make. I mean you have to look at

1       **this request yes that disclaimer is there, things are missed but**  
2       **understand from my point of view things are missed in title**  
3       **plants. Things get misreported by lot number and all the**  
4       **sudden the mortgage gets (INAUDIBLE). The same, just**  
5       **because you're searching a legal description as opposed to**  
6       **names doesn't mean that the system is any more perfect there**  
7       **is exposure on every level of every real estate transaction in the**  
8       **state and the board has to sit down and determine whether or**  
9       **not that potential by me doing this is -- whether the public**  
10       **interest in my providing standardized title, wash agreements,**  
11       **that competitive nature of what I am proposing, if that is**  
12       **greater than or less than or however you want to look at it than**  
13       **the detriment that I bring because obviously there are some**  
14       **things about how I am going to search that at the end of the**  
15       **day may be inferior. But I would say that there are things that**  
16       **by how I search with the legislative requirements on**  
17       **constructive notice that are superior to what title plants do. So**  
18       **I mean you have to sit down and evaluate that at the end of the**  
19       **day that's your determination to make that public interest.**  
20       **TAYLOR           Why not apply for a waiver in one county**  
21       **(INAUDIBLE) and rely upon an attorney general's opinion**  
22       **that you can cross county lines?**



1           **HENDRICKS**     Well I have always been an up front, here's  
2           what I'm going to do kind of guy, I was going to abstract  
3           outside that county that county provided very little of all my  
4           practices and I just felt that I'm a straight shooting person and  
5           this is what I'm going to do so here's what my plan is and if  
6           you decide that that's not in the best interest of Title Guaranty  
7           pursuant to the statute then that's your decision to make but I  
8           felt like my first application was a bit disingenuous and that I  
9           was -- and I know past applicants had done that and then they  
10          come that and they oh no we're just going to abstract in the  
11          state and then they get their waiver and all of the sudden  
12          they're abstracting in other states. That's not me so when I  
13          looked at it and evaluated everything I just figured this is what  
14          my business model is going to be and it's up to the board to  
15          make the determination that it's something they want.

16          **TAYLOR**           Is that a lot -- you've had an opportunity to  
17          hear everybody and all their arguments and comments and  
18          (INAUDIBLE) but have you had a chance to respond to all  
19          those comments? Do you need more time; do you need a break  
20          to think about it? Do you need any other time?

21          **HENDRICKS**     No I need no additional time.

22          **TAYLOR**           You just want this over with?

1           **HENDRICKS**     **Absolutely get to a decision and we'll move**  
2           **on from whatever the board decides.**

3           **UNKNOWN**       **I have a couple of questions from the people**  
4           **that spoke in opposition to you. One of the concerns**  
5           **(INAUDIBLE) suggesting by legal description versus the**  
6           **grantor, grantee and I was giving the example if it was my**  
7           **affidavit is it going to be filed under my name even though I'm**  
8           **not the party to any of the transactions. Did I understand you**  
9           **correctly to say it should be indexed by the state law by the**  
10          **recorders under the title holder's name?**

11          **HENDRICKS**     **There's actually a recorder's guidelines for**  
12          **everything that gets recorded with them that expresses who is**  
13          **the grantor who is the grantee. And in fact if you do an**  
14          **affidavit and you put the wrong grantor or grantee on there**  
15          **they'll send it back to you and tell you to correct it, they won't**  
16          **file it.**

17          **UNKNOWN**       **If they're paying attention.**

18          **HENDRICKS**     **Correct so yes absolutely there is clear error**  
19          **on every level. There's --**

20          **UNKNOWN**       **Yes. It's going to happen, errors are going to**  
21          **happen at the lawyer's office, the recorder's office, the**  
22          **abstractor's office, search, everywhere it's going to happen.**

1           **HENDRICKS**     **Absolutely.**

2           **TAYLOR**           **The errors at the recorder's office are**  
3           **forgiven in the eyes of the law.**

4           **UNKNOWN**       **Right.**

5           **HENDRICKS**     **Correct.**

6           **TAYLOR**           **They're not ours by the way. Ours are**  
7           **(INAUDIBLE).**

8           **UNKNOWN**       **But you're saying so that the concerns that**  
9           **are being raised by your opposition that you're going to miss a**  
10          **fence agreement or you're going to miss an affidavit or an**  
11          **explanatory title or an affidavit possession because I'm going**  
12          **to give that affidavit and I'm not actually the title holder you**  
13          **think those concerns are not valid because they should be -- if**  
14          **the recorder's doing his or her job they should get picked up**  
15          **by you?**

16          **HENDRICKS**     **Absolutely easements, fence agreements,**  
17          **everything. The only thing that's been referenced that falls**  
18          **outside that is ordinances, zoning, stuff like that but many of**  
19          **the larger counties have moved away from even showing**  
20          **ordinances at all because they've had every abstractor look**  
21          **like this in Polk County if you had a listing of everything that**  
22          **affects that land so certainly in the larger counties now other**

1           **counties still show those but again almost every title opinion**  
2           **that's rendered now states subject to the ordinances and**  
3           **zoning of Des Moines, City of Des Moines, Polk County. That's**  
4           **just what attorneys have done to protect themselves when**  
5           **rendering title opinions.**

6           **TAYLOR           One of the letters that was written by Randy**  
7           **McAllister who's an attorney in Des Moines or Henry County**  
8           **that Mr. Gilliam presented I think leads him to believe that he**  
9           **will be taken out of the transaction because he won't be -- I**  
10          **assume you're going to examine all of these documents yourself**  
11          **too, you're going to prepare the title work --**

12          **HENDRICKS       With my clients --**

13          **TAYLOR           And then you're going to examine them for**  
14          **your clients and that's one of his positions was when we take**  
15          **the county seat practitioner out of the -- your larger client's**  
16          **transactions but I guess the counter-argument to that is is we**  
17          **might not have them if it wasn't for you.**

18          **HENDRICKS       Well they don't participate in my transaction**  
19          **anyway so --**

20          **TAYLOR           That's the counter-argument --**

21          **HENDRICKS       That -- yes.**

1           **TAYLOR**           **I answered my question, I'm sorry. Mr.**  
2           **McAllister, he sent in a bar resolution too but I think his**  
3           **concern is and of course there's no one here from the bar**  
4           **association but has the bar association looked at this are they**  
5           **coming?**

6           **OGLE**               **I've been talking actively with the bar about**  
7           **this specifically Dan Moore, Dwight (INAUDIBLE), the**  
8           **executive director, and Jim Kearney and they've been**  
9           **discussing this issue with the board of governors and there is a**  
10          **governor's meeting later this month that I've been asked to**  
11          **address them about this issue but I do not believe and they**  
12          **deliberately decided not to have a recommendation typically in**  
13          **the past they have not interviewed nominees and my belief is**  
14          **probably that they will confirm that in the June meeting. It's**  
15          **my position that this board is well qualified to make this**  
16          **decision.**

17          **MURPHY**           **Loyd I've got a question. Mr. Hendricks said**  
18          **that there's fifty attorneys in the state that are practicing**  
19          **without plants is that accurate?**

20          **OGLE**               **I think that's about right.**

21          **MURPHY**           **Fifty four --**

22          **TAYLOR**           **Fifty seven, it's under sixty.**

1           **MURPHY**           **And how many are in Scott County?**

2           **OGLE**               **I would say twenty five, twenty three**  
3           **somewhere around there.**

4           **MURPHY**           **Would it include Richard Bordwell who has**  
5           **been grandfathered in and has a plant and is building another**  
6           **plant is that one of the fifty?**

7           **OGLE**               **He would be yes.**

8           **MURPHY**           **Are these just attorneys, they're attorneys**  
9           **that also have abstract companies or are making abstracts?**

10          **OGLE**               **I would say the majority do not.**

11          **UNKNOWN**       **Do not what?**

12          **OGLE**               **Do not have a plant. Matt you can jump in --**

13          **TAYLOR**           **That's why they're grandfathered attorneys**  
14          **if they weren't grandfathered attorneys they would have**  
15          **plants.**

16          **HENDRICKS**      **Richard Bordwell is the only one on the list**  
17          **that also has a title plant.**

18          **OGLE**               **Most of the grandfathered or waived**  
19          **attorneys primarily abstract in the county (INAUDIBLE).**

20          **They might do some in (INAUDIBLE) counties but the**  
21          **overwhelming majority don't however we've had if you look**  
22          **on our webpage there are two attorneys, one waived and that's**

1 **Charles Augustine and the other Berger who's grandfathered**  
2 **who both operate statewide now, abstract statewide but these**  
3 **are the only two.**

4 **UNKNOWN** **There are actually three, Berger and**  
5 **Buckmeyer.**

6 **OGLE** **Buckmeyer? Okay.**

7 **UNKNOWN** **Augustine is a waived attorney?**

8 **OGLE** **Augustine is waived.**

9 **TAYLOR** **Berger is grandfathered.**

10 **OGLE** **I can tell you that we're seeing some industry**  
11 **pressures where we're seeing alignments starting to occur**  
12 **between grandfathered attorneys. Arrangements where they're**  
13 **overseen by supervision for others that are abstracting on**  
14 **behalf of them other than that (INAUDIBLE).**

15 **TAYLOR** **I will. I'm an example of that presently.**

16 **UNKNOWN** **A good example.**

17 **TAYLOR** **I hope so.**

18 **MURPHY** **On here it talks about copy expense and stuff**  
19 **like that it's going to cost you fifty cents a page in Polk County**  
20 **and last year you did (INAUDIBLE) a quarter of a million**  
21 **dollars in debt isn't that all for free on any county land record**  
22 **system?**

1           **HENDRICKS**     So if I understand your point, I can create a  
2           **title plant with the documents from the land records system**  
3           **but I can't search through them to do abstracting?**

4           **MURPHY**           No my question was at fifty cents per page  
5           **will you be buying those pages or could you get them for free**  
6           **off the county land record system at which time if you wanted**  
7           **to build a plant you could.**

8           **HENDRICKS**     Well I don't technically whatever isn't  
9           **drastically mis-indexed and all the other arguments as to land**  
10          **records is available so yes it goes back to 84 but then you**  
11          **would have before 1984 I'm sure there's -- of that nine point**  
12          **seven million of whatever pages that have been on file then I'm**  
13          **sure a good -- at least a million if not two (INAUDIBLE) but**  
14          **yes I mean those documents are available on the land records.**

15          **MURPHY**           And are they going back in time or have they  
16          **stopped and never gone any further?**

17          **HENDRICKS**     I don't know what those intentions are  
18          **they've been at 84 for several years I don't know if they have**  
19          **any intentions of indexing additionally beyond that. But part of**  
20          **the problem with doing that and creating a title plant again as**  
21          **you've stated your title plants are indexed by the legal**  
22          **description well there are several counties where you can't**



1 search by legal description so again the amount of time that it  
2 would take would probably be drastic in the length and if you  
3 were to use the land title records to try create a title plant.

4 **MURPHY** Now you say that wash agreements cost only  
5 time but what about all the time that we spend building our  
6 clients so we can -- that's a (INAUDIBLE) that's an every day  
7 posting. There are people at your plant working on that  
8 exclusive to anything else; that costs every day we weren't  
9 required to do that so it's more than just time. I think that was  
10 your marketing and that's your decision and that's great.

11 **HENDRICKS** But I think part of -- and this is why I'm  
12 before the Title Guaranty Board is part of this is there's a real  
13 problem with not offering wash agreements and it's in Cass  
14 County now and when title insurance starts happening on  
15 purchase in Cass County it's just going to keep going.  
16 Pottawattamie County is not kept in a little box it has realtors  
17 talk to realtors of the association (INAUDIBLE) and explain  
18 how well you know we can get title on a closing for a purchase  
19 transaction in twenty four hours well that's a real threat to  
20 Title Guaranty as a whole so yes it's a marketing plan for me  
21 but again it's helping market Title Guaranty. I'm trying to  
22 help make Title Guaranty more competitive with title

1 insurance. Yes it's a choice I've made to provide that but it's to  
2 benefit not just myself but also Title Guaranty, this board, to  
3 keep Title Guaranty in existence.

4 UNKNOWN I think part of that too is I don't remember  
5 who it was that talked about that but I know as a realtor we  
6 normally don't give anything to an attorney for a title opinion  
7 until we know we're pretty well down the line and we know  
8 we're pretty sure we've got financing, it's going to close. We  
9 would never give somebody -- turn something over to a title  
10 company until we're pretty sure that thing is going to close  
11 because we don't want an abstractor to incur any expense  
12 when we -- or our clients to incur any expense when we don't  
13 think it's going to close so we don't give anything to anybody  
14 until we're pretty such, ninety nine percent sure, that this  
15 sucker's going to go.

16 HENDRICKS Absolutely and again when I say wash  
17 agreements I guess I should explain that a little better. On the  
18 updated abstract purchase money, the abstractor's  
19 overwhelmingly provide wash agreements if you send them  
20 back the abstract because as they've indicated they hold it and  
21 they know at some point that house is going to sell and they'll  
22 get paid for the work they've done. Well my biggest problem is

1 the form 900 search. That's where when you try and get a  
2 wash agreement on that they don't want anything to do with it  
3 in a lot of the counties so when I'm explaining my problem  
4 with getting wash agreements it's -- and again it's  
5 predominantly what my practice is that's what my client base  
6 is so it is predominantly the form 900 search it is just the form  
7 900 search and obviously I'm not getting a gap search or a  
8 post-closing search, a 901 or anything like that because that  
9 deal doesn't close. It's just it is solely the form 900 search  
10 which in most incidences is a search of five years or less of the  
11 title plant -- the average home is held for 3.3 years or  
12 something like that --

13 UNKNOWN Well then you build in something that says  
14 for every nine hundred search you charge them x number of  
15 dollars to make sure you cover those costs and that you don't  
16 incur those costs so that the abstractor still gets paid for the  
17 time that they take in to update the abstract so that  
18 everybody's covered so you're not out money, you're not out  
19 money and everybody kind of goes -- everything gets updated  
20 or doesn't get updated --

21 HENDRICKS But at that point they go to title insurance  
22 and then I use them for title and if I loose them for title I loose

1       them for closings because that title insurance company is going  
2       to do just like the abstractors where they're going to package a  
3       title and closing bundle that I can't compete with if I'm just  
4       doing one or the other so again yes I could do that I could build  
5       in that cost but the problem is the title insurance companies  
6       are not so when you have a product -- and lenders don't for the  
7       most part care. The Title Guaranty is a better product yes  
8       absolutely it's great for when people are purchasing homes, for  
9       pre-owner's certificates I mean that's great but when it comes  
10      to simply the policy on the typical refinancing most lenders  
11      unfortunately they don't care they just want insurance to say  
12      that they're protected so if you have a title insurance company  
13      that gets you your title in twenty four hours, doesn't charge  
14      you if the deal doesn't close and the lender's fine with that I  
15      can't then say well if you come to me it will only be like twenty  
16      bucks extra. I mean twenty bucks extra on a lot of the  
17      refinanced purchases that's a great deal for a lot of brokers.

18      **UNKNOWN**       One of the concerns raised was that this  
19      **disclaimer that appears on Iowa Land Records says this is not**  
20      **the official record and overlying and etcetera. Do you have a**  
21      **concern about that or are you confident about it?**

1       **HENDRICKS**     **I am comfortable taking on that risk as**  
2       **myself understanding that there's the potential at some point**  
3       **where I may have to pay a claim because of that. I have made a**  
4       **decision that I am comfortable with that. What the Title**  
5       **Guaranty Board has to do is you have to go back and decide if**  
6       **you're comfortable with that.**

7       **UNKNOWN**       **Ultimately those claims we're going to come**  
8       **back and you're going to pay us?**

9       **HENDRICKS**     **Absolutely.**

10      **UNKNOWN**       **One of the other concerns raised was that**  
11      **comparing our title guaranty claims rates to title insurance is**  
12      **based on a system like you're proposing.**

13      **HENDRICKS**     **Which is not true because I'm not removing**  
14      **the attorney from the examination of what I provide and again**  
15      **there are title insurance companies that use the abstracting**  
16      **plants for their searches and their claims rates are still higher.**  
17      **The component of that that I think lends itself that just can't**  
18      **be minimized is the fact that we have attorneys, real estate**  
19      **attorneys, who review these searches and they clear these titles;**  
20      **both on the purchase but also on the agreements facets. It's**  
21      **years of a system where the attorney's involved. It does help**

1           **keep Iowa Title clean and that is not being changed, that is not**  
2           **being removed. The attorney can still review my search.**

3           **UNKNOWN       And Pat was asking you about and telling**  
4           **you about transactions where she's involved she knows a lot of**  
5           **times they're not bringing that abstract in to be updated for**  
6           **the opinion to be done until they're pretty close to closing and**  
7           **pretty much know the financing approved, everything's a go**  
8           **on it. Those are totally different transactions than what you're**  
9           **dealing with?**

10          **HENDRICKS       Absolutely. Most every residential purchase**  
11          **transaction the ink doesn't even dry on the purchase**  
12          **agreement and that abstract's being sent in for an update.**  
13          **That's just how it is -- well if there's that with the lender's pre-**  
14          **qualification letter saying they have a loan it gets sent in. They**  
15          **can't wait because if there is a title issue that's a real problem**  
16          **if you wait until right before the closing and then all of the**  
17          **sudden oh we've got to clear this title issue that deal is not**  
18          **going to close.**

19          **UNKNOWN       That's happening with your clients in the**  
20          **statewide range that's not happening at me going to my local**  
21          **bank saying hey I'm going to buy a house is that going to be**  
22          **okay.**

1       **HENDRICKS**     **Right because they have their own**  
2       **underwriting and it's their money so when they say they have a**  
3       **loan they've already looked at their applicant and probably**  
4       **have a loan. But again on the purchase money the abstractor's**  
5       **are overwhelmingly agreeable to not charge or not make**  
6       **anyone incur that cost but again there's nothing preventing**  
7       **them from acting like Cass County is right now and saying well**  
8       **you know what we are going to get paid for that search I mean**  
9       **that could just lead to enormous problems down the road for**  
10      **people or attorneys trying to participate through Title**  
11      **Guaranty.**

12      **UNKNOWN**       **One of your opponents also said that if we**  
13      **grant your application -- I shouldn't say one of your opponents**  
14      **today because actually in a letter submitted by your opponents**  
15      **there are a number of references that if the Title Guaranty**  
16      **Board grants this waiver to you all we are doing is opening the**  
17      **door for title insurance in the state of Iowa. How do you**  
18      **respond to that?**

19      **HENDRICKS**     **Makes no sense I can right now abstract and**  
20      **have every title insurance company out there that I can get a**  
21      **contract with to issue on that search other than Title**  
22      **Guaranty. I can do that right now with any other title**

1 insurance, the hundred and some that reported in that letter  
2 but the only company that I cannot go to and say hey here's  
3 my abstract search issue a title policy on it is Title Guaranty.  
4 The only reason for me to be here is to participate and have  
5 Title Guaranty issued on my searches.

6 UNKNOWN Because you can do this with your clients  
7 now with any title insurance company?

8 HENDRICKS Absolutely.

9 TAYLOR Any other questions folks? You good?

10 HENDRICK Yes absolutely.

11 TAYLOR All right very good so I think -- we're done  
12 on public comment we're going to close.

13 UNKNOWN I have a question.

14 TAYLOR You want to come up here then.

15 UNKNOWN Sure.

16 TAYLOR I don't think this is going to harm anything.

17 UNKNOWN Mr. Hendricks is saying that First Nebraska  
18 Title uses Iowa abstractors with Iowa title plants to do their  
19 searches and they have a thirty-some percent claims rate how  
20 many of those are on Iowa searches and how many of them are  
21 on searches elsewhere do we have any record of that?



1           **OGLE**           Well first of all I don't know what First  
2           Nebraska's claims rates is and I don't know if Mr. Hendricks  
3           does either we do know the claims rates for out of state title  
4           companies operating in Iowa are a lot higher than us and in  
5           terms of First Nebraska we're aware of their business model  
6           and their business model again primarily does contract with  
7           abstractors for the searches.

8           **UNKNOWN**       But how many of those thirty-eight percent  
9           are in Iowa and how many are not?

10          **TAYLOR**        You mean with the participating  
11          abstractors?

12          **HENDRICK**     They're not --

13          **TAYLOR**        Hold on just a second I'm going to make  
14          sure you get the last word but your question is how many of  
15          those are participating abstractors as opposed to what the  
16          curbside abstractor person Wally's talking about the lady that  
17          sells shoes six months a year and comes down and abstracts for  
18          three months, that type of person. I don't know that we -- I  
19          don't know that answer.

20          **UNKNOWN**       Right and I mean thirty some percent has  
21          come up here today whether it was with the First Nebraska  
22          title or not but when you look at those claims for the title

1 insurance companies how many of those are Iowa abstractors  
2 with title plants and how many of them are not?

3 TAYLOR Or people that have familiarity with the  
4 county?

5 UNKNOWN Right.

6 TAYLOR I don't know.

7 UNKNOWN It's something to think about.

8 TAYLOR Chuck it's your application you'll get the last  
9 word.

10 HENDRICKS Thirty eight percent was a different title  
11 insurance company I referenced in reply I think. First  
12 Nebraska actually they use a couple different underwriters on  
13 their title policies which are referenced in the actual numbers,  
14 the percentage rates on those companies are higher now how  
15 much of that is First Nebraska directly and how much is not  
16 you can't tell from the data that's being gathered. It's just  
17 higher on those insurance companies that First Nebraska  
18 utilized on the underwriting their title insurance.

19 TAYLOR Okay this is the time that we'll break down  
20 the board conversation. We've got the luxury of having more  
21 lawyers in the room than (INAUDIBLE) -- there's a joke here  
22 somewhere but we're going to rely upon Grant's test as to

1           **what we need to do as it's a two prong test. Grant will you tell**  
2           **us what that is?**

3           **DUGDALE           Yes that's what the statute says that the**  
4           **division may waive the requirements under Iowa Code section**  
5           **16.91 subparagraph 5 says the division may waive the**  
6           **requirements of this subsection pursuant to the application of**  
7           **an attorney or abstractor which shows that the requirements**  
8           **impose a hardship to the attorney or abstractor and that the**  
9           **waiver is clearly in the public interest or is absolutely**  
10          **necessary to ensure availability to title guarantees throughout**  
11          **the state. So as I read that requirement there's two basic issues**  
12          **we use: impose a hardship on the attorney and item two which**  
13          **has to be shown by one of two prongs. Either that the waiver is**  
14          **clearly the public interest or is absolutely necessary to ensure**  
15          **the availability of title guarantees throughout the state. So it's**  
16          **a two part test with the second part happening in either or**  
17          **option for being able to comply with it. So that's -- and nothing**  
18          **in the administrative rules -- nothing in the statute nor in the**  
19          **administrative rules implying what constitutes hardship.**

20          **TAYLOR           So what's that mean. Are we free to figure**  
21          **out what that means?**

22          **DUGDALE           That's what we're here for.**

1           **UNKNOWN**       **I have some questions because I'm new and I**  
2           **don't know the whole history of this board other than what**  
3           **I've heard here today and read in all the information and**  
4           **there's been a couple statements and I would like to direct a**  
5           **few questions to Loyd if that's appropriate.**

6           **TAYLOR**           **Sure.**

7           **UNKNOWN**       **There was a comment made Loyd about in**  
8           **previous waivers that were granted they were looked at the**  
9           **applicant's experience and knowledge and that their work**  
10          **product was the next best thing to a title plant. That was the**  
11          **comment used. Is that accurate or can you tell us a little bit**  
12          **more about the -- you know say the last ten waivers of**  
13          **applications that have come before the board.**

14          **OGLE**            **You know I think any time a waiver comes**  
15          **in the board inevitably will ask questions about their**  
16          **experience and their ability to abstract and while that might**  
17          **not be one of the statutory provisions to grant a waiver I think**  
18          **past practice of the board is when they've granted waivers that**  
19          **they've -- that that influences their decision. They want to see -**  
20          **- they're only going to grant waivers in the past to the people**  
21          **that they believe are competent and are going to do a good job.**

22          **UNKNOWN**       **Then we kind of answered about the fifty --**

1           **TAYLOR**           Steven Sense is a -- in the information  
2           provided by Mr. Gilliam -- I was present actually during all of  
3           these waivers. Steve Sense is an example of an attorney that he  
4           practiced with Mr. Noodle and Mr. Noodle was quite elderly  
5           (INAUDIBLE) and his concern was that when Mr. Noodle  
6           passed on or if he hasn't already but he was here that no one  
7           would be providing abstracting. It was a beautiful thing we  
8           literally sang kum-ba-yah and all the lawyers in Muliza  
9           County said well yes we want him to be -- we can't deal with all  
10          of this. That was kind of an unusual one.

11          **UNKNOWN**          Okay so that was somebody that was kind of  
12          in training as you said?

13          **TAYLOR**           For thirty some odd years type of thing.

14          **UNKNOWN**          All right.

15          **TAYLOR**           So that'd be an example of that.

16          **UNKNOWN**          All right.

17          **TAYLOR**           I don't remember many of the other ones.  
18          Don Key and Charles Augustine had experience.

19          **UNKNOWN**          What county are they in?

20          **TAYLOR**           They were out of Waterloo. That was a  
21          content, really similar to this, not quite, they get bigger every  
22          time.

1 UNKNOWN And those waivers were granted to  
2 (INAUDIBLE)?

3 TAYLOR I really don't remember much about these  
4 the Donahue and Gorchalin other than Gorchalin had extreme  
5 experience and I think Donahue did too.

6 OGLE Both Gorchalin and Donahue were Scott  
7 County attorneys they've been practicing with grandfathered  
8 attorneys in both situations where they wanted to assure that  
9 they would continue it on.

10 UNKNOWN Were (INAUDIBLE) and Augustine are they  
11 -- were they practicing under grandfathered attorneys?

12 TAYLOR No.

13 OGLE Which one I'm sorry?

14 UNKNOWN Dunakey and Augustine?

15 OGLE No.

16 UNKNOWN And Title Guaranty, one of the comments  
17 and I agree with Grant's assessment of the tests here because  
18 somebody said that we have to assure that Title Guaranty's  
19 available throughout the state that's not necessarily an  
20 additional prong that's an alternative prong. We are available  
21 in all ninety nine counties?

22 OGLE Well it depends on how you define available?

1           **UNKNOWN**       **On readily available --**

2           **OGLE**           **In theory yes.**

3           **UNKNOWN**       **Okay.**

4           **OGLE**           **As a practical matter, for example, we**  
5           **discussed Pottawattamie County because the loss of abstracts**  
6           **there as a practical matter Title Guaranty's not available at**  
7           **this time. There are pockets in the state where we secured the**  
8           **business of the lender statewide where they will not use Title**  
9           **Guaranty in a certain market because they have issues with**  
10          **terms of pricing or service so I don't know is it available well**  
11          **theoretically yes but as a practical matter if the service and**  
12          **pricing is such that a lender won't use us.**

13          **UNKNOWN**       **And what about the question about the**  
14          **comment that was made that if we grant this waiver that is**  
15          **merely going to open the door for everyone in this room to**  
16          **come in and apply for a statewide waiver?**

17          **OGLE**           **Well I guess that's something for the board**  
18          **to contemplate. What I think we've proposed doing is because**  
19          **this issue is so contentious and the litigation around it that we**  
20          **would propose administrative rules to further clarify under**  
21          **what situations the board would grant waivers or not and to go**  
22          **ahead and have the board through administrative rule define**

1       some of these terms such as hardship, public interest and  
2       availability of title guaranty so that long term we'll be better  
3       able to manage this process.

4       **TAYLOR**           Okay so I think what they've told us is we  
5       have to decide hardship; we have to decide two things. Has he  
6       met the hardship test, one and two has he met the public  
7       interest argument for by waiving him in does it make it  
8       absolutely -- does it absolutely make it available in title  
9       guaranty -- making Title Guaranty available to the entire state,  
10      throughout the state. Does that make sense the test that -- you  
11      agree with that Wally that that's the standard?

12      **MURPHY**           Yes I would think so it's available  
13      throughout the state.

14      **TAYLOR**           All right so your point is that you think that  
15      it's available throughout the state?

16      **MURPHY**           Yes.

17      **TAYLOR**           And what about on hardship do you have a  
18      feeling on one way or another on whether he's met his  
19      hardship burden?

20      **MURPHY**           Do I?

21      **TAYLOR**           Yes.

22      **MURPHY**           Yes I'll have a statement at the end.



1           **TAYLOR**           **Do you want to do that now so we can close**  
2           **up and move on?**

3           **MURPHY**           **Well I've got a couple of things I want to**  
4           **clarify.**

5           **TAYLOR**           **Okay sure.**

6           **MURPHY**           **I'll try to make it brief. I don't know if you**  
7           **understand exactly what this (INAUDIBLE) when I say they**  
8           **put them down by lot and block or the entire subdivisions or --**  
9           **I mean you can do that with zoning, you can do that with**  
10          **anything. I now use the computer so when I go with this that's**  
11          **(INAUDIBLE) but it picks up everything that pertains with**  
12          **that property. For example if you were a single person and you**  
13          **bought that property three years later you're married and you**  
14          **have a new name and you put an (INAUDIBLE) county I'm**  
15          **going to find it because it is on Lot (INAUDIBLE). If you grant**  
16          **the neighbor next door an easement to run water out of his**  
17          **garage across your land for five years I'm going to find it but if**  
18          **he's looking for your maiden name or anyone else, not him, or**  
19          **anybody else looking for (INAUDIBLE) index they're not**  
20          **going to find it. It doesn't make any difference how they do**  
21          **that they're not going to find it you have a different name so**  
22          **the system inherently has its faults and that's what we're**

1        **talking about. We're not talking about people who can't do**  
2        **their work we're talking about things that everybody's done**  
3        **everything right and it isn't disclosed and I think each of those**  
4        **things would be pretty important. If it didn't disclose the**  
5        **mortgage, if it didn't disclose this new name and that's our**  
6        **point we think that titles will erode because of that because**  
7        **that's our only way to find anything is by name. Secondly they**  
8        **thought the (INAUDIBLE) when they passed this law in**  
9        **waivers and I hate to admit it but I'm old enough to remember**  
10       **very well when it happened and I was the legislative chairman**  
11       **for the (INAUDIBLE) association at the time it passed.**  
12       **Frankly they just didn't have the votes. They knew that if they**  
13       **did pass something and waive specifically the attorneys from**  
14       **Scott County who forever and ever and ever had been making**  
15       **abstracts successfully that they couldn't get it passed through**  
16       **the legislature because they pushed title insurance at the time**  
17       **and that's what happened. And the reason for the waiver then**  
18       **it was a grandfather one set to get the votes they had a waiver**  
19       **in order to have their presence in every part of the state and**  
20       **that's how that came about. But that's just information about**  
21       **it but that is what happened.**

1           **TAYLOR**           **Do you have anything you'd like to say? I'd**  
2           **like to comment on his comments right before they go away**  
3           **because Wally and I disagree all the time and we disagree on**  
4           **this but it's not really terribly relevant to this his point**  
5           **(INAUDIBLE) agree on it this one. But I think he has met his**  
6           **hardship. There is no way he can build an abstract plant in**  
7           **ninety nine counties and particularly in the metropolitan areas,**  
8           **the major counties, and Wally would probably agree with this**  
9           **that he can't do it in all ninety nine counties and that's why he**  
10          **asked for all ninety nine counties to make it harder okay in my**  
11          **opinion. The question is whether or not he's met one of the**  
12          **other two -- one of the two prongs of the second test. Whether**  
13          **or not he's met the public interest or by him coming onboard**  
14          **to be a participating abstractor making it absolutely necessary**  
15          **to make title guarantees available throughout the state.**  
16          **Wally's comments concerning marriage records are going to**  
17          **be found by a direct record search. It's in marriage records**  
18          **but unfortunately unless Chuck has boots on ground in the**  
19          **county to search a marriage record he's not going to find it**  
20          **because I don't think those are on land records, the marriage**  
21          **records, are they?**

22          **HENDRICKS**       **If you get married outside the county?**

1           **TAYLOR**           **Right those won't be there but they're not**  
2           **going to necessary be in your plant either if you got married**  
3           **outside the county.**

4           **MURPHY**           **(INAUDIBLE) the deed under the mortgage**  
5           **or --**

6           **TAYLOR**           **Try to agree with me -- just once, try. Just**  
7           **once, try. (INAUDIBLE) direct record searches you're going to**  
8           **find that marriage record he'll find it it'll be in the marriage**  
9           **records it won't be in the index, the grantor grantee index, that**  
10          **direct record search or that boots on the ground is going to**  
11          **find that index for that easement that you gave her because**  
12          **there's going to be a grantor or grantee of that easement so**  
13          **those boots on the ground are going to find that so that's**  
14          **relevant to his argument because he isn't going to be there**  
15          **okay he's going to have to contract with participating**  
16          **abstractors to do this so I don't really understand how he**  
17          **meets the public interest issue or he makes it necessary to**  
18          **waive him in. Now we can get there yes but on the other hand**  
19          **we are working in -- I want to kind of open you up because in**  
20          **the future that Iowa Land Records organization is in some**  
21          **point in time probably (INAUDIBLE) to view the record. Just**  
22          **like the grantor grantee index and you won't see it I won't see**

1           it but that could very well be the system over your dead body I  
2           realize but that could be the system.

3           **MURPHY**           If you don't quit talking it's going to be  
4           sooner than later.

5           **TAYLOR**           So and I want to say one other thing I don't  
6           agree with him on the legislative intent and I don't agree with  
7           him on the legislative intent because the legislative intent for  
8           the waiver was for those few (INAUDIBLE) it was to make  
9           sure there was if the abstractor in one county was gone  
10          somebody could come in and get a waiver or someone could  
11          come in and get a waiver to repose competition in public  
12          interest of the program. I think our discussion today should be  
13          focused on -- and you all get to decide too. I think he's met his  
14          hardship the question is whether he's met the public interest.  
15          I'm uncomfortable saying one thing he said I'm going to create  
16          higher risk and I'll pay for it okay when I look at that I think  
17          that's well and good but I think he is going to be working at a  
18          riskier level even with boots on the ground because he isn't  
19          always going to use the boots on the ground he's going to try  
20          not to right and he's going to have an increase rate probably  
21          claims rate, he's going to have insurance to cover it but then  
22          the question is whether I don't know if he's good for it

1           **thereafter I assume he is and I'd assume he'd make every**  
2           **effort not to make a claim so the question is is does this board**  
3           **want to put his increased risk on our shoulder eventually**  
4           **perhaps over his errors and omissions and malpractice; that's**  
5           **the question do we need it to meet the public policy we're down**  
6           **to just the public policy. Is it in the public policy interest to**  
7           **give Chuck a waiver? Is it that simple? Probably not.**

8           **MURPHY           No, no but that's fine I'll accept that that's**  
9           **okay for me.**

10          **TAYLOR           Okay all right. That's the tough part ladies**  
11          **now you guys get to come in because we don't always get to**  
12          **decide in fact usually you all decide.**

13          **PETERSEN       Well you know and I'll take Wally's**  
14          **comments to heart but you know I was here in 1986 too I was**  
15          **not the legislative chair or have this much involvement and I**  
16          **remember some of these issues going around and I appreciate**  
17          **your comments as to the legislative intent because I don't recall**  
18          **what they were but I always have to take to heart Grant's**  
19          **earlier question of one of the opponent about this provision**  
20          **being there in the statute and if it's there it has a purpose and**  
21          **that purpose is for us to make a decision to grant a waiver and**  
22          **I have to consider and you know like Loyd said no we're not**

1 going to say all right what was your rank in law school and  
2 those questions we might not ask those questions maybe we  
3 will when we have our guidelines and our standards maybe  
4 we'll want to know if you've had seventy nine malpractice  
5 claims in the last three months on this test you've been running  
6 but I think those things are inherent in the practice of law to a  
7 certain extent and it would absolutely -- it would be stupid let  
8 alone risky for him to do to try to do each and every complete  
9 search he just can't do it and I think he said he is not going to  
10 do that that when it can work he wants to use the abstractors  
11 and I don't think he was actually trying to put any abstractor  
12 down but every one of us sitting in this room who have dealt  
13 with abstractors we know there are absolutely fabulous ones  
14 and we know that there are some that do a disservice to your  
15 profession just as do lawyers. That happens and that's  
16 unfortunate and if everybody was as great of an abstractor as  
17 Wally's explained to me that he is here we might not be here  
18 today for this issue and we wouldn't have the influx and the  
19 threat of title insurance out there. Things get missed all the  
20 time, accidents happen, mistakes are made and if searches are  
21 inferior that is going to be an additional risk. I don't see that as  
22 a major risk to us in this situation. If I came here and asked

1           you to grant a waiver to me as an attorney which if I  
2           understand I could probably do that because I have the  
3           necessary requirements as an attorney I would hope that you  
4           would not grant that waiver for even one county because I do  
5           not have any experience on how to search these records. I've  
6           learned more here today about you explaining how you search  
7           the records and him explaining how he searches I just rely on  
8           those professionals to provide those to me so I've learned a lot  
9           in that regard but I think that's what we have to look at is this  
10          applicant going to -- our duty is to the public are we here doing  
11          a service to the public so that our citizens of this state are  
12          paying a lesser rate for a superior product and that's what we  
13          all want them to have. I'm very bothered by this provision in  
14          the statute and saying that well nobody should be able to waive  
15          a forty year plant I disagree with that. The waiver is here in  
16          the statute and it is designed to be used and so I will support  
17          waiver applications but I think we have to go beyond that and  
18          see who's making the application, is he qualified to do it, is it  
19          going to actually damage our titles in Iowa. I said to you earlier  
20          I live in Pottawattamie County, I practice in Pottawattamie  
21          County for twenty three years and I see the decline in our titles  
22          going down and I have to agree with Mr. Hendricks' statement



1 is that part of the reason for that -- the big reason for it is title  
2 insurance but the reason is not the searches that are  
3 inadequate necessarily but the fact that the lawyer is skipped  
4 in that whole process. By making these applications stay within  
5 the Title Guaranty realm the attorney's in here and I agree  
6 with Wally's statement it's not just looking at a document and  
7 saying here's a deed from so and so to so and so. Is it signed?  
8 (TAPE SIDE A ENDS; SIDE B PICKS UP IN MIDDLE OF  
9 STATEMENT)

10 PETERSEN -- if that document is valid if that document  
11 is valid or I can say no in my opinion this needs to be done to  
12 correct that and I think that's kind of the safeguard we have in  
13 here with the Title Guaranty. I'm very concerned about the  
14 concerns raised by all of the opponents about opening the door  
15 to title insurance because I don't want to do that I have seen  
16 way too many messes that have been created by the sale of title  
17 insurance and Becky's term of insuring over messes so I don't  
18 want to create that but I don't see that allowing this waiver for  
19 this individual is going to create that problem because right  
20 now he can abstract if I understand and Grant correct me if  
21 I'm wrong, he can abstract right now in any one of the ninety  
22 nine counties and sell that search to any title insurance

1           **company, any bank, anybody that he wants to and the only**  
2           **thing he can't do is issue a Title Guaranty certificate on it.**

3           **DUGDALE           That is correct.**

4           **PETERSEN           So that bothers me that he could do that and**  
5           **I'm not saying that he would but if he says we do not grant the**  
6           **waiver and he does that then I think that more so opens our**  
7           **door to title insurance. And I don't know what types of**  
8           **limitations or continued governance we have over attorneys**  
9           **but I think they have to fill out an application every year so we**  
10          **know they're still in good standing that they have the**  
11          **necessary malpractice insurance, etcetera so we still have some**  
12          **control.**

13          **OGLE                Actually now we're just rolling out the**  
14          **compliance program where we're going to do audits on both**  
15          **our participating abstractors and attorneys. Now certain**  
16          **programs (INAUDIBLE) are requiring more (INAUDIBLE) of**  
17          **us.**

18          **PETERSEN           Well and I think also and I'm not an expert**  
19          **on all your board provisions but state law is not that difficult**  
20          **to see if somebody is really screwing up and costing us a lot of**  
21          **money I don't see there's any reason why this board couldn't**  
22          **call him back here and say we're going to revoke your waiver**

1       because you haven't followed the conditions for participating  
2       attorneys in this and so I am more concerned about what kind  
3       of product he is going to put out there for his customers I see  
4       the dollars going out of the state for the big statewide lenders  
5       they're not the people that I'm dealing with, my local bank or  
6       the people Pat was talking about that we're waiting until we  
7       know everything is pretty much a done deal these are a whole  
8       different breed of transactions that are going on and I think all  
9       of those dollars are going out of the state and there is a lot of  
10      my lawyers friends that have written letters that would  
11      disagree with me and It understand that but I think our point  
12      here has got to be looking at the code section and I'll agree the  
13      hardship requirements are probably not very well set out you  
14      know Grant says you will have to make it up and then  
15      somebody said here one of the abstractor's said yes we all have  
16      a hardship every day trying to keep our plant up to date and I  
17      would agree with that and I think that every person sitting in  
18      this room would have a hardship under the current code  
19      section as it's written and the administrative code to say I need  
20      to make a title plant in ninety nine counties or I want to do fifty  
21      counties or I want to do twenty counties whatever -- somebody  
22      spent thirteen months making one county that can certainly be

1 a hardship. I would want to look further I agree with what  
2 Mitch says here that we have to look at the public interest or  
3 the Title Guaranty being available. I ultimately would like to  
4 look at the availability maybe defining that term when we get  
5 to that point but I'll forego that for this discussion and say let's  
6 focus on the clearly in the public interest and I think in the  
7 public interest of all of the citizens of the state we need to try to  
8 get as many transactions as we can under our Title Guaranty  
9 Program and keep those dollars here, keep those attorneys  
10 involved in the transactions. I don't think the abstractors are  
11 going to be left out because I think Mr. Hendricks is probably  
12 going to continue to employ most of them who are doing a good  
13 job at a fair price so I would be supportive of his waiver at this  
14 time. I do think we do need to have some guidelines as a board  
15 and go through this maybe in a little bit more detail. I certainly  
16 don't want to hold him up any further.

17 SCHNEIDER Well and I agree the hardship issue isn't  
18 even a question and I guess the way I look at it is that in  
19 listening to all the abstractors that are here to my way of  
20 thinking knowing if we grant the waiver for ninety nine  
21 counties in all likelihood he's not going to do business in all  
22 ninety nine counties but if he does business in twenty counties

1       **what may happen is twelve of you might get business that**  
2       **you're not getting today because he wasn't doing business in**  
3       **those counties today and he's not going to be able to do that on**  
4       **his own and he's going to call you and say I can't be in**  
5       **Waterloo or Dubuque or wherever it happens to be so you're**  
6       **there, you do it for him. The whole wash thing is sort of screwy**  
7       **to me, to me I could care less about the wash I figure you do**  
8       **the work you're entitled to whatever it is that you do you**  
9       **should be paid for it to me that's not an issue that should be**  
10       **something that is totally not relevant to this whole thing but I**  
11       **do think that we need to figure out how to keep this business in**  
12       **Iowa and my concern would be to be honest until this meeting**  
13       **or until I've read all of the information that was sent I really**  
14       **would have liked to gotten away from the whole abstract**  
15       **business and trust me after twelve years of real estate I thought**  
16       **this was the screwiest thing we've ever done in dealing with**  
17       **other companies coming in from out of state who go why didn't**  
18       **you have title insurance this is the screwiest thing we've ever**  
19       **heard of why do we have to go through the whole abstract**  
20       **business, other states don't do this it's much easier if you just**  
21       **have title insurance. I've now totally changed my whole**  
22       **perspective on this whole thing and realizing that how many**

1 things are caught by abstractors and attorneys and making  
2 sure that we can clear title and we don't have issues that come  
3 up because we can clear title because of having attorneys  
4 involved in the decision making or in the decisions that -- and I  
5 don't want to cut out the attorneys. Trust me a year ago I  
6 would have said if I could have cut them out I would have but I  
7 do think it's important I think that obviously I think it's  
8 extremely important that as Deb mentioned that if we find that  
9 eighteen months down the road that all of the sudden our  
10 claims have gone up and we can sort of attribute that to okay  
11 wait a minute they seem to all be in Mr. Hendricks's arena or  
12 whatever then we as a board need to look at that and say okay  
13 we seem to have a problem here and we do need to look at that  
14 waiver and have the ability to say we're going to rescind the  
15 waiver because or else do training of whatever we need to do  
16 but we need to have that ability if we run into problems and I  
17 would be in favor or supporting it sort of with that caveat  
18 knowing that if there's a way to measure that and I don't know  
19 it there is.

20 OGLE Well I think we regularly do compliance and  
21 Matt can talk more about the claims (INAUDIBLE) with  
22 fifteen hundred attorneys we have some problem attorneys

1           that we have issues on and we've had attorneys we've declined  
2           to allow them to issue our product in the field where we make  
3           the work product come to our office and we issue it as a means  
4           to assure quality. We -- you know worse case scenario we  
5           wouldn't wait for the board meeting to act if there was an  
6           attorney or somebody issuing on our behalf that was deemed to  
7           be causing us tremendous liability we would cut them off  
8           immediately obviously we'd go to the board with this and the  
9           board then I suppose would either confirm the staff decision or  
10          overrule it. We have not done anything specific in terms of  
11          looking at compliance with someone's waiver grandfathered  
12          we basically treat them like any other participating abstractor  
13          in terms of the level of compliance we do. Having said that  
14          there is nothing that would prevent us if the board wishes to  
15          place a greater scrutiny on certain classes of participating  
16          abstractors we certainly can do that.

17         **TAYLOR**           One condition that we could do and what we  
18         have done is we have given waivers for a period like for  
19         instance --

20         **PETERSEN**        Provisionary period?

21         **TAYLOR**           Provisionary period. That's what's going to  
22         happen tomorrow at I.F.A. a request for that they use the

1        **jumbo exception I'll say. Another exception could be that we --**  
2        **I'm not sure how he's going to prepare his abstracts or his**  
3        **901's in compliance with the rules that have to be completed.**  
4        **Again without boots on the ground in every county and I'm not**  
5        **sure the business model's going to work out and how is he**  
6        **going to do this pursuant to our blue books, the abstracting**  
7        **blue book standards, how does he do that, can he even do this**  
8        **Wally? Can he -- he can do it with boots on the ground but can**  
9        **he? So what have we really done differently by allowing him to**  
10       **have a statewide waiver because he's going to need you**  
11       **anyway, he's going to need me or the other company in**  
12       **(INAUDIBLE) County. What have we done differently?**

13       **MURPHY            At least until it backs up -- until the record's**  
14       **back up so he can get it far enough back and he's already got a**  
15       **claim and then he comes in (INAUDIBLE).**

16       **TAYLOR            That's what we're going to get we're going to**  
17       **get the rid of titles, we're going to get the cuff searches we're**  
18       **going to get the purchase searches which aren't always hard**  
19       **and don't get me wrong but he's going to have to use the**  
20       **abstractors to do a table search or finger search or a gap**  
21       **search whatever they call it in different places, he's going to**  
22       **have to use the abstractors to do that and if he doesn't he's not**



1 preparing his abstracting work in compliance with the  
2 standards. Is that not correct?

3 SCHNEIDER But if he wasn't doing it you'd get those  
4 anyway right?

5 TAYLOR Maybe. The point is is maybe not because  
6 with his business model he may be able to bring work to Wally  
7 and I as abstractors that we wouldn't be getting but the point  
8 is that we have to make sure that he's doing them by our  
9 standards and I'm not sure with the way he's suggesting that  
10 he's doing them that he's going to do them by our standards  
11 because he can't do it from looking at Iowa Land Records. He  
12 can't do it from just looking at ICIS he's got to have somebody  
13 check the marriage records, he's got to have somebody check  
14 the grantor grantee real estate records and indexes in the  
15 recorder's office, he's got to have somebody stop in at I think  
16 the treasurer's office. I don't know if you can get the taxes --  
17 we go to a treasurer's office -- you can't -- I don't know that  
18 you can get taxes in Des Moines County you've got to go over  
19 there. So I don't know what we're giving him to be honest with  
20 you I mean if he wants it I'm inclined to go with you ladies but  
21 here's the reason why because he's going to use it anyway he's  
22 going to have to. He's going to have to use the abstractors to

1           **build the home standard or he isn't even going to be able to**  
2           **stay in business.**

3           **PETERSEN           Well if he doesn't have all the standards --**

4           **TAYLOR                Is that true or not true?**

5           **MURPHY                I don't know. I don't think it is.**

6           **TAYLOR                Okay how can he avoid not using the local**  
7           **abstractor?**

8           **MURPHY                Well I think that he can for a period of time**  
9           **but as they build those records into this thing they keep**  
10          **backing up, backing up, backing up the file --**

11          **SCHNEIDER           What do you mean by that?**

12          **TAYLOR                He's talking about land records is that what**  
13          **you're talking about?**

14          **MURPHY                As we're sitting here they're putting the**  
15          **records in currently but they also have somebody else scanning**  
16          **them in and going back to 2003, 2002, 2001 --**

17          **SCHNEIDER           But he's not going to do that?**

18          **TAYLOR                No the recorder's office --**

19          **MURPHY                He's not going to do that -- the recorders do**  
20          **that.**

21          **TAYLOR                In ninety nine state counties, different dates,**  
22          **different programs I mean not one of them is doing it the same**

1 way not one of them is posted at the same time. You don't  
2 know if in one county you better be there at eight or you better  
3 be there at four I mean he needs a participating abstractor to  
4 get boots on the ground in that county of he can't do it.

5 **PETERSEN** I think it shouldn't be very difficult to meet  
6 the abstracting standards if he wants to do it and he thinks he  
7 can stick his neck out there and do it then I would like to see  
8 the waiver because I really don't want these title searches to  
9 continue to go out of the state to supplement the title insurance  
10 policy that no lawyer is looking at and that somebody with a  
11 year and a half of experience of typing up title insurance  
12 commitments is looking at and saying oh yes looks good to me,  
13 this looks great to me. So that's a big concern to me I'm not  
14 sure he can pull it off but I'm not sure exactly why he would  
15 want to pull it off but --

16 **TAYLOR** I'm not sure either --

17 **PETERSEN** -- if he thinks he can do it and make money  
18 at it and we can keep those dollars here in the state then I'm in  
19 support of it.

20 **TAYLOR** Are we missing something Grant in our  
21 analysis?

22 **TAYLOR** Okay.

1           **PETERSEN**           Because if he has an abstract right he's not  
2           going to (INAUDIBLE) --

3           **DUGDALE**           Just to be so clear here is that when you're  
4           writing the waiver generally it's going to be waived -- if he fails  
5           to comply with our underwriting standards to maintain the  
6           quality that we have to deal with then Title Guaranty is going  
7           to have to deal with it that way including and not limited to  
8           once you give him -- this is a license, we can revoke that license  
9           after going through (INAUDIBLE) process to do that. The way  
10          we tend to work with both attorneys and abstractors that have  
11          problems is really compliance. So that's how we would -- it  
12          would be there in the waiver it's not only he would have to  
13          maintain it and if he doesn't comply with abstracting  
14          requirements and we discover that we deal with it when those  
15          issues arise just like any other person that we would deal with  
16          those waivers.

17          **TAYLOR**           And because this is --

18          **DUGDALE**           Whether they're a waived abstractor or not.

19          **TAYLOR**           And because this is a little unusual I think  
20          we should put some additional burdens on it and those burdens  
21          are -- I don't know what it is I wrote down one, two, three,  
22          four, five years but we need to be watching to make sure that

1 he's preparing his searches by blue book standards. It's not  
2 that hard but he's going to have to use it.

3 **PETERSEN** Isn't that required under --

4 **TAYLOR** He's going to have to use one or the other or  
5 he can't do it --

6 **PETERSEN** Isn't that required under by --

7 **MURPHY** If he doesn't want to do it he can send it to  
8 title insurance.

9 **TAYLOR** Well that's a good argument.

10 **DUGDALE** And I want to make sure everybody  
11 understands this once you grant the waiver and I'm not sure  
12 under this context with the waiver we're dealing with here  
13 which is basically we're granting him a license to -- we're  
14 authorizing him to be an authorized abstractor, once we do  
15 that I'm not sure how many conditions we can -- that we can  
16 put conditions on it other than once we waive -- if the board  
17 decides to waive him in at that point in time he will be an  
18 authorized abstractor, participating abstractor, and we are  
19 going to have to deal with him on compliance issues just like  
20 we would any other abstractor where we have problems with  
21 them.

22 **TAYLOR** We can't put conditions on it?

1           **DUGDALE**           **I don't think you can put conditions on this**  
2           **because it's a license that you're dealing with just like with**  
3           **anything else if you're going to do it once you grant the waiver**  
4           **because here it's a waiver to become a participating abstractor.**  
5           **Once he becomes a participating abstractor you're going to**  
6           **have to follow normal procedures to --**

7           **TAYLOR**           **To revoke --**

8           **DUGDALE**           **-- to revoke or to deal with him which can be**  
9           **cumbersome but the way we deal with it is by working with the**  
10          **compliance side, through Matt, through Becky to try to deal**  
11          **with them and make sure they comply and ultimately we have**  
12          **attorneys that we have problems with and we deal with that**  
13          **and take steps to try to ensure that (INAUDIBLE). I want**  
14          **everybody to make sure that they understand that if the board**  
15          **votes to grant the license there are no conditions that you can**  
16          **place on that just that it's going to be -- when that happens**  
17          **then you're going to be -- the company will be able to do it and**  
18          **it's going to be in Matt and Becky's hands to deal with**  
19          **compliance issues as they arise with Title Guaranty.**

20          **PETERSEN**           **He's going to be treated just like every --**

21          **DUGDALE**           **Every other abstractor maintaining all of the**  
22          **standards and requirements.**

1           **PETERSEN**           **So he has to meet the same standards as**  
2           **everyone else?**

3           **DUGDALE**           **Absolutely all it is is a waiver of the forty**  
4           **year plant requirement not a waiver of any other underwriting**  
5           **requirement that the board has.**

6           **TAYLOR**           **So how are you going to do that because**  
7           **Loyd, I'm sorry Wally and I don't think he can do it without**  
8           **the boots on in the county?**

9           **OGLE**           **I would say this I think because of the nature**  
10          **of the type of transactions he'll be doing and (INAUDIBLE)**  
11          **business model from a staff perspective we probably would**  
12          **look at his transactions more closely for some period of time. I**  
13          **can tell you that when we've had problem attorneys in the field**  
14          **what ultimately happens is they attract our attention and they**  
15          **attract our scrutiny and you start scrutinizing more and more**  
16          **of their transactions one of two things happen; they take our**  
17          **feedback from us and they improve their work product and we**  
18          **kind of get off their back or it intensifies and we scrutinize**  
19          **them to the point where we become such a hassle to use they**  
20          **quite using us.**

21          **TAYLOR**           **How are you going to make sure that he's**  
22          **not just going to Iowa Land Records and completing his**

1 searches other than hey this is Becky how are you doing Chuck  
2 are you using Land Records exclusively or have you been going  
3 down talking to these guys out down here and hiring them to  
4 do your court stuff or your gap searches or your whatever how  
5 are you going to do that?

6 **B. PETERSEN** Well we know who's doing the abstracting  
7 work and Chuck will be issuing Title Guaranty (INAUDIBLE)  
8 certificates on our behalf we can pull all of his files and look at  
9 them.

10 **TAYLOR** You can see if we've sent his a report?

11 **B. PETERSEN** Absolutely I'll be able to tell who's doing his  
12 work in Marion County who's doing his work in Polk County  
13 we can call and ask him for his documentation on anything we  
14 want we've got the right to do that pursuant to our contracts.

15 **TAYLOR** Okay.

16 **MURPHY** Now this is quite a bit different though he's  
17 asking for a waiver for the whole state. Anybody else that's  
18 been waived has only asked for one county, this is a whole new  
19 ballgame.

20 **TAYLOR** Right.

21 **OGLE** Well Wally one of the things too we want to  
22 say is that he is (INAUDIBLE) if memory serves me correctly -



1 - they came in originally we would (INAUDIBLE) and then  
2 after the board granted them the waiver they came back and  
3 said oh by the way once you granted us the waiver in light of  
4 the decision we now can do it statewide there is no  
5 geographical limitation there. I provided advice to the board  
6 which is that I think they're right that we can't do it so I think  
7 Wally while I think it is different in one sense that they're  
8 coming out and saying statewide versus one county and then  
9 whoops now that you granted it to me I want it statewide.

10 TAYLOR Yes.

11 OGLE I think the problem --

12 MURPHY But we didn't anticipate that.

13 TAYLOR Right.

14 OGLE Right we didn't anticipate that --

15 MURPHY We didn't anticipate that they never hinted  
16 that.

17 OGLE Right and that's why the one thing that I  
18 want to make sure that people understand is that he's here he's  
19 coming in statewide and as a matter of at least how I've read  
20 the statute and the case law said that once we granted it even if  
21 he came in and was saying I only want it for Black Hawk  
22 County I want it for Warren county whatever it is I'd be telling

1           you it doesn't make any difference board once you grant the  
2           waiver it's there so I think I want to make sure that while it  
3           may be somewhat different in one respect it's not which is if  
4           it's granted it's granted and it's statewide whether he comes in  
5           and says I want to do it for Warren County or not.

6           **TAYLOR**           I'm sorry go ahead.

7           **OGLE**            That's the only point I want to make at least  
8           from my analysis and my interpretation but once that happens  
9           so in that sense if it's just limited to a county it's not just  
10          limited to a county so I think that has to factor in and should  
11          factor in to the board's decision.

12          **TAYLOR**           Yes and I don't know how he can do it  
13          without help in your county. That's why I want to -- and I  
14          don't want, I wouldn't want to be outside of Des Moines  
15          County I wouldn't try it I would go over to Lee County and do  
16          it I don't want your county.

17          **TAYLOR**           With your help.

18          **PETERSEN**        Definitely.

19          **TAYLOR**           You know what I mean I don't want to go to  
20          your county because it's weird enough in Des Moines County. I  
21          mean you've got these that go to this date and then their

1           **imaged and then the microfilmed and then they're in books**  
2           **and then on the computer you've got to know all of that.**

3           **MURPHY           (INAUDIBLE).**

4           **TAYLOR            Yes right. Yes that's right and I don't know**  
5           **that we're going to get it.**

6           **PETERSEN         You could be right you know we may not be**  
7           **giving him much.**

8           **TAYLOR            We may not be giving him much. I'm not**  
9           **sure I think we're closed.**

10          **MURPHY            Can I make one statement?**

11          **TAYLOR            Please this is our discussion.**

12          **MURPHY            Okay I say that it's been well founded that**  
13          **the preparation of abstracts and titles do not constitute the**  
14          **practice of law. Being a licensed attorney does not in itself**  
15          **guarantee that one can prepare abstracts of historic quality to**  
16          **which Iowans are accustomed. The legislature would establish**  
17          **Title Guaranty recognized the value of the title plant in**  
18          **preparing abstracts they made it part of the goal that each**  
19          **participating abstractor were required to own, lease, maintain**  
20          **and use the preparation (INAUDIBLE) up to date as a title**  
21          **plant including (INAUDIBLE) the real estate for each county**  
22          **in which abstracts are prepared for real property titles**

1 guaranteed by the division. To go further in this requires forty  
2 year title plant wherein the track indices maintain a reference  
3 to all instruments that (INAUDIBLE) in the office of the  
4 county recorder. The legislature made it clear it's important to  
5 keep Iowa titles among the best in the country and the best way  
6 to accomplish this is to use track indices and have that product  
7 examined by a licensed attorney. The code made no mention of  
8 the grantor grantee search to be acceptable to prepare an  
9 abstract. Proof there was (INAUDIBLE) title insured in Iowa  
10 by commercial title companies are among the worst in the  
11 nation and we've all read these comparisons, in two thousand  
12 four Title Guaranty had one point five percent claims received  
13 (INAUDIBLE), title insurance, thirty seven percent. Two  
14 thousand five, Title Guaranty, one point two percent, title  
15 insurance, nineteen point nine percent which at that time was  
16 of the second highest in the nation. Two thousand six we had  
17 four point four percent which was very high for us because we  
18 had one large claim in there and if you take the one large claim  
19 out it would be one point nine percent, title insurance, twenty  
20 four percent. The national average over the years, six percent,  
21 Iowa, point seven four percent. The difference is that Title  
22 Guaranty requires track indices and commercial title

1 insurance obtain their evidence from any source without  
2 (INAUDIBLE) requirement. The public interest is well served  
3 by the best titles possible that should be of paramount concern  
4 to Title Guaranty. Title Guaranty has the right and obligation  
5 to require its participants to meet the reasonable standards it is  
6 reasonable that it require a participant to have the means to  
7 produce a minimum forty year abstract, it is reasonable to  
8 insist that all matters affecting title be displayed on the  
9 abstract not just those that can be found in the grantor grantee  
10 indices. Although the law requires a forty year track index the  
11 applicant has no intention of building, leasing or maintaining a  
12 plant, none, no intention to comply with the reasonable rules  
13 which everyone else has to abide by he projects it would cost  
14 fifty million dollars to create a plant in every county, he can't  
15 afford to do that. I don't know anyone else who could afford  
16 that either and in fact he wants a fifty million dollar gift from  
17 the state. An unequal double standard would be created one  
18 group would be required to follow rules spending their assets,  
19 time and effort. They have to build or buy an existing plant at  
20 (INAUDIBLE) expense if they wish to expand into another  
21 county the same requirements apply including plant inspection  
22 to confirm it adequacy. The applicant and all others who might

1       **apply under the waiver process avoid all the costs, time and**  
2       **effort. It is not un-costly to create a new plant it is apparently**  
3       **not cost prohibited. Within the last ten years new plants were**  
4       **built, inspected and approved for compliance with Title**  
5       **Guaranty rules in the following counties: Madison County**  
6       **population 14, 500; Jefferson County 16,700; Boone County**  
7       **26,300; Story County 75,000; Lynn County 184,000; Ringgold**  
8       **5,400; there are more I just couldn't recall what they were**  
9       **because I know that Mike O'Brien built five by himself his goal**  
10       **was to get one in every county his health gave out and he's no**  
11       **longer with us. The use of scanners and computers has allowed**  
12       **these companies to build these plants more efficiently than ever**  
13       **before. Indeed a situation of unequal protection is created**  
14       **when one group is subject to legislative requirements and**  
15       **another is waived it is certainly unethical if one group is**  
16       **burdened with start up costs associated with any business and**  
17       **ongoing maintenance costs when the others can do it for fifty**  
18       **million dollars. It is certainly unequal that one group is limited**  
19       **to one county and the other is free to do business statewide.**  
20       **Remember that abstracting of titles is not a practice of law it's**  
21       **a business. Mr. Hendricks's claim of hardship fails by any**  
22       **reasonable standards the public interest is not served by**

1           **granting a waiver of this nature the public does not deserve to**  
2           **have the quality of its titles eroded by having an inferior search**  
3           **the public interest is protected now by having more than one**  
4           **Title Guaranty approved abstractor in each of the ninety nine**  
5           **counties. Dozens of real estate attorneys and some**  
6           **(INAUDIBLE) bar associations have submitted letters of great**  
7           **concern over this application and others like it among the**  
8           **writers are members of the Iowa Title Standards Committee**  
9           **and the Real Estate and Title sections of the bar. All have**  
10          **strongly opposed the granting of this waiver. Incomplete titles**  
11          **are not in the public interest having to bear the expense of**  
12          **every day plant makings in addition to a capital outlay**  
13          **(INAUDIBLE) of all others does not constitute a viable**  
14          **hardship. I (INAUDIBLE) and deny this waiver.**

15          **TAYLOR           Does anyone else want to -- I will comment**  
16          **on it. I strongly disagree with him that abstracting when done**  
17          **by an attorney is not a practice of law in fact I think there's**  
18          **precedence for that. Can one of the lawyers on staff agree with**  
19          **me, disagree? When a lawyer participates in the business of**  
20          **abstracting is practicing law.**

21          **UNKNOWN        If it's part of their law firm, yes.**

22          **TAYLOR        Part of their law firm? Okay.**

1 UNKNOWN Must set up (INAUDIBLE) gray area set up  
2 a (INAUDIBLE).

3 TAYLOR Okay so I --

4 MURPHY If it actually were to be the practice of law  
5 then I wouldn't be allowed to make an abstract.

6 TAYLOR No, no --

7 PETERSEN We're sure of that but they're doing it in  
8 reverse.

9 TAYLOR Yes but what the Supreme Court would say  
10 is if he's doing this in his law firm it's practicing law. It's a  
11 gray area that our legal staff is saying if he's doing it in a  
12 separate entity which he is so it's a gray area. Guys I really  
13 don't know what to do with this one, this is not a clear cut one.  
14 I'm sorry you guys have to be in on this one I would prefer  
15 that you would have come in and ask for one county but I bless  
16 his heart for telling the truth and the intent to do all ninety  
17 nine.

18 PETERSEN I agree. I give him credit for being up front  
19 with the board because I don't want him coming in here and  
20 saying you know I need the one county and then think ah I can  
21 do the other ninety eight.

22 SCHNEIDER (INAUDIBLE).



1           **PETERSEN**        You know and Wally I understand your  
2                            concerns I just don't think that once he has to abstract under  
3                            the Title Guaranty standards he's either going to have to  
4                            utilize you guys or he's going to find out that this is impossible  
5                            from what you're saying.

6           **TAYLOR**         It's impossible to do.

7           **PETERSEN**        And if it's impossible to do then we've  
8                            granted him a waiver for nothing now he says he thinks he can  
9                            do it and then we have a staff here to watch and make sure he's  
10                          doing it and I agree we can find out -- I mean each of these  
11                          claims come out you know exactly which abstractor and  
12                          exactly which attorney's at fault or claimed to be at fault. So  
13                          we'll have his number so to speak and I would say if Matt  
14                          comes in six months or a year and says I've got thirty nine  
15                          claims this quarter we're going to say who'd you get those  
16                          claims off and if we have problem attorneys or problem  
17                          abstractors then we need to be addressing those.

18          **MURPHY**         Are there administrative rules to revoke for  
19                            abstractors and or attorneys?

20          **PETERSEN**        We just do this.

21          **MURPHY**         Are there rules? There's nothing

22          **(INAUDIBLE).**

1           **PETERSEN**        They would be --

2           **UNKNOWN**        (INAUDIBLE) to take away a license and  
3           **Grant probably (INAUDIBLE).**

4           **DUGDALE**        Yes to take away their license you would go  
5           **through a test of cases --**

6           **TAYLOR**           Which license are you talking about here?

7           **DUGDALE**        Well either one.

8           **TAYLOR**           Okay their participating abstractors?

9           **OGLE**             Or a participating attorney we're not  
10          **impacting their right to practice law we're saying to be**  
11          **participating attorneys follow the test of case procedures**  
12          **established in chapter 17a of the Iowa Code to do this and**  
13          **Burger also states that once granted this this is a license within**  
14          **the Iowa Administrative Procedure Act which is chapter 17a**  
15          **you have to comply with that or you get a revoking to do that**  
16          **so you've got and that exists by statute to be able to do that so**  
17          **that's that on that one.**

18          **TAYLOR**           I'm still concerned I want a condition in that  
19          **he's using our boots in the field. You're telling us we can't do**  
20          **that?**

21          **DUGDALE**        I have -- well I've looked at this I don't see  
22          **how you can -- either you grant the waiver or you don't and**

1 then it comes to the issues that I don't know how you can  
2 condition it nor do I think it would be practical since you  
3 expect these people to comply with the abstracting  
4 requirements that you have for being a participating  
5 abstractor and that's where you deal with it. I don't think that  
6 we have any authority under the statute to grant additional  
7 issues. Once they become an abstractor, a participating  
8 abstractor, they are a participating abstractor subject to the  
9 rules of what you give for all participating abstractors.

10 **SCHNEIDER** I guess that's where you leave it up to Matt  
11 and Becky to do their thing and we go from there.

12 **UNKNOWN** Mitch you had mentioned the waiver request  
13 tomorrow (INAUDIBLE) administrative rule (INAUDIBLE)  
14 certain provision (INAUDIBLE).

15 **TAYLOR** How's it going to be different than --  
16 between the condition waivers that we've given to attorneys or  
17 abstractors that are building their plants the condition is  
18 you've got to be done in six months, the condition is you've got  
19 to be done in a year. I mean we have given --

20 **DUGDALE** Well I think that's different in that they're  
21 going to be complying with -- you're allowing them to start  
22 becoming a participating abstractor before they have it in

1 place. And what they're doing there is you're saying we're  
2 waiving the requirement that you have it actually up it's saying  
3 that you're going to be -- all the waiver was there was to start  
4 before hand. Here you're looking at it once you grant the  
5 waiver here. It's not to say I need thirty additional days before  
6 I can start the abstracting it's I want to be a participating  
7 abstractor without complying with the forty year plant  
8 requirement; two different waivers. This is not a waiver of you  
9 know given the nature of the waiver being requested, I don't  
10 know how you can condition it.

11 TAYLOR What if he agrees to it?

12 DUGDALE Again I think that if he agrees to it we don't  
13 have the authority to condition it we're still going to be in a  
14 situation where we need to know that if he does something like  
15 any other abstractor would do something wrong, participating  
16 abstractor, we still would be bound by the constraints of the  
17 license to do that in chapter 17a and removable for discipline  
18 against the license so I don't see how we can practically impose  
19 any conditions on this particular waiver; It's an all or nothing  
20 proposition. And so when granting the waiver knowing that's  
21 what we're dealing with is I don't think here we can condition  
22 it.

1           **PETERSEN**        **(INAUDIBLE)** you know we all have our  
2           **opinions and I think we have to I mean my opinion is when we**  
3           **look at the statute that Grant's given us and has he met the**  
4           **hardship, is this in the public interest, do we think he can do a**  
5           **good job for us if so we waive the requirement and blanket, he**  
6           **becomes a participating abstractor now he comes under**  
7           **scrutiny under a whole new set of rules just like every other**  
8           **abstractor in the state as well as the participating attorneys so**  
9           **he has two sets of rules he has to comply with to continue with**  
10          **his license.**

11          **TAYLOR**            **Before someone calls the question can we**  
12          **reopen the hearing for testimony from someone from Land**  
13          **Title?**

14          **UNKNOWN**        **(INAUDIBLE).**

15          **TAYLOR**            **Can we?**

16          **UNKNOWN**        **(INAUDIBLE).**

17          **TAYLOR**            **Who's the Land Title president, active?**  
18          **Someone who everybody can -- can you come up here? Please**  
19          **Virginia. Here's my question, this is a crazy (INAUDIBLE) as**  
20          **far as the plant search?**

21          **BORDWELL**        **He will be examining his own work.**

22          **TAYLOR**            **I know --**

1           **BORDWELL**     He is doing.

2           **TAYLOR**           He's going to be examining his own work  
3           which no one has talked about yet that's part of the reason  
4           why I brought you up here. Can he even perform these  
5           searches himself under the standards?

6           **BORDWELL**     I don't feel that it's in the realm of reality to  
7           try and do that.

8           **TAYLOR**           (INAUDIBLE).

9           **BORDWELL**     (INAUDIBLE) it's not impossible, it's  
10          difficult, it's time consuming. Just one other point, he  
11          mentioned having to hire us to do his (INAUDIBLE) title  
12          abstracts, those are the ones that we always lose money on.

13          **TAYLOR**           I know.

14          **BORDWELL**     Right.

15          **TAYLOR**           So he's going to need the number to Land  
16          Title isn't he?

17          **BORDWELL**     That would seem obvious to me. Whether he  
18          decided to use the Land Title is another matter.

19          **TAYLOR**           He's either going to need the Land Title  
20          members or he's going to spend a lot of time in the car.

1           **BORDWELL**       Or he's going to hire somebody that doesn't  
2           know anything or somebody who'll ride from county to county  
3           for fifty dollars or he'll hire the credit bureau.

4           **TAYLOR**           Okay I don't have any other questions of this  
5           witness do you guys? I don't mean to start you know taking  
6           time I want a fair hearing here. Does this leave any more  
7           questions of you guys? Okay. Anybody else want to -- any  
8           other words of anyone else?

9           **MURPHY**           You know we won't know how well  
10          somebody is doing their searches until the claims shows up.

11          **TAYLOR**           That's the way it is for everybody.

12          **MURPHY**           That's right.

13          **TAYLOR**           Not only how well they're doing but if  
14          they're doing it by the standard. I think Becky will follow him.

15          **OGLE**             Actually we've got in place for example the  
16          online issue, all your paperwork comes in to us, your title  
17          opinions, the search product comes in to us, we scrutinize  
18          them. We have problem attorneys who we routinely find miss  
19          things and sometimes we recognize the patterns of behavior  
20          where an attorney consistently misses about the signature stuff  
21          and we try to be proactive and we do prevent a fair number of  
22          claims through our underwriting on a daily basis so I can tell

1           you where we anticipate where our claims are going to come  
2           from. We can tell you the attorneys where (INAUDIBLE)  
3           claims from.

4           **PETERSEN**           We do not have a -- am I correct there is not  
5           probation of a participating attorney rendering a Title  
6           Guaranty opinion issuing a certificate on themselves or a  
7           related entity as a participating abstractor?

8           **OGLE**                No and as a matter of fact that's a business  
9           model we're seeing more and more gravitation toward a one  
10          stop shop where they make one phone call for the same day he  
11          does the closing, does the title work, he does the title opinion he  
12          does --

13          **PETERSEN**           Okay so you're doing your own search, you  
14          turn around and you do your own opinion and your own  
15          search? See now that's something I would never do. I do my  
16          own work I would never do a search because I don't know how  
17          --

18          **TAYLOR**            It's a dual representation as he's disclosed --

19          **PETERSEN**            Right and that's a decision, that's a risk  
20          taking that you take by doing it.

21          **TAYLOR**            It's becoming a customary practice in our  
22          area.



1           **PETERSEN**           Right but I do a subdivision or I do a  
2           probate case and I do all the work to put the title together I  
3           never do the title opinion for my client. I always go hire  
4           another lawyer to do it in case I screwed it up so you know  
5           everybody has their own risk level and I'm not taking that risk  
6           level. I'm giving you the chance to say Deb you made a mistake  
7           and I need you to fix this instead of I saying yes that's right.

8           **TAYLOR**           It's my work --

9           **PETERSEN**           It's my work, I did it, it's got to be good.

10          **TAYLOR**           Mr. Gilliam brought up a good point this is  
11          the wedge that's going to be drug in between Land Title and  
12          the Bar Association. The Bar Association catches wind that we  
13          passed this waiver --

14          **PETERSEN**           They'll catch wind of --

15          **TAYLOR**           Yes they're going to know --

16          **PETERSEN**           About five o'clock, five thirty --

17          **TAYLOR**           Right they're all down somewhere right.  
18          They're point's going to be he's going to be doing title opinions  
19          (INAUDIBLE) he locked himself up title opinions with his own  
20          client and Land Title is going to be saying he's locked himself  
21          up all the abstracting at least all the good abstracting. These  
22          folks (INAUDIBLE) I'm serious you've got two maybe three

1           **thousand dollars (INAUDIBLE) or something like that. I tell**  
2           **you I'm as progressive and the things I share as you're going**  
3           **to see but I've got some concerns and I wish Grant would let**  
4           **me put a waiver on it or a condition on it I really do but I'm**  
5           **not going to ask him again. I'm going to, because the staff**  
6           **suggested that and because I'm going to take him at his face**  
7           **value that he's going to use the boots in the ground he's going**  
8           **to use these people back here. I'm also a lawyer so I'm also**  
9           **going to account to the lawyers that are out there that are**  
10          **going to call me and Mr. Huddle's going to call me on my**  
11          **board of governors okay and he's going to want to know what**  
12          **kind of medicine I was on all right?**

13          **PETERSEN           And I will be at the board of governor's**  
14          **meeting so I'll hear all about it too.**

15          **TAYLOR            Okay so let's call the question. Someone call**  
16          **the question actually probably do that.**

17          **PETERSEN           What do we do?**

18          **TAYLOR            Just call the question.**

19          **PETERSEN           Call the question.**

20          **MOCK                Pat?**

21          **TAYLOR            I'm sorry yes we need a motion.**

22          **SCHNEIDER        Do we vote?**

1           **TAYLOR**           No okay you're going to call a question,  
2           **Wally will make a motion, he doesn't want to make a motion, I**  
3           **don't really want to make a motion.**

4           **SCHNEIDER**       Okay I move that we take Mr. Hendricks's  
5           **request for the waiver is that --**

6           **DUGDALE**           I would suggest that you either need to grant  
7           **the waiver or not to grant the waiver that would be --**

8           **TAYLOR**           And do we want to say that because he met  
9           **the hardship and all that stuff?**

10          **DUGDALE**           We'll put together, staff will put together a  
11          **written decision from what happened here and submit it to the**  
12          **board of what's approved. Right it will be subject to the**  
13          **preparation and approval of the final order but until you guys**  
14          **tell us which way you want to go we can put together an order**  
15          **it's kind of hard for us to do it.**

16          **SCHNEIDER**       I move Charles Hendricks's request for the  
17          **waiver be approved.**

18          **PETERSEN**       Second.

19          **TAYLOR**           It's been moved and seconded and we'll vote  
20          **on it at this time.**

21          **MOCK**           Pat?

22          **SCHNEIDER**       All those in favor?

1           **TAYLOR**           **Yes well this will be a roll call though so by**  
2           **saying yes you'll be voting for the motion.**

3           **SCHNEIDER**       **Okay yes.**

4           **MOCK**               **Wally?**

5           **MURPHY**           **No.**

6           **MOCK**               **Deb?**

7           **PETERSEN**       **Yes.**

8           **MOCK**               **And Mitch?**

9           **TAYLOR**           **Yes.**

10          **MOCK**               **We have three yes --**

11          **TAYLOR**           **Motion carries.**

12          **OGLE**               **We have one more waiver request of the**  
13          **board.**

14          **TAYLOR**           **Let's take a break.**

15          **TAYLOR**           **Reconvene --**

16          **PETERSEN**       **He's really on this adjournment.**

17          **TAYLOR**           **I'm interested in the final motion here to**  
18          **adjourn.**

19          **TAYLOR**           **Our next item on the agenda is a waiver**  
20          **request from Sharon Minger. We'll handle this I hope I have**  
21          **pronounced that correctly if not --**

22          **MOCK**               **It's Minger --**

1           **TAYLOR**           **If not everyone can yell at me. We'll handle**  
2           **it in the same order of business. Do you mind if I call you**  
3           **Sharon?**

4           **MINGER**           **That's fine.**

5           **TAYLOR**           **Sharon do you want to come?**

6           **OGLE**           **Introduction, Sharon you filled out an**  
7           **application with us for a waiver this is a I would distinguish**  
8           **this waiver from the last one this is a non-attorney who is in a**  
9           **process of building a plant in Jones County?**

10          **MINGER**           **Yes.**

11          **OGLE**           **And has come before the board to ask for a**  
12          **temporary waiver so that she can be in -- so she can go ahead**  
13          **and be a participating abstractor now while she is in the**  
14          **process of building this plant so this is not a waiver that would**  
15          **give her any statewide ability this is a waiver specifically for**  
16          **Jones County to allow a waiver while she is in the process of**  
17          **building a plant.**

18          **TAYLOR**           **Sharon go ahead.**

19          **MINGER**           **Like I stated in my letter I've been**  
20          **abstracting for twelve years for (INAUDIBLE) and**  
21          **(INAUDIBLE) you have to be the right kind of person to do**  
22          **abstracting I admit it and when we found out that our business**

1 had been sold (INAUDIBLE) opportunities (INAUDIBLE) a  
2 full time business (INAUDIBLE) afford to get a part time job.  
3 (INAUDIBLE) been abstracting for thirty years, it's what she  
4 knows (INAUDIBLE) and it's very timely (INAUDIBLE) for  
5 twenty years there were two abstract companies now there's  
6 one there's a demand for another abstract company we'd like  
7 to fill that void. I'd hate to see (INAUDIBLE) fill that void for  
8 us because (INAUDIBLE) said because we love the county  
9 (INAUDIBLE) and our county is a lively community  
10 (INAUDIBLE) has expanded to four lanes we have access to  
11 Dubuque, Iowa City, Cedar Rapids, (INAUDIBLE) and I'll  
12 keep it short because I know it's late. I know one of the  
13 questions you'll ask me is what's the hardship? Well if I can't  
14 keep Beverly employed she will go find a job somewhere else  
15 and she is a real asset to my company (INAUDIBLE). If I don't  
16 get the waiver then the relationships that I've built up with the  
17 vendors, the realtors, the builders in this county  
18 (INAUDIBLE) those relationships. Another question you'll ask  
19 me is how are you (INAUDIBLE) here and you sit there and  
20 say well how's she going to do that? Well I sit up nights  
21 sleepless wondering how I'm going to do this until I found  
22 (INAUDIBLE), it's a software that Dan Kadrlik uses and

1 (INAUDIBLE) uses and they're very happy with it  
2 (INAUDIBLE). And I'm just asking for a temporary waiver to  
3 get it done I've talked to Geraldine and realized that twelve  
4 months might be too optimistic and it might be eighteen  
5 months to be more realistic but I'm just asking for the  
6 opportunity to continue (INAUDIBLE).

7 SCHNEIDER What's the size of your (INAUDIBLE)?

8 MINGER Twenty thousand.

9 SCHNEIDER What's the size of Geraldine's?

10 MINGER About six thousand and it took her thirteen  
11 months.

12 OGLE If you're granted a temporary waiver you  
13 can start abstracting now why (INAUDIBLE) client -- what's --  
14 how are you going to go about obtaining the abstract for your  
15 client (INAUDIBLE)?

16 MINGER We search the record exactly like the  
17 recorder's office. (INAUDIBLE) all the records are there  
18 (INAUDIBLE).

19 TAYLOR It's what we'd be calling direct records?

20 MINGER Right.

21 TAYLOR Boots --

1           **PETERSEN**       **Boots on the ground. I have a question for**  
2           **her and it's related. Does she need to meet the same**  
3           **requirements as the last application?**

4           **MURPHY**           **It's the same waiver request in the same**  
5           **section.**

6           **PETERSEN**       **Okay. Hers is just temporary because she**  
7           **doesn't need it because when she gets her plant she doesn't**  
8           **need a waiver? Okay.**

9           **TAYLOR**           **Historically we have looked at these a little**  
10          **differently than when a lawyer comes in to just be waived in.**  
11          **Frankly when she said that she might need eighteen months I**  
12          **wrote it down okay so I wrote it down. We've looked at these**  
13          **as people are willing to invest the time to build the plant**  
14          **(INAUDIBLE) in favor of yes so really we're not going to talk**  
15          **about this one much I hope I mean we've got to listen to both**  
16          **sides here but I'm interested -- so historically we've always**  
17          **looked at this a little different because they're going to build**  
18          **the plant and until then there will be direct record searches.**

19          **SCHNEIDER**       **Wally does eighteen months seem like a**  
20          **reasonable amount of time to you?**

21          **MURPHY**           **I would really prefer to shorten it up a great**  
22          **deal and see how she's doing.**



1           **TAYLOR**           **Yes that's what we've done in the past.**

2           **MURPHY**           **I mean give her eighteen months and if they**  
3           **haven't started a thing they have eighteen months of our**  
4           **approval --**

5           **PETERSEN**       **So you would suggest giving a short term**  
6           **and then --**

7           **MURPHY**           **Like six months and see how she's doing.**

8           **PETERSEN**       **And then if she's doing okay but she's not**  
9           **going to make it then she can come back in and ask for an**  
10          **extension?**

11          **MURPHY**           **Yes.**

12          **PETERSEN**       **Okay.**

13          **TAYLOR**           **Do you have any problem thinking about**  
14          **twelve months because that was her first intent maybe give her**  
15          **a chance to make it in that first twelve month period --**

16          **SCHNEIDER**      **With a possible extension of six months --**

17          **TAYLOR**           **Then she knows that one -- the way I**  
18          **understand these work is the Land Title committee comes in**  
19          **and inspects her plant and runs some tests on it against the**  
20          **standard, the direct records of the courthouse --**

21          **MURPHY**           **Maybe changing it a bit but essentially yes.**

1           **TAYLOR**           **Okay if we went to twelve -- if we consider**  
2           **twelve months -- depending on what these folks in Jones**  
3           **County have to say, they may change our mind with the**  
4           **understanding that we have continued I think these requests**  
5           **before.**

6           **MURPHY**           **(INAUDIBLE).**

7           **TAYLOR**           **Okay so maybe that's what we should do as**  
8           **a precedence just say let's give her six --**

9           **SCHNEIDER**       **Let's just give her twelve and if she needs to**  
10          **come back and achieve another six then she just comes back in**  
11          **--**

12          **TAYLOR**           **She can tell us she's --**

13          **PETERSEN**       **Twelve is what she applied for I think it's**  
14          **fine --**

15          **SCHNEIDER**       **Take that and then if she needs more --**

16          **PETERSEN**       **Let her come back and show us that she's**  
17          **doing something because if she doesn't do anything for twelve**  
18          **months then we're going to say --**

19          **OGLE**               **She's got our blessing --**

20          **PETERSEN**       **Right she's not going to spend this time and**  
21          **money and not getting anywhere.**

1           **TAYLOR**           **(INAUDIBLE) historically isn't that what**  
2           **we've done historically?**

3           **OGLE**               **Yes you've granted either six or twelve**  
4           **month temporary waivers with (INAUDIBLE) was the most**  
5           **recent and they came back in and requested an additional six.**

6           **SCHNEIDER**    **I was thinking the number at large --**

7           **OGLE**               **If you go far enough back in time this**  
8           **board's denied the requests all together that's probably --**

9           **DUGDALE**       **Probably twice for you and maybe other**  
10          **times.**

11          **PETERSEN**       **You mean made them wait until they got**  
12          **their plant put together?**

13          **MURPHY**         **Yes.**

14          **SCHNEIDER**    **See we're a nicer board.**

15          **PETERSEN**       **When she's doing her search though just like**  
16          **the last guy she's going to have to do her stuff in accordance**  
17          **with all of our participating abstractor's standards right now**  
18          **and she'll still have to do it later?**

19          **OGLE**             **That's correct.**

20          **SCHNEIDER**    **And you're going to check everything that**  
21          **you check for everybody else?**

1           **PETERSEN**       Well I think this is a little bit easier than the  
2           **last guy then.**

3           **SCHNEIDER**      Could we have more of these?

4           **PETERSEN**        Yes.

5           **TAYLOR**           In her plant, her license will be just for one  
6           **county?**

7           **PETERSEN**        Okay yes and if she gets done in eleven  
8           **months --**

9           **SCHNEIDER**      You don't want to do this for ninety nine?

10          **MINGER**           No.

11          **TAYLOR**           Do you have any idea how much it costs to  
12          **build that new abstract plant for this county?**

13          **MINGER**           The computer's going to be about nine  
14          **thousand, the software is seventy five hundred I've got myself**  
15          **and four employees --**

16          **TAYLOR**           Five employees? Do you have any idea how  
17          **much labor that will include?**

18          **MINGER**           Forty hours a week.

19          **TAYLOR**           Times five?

20          **MINGER**           (INAUDIBLE).

21          **TAYLOR**           So twenty five or -- I'm trying to figure out --

1           **MINGER**           **I'd say thirty two hours a week times four**  
2           **employees --**

3           **TAYLOR**           **Okay what was that again? Thirty two?**

4           **SCHNEIDER**       **Thirty two times four.**

5           **TAYLOR**           **Thirty two times four that's what it will be?**  
6           **Okay and then you'll have to buy the record. Actually you'll**  
7           **print some of them free --**

8           **MINGER**           **I'm not going to print them.**

9           **TAYLOR**           **What are you going to do?**

10          **MINGER**           **Dual screen where you can pull up the**  
11          **website there's a (INAUDIBLE) on the screen --**

12          **SCHNEIDER**       **With the software that's how --**

13          **TAYLOR**           **Okay how far back does your county go back**  
14          **on Land Records?**

15          **MINGER**           **As of July 1<sup>st</sup> just back to 93.**

16          **TAYLOR**           **Eighty three. That's about where ours is**  
17          **(INAUDIBLE).**

18          **MURPHY**           **We're headed that way --**

19          **PETERSEN**          **What do you have to do before ninety three?**

20          **TAYLOR**           **She's got her own --**

21          **MINGER**           **They're already (INAUDIBLE).**

22          **TAYLOR**           **(INAUDIBLE).**

1           **MINGER**           **(INAUDIBLE).**

2           **TAYLOR**           **(INAUDIBLE).**

3           **PETERSEN**       **I try not to go there.**

4           **TAYLOR**           **(INAUDIBLE) County.**

5           **PETERSEN**       **I hire you guys to do it.**

6           **TAYLOR**           **Go through them --**

7           **SCHNEIDER**      **You need book sixty four page --**

8           **TAYLOR**           **Exactly.**

9           **PETERSEN**       **Do we have any other questions?**

10          **TAYLOR**           **Do you have anybody else that wants to**  
11          **speak on your behalf?**

12          **OGLE**              **Well actually I have a few questions myself, I**  
13          **think you discussed hardship to some extent and the**  
14          **ramifications (INAUDIBLE) public interest and the**  
15          **availability of Title Guaranty you talk about some things that**  
16          **probably go to those two points but given the statute I should**  
17          **just ask directly why is this in the public interest to grant you a**  
18          **temporary waiver and how will this help make Title Guaranty**  
19          **more available in Jones County?**

20          **MINGER**           **It will serve the public interest because you**  
21          **know competition I believe the residents of Jones County a**  
22          **choice (INAUDIBLE). (INAUDIBLE) in abstracting very**

1           **accurate. We already have clients ready and waiting for us to**  
2           **(INAUDIBLE) going hurry up and I say I can't have any**  
3           **control over that so there's a demand there for more than one**  
4           **abstracting company.**

5           **TAYLOR           How many people live in Jones County?**

6           **MINGER           (INAUDIBLE) thousand.**

7           **TAYLOR           Do you have any idea how many records are**  
8           **recorded on a daily basis?**

9           **MINGER           Like four thousand.**

10          **TAYLOR           Thank you. Any other questions?**

11          **SCHNEIDER       No.**

12          **PETERSEN        No.**

13          **TAYLOR           Does anybody else here want to --**

14                   **(TAPE CUTS OUT AND BACK ON)**

15          **UNKNOWN        (INAUDIBLE) I may be able to expand on --**

16          **TAYLOR           For the record what is your name?**

17          **KNUTH            Adrian Knuth that's K-N-U-T-H I'm an**  
18          **attorney here in Des Moines. I have done some work before for**  
19          **Mrs. Minger and her husband in the past but I'm not here as**  
20          **her attorney I'm here as a community member, an attorney in**  
21          **the community. I am a Title Guaranty participant I think my**  
22          **number is 1928. Well what I want to address is simple to the**

1        **hardship and the public interest because if I understand the**  
2        **public interest it's like dual you can it serves the public interest**  
3        **or makes Title Guaranty available. It would make it a little**  
4        **more available because the other abstract company in town,**  
5        **capably run by Barb Carlson and her daughter Jenny Houska,**  
6        **are Title Guaranty participants as well but having another**  
7        **Title Guaranty participant abstracting company would make it**  
8        **that much more available. Not only would it provide the**  
9        **competition but what it does provide is a community based**  
10       **competition which in a twenty thousand based population**  
11       **county the two major cities are Monticello population of 36-**  
12       **3800, Anamosa 5300 but we get to count twelve hundred**  
13       **inmates in the prison. So we're about a four thousand**  
14       **population community --**

15       **TAYLOR            Jones County is about a four thousand --**

16       **KNUTH                No Anamosa -- the county itself is four**  
17       **thousand, it's a little more than that but -- and it is growing**  
18       **we're kind of a bedroom community for Cedar Rapids in**  
19       **Marion because of the 151 corridor.**

20       **TAYLOR                So did I hear you say that of that twenty**  
21       **thousand fifteen of them are in jail**



1           **KNUTH**           **Twelve thirteen hundred at any one time in**  
2           **the Anamosa prison.**

3           **TAYLOR**           **Oh okay thirteen hundred.**

4                   **(TAPE #3 SIDE B ENDS -- CONTINUES ON TAPE #4 -**  
5                   **- CONVERSATION ALREADY IN PROGRESS)**

6           **KNUTH**           **We enjoyed for twenty years competition in**  
7           **the county, Jones County Abstract run by Barb Carlson and**  
8           **her family, the old abstract and title services which has now**  
9           **been bought by Barb Carlson and we've enjoyed good**  
10          **abstracting service from both of the companies. I know the**  
11          **work that Sharon Minger is capable of and if that's what Dean**  
12          **is capable of they're very capable of effectively running a good**  
13          **abstracting business and I would expect that there would be**  
14          **that competition which would forward my clientele that choice.**  
15          **Hopefully it affects the cost you can look at Dubuque County**  
16          **which it obviously affects the cost there if you compare the cost**  
17          **of the Dubuque County abstract given the size of the county to**  
18          **other costs in adjoining counties Dubuque County seems to be**  
19          **cheaper. I think impart it's because of the competition because**  
20          **they have very keen competition in (INAUDIBLE) County**  
21          **Abstract and Dubuque County Abstract & Title. In terms of**  
22          **the hardship, whether or not it's doing Title Guaranty certified**

1 work, having the Title Guaranty participant certificate gives  
2 her credibility, the bankers, the realtors, the attorneys  
3 especially those out of the community who are not familiar who  
4 are doing their online search, who's available, Title Guaranty  
5 participation lends credibility. Without that I don't know that  
6 she's going to have the success she needs to complete even  
7 grading the plant or more critical is keeping (INAUDIBLE) in  
8 payroll. That is the sole wage earner in her household. She's on  
9 unemployment right now that's limited but there's going to  
10 come a time she's going to need a job she's going to take the  
11 job, she's a loyal employee she stayed with her last  
12 employment until the end and I would expect that same  
13 commitment on her part to Sharon's endeavor. If she doesn't  
14 get the waiver I don't know what success, really what viable  
15 chance at success she has in the community because the Jones  
16 County Abstract and Title is a very good company and there is  
17 a void right now and they're certainly filling the void right now  
18 because the clientele, the customers, are not waiting and the  
19 business has to go on and as soon as Sharon can get up and  
20 running the better chance that she will be a viable entity and  
21 provide the competition and especially the community based  
22 business in competition which is important to us. Anamosa is

1           **on the Huxley and I think she can be part of it. I am very**  
2           **confident that she will succeed. (INAUDIBLE).**

3           **TAYLOR           We knew that you are a lawyer.**

4           **KNUTH            It's easier.**

5           **TAYLOR           All right those -- is there anybody else here**  
6           **in favor of her application? You want to come up here and just**  
7           **say that real quick?**

8           **UNKNOWN        Can I just say I think that it's great and I**  
9           **think more power to her.**

10          **MCCLONEY       Bob McCloney I'm here again. I have no**  
11          **idea who any of these people are because of Anamosa being so**  
12          **far away from Jasper County but I do know that Anamosa had**  
13          **two abstract companies for a number of years which of course**  
14          **has always been for competition sake, I know Brett sold his**  
15          **company because of health reasons so of course that breaks it**  
16          **down to where there's only one. Competition is good if they**  
17          **can support two abstract companies for all those years it can**  
18          **do it now. Thank you.**

19          **TAYLOR           Thanks Bob. Anybody else want to speak on**  
20          **behalf of the application? Anybody against the application**  
21          **come on up and we'll here your arguments.**

1           **CARLSON            I'm Barbara Carlson and I'm the owner of**  
2           **Jones County Abstract and Title Company and myself I**  
3           **started it twenty two years ago from the ground up. I hired**  
4           **four people at the courthouse everyday copying records. It**  
5           **took me well over fifteen months to do it but I did it. I had**  
6           **three opportunities to buy (INAUDIBLE) Abstract. On the**  
7           **third time I took advantage of it. I have spent a great deal of**  
8           **money, these two ladies, they're great. I expected them to come**  
9           **ask me would you want help. The agreement, the contract that**  
10          **I have (INAUDIBLE) was he was going to take his name off to**  
11          **Marion and transfer everything over there because he had**  
12          **loose ends to tie up. I called him Friday and I said do you got**  
13          **all your last bills now because I bought this May one, well I**  
14          **think so and I said good then get the mail switched over I**  
15          **didn't buy just a building I bought the business and I would**  
16          **like the mail that's going to that business. Well we could just**  
17          **continue the way we've been doing it. I've got five orders from**  
18          **him all month now if this is all the work that Abstract and**  
19          **Title Services was doing there's no need for a second abstract**  
20          **company. I just want to read a couple of things here that I**  
21          **wrote down. I really did ask him not to go on and on and on**  
22          **(INAUDIBLE). Well I've been abstracting since nineteen**

1       **eighty and I started Jones County Abstract in nineteen eighty**  
2       **six and I competed with (INAUDIBLE) Abstract Company.**  
3       **The card has changed hands three times since I got it in eighty**  
4       **six and from ninety two to present we've completed at least**  
5       **seventy percent of the Jones County businesses. In ninety five**  
6       **(INAUDIBLE) third buyer changed (INAUDIBLE) he changed**  
7       **his name to Abstracting Title Services, mail was incredibly**  
8       **mixed up and we lost some valuable business but only for a**  
9       **short time. Since ninety nine we've had eighty percent of the**  
10       **business which Sharon has said in her application. If Sharon**  
11       **and Deb would like to come over and work with us because**  
12       **we're across the street I didn't know until I received this letter,**  
13       **Sharon, that I had no idea how (INAUDIBLE), I had no idea**  
14       **but that's -- okay so since May one we've closed the sale and**  
15       **had an opportunity to go through some of the business**  
16       **(INAUDIBLE) I purchased. And (INAUDIBLE) told me that**  
17       **the company has had all the real estate records computerized**  
18       **and to ask Sharon for all the details because that was her**  
19       **expertise. There's about three hundred pages of names listed in**  
20       **the general index dating back sixty years; they're also on the**  
21       **computer and this is our name search we use every day to**  
22       **compile the names from the clerk and we add it in well there's**

1 a whole bunch of names. Now with today's technology  
2 Sharon's probably -- and I'm not going to go there. My  
3 husband and I have lived in Anamosa since 1970 and raised  
4 four kids and been married forty one years I'm really quite  
5 blind, I've lived in the same house for thirty five years; I don't  
6 change a lot I'm real steady. Our reputation and integrity and  
7 fairness speaks for itself. We comply with all regulations of  
8 Iowa Title Guaranty I've never seen the other office and any of  
9 these readings. Brent signed a five year non-compete he told  
10 me he said I'm concerned about Bev, I said why we'll talk  
11 about that when the time comes. I have not yet talked to Bev  
12 but if I've only got five orders in the whole month since I've  
13 bought this place it would seem to me there's not a need for a  
14 second abstract company. I just don't see it --

15 TAYLOR You take your time we'll give you as much  
16 time as you need.

17 HOUSKA Okay. I'm Jenny Houska.

18 TAYLOR I'm sorry how did I get Sharon, she's  
19 Barbara?

20 HOUSKA She's Barbara --

21 TAYLOR Right and you're again?

1           **HOUSKA           I'm Jenny. It wasn't until after we received**  
2           **your letter to us explaining that Sharon had put in this request**  
3           **for a waiver and her very nice letter attached with it. It wasn't**  
4           **until after that that we received that when I said all right I'm**  
5           **going to start going and looking (INAUDIBLE) on the**  
6           **computer and everything else. And Barb won't go there I**  
7           **absolutely will go there I think if you give her the waiver she'll**  
8           **probably it ready to go in six months because my firm belief is**  
9           **she's got the sixty years worth of the clerk's office; she's got**  
10          **that to nineteen ninety four of the real estate records because**  
11          **she was doing it when (INAUDIBLE), she and Bev were there,**  
12          **Brent has an escrow office in Marion so the office was**  
13          **completely in their hands. I will also say the last week at least**  
14          **that they were in business leading up to May one Sharon**  
15          **(INAUDIBLE). We're right across the street from each other**  
16          **it's not hard to see. She would work until seven, eight and nine**  
17          **o'clock at night and that's pretty out of the norm so I don't**  
18          **know if she was just trying to get abstracts done that they still**  
19          **had orders for in the rush or my firm belief is it's too easy to**  
20          **have access to all of these records that are computerized. I'm**  
21          **seriously making an accusation, I'm sorry but I don't want to**  
22          **sound like the person who wrote that letter as you guys can see,**

1 I don't want to show you every one of the rest of the letters that  
2 I have that she would bad mouth us (INAUDIBLE). Obviously  
3 it's not been working because we have competition, we do have  
4 eighty five percent of the business and there is not  
5 (INAUDIBLE). I don't know everybody assumes that we're  
6 going to rise our prices all of the sudden now that we're the  
7 only one; we have no intent to raise our prices. We do  
8 everything you have ever asked us to do. We're doing these  
9 new form 900's and 901's; we have to we've got it figured out  
10 Darla how do we do this? Anything you want us to do we are  
11 ready and happy to comply with. As far as the hardship, I was  
12 under the impression and I don't know if I heard it from one of  
13 you who were talking to the first gentleman tonight or if it was  
14 just amongst yourselves but I was under the assumption that  
15 the hardship has to be a hardship that the applicant feels  
16 herself without and everyone that is open on behalf of Sharon's  
17 hardship wasn't talking about Sharon's hardship and her not  
18 being in a job it's been about Bev's and Bev is not the  
19 applicant and Bev or Sharon have never once asked could we  
20 come and work with you guys. We know the business I believe  
21 they know the business I believe (INAUDIBLE). I just don't  
22 think there's a need for Jones County to have two abstracting



1           **companies. There really hasn't been since ninety five when**  
2           **(INAUDIBLE) bought it because that's really when we started**  
3           **raised (INAUDIBLE) we were at seventy percent up to ninety**  
4           **five and then after ninety five, eighty five percent Sharon has**  
5           **said that to in her letter herself.**

6           **TAYLOR            You mean percent of the market?**

7           **HOUSKA            Oh yes the Jones County market yes.**

8           **TAYLOR            Okay.**

9           **HOUSKA            And we (INAUDIBLE) all of their records**  
10          **we absolutely see how many they were doing; how many title**  
11          **searches, how many abstracts, we've got it all and we were**  
12          **guessing right all along we had guessed that we had that much**  
13          **going by the number of instruments you get from the**  
14          **recorder's office every day. I'll bet we've got that much**  
15          **(INAUDIBLE) yes you can make a pretty good guess over the**  
16          **years and now that we have all the stuff we were pretty**  
17          **accurate and I don't think for fifteen percent of the business I**  
18          **don't think it's worth it and like I said I won't put you through**  
19          **all these. I don't know that the level of ethics is what Iowa Title**  
20          **Guaranty would want it to be as one of their abstractors. I**  
21          **mean just what I've come across in the last few weeks is**  
22          **appalling, the letter to you was appalling and I'm finding**

1           **there's more and more and I only spent an afternoon**  
2           **compiling all of this. It's like that's just like six months of all**  
3           **this stuff that I came across.**

4                               **(TAPE CUTS OUT -- RESUMES WITH**  
5                               **CONVERSATION ALREADY IN**  
6                               **PROGRESS)**

7           **HOUSKA           And just the bad mouthing and obviously it's**  
8           **not working so what's the point? That's all sorry.**

9           **PETERSEN           Where's the eighty five or eighty or seventy**  
10          **percent numbers coming from?**

11          **HOUSKA           They're the total (INAUDIBLE) going by**  
12          **what's reported in the recorder's office on a daily basis and the**  
13          **abstracts that we have and the orders or abstracts or title**  
14          **searches in our office; we can match up daily with what we get**  
15          **from the recorder's office.**

16          **PETERSEN           You said that yes you were going there and**  
17          **you were going to make this accusation so you're basically**  
18          **saying that you think she took the records from Grant before**  
19          **you bought it.**

20          **HOUSKA           I am absolutely saying I think that she hard**  
21          **copied, downloaded, put on a file, put on disks, sixty years**  
22          **worth of clerk's office records that Brett's owned.**

1           **PETERSEN**           **Okay but that doesn't really -- there's**  
2           **nothing that we really can do, that's nothing for our board to**  
3           **deal with.**

4           **HOUSKA**           **No I'm just saying look at the ethics.**

5           **SCHNEIDER**       **So I have a question. Why would you buy a**  
6           **business if you had seventy five percent of the business**  
7           **anyway, why would you buy Grant's business?**

8           **CARLSON**           **To end --**

9           **PETERSEN**           **Competition --**

10          **TAYLOR**           **That's right.**

11          **CARLSON**           **Not the competition but the bad mouthing.**  
12          **I'm really tired of her accusing me of changing my name and**  
13          **stealing their work. I'm tired of it, I'm tired of putting up with**  
14          **they get my work and my checks and instructions to do the**  
15          **final when I've already done the pre-lim and it takes me seven**  
16          **months to get this all figured out chasing around and figuring**  
17          **things out. I don't work that way if it's not for me I don't want**  
18          **it. Call the people up and tell them hey call down, we'll either**  
19          **let them come and get it or we've called up attorneys and**  
20          **whatever and said would you please notify them we are going**  
21          **to go get it for me. I'm tired of missed phone calls that people**  
22          **have called their office asking for me; no she's not here. Well**

1           **how about Jenny? No she's gone too can I help you? Well I**  
2           **want to know what time's the wedding, oh they don't work**  
3           **here. I'm tired of all those little fun phone calls that I get back**  
4           **saying you'll never guess who I called yesterday. Twelve years**  
5           **of that and I'm tired of it. Why did I buy the other company,**  
6           **just to be rid of them? No I had to build on anyway because**  
7           **my plant was getting too small; I knew I was going to build on.**  
8           **With this in mind and Brett saying that Bev she's close to**  
9           **retiring what do you think? Hey we'll talk about it, we'll talk**  
10          **about it but I can't be asking Brent to tell these people yes I'm**  
11          **going to buy them too that's absurd, they're not furniture they**  
12          **really are liable ladies they really are but it's their choice and**  
13          **they never came to me. This letter was written while she was**  
14          **still employed for Brent she had no intention, none.**

15          **PETERSEN           Do we have any reason to have any**  
16          **complaints against either one of these abstractors; they've both**  
17          **been participating abstractors before right? Is that right or not**  
18          **right?**

19          **B. PETERSEN       Well Jones County Abstract, yes now --**

20          **PETERSEN           No not Sharon, this Brent guy.**

21          **B. PETERSEN       Oh Brent Hardsted?**

22          **PETERSEN           Yes. Was he a participating abstractor?**

1           **B. PETERSEN**    **In the past, yes.**

2           **PETERSEN**       **Okay did we have issues with his work?**

3           **OGLE**            **He's also a participating attorney. We have**  
4           **had some issues with him. He, two years ago, I think, did we**  
5           **have a claim I think there was -- two years ago he failed -- last**  
6           **two years he's not signed a participation agreement and**  
7           **understanding it was the cost associated with the**  
8           **(INAUDIBLE) coverage and getting the insurance coverage so**  
9           **--**

10          **B. PETERSEN**    **He has not been a participating attorney for**  
11          **two years --**

12          **OGLE**            **He has not been a participating attorney for**  
13          **two years --**

14          **B. PETERSEN**    **-- abstractor for the last year.**

15          **TAYLOR**         **Any comments? Wally how do we fix this,**  
16          **this is your business?**

17          **MURPHY**         **(INAUDIBLE).**

18          **TAYLOR**         **(INAUDIBLE).**

19          **PETERSEN**       **What do you mean, it's a personality thing?**

20          **TAYLOR**         **Yes we support people who don't have any**  
21          **business (INAUDIBLE) --**

1           **PETERSEN**        Yes I mean that would be the last thing I'd  
2           want to do --

3           **SCHNEIDER**      Well and I guess the bottom line is if Sharon  
4           wants to invest the money and make a plant and get ten  
5           percent of the business in the county then that's her problem,  
6           not ours.

7           **TAYLOR**           And the other thing I want to comment on  
8           and I see some of this in the abstracting business and this is  
9           what I tell my people that work with me and for me and I work  
10          for because I have all that I work for, they work for me and I  
11          work with them, is that this kind of petition you two get into  
12          this competition and competition's not going to reward this  
13          type of behavior okay competition is going to cut if out and it's  
14          not going to reward it. It's going to say we're going to do  
15          business with -- we want to see you both successful. The true  
16          banks, they're going to want to work with both of you or  
17          they're really not taking their best interest at heart because  
18          they want you both to succeed and it will take a little while. It  
19          may take a year, year and half but they'll be sending work to  
20          both of you and they aren't going to let you know they're doing  
21          business with them and they're not going to let you know  
22          they're doing business with them but they need you both, they

1           **want two of you out there and I want two of you in Jones**  
2           **County too because I've seen recently what competition will do**  
3           **to an abstractor and at that time a very, another market. Let's**  
4           **leave it at that okay? It's not going to reward it and the ill**  
5           **feelings are for different reasons other than what we're here**  
6           **today about. It sounds to me like you should probably talk to a**  
7           **lawyer or something if you think that they've taken some**  
8           **records other than this lawyer that came with them so -- but**  
9           **that's not for us to decide. This waiver is -- I think you'd even**  
10          **say they're good abstractors you just question their --**

11          **CARLSON           Well their ethical behavior is really --**

12          **TAYLOR           Right. I'd encourage you when you get out in**  
13          **the marketplace to not use that as your competitive edge --**

14          **HOUSKA           We never have and you guys are the first**  
15          **people that ever witnessed me go off like that.**

16          **TAYLOR           Okay good.**

17          **HOUSKA           But I am appalled at that letter that she sent**  
18          **to you guys, you're our peers --**

19          **TAYLOR           Yes --**

20          **HOUSKA           -- and you're reading all this crap about**  
21          **Barb Carlson, I was seriously, oh my gosh -- thank God no one**

1 at home believes any of that so I'm sorry for carrying on the  
2 way I did.

3 TAYLOR Not a problem --

4 HOUSKA But it is no behavior that ever is seen out of  
5 (INAUDIBLE). But we should get back up and let Sharon get  
6 back in so --

7 TAYLOR Do you all have any other questions of them?  
8 Okay.

9 MURPHY What do we need for (INAUDIBLE)? Fifty  
10 thousand?

11 PETERSEN Yes that was a good question Wally.

12 B. PETERSEN For an abstractor to participate in Title  
13 Guaranty that just does abstracting that doesn't get involved  
14 in issuing Title Guaranty in their closing protection letters is  
15 two hundred and fifty thousand.

16 MURPHY And she's got, she's applied for fifty  
17 thousand so she's got some (INAUDIBLE).

18 TAYLOR Wait a minute I thought that it was less if  
19 they didn't do a C.P.L. or sign the combo agreement that if  
20 they just abstracted it was less. Did we change that?

21 B. PETERSEN It's two hundred and fifty thousand that's  
22 the basic abstracting --



1           **TAYLOR**           For basic for abstracting --

2           **B. PETERSEN**    If they want to issue it's five hundred  
3           **thousand --**

4           **TAYLOR**           Okay.

5           **B. PETERSEN**    If they want C.P.L.'s it's five hundred  
6           **thousand (INAUDIBLE) --**

7           **TAYLOR**           Okay that would explain why. Do you  
8           **understand -- it's your turn to rebut as they say.**

9           **B. PETERSEN**    That's a good point.

10          **MURPHY**           (INAUDIBLE).

11          **TAYLOR**           Wally brought --

12          **PETERSEN**        I didn't know anything and I looked at --

13          **TAYLOR**           Wally brought up a point that you're going  
14          **to have to have more insurance than that to get even a number**  
15          **(INAUDIBLE).**

16          **MINGER**           (INAUDIBLE).

17          **TAYLOR**           Okay did it cost you much more I mean was  
18          **it like three or four hundred dollars more?**

19          **MINGER**           I just told them to look at my deductible  
20          **because I've never seen (INAUDIBLE). Yes.**

21          **TAYLOR**           That you couldn't fix so we'll -- all right -- so  
22          **do you have any comments that you want to state in response**

1 to what they said? Frankly I hope you don't even feel the need  
2 to reply to a lot of that that you guys need to work that out  
3 there in Jones County and I hope you do because that's not a  
4 good image for Title Guaranty for two of our participants to be  
5 acting like that and I hope you don't okay and it sounds like  
6 they're not going to that they said this is -- we air it in here and  
7 we'll leave it in here and you guys can go down and you can  
8 offer the service to the bank for X and they'll do it for X minus  
9 that and you're crazy to build a plant for ten percent of the  
10 business; that's what the marketplace is all about.

11 **MINGER** And I do believe that Grant only had about  
12 twenty five percent of the market share and it was unfortunate  
13 that (INAUDIBLE) Abstract had the (INAUDIBLE) that it did  
14 and (INAUDIBLE) and it was not very long that then they sold  
15 it to a guy that doesn't know anything about abstracting he  
16 was guessing. In a separate deal (INAUDIBLE) and it just  
17 made all the -- and you can imagine all the attorneys we all  
18 kind of flee from abstract companies when somebody's gone to  
19 prison. We lost a lot of business.

20 **TAYLOR** Well you definitely got an image to come  
21 over.

1           **MINGER**           Well that was previous to Grant and then  
2           Grant bought it from him.

3           **TAYLOR**           Okay.

4           **MINGER**           And Grant worked real hard (INAUDIBLE)  
5           and bringing up business and I think fortunately he knows so  
6           much about real estate law that he started dictating to  
7           attorneys (INAUDIBLE) and started telling attorneys this is  
8           how it should be done and I guess you don't go into someone  
9           else's home turf and tell them this is how it's supposed to be  
10          done and I think he really rubbed people the wrong way. Even  
11          though he's very intelligent about real estate law he just --  
12          some people just didn't want to bring him business because  
13          rubbed them the wrong way. Some realtors did the same thing  
14          he just happened to run into them, say the wrong thing and so  
15          when he started practicing law again in Linn County he said I  
16          want you to drum up the business I said okay (INAUDIBLE)  
17          people and the more I'd talk to people and try to drum up  
18          business the more I'd find out there's nothing I can change  
19          because it's still owned by Grant and I can't change the minds  
20          on people about him and so that's why we lost a lot of business  
21          and it's hard to drum up any more than that. Now the  
22          assessor's office they tell me in 2006 (INAUDIBLE) almost six

1       **hundred viable real estate transfers in the county where there**  
2       **was consideration (INAUDIBLE). Six hundred times say two**  
3       **hundred dollars (INAUDIBLE) that's two hundred and forty**  
4       **thousand dollars worth of title work just in transfers not in**  
5       **refinances and not in (INAUDIBLE).**

6       **TAYLOR           I don't think anybody here at this table cares**  
7       **whether or not you're making a good business decision that's**  
8       **your decision so truly I don't think that's -- I'm seeing that's**  
9       **your decision.**

10      **MINGER           I've had a business almost eleven years**  
11      **(INAUDIBLE) so I know what it takes to run a business.**

12      **TAYLOR           You okay? The board or staff have any**  
13      **questions?**

14      **DUGDALE          Well not so much a question I think we**  
15      **should probably -- be the last one and somebody will vote and**  
16      **it will be subject to an order being drafted and go to the board**  
17      **for approval.**

18      **TAYLOR           All right.**

19      **DUGDALE          I would mention that (INAUDIBLE) a point**  
20      **about the hardship is to be to the applicant the statute**  
21      **specifically mentions that so it's not a hardship necessarily to**  
22      **an employee or some other third party.**

1           **TAYLOR**           You know I think the hardship -- you're the  
2           **one that's going to spend the money to --**

3           **MINGER**           **(INAUDIBLE).**

4           **TAYLOR**           I was guessing about forty thousand dollars  
5           **for Jones County to build a plant.**

6           **PETERSEN**       Well and I'm not so concerned about her  
7           **dipping in to her savings she can spend her money on whatever**  
8           **she wants but I think the hardship comes into the fact that**  
9           **she's not really able to do business that we're able to issue**  
10          **certificates on at this point and so I'm seeing that and I'm**  
11          **seeing she's working towards that goal and headed that**  
12          **direction and nobody hear says that these people don't know**  
13          **what they're doing I feel pretty comfortable saying okay go**  
14          **ahead but I like the twelve months let's make sure they do**  
15          **something and they come back in twelve months and they've**  
16          **got three records forget it; they're done.**

17          **MINGER**           Do you send somebody to inspect or do you  
18          **just call me up and say --**

19          **PETERSEN**       In twelve months you're going to need to be  
20          **paying attention and calling us I think --**

21          **TAYLOR**           Loyd's got --

1           **OGLE**           **The I.L.T.A. will come and inspect you when**  
2           **it gets close to twelve months.**

3           **SCHNEIDER**   **Can I make a motion?**

4           **TAYLOR**           **You may.**

5           **SCHNEIDER**   **Okay I move that we approve Sharon**  
6           **Minger's waiver.**

7           **PETERSEN**       **Second.**

8           **TAYLOR**           **It's been moved and seconded and all in**  
9           **favor -- are we going to do a roll call on this?**

10          **UNKNOWN**       **Pat?**

11          **SCHNEIDER**   **Yes.**

12          **UNKNOWN**       **(INAUDIBLE).**

13          **UNKNOWN**       **Deb?**

14          **PETERSEN**       **Yes.**

15          **MURPHY**           **Mitch?**

16          **TAYLOR**           **Yes.**

17          **TAYLOR**           **Congratulations and good luck. To both of**  
18          **you, good luck.**

19          **PETERSEN**       **We haven't had a motion to adjourn yet.**

20          **OGLE**               **We need to schedule a special board meeting**  
21          **to approve the decisions. I would suggest some time in July.**

1           **TAYLOR**           **That's fine, let's do it. Can we do a special**  
2           **meeting to set these rules too?**

3           **OGLE**               **Well we're --**

4           **TAYLOR**           **This summer.**

5           **OGLE**               **That's going to take a little longer but --**

6           **TAYLOR**           **Let's do it September October or July**  
7           **August.**

8           **OGLE**               **September?**

9           **PETERSEN**       **What do you want to do?**

10          **OGLE**               **I think (INAUDIBLE) next waiver scheduled**  
11          **(INAUDIBLE).**

12          **PETERSEN**       **We'll have what?**

13          **OGLE**               **We'll work on the draft on the proposal of**  
14          **administrative rules governing the waiver process and**  
15          **supplying terms and you guys will be fully involved in that role**  
16          **as we develop that we'll send it to you --**

17          **PETERSEN**       **Good we're looking for more (INAUDIBLE).**

18          **MURPHY**           **Technically those rules are adopted by the**  
19          **I.F.A. Board but I think we'll want their input on it --**

20          **SCHNEIDER**      **So are you thinking that in July?**

21          **OGLE**               **Well we need a board meeting to approve the**  
22          **written decisions that accompany this.**

1           **TAYLOR**           **But we can do that on the phone -- a public**  
2           **meeting how do you do that?**

3           **OGLE**               **WE can hold a board meeting electronically**  
4           **via the phone. We would send out --**

5           **PETERSEN**       **Or we could come here --**

6           **OGLE**               **Yes or we could come here we'll have an**  
7           **eight hundred number to dial in on and stuff so --**

8           **TAYLOR**           **July --**

9           **PETERSEN**       **Okay --**

10          **TAYLOR**           **It shouldn't take long guys.**

11          **PETERSEN**       **The tenth --**

12          **TAYLOR**           **I don't have a calendar so --**

13          **OGLE**               **July 10<sup>th</sup> is a Tuesday.**

14          **SCHNEIDER**       **That sounds good.**

15          **PETERSEN**       **That's not good you say?**

16          **SCHNEIDER**       **No that's good.**

17          **DUGDALE**           **July 10<sup>th</sup> at what time?**

18          **TAYLOR**           **One o'clock.**

19          **DUGDALE**           **One o'clock okay.**

20          **TAYLOR**           **Then do you want to set a fall waiver**  
21          **hearing?**

22          **OGLE**               **(INAUDIBLE).**



- 1           **PETERSEN**        I've got that down for September 4<sup>th</sup> is what  
2           Becky told me.
- 3           **SCHNEIDER**       September 4<sup>th</sup>?
- 4           **OGLE**                That would be our next regularly scheduled  
5           meeting.
- 6           **PETERSEN**        That'd be the first Tuesday.
- 7           **B. PETERSEN**      The first Tuesday of the month of that  
8           quarter.
- 9           **SCHNEIDER**        Oh okay.
- 10          **PETERSEN**        Even if it is the day after Labor Day.
- 11          **SCHNEIDER**        Oh.
- 12          **OGLE**                Or we can we have adjusted with the I.F.A.  
13          Board on when there's holidays in the same week we'll adjust  
14          it if you want to hold it a week later.
- 15          **PETERSEN**        I'm leaving --
- 16          **TAYLOR**            No.
- 17          **PETERSEN**        I really can't do the eleventh anyway.
- 18          **TAYLOR**            I was on my way here on September 11<sup>th</sup>.
- 19          **PETERSEN**        I don't like to do a lot of things on  
20          September 11<sup>th</sup>.
- 21          **TAYLOR**            That one's too close I'm really spooky.
- 22          **PETERSEN**        We have the eighteenth or the fourth.

1           **TAYLOR**           I won't do anything on December 12<sup>th</sup> or  
2           December 7<sup>th</sup> --

3           **OGLE**                You want to -- we can go the eighteenth if  
4           you want to go September --

5           **TAYLOR**           No let's just do the fourth they want us in  
6           front of them right?

7           **PETERSEN**         September 4<sup>th</sup> and then December 4<sup>th</sup>.

8           **SCHNEIDER**       Is that how it falls?

9           **PETERSEN**         Yes I don't know how that happened.

10          **TAYLOR**           Did you already schedule one in December?

11          **PETERSEN**       She told me put down the first Tuesday of  
12          every quarter.

13          **TAYLOR**           We routinely do this.

14          **PETERSEN**       I've got it on the two thousand and eight --

15          **TAYLOR**           Can we have a motion to adjourn Wally?

16          **MURPHY**         So move.

17          **PETERSEN**       Second.

18          **TAYLOR**           All those in favor I --

19          **BOARD**           I.

20

21

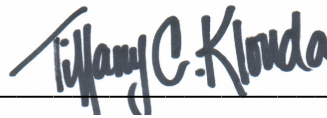
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**C E R T I F I C A T E**

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I, **Tiffany C. Klouda**, do hereby certify that the above and foregoing audio recording was transcribed by me; that thereafter I personally supervised the transcription of the said audio recording; that said audio recording is a true and complete transcription, as audibly possible.

**Dated this 11 day of August, 2008.**

A handwritten signature in black ink that reads "Tiffany C. Klouda". The signature is written in a cursive style and is positioned above a horizontal line.

---

**Tiffany C. Klouda**