



SEARCHLIGHT TITLE SERVICES

BEST PRACTICES

REVISED: 9/30/2024

Searchlight Title Services follows the guidelines set forth by the American Land Title Association (ALTA) for the framework of their best practices. The guidelines are developed using the following 7 Pillars:

Pillar 1 – Licensing

Pillar 2 – Escrow Trust Accounting

Pillar 3 – Privacy and Information

Pillar 4 – Settlement Process

Pillar 5 – Policy Production, Delivery, Reporting and Premium Audit

Pillar 6 – Professional Liability

Pillar 7 – Consumer Complaints

The following documentation exhibits the standards that Searchlight Title Services uses to adhere to all 7 ALTA Pillars. This documentation is reviewed and assessed each quarter for any significant changes and all necessary changes are approved by management.

Pillar #1 – Licensing

On an annual basis Searchlight Title Services reviews the state mandated insurance licenses and corporate registration to ensure it remains in good standing with the State of Michigan. The following exhibit identifies all licensed individuals at Searchlight, their license numbers, effective dates and underwriter appointments.

Pillar #2 – Escrow Trust Accounting

Searchlight Title Services maintains the appropriate written procedures and controls for all open bank accounts both escrow and non-escrow. A bank account checklist is used to maintain controls over all the use and access to escrow accounts. The checklist contains information including all authorized signers, roles & access to each account and procedures for receiving and disbursing funds from each account. Each checklist is reviewed quarterly and at the time of a new hire or departure of an employee responsible for receiving & disbursing funds. Any necessary changes are approved by two members of management.

Written procedures are reviewed quarterly and updated as necessary. Procedures exist for all phases of funding and are summarized below.

Wires Procedures

All wires transactions are maintained with dual controls through our title insurance software and any online access to escrow bank accounts. Searchlight Title has four authorized employees who can either initiate or approve wires. Each wire transaction requires an initiation by an authorized individual and a separate approval from a different authorized individual. These controls are maintained and monitored through our online banking access. After a wire has been approved, an image of the Federal Reference number is scanned into the appropriate file in our title insurance software. Outgoing wire instructions are received through Closing Lock as well as in person. Closing Lock is a secure portal where our clients can upload their banking information through Plaid verification or manual entry. If the instructions are received by manual entry, the instructions will be verified at the closing or through a direct phone call.

Check Signing

All escrow checks are produced within our title insurance software and are printed with an electronic stamp. The check production process is setup as a dual control procedure. A request for printed checks is initiated by an authorized individual in the closing department within the title insurance software. That request is sent to a different authorized individual in the funding department who examines the file to determine the validity of the check request. The file is examined to determine that good funds are available to disburse. After validation, the checks

are printed by the funding department and delivered to the closing department. Each file in the title insurance software has a log of receipt and disbursements that must balance to zero.

Check Voiding

All voided checks are marked “void” and maintained in a secure location by an authorized individual. Stop payments on checks are used in the cases of misplaced or lost checks. The authorized individual must first determine the misplaced or lost check has not cleared the bank account. If the check has been determined to not have cleared the bank, a stop payment will be issued and a replacement check produced through the dual control process.

Bank Reconciliations

Searchlight Title performs two-way daily reconciliations through Rynoh software. Rynoh pulls daily activity from our title insurance software and reconciles to the daily bank activity in each escrow account. The differences report is received by all authorized individuals and any issues are rectified each morning. After any necessary corrections, the adjusted book and bank balances are verified to equal.

Searchlight Title performs three-way monthly reconciliations. The Accounting Department completes the monthly reconciliations of all bank accounts. These reconciliations are verified with the reconciliation in the title insurance software and Rynoh. The adjusted book balances and bank balances are verified to equal. The log of all outstanding checks is reviewed monthly to determine any high-risk checks. All high-risk checks are researched to determine they have been disbursed properly and a request is sent to the closing department for follow-up. A log of all positive balances in files are researched to determine the reason and nature of the balance. Follow-up is performed with the closing department to determine the timing of disbursement for all positive balances.

Pillar #3 – Privacy and Information

Information is an asset that has significant value to Searchlight Title and its clients. Informational security is a critical component to ensure the confidentiality, integrity and availability of private information. Searchlight Title takes the responsibility very serious and has developed the requirements that are necessary to protect private information against unauthorized access, modification or destruction for both physical and network security. Management with the assistance of our third-party IT support group is responsible for development and implementation of all policies regarding information security and privacy. The final approval by management is completed before any distribution of material or training

is conducted. Annual training is performed by the IT department to ensure all employees are informed and current on all policies. Periodic testing is performed by our IT support group to determine the policies and procedures are adequately trained and in use.

Clean Desk Policy

Searchlight Title mandates a “clean desk policy” to ensure all non-public information (NPI) is stored and secured daily. Computers are logged off or locked when unattended. Searchlight Title implements “two-factor” authentication to access any device that contain NPI. Two-factor authentication requires the use to enter a unique random code along with their username and password to access any device with NPI. Passwords are secured at all times and not shared for any reason.

Risk Assessment and Monitoring

Searchlight Title has established an Information Security Risk Assessment that identifies risks including locations, systems, and methods for storing, protecting, transmitting, and disposing of NPI. The risk evaluation and implementation of controls are developed by management. The identified risks are tested annually by internal resources. The risk assessment process is performed on an annual basis and the results are reviewed by management.

Physical Security

Searchlight Title monitors the risks involved with physical security on an annual basis. Physical security includes access to buildings, server rooms and removable devices that are used by its employees. The “Employee Termination Checklist” is used to ensure all devices with NPI are returned upon termination of employment.

Customer Privacy Policy

Searchlight Title collects NPI from the following sources:

1. Information received from customers on application or other forms
2. Information about customer transactions with Searchlight or its affiliates
3. Information received from a consumer-reporting agency.

Searchlight Title restricts access to NPI to those applicable parties who need to know that information to provide products or services to customers. Searchlight maintains physical, electronic, and procedural safeguards that comply with federal regulations to guard NPI.

Record Retention and Disposal Policy

Searchlight Title maintains a Record Retention Schedule based on the classification of information (Public, Internal Use Only, NPI) and all legal and contractual requirements along with applicable industry standards. Data classified as Public is excluded from retention unless deemed necessary by management.

Data Breach Incident Policy

Searchlight Title has developed and implemented an Incident Response Plan to ensure all issues are handled timely and accurately. The Company has designated the Incident Response committee as the data breach contact for all incidents. The committee is responsible for the implementation, training and monitoring of the plan. The committee has established the plan to monitor, investigate and respond to each incident as well as recommend process improvements to mitigate the risk of future incidents. The plan is reviewed on an annual basis and any necessary changes are approved by management.

Pillar #4 – Settlement Process

Recording Documents

Searchlight Title submits documents for recording within two (2) business days of the later of (i) the date of Settlement or (ii) the receipt of the documents by the Company if the Settlement is not performed by the Company. The documents to be recorded and date/time of submission for recording are noted in the title insurance software through the Recording Status Log.

Recording status is verified by one of the following methods:

1. If recording information is available online, status is checked every 48 hours.
2. If electronic recording is used, confirmation of recording documents received is reviewed daily
3. Management reviews the files weekly to verified documents have been submitted

Upon receipt of recording documents, the file is updated with the necessary information manually if paper recorded or through integration if electronically recorded. Rejected documents are resubmitted within two (2) business days of receipt of the rejection. Rejected recordings are documented in the files and resubmission is date/time logged.

Established Rates Policy

Searchlight's title insurance premium charges comply with current filed or promulgated rates, endorsements, and/or rates established by each of our Underwriters. Where overpayments

occur, refunds are issued upon discovery. Non-title insurance rates for services provided by Searchlight are included in the policy.

Third-Party Signing Professionals Policy

Searchlight Title complies with required oversight of Third-Party Signing Professionals as determined by legal and contractual obligations. Those obligations include evidence of current Errors & Omissions insurance and notary surety bond, evidence of current state licensure or verifiable industry designation, and executing the Acknowledgement of Responsibilities as Third-Party Service Provider document acknowledging compliance with Searchlight's Information Security Policy and Privacy Policy.

Pillar #5 – Policy Production, Delivery, Reporting and Premium Audit

Searchlight Title ensures title insurance policies are delivery in a timely manner to meet statutory, regulatory, or contractual obligations. If all terms and conditions are satisfied at settlement, Searchlight Title delivers within 30 days of settlement all title insurance products according to requirements in the file instructions. If all terms and conditions are not satisfied at settlement, then within 30 days of satisfaction of all terms and conditions, Searchlight Title will prepare and deliver to the customer all title insurance products according to the requirements in the file instructions.

Delivery of title insurance products is completed immediately following policy production and each file has an auditable trail regarding who sent the title products by one of the following methods: (1) by email, (2) by mail, (3) by courier (UPS), or (4) in person.

All open files with a settlement date more than 30 days prior are reviewed monthly to determine if title insurance policies have been issued. If not, the files are reviewed to determine any issues with requirements. After all requirements are met, the title policy is issued immediately.

Searchlight Title reports title policies to our various underwriters within 30 days following the (1) settlement date, or (2) date the terms and conditions of the title insurance commitment are satisfied, or based on statutory, regulatory, or contractual obligations, whichever is earlier. On a monthly basis, Searchlight Title remits electronic all title insurance policies and premiums to all of our underwriters.

Pillar #6 – Professional Liability

Searchlight Title maintains the appropriate insurance coverage as mandated by the State of Michigan and First American Title Insurance Company to assure the financial capacity to stand

behind the services provided. The E&O insurance declaration pages for the current year are attached.

Pillar #7 – Consumer Complaints

Searchlight maintains an email account to receive and address consumer complaints to ensure that the Company maintains a high level of service and continues to operate in a compliant manner.

Each of the following criteria will be met to qualify as a consumer complaint:

1. Submitted by or on behalf of a consumer
2. Expresses verbal or written notice of poor service
3. Relates to an agreed upon service that has been or is being provided
4. A response or resolution is explicitly or implicitly expected

Searchlight accepts consumer complaints regardless of source or method of submission. All complaints are appropriately documented. Complaints are reviewed and routed to the appropriate individuals. Upon receipt, identified personnel respond to, address and/or resolve the complaint promptly. Management periodically reviews the complaint data to ensure complaints are address in a timely manner, identifying process improvement opportunities and making adjustments to business practices as necessary.