

# ALTA BEST PRACTICES ASSESSMENT GUIDE AND FAQ RESOURCE



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## **Introduction:**

The Best Practices assessment process allows industry professionals to demonstrate to consumers, lenders, and other parties who may contract their services that they have adopted policies and procedures in compliance with the Best Practices standards. ALTA designed this Assessment Option Guide and FAQ Resource to help title insurance agents and lenders understand:

- (1) the Best Practices self-assessment process and the importance of undergoing a Best Practices assessment;
- (2) how to conduct a Best Practices self-assessment; and
- (3) ALTA's role in performing a Best Practices self assessment.

## **ALTA Tools Available for Assessments:**

ALTA has created a number of tools to assist companies throughout the assessment process, which are available for download on [ALTA's Best Practices Resources and Documents webpage](#). Below is a list of the available tools with a brief description. These tools will be referenced throughout this Assessment Guide and FAQ Resource.

### **Best Practices Policy and Procedure Creation Guidance**

- The Policy and Procedure Creation Guidance includes detailed instructions and tips on how to draft procedures that fit a company's practices, an example of what written policies and procedures should look like, as well as a template to provide a standard format for recording policies and procedures.

### **Sample Outline/Table of Contents for Best Practices Policy and Procedure**

- The Sample Outline provides an example of items a final policy and procedure should include.

### **Template for Best Practices Policy and Procedure**

- The Template provides a standard format for companies to use when drafting their policy and procedures. After drafting their policies and procedures, companies can combine these Templates into a Best Practices Manual.

### **ALTA Best Practices Workbooks**

- The Best Practices Workbooks consist of a series of questionnaires designed to aid companies in determining whether the policies they have in place meet the Best

Practices standards. Each Workbook focuses on a pillar of the Best Practices and guides companies through many of the potential policies they could have in place to meet the aspects of that Best Practice pillar.

### **ALTA Assessment Procedures**

- The Assessment Procedures is the standard set of evaluation procedures, promulgated by ALTA, to help companies determine whether they meet the Best Practices.

### **ALTA Assessment Readiness Guides**

- The Assessment Readiness Guides help companies self-assess their compliance with each pillar of ALTA's Best Practices. Each guide contains a series of simple yes/no questions about a company's practices and series of simple testing standards based on the Assessment Procedures for a specific pillar. The guides also allow companies to attach documents that evidence their compliance with Best Practices.

### **ALTA Compliance Management Report**

- The Compliance Management Report is a high level report that companies complete to provide the results of a self assessment to lenders or other third parties. Users must first complete a self assessment using the Assessment Readiness Guides before completing this Report. The Report also allows a company to attest that it meets all of the Best Practices standards.

### **ALTA Certification Package**

- The Certification Package is a three-part product that can be provided to a company's customers, including its lender customers, to demonstrate that it is compliant with the Best Practices standards. This product includes:
  1. Agency Letter from the company to its customer certifying that it is compliant with the Best Practices standards
  2. Best Practices Certificate, which may be substituted for a copy of the company's completed the Compliance Management Report, or a copy of the company's Best Practices Manual.
  3. The Declarations Page of the company's Errors and Omissions or Professional Liability policies

## **General Best Practices Assessment FAQs:**

### **What is a Best Practices assessment?**

**A:** *An assessment is a review of the company's operations for determining whether a company meets the ALTA Best Practices.*

### **Why should my company undergo a Best Practices assessment?**

**A:** *A company should undergo a Best Practices assessment to prove the company's compliance with the ALTA Title Insurance & Best Practices to your lenders and other customers. Some lenders require closing agents/attorneys to provide evidence of their compliance with Best Practices including asking specifically for a copy of the results of the company's assessment.*

### **How often should my company undergo a Best Practices assessment?**

**A:** *ALTA recommends that you perform an assessment of your company's compliance with Best Practices every 24 months.*

### **What should I provide to a lender who requests information about my company's policies and procedures?**

**A:** *If a lender requests information about your company's policies and procedures, you should provide them with either:*

- 1. Your Best Practices Manual containing the policies and procedures that you have in place to meet the Best Practices*
- 2. The results of your Best Practices assessment, such as a completed Compliance Management Report*
- 3. A copy of your completed Certification Package*

*If the request is in the form of a questionnaire, you should reach out to the lender to determine if providing any of the above is sufficient. If not, you should complete the questionnaire.*

## Should I conduct a self assessment if the lenders I do business with have not set any requirements related to the Best Practices?

**A:** *Yes, ALTA recommends that all agents conduct self assessments. They are a valuable tool for helping company's determine their compliance with Best Practices. Even if your lender does not have Best Practice requirements, a self assessment can be a good marketing tool to customers and can help inform your lenders about the procedures you have in place to protect their clients.*

## Were any of the Best Practices standards designed to be adopted by state regulators?

**A:** *No, the Best Practices are a voluntary set of industry-developed standards. They are not designed to meet state legal requirements. ALTA did not intend for state regulators to adopt Best Practices or make them part of the examination process for state licensed title providers. If state laws and regulations are more stringent than the Best Practices, you should ensure that you comply with those laws and regulations.*

## If my company undergoes a Best Practices assessment, does that mean that my company is “CFPB certified”?

**A:** *No, there is no such thing as a “CFPB certification.” The Best Practices are an industry set of standards that is in no way affiliated with the CFPB’s TILA-RESPA Integrated Disclosure (TRID) rule. Although complying with the Best Practices helps ensure that you are following TRID’s requirements, the Best Practices standards were not designed to meet the requirements of this regulation. You must still implement the necessary changes in your business practice to ensure you are meeting TRID’s requirements.*

## Preliminary Steps FAQs:

### If I want to conduct an assessment of my company’s compliance with Best Practices, what should I do first?

**A:** *Before you embark on an assessment of any type, be sure to do the following things:*

- *Review ALTA’s Best Practices Frequently Asked Questions*
- *Create a Best Practices Manual to document your company’s policies and procedures using:*
  - *ALTA’s Best Practices Policy and Procedure Creation Guidance*

- *ALTA's Sample Outline/ Table of Contents for Best Practices Policy and Procedure*
- *ATLA's Template for Best Practices Policy and Procedure*
- *ALTA's Best Practices Workbooks for each pillar*
- *Tools provided by your underwriter(s)*
- *If you need additional help implementing policies and procedures that meet the Best Practices standards, you may wish to contact your underwriter(s) or one of [ALTA's Elite Providers](#).*

### **How should I determine what type of assessment my company should undergo?**

**A:** *Choosing the correct assessment option is critical to the Best Practices assessment process. ALTA recommends that all companies undergo a self assessment to determine your company's compliance with Best Practices. Performing a self assessment can help your company determine whether it has sufficient policies and procedures in place to meet the Best Practices standards. Upon completing a self assessment, you should reach out to your lender partners to determine if they would like to see you undergo any specific type of Best Practices assessment, whether it is a self assessment or a third-party assessment.*

### **Does ALTA perform any Best Practices assessments?**

**A:** *No, ALTA does not perform any Best Practices assessments, nor does ALTA certify any company's compliance with the Best Practices. However, ALTA does provide a number of tools to help companies and third parties conduct assessments.*

### **Whom should I send my assessment and certification to once my company completes these documents?**

**A:** *You should send any evidence of your assessment and certification to your lender partners, if requested. You do not need to send a copy to ALTA.*

### **Does ALTA provide any type of badge or other designation that a company is compliant with the Best Practices?**

**A:** *No, ALTA does not conduct any assessment or certification services, and does not have a badge or similar designation to indicate that a company is Best Practices compliant.*

## Does ALTA have any requirements for companies performing third-party assessments?

**A:** *No, ALTA does not have any specific requirements or qualifications for companies wishing to conduct a Best Practices Assessment. Third parties who opt to perform Best Practices assessments should be familiar with the Best Practices standards and should use the Best Practices Assessment Procedures to guide any assessments they perform. For Certified Public Accountants seeking more information about how to conduct a Best Practices assessment, please visit the [American Institute of CPAs website](#) to view the Institute's Technical Questions and Answers on ALTA's Best Practices.*

## **Self Assessment FAQs:**

### What is a self assessment?

**A:** *The self assessment is a review conducted internally by your company that requires you to review your company's procedures and test your operations to determine your compliance with the Best Practices standards.*

### Who conducts the self assessment?

**A:** *The self assessment is conducted by designated staff members of your staff with review by management.*

### What should I do when my lender requests an ALTA self assessment?

**A:** *To conduct an ALTA self assessment, a company should complete each of the seven Assessment Readiness Guides, as described below. Once the Guides and any remediation plans are completed appropriately, the company should complete an ALTA Compliance Management Report and send that report to any lenders requesting a self assessment.*

### How should a company conduct a self assessment?

**A:** *To conduct a self assessment, a company should:*

- 1. Download and review all seven ALTA Assessment Readiness Guides.*
- 2. Set an internal timeline for completing each Guide. Consider focusing on completing one guide at a time.*
- 3. If possible, segregate duties in completing Guides. Have one staff person answer the questions while another does the testing.*
- 4. Reach out to your underwriter(s) for information necessary to complete the assessment.*

5. *Review each question in the Guides and respond with a yes, no, or not applicable.*
6. *After responding to each question, conduct the testing noted in the Guide.*
7. *If you answer “No” to a question or testing shows you are not in compliance, you should develop an Action Plan for completing adoption or explain why adoption is not possible. This Action Plan should include a brief description of the actions being taken to meet the Best Practice and should set a target date for completing the necessary changes to make you compliant.*
8. *Once each Guide is complete and you have developed all the appropriate Action Plans, then complete a Compliance Management Report*

**How should a company report the results of their self assessment and the information produced by completing all seven Assessment Readiness Guides?**

**A:** *A company should perform the following steps to report the results of their self assessment:*

1. *Use completed Assessment Readiness Guides to fill out the Compliance Management Report.*
2. *Complete the Certification Package for your own company by indicating that your company is the entity that performed the Assessment Procedures and that your company is the entity to whom the Certificate is being issued. The Certificate would then be signed by your company’s President or someone with similar management authority.*
3. *Certify your compliance by sending a completed Compliance Management Report, Certification Package, and any remediation Action Plans to lenders, if requested.*

**What is the cost of obtaining a self assessment?**

**A:** *The cost of a self assessment is measured in staff time and resources for self-assessment and remediation Action Plan. The staff time and resources necessary to conduct a self assessment will depend on what policies and procedures your company already has in place and what remediation needs to be done after your initial assessment.*

**For more information about the Best Practices, please visit**

**[www.alta.org/bestpractices](http://www.alta.org/bestpractices)**