



Compliance implementation can be beneficial and painful

The regulatory landscape has changed dramatically in the past three years.

In the past, agencies had someone, generally a lawyer, ensuring the company was in compliance with RESPA and state regulations. Now, there are chief compliance officers and compliance departments dedicated to regulations and their deadlines.

At TitleOne, General Counsel **Cameron McFadden** was the point person for the company's compliance activities. Now, **Vicki White** serves as senior vice president of culture and quality in charge of compliance.

"As an organization, we've grown quite a bit over the past four years," TitleOne CEO **Mark Tidd** said. "We had to make our organization a little more robust in terms of the support we've been providing to all our offices. We have one national contract with a large lender. We needed to ensure we were meeting the customers' requirements."

Two-and-a-half years ago, TitleOne completed its first SSAE 16 audit. Its lender customers were not requiring it yet, but Tidd said it was likely there would be an overlap between the requirements for the audit and his customers'. By being proactive, he and his staff were able to communicate that the company had taken serious measures to be in compliance and could provide a safe environment for consumer information. McFadden said the process was helpful, but painful as well. The audit process showed the company had most of the processes in place, but much of it wasn't properly documented. He said it provided more clarity and helped speed up TitleOne's compliance.

Orange Coast Title Co. Executive Vice President and General

Counsel **Bill Burding** had similar thoughts on the process. He said the SSAE 16 process was onerous at the beginning but, like most regulations, improved his business. He said it was more time-consuming than anything else.

"As much as this has been a rigorous process, it's made us a better, stronger company," Burding said. "There wasn't anything that painful to give up. I think some people who aren't used to a clean desk policy had trouble adjusting and encryption can be difficult sometimes. It's something we should have been doing all along. It's been more of a natural transition."



Tidd said he misses the personal touch his office offered before it had to be locked down. Most of TitleOne's offices are now only accessible with a keycard and the escrow and title personnel offices are off-limits to the public. Although that has its security advantages, Tidd said it limits that personal aspect of the business. It may have been informal, but that style helped deepen the relationship between the company and its customers and consumers.

"A difficult thing about implementing these regulations is they don't fit uniformly across the operational footprint," McFadden said. "You get into a rural county like we have and it's more awkward. It's still necessary, but it's hard to explain to that farmer or rancher why he can't walk back to his escrow officer's office and chat with her. They don't see the threats in these environments, and we don't necessarily either, but that's the problem with uniformly applying these things across a diverse footprint."



Tidd and his staff have been working on this since the middle of last year. He and his staff have the upgrade to their production software and are in the process of testing that.

Burding agreed. He said, "I wouldn't say we're ready yet, but we're on our way to being ready. For the forms we have a proprietary software program. We're putting the final touches on it, but we're in the beta phase. The part that worries me is the portals, the connection to the banks."

Both agents have done a significant amount of training, not only of their own employees, but also their customers. Tidd has visited many of his Realtor and lender clients to determine where they were at in the process, and many are not ready to comply just yet. He said most of his regional and local lenders do not have a plan in place yet and some aren't aware of the new regulations. TitleOne will also soon launch a "heavy-duty education" campaign aimed at its customers over the next two to three months.

Burding has distributed a series of videos for his employees and visited his customers to educate them on the changes. He's in the process of going through his second SSAE 16 audit, but this process will focus on how Orange Coast is actually implementing its policies and procedures, and will show its customers and

consumers how the practices are safeguarding them.

"It's a never-ending process," Burding said. "We say internally, 'Being compliant today doesn't mean you're compliant tomorrow.' Just because you've passed the audit doesn't mean you can take a deep breath and relax."

"The process can absolutely be intimidating," Burding continued. "It's easy to throw your hands up in the air and say it's too difficult. We formed a committee to do it. We broke it down into sections, areas and responsibilities. The tasks became a lot more manageable. You have to do it one piece at a time. They can get this done. There is built-in scalability in almost all the statutes."

When Tidd began the compliance process recently, he wanted to not only beat the competition, but also be the experts TitleOne's customers need to help them understand all the changes in the title insurance world.

"We've tried a little more of holistic approach to compliance by incorporating and developing a quality program instead of just complying," Tidd said. "Aside from the compliance activity we had to do, we're also trying to improve our quality and service."

