



**ALLIANT  
NATIONAL**  
TITLE INSURANCE COMPANY

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April 2, 2018

Ms. Shelley Stewart  
Southern Title Holding Company, LLC  
2335 Beville Rd  
Daytona Beach, FL 32119

Dear Ms. Stewart,

Southern Title Holding Company, LLC is certified as an **Authorized Service Provider** for Alliant National Title Insurance Company in 2018. This is the sixth year that your company has achieved this qualification.



To earn Alliant National's *Authorized Service Provider* certification, Southern Title Holding Company, LLC demonstrated a track record of complying with Alliant National's control standards, which includes an extensive review under Alliant National's Agent Quality Management System (Agent QMS). The Agent QMS has been SSAE 18 Type 2 compliant since 2014 and is certified annually by A-Lign, a national independent CPA firm specializing in security, assurance and compliance auditing. Southern Title Holding Company, LLC falls within the umbrella of Alliant National's SSAE 18 Type 2 and is tested annually and re-certified by Alliant National. **The latest SSAE 18 Type 2 report is available to any of your lenders upon request.**

The Agent QMS and the SSAE 18 Type 2 audit include the following processes and systems:

1. **New Agent Acceptance Process:** A thorough, standards-based agent approval process, including comprehensive escrow and trust accounting reviews.
2. **Quality Assurance Review (QAR):** A comprehensive on-site examination of business processes, internal controls, ALTA best practices, including escrow and closing. A QAR is conducted by a trained auditor with extensive experience examining the operations of title agencies.
3. **Agent Review Process:** An annual agent review, incorporating the QAR and twelve additional standards, including a subset of ALTA best practices required to maintain certification as an Authorized Service Provider.
4. **Corrective Action Process:** Our corrective action process defines corrections and corrective actions required under our systems for an agent to maintain certification as an *Authorized Service Provider*. If any of the major controls tested fail to meet standard, a corrective action is opened and tracked until effectively closed.

The processes above, along with many others, are within the SSAE 18 Type 2 audit scope. The processes are used and maintained by qualified professionals working cross-functionally with appropriate management oversight and control based on written policies, procedures, and process maps. The SSAE 18 Type 2 audit is an independent examination validating adherence to the documented policies, procedures and controls within the Agent QMS.

Alliant National's Authorized Service Provider seal affirms Southern Title Holding Company, LLC meets the rigorous standards essential to being an Alliant National *Authorized Service Provider*. We are proud to have Southern Title Holding Company, LLC as an integral member of our network of independent title/settlement agents partnering with us toward our mutual goal of providing the best real estate settlement process for all parties in the transaction.

If we can help you with more specific information please contact:

Phyllis Mulder, Esq., Chief Legal and Compliance Officer  
[pmulder@alliantnational.com](mailto:pmulder@alliantnational.com) ~ 303.682.9800 x400

With our respect and appreciation and on behalf of all of us at Alliant National,

Robert J. Grubb  
President / Chief Executive Officer



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## AUTHORIZED SERVICE PROVIDER PROGRAM

Enclosed is your Authorized Service Provider Certification Letter based on your recent Quality Assurance Review (QAR). This Letter is valid until your next QAR and agent review is successfully completed.

As our agent, you are part of the only review system in the industry validated by an independent auditing firm! This means that your certification as an Authorized Service Provider is the most robust designation available in the industry.

This designation reflects that you successfully met the requirements of Alliant National's QAR and additional standards of our comprehensive Agent Quality Management System (QMS) that is SSAE 18 Type 2 Compliant.

This new Letter will become increasingly helpful to you as more lenders begin to meet their "vendor management" responsibilities required by their regulators.

Accordingly, we are pleased to present you with Alliant National's Authorized Service Provider packet:

### CERTIFICATION LETTER

A tool prepared for you which describes our SSAE 18 Type 2 compliant QMS, our reinsurance strength and bond coverage. The Certification Letter provides evidence of your current Authorized Service Provider status. You can proudly display the first page of the Certification Letter in your lobby. We recommend that you scan and retain the Certification Letter to provide to lenders, as needed.

### WEBSITE SEAL

We have provided a seal for your website that identifies you as an Alliant National Authorized Service Provider. The link to upload the seal to your website is as follows:

<http://arc.alliantnational.com/Libraries/AGENTS/AuthorizedServiceProvider.sflb.ashx>

We are proud to have you as an Alliant National agent. It is our hope that this packet will be helpful as we move forward with confidence in this new reality of lender certification.

As always, if we may be of any assistance or if you have any questions, please let us know.

We are at your service.

*Kyle Rank, Rodney Anderson, Jim Hensley, Tracey Webb, Kitty Stevens, Mike Rubin, Debra Coffie, Mary Ann Howard, Jeannette Black, Frank Camperlengo, Sean Culhane, Craig Dunbar, Dan Hamilton, Wayne McDonald, Tracy Pace, Manoj Purohit, Donna Abmins, Mark Szenas, Jim Gillman, Grant Zehner, Janet Minke, Frances Hughes, and Lisa Yates*



## AUTHORIZED SERVICE PROVIDER SYSTEM OVERVIEW

In 2008 Alliant National began an effort with the help of a Certified Quality Engineer (CQE) to oversee the design, development and validation of our on-site *Quality Assurance Review (QAR)* to help our Agents meet the needs of their regulators while improving their process quality, efficiency and internal controls. The validation and testing of the QAR was completed in 2011 and continuous improvement cycles occur annually. In 2010, we expanded our efforts to include a systemic approach to enterprise risk management, including the creation of our *Agent Quality Management System (Agent QMS)* which comprises all processes relating to the approval, monitoring and annual review of our Agents in a standards based system. In 2013, we received an SSAE 18 Type 1 (SOC 1) covering our Agent QMS. Since 2012, the result of a successful annual review of our Agents under the Agent QMS is the Agent being designated an *Authorized Service Provider* of Alliant National. An overview of the areas reviewed as part of the Agent QMS is summarized below.

Since 2014, Alliant National has maintained an annual SSAE 18 Type 2 (SOC 1) examination to verify the effectiveness of our processes for approving, monitoring, and reviewing our Agents, which results in our Agents being designated as an *Authorized Service Provider*. The SSAE Type 2 examination report is issued according to AICPA governing criteria. The examination report states that Alliant National Title Insurance Company has maintained effective controls over its Agent QMS for the specified time period.

Under the SSAE 18 framework, any corporate process, procedure or system which can influence the performance of the Agent QMS must also be audited for compliance in order for the Agent QMS to meet the criteria established under SSAE 18 Type 2 (SOC 1).

### **SSAE 18 Type 2 (SOC 1) Scope – Processes & Systems**

#### **I. New Agent Approval Process**

- ✓ On-Site Review of Operational and Staff Capabilities
- ✓ Detailed Application
- ✓ Entity and Individual Licensing
- ✓ Escrow Reconciliation Review (Immediate prior three consecutive months)
- ✓ Analysis Claims Experience (Prior three years)
- ✓ Background Check and Review of Court Actions (Owners, Officers and Control People)
- ✓ Review of Regulatory Enforcement Actions
- ✓ Validation of Insurance:
  - Errors & Omissions Insurance
  - Fidelity & Surety Bonds, when applicable
  - Escrow Security Bonds, when applicable
  - Cyber-Liability, when applicable

#### **II. On-Site Quality Assurance Reviews (QARs) – areas covered in the QAR and the Report to Agents and Alliant National Management include:**

- ✓ Site and Facility Review
- ✓ General Agency Administration and Internal Controls
- ✓ Title Search Process
- ✓ Settlement/Closing Process
- ✓ Post-Closing Process
- ✓ Escrow Reconciliation Review
- ✓ Policy Production and Underwriting
- ✓ Policy Control and Administration
- ✓ Our Testing Includes:
  - Sample sizes based on Agency volume, sample size increases based on patterns of findings during the QAR
  - Review of ALTA Best Practices (Except Best Practice #3)

- File Compliance to individual State requirements and Alliant National requirements
  - Internal Controls from Order Entry to Completed File - including control points, the agent's control structure, industry standards as well as standards set by Alliant National.
  - Escalation criteria and procedures in the event of adverse findings.
- ✓ The QAR Report includes:
- Description of any "Best Practices" identified based on Alliant National, industry or regulatory standards and requirements.
  - Our QAR Findings are triaged:
    - **Major** – Threatens the Agent's assets
    - **Intermediate** – Regulatory concerns
    - **Minor** – Improvements, not major or intermediate, yet helpful to process quality and efficiency.
- III. **Agent Review Process** – Within 45 days of a QAR, the *Agent Review* is completed. This review includes all of the items in the *Agent Approval Process* and the following additional Alliant National requirements (and their trending) for:
- ✓ QAR Scores
  - ✓ Insurance Coverage and Licensing Information
  - ✓ Escrow Reconciliation Review Scores
  - ✓ Three-Year Claims Ratio
  - ✓ Timeliness of Remittances
  - ✓ Reported Policy Analysis
  - ✓ Status of all Required Corrective Actions (from Major Findings)
  - ✓ Net Remittance Levels and Trend
  - ✓ Recommendation from Review Team
- IV. **Action Management System** – We manage to completion all of our:
- ✓ Corrective Actions Required of an Agent
  - ✓ Internal Corrective Actions
  - ✓ Complaints Received by Alliant National
  - ✓ Regulatory Inquiries made to Alliant National
- V. **Agent Termination Process**
- VI. **Corporate Systems Audit** – Under the SSAE 18, every corporate system that could affect the performance of the *Agent QMS* must be audited. These include:
- ✓ Corporate Governance
  - ✓ Human Resource Management
  - ✓ Information Security and Management (Separately audited and certified to ISO 27001 since 2015)
  - ✓ Document Control
  - ✓ Change Management Process
  - ✓ Accounting & Finance Internal Controls
  - ✓ Escrow Account Management and Controls

The *Agent QMS* elements described above are examined annually against the SSAE 18 Type 2 (SOC 1) standards. In 2014 through 2017 Alliant National received unqualified audit reports issued with *zero findings or non-compliance areas*. Copies of our reports are available with an executed confidentiality and non-disclosure agreement. A-Lign Certified Public Accountants of Tampa, Florida, has performed the engagements and certifications for Alliant National since 2013.

The SSAE 18 Type 2 exam validates Alliant National has systems in place and with processes and procedures consistently applied, thus minimizing the risk of financial loss to consumers and lenders using our Agents. Lenders relying upon Alliant National's oversight of its agents and its *Authorized Service Provider* program have assurance that processes are complete, functional, and accurate.