

#### **ALTA Best Practice #4 – Do It On Time & Do It Right**

“Do it on time and do it right!” - sounds like a lesson from your third-grade teacher, or any teacher, coach, mentor, or employer since the third grade. Every test you took in school, every term paper you turned in, and every game you ever played had a time limit and an expectation to perform at a high level during the allotted time. The American Land Title Association (ALTA) Best Practice #4 incorporates this standard into everyday real estate settlement policies and procedures at the office. Additionally, ALTA Best Practice #4 puts a priority on compliance with these standards and the training of staff to abide by this standard.

#### **ALTA Best Practice #4:**

**Adopt standard real estate settlement procedures and policies that help ensure compliance with Federal and State Consumer Financial Laws as applicable to the Settlement process.**

#### **Purpose:**

**Adopting appropriate policies and conducting ongoing employee training helps ensure the Company can meet state, federal, and contractual obligations governing the Settlement. *(emphasis added with underlining)***

By adopting compliant written procedures, you have achieved half the battle. You can follow a rule as long as you know what the rule is. The ALTA Best Practices give you the opportunity to write the rules regarding the real estate settlement procedure implemented in your office as long as those rules comply with the law and the time frames set forth in the ALTA Best Practices. ALTA acknowledges that you are the expert in real estate settlement procedures. You know that there are rules, laws, and expectations out there that will shape the written real estate settlement policies and procedures and that they must be incorporated in the written procedures. The overriding theme remains, “Do it on time and do it right.”

#### **Do It On Time**

The procedures set forth by ALTA necessary to comply with ALTA Best Practice #4 require you to review your legal, contractual, and ethical requirements and incorporate those standards into your written real estate settlement procedures. The next step is to make sure that the timing requirements meet the standard of ALTA Best Practice #4.

ALTA Best Practice #4 requires that all documents required to be recorded in a particular transaction be presented for recording within **TWO DAYS** of the transaction. If, however, you are not the party that performed the closing for the transaction and are otherwise tasked with the obligation of recording, you must record it within two days of your receipt of the documents. You get to set other time frames in your policies and procedures (except one to be featured in the next article on ALTA Best Practice #5). Granted many of these time frames are based upon the expectations of third parties such as clients, customers, lenders, and anyone else that is applying timing pressure to the transaction.

One important thing to consider when writing your real estate settlement policies and procedures is to include time frames for which you are willing to be held accountable. Set achievable compliant standards and then strive every day to meet them.

#### **Do It Right**

The procedures set forth by ALTA necessary to comply with ALTA Best Practice #4 also require you to make sure that everyone is charged the correct amounts on the settlement statement. ALTA Best Practice #4 requires you to put into place those procedures and protections that make certain the appropriate amounts are charged and collected for everything from title premiums to your fees in the transaction. You will be tasked with compensating for a shortage regardless of whether you receive remuneration from the benefactor of your mistake or even find

them. This policy is as much for you as it is for anyone in the transaction. When you are wrong with someone else's money, you quickly find out what it means to pay for your mistakes.

### **Written Policies**

You have policies and procedures in place that address items such as "doing it on time and doing it right." In many instances, however, these policies and procedures are not written down. They are second nature and continually evolving with experience. Written policies and procedures should never replace that which requires your professional touches; however, they are required to demonstrate the knowledge, experience, and controls in your office to deliver a quality, professional, and ethical service.

In writing the real estate settlement policies and procedures for your office, keep in mind those things that are not mentioned in the ALTA Best Practices but expected of you and your staff. These items may include, but are not limited to, (1) conflict check; (2) review of the contract or loan commitment; (3) title examination; (4) review of the legal description; (5) preparation of the title commitment; (6) preparation of the settlement statement; (7) performing the closing conference; and/or (8) disbursement.

You may enter into a debate with yourself and your staff as to whether to include those items that are not "required" for compliance with the ALTA Best Practices. At the end of the day, you will look at this question in the context of whether you believe that your written real estate settlement procedures should be a complete document that can be used for training, or should be just the minimum to keep your office compliant.

### **Training**

Having written your real estate settlement policies and procedures, the next step is to comply with your own documented expectations. Adopting policies is only the first step on the road to compliance. In most cases, a real estate transaction involves multiple parties, and it is important to make sure that everyone is on the same page. ALTA Best Practice #4 requires that you educate your staff on the expectations and standards set forth in your written real estate settlement policies and procedures. While ALTA Best Practice #4 does not set a minimum standard for duration of training or frequency of training, it does make training a priority. ALTA Best Practice #4 states that training be "ongoing;" however, ALTA allows you to choose the content and frequency of the employee training. If you choose to make your written real estate policies and procedures comprehensive in their approach, you have a training document at your disposal. You may choose to document your training as well.

### **Follow Up**

Finally, the last step to knowing whether you are "doing it on time and doing it right," is to monitor your successes and deficiencies. The only way to know whether you are hitting the mark on compliance is to routinely check to see if your practices are compliant with your written real estate settlement procedures and policies. You do not have to perform a full blown audit, but create internal practices that monitor and account for the successes in your office.

### **Conclusion**

ALTA Best Practice #4 certainly asks you to "do it on time and do it right," but the concept is even more basic. Within the confines of compliant and legal practices, ALTA Best Practice #4 asks you to define what you are doing in writing, train your staff to do it that way, and then demonstrate that you are successful in doing what you set out to do. ALTA Best Practice #4 does not tell you what to include (other than one timing element) and allows you to run your business in a competitive and entrepreneurial manner. ALTA Best Practice #4 underscores the importance of punctuality and proficiency in a very competitive real estate landscape and then asks you to look in the mirror and see if you are meeting your own expectations.