



May 1, 2018

Mr. John Baumgart
Chief Executive Officer
Netco, Inc.
733 Crown Industrial Court, Suite A
Chesterfield, MO 63005

Dear Mr. Baumgart:

PYA, P.C. (PYA) has completed the assessment procedures as defined by the American Land Title Association (ALTA) Best Practices Framework: Assessment Procedures Version 2.5, published October 7, 2016 (Procedures), and we have issued a Certification dated May 1, 2018 for Netco, Inc.; Netco Title, Inc.; Netco Title Company; Equity Title Company of America, Inc.; National Equity Title Agency, Inc.; and MTI Title Insurance Agency, Inc., dba Mason Title & Escrow Company (collectively, the Company). Following our performance of the Assessment Procedures, PYA rendered a resulting conclusion of *Optimized*.

By completing the Certification process, you have demonstrated that your operations and policies and procedures are Optimized as defined in the Procedures for the seven pillars found in the ALTA Best Practices Framework. The following summarizes the conclusions related to our observations of each Pillar's assessment procedures.

Assessment Procedure Number	ALTA Best Practices Framework: Assessment Procedures	PYA Conclusion
	ALTA Best Practice 1: Establish and maintain current License(s) as required to conduct the business of title insurance and settlement services.	Overall Pillar 1 Assessment Recap: Optimized
1.01	Obtain an understanding of the Company's process for monitoring and tracking the current License(s) as required to conduct the business of title insurance and settlement services.	Optimized

Assessment Procedure Number	ALTA Best Practices Framework: Assessment Procedures	PYA Conclusion
1.02	<p>Confirm the active status of the Company and/or individual Licenses/registrations for each state in which the Company conducts business. In states where underwriter appointments are required, ensure that companies and/or individual producers are appointed by each underwriter as applicable.</p> <p>Documentation reviewed may include actual licenses, Department of Insurance or appropriate state regulatory agency websites/screenshots, Bar Association status, corporate, business registrations, or evidence of appointments with the state and other documentation as applicable to state/license.</p>	Optimized
1.02	<p>Sample Selection:</p> <ul style="list-style-type: none"> For each file selected in Assessment Procedure 4.03, verify that the Company maintains appropriate current and valid license(s) View Company's active ALTA Policy Forms License or verify compliance on ALTA website. 	Optimized
1.03	View Company's active ALTA Policy Forms License or verify compliance on ALTA website.	Optimized
	<p>ALTA Best Practice 2:</p> <p>Adopt and maintain appropriate written procedures and controls for Escrow Trust Accounts allowing for electronic verification of reconciliation.</p> <p><i>Note: These procedures apply to all custodial or fiduciary accounts, including closing and disbursement accounts, recording and tax accounts, construction disbursing accounts, underwriter remittance/premium accounts and other similar accounts.</i></p>	<p>Overall Pillar 2 Assessment Recap:</p> <p>Optimized</p>
2.01	Obtain Company's written procedures and controls for Escrow Trust Accounts, hiring and training, and, at a minimum, verify all sections of ALTA Best Practice 2 are included.	Optimized

Assessment Procedure Number	ALTA Best Practices Framework: Assessment Procedures	PYA Conclusion
2.02	<p>Obtain a complete listing, certified by Company, of ALL open (active and inactive; escrow and non-escrow) bank accounts and authorized signers/ wire initiators and approvers on the accounts.</p> <p>Sample Selection:</p> <p>Select a minimum sample of 5 or 10%, whichever is greater, of authorized signers on Escrow Trust Accounts (maximum of 25). If total population is less than 5, select 100%. Perform the following:</p> <ul style="list-style-type: none">a. Compare against the active listing of employees to verify all signers, wire initiators and approvers are actively employed.b. If signatory stamps are being used to sign escrow checks, test to confirm only authorized signers have access to the stamp.c. Obtain evidence (invoice/documentation in personnel files, etc.) that 5-year Background Checks were conducted upon hiring or within the past 3 years.d. Verify compliance with the Company's process for training employees on management of escrow funds and Escrow Trust Accounts.	Optimized

Assessment Procedure Number	ALTA Best Practices Framework: Assessment Procedures	PYA Conclusion
2.03	<p>Obtain two month-end Three-Way Reconciliations for each Escrow or Trust Account and perform the following:</p> <p><i>Note: Three-Way Reconciliation documentation at a minimum includes bank statement, reconciliation sheet/summary page with book balance, outstanding deposits list/deposits in transit, open escrow file listing or trial balance and outstanding disbursements list, all as of the reconciliation date. All amounts should equal between the book balance, reconciled bank balance and trial balance.</i></p> <p>Definition of Significant items:</p> <ul style="list-style-type: none"> ◆ Individual transactions/file balances over \$10,000 over 10 business days old. ◆ Deposits in transit over \$10,000 over 3 business days old. ◆ Aggregate transactions over \$10,000 for shortages. ◆ Outstanding checks depending on payee as noted in sub-procedure 2.03.k in excess of \$5,000 over 180 days old, mortgage payoffs over 10 business days old. <p>Definition of Active versus Inactive/Dormant Accounts:</p> <ul style="list-style-type: none"> ◆ Active Account - Used for current transactions. ◆ Inactive/Dormant Account <ul style="list-style-type: none"> ▪ No new incoming funds into account. ▪ No disbursements related to new closings from account. ▪ No activity through account in last six months (dormant). <p>Sample Selection:</p> <ul style="list-style-type: none"> ◆ Two months' reconciliations for ALL Escrow Trust Accounts (also maintain for documentation). ◆ For a Company performing more than 100 transactions per month, perform sub-procedures 2.03.a through 2.03.f for all accounts for at least one of the two months. 	Optimized

Assessment Procedure Number	ALTA Best Practices Framework: Assessment Procedures	PYA Conclusion
2.03	<p>a. Verify that reconciliations were completed monthly and within 10 business days of the closing date of the bank statement.</p> <p>b. Verify that daily reconciliations of the receipts and disbursements and monthly Three-Way Reconciliations are prepared independently by someone not associated with the receipt and disbursement function. The daily reconciliation of the receipts and disbursements is not applicable to Inactive/Dormant Accounts.</p> <p>c. Verify that reconciliations are reviewed and signed off by management or a supervisor.</p> <p>d. Verify that reconciliations, bank statements and supporting documentation can be provided electronically to the Company's contracted underwriters upon request.</p> <p>e. Determine whether accounts are in balance, contain all supporting reports and that a proper three-way reconciliation is being produced. The book balance, reconciled bank balance and trial balance should be in agreement.</p> <p>f. Verify that the bank statements and account related documentation for each Escrow Trust Account is clearly labeled by the bank as an Escrow Trust Account and that the escrow checks and deposit tickets/records clearly identify the associated file numbers.</p> <p>g. Verify that for inactive/dormant accounts, senior management approval is required for any disbursement of funds.</p> <p>Sample Selection:</p> <ul style="list-style-type: none"> ◆ For a Company performing 100 or more transactions per month, the following additional procedures must be performed on a sample of accounts representing at least 50% of the total number of accounts. ◆ For a Company performing fewer than 100 transactions per month, the following procedures must be performed on 100% of the total number of accounts. <p>h. Agree opening bank and book balances to ending balance on prior month's reconciliation or differences are identified.</p> <p>i. Review bank statement activity noting bank charges, insufficient funds charges, negative daily balances, investigate and confirm resolution. Verify that all bank charges are funded by the Company's operating account within 5 business days of the earlier of discovery or completion of reconciliation.</p>	Optimized

Assessment Procedure Number	ALTA Best Practices Framework: Assessment Procedures	PYA Conclusion
2.03	<ul style="list-style-type: none"> j. Test Significant deposits in transit listed on the most current reconciliation. If they are older than 3 business days, investigate and determine if there is a true shortage and verify resolution or funding. k. Determine Company's process for follow up on outstanding checks, including procedures for escheating funds. Verify clearing or adherence to follow-up process for significant outstanding checks including but not limited to checks to recording clerk, tax collector, hazard insurance checks, underwriter checks or checks for mortgage payoffs and any other high-risk items. l. Review the Trial Balance for dormant funds that may be eligible for escheatment to ensure Company is following its procedures. Test significant file shortages, dormant funds (significant file balances over 180 days) and significant miscellaneous files to verify documentation of their status and that shortages were funded within 5 business days of the earlier of discovery or completion of reconciliation. m. Review and test adjustments (reconciling items) needed to bring the account in balance and verify their validity. n. Verify that the Company is not comingling fiduciary funds, including the underwriter's portion of the premium, with operating funds. o. From a review of cancelled checks or disbursement registers, select a sample across accounts and test checks, if any, and wires that may require further review, such as checks going back into escrow, disbursements paid to cash or employees, amounts transferred between accounts, suspicious payees, multiple disbursements to the same payees, large round dollar amounts and any other questionable disbursements. These disbursements should be agreed to a closing file and settlement statement. p. Select a sample of three business days within the assessment period for the active escrow funding/settlement/disbursement accounts and verify agent is performing, at a minimum, a daily reconciliation of the receipts and disbursements. 	Optimized

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2.04	If the Company is holding any customer investment accounts, select a sample of interest-bearing trust accounts. Select a minimum of 5 or 10% of all interest-bearing escrow or trust accounts, whichever is greater, (maximum of 25). If total population is less than 5, select 100%. Verify that the Company maintains records/documentation supporting activity for interest bearing (customer investment) escrow accounts.	Optimized
2.05	For ALL Escrow Trust Accounts, determine whether the Escrow Trust Accounts are maintained at Federally Insured Financial Institutions unless directed by the beneficial owner.	Optimized
2.06	<p>For accounts reviewed in Assessment Procedure 2.03, verify the following:</p> <ul style="list-style-type: none"> a. That the Company utilizes Positive Pay or Reverse Positive Pay on active accounts, if available in the local marketplace. Review bank documentation such as monthly account analysis statement or bank positive pay entitlement documentation. b. The Company has policies and procedures in place that prohibit or control the use of ACH and international wire transfers to protect against unauthorized transactions. 	Optimized
	<p>ALTA Best Practice 3:</p> <p>Adopt and maintain a written privacy and information security program to protect Non-public Personal Information as required by local, state and federal law.</p> <p><i>Note: These Assessment Procedures should be applied as appropriate to the Company's size and complexity, the nature and scope of the Company's activities, and the sensitivity of the Non-public Personal Information the Company handles.</i></p>	<p>Overall Pillar 3 Assessment Recap:</p> <p>Optimized</p>
3.01	Obtain the Company's information security program to protect its Non-public Personal Information and verify that the program is reviewed and updated as necessary, at least annually. The program should at a minimum ensure all sections of ALTA Best Practice 3 are included.	Optimized
3.02	Select a minimum sample of 5 or 10%, whichever is greater, of employees (maximum of 25). If total population is less than 5, select 100%. Obtain evidence that employees were trained in the Company's information security program to protect Non-public Personal Information.	Optimized

Assessment Procedure Number	ALTA Best Practices Framework: Assessment Procedures	PYA Conclusion
3.03	<p>Obtain the Company's information security risk assessment, including the risk ranking of information systems.</p> <p>Review the Company's process for assessing risk to its customer information and verify that it includes the following:</p> <ul style="list-style-type: none"> a. Locations, systems, and methods for storing, processing, transmitting, and disposing of its customer information. b. Potential internal and external threats that could result in unauthorized disclosure, misuse, alteration, or destruction of Non-public Personal Information or customer information systems and assessments of the likelihood and potential damage to the Company and its customers of these threats. 	Optimized
3.04	<p>Verify that key controls, systems and procedures of the information security program are regularly tested by qualified independent staff in accordance with the risk assessment.</p> <p>Specifically, review that the following are included in the testing:</p> <ul style="list-style-type: none"> a. Management's documented approach for testing the information security program and evidence of testing. b. Frequency of testing of the information security program. c. Documentation of approach for tracking and remediating exceptions and/or control gaps. 	Optimized
3.05	<p>Verify employees are required to complete an acceptable use of information technology assets agreement at least annually (e.g., acceptable use of the Internet, email, and Company information resources). For the sample of employees tested in Assessment Procedure 3.02 above, review the signed Acceptable Use Policy.</p>	Optimized
3.06	<p>Obtain and review written policies and procedures to verify logical access to information systems (i.e., network, data base, and application layers) containing Non-public Personal Information is restricted to authorized persons only.</p>	Optimized

Assessment Procedure Number	ALTA Best Practices Framework: Assessment Procedures	PYA Conclusion
3.07	<p>a. Select a minimum sample of 5 or 10%, whichever is greater, of employees with access to NPI (maximum of 25). If total population is less than 5, select 100%.</p> <ul style="list-style-type: none"> o Test the user access provisioning process to determine if access is approved in accordance with policy prior to granting. o Obtain evidence (invoice/documentation in personnel files, etc.) that 5-year Background Checks were conducted upon hiring or within the past 3 years. <p>b. Select a sample of 5 terminated employees or 100% if less than 5 within the assessment period.</p> <ul style="list-style-type: none"> o Verify the user access de-provisioning process to determine if access for terminated employees was removed per policy. <p>c. Verify administrative access rights (i.e., ability to add, modify and remove user access) to systems containing Non-public Personal Information are not assigned to personnel performing business transactions within the system.</p> <p>d. Verify access review is being performed by management at least annually to confirm that only required employees have access to customer information or customer information systems necessary to perform job functions.</p> <p>e. Verify that logical access controls (e.g., unique User ID's, complex passwords, etc.) to the network and information systems containing Non-public Personal Information are in place.</p> <ul style="list-style-type: none"> o Obtain listing of user IDs for systems with Non-public Personal Information. Verify IDs are unique and assigned to specific users. o Test password configuration controls in accordance with policy. 	Optimized
3.08	<p>a. Review policies restricting or controlling the use of removable media (e.g., the use of USB ports, CD/DVD writable drives, etc.).</p> <p>b. Obtain evidence that system configuration settings are consistent with the policy.</p>	Optimized

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3.09	<p>Determine if the Company utilizes encryption or a secure delivery method for Non-public Personal Information.</p> <ul style="list-style-type: none"> • Obtain evidence demonstrating the use of encryption or alternative secure delivery method for Non-public Personal Information. 	Optimized
3.10	<ol style="list-style-type: none"> a. Obtain and review documented procedures for monitoring, detecting attacks/intrusions into customer information systems, and responding to incidences. If monitoring of external threats has been outsourced, obtain evidence of reporting and subsequent management review. b. Select a sample of notifications of security alerts and verify management's follow-up activity. c. Obtain and review documented procedures for security breach notification, including evidence of program review at least annually. 	Optimized
3.11	<ol style="list-style-type: none"> a. Obtain and review the clean desk policy and verify compliance through inspection. b. Verify access to work areas and physical locations containing customer information, such as buildings, computer facilities and record storage facilities, is limited to authorized personnel only. Inspect physical locations to verify that they are secured and access is limited to authorized personnel. 	Optimized
3.12	<ol style="list-style-type: none"> a. Obtain and review change management procedures when technology and business function changes are made. b. Verify procedures are in place to determine that systems modifications (hardware and software) are consistent with the approved security program. Specifically, test a sample of hardware or software changes to verify that they are documented, tested and approved. 	Optimized
3.13	<ol style="list-style-type: none"> a. Obtain management's procedure for data and system backup and business resumption to protect against destruction, loss, or damage of information from potential environmental hazards, such as fire and water damage or technological failures. b. Verify that the disaster management plan is routinely tested with results documented. 	Optimized

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3.14	<p>Determine whether the Company provides Non-public Personal Information to any other party, including third-party signing professionals, or whether any other party has access to Non-public Personal Information through service provided directly to the Company.</p> <ul style="list-style-type: none"> a. Verify and obtain evidence that Company conducted due diligence in selecting its service providers and taking information security into consideration. b. Verify that Company has controls to monitor security procedures of service providers to safeguard customer information (i.e., review the results of background checks, audits, security reviews or tests, intrusion logs, or other evaluations). 	Optimized
3.15	Verify the existence of Company's Privacy Policy and its process of giving notice to customers.	Optimized
3.16	<p>Determine through inquiry of management whether the Company maintains a website. If so, inspect the Company's website and verify the following:</p> <ul style="list-style-type: none"> a. The website includes a privacy statement. b. The website's privacy statement accurately discloses what Non-public Personal Information is obtained on the site. 	Optimized
3.17	<ul style="list-style-type: none"> a. Obtain and inspect policies and procedures over record retention and disposal. Verify procedures are in place for disposal of Non-public Personal Information. b. If document/electronic media disposal services are provided by a third party, obtain evidence of the contract agreement/SLA and a recent document disposal certificate from the vendor. 	Optimized

Assessment Procedure Number	ALTA Best Practices Framework: Assessment Procedures	PYA Conclusion
	<p>ALTA Best Practice 4:</p> <p>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.</p>	<p>Overall Pillar 4 Assessment Recap:</p> <p>Optimized</p>
4.01	<p>Obtain and/or document Company's written procedures to maintain compliance with established rates and legal and contractual requirements for recording documents and the use of third-party signing professionals and, at a minimum, ensure all sections of the ALTA Best Practice 4 are included.</p>	<p>Optimized</p>
4.02	<p>Select a sample of 5 files or 100% of closed files, whichever is less, during the assessment period and perform the following:</p> <ul style="list-style-type: none"> a. Compare the settlement statement or Closing Disclosure and file ledger and investigate differences. Review closed file for supporting documentation for disbursements over \$1,000 listed on the settlement statement. Investigate any unsupported disbursements. b. Verify disbursement and receipt dates and amount on the file ledger with the bank statement or copies of cleared checks, to determine timely clearance. Verify funds were received/ deposited prior to disbursement. <p>For outgoing wire transfers, verify compliance with Company's policy for initiation and approval.</p>	<p>Optimized</p>
<p>Sample Selection:</p> <p>Instructions for Next Three Assessment Procedures</p>	<p>Sample Selection for Assessment Procedures 4.03-4.05:</p> <p>Based on Company's size, volume of business and process for title production, select a sample of closed files to test. The following should be considered when determining the sample: centralized vs. decentralized production, number of offices, number of closings, number of states in which the Company issues title policies, and the types of policies written (loan policies vs. owner's policies).</p> <p>Sample selection:</p> <ul style="list-style-type: none"> • Minimum of 25 files or 100% of last 3 months of closed files, whichever is less. 	

Assessment Procedure Number	ALTA Best Practices Framework: Assessment Procedures	PYA Conclusion
4.03	<p>For sample selected as noted above, confirm the following:</p> <ul style="list-style-type: none"> a. Documents were submitted or shipped for recording to the county recorder (or equivalent) or the person or entity responsible for recording within two (2) business days of the later of (i) date of Settlement, or (ii) receipt by the Company if Settlement is not performed by the Company. Documents are tracked and recording information retained. b. If recording was rejected, item was addressed within two (2) business days of receipt of the rejected documents. Documents and corrective actions, including resubmission, are tracked. In no instance should resubmission take more than 30 days. 	Optimized
4.04	<p>For sample selected as noted above, perform the following:</p> <ul style="list-style-type: none"> a. Test compliance with current filed or promulgated rates, endorsements, and/or rates established by the Company's title insurance underwriter(s) or rating bureau in each state, or Company rates in unregulated states, and where overpayments occurred, verify that refunds are issued upon discovery. b. Ensure discounted/reissue rates are calculated and charged when appropriate. c. Test transactions to determine whether non-title insurance rates for services provided by the Company agree with the Company's established rates. d. Document the Company's quality review process to ensure compliance with underwriter and/or agent established rates as determined by state law and where overpayment occurred, that refunds are issued upon discovery. 	Optimized
4.05	<p>Within the file sample selected, review for use of third-party signing professionals, including notaries public, engaged by the Company and review for the following:</p> <ul style="list-style-type: none"> a. Verify that the Company maintains a current copy of the third-party signing professional's Errors and Omissions insurance and notary surety bond, if required by state law; and 	Optimized

Assessment Procedure Number	ALTA Best Practices Framework: Assessment Procedures	PYA Conclusion
4.05	<ul style="list-style-type: none"> b. Obtain evidence of the third-party signing professional's current state licensure, where required, or documentation that the third-party signing professional maintains a verifiable industry designation, if applicable; and c. Obtain evidence of the third-party signing professional's acknowledgement of compliance with Company's instructions and the Company's information security program, as detailed in Best Practice 3 of these Assessment Procedures. <p>NOTE: If a third-party signing professional is directly employed by a title or settlement agent or underwriter that provides evidence of compliance with the Best Practices, the Company does not need to perform the requirements outlined in this section of the Best Practices Assessment Procedures.</p> <ul style="list-style-type: none"> d. For such third-party signing professionals, verify that the third-party signing professional's direct employer is compliant with the Best Practices. 	Optimized
	<p>ALTA Best Practice 5: Adopt and maintain written procedures related to title policy production, delivery, reporting and premium remittance.</p>	<p>Overall Pillar 5 Assessment Recap: Optimized</p>
5.01	Obtain Company's written procedures and controls for title policy production, delivery, reporting and premium, and, at a minimum, ensure all sections of ALTA Best Practice 5 are included.	Optimized
5.02	<p>Using the sample selected above for Assessment Procedure 4.03, perform the following:</p> <ul style="list-style-type: none"> a. Verify title insurance policies are issued and sent to customer within 30 days of Settlement if terms and conditions of title insurance commitment have been satisfied. b. If terms and conditions of title insurance commitment were not satisfied at Settlement, verify policy was sent to the customer within 30 days from the date on which all terms and conditions of commitment were satisfied. 	Optimized

Assessment Procedure Number	ALTA Best Practices Framework: Assessment Procedures	PYA Conclusion
5.02	<ul style="list-style-type: none"> c. Verify that policies are reported (including a copy of the policy, if required by the underwriter), in accordance with applicable statutory, regulatory and contractual obligations, but not to exceed 45 days after the later of (i) the date of Settlement, or (ii) the date that the terms and conditions of the title insurance commitment are satisfied. d. Verify that the correct portion of the premium collected was remitted to the underwriter in accordance with applicable statutory, regulatory and contractual obligations. 	Optimized
	<p>ALTA Best Practice 6: Maintain appropriate professional liability insurance and fidelity coverage.</p>	<p>Overall Pillar 6 Assessment Recap: Optimized</p>
6.01	<ul style="list-style-type: none"> a. Obtain a list of the Company's current professional liability insurance, errors and omissions insurance, fidelity insurance policies and surety bonds including coverage amounts and expiration dates. Verify accuracy of the list by comparison to policy declaration pages. b. Verify that Company maintains professional liability insurance or errors and omissions insurance in accordance with the contractual agreement with the Company's underwriter. c. If coverage is required by state law, verify that coverage meets minimum requirements for each state in which the Company is licensed. 	Optimized
	<p>ALTA Best Practice 7: Adopt and maintain written procedures for resolving consumer complaints.</p>	<p>Overall Pillar 7 Assessment Recap: Optimized</p>
7.01	<p>Obtain written policies and procedures for tracking and resolving consumer complaints. Verify that the following are included:</p> <ul style="list-style-type: none"> a. A standard complaint form is utilized that identifies information that connects the complaint to a specific transaction and provides information to understand the nature and scope of the complaint. b. A single point of contact and/or department has been established for consumer complaints. 	Optimized

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Assessment Procedure Number	ALTA Best Practices Framework: Assessment Procedures	PYA Conclusion
7.01	<ul style="list-style-type: none">c. Procedures have been established for forwarding complaints to appropriate personnel.d. A written log of consumer complaints is maintained that includes whether resolution is necessary and how resolved.	Optimized
7.02	Obtain the consumer complaints log for a period of 1 year immediately preceding the assessment and verify that the Company followed the procedural guidelines for addressing complaints.	Optimized

We are available at 800-270-9629 to address questions that you may have related to your Certification, the ALTA Best Practices Framework, or our Firm's application of the Procedures.

Respectfully,



PYA, P.C.