



# BP Compliance Tips and Experiences from a Dirt Lawyer

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# Getting started: Common Impediments/Challenges/Excuses

- Denial
- Time
- Money
- Technology--no IT staff
- Law partners not sympathetic
- Fitting the real estate practice into the larger general practice

# Getting off the ground—you need a Policies and Procedures Manual

Which comes first—the Policies or the Manual?

Answer: The Manual

Our experience: The Manual has become our  
outline for becoming BP compliant.

# First Step: Build a Policies and Procedures Manual

Plan A:



**"Look what I found in the dumpster!  
A perfectly good business plan!"**

# Build a Policies and Procedures Manual

- Resources for creating your manual:
  - ALTA ([www.alta.org](http://www.alta.org))
    - They invented Best Practices
    - Lots of resources, including the Assessment Guide, Checklists, Readiness Guide, Webinars
    - Links to recommended vendors
    - Educational resources on the new Integrated Closing Disclosures
    - Membership is not expensive

**Tip**: Join ALTA for a year

But, wait, there's more.....

Call Now! Operators are standing by!



# Build a Policies and Procedures Manual

Resources for creating your manual:

- Chicago Title

[www.northcarolina.ctt.com/bestpractices](http://www.northcarolina.ctt.com/bestpractices)

- Investors Title [www.invtitle.com/cfpb/nc](http://www.invtitle.com/cfpb/nc)

- NC Closing Attorney Best Practices Task Force

[www.ncclosingattorneybestpractices.org](http://www.ncclosingattorneybestpractices.org)



# Build a Policies and Procedures Manual

## Our experience:

- Created a manual from the Investors materials and the Chicago materials.
- Supplemented with ALTA and a few outside resources.
- ALTA's resources give us the ability to self-assess our manual and procedures for compliance.

# Getting started: Pick the low hanging fruit

Seven Best Practice Pillars

$1/7 = 14.29\%$

Five of the Pillars are EASY—knock them out.

# Low hanging fruit: BP#1 Licensing

## Required licenses:

- Law license (NC State Bar)
- Privilege license (NC Dept. of Revenue)
- Articles of Incorporation or Good Standing Certificate for law firm (NC Secretary of State)
- Notary Certificates (NC Secretary of State)
- Local government permits (if any)

Create a simple chart showing renewal dates

Copy and store in safe place—14% done!

# Low hanging fruit: BP #6 Insurance

Professional liability policy

Cyber fraud policy

Fidelity bonds or other insurance

Copy and store in safe place—28% done!

# Low hanging fruit: BP #5

## Policy Production

NC real estate attorneys do not produce title insurance policies. What do we do?

- Submit final title opinion and premium
- Ensure that liens are cancelled
- Confirm delivery of policies

So that's it. Your procedure is to make sure those things are done timely. It can be written on a single page. You are 42% done.

# Low hanging fruit: BP #7

## Consumer Complaints

You need a policy for handling client complaints.

Sample policies in the resource materials can be tweaked to your firm's situation.

Our policy: One partner designated to handle complaints. We have an intake form, a timeline for responses, and a tracking form. Very simple.

Save in safe place and you are 56% done.

# Low hanging fruit: BP #4

## Settlement Process

You already have settlement processes and procedures.

Write them down. The Chicago and Investors materials are a starting point. Tweak to describe your firm's process.

No need to invent new procedures. Document what you do. If you have a sloppy practice, then this is your chance to clean up your act.

Print and save and you are 72% done.

# The low hanging fruit has been picked over.

- Fact: BP #2 and BP #3 require a **MAJOR TIME COMMITMENT**.
- Our experience: Progress was very sporadic until we committed a couple of hours of meeting time per week.



# BP #2: Escrow Trust Accounting

Good news: State Bar mandates trust accounting, so you are doing this.

Bad news: That's not enough any more.

- Enhanced security and training

Good news: Help is available.

## BP #2 Tip: Talk to the Bank

- Security tools: Positive pay, reverse positive pay, international wire blocks, ACH blocks, remote deposits, etc.
- Banks have entire departments dedicated to security.
- Our experience: BB&T sent their expert to us. Explained what we had, what was available, and how we could be safer. At no cost!

# BP #2 Tip: Hire a 3rd Party Reconciliation Service

**The Product:** Closing software uploads real estate transaction information to our Bank daily. We are alerted to any discrepancies, and questionable wires or checks are flagged for our approval before processing.

**Vendors:** Rynoh, iTracs, others

**Our experience:** Best thing we ever did!

- Protection from mistakes, internal fraud (ie, staff or attorneys), and external fraud (ie, hackers)
- Segregation of duties
- Massive time and stress-saver
- Pricing reasonable
- We receive:
  - Daily reports on trust account activity
  - Daily positive pay reports
  - Monthly reconciliation reports
  - Notification of irregularities

**Tip: This is a no-brainer. Do it!**

# BP #2 Experience: Criminal background checks

Who gets checked? Anyone with access to NPI.

What are we checking for? Indication of dishonesty.

Our experience: Locating the right vendor took some time.

- Some of the title companies have vendor links
- Business/corporate/governmental clients
- Yellow pages/Google

Our experience: Good pricing and great service from the local security company that already handles our office security.

Down East Protection Systems ([www.depsnet.com](http://www.depsnet.com))

# BP # 2 and 3 Tip: Know thy limitations- -Get help with the tech.

**Our theory:** We are dirt lawyers. It is not possible to be a great dirt lawyer and an IT expert, and we're not going to waste time trying.

**The challenge:** Our firm cannot afford a full-time IT expert. Nor can we afford to stop servicing our clients to try to become savvy.

**Solution:** Relationship with IT consultant.

Our vendor: Silicon Solutions, Greenville, NC  
(<http://www.siliconsolutions-inc.com/>)

# Working with the IT consultant

## Our experience:

- Review of BP#2 and #3 materials
- Confirmed existing systems/protections
- Pointed out gaps that need to be addressed
- Implementation of new systems/protections:  
Email encryption, server security, dedicated banking computer
- Vulnerability testing

## BP #3: Physical Security/Clean Desk/File storage, etc. —The Highest Hurdle

If you cannot figure this out, you are not alone.  
What is required? Who can tell me what to do?  
Who is going to tell my partners we need to take  
out a wall?

Tip: Do NOT let uncertainty about this stop your  
overall momentum.

Our approach: Take it in increments. Read the  
materials. Watch the March 18 webinar and try to  
start adopting some of their policies.

# BP #3 Exterior Security

Our experience: Downtown office with street-level access. We already emphasize security.

We have:

- Front door reception station manned and has ability to contact law enforcement in emergency.
- Back door keypad entry, security camera, intercom.
- Limited access.



# BP #3: Interior Security

## Our approach:

- Clean conference rooms for all client meetings
- No client meetings in work spaces
- Server room locked with limited access
- Attorney/paralegal offices locked
- File storage areas locked

## To Do:

- Harness the “Roving Realtor”
- Etc.

Tip: Expect this to be a work in process

# Final BP Tip: Stress relief

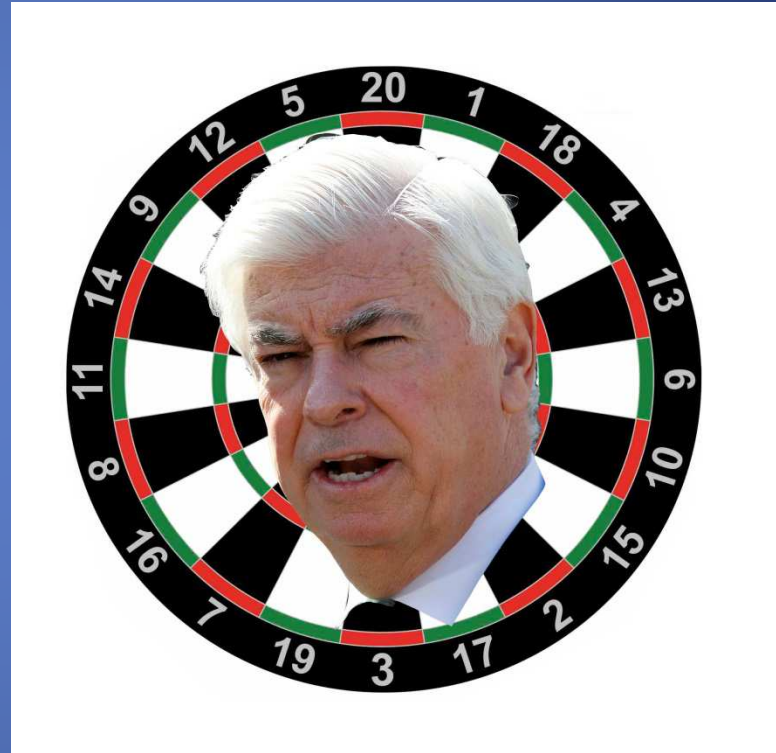
Q: What is the source of our travails?

A: The Dodd Frank Wall Street Reform and Consumer Protection Act

Q: Who is the source of the Dodd Frank Act?

A: Dodd and Frank

# Tip: Create a Stress Relief Zone



# Concluding thought:

The North Carolina closing attorney has brought value to the citizens of this State for generations. Now is the time for us to continue the tradition of excellence that has been handed down to us.