

## **ALTA Best Practice #1 - Licensing**

When you go to the hospital for an operation, you assume that the doctor has the necessary medical license to perform the surgery. When you drive down the road, you assume that the driver in front of you has a valid driver's license. The same is true when clients come to your office for closing. When was the last time one of your clients asked to see your license to issue title insurance policies in the State of Texas? As you assume proper licensure of the surgeon and the driver, your clients assume that you have been issued a license to issue title insurance by the state of Texas. Accordingly, compliance with ALTA Best Practice #1 is something the clients and lenders should be able to assume because you are already doing it. ALTA Best Practice #1 states:

**Establish and maintain current License(s) as required to conduct the business of title insurance and settlement services.**

**Purpose:** Maintaining state-mandated insurance licenses and corporate registrations (as applicable) helps ensure the Company remains in good standing with the state.

If you are licensed by the Texas Department of Insurance in Texas and all of your escrow officers are licensed and bonded, congratulations, you have complied with the first of the seven pillars of professionalism that are ALTA's Best Practices. Licensing is the first and most basic element for compliance. In the provision of title and settlement services, the state of Texas has taken the first step in vetting you as the service provider. The Texas Department of Insurance sets forth requirements, examines applicants, and determines who should hold a license to insure property and close transactions in the State of Texas. Having completed those state requirements, and any subsequent annual requirements, such as continuing education and payment of fees, you can maintain your license in good standing. Now that you have the appropriate license, maintaining and proving that you have it is the easy part.

There are a few other aspects to licensing requirements of ALTA Best Practice #1, specifically:

- 1) Maintain any and all licenses and registrations prescribed by the Texas Department of Insurance; renewing your license as it becomes due;
- 2) Complete and report all continuing education requirements;
- 3) Pay all fees associated with licensing;
- 4) If your entity is a non-personal entity, then your entity should file whatever annual reports (if any) and supporting documentation that are required for your entity to remain in good standing with the Secretary of State;
- 5) Establish and maintain a list of required business licenses;
- 6) Maintain an electronic or paper file with a log of licenses, expiration dates and copies of licenses for quick reference. This log should include both the agent license and escrow officer licenses along with copies of bonds.

Since you are already doing all of the above, compliance with ALTA Best Practice #1 should be as simple as creating the log referenced in numbers 5 and 6 above. In an effort to assist in your efforts to comply with the federal regulations promulgated by the CFPB, National Investors Title has created a template for this log, which can be accessed [here](http://alta.org/bestpractices). For more information about the ALTA Best Practices and how to comply, please visit <http://alta.org/bestpractices>.