

**ASAP ESCROW, INC.,
A California corporation**

Policy and Procedures Manual

[Updated June 2020]

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For convenient review, the reference to Pillar numbers relate to the terms used by the American Land Title Association in its ALTA Title Insurance and Settlement Company Best Practices which can be accessed at WWW.ALTA.ORG/BESTPRACTICES. Our escrow company is licensed as an Escrow Agent by the California Department of Business Oversight and does not do business as a title insurance company or an underwritten title company. Therefore, the within Policies and Procedures do not include the ALTA Pillar 5 because it is related to the production of title insurance policies.

Organizational/Team Structure

ASAP Escrow, Inc. is a California corporation (the “Escrow Company”) licensed as an Escrow Agent by the California Department of Business Oversight. The Escrow Company adopted the within policies and procedures related to its operations as an Escrow Agent. The information contained in this document is considered non-confidential and there is a great deal of information that is confidential in nature and cannot be disclosed in a public document. Should the reader require a review of information or documents not covered in this document, Escrow Company shall require a written request for the information and execution of a Confidentiality Agreement before releasing other information or documents.

1. Board of Directors.

Tina H. Tran Le

2. Corporate Officers.

President/Chief Executive Officer – Tina H. Tran Le

Chief Financial Officer/Treasurer – Tina H. Tran Le

Secretary – Tina H. Tran Le

3. Escrow Managers and Team Leaders.

Tina H. Tran Le

AnhTuan Tran, Manager Assistant

POLICIES

1. *Organization and Licensing.*

- A. The Escrow Company was organized as a California corporation on December 23, 1991 by filing its Articles of Incorporation with the California Secretary of State.
- B. The Escrow Company is licensed as an Escrow Agent under the California Escrow Law [California Financial Code Section 17000, et seq. and related Commissioner's Regulations][hereinafter the "California Escrow Law"]. The predecessor of the California Department of Business Oversight issued the Escrow Agent's License on April 22, 1992 under License No. 963-1668.
- C. The Escrow Company does business at one location at 15575 Brookhurst Street, Westminster, California 92683 for which the Escrow Agent's License is issued for the stated business address.
- D. In compliance with the California Escrow Law, the Escrow Company provides forms, fingerprints and photographs as may be required for all employees as well as persons in positions of Directors or corporate Officers to the California Department of Business Oversight and Escrow Agents' Fidelity Corporation. After receipt of the forms and documents, the California Department of Business Oversight processes background clearances on personnel with the California Department of Justice and Federal Bureau of Investigation.
- E. The Escrow Company contacts the previous employers of persons it hires to verify the employment history is accurate and satisfactory. The information provided to the California Department of Business Oversight and Escrow Agents' Fidelity Corporation entitles them to obtain background clearances from the California Department of Justice and Federal Bureau of Investigation. In the event the Department of Business Oversight or Escrow Agents' Fidelity Corporation gives notice the employee has not received a background clearance, the employee either terminates or is terminated.
- F. Should the Escrow Company do business in another state, it shall apply for licensure and/or registration based on the other state's requirements and provides the information and/or registration information to the California Department of Business Oversight in license or other form it may then require.
- G. On an annual basis, the Escrow Company prepares and provides an annual financial report and such other related documentation including compliance with liquidity and tangible net worth as are mandated by the California Department of Business Oversight under the provisions of the California Escrow Law.
- H. The Escrow Company maintains its office in a condition so as to be prepared for the appearance with or without appointment by the state licensing agency and other

authorized regulatory authorities including the California Department of Business Oversight and the Escrow Agents' Fidelity Corporation.

POLICIES

2. Escrow Trust Account.

A. The Escrow Company maintains a system of internal escrow account controls for open bank accounts, including those designated as active and inactive, escrow and non-escrow where the funds relate to escrow transactions. The escrow account controls are maintained consistent with the provisions of the California Escrow Law for fiduciary and trust fund accounts.

B. The Escrow Company reviews and updates the internal escrow account controls upon the hiring or termination of employees. As needed, the Escrow Company consults with its Certified Public Accountant, legal advisor or others to assure the escrow trust account and procedures are consistent and enacted to be compliant with the California Escrow Law.

C. Bank accounts for escrow trust funds are identified as escrow trust accounts to differentiate the account and funds deposited therein as separate and segregated from all other bank accounts and funds of the Escrow Company. All documentation associated with the escrow trust account clearly denotes the account as an escrow trust account including, but not limited to, all bank statements, checks, and receipts.

D. Checks received by the Escrow Company for escrow transactions are endorsed "For Deposit Only" to the escrow trust account immediately upon receipt. A receipt for the escrow trust account fund deposit is issued and denoted in the escrow file records.

E. Escrow trust accounts are reconciled on a monthly basis, and more often as needed, and reviewed and approved by management. Exception items are resolved as soon as is practicable and within a reasonable time.

F. Escrow Company performs a Two-Way Reconciliation Procedure on a daily basis using standard accounting practices including the following:

- (1) Processing the transactional information at close of business.
- (2) Create reports for the reconciliation and update the book balance on the escrow trust account using reconciliation software by authorized personnel, as available, and confirm mating of bank and book transactions.
- (3) Update outstanding check balance with paid and adjustment items applied.
- (4) Confirm check numbers are in sequence with voided checks denoted.
- (5) Confirm the adjusted book balance and escrow trust account balance are equal. All exception items are reconciled as soon as is practicable following identification.

(6) Store in a secure place all escrow trust account information, reconciliations, outstanding check list, transaction reports and all other documents associated with the escrow trust account including storing for electronic verification.

G. Escrow Company performs a Three-Way Reconciliation Procedure on at least a monthly basis using standard accounting practices including the following:

- (1) Processing the transactional information for the previous calendar month.
- (2) Create reports for the reconciliation and update the book balance and Trial Balance on the escrow trust account using reconciliation software by authorized personnel, as available, and confirm mating of bank and book transactions.
- (3) Update outstanding check balance with paid and adjustment items applied.
- (4) Confirm check numbers are in sequence with voided checks denoted.
- (5) Confirm the adjusted book balance and escrow trust account balance and Trial Balances are equal. All exception items are reconciled as soon as is practicable following identification.
- (6) Store in a secure place all escrow trust account information, reconciliations, outstanding check list, Trial Balance, transaction reports and all other documents associated with the escrow trust account including storing for electronic verification.

H. On a daily basis, the Escrow Company reconciles the receipts and disbursements to and from the escrow trust account.

I. Management of Escrow Company approves the persons who perform reconciliations and daily/monthly banking duties.

J. The Escrow Company uses the Positive Pay or Reverse Positive Pay procedures with its banking institution and maintains blocks on international wires, except as approved, and Automated Clearing House transactions.

K. Escrow trust accounts are subject to review by the California Department of Business Oversight, Escrow Agents' Fidelity Corporation, Certified Public Accountant for the Escrow Company and such other appropriate persons to assure the minimum escrow accounting procedures are met.

L. All wire instructions to and from the escrow trust account must be approved by management or a persons specifically denoted by management to act in that capacity. Wire instructions must be received in writing and include the name and address and ABA/Transit Routing number of the receiving bank.

M. All escrow trust account checks are kept in a secure place at the licensed location of the Escrow Company.

- N. Only authorized signers are authorized to sign and issue checks for the Escrow Company.
- O. Voided escrow trust account checks are marked by persons authorized by the Escrow Company where there is a misprint or incorrect information on the check item. Copies of voided checks are maintained in the Escrow Company's voided check records.
- P. Escrow Company performs review of its records for uncashed outstanding escrow trust account checks to identify any unclaimed property to be escheated to the California State Controller or another entitled agency per the state requirements for handling unclaimed property items.

POLICIES

3. Privacy and Information Security

- A. The Escrow Company recognizes the importance of information as a vital factor to safeguard the confidentiality and integrity as well as the accessibility of the non-public, personal information.
- B. Management appointed the responsible person to review and make recommendations for changes to the Privacy Act Notice maintained by the Escrow Company.
- C. Access is restricted to authorized personnel concerning non-public personal information the Escrow Company maintains.
- D. The Escrow Company has taken reasonable steps to safeguard the information on its network restricting access to the information only by its authorized personnel.
- E. The Escrow Company maintains a clean desk policy under which, insofar as is practicable, the Escrow Officers or others who process the escrow file information and documentation, have available one escrow file open at a time and maintain monitor screen shields to keep information in the escrow files private and not accessible by unauthorized persons.
- F. The Escrow Company maintains a password and token process with its bank financial institution to protect the privacy of information and protect against unauthorized persons accessing the escrow trust account.
- G. The Escrow Company takes reasonable steps to select and retain service providers that are capable of appropriately safeguarding non-public personal information.
- H. The Escrow Company has in place processes that are in place to protect critical business processes from the effects of breakdowns, crashes or catastrophes to protect

non-public information and the Escrow Company's information are protected insofar as is reasonably possible.

POLICIES

4. Settlement Process

A. The Escrow Company complies with the terms of the escrow instructions in processing escrow transactions. It is understood that the Escrow Company does not present Grant Deeds, Trust Deeds or other documents to the County Recorders or other appropriate entities for recording, that being a process handled by title companies in California practice.

B. After the documents are recorded, the Escrow Company receives the recording information from the title company and updates the escrow file accordingly.

C. After the recording of applicable documents and the closing of the escrow transactions, the Escrow Company prepares a closing statement prepared in accordance with the California Escrow Law reporting and accounting forth the financial particulars of the escrow transactions including applicable charges and credits. .

D. Pursuant to the California Escrow Law, the Escrow Company maintains copies of escrow file information for five years following the closing or cancellation of escrow transactions. Thereafter, the escrow file documentation is destroyed in a secure manner to protect the non-public information it may have in the escrow file.

POLICIES

5. Insurance and Bonds

A. The Escrow Company maintains insurance and bonds as follows:

(1) Bond of Escrow Licensee (Surety Bond) on deposit with the California Department of Business Oversight.

(2) Membership with the Escrow Agents' Fidelity Corporation who under the Escrow Law is a non-profit mutual benefit corporation with a membership consisting of independent escrow companies licensed by the California Department of Business Oversight. Members who process escrow transactions set forth in California Financial Code Section 173129(c) including real estate sales, loan and other transactions as stated are indemnified against loss of escrow trust funds caused by employee embezzlement, subject to limitations of the California Escrow Law.

(3) Professional Liability Insurance is maintained by the Escrow Company to cover errors and omissions pursuant to the terms of the insurance policy in effect which may change from time-to-time.

(4) General Liability Insurance is maintained by the Escrow Company to cover general liability matters pursuant to the terms of the insurance policy in effect which may change from time-to-time.

B. The Escrow Company may add or change Professional Liability Insurance or General Liability Insurance from time-to-time as it deems appropriate.

POLICIES

6. *Consumer Complaints*

A. The Escrow Company maintains a procedure for resolving consumer complaints to promote an important goal to provide quality service.

B. Upon receipt of a grievance from a consumer, the escrow officer handling the escrow file process is the first person to identify the nature of the complaint. While it is preferred that the consumer put the grievance in writing, the Escrow Company accepts complaints regardless of how they are presented..

C. Intake as to the nature of the complaint as to one of poor service, non-compliance with the terms of the escrow, dissatisfaction with service or other matter is documented by the escrow officer. The escrow officer logs the information into a Complaint Log.

D. If the escrow officer cannot resolve the consumer complaint, once it is validated, the consumer complaint is routed to the escrow manager of the office processing or who processed the escrow transaction. Thereafter, if the escrow manager cannot resolve the consumer complaint, it is forwarded to the designated management person to respond to and work towards resolution of the consumer complaint.

E. Management of the Escrow Company periodically reviews the consumer complaint information to confirm they were responded to timely and to determine if there are improvements that may be made in escrow processing procedures.

F. Employees of Escrow Company who process escrow files and interface with consumers are trained from hire in the consumer complaint resolution process.

These Policies cannot be changed without the written approval of Management of Escrow Company.