



## Policies and Procedures

# Escrow/Trust Accounting

<b>Purpose</b>	Document escrow/trust internal controls are in place to meet requirements for the safeguarding of client funds and to minimize the exposure to loss of client funds.
<b>Scope</b>	These policies and procedures are for all of <b>Thomas C. Santoro PA</b> (hereafter referred to as “The Company”) locations including all satellite offices. These procedures are to be followed by all employees and independent contractors where applicable.
<b>Procedures</b>	<p><b>Escrow funds and operating accounts are separately maintained.</b></p> <p>The Company maintains an escrow/trust account for real estate and mortgage loan transactions. The Company maintains under a fiduciary capacity are not commingled with The Company’s operating funds or an employee or manager’s personal account.</p> <p><b>Escrow/Trust Account Trial Balance Reports.</b></p> <p>A trial balance report depicting the balance of a particular customer’s funds can be produced for each escrow/trust account at any time. This report depicts all individual customer file balances that do not have a zero balance. On a monthly basis, the account manager reconciles the trial balance report to the bank balance and reconciled book balance, creating a “three way” reconciliation.</p> <p>Trial balance reports are produced for each escrow/trust account maintained by The Company, including recording accounts and underwriter premium accounts.</p> <p><b>Escrow/Trust Account Reconciliations</b></p> <p>It is the responsibility of the account manager to reconcile the escrow/trust accounts. Account receipts and disbursements activity are reconciled daily (two-way). Monthly, a three-way reconciliation between the bank records, book records, and trial balance is performed. This reconciliation is completed within 5 days of receiving bank statements.</p> <p>A listing is kept of all escrow/trust accounts. This listing includes underwriter premiums accounts, recording accounts and dormant accounts.</p>

Escrow/trust account reconciliations are performed by an account manager who does not have check signing authority or the capability/authority to perform wire transfer transactions.

Each month escrow/trust account reconciliations are reviewed by Company management and evidence of the review is documented. The escrow/trust account reconciliations are available to the title insurance underwriter at any time requested.

Escrow/trust account reconciling items are clearly noted on the reconciliations. These reconciling items are followed up and addressed by the account manager within 2 business days of completion of the reconciliation so as to not carry over on the reconciliations from month to month.

**Escrow/Trust Account is properly labeled and maintained in insured institutions.**

Escrow/trust bank accounts are appropriately designated as “escrow” or “trust” accounts. This designation is noted in the original banking agreement as well as on our check stock, deposit slips, and bank statements. Unless mandated by state regulation or directed by a customer with a signed agreement, the escrow/trust account is maintained with an insured financial institution.

**Dormant file balances.**

Customer files that continue to hold funds after the settlement date are reviewed periodically to determine if any disbursements have been made. Management approval by the accounting manager is required for any disbursement from an inactive escrow. An inactive escrow is defined as any escrow which has had no activity for the past six months. This approval is documented and maintained.

**Banking Transactions conducted by authorized employees.**

Via agreements with financial institutions, The Company management authorizes employees for escrow/trust bank account transactions. Wire transfer initiation and approval levels are set by The Company and reviewed for changes in staff routinely. Former employees are immediately deleted as signatories and authorized wire transfer individuals. A list of authorized individuals is maintained in the Escrow Account Information Report (see attached example). The individual(s) designated as the ‘wire transfer administrator’ to set-up and change online banking permissions has been authorized by management.

Authorized check signers and wire individuals do not maintain the escrow/trust accounting records or perform the escrow/trust account reconciliations.

**Positive pay, ACH Blocks, and international wire blocks are used.**

The “Positive Pay” feature offered by our financial institutions is used on escrow/trust accounts. The account manager reviews the positive pay exception report daily. All positive pay reports are maintained and any exceptions are documented and explained.

	<p>ACH blocks and international wire blocks are placed on all escrow/trust accounts to prevent unauthorized users from withdrawing funds from the escrow/trust account.</p> <p><b>Background checks.</b></p> <p>Before an individual is hired, a background check (criminal and credit) is performed. Every 5 years a background check (including criminal and credit) is performed on existing employees who have access to escrow/trust account funds.</p> <p><b>Escrow/trust account training.</b></p> <p>The Company provides escrow/trust account training annually to individuals handling customer funds and conducting escrow/trust account reconciliations. This training is conducted and continuing education is tracked and maintained by the Office Manager.</p>
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<b>Contact Officer</b>	<i>Thomas C. Santoro</i>
<b>Date Approved</b>	<i>September 1990</i>
<b>Date of Commencement</b>	<i>September 1990</i>
<b>Amendment Dates</b>	<i>January 2014</i> <i>January 2015</i> <i>January 2016</i> <i>January 2017</i> <i>January 2018</i> <i>January 2019</i>
<b>Date for Next Review</b>	<i>January 2020</i>
<b>Related References and Links</b>	<ul style="list-style-type: none"> <li>• <i>Policies and procedures relating to escrow accounting and trust accounts are kept in our office.</i></li> <li>• <i>Banking agreements and wire transfer user reports are kept on our office computer system and by our financial institution.</i></li> <li>• <i>The Escrow Account Info is kept on our office computer system.</i></li> </ul>