

To: Title Community  
From: ALTA Best Practices Executive Committee, ALTA Best Practices Work Group, and ALTA Staff  
Date: January 23, 2023

ALTA is pleased to announce the publication of the ALTA Best Practices Framework ver. 4.0. Publication of this major revision will be on January 23, 2023, with an effective date of May 23, 2023. Title companies are free to begin implementing version 4.0 whenever they are ready but any assessments (whether first time assessments or renewals) which are performed after the effective date of May 23, 2023, should use the version 4.0 framework.

As the *ALTA Best Practices Framework: Title Insurance and Settlement Best Practices* document (often referred to as “The Framework”) is the guiding document for agents and direct operations to both optimize and improve their business, these revisions have been made with the specific objective of allowing agents and direct operations to continually improve their practices and procedures to ensure financial, data security and operational stability, and to provide lenders and other constituents with the assurances that their needs are being fulfilled by these efforts.

Though not reflecting the full extent of the proposed changes, the revisions that have received significant areas of attention include:

- **Pillar 2 (Escrow Accounting):** Updates to the treatment of non-settled funds and outstanding file balances, use and treatment of fintech applications, escrow funds training, use of the ALTA Outgoing Wire Preparation Checklist, and the use of wire verification services.
- **Pillar 3 (Privacy and Information Security Programs to protect NPI):** Updates to the physical protection of NPI, inclusion of network and cloud security of NPI, further details on coverage of business continuity and disaster recovery plans, further details on the required oversight of service providers and third party systems, use of the ALTA Cybersecurity Incident Response Plan Template as a reference document for the written incident response plan, and requiring processes for addressing breaches or unauthorized access to NPI.
- **Pillar 4 (Settlement):** Updates include establishing “consumer objectives” for the training of staff, disclosure of Affiliated Business Arrangements, establishment and implementation of procedures related to closing documents, requirements for internal and external signing professionals, selection of Remote Notarization Platforms, standards for recording procedures, and compliance with Pillar 2 for procedures and controls for recording fees and any applicable taxes.

As part of this revision, we are also publishing the following ALTA Best Practices Framework documents: (1) The *Best Practices Assessment Procedures*, (2) the *Internal Assessment Report and Letter*, and (3) the *Third-Party Assessment Report*. The *Best Practices Assessment Procedures* are available to the general public, but the later two reporting documents are available to only ALTA Members and non-members who have purchased access to this Best Practices collection. We are also publishing an overview of the program structure and revisions, as found in the attached PowerPoint. Additional updated supporting documents will be provided in February that provides further guidance in implementing Best Practices.

The *ALTA Best Practices Framework: Title Insurance and Settlement Best Practices* document and other associated documents are published at:

<https://www.alta.org/best-practices/>

On behalf of the ALTA Board of Governors, ALTA Best Practices Executive Committee, ALTA Best Practices Work Group, ALTA Internal Audit Council, ALTA Data Privacy Work Group, and ALTA staff, we thank you for your interest and involvement as we move forward in updating Best Practices to our 4.0 standard.