

FeeSimpleHosting

R U L E S

As of December 8, 2001

Subject to amendment and addition

Section 1 **RULES**

Rule 1.01 ENACTED PURSUANT TO CHARTER

These Rules are enacted and in force pursuant to the Charter of the FeeSimpleHosting Prior Policy Center.

Rule 1.02 PURPOSE

The purpose of these Rules is to implement the Charter in a comprehensive, orderly, and even-handed fashion.

Rule 1.03 PLAIN MEANING

Nothing in these Rules shall be construed so as to alter, contravene, or conflict with the plain meaning and intention of the Charter.

Rule 1.04 PART OF GOVERNING DOCUMENTS

These Rules are part of the governing documents of the FeeSimpleHosting Prior Policy Center.

PUBLICATION OF NEW RULES

New Rules, together with amendments to existing Rules, will be published on or before their effective date by

- (a) Electronic mail addressed to Participating Title Insurers and Authorized Issuing Offices;
- (b) Posting to the official FeeSimpleHosting Prior Policy Center website;

Section 2 REGULATIONS

Rule 2.01 PURPOSE

Regulations promulgated by management and approved by the Board of Directors shall have the purpose and effect of implementing these Rules and setting procedures, policies, forms, and guidelines for their use.

Rule 2.02 PUBLICATION OF NEW REGULATIONS

New Regulations, together with amendments to existing Regulations, will be published on or before their effective date by

- (a)** Electronic mail addressed to Participating Title Insurers and Authorized Issuing Offices;
- (b)** Posting to the official FeeSimpleHosting Prior Policy Center website;

Rule 2.03 OPERATING BULLETINS

Management may issue such Operating Bulletins as it deems necessary for the purpose of providing guidance and information to Participating Title Insurers and Authorized Issuing Offices helpful in maintaining smooth day-to-day operating conditions.

Section 3 DEFINITIONS

Rule 3.01 APPLICABILITY

Definitions of words, phrases, and expressions found in this Section define those terms wherever used or found in these Rules or other FeeSimpleHosting Governing Documents.

Rule 3.02 ACRONYMS

Acronyms found in parenthesis following defined terms have the same meaning as the term itself.

Rule 3.03 DEFINITIONS

Authorized Issuing Office (AIO) is a direct office or an agency office of a Participating Title Insurer authorized by that Participating Title Insurer to post and retrieve policies from the FeeSimpleHosting Prior Policy Center.

Back policy is a title insurance policy issued by a Participating Title Insurer prior to the date it enters into a Participation Agreement with FeeSimpleHosting, or prior to Go Forward Day, as defined in this document, whichever is later.

FeeSimpleHosting, Inc. (FSH) is the corporate entity responsible for building and operating the Prior Policy Center.

Go-Forward refers to actions which occur on and after the day following the effective date of title insurance policies a Participating Title Insurer becomes obligated to post to the Prior Policy Center under the terms of its Participation Agreement.

Go-Forward Day is the date after which a Participating Title Insurer is obligated to post newly issued policies, as established by the effective date of those policies.

Prior Policy Index (PPI) is the electronic index to prior policies maintained by the FeeSimpleHosting Prior Policy Center.

Participating Title Insurer (PTI) is a title insurance underwriter, as defined herein, which is a party to an existing Participation Agreement with FeeSimpleHosting.

Participating Title Insurer Group (PTIG) is a group or family of Participating Title Insurers, as that term is defined herein, which is owned or controlled by a common entity.

Participation Agreement is a written agreement between a title insurance underwriter and FeeSimpleHosting, which constitutes the underwriter as a Participating Title Insurer and subjects it to FeeSimpleHosting Charter, Rules, and Regulations.

Policy, Prior Policy, Prior Policy Copy is a title insurance policy a copy of which will be or has been posted to the Prior Policy Center.

Policy Information Fee (PIF) is the fee charged an Authorized Issuing Office for retrieving a prior policy.

Policy Information Credit- Office (PICO) is that portion of the Policy Information Fee credited to the Participating Title Insurer whose policy is retrieved.

Policy Information Credit-Insurer (PICI) is that portion of the Policy Information Fee credited to the Authorized Issuing Offices which issued it.

Policy Information Credit-Host (PICH) is that portion of the Policy Information Fee credited to FeeSimpleHosting.

Post is the act of contributing a Prior Policy Record to the Prior Policy Center.

Prior Policy Center (PPC) is the electronic repository operated by FeeSimpleHosting for the purpose of receiving and distributing prior policies.

Prior Policy Record (PPR) is the information required by the Prior Policy Center for posting purposes, consisting of a Policy Data Set (PDS) and a Prior Policy Copy (PPC).

Retrieve is the act of taking possession of or obtaining, by whatever method, a policy copy from the Prior Policy Center.

Search is the act of querying the Prior Policy Center for the purpose of locating a policy stored therein for use in processing new title insurance.

Title Insurance Underwriter is a corporation, in good standing and not insolvent, which is qualified, licensed, and/or authorized under the laws of a U.S. state or the District of



Columbia to issue policies of real estate title insurance as prescribed and regulated by that state or district.

Title Insurer is a title insurance underwriter.

Section 4 PARTICIPATING TITLE INSURERS

Rule 4.01 TYPES OF PARTICIPATION

There is only one class or type of participation by title insurers applicable to all without variation, known as a Participating Title Insurer.

Rule 4.02 PARTICIPATION AGREEMENT

A Participating Title Insurer is a title insurer, licensed to write real estate title insurance in at least one U.S. state which

- (a)** Has received an invitation to become a Participating Title Insurer from FeeSimpleHosting; and
- (b)** Has executed a Participation Agreement in a form promulgated by the Board of Directors, and.
- (c)** Has received from FeeSimpleHosting a copy of such agreement countersigned by FeeSimpleHosting, and.
- (d)** Is in compliance with the Charter, Rules, and Regulations of FeeSimpleHosting

Rule 4.03 ACCESS

Participating Title Insurers have unlimited access

- (a)** To individual Prior Policy Copies resident in the Prior Policy Center for which they were the insurer;
- (b)** To entries in the Prior Policy Index relating to policies for which they were the insurer.

Rule 4.04 TABLE OF AUTHORIZED ISSUING OFFICES

Participating Title Insurers will maintain, in a manner specified by FSH and in a manner so as to make them continuously, instantly, and electronically accessible by FeeSimpleHosting, a table or list of each and every department, office, business entity, and person currently authorized to issue its title insurance policies, and which are, thereby, Authorized Issuing Offices.

Such lists will contain such information as FeeSimpleHosting requires in order to verify the identity and affirm the policy-issuing authority of such Authorized Issuing Offices.

Rule 4.05 TABLE OF AUTHORIZED POLICY TYPES

Each Participating Title Insurer shall maintain in a manner designated by FeeSimpleHosting an electronic table in which every type of policy it has, or has had, in use is listed and defined.

Rule 4.06 RESPONSIBILITY FOR POLICY POSTING

Participating Title Insurers are responsible to FeeSimpleHosting for the proper posting to the Prior Policy Center of their issued policies.

Rule 4.07 RESPONSIBILITY FOR ADHERENCE TO RULES AND REGULATIONS

Participating Title Insurers are responsible to FeeSimpleHosting for the full and proper adherence on the part of their Authorized Issuing Offices to the Rules and Regulations of Prior Policy Center.

Rule 4.08 PERSONS RESPONSIBLE FOR COMPLIANCE AND LIAISON

Each Participating Title Insurer will identify persons on its staff who will be responsible for liaison and communication with FSH as follows:

- (a)** Senior Level Liaison
- (b)** AIO Relations Liaison
- (c)** Administrative Access Liaison
- (d)** Technology Liaison

Section 5 AUTHORIZED ISSUING OFFICES

Rule 5.01 DEFINED

An Authorized Issuing Office is an individual or business entity, or an office, department, or division of such entity, authorized by a Participating Title Insurers to issue real estate title insurance policies.

Rule 5.02 ONLY IF IT APPEARS

A policy issuing office is recognized as an Authorized Issuing Office in the FeeSimpleHosting system only if it is identified as an Authorized Issuing Office on the Table of Authorized Issuing Offices maintained by a Participating Title Insure.

Rule 5.03 MAINTENANCE OF AN ACCOUNT

Authorized Issuing Offices must create a user account with FeeSimpleHosting before making any use of the Prior Policy Center.

Rule 5.04 NO INTERFERENCE WITH EXISTING RELATIONSHIPS OR AGREEMENTS

Nothing in these Rules or any other regulatory provisions of FeeSimpleHosting shall be construed to, in any way, restrict, alter, or interfere with those existing legal relationships between Participating Title Insurers and their issuing offices.

Rule 5.05 ASSUMPTION AS TO QUALIFICATIONS

An issuing office designated by a Participating Title Insurers as an Authorized Issuing Office is assumed by all who deal with it within the context of the FeeSimpleHosting environment

- (a)** To be contractually authorized to issue title policies by the Participating Title Insurer so designating it, and

- (b)** To be licensed or otherwise authorized or eligible to issue title insurance policies under the laws and/or regulations of the appropriate state or jurisdiction.

Rule 5.06 MULTIPLE POLICY-ISSUING RELATIONSHIPS

A policy issuing office has a separate and distinct Authorized Issuing Office relationship with each Participating Title Insurer by which it is authorized to issue policies.

Section 6 PRIOR POLICY RECORDS

Rule 6.01 PRIOR POLICY RECORDS

A prior policy record (PPR) consists of

- (a)** A Policy Data Set, intended to populate the Prior Policy Index
- (b)** A Prior Policy Copy, consisting of
 - (i)** A Policy Form into which Policy Text has been inserted, or
 - (ii)** A Policy's text together with its Policy Form ID

Rule 6.02 ACCEPTABLE FILE TYPES PRIOR TO GO-FORWARD

Acceptable file types before Go-Forward are

- (a)** Plain text or XML tagged text files
- (b)** TIF format image files

Rule 6.03 ACCEPTABLE FILE TYPES AFTER GO-FORWARD

Acceptable file types following Go Forward are

- (a)** Plain text or XML tagged text files

Rule 6.04 MINIMUM POLICY DATA SETS

FeeSimpleHosting will establish and maintain by Regulation minimum required Policy Data Sets for Prior Policy Records.

- (a)** Different minimum required data sets may be established for policies issued and archived prior to Go-Forward than for those issued after that date.

- (b)** Different minimum required data sets may be established for varying types of legal descriptions
- (c)** Different minimum required data sets may be established in recognition of regional variations.
- (d)** Minimum required data sets will be established with full regard for FeeSimpleHosting's purpose of bringing as many findable back policies to the Prior Policy Center as possible.

Rule 6.05 STREET ADDRESS

Street address shall be a required Policy Data Element for all Prior Policy Records dated after Go-Forward Day.

Section 7 POSTING OF POLICY COPIES

Rule 7.01 COMPLIANCE WITH RECORD REQUIREMENTS

The Prior Policy Center will accept only Prior Policy Records which comply in every respect with Prior Policy Records requirements.

Rule 7.02 TERRITORY

The duty to post Prior Policy Records applies only to those title insurance policies issued insuring title to real estate situated in the fifty states of the United States and the District of Columbia.

Rule 7.03 AUTHORIZED ISSUING OFFICE TERRITORY

The Prior Policy Center will accept for posting only Policy Copy Records describing real property falling within the authorized territory of the Authorized Issuing Office which posts the record.

Rule 7.04 POLICY DATE AT WHICH THE DUTY TO POST BEGINS

For Participating Title Insurers whose Participation Agreement is executed by both parties prior to the date the Board of Directors declares the Prior Policy Center completed and open for business, defined as Completion Day, the duty to post newly issued policies becomes mandatory with policies dated sixty days after such Completion Day and thereafter.

For Participating Title Insurers whose Participation Agreement is executed by both parties on or after the date the Board of Directors declares the Prior Policy Center completed and open for business, defined as Completion Day, the duty to post newly issued policies becomes mandatory with policies dated sixty days after the date of their Participation Agreement and thereafter.

Rule 7.05 TIME WITHIN WHICH POLICY COPIES MUST BE POSTED

Policy copies required to be posted under the Charter and these Rules will be so posted no later than sixty days following their date of issuance.

Rule 7.06 HARDSHIP IN POSTING

Although the obligation to post go-forward policies is absolute, FSH management may give consideration to requests for extensions of this period in thirty day increments in the case of unusual hardship.

Section 8 RETRIEVAL OF POLICY RECORDS

Rule 8.01 ACCOUNT REQUIREMENT

An Authorized Issuing Office shall have no right to access or retrieve Policy Records until and unless it has established a User Account and that User Account is in good standing.

Rule 8.02 AUTHORIZED ISSUING TERRITORY

The Prior Policy Center will display for viewing and retrieval only Policy Copy Records describing real property falling within the authorized policy-issuing territory of the retrieving Authorized Issuing Office.

Rule 8.03 ANY-PARCEL EXCEPTION

If any parcel in a Prior Policy Record falls within an Authorized Issuing Office's authorized territory the Record may be accessed and retrieved.

Rule 8.04 USE FOR NEW INSURANCE ONLY

Prior Policy Records accessed and retrieved by an Authorized Issuing Office may be used only for the purpose of assisting in the issuance of new insurance, and for no other purpose.

Rule 8.05 NEW INSURANCE LIMITED TO PARTICIPATING INSURERS

Prior Policy Records may be retrieved to assist the issuance of new insurance only if that new insurance is to be written on the policy of a Participating Title Insurer in good standing.

Section 9 ACCESS BY PARTICIPATING TITLE INSURERS

Rule 9.01 ADMINISTRATIVE ACCESS

Participating Title Insurers have Administrative Access to single policy copies contained in the Prior Policy Center for all legitimate business purposes other than the purpose of assisting in the preparation of new insurance.

Rule 9.02 QUERY ACCESS

Participating Title Insurers shall have query access to all rows in the Prior Policy Index referring to Prior Policy Records posted by their Authorized Issuing Offices, of two kinds.

- (a)** Standard Queries, both Global and specific to the requesting PTI, developed and maintained by FSH
- (b)** Ad hoc queries, either Global or specific to the policies of the requesting PTI, developed by the requesting Participating Title Insurer.

Rule 9.03 REPORT ACCESS

Participating Title Insurers shall have report access to all rows in the Prior Policy Index to Prior Policy Records posted by their Authorized Issuing Offices of two kinds.

- (a)** Standard Reports, both Global and specific to the policy records of the requesting PTI, developed and maintained by FSH
- (b)** Custom Reports, either Global or specific to the policies of the requesting PTI, as requested by and at the expense of, that PTI. FSH will entertain requests for such reports only after Go-Forward day.

Rule 9.04 PERSONS WITH ACCESS

Participating Title Insurers will establish their own rules and controls regarding access to Queries and Reports by their authorized persons.

Section 10 USER ACCOUNTS

Rule 10.01 No access will be granted to a Participating Title Insurer or Authorized Issuing Office until an online account has been created which establishes.

- (a)** The identity of the user
- (b)** The identity of the controlling user
- (c)** The user's authority to access the Prior Policy Center
- (d)** The protocols and security that will be used
- (e)** User preferences
- (f)** The method of billing and/or crediting to be used

Rule 10.02 SINGLE USER ACCOUNT FOR MULTIPLE AIO RELATIONSHIPS

A single business entity may establish and maintain a single User Account to process the authority, entitlements, billing, and credits relating to more than one Authorized Issuing Office relationship.

Rule 10.03 RECOGNITION

FeeSimpleHosting will recognize Participating Title Insurers and Authorized Issuing Offices as follows:

- (a)** Participating Title Insurers will be recognized based on information supplied to FeeSimpleHosting at the creation of the Participating Title Insurer relationship
- (b)** Authorized Issuing Offices will be recognized based exclusively on information provided by the Participating Title Insurer in its Table of Authorized Issuing Offices.

Rule 10.04 USER ACCOUNT PRINCIPAL

At the establishment of a User Account, the registering entity will name a User Account Principal, a human being, who shall have exclusive authority to make changes in User Account Information.

- (a)** Thenceforth FSH will accept changes in User Account Information from no other person.

Section 11 SECURITY AND DISASTER RECOVERY

Rule 11.01 PARAMOUNT IMPORTANCE

It shall be the duty of FeeSimpleHosting management and its selected data hosting contractees to assure that

- (a)** No data entrusted to the Prior Policy Center will be lost
- (b)** No data entrusted to the Prior Policy Center will be corrupted or otherwise damaged
- (c)** No data entrusted to the Prior Policy Center will be accessed by unauthorized persons
- (d)** No uses will be made of data in its care other than duly authorized uses.
- (e)** No data entrusted to the Prior Policy Center will be unrecoverable from a major natural or other disaster.

Rule 11.02 RESPONSIBILITY FOR

FeeSimpleHosting and its management is responsible for the security of all facilities and information in its care.

Rule 11.03 PTI RESPONSIBILITY

Participating Title Insurers are responsible

- (a)** That only their authorized personnel have access to FSH data
- (b)** That no unauthorized or improper use is made of FSH data

Rule 11.04 AIO RESPONSIBILITY

- (a) That only their authorized personnel have access to FSH data
- (b) That no unauthorized or improper use is made of FSH data

Section 12 POLICY INFORMATION FEES

Rule 12.01 FUNCTION

Policy Information Fees are charged by FeeSimpleHosting, Inc. to Authorized Issuing Offices for retrieving Prior Policy Records from the Prior Policy Center.

Rule 12.02 ADMINISTRATIVE PURPOSE

Management shall so administer the Policy Information Fee structure and practice so as to further the purposes of such fees, namely,

- (a)** To create incentives for posting and retrieving Prior Policy Records;
- (b)** To pay for the operation, maintenance, and growth of the Prior Policy Center.

Rule 12.03 HOW ESTABLISHED

Policy Information Fees are established and amended by Rule.

Rule 12.04 HOW INCURRED

An Authorized Issuing Office incurs a Policy Information Fee by viewing, retrieving, or receiving, by whatever method, a Prior Policy Copy by generating an electronic request for it.

Rule 12.05 WHEN INCURRED

The obligation to pay a Policy Information Fee occurs when the Prior Policy Copy is viewed, received, or retrieved.

Rule 12.06 NOT INCURRED BY VIEWING THE PRIOR POLICY INDEX

A Policy Information Fee is not generated by merely viewing the Prior Policy Index without viewing a Prior Policy Record.

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Rule 12.07 OBLIGATION TO MAKE PAYMENT

The obligation to make payment of Policy Information Fees is governed under Section 15 of these Rules.

Section 13 SCHEDULE OF CURRENT POLICY INFORMATION FEES

Rule 13.01 CURRENT STANDARD POLICY INFORMATION FEE (PIF)

The standard Policy Information Fee is \$28.00.

Rule 13.02 SELF RETRIEVAL EXCEPTION

Where the policy retrieved is shown by the PPR to have been originally posted by the AIO now retrieving it, the retrieving AIO will be charged \$8 for its retrieval.

Rule 13.03 WHEN NO AIO IS IDENTIFIED

When no Authorized Issuing Office is identified on a retrieved Prior Policy Record, the standard Policy Information Fee will be \$18 and no Policy Information Credit shall be made.

Rule 13.04 HIGH LIABILITY PRICING

When the face amount of a title insurance policy stored, or to be stored, in the Prior Policy Center, exceeds \$2.8 million, the Prior Policy Fee paid for retrieving it will follow the following formula.

(a) FSH Default Formula

- (i)** \$28 per policy copy for policies up to \$2.8 million in liability;
- (ii)** Above \$2.8 million the rate will be \$10 per million or part thereof in liability, up to \$100 million in liability, at which point the price will be \$1,000;
- (iii)** Above \$100 million in liability all Policy Information Fees will be \$1,000.

(b) Underwriter Default Formula

Section 14 **POLICY INFORMATION CREDITS**

Rule 14.01 HOW ESTABLISHED

Policy Information Fees are established by Rule.

Rule 14.02 ENTITLEMENT

Entitlement to a Policy Information Credit is derived from

- (a)** Having the same Participating Title Insurer ID as the Participating Title Insurer identified in the retrieved Prior Policy Record, or
- (b)** Having the same Authorized Issuing Office ID as the Authorized Issuing Office identified in the retrieved Prior Policy Record

Rule 14.03 PURPOSE

The purpose of the Policy Information Credit system is to encourage and reward the posting and retrieval of Prior Policy Records. Regulations implementing this shall have that purpose.

Rule 14.04 CATEGORIES OF POLICY INFORMATION CREDITS

Policy Information Credits shall be of these kinds

- (a)** That portion of the Policy Information Fee credited to the Authorized Issuing Office which posted it is designated a Policy Information Credit-Office (PICO)
- (b)** That portion of the Policy Information Fee credited to the Participating Title Insurer which insured the retrieved record is designated a Policy Information Credit-Insurer (PICI)

- (c) That portion of the Policy Information Fee credited to FeeSimpleHosting is designated a Policy Information Credit-Host (PICH).

Rule 14.05 ENTITLEMENT TO PICO CREDITS

To be entitled receive PICO payments an Authorized Issuing Office

- (a) Be an Authorized Issuing Office in good standing under a Participating Title Insurer in good standing at the time the Prior Policy Record is retrieved. It need not then be an Authorized Issuing Office under the Participating Title Insurer named in the retrieved Prior Policy Record.
- (b) Have an existing user account in good standing
- (c) Be the posting Authorized Issuing Offices named on the Prior Policy Record.

Rule 14.06 WHERE NO AIO IS NAMED

Where no Authorized Issuing Office is identified on a Prior Policy Record no Policy Information Credit Office shall be awarded.

Rule 14.07 NOT ASSIGNABLE

Policy Information Credits cannot be assigned.

Section 15 BILLINGS AND CREDITS

Rule 15.01 MANDATE FOR AUTOMATED BILLING AND PAYMENT

FeeSimpleHosting billing and payment systems must be designed and operated so as to be fully automated.

Rule 15.02 PERMITTED PAYMENT OPTIONS

Permitted payment and credit options are

- (a)** Automatic bank charge or credit
- (b)** Credit card draft or credit

Rule 15.03 MASTER BILLING OPTIONS

Authorized Issuing Offices, whether underwriter direct offices or agency offices, shall have the option, not inconsistent with Rule 15.02, to combine or cluster offices, departments, and/or subsidiaries in a reasonable and logical way for billing purposes.

Rule 15.04 NET MONTHLY CLOSEOUT

Fees for retrieved Prior Policy Records, together with any adjustments or corrections processed during the period, shall be netted against any accrued Policy Information Credits and closed out, invoiced, and paid at the end of each calendar month.

Rule 15.05 THIRTY DAY DELAY OF POLICY INFORMATION CREDITS

Policy Information Credits earned shall be credited thirty days after the date on which they occur.

Section 16 RESOLUTION OF DISPUTES

Rule 16.01 IN GENERAL

It is the intention of FeeSimpleHosting that all disputes arising out of the use and operation of the FeeSimpleHosting Prior Policy Center be resolved in a manner fair and considerate of all involved. Management shall create such machinery as it deems appropriate for dealing with disputes.

Rule 16.02 DISPUTES INVOLVING PARTICIPATING TITLE INSURERS

Disputes regarding the use and operation of the Prior Policy Center which involve Participating Title Insurers will be referred to and resolved by a Committee on Disputes of the FeeSimpleHosting Board of Directors.

- (a)** The Board of Directors will enact such Regulations as it deems appropriate to deal with such disputes.

Rule 16.03 DISPUTES INVOLVING AUTHORIZED ISSUING OFFICES

Disputes regarding the use and operation of the Prior Policy Center which involve Authorized Issuing Offices will be resolved by management in consultation with the Participating Title Insurer under which the affected Authorized Issuing Office was acting when the dispute arose. .