



EXECUTIVE SUMMARY

Theft of settlement funds has been a longstanding and pervasive problem impacting title insurance underwriters, lenders, and consumers because of the lack of effective oversight and controls. In 2011, the near simultaneous failure of two regional title insurance underwriters due theft of settlement funds by their agents, heightened concerns, and created an imperative for immediate change. As a result of last year's CFPB Bulletin 2012-03 lender and settlement agent relationships have been impacted. Per CFPB, Lenders are now responsible for the conduct of their third party vendors. Many compliance issues were brought into play. Principal among those was the control of settlement funds and the proper and timely disbursement in accordance with closing instructions and the approved settlement statement (HUD-1). Underwriters and settlement agents must quickly demonstrate that they have established proper and reliable controls. Industry leaders are turning to RynohLive as the means for establishing effective financial controls, oversight, and risk mitigation in order to restore lender, regulator, and public confidence. Without immediate action and change, the industry structure is at risk.

RynohLive is a patented financial management and fraud prevention system. Since being introduced nationally in February 2009, RynohLive has: identified and prevented escrow theft, wire and ACH fraud; stopped employee embezzlements; eliminated check fraud, disbursing errors and saved its clients millions of dollars within the settlement industry. With RynohLive, lenders, insurers and regulators can review escrow accounts holding settlement funds; establish monitoring and alert criteria; receive daily & monthly reports - directly and independently - identifying fraud and ensuring best practices are maintained. National and regional title insurance underwriters representing in excess of a 90% market share have tested, evaluated, endorsed, and in many instances mandated the use of RynohLive in order to mitigate the staggering losses caused by agent escrow theft, or the mishandling of settlement funds. For Lenders, RynohLive will validate the integrity of the transaction from origination to the disbursement of funds in accordance with their closing instructions.

RynohLive currently is comprised of five interrelated modules working in concert:

RynohPay - a fully automated near real-time positive pay system that ensures that only validated checks are honored by the bank. RynohPay either provides automatic inputs to the clients' bank positive pay system, or is a standalone solution for those agents whose bank does not provide that service.

RynohTrax - verification and validation of user defined critical transactions both, receipts and disbursements. Typical reconciliation systems reflect only what has occurred. RynohTrax provides notification for those critical items not being posted as required to the account for either payment or credit.

RynohRecon - automatic daily three-way reconciliation with an embedded "Reconciliation Wizard" that identifies accounting and posting errors; timely alertment of potential issues, mitigates or totally, eliminates loss from fraud or error. A "Reconciliation Analysis" feature further identifies transactions whose status may represent audit or regulatory issues.

RynohReport - a comprehensive set of daily reports that enable proactive management and oversight of escrow activities. One of those is the "Morning Report" - a daily analysis report of escrow account activity and integrity. Emailed to designated recipients, the report contains user defined alerts of critical transactions, reconciliation status, and available funds by file/subaccount. The "Morning Report" reflects those critical time sensitive items requiring immediate attention.

RynohSecure - enables the insurance underwriter, auditor, or regulator to continuously monitor and fully audit account activity on a near real-time basis. Anti-fraud algorithms, funds verification protocols, and other techniques generate alerts whenever a suspect or potentially fraudulent event is detected.

A sixth component: **RynohSettlement**, currently in beta testing, to be deployed before 2014 will warranty the proper and cyber secure handling and disbursement of settlement funds. This warranty will protect lenders, underwriters and consumers against the theft or loss of settlement funds.