

DATE: November 6<sup>th</sup>, 2006

TO: West Region Leadership Team  
West Region PCM's  
West Region Escrow Managers

FROM: Margaret Foster, EVP – West Region Leader  
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CC: West Region Escrow Leadership Team (WRELT)

SUBJECT: **Duties & Obligations of Trust Account Signers**

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LandAmerica bank accounts are set up with the requirement there must be two (2) authorized signatures on each and every check in order for the check to be valid. With that requirement goes an inherent responsibility to **both** signers to review the check against the file for authenticity and validity. Unfortunately, 2<sup>nd</sup> signers are unaware that they have the same accountability as the initial signer for reviewing the file and ensuring we have proper authorization for the disbursement.

The signing of checks is an important escrow function and the dual signature requirement is a way for two sets of eyes, not only to ensure that the disbursement has been prepared properly, but also, to ensure that there is an instruction to disburse funds to the appropriate party so named as the payee on the check. **Therefore, this duty is not to be taken lightly and anyone who is authorized to sign a trust account check is required to understand their liability and responsibility.**

**DUTY & LIABILITY:**

Although it is impossible to list every circumstance that may create a possible conflict, the following should serve as your guide to your obligations as it relates to the signing of trust account checks.

- 1) The Disbursement Ledger must accompany the checks to be signed. Your duty is to review the ledger and then initial on the ledger as a check signer. If you are handed a single check to sign, you need to be aware of:
  - a. Checks being disbursed prior to closing – ask for a copy of the instruction.
  - b. Checks being paid to Brokers prior to closing – contact management as some states prohibit this by law.
  - c. Checks payable to another party after having been voided – ask for an explanation and a copy of the file for verification.
  - d. Check payable to an employee or an employee's relative – contact management.
- 2) Check the "Payee" to be sure it is in agreement with the Ledger. The check is to have the mailing address (Required by Internal Audit) and account #, if applicable.
- 3) If the check(s) being presented is questionable in your mind, DO NOT SIGN IT – ask questions of the Escrow Officer on the file or the branch Manager.

Violations of company policies or standards will result in corrective action appropriate to the misconduct. The corrective action in response to the violation will be determined by such considerations as the impact of the misconduct on company operations, the potential for, or extent of, damage caused and the circumstances pertaining to the misconduct.

### **DISCIPLINARY ACTION:**

If there is a misappropriation of funds that is discovered, those persons whose signature appears on the checks will be included in the investigation and audit of the occurrence and be subject to companies Performance and Behavioral Counseling Policy and procedure.

### **RED FLAGS – WHAT TO LOOK FOR (including, but not limited to):**

- More than one check issued to the same party (either in the same file or multiple files)
- Multiple voided checks on the ledger
- Disbursements after the closing date
- Disbursements prior to the closing date
- Disbursement has no address or improper payee name
- Disbursements made to payees that seem out of the ordinary for an escrow transaction (i.e. child care, car dealerships, hotels, casinos, online gambling sites, check cashing companies, jewelers, and credit card companies with no instructions OR after close of escrow)
- Single checks presented after the close of escrow.
- Refunds being disbursed that are payable to parties other than the principals or anyone else related to the transaction...
- Manual checks

Use your common sense and always ask questions. If the person presenting you with checks to sign refuses to answer your questions or provide you with substantial proof that the disbursement is valid – DO NOT SIGN THE CHECKS and call Management immediately.

We realize that this duty and responsibility may put you, as the check signer, in a difficult position at times. However, it is better to ask questions than to have to be involved in an investigation. If the person to whom you are asking the questions of does not want to answer, or makes you feel uncomfortable for asking, that should be your first red flag.

### **WIRING OF FUNDS**

Initiating and approving a wire carry the same responsibilities and duties as indicated above.