# Annual Report 2017

THE SECURITY TITLE
GUARANTEE CORPORATION OF BALTIMORE

# Report to Stakeholders

## THE YEAR IN REVIEW

We are pleased to report that your company enjoyed another year of growth and expansion in 2017, buoyed by a strong real estate market and growing economy. As a result, premium income, net operating income, assets and policyholder surplus all posted positive results for the year.

Actual premium income increased approximately 4.4% over 2016 beating the industry average of a 3.3% gain though, on a reported basis, the gain was a less impressive 0.8% due to accrual adjustments made between years. Improvements in premium revenue reflected efforts to bolster the ranks of our agency representatives in several markets, with new team members added to the states of Maryland, Mississippi, New York and New Jersey in 2017.

As stated in last year's report, we focused on turning around results in the State of New Jersey and those efforts paid off with a premium increase of 54.9% over 2016 and returning the state to among our major markets (defined as those with premium revenue of $1,000,000 or more). Improvements in New Jersey were followed by a 35.3% gain in Pennsylvania and continued growth in our Louisiana market of 4.9%. Mississippi rounded out our gainers with 2017 continuing a trend in that state of year-over-year improvement since the start of the Great Recession in 2008. Unfortunately, this stellar growth was partly offset by lackluster results in our home state of Maryland which saw a decrease in premium written of 4.7%, a result we hope to reverse in 2018 through the hiring of additional agency representatives. New York also posted a small decline of 2%.

At the same time that we enjoyed gains in operating income, expenses were moderated as a result of a decrease in claim loss and loss adjustment expenses incurred, which declined 25.8% to $1,345,276, helped in part by recoveries on prior year claims. Operating expenses incurred increased by a modest 1.9%, led by an increase in compensation expense as we added marketing staff to take advantage of the robust real estate economy and to position ourselves for continued growth.

Gains in operating income with more modest increases in expenses led to a 7.7% increase in net operating income to $813,583 from $754,753 in 2016.

Our investment portfolio, again provided positive returns, due in part to a decision to place a larger share in the equities market. However, investment gain decreased 18% compared to 2016 due to an operating loss in our subsidiary, Secure Title Solutions, LLC, which was formed in 2014 in response

to lender demand for third party assessments of compliance with industry best practices related to the treatment of consumers and protection of their data. Although there was early demand for such services in some markets, with the change in focus by the Federal Government on relaxing rules and regulations the interest in compliance assessments has slackened.

Despite the reduction in investment gains, net income before Federal income taxes rose to $979,460, leading to a 16.2% increase in policyholder surplus to $5,141,612 and total admitted assets of $18,284,153. All in all, it was a very successful year for your company.

“We will take advantage of the many opportunities that lay ahead of us to grow our agency partnerships for our mutual benefit.”

## THE YEAR AHEAD

The Mortgage Bankers Association predicts purchase loan originations will increase 7.3% over 2017 but, at the same time, refinance transactions are expected to decline roughly 28% this year as the Federal Reserve continues to pull back on its stimulus due to continued strengthening of the economy and improvements in wage growth. Mortgage interest rates are expected to approach 5% by year's end. With most borrowers who were in a position to refinance having already taken advantage of the low interest rate environment over the past several years, the reduced benefits of refinancing no longer make it an attractive option for most. The decline in refinance activity is expected to result in a net reduction in loan originations of 5.3% from 2017.

Home sales in 2018 started on a slow footing, continuing a trend started in the second quarter of 2017 of quarter-over-quarter declines. However, home sales are projected to increase throughout 2018, with a slight increase over 2017's numbers by year's end despite the projected rise in interest rates and continued constraints on home sales due to a lack of inventory. These factors are expected to be offset by faster economic growth; a stronger job market leading to improvement in wages; an easing of credit availability; and changing demographics as the “millennial” generation, who had delayed purchasing homes following the Great Recession, enter the housing market in increasing numbers. These factors are expected to lead to gains in the housing market through 2020.

Despite the healthy real estate market, consolidation within the title insurance industry is occurring on an increasingly rapid pace, both among title agencies and among title insurers, with the top national insurer recently announcing its intention to purchase the fourth largest with the sale expected to occur in first quarter of 2019. This consolidation represents both opportunities and challenges for your company. On a short term basis, this acquisition should lead to opportunities to hire experienced sales people and to sign on additional agents concerned with the potential ramifications of the purchase. On a longer term basis, the purchase may provide opportunities for the acquirer to capture a growing share of the market and with improved economies of scale.

As with every industry today, the adoption of technology is the differentiator between successful companies and those left behind. For this reason, we will continue to invest in our on-line agency support program, eSecurityConnect, and to integrate that program with additional leading settlement software providers in order to streamline our agents' operations. We are also working on developing a solution to provide our agents with pro forma commitments to improve their workflow and reduce the potential for claims.

By remaining focused on providing those services and solutions necessary to keep our agents competitive in today's technologically focused economy, we will take advantage of the many opportunities that lay ahead of us and grow our agency partnerships for our mutual benefit.

Thank you for your continued support and investment in Security Title. We look forward to another strong year of growth for your company.

Sincerely,

Theodore C. Rogers

Theodore C. Rogers
*President*

GorfineSchillerGardyn
Certified Public Accountants and Consultants

## INDEPENDENT AUDITORS' REPORT

BOARD OF DIRECTORS
The Security Title Guarantee Corporation of Baltimore, Baltimore, Maryland

We have audited the accompanying financial statements of The Security Title Guarantee Corporation of Baltimore, which comprise the statements of admitted assets, liabilities, capital and surplus – statutory basis as of December 31, 2017 and 2016, and the related statements of operations – statutory basis, changes in capital and surplus – statutory basis, and cash flows – statutory basis for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the National Association of Insurance Commissioners (NAIC) and permitted by the Maryland Insurance Administration (MIA). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the financial statements prepared by The Security Title Guarantee Corporation of Baltimore on the basis of the financial reporting provisions of the NAIC and permitted by the MIA, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the NAIC and permitted by the MIA. The effects on the financial statements of the variances between the statutory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the statements of admitted assets, liabilities, capital and surplus – statutory basis of The Security Title Guarantee Corporation of Baltimore as of December 31, 2017 and 2016, or the results of its operations or its cash flows for the years then ended.

### Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the admitted assets, liabilities, capital and surplus of The Security Title Guarantee Corporation of Baltimore as of December 31, 2017 and 2016 and the results of its operations and its cash flows for the years then ended, in accordance with the financial reporting provisions of the NAIC and permitted by the MIA as described in Note 1.

Gorfine, Schiller & Gardyn, PA

April 5, 2018
Owings Mills, Maryland

## STATEMENTS OF ADMITTED ASSETS, LIABILITIES, CAPITAL AND SURPLUS – STATUTORY BASIS

*For the years ended December 31, 2017 and 2016*

| | 2017 | 2016 |
|---|---|---|
| **ADMITTED ASSETS** | | |
| Investments: | | |
| Debt securities | $ 4,387,916 | $ 4,803,978 |
| Common stock | 1,793,587 | 1,794,216 |
| Preferred stock | 20,000 | 45,000 |
| Other investments | 142,786 | 242,665 |
| Cash and short-term investments | 10,696,402 | 8,343,058 |
| Receivable, other | 53,384 | 21,481 |
| Title insurance premiums and fees receivable | 818,087 | 896,318 |
| Property and equipment, net | 211,798 | 215,874 |
| Accrued interest receivable | 25,412 | 29,892 |
| Cash value of life insurance | 84,781 | 83,720 |
| Deferred income tax asset | 50,000 | 87,000 |
| **TOTAL ADMITTED ASSETS** | **$18,284,153** | **$ 16,563,202** |
| **LIABILITIES, CAPITAL AND SURPLUS** | | |
| Statutory premium reserve | $ 10,026,715 | $ 9,727,479 |
| Known claims reserve | 2,368,924 | 1,944,764 |
| Taxes, licenses and fees | 182,070 | 116,739 |
| Premiums received in advance | 13,956 | 9,616 |
| Other accrued expenses | 347,217 | 342,006 |
| Income tax payable | 203,659 | – |
| **TOTAL LIABILITIES** | **13,142,541** | **12,140,604** |
| Common stock | 950,792 | 935,432 |
| Preferred stock | 17,132 | 19,052 |
| Gross paid in and contributed surplus | 1,657,619 | 1,671,059 |
| Retained surplus | 2,516,069 | 1,797,055 |
| **TOTAL CAPITAL AND SURPLUS** | **5,141,612** | **4,422,598** |
| **TOTAL LIABILITIES, CAPITAL AND SURPLUS** | **$18,284,153** | **$ 16,563,202** |

*The accompanying notes are an integral part of these financial statements.*

## STATEMENTS OF OPERATIONS – STATUTORY BASIS

*For the years ended December 31, 2017 and 2016*

| | 2017 | 2016 |
|---|---|---|
| **OPERATING INCOME** | | |
| Title insurance premiums earned | $ 44,969,088 | $ 44,505,275 |
| Service charges | 758,220 | 814,250 |
| **TOTAL OPERATING INCOME** | **45,727,308** | **45,319,525** |
| **EXPENSES** | | |
| Losses and loss adjustment expenses incurred | 1,345,276 | 1,815,119 |
| Operating expenses incurred | 43,568,449 | 42,749,653 |
| **TOTAL EXPENSES** | **44,913,725** | **44,564,772** |
| **NET OPERATING INCOME** | 813,583 | 754,753 |
| **NET INVESTMENT GAIN** | 164,816 | 201,027 |
| **MISCELLANEOUS INCOME** | 1,061 | 997 |
| Net income before federal income tax | 979,460 | 956,777 |
| **PROVISION FOR INCOME TAXES** | (211,000) | (14,580) |
| **NET INCOME** | **$ 768,460** | **$ 942,197** |

*The accompanying notes are an integral part of these financial statements.*

## STATEMENTS OF CHANGES IN CAPITAL AND SURPLUS – STATUTORY BASIS

*For the years ended December 31, 2017 and 2016*

| | 2017 | 2016 |
|---|---|---|
| **CAPITAL STOCK** | | |
| Common stock | $ 950,792 | $ 935,432 |
| Preferred stock | 17,132 | 19,052 |
| **Total capital stock** | **$ 967,924** | **$ 954,484** |
| **GROSS PAID IN AND CONTRIBUTED SURPLUS** | **$ 1,657,619** | **$ 1,671,059** |
| **RETAINED SURPLUS** | | |
| Balance, beginning of year | $ 1,797,055 | $ 970,747 |
| Deferred income taxes | (8,000) | (34,000) |
| Net income | 768,460 | 942,197 |
| Dividends paid | (121,511) | (107,802) |
| Net unrealized capital gain | 57,201 | 132,769 |
| Decrease (increase) in non-admitted assets | 22,864 | (106,856) |
| Balance, end of year | **$ 2,516,069** | **$ 1,797,055** |

*The accompanying notes are an integral part of these financial statements.*

## STATEMENTS OF CASH FLOWS – STATUTORY BASIS

*For the years ended December 31, 2017 and 2016*

| | 2017 | 2016 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Premiums and other charges collected | $ 45,068,460 | $ 44,190,445 |
| Loss and loss adjustment expenses paid | (621,879) | (1,709,375) |
| Operating expenses paid | (43,376,379) | (42,594,292) |
| Net investment income | 102,919 | 180,089 |
| Other income received | 758,220 | 814,250 |
| Federal taxes | (7,341) | (14,580) |
| **Cash provided by operating activities** | 1,924,000 | 866,537 |
| **CASH FLOWS FROM INVESTMENT PROCEEDS AND ACQUISITIONS** | | |
| Proceeds from investments sold, matured or repaid | 803,615 | 413,222 |
| Cost of investments acquired | (110,429) | (496,025) |
| **Cash provided by (used in) investment proceeds and acquisitions** | 693,186 | (82,803) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Dividends paid | (121,511) | (107,802) |
| Capital and paid in surplus | (69,550) | (132,500) |
| Other cash sources and (applications) – net | (72,781) | 29,921 |
| **Cash used in financing activities** | (263,842) | (210,381) |
| Net increase in cash and short-term investments | 2,353,344 | 573,353 |
| **CASH AND SHORT-TERM INVESTMENTS** | | |
| **Beginning of year** | 8,343,058 | 7,769,705 |
| **CASH AND SHORT-TERM INVESTMENTS** | | |
| **End of year** | $ 10,696,402 | $ 8,343,058 |

*The accompanying notes are an integral part of these financial statements.*

## NOTES TO FINANCIAL STATEMENTS

*December 31, 2017 and 2016*

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GOING CONCERN

**A. Accounting Practices**

The financial statements of The Security Title Guarantee Corporation of Baltimore (the Company) are presented on the basis of accounting practices prescribed or permitted by the Maryland Insurance Administration.

The Maryland Insurance Administration recognizes only statutory accounting practices prescribed or permitted by the State of Maryland for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Maryland Insurance Law. The National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures Manual, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Maryland. The State has adopted certain prescribed accounting practices that differ from those found in NAIC SAP, however none of these differences affect the Company.

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Maryland is shown below:

| | SSAP # | F/S Page | F/S Line # | 2017 | 2016 |
|---|---|---|---|---|---|
| **NET INCOME** | | | | | |
| 01. The Security Title Guarantee Corporation of Baltimore state basis | XXX | XXX | XXX | $ 768,460 | $ 942,197 |
| 02. State Prescribed Practices that are an increase/(decrease) from NAIC SAP: | | | | – | – |
| 03. State Permitted Practices that are an increase/(decrease) from NAIC SAP: | | | | – | – |
| 04. NAIC SAP | XXX | XXX | XXX | $ 768,460 | $ 942,197 |
| **SURPLUS** | | | | | |
| 05. State Basis | XXX | XXX | XXX | $5,141,612 | $4,422,598 |
| 06. State Prescribed Practices that are an increase/(decrease) from NAIC SAP: | | | | – | – |
| 07. State Permitted Practices that are an increase/(decrease) from NAIC SAP: | | | | – | – |
| 08. NAIC SAP | XXX | XXX | XXX | $5,141,612 | $4,422,598 |

**B. Use of Estimates in the Preparation of Financial Statements**

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

**C. Accounting Policy**

Premiums are earned when collected at the time of settlement whereby the insurance liability is established.

Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred.

In addition, the Company uses the following accounting policies:

(1) Short-term investments are stated at amortized cost.

(2) Bonds not backed by other loans are stated at amortized cost using the interest method.

(3) Common stocks are stated at market value, except the shares owned of Title Reinsurance Company, which represent less than 10% of the outstanding shares of that company, are carried on the equity basis.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GOING CONCERN – *Continued*

(4) Preferred stocks are stated in accordance with the guidance provided in SSAP No. 32.

(5) Mortgage loans on real estate are stated at the aggregate carrying value less accrued interest.

(6) Not Applicable

(7) The Company carries its interest in three 100% owned affiliates, Secure Property Acquisitions, Inc., Secure 1031 Exchange Services, LLC and Secure Title Solutions, LLC at GAAP equity.

The Company owns 100% of two limited liability companies: Secure 1031 Exchange Services, LLC was established by the Company to act as a marketing company for Citibank 1031 Exchange Services, a Qualified Intermediary under Section 1031 of the Internal Revenue Code (IRC), and Secure Title Solutions, LLC, was established by the Company to provide consulting services to title insurers and agents, including on-site agent reviews, monthly account reconciliations and compliance assessments with title industry Best Practices. The interests in these companies are carried at GAAP equity.

(8) Not Applicable

(9) Not Applicable

(10) Not Applicable

(11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates, and while management believes the amount is adequate, the ultimate liabilities may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.

(12) The Company has not modified its capitalization policy from the prior period.

(13) Not Applicable

D. Not Applicable

## 2. Not Applicable

## 3. Not Applicable

## 4. Not Applicable

## 5. INVESTMENTS

A. Not Applicable

B. Not Applicable

C. Not Applicable

D. Not Applicable

E. Not Applicable

F. Not Applicable

G. Not Applicable

H. Not Applicable

I. Not Applicable

J. Not Applicable

K. Not Applicable

L. (1) Restricted Assets (Including Pledged)

| | 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|---|
| RESTRICTED ASSET CATEGORY | Total Gross Restricted from Current Year | Total Gross Restricted from Prior Year | Increase / (Decrease) (1 minus 2) | Total Current Year Admitted Restricted | Percentage Gross Restricted to Total Assets | Percentage Admitted Restricted to Total Admitted Assets |
| a. Subject to contractual obligation for which liability is not shown | $ – | $ – | $ – | $ – | % | % |
| b. Collateral held under security lending agreements | – | – | – | – | – | – |
| c. Subject to repurchase agreements | – | – | – | – | – | – |
| d. Subject to reverse repurchase agreements | – | – | – | – | – | – |
| e. Subject to dollar repurchase agreements | – | – | – | – | – | – |
| f. Subject to dollar reverse repurchase agreements | – | – | – | – | – | – |
| g. Placed under option contracts | – | – | – | – | – | – |
| h. Letter stock or securities restricted as to sale – excluding FHLB capital stock | – | – | – | – | – | – |
| i. FHLB capital stock | – | – | – | – | – | – |
| j. On deposit with states | 1,838,064 | 1,848,313 | (10,249) | 1,838,064 | 9.36% | 10.05% |
| k. On deposit with other regulatory bodies | – | – | – | – | – | – |
| l. Pledged as collateral to FHLB (including assets backing funding agreements) | – | – | – | – | – | – |
| m. Pledged as collateral not captured in other categories | – | – | – | – | – | – |
| n. Other restricted Assets | – | – | – | – | – | – |
| o. Total Restricted Assets | $ 1,838,064 | $ 1,848,313 | $(10,249) | $ 1,838,064 | 9.36% | 10.05% |

## 5. INVESTMENTS – *Continued*

(2) Not Applicable

(3) Not Applicable

(4) Not Applicable

M. Not Applicable

N. Not Applicable

O. Not Applicable

P. Not Applicable

Q. Not Applicable

R. Not Applicable

## 6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

A. The Company had no investments in Joint Ventures, Partnerships, or Limited Liability Companies that exceed 10% of its admitted assets.

B. The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships, or Limited Liability Companies during the statement periods.

## 7. INVESTMENT INCOME

A. Due and accrued income was excluded from surplus on the following basis:
All investment income due and accrued with amounts that are over 90 days past due.

B. The total amount excluded was $-0-.

## 8. Not Applicable

## NOTES TO FINANCIAL STATEMENTS

*December 31, 2017 and 2016*

## 9. INCOME TAXES

A. The components of the net deferred tax asset/(liability) at December 31 are as follows:

| 1. | 12/31/2017 | | | 12/31/2016 | | | Change | | |
|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| | Ordinary | Capital | (Col 1+2) Total | Ordinary | Capital | (Col 4+5) Total | (Col 1-4) Ordinary | (Col 2-5) Capital | (Col 7+8) Total |
| a. Gross Deferred Tax Assets | $ 271,000 | – | 271,000 | 279,000 | – | 279,000 | (8,000) | – | (8,000) |
| b. Statutory Valuation Allowance Adjustments | $ – | – | – | – | – | – | – | – | – |
| c. Adjusted Gross Deferred Tax Assets (1a – 1b) | $ 271,000 | – | 271,000 | 279,000 | – | 279,000 | (8,000) | – | (8,000) |
| d. Deferred Tax Assets Nonadmitted | $ – | – | – | – | – | – | – | – | – |
| e. Subtotal Net Admitted Deferred Tax Asset (1c – 1d) | $ 271,000 | – | 271,000 | 279,000 | – | 279,000 | (8,000) | – | (8,000) |
| f. Deferred Tax Liabilities | $ – | 221,000 | 221,000 | – | 192,000 | 192,000 | – | 29,000 | 29,000 |
| g. Net Admitted Deferred Tax Assets/ (Net Deferred Tax Liability) (1e – 1f) | $ 271,000 | (221,000) | 50,000 | 279,000 | (192,000) | 87,000 | (8,000) | (29,000) | (37,000) |

| 2. | 12/31/2017 | | | 12/31/2016 | | | Change | | |
|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| | Ordinary | Capital | (Col 1+2) Total | Ordinary | Capital | (Col 4+5) Total | (Col 1-4) Ordinary | (Col 2-5) Capital | (Col 7+8) Total |
| Admission Calculation Components SSAP No. 101 | | | | | | | | | |
| a. Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks | $ – | – | – | – | – | – | – | – | – |
| b. Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) Above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below) | $ – | – | – | – | – | – | – | – | – |
| 1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date | $ – | – | – | – | – | – | – | – | – |
| 2. Adjusted Gross Deferred Tax Assets Allowed Per Limitation Threshold | $ XXX | XXX | – | XXX | XXX | – | XXX | XXX | – |
| c. Adjusted Gross Deferred Tax Assets (Excluding the Amount Of Deferred Tax Assets From 2(a) and 2(b) Above) Offset by Gross Deferred Tax Liabilities | $ – | – | – | – | – | – | – | – | – |
| d. Deferred Tax Assets Admitted as the Result of application of SSAP No. 101 Total (2(a) + 2(b) + 2(c)) | $ – | – | – | – | – | – | – | – | – |
| 3. Not Applicable | | | | | | | | | |

| 4. | 12/31/2017 | | 12/31/2016 | | Change | |
|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| IMPACT OF TAX PLANNING STRATEGIES | Ordinary | Capital | Ordinary | Capital | (Col 1-4) Ordinary | (Col 2-4) Capital |
| a. Determination of Adjusted Gross Deferred Tax Assets and Net Admitted Deferred Tax Assets, by Tax Character As A Percentage. | | | | | | |
| 1. Adjusted Gross DTAs Amount from Note 9A1(c) | $ 271,000 | | 271,000 | | (8,000) | |
| 2. Percentage of Adjusted Gross DTAs By Tax Character Attributable To the Impact of Tax Planning Strategies | | | | | | |
| 3. Net Admitted Adjusted Gross DTAs Amount from Note 9A1(e) | $ 271,000 | | 279,000 | | (8,000) | |
| 4. Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because of The Impact of Tax Planning Strategies | | | | | | |

b. Does the Company's tax-planning strategies include the use of reinsurance? Yes No X

## NOTES TO FINANCIAL STATEMENTS

*December 31, 2017 and 2016*

## 9. INCOME TAXES – *Continued*

B. Not Applicable

C. Current income taxes incurred consist of the following major components:

| | | (1) | (2) | (3) |
|---|---|---|---|---|
| | | | | (Col 1-2) |
| | | 12/31/17 | 12/31/16 | Change |
| **1. CURRENT INCOME TAX** | | | | |
| a. Federal | $ | 333,000 | – | 333,000 |
| b. Foreign | $ | – | – | – |
| c. Subtotal | $ | 333,000 | – | 333,000 |
| d. Federal Income Tax on net capital gains | $ | – | – | – |
| e. Utilization of capital loss carry-forwards | $ | (56,000) | – | (56,000) |
| f. Other | $ | (66,000) | – | (66,000) |
| g. Federal and foreign income taxes incurred | $ | 211,000 | – | 211,000 |
| **2. DEFERRED TAX ASSETS:** | | | | |
| a. Ordinary | | | | |
| (1) Discounting of unpaid losses | $ | – | – | – |
| (2) Unearned premium reserve | $ | – | – | – |
| (3) Policyholder reserves | $ | – | – | – |
| (4) Investments | $ | – | – | – |
| (5) Deferred acquisition costs | $ | – | – | – |
| (6) Policyholder dividends accrual | $ | – | – | – |
| (7) Fixed assets | $ | 155,000 | 158,000 | (3,000) |
| (8) Compensation and benefits accrual | $ | – | – | – |
| (9) Pension accrual | $ | – | – | – |
| (10) Receivables – nonadmitted | $ | 116,000 | 121,000 | (5,000) |
| (11) Net operating loss carry-forward | $ | – | – | – |
| (12) Tax credit carry-forward | $ | – | – | – |
| (13) Other (including items <5% of total ordinary tax assets) | $ | – | – | – |
| (99) Subtotal | $ | 271,000 | 279,000 | (8,000) |
| b. Statutory valuation allowance adjustment | $ | – | – | – |
| c. Nonadmitted | $ | – | – | – |
| d. Admitted ordinary deferred tax assets (2a99 – 2b – 2c) | $ | 271,000 | 279,000 | (8,000) |
| e. Capital: | | | | |
| (1) Investments | $ | – | – | – |
| (2) Net capital loss carry-forward | $ | – | – | – |
| (3) Real estate | $ | – | – | – |
| (4) Other (including items <5% of total capital tax assets) | $ | – | – | – |
| (99) Subtotal | $ | – | – | – |
| f. Statutory valuation allowance adjustment | $ | – | – | – |
| g. Nonadmitted | $ | – | – | – |
| h. Admitted capital deferred tax assets (2e99 – 2f – 2g) | $ | – | – | – |
| i. Admitted deferred tax assets (2d + 2h) | $ | 271,000 | 279,000 | (8,000) |
| **3. DEFERRED TAX LIABILITIES:** | | | | |
| a. Ordinary | | | | |
| (1) Investments | $ | – | – | – |
| (2) Fixed assets | $ | – | – | – |
| (3) Deferred and uncollected premium | $ | – | – | – |
| (4) Policyholder reserves | $ | – | – | – |
| (5) Other (including items <5% of total ordinary tax liabilities) | $ | – | – | – |
| (99) Subtotal | $ | – | – | – |
| b. Capital: | | | | |
| (1) Investments | $ | 221,000 | 192,000 | 29,000 |
| (2) Real estate | $ | – | – | – |
| (3) Other (including items <5% of total capital tax liabilities | $ | – | – | – |
| (99) Subtotal | $ | 221,000 | 192,000 | 29,000 |
| c. Deferred tax liabilities (3a99 + 3b99) | $ | 221,000 | 192,000 | 29,000 |
| **4. NET DEFERRED TAX ASSETS/LIABILITIES (2i – 3c)** | $ | 50,000 | 87,000 | (37,000) |

## NOTES TO FINANCIAL STATEMENTS

*December 31, 2017 and 2016*

### 9. INCOME TAXES – *Continued*

D. The provision for Federal income taxes incurred is different from that which would be obtained by applying the statutory Federal income tax rate to income before income taxes. The significant items causing this difference are as follows:

| | December 31, 2017 | Effective Tax Rate |
|---|---|---|
| Benefit computed at statutory rate | $ 333,000 | 34.0% |
| Tax exempt income deduction | (24,000) | (2.5) |
| Dividends received deduction | (13,000) | (1.3) |
| Nondeductible expenses | 23,000 | 2.3 |
| Change in net deferred income taxes | (37,000) | (3.8) |
| Utilization of NOL Carryforward and minimum tax credits | (72,000) | (7.4) |
| Other amounts | (36,000) | (3.7) |
| Total | **$ 174,000** | **17.6%** |
| | | |
| Federal and foreign income taxes incurred | $ 211,000 | 21.4% |
| Change in net deferred income taxes | (37,000) | (3.8) |
| Total | **$ (174,000)** | **17.6%** |

E. (1) As of December 31, 2017, the Company had a net capital loss carry forward of approximately $6,000 which expires in 2020.

(2) The Company does not have any Federal income taxes available for recoupment in the event of future net losses.

(3) The aggregate amount of deposits reported as admitted assets under Section 6603 of the Internal Revenue Service (IRS) Code was $–0– as of December 31, 2017.

F. (1) Not Applicable

(2) Not Applicable

G. Not Applicable

### 10. INFORMATION CONCERNING PARENT, SUBSIDIARIES, AFFILIATES AND OTHER RELATED PARTIES

A. (1) The Company has a 100% ownership interest in an affiliate, Secure Property Acquisitions, Inc., which was established July 18, 2016 by the Company for the purpose of holding title to properties. The Company is the sole shareholder of this affiliate and all profits, if any, will be paid to the Company in the form of dividends. Secure Property Acquisitions, Inc. acquired 100% of the membership interests of 131-18 135th Place, LLC from the Company.

(2) The Company has a 100% ownership interest in Secure 1031 Exchange Services, LLC, established by the Company to act as a marketing company for Citibank 1031 Exchange Services, a Qualified Intermediary under Section 1031 of the IRC. The Company is the sole member of the LLC and all profits and losses from the LLC will pass through directly to the Company. In the fourth quarter of 2014, Citibank announced its intention to close its 1031 Exchange Services. As a result, Secure 1031 Exchange Services, LLC is inactive at this time.

## 10. INFORMATION CONCERNING PARENT, SUBSIDIARIES, AFFILIATES AND OTHER RELATED PARTIES – *Continued*

(3) The Company also has a 100% ownership in Secure Title Solutions, LLC, which was established on August 20, 2014 to provide consulting services, such as on-site agent reviews and compliance assessments with title industry Best Practices, on a fee basis. These services will be offered to the Company's agents, other title insurers, agents for other title insurers and lenders. The Company is the sole member of the LLC and all profits and losses from the LLC will pass through directly to the Company.

(4) The Company is affiliated with Maryland Mortgage Company (Maryland Mortgage) by virtue of one stockholder who owns more than 10% of both the Company's and Maryland Mortgage's stock.

B. C. & D. In the reporting year 2017, the Company sold a total of $150,000 of non-admitted premiums receivable to its affiliate, Maryland Mortgage, in accordance with the Purchase Sale Agreement between the two entities. A total of $150,000 was reimbursed to Maryland Mortgage by the Company in 2017. The total net discounts given to Maryland Mortgage was $525, which reduced the Company's surplus by the same amount. No sale of non-admitted premiums receivable occurred in the fourth quarter of 2017.

E. Not Applicable

F. (1) Under the terms of a Management Agreement, effective July 18, 2016, between the Company and its affiliate Secure Property Acquisitions, Inc., the Company will provide management and operating personnel to ensure the offices of Secure Property Acquisitions, Inc. are adequately staffed and operated to service its customers. Secure Property Acquisitions, Inc. is responsible for all expenses associated with the provision of its services.

(2) Under the terms of a Management Agreement between the Company and its affiliate Secure Title Solutions, LLC, the Company will provide management, employees, equipment and infrastructure for utilization by the affiliate. Secure Title Solutions, LLC is ultimately responsible for all expenses associated with the provision of its services.

G. Not Applicable

H. Not Applicable

I. Not Applicable

J. Not Applicable

K. Not Applicable

L. Not Applicable

M. Not Applicable

N. Not Applicable

## 11. Not Applicable

## 12. RETIREMENT PLANS, DEFERRED COMPENSATION, POST EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS

A. Not Applicable

B. Not Applicable

## 12. RETIREMENT PLANS, DEFERRED COMPENSATION, POST EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS – *Continued*

C. Not Applicable

D. Not Applicable

**E. Defined Contribution Plan**

Employees are covered by a qualified 401(k) profit sharing plan sponsored by the Company. The Board of Directors approves contributions to the plan. For 2017 and 2016, the plan allowed employee contributions up to 75% of compensation. Employer matching began as of January 1, 2016 with the Company matching dollar for dollar up to 2% of an employee's pay. At December 31, 2017 and 2016, the fair value of plan assets was $4,253,247 and $3,561,765, respectively.

F. Not Applicable

G. Not Applicable

H. Not Applicable

I. Not Applicable

## 13. CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS

(1) As of December 31, 2017, the Company has 40,000 shares of Class A Common Stock authorized and 36,773 shares issued and outstanding with a par value of $24. As of December 31, 2016, the Company had 32,000 shares of Class B Common Stock authorized and 6,610 shares issued and outstanding, with a par value of $8. Of the 32,000 shares authorized, up to 25,000 shares were reserved for future conversion of Preferred Stock into Class B Common Stock. Effective June 30, 2017, an additional 1,920 shares, formerly Series B Preferred, were converted to Class B Common Stock, on a one-for-one basis, resulting in a total of 8,530 shares of Class B Common Stock issued and outstanding.

Additionally, the Company has 90,000 shares of Class C Common Stock authorized at a par value of $8, with no shares issued and outstanding.

(2) As of December 31, 2016, after the exercise by some shareholders of their put option, 7,052 shares of the original 8,443 issued and outstanding shares of Series B Preferred Stock (Series B) remained, with a par value of $1. Effective June 30, 2017, 1,920 of these remaining shares were converted to Class B Common Stock (as described above) and the remaining 5,132 shares were elected by shareholders to be converted to Series C Preferred Stock on a one-for one basis.

As of December 31, 2017, the Company has 45,000 shares of Series C Preferred Stock (Series C) authorized with a par value of $1. Following the election by shareholders of Series B Preferred to convert 5,132 shares of Series B to Series C (as described above), the Company currently has 17,132 shares of Series C issued and outstanding. Series C carries an 8% cumulative dividend (or $4.00 per share) payable annually on July 1 of each year, commencing July 1, 2016. Series C may be called for redemption and redeemed at the option of the Company by action of the Board of Directors, in whole at any time or in part from time to time after July 1, 2018, at a price of $57.50 per share. Series C has a conversion feature, whereby on or after July 1, 2020, each Series C shareholder shall have the option to convert each of his shares into one (1) share of Class C Common Stock.

## 13. CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS – *Continued*

(3) Dividends are reviewed by the Maryland Insurance Commissioner prior to distribution. The common stock dividend rate is not limited and dividends are not cumulative. Dividends on preferred shares are cumulative.

(4) On July 18, 2017, an ordinary dividend was paid to Series C Preferred shareholders in the amount of $48,000 and an ordinary dividend in the amount of $28,208 was paid to Series B Preferred shareholders. An ordinary dividend to Class A and Class B Common shareholders in the total amount of $45,303 was paid on December 15, 2017.

(5) Within the limitations of (3) above, there are no restrictions placed on the portion of the Company profits that may be paid as ordinary dividends to shareholders.

(6) There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.

(7) Not Applicable

(8) Not Applicable

(9) Not Applicable

(10) The portion of surplus represented (reduced) by unrealized gains and losses was 650,210.

(11) Not Applicable

(12) Not Applicable

(13) Not Applicable

## 14. LIABILITIES, CONTINGENCIES AND ASSESSMENTS

A. Not Applicable

B. Not Applicable

C. Not Applicable

**D. Claims Related Extra Contractual Obligation (ECO) and Bad Faith Losses Stemming from Lawsuits:**

(1) The Company was served as a defendant in a suit filed against an insured lender, RBS Citizens (RBS), and the Company, in the Circuit Court of Cecil County, Maryland, Case Number 07-C-13-001300. The Company had previously received a claim in July of 2010 from the insured lender advising that its deed of trust did not describe all of the property that was owned by the borrower and that it intended to be secured by all of the same property. Research into the land records and the loan origination file supported the lender's contention that its deed of trust was to be secured by all of the same property. The deed of trust was re-recorded pursuant to the lender's request to add the additional omitted property and to add the name of the wife, as it too was omitted. The wife had signed the deed of trust and initialed every page. Subsequent to re-recording the deed of trust in January of 2011 the Company was contacted by the representatives of another secured lender advising that they believed the re-recording was in error as it held liens on other properties. The insured lender then contacted the Company to advise it was no longer certain of its earlier intentions. The insured lender was advised

## NOTES TO FINANCIAL STATEMENTS

*December 31, 2017 and 2016*

to file a partial release as to the additional properties if the re-recorded deed of trust was mistakenly prepared. However, the insured lender took no action. The other lender then filed suit for a declaratory judgment against the insured lender and an order was entered in October of 2011 striking the re-recorded deed of trust and declaring it was null and void. The insured lender did not answer the complaint and the matter went to default. The borrower sued RBS as it did not file a partial release, although none was necessary in light of the October 2011 court order. The borrower also filed suit against the Company on the basis that it colluded with RBS by re-recording the deed of trust at the request of RBS. The Company subsequently filed a third party action against RBS. The borrower is not insured by a policy issued by the Company and therefore the borrower's action is extra contractual.

On April 12, 2017, a trial convened and RBS settled its action with the borrower. A hearing was held on June 19, 2017 for final motions on evidence and closing arguments concerning the unresolved actions. The Court issued an order finding damages in the amount of $6,726.00 in favor of the borrower but did not render a decision on the Company's claim against RBS. A motion has been filed for judgment in favor of the Company and against RBS. The borrowers have noted an appeal of the judgment. Subsequent to the reporting period a hearing was scheduled for May 18, 2018.

In the reporting period ending December 31, 2017, $8,000 in reserves was added to loss expense reserves and $14,281 was paid, leaving a reserve balance of $4,718.

The Company paid the following amounts in the reporting period to settle claims related extra contractual obligations or bad faith claims stemming from lawsuits.

| | Direct |
|---|---|
| Claims related ECO and bad faith losses paid during the reporting period | $ 14,281 |

Number of claims where amounts were paid to settle claims related extra contractual obligations or bad faith claims resulting from lawsuits during the reporting period.

| (a) | (b) | (c) | (d) | (e) |
|---|---|---|---|---|
| 0–25 Claims | 26–50 Claims | 51–100 Claims | 101–500 Claims | More than 500 Claims |
| X | | | | |

Indicate whether claim count information is disclosed per claim or per claimant.

| | |
|---|---|
| (f) Per Claim [ X ] | (g) Per Claimant [ ] |

E. Not Applicable

F. Various lawsuits against the Company have arisen in the course of the Company's business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company. The Company has no assets that it considers to be impaired.

STATEMENTS OF OPERATIONS – STATUTORY BASIS

*For the years ended December 31, 2017 and 2016*

## 15. LEASES

**A. Lessee Operating Lease**

(1) The Company leases office space from Security Holding, Inc., a real estate holding company, on a month-to-month lease at a current monthly cost of $23,000.

The Company leases office equipment under various non-cancellable operating lease agreements that are in effect through April 2018.

Rental expense for 2017 and 2016 was $367,118, and $340,845, respectively.

The Company leases one automobile on a lease that expires in 2019. The total monthly cost is currently $789.

(2) At January 1, 2018, the minimum aggregate rental commitments are as follows:

| | Year Ending December 31, | Operating Leases |
|---|---|---|
| 1. | 2018 | $ 26,585 |
| 2. | 2019 | 7,890 |
| 3. | 2020 | – |
| 4. | 2021 | – |
| 5. | 2022 | – |
| 6. | Total | $ 34,475 |

(3) The Company is not involved in any material sales-leaseback transactions.

B. Not Applicable

## 16. Not Applicable

## 17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

**A. Transfers of Receivables Reported as Sales**

(1) In accordance with SSAP No. 42, in the years ended December 31, 2017 and 2016, the Company sold without recourse $150,000 and $390,000, respectively, of non-admitted premiums receivable to its affiliate Maryland Mortgage. The balance owed Maryland Mortgage was $-0- and $80,000 as of December 31, 2017 and 2016, respectively.

(2) The Company realized losses of $525 and $1,365 in 2017 and 2016, respectively, as a result of the sales.

B. Not Applicable

C. Not Applicable

**18.** Not Applicable

**19.** Not Applicable

## 20. FAIR VALUE MEASUREMENTS

A.

(1) Fair Value Measurements at Reporting Date

| Description for Each Class of Asset or Liability | (Level 1) | (Level 2) | (Level 3) | Total |
|---|---|---|---|---|
| Common Stock | | | | |
| Industrial and Misc | $ 1,665,590 | $ – | $ 124,413 | $ 1,790,003 |
| Mutual Funds | 3,584 | – | – | 3,584 |
| Total Common Stocks | $ 1,669,174 | $ – | $ 124,413 | $ 1,793,587 |
| Other Invested Assets | | | | |
| Collateral loans – unaffiliated | $ – | $ – | $ 101,882 | $ 101,882 |
| Any other class of assets – unaffiliated | – | – | – | – |
| Investments in LLC – affiliated | – | – | 35,945 | 35,945 |
| Total Other Invested Assets | $ – | $ – | $ 137,827 | $ 137,827 |
| Total assets at fair value | $ 1,669,174 | $ – | $ 262,240 | $ 1,931,414 |
| b. Liabilities at fair value | | | | |
| Deriviative liabilities | $ – | $ – | $ – | $ – |
| Total liabilities at fair value | $ – | $ – | $ – | $ – |

(2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy

| Description | Beginning Balance at 01/01/2017 | Transfers into Level 3 | Transfers out of Level 3 | Total gains and (losses) included in Net Income | Total gains and (losses) included in Surplus | Purchases | Issuances | Sales | Settlements | Ending Balance at 12/31/2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| a. Assets: | | | | | | | | | | |
| Common Stock | | | | | | | | | | |
| Industrial and Misc | $ – | $124,413 | $ – | $ – | $ – | $ – | $ – | $ – | $ – | $ 124,413 |
| Other Invested Areas | | | | | | | | | | |
| Collateral loans – unaffiliated | 120,143 | – | – | – | – | – | – | (18,261) | – | 101,882 |
| Any other class of assets – unaffiliated | 8,421 | – | – | – | – | – | – | (8,421) | – | – |
| Investments in LLC – affiliated | 109,141 | – | – | (73,196) | – | – | – | – | – | 35,945 |
| Total Assets | 237,705 | 124,413 | – | (73,196) | – | – | – | (26,682) | – | 262,240 |
| | | | | | | | | | | |
| b. Liabilities | | | | | | | | | | |
| Total Liabilities | $ – | $ – | $ – | $ – | $ – | $ – | $ – | $ – | $ – | $ – |

B. Not Applicable

C.

| Type of Financial Instrument | Aggregate Fair Value | Admitted Assets | (Level 1) | (Level 2) | (Level 3) | Not Practicable (Carrying Value) |
|---|---|---|---|---|---|---|
| Common Stock | | | | | | |
| Industrial and Misc | $ 1,665,590 | $ 1,665,590 | $ 1,665,590 | $ – | $ – | $ – |
| Mutual Funds | 3,584 | 3,584 | 3,584 | – | – | – |
| Total Common Stocks | $ 1,669,174 | $ 1,669,174 | $ 1,669,174 | $ – | $ – | $ – |
| Other Invested Assets | | | | | | |
| Collateral loans – unaffiliated | $ 101,882 | $ 101,882 | $ – | $ – | $ 101,882 | $ – |
| Total Other Invested Assets | $ 101,882 | $ 101,882 | $ – | $ – | $ 101,882 | $ – |
| Total | $ 1,771,056 | $ 1,771,056 | $ 1,669,174 | $ – | $ 101,882 | $ – |

D. Not Applicable

STATEMENTS OF OPERATIONS – STATUTORY BASIS

*For the years ended December 31, 2017 and 2016*

## 21. OTHER ITEMS

A. Not Applicable

B. Not Applicable

C. Assets in the amount of $1,838,064 and $1,848,313 at December 31, 2017 and 2016, respectively, were on deposit with government authorities or trustees as required by law.

D. Not Applicable

E. Not Applicable

F. Not Applicable

G. Not Applicable

## 22. Not Applicable

## 23. REINSURANCE

A. Unsecured Reinsurance Recoverables

The Company does not have an unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium with any individual reinsurers, authorized or unauthorized, that exceeds 3% of the Company's policyholder surplus.

B. Not Applicable

C. Not Applicable

D. Not Applicable

E. Not Applicable

F. Not Applicable

G. Not Applicable

H. Not Applicable

## 24. Not Applicable

## 25. CHANGE IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

Reserves as of December 31, 2016 were $1,944,764. As of December 31, 2017, $1,037,941 has been paid for incurred losses and loss adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now $2,368,924. Therefore, there has been a $1,462,101 increase in prior year reserves from December 31, 2016 to December 31, 2017. The increase is due to new claims filed in 2017 for prior years as well as a result of re-estimation of unpaid claims and claims adjustment expenses on existing claims. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

## 26. Not Applicable

## 27. Not Applicable

## 28. Not Applicable

## DIRECTORS

**VICTOR FRENKIL, JR.**
President and Chairman of the Board, Retired
Jarvis Steel and Lumber Co., Inc.

**JOSEPH HASKINS, JR.**
Chairman and Chief Executive Officer
Harbor Bank of Maryland

**THERESA K. KOZEL**
Vice President and Treasurer
The Security Title Guarantee Corporation of Baltimore

**LYNN T. KRAUSE, ESQUIRE**
Partner
Krause & Ferris, Attorneys at Law

**BENJAMIN F. MASON**
Business Development Consultant
Self Employed

**PAUL J. OSTRYE**
Certified Public Accountant
Self Employed

**ROY J. PERILLOUX, ESQUIRE**
Vice President
The Security Title Guarantee Corporation of Baltimore

**BRIAN N. ROGERS, ESQUIRE**
Senior Vice President and Assistant Secretary
The Security Title Guarantee Corporation of Baltimore

**THEODORE C. ROGERS**
President
The Security Title Guarantee Corporation of Baltimore

**WILLIAM C. ROGERS, JR., ESQUIRE**
Chairman of the Board
The Security Title Guarantee Corporation of Baltimore

**W. CHARLES ROGERS, III, ESQUIRE**
Vice Chairman of the Board
The Security Title Guarantee Corporation of Baltimore

**ELIZABETH R. SEUFERLING**
Owner
Rogers Abstract

## OFFICERS

**WILLIAM C. ROGERS, JR.**
Chairman of the Board

**W. CHARLES ROGERS, III**
Vice-Chairman of the Board

**THEODORE C. ROGERS**
President

**BRIAN N. ROGERS**
Senior Vice President and Assistant Secretary

**KATHLEEN J. HENRY**
Senior Vice President – Risk Management

**JOHN KOSOGOF**
Vice President and Underwriting Counsel, Assistant Secretary

**ROBERT F. MUSSER**
Vice President and Regional Counsel

**THERESA K. KOZEL**
Vice President and Treasurer
Manager-Accounting and Human Resources

**JOHN M. MARTINICO**
Vice President and Regional Counsel

**ROY J. PERILLOUX**
Vice President

**MARLENE R. MCGRAW**
Assistant Vice President and Corporate Secretary

**BRIDGET L. SPENCE**
Assistant Treasurer and Assistant Secretary, Manager-Agency Operations

## OFFICE LOCATIONS


### CORPORATE HEADQUARTERS
Six South Calvert Street
Baltimore, MD 21202-1388
Tel: 800-669-6063
Fax: 410-727-3252

### LOUISIANA STATE OFFICE
11854 Bricksome Avenue
Baton Rouge, LA 70816
Tel: 225-290-7372

### PENNSYLVANIA STATE OFFICE
207 Willow Valley Square
Lancaster, PA 17602-4860
Tel: 800-848-5333
Fax: 717-481-7797

### MISSISSIPPI STATE OFFICE
648 Lakeland East Drive, Suite A
Flowood, MS 39232-9574
Tel: 601-932-1016
Fax: 601-932-1014

### NEW YORK STATE OFFICE
31 Stewart Street
Floral Park, NY 11001-2910
Tel: 888-346-8934
Fax: 516-326-8935

### SOUTH CAROLINA STATE OFFICE
2464 Mineral Springs Road
Lexington, SC 29072
Tel: 803-358-7207
Fax: 803-358-7233


THE SECURITY TITLE
GUARANTEE CORPORATION OF BALTIMORE