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FILED
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Department of Insurance
State of Idaho *AM*

Attorneys for the Department of Insurance

BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE

STATE OF IDAHO

In the Matter of:

TITLEONE CORPORATION
[Bonneville County]

Idaho Title Agency License No. 386694

Docket No. 18-3535-18

**ORDER ADOPTING REPORT
OF EXCEPTION EXAMINATION
AS OF DECEMBER 31, 2017**

The State of Idaho, Department of Insurance (“Department”), having conducted an examination of the affairs, transactions, assets, tract indexes, abstract records, and any other records of TITLEONE CORPORATION [Bonneville County] (“TitleOne”) to ascertain compliance with title 41, Idaho Code, and related rules, pursuant to Idaho Code §§ 41-2710(7) and 41-219(1) and (5), hereby alleges the following facts that constitute a basis for issuance of an order, pursuant to Idaho Code § 41-227(5)(a), adopting the Report of Exception Examination of TitleOne Corporation [Bonneville County] for the Period January 1, 2013 to December 31, 2017 (“Report”), as filed.

FINDINGS OF FACT

1. TitleOne is a title agency licensed by the Department to transact title insurance in

Bonneville County, Idaho, under Title Agency License No. 386694.

2. The Department completed an examination of TitleOne pursuant to Idaho Code §§ 41-2710(7) and 41-219(1) and (5) on or about July 6, 2018. The Department's findings are set forth in the Report.

3. Pursuant to Idaho Code § 41-227(4), a copy of the Report was filed with the Department on July 6, 2018, and was transmitted to TitleOne on the same date. A copy of the Report is attached hereto as Exhibit A.

4. Pursuant to Idaho Code § 41-2710(7), TitleOne had twenty-eight (28) days from service of the Report within which to review, comment, or request a hearing on the Report.

5. On or about July 17, 2018, the Department received a Waiver from TitleOne signed by Cameron McFaddan, its Senior Vice President. By execution of such Waiver, a copy of which is attached hereto as Exhibit B, TitleOne consented to the immediate entry of a final order by the Director of the Department ("Director") adopting the Report without any modifications; waived its right to make a written submission or rebuttal to the Report; and waived its right to request a hearing and to seek reconsideration or appeal from the Director's final order.

6. No request for hearing, written submission, or rebuttal with respect to any matter contained in the Report was received by the Department from TitleOne.

CONCLUSIONS OF LAW

7. Idaho Code § 41-227(5)(a) provides that, after expiration of "the period allowed for the receipt of written submissions or rebuttals, the Director shall fully consider and review the report, together with any written submissions or rebuttals and relevant portions of the examiner's work papers" and shall enter an order adopting the report of examination as filed or with modifications or corrections.

8. Having fully considered the Report, the Director concludes that, with regard to the

matters examined and information provided by TitleOne, the comments and recommendations contained in the Report are appropriate and are incorporated herein as if set forth in full.

ORDER

NOW, THEREFORE, based on the foregoing, IT IS HEREBY ORDERED that the Report of Exception Examination of TitleOne Corporation [Bonneville County] for the Period January 1, 2013 to December 31, 2017, is hereby ADOPTED as filed, pursuant to Idaho Code § 41-227(5)(a).

IT IS FURTHER ORDERED, pursuant to Idaho Code §§ 41-2710(7) and 41-227(8), that the adopted Report is a public record and shall not be subject to the exemptions from disclosure provided in chapter 1, title 74, Idaho Code.

IT IS FURTHER ORDERED, pursuant to Idaho Code § 41-227(6)(a), that, within thirty (30) days of the issuance of the adopted Report, TitleOne shall file with the Department's Examiner Title & Market Insurance Specialist affidavits executed by each of its directors or, if none, its principal officers, stating under oath that they have received a copy of the adopted Report and related orders.

IT IS SO ORDERED.

DATED this 31 day of August, 2018.

STATE OF IDAHO
DEPARTMENT OF INSURANCE



DEAN L. CAMERON
Director

NOTIFICATION OF RIGHTS

This Order constitutes a final order of the Director. Any party may file a motion for reconsideration of this final order within fourteen (14) days of the service date of this order. The Director will dispose of the petition for reconsideration within twenty-one (21) days of its receipt, or the petition will be considered denied by operation of law. *See*, Idaho Code § 67-5246(4).

Pursuant to Idaho Code §§ 67-5270 and 67-5272, any party aggrieved by this final order may appeal it by filing a petition for judicial review in the district court of the county in which: (1) the hearing was held; or (2) the final agency action was taken; or (3) the aggrieved party resides or operates its principal place of business in Idaho; or (4) the real property or personal property that was the subject of the agency decision is located. An appeal must be filed within twenty-eight (28) days of: (a) the service date of this final order; or (b) an order denying a petition for reconsideration; or (c) the failure within twenty-one (21) days to grant or deny a petition for reconsideration, whichever is later. *See*, Idaho Code § 67-5273. The filing of a petition for judicial review does not itself stay the effectiveness or enforcement of the order under appeal.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that, on this _____ day of August, 2018, I caused a true and correct copy of the foregoing ORDER ADOPTING REPORT OF EXCEPTION EXAMINATION AS OF DECEMBER 31, 2017, to be served upon the following by the designated means:

TitleOne Corporation
Cameron McFaddan, Senior Vice President
1614 Elk Creek Drive
Idaho Falls, ID 83404-8349
cmcfaddan@titleonecorp.com

- first class mail
- certified mail
- hand delivery
- email

Nathan Faragher
Chief Examiner, Company Activities Bureau Chief
Idaho Department of Insurance
700 W. State Street, 3rd Floor
P.O. Box 83720
Boise, ID 83720-0043
nathan.faragher@doi.idaho.gov

- first class mail
- certified mail
- hand delivery
- email

Judy L. Geier
Deputy Attorney General
Idaho Department of Insurance
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judy.geier@doi.idaho.gov

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- certified mail
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- email





REPORT OF EXCEPTION EXAMINATION
For the Period January 1, 2013 to December 31, 2017
of
TITLEONE CORPORATION
(a title agent corporation - license #386694 - Bonneville County)
as of
December 31, 2017

Equal Opportunity Employer



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Boise, Idaho
July 6, 2018

The Honorable Dean L. Cameron
Director of the Idaho Department of Insurance
700 West State Street
Boise, Idaho 83720

Sir:

Pursuant to your instructions and in conformity with Idaho Code §§ 41-219, 41-220, and 41-2713, an examination has been made of the administrative affairs, books, records and financial condition of;

TitleOne Corporation
1614 Elk Creek Drive
Idaho Falls, Idaho 83404
License #386694 - Bonneville County

Hereinafter referred to as "Title Agent".

The following Report of Exception Examination is respectfully submitted.

FOREWORD

This is an exception examination report of the practices and procedures of TitleOne Corporation (Title Agent) an Idaho Title Agent licensed in Bonneville County. However, failure to identify or criticize specific products, procedures or files does not constitute approval thereof by the Idaho Department of Insurance (the Department).

The examination was conducted at the Department's offices located at 700 W. State Street in Boise, Idaho. In performing this examination, the examiner(s) reviewed a sample of the Title Agent's procedures, files, and documentation. Some noncompliant practices may not have been discovered during this examination. As such, this report may not fully reflect all of the procedures and practices of the Title Agent.

During the examination, the examiner(s) may cite violations made by the Title Agent. Statutory citations are as of the period under examination unless otherwise noted. The goal of the examination team was to produce an examination report that reflects agreement in content with the Title Agent. The report indicates where agreement was not possible.

The final examination report documents consist of the examiners' report, the Title Agent's response if elected, and any administrative actions based on the findings of the Department.

PURPOSE AND SCOPE OF EXAMINATION

The purpose of this examination is to determine compliance with applicable Idaho Statutes and regulations, and rules promulgated by the Department. In addition, examiners may have documented practices and procedures that did not appear to be in the best interest of Idaho insurance consumers.

The period covered by this examination is January 1, 2013 through December 31, 2017. Specific areas examined include operations/management, claims, advertising and marketing, title file review and escrow fiduciary account and file review.

The Department's authority to conduct this examination includes, but is not limited to, Idaho Code § 41-2710(7), which grants authority for regular examinations of a title agent's tract indexes, abstract records, and any other records to ascertain compliance with title 41, Idaho Code, and related rules, to occur not more than every fifth year, unless the agent otherwise requests or the director has cause to believe the same does not comply with said title or the rules thereunder.

HISTORY AND DESCRIPTION

TitleOne Corporation was formed and incorporated on May 3, 2000. They became licensed with the Department in Bonneville County on August 25, 2011. In October of 2011 they purchased Idaho Title and Trust, Inc. TitleOne Corporation merged with Vandelay LLC in September of 2016 wherein TitleOne Corporation was the surviving entity. As a result of the merger, Title Resource Group became the sole shareholder of TitleOne Corporation. They conduct business in Bonneville County out of offices in Idaho Falls, Idaho.

PRIOR EXAMINATION

This examination included a review to determine if exceptions were noted in our preceding report of examination dated July 30, 2013 which covered the period January 1, 2008 through December 31, 2012 and whether these exceptions were addressed. There were no exceptions noted.

PRIOR ESCROW AUDIT

Our examination included a review to determine if the three (3) exception conditions noted in the August 1, 2015 escrow audit completed by Mr. Melvin D. Maisey of Fidelity National Title Group which covered the period July 1, 2012 through June 30, 2015 were addressed. We determined that the Title Agent satisfactorily addressed these exception conditions in August 2015.

SUMMARY OF FINDINGS AND RECOMMENDATIONS

I. OPERATIONS AND MANAGEMENT

This examination included a review of the Title Agent's operations and management. The focus of this section of the examination includes review of management and control, contracting authority, surety bond, claims, and financial interests of the title entity management and ownership.

A. MANAGEMENT, CONTROL AND FINANCIAL INTERESTS

IDAPA 18.01.39.011, 012 & 013

The corporate officers of TitleOne Corporation are Doug Brigham, President, Michael Gozdan, Secretary and Anthony Hull, Treasurer. The Directors are Thomas Rispoli, Donald Casey, and Neil Gulley. The registered agent is Corporate Creations Network Inc. Debbie Purcell is the Team Leader in Bonneville County. No exceptions were noted as a result of this portion of the examination.

B. CONTRACTING AUTHORITY

Idaho Code § 41-2710(2)

This Title Agent has underwriting contracts with Fidelity National Title Insurance Company, Westcor Land Title Insurance Company, Stewart Title Guaranty Company, Title Resources Guaranty Company and Commonwealth Land Title Insurance Company. All premiums appear to be paid current. All underwriting contracts require a high liability approval from \$750,000.00 to \$4,000,000.00 with deductibles for loss of \$2,500.00 to \$5,000.00. No exceptions were noted as a result of this portion of the examination.

C. SURETY BOND

Idaho Code §§ 41-2710(6), 2711

IDAPA 18.01.25.011.08 & 09

The Department has on file surety bond #285051989 in the amount of \$50,000.00 issued by Liberty Mutual Insurance Company on behalf of the Title Agent. The examination confirmed this bond to be currently active. No exceptions were noted as a result of this portion of the examination.

D. CLAIMS

Idaho Code § 41-2708(1) & (2)

The Title Agent reported no claims during the examination period. No exceptions were noted as a result of this portion of the examination.

II. ADVERTISING AND MARKETING

**Idaho Code § 41-2708(3) & (4)
IDAPA 18.01.39.014 & 18.01.56**

This examination included a review of the agent's marketing and sales practices. A general ledger for each year under examination for all accounts involving contributions, donations, sales expenses, travel and meal expenses, Title Agent/staff function expenses, as well as samples of listing packages or property profiles were requested and received. After a cursory review of the general ledgers, samples were picked within our examination parameters. Supporting documents for the samples were requested, received and reviewed. No exceptions were noted as a result of this portion of the examination.

III. TITLE FILE REVIEW

**Idaho Code §§ 41-2702, 2708 & 2709
IDAPA 18.01.25 & 18.01.56.017 & Exhibit 1(9)**

The Title Agent's Title Department is managed by Debbie Purcell and is comprised of two (2) title officers and one (1) assistant. The title plant is posted and maintained at their offices in Idaho Falls, Idaho. A sample of title files were reviewed within the parameters of our examination for the rates charged, the correct insured amount of the owner's and mortgagee's policies, proper countersignatures, double sales, proper use of the Standards of Liability and liens and encumbrance rules, cancellation fees, and unique kind or class of risk. No exceptions were noted as a result of this portion of the examination.

IV. ESCROW FIDUCIARY ACCOUNTS AND FILE REVIEW

The Title Agent's Escrow Department is managed by Debbie Purcell and is comprised of two (2) escrow officers and two (2) assistants.

A. FIDUCIARY ACCOUNTS

IDAPA 18.01.25.011.04, 05 & 10

This examination included a review of the fiduciary account utilized during the examination period. The account was reviewed for correct labeling, separation from operating funds, reconciliation, and negative balances. The account is balanced on a daily basis and reconciled on a monthly basis by Mary Rogers, Randy Rabehl or Brandon Snodgrass. Monthly reconciliations are reviewed and approved by Bonneville County Team Leader Debbie Purcell. No exceptions were noted as a result of this portion of the examination.

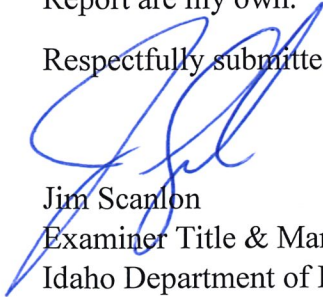
B. ESCROW FILE REVIEW
Idaho Code § 41-2705(3)
IDAPA 18.01.25.011 & 12, 18.01.56.017

A sample of the escrow files were reviewed within the parameters of our examination for adequate written instructions, conformity to the written instructions by the Title Agent, rates charged as filed, signed settlement statements, receipt and disbursement ledgers, evidence of receipts and disbursements made, file overdrafts, and business interests of the escrow officers. No exceptions were noted as a result of this portion of the examination.

CONCLUSION

I certify and attest that I have examined the Title Agent's tract indexes, abstract records, as well as other records, and the operation of the Title Agent's business and other matters relevant to the affairs of the Title Agent. I further certify that I have no relationship, other than in my capacity as examiner and/or regulator, with the Title Agent or its employees and that no conflict of interest exists that would prevent me from conducting the examination. I acknowledge the assistance and cooperation of the Title Agent's employees during the examination. Based on my examination, I prepared this Examiner's Report of Exceptions (the "Report") in accordance with Idaho Code § 41-2710(7). I confirm that the findings, conclusions, and recommendations contained in this Report are my own.

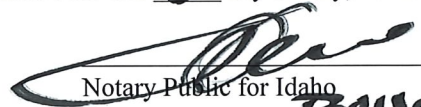
Respectfully submitted,



Jim Scanlon
Examiner Title & Market Insurance Specialist
Idaho Department of Insurance

SUBSCRIBED AND SWORN to before me this 6th day of July, 2018.




Notary Public for Idaho
Residing at: BOISE
Commission Expires: 30 OCT 19

State of Idaho
DEPARTMENT OF INSURANCE

C. L. "BUTCH" OTTER
Governor

700 West State Street, 3rd Floor
P.O. Box 83720
Boise, Idaho 83720M0043
Phone (208)334-4250
FAX# (208)334-4398

DEAN L CAMERON
Director

WAIVER

In the matter of the Report of Examinations as of December 31, 2017, of:

TitleOne Corporation
1101 West River Street, Suite #201
Boise, Idaho 83702
License #386694 – Bonneville County
License #386695 – Butte County
License #469873 – Jefferson County
License #460363 – Kootenai County

By executing this Waiver, the Agent hereby acknowledges receipt of the above-described examination reports, verified as of the 6th day of July 2018, and by this Waiver hereby consents to the immediate entry of a final order by the Director of the Department of insurance adopting said reports without any modifications.

By executing this Waiver, the Company also hereby waives:

1. its right to examine the reports for up to thirty (28) days as provided in Idaho Code section 41-2710(7),
2. its right to make additional written submissions or rebuttals to the reports prior to entry of a final order as provided in Idaho Code section 41-2710(7) and,
3. any right to request a hearing under Idaho Code sections 41-227(5) and (6), 41-232(2)(b), or elsewhere in the Idaho Code, and
4. any right to seek reconsideration and appeal from the Director's order adopting the reports as provided by section 41-227(6), Idaho Code, or elsewhere in the Idaho Code.

Dated this 17 day of July, 2018

TITLEONE CORPORATION

Cameron McFadden

Name (print)

[Signature]

Name (signature)

Senior Vice President

Title

