

**FILED** AM  
**OCT 02 2020**  
Department of Insurance  
State of Idaho

**BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE**

**STATE OF IDAHO**

In the Matter of:

COMMUNITY TITLE LLC  
[Boundary County]

Idaho Title Agency License No. 329523

Docket No. 18-3847-20

**ORDER ADOPTING REPORT  
OF EXCEPTION EXAMINATION  
AS OF DECEMBER 31, 2019**

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 COMMUNITY TITLE LLC (“COMMUNITY”) 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 for the Period January 1, 2015 to December 31, 2019 of Community Title LLC, as of December 31, 2019 (“Report”), as filed.

**FINDINGS OF FACT**

1. COMMUNITY is a title agency licensed by the Department to transact title insurance in Boundary County, Idaho, under Title Agency License No. 329523.

2. The Department completed an examination of COMMUNITY, pursuant to Idaho Code §§ 41-2710(7) and 41-219(1) and (5) on or about September 11, 2020. 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 September 11, 2020, and was transmitted to COMMUNITY on September 11, 2020. A copy of the Report is attached hereto as Exhibit A.

4. Pursuant to Idaho Code § 41-2710(7), COMMUNITY 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 September 14, 2020, the Department received a Waiver from COMMUNITY signed by Alicia D. Holmes, its managing member. By execution of such Waiver, a copy of which is attached hereto as Exhibit B, COMMUNITY 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.

#### **CONCLUSIONS OF LAW**

6. Idaho Code § 41-227(5) 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, rejecting the report and reopening the examination, or calling for an investigatory hearing.

7. Having fully considered the Report, the Director concludes that, with regard to the matters examined and information provided by COMMUNITY, the comments, findings, 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 for the Period January 1, 2015 to December 31, 2019 of Community Title LLC, as of December 31, 2019, 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, COMMUNITY 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 and EFFECTIVE this 13 day of October, 2020.

STATE OF IDAHO  
DEPARTMENT OF INSURANCE



DEAN L. CAMERON  
Director

## NOTIFICATION OF RIGHTS

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

Any such motion for reconsideration shall be served on the Director of the Idaho Department of Insurance, addressed as follows:

Dean L. Cameron, Director  
Idaho Department of Insurance  
700 W. State Street, 3<sup>rd</sup> Floor  
P.O. Box 83720  
Boise, ID 83720-0043

Pursuant to Idaho Code §§ 67-5270 and 67-5272, any party aggrieved by this final order or orders previously issued in this case may file a petition for judicial review in the district court of the county in which:

- i. A hearing was held;
- ii. The final agency action was taken;
- iii. The party seeking review of the order resides, or operates its principal place of business in Idaho; or
- iv. The real property or personal property that was the subject of the agency action is located.

A petition for judicial review must be filed within twenty-eight (28) days of: (a) the service date of this final order, (b) the service of an order denying motion for reconsideration, or (c) the failure within twenty-one (21) days to grant or deny a motion 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. Idaho Code § 67-5274.

**CERTIFICATE OF SERVICE**


I HEREBY CERTIFY that, on this 2<sup>nd</sup> day of October, 2020, I caused a true and correct copy of the foregoing ORDER ADOPTING REPORT OF EXCEPTION EXAMINATION AS OF DECEMBER 31, 2019, to be served upon the following by the designated means:

Community Title LLC  
P.O. Box 1902  
Bonners Ferry, ID 83805-1902

- first class mail  
 certified mail  
 email

Edith L. Pacillo  
Lead Deputy Attorney General  
Idaho Department of Insurance  
P.O. Box 83720  
Boise, ID 83720-0043  
[edith.pacillo@doi.idaho.gov](mailto:edith.pacillo@doi.idaho.gov)

- first class mail  
 certified mail  
 email

  
Pamela Murray



REPORT OF EXCEPTION EXAMINATION

For the Period January 1, 2015 to December 31, 2019

Of

COMMUNITY TITLE, LLC.

(A title agent corporation - license #329523 – Boundary County)

As of

December 31, 2019

*Equal Opportunity Employer*



**Table of Contents**

**SALUTATION.....3**

**FOREWORD.....4**

**PURPOSE AND SCOPE OF EXAMINATION .....5**

**HISTORY AND DESCRIPTION .....5**

**PRIOR EXAMINATION .....5**

**PRIOR ESCROW AUDIT .....5**

**SUMMARY OF FINDINGS AND RECOMMENDATIONS .....6**

**I. OPERATIONS AND MANAGEMENT.....6**

**A. MANAGEMENT, CONTROL AND FINANCIAL INTERESTS .....6**

**B. CONTRACTING AUTHORITY.....6**

**C. SURETY BOND .....6**

**D. CLAIMS.....6**

**II. ADVERTISING AND MARKETING.....7**

**III. TITLE FILE REVIEW.....7**

**IV. ESCROW FIDUCIARY ACCOUNTS AND FILE REVIEW .....7**

**A. FIDUCIARY ACCOUNTS.....7**

**B. ESCROW FILE REVIEW .....8**

**CONCLUSION.....9**

Boise, Idaho  
September 11, 2020

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;

Community Title, LLC  
6607 Main Street  
Bonners Ferry, Idaho 83805  
License #329523 – Boundary County

Hereinafter referred to as the “Agent”.

The following Report of Exception Examination is respectfully submitted.



## **FOREWORD**

This is an exception examination report of the practices and procedures of Community Title, LLC, an Idaho Title Agent licensed in Boundary 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 remotely from the offices of the Department located at 700 West State Street, 3<sup>rd</sup> Floor in Boise, Idaho. In performing this examination, the examiner(s) reviewed a sample of the 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 the procedures and practices of the Agent.

During the examination, the examiner(s) may cite violations made by the 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 agent. The report indicates where agreement was not possible.

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

## **PURPOSE AND SCOPE OF EXAMINATION**

The purpose of this examination is to determine compliance with applicable Idaho Statutes, Idaho Department of Insurance regulations, and promulgated rules issued 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, 2015 through December 31, 2019. Specific areas examined include operations/management, claims, advertising and marketing, title file review and escrow fiduciary account and file review.

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

## **HISTORY AND DESCRIPTION**

Community Title, LLC is a Limited Liability Company which was formed on October 31, 2008. They became licensed in Boundary County with the Idaho Department of Insurance and began operations on January 16, 2009. They conduct business out of offices in Bonners Ferry Idaho.

## **PRIOR EXAMINATION**

Our examination included a review to determine if the two (2) exceptions noted in the March 24, 2015 examination which covered the period January 1, 2010 through December 31, 2014 were addressed. We determined that the agent satisfactorily addressed these exceptions in April of 2015. No exceptions were noted as a result of this portion of the examination.

## **PRIOR ESCROW AUDIT**

Our examination included a review to determine if prior exceptions were noted and addressed in the March 1, 2016 escrow audit completed by Mr. Richard J. Monthei of Old Republic National Title Insurance Company which covered the period July 1, 2012 through June 30, 2015. No exceptions were noted in the prior escrow audit report. No exceptions were noted as a result of this portion of the examination.

## **SUMMARY OF FINDINGS AND RECOMMENDATIONS**

### **I. OPERATIONS AND MANAGEMENT**

The examination included a review of the 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 18.05.02.006, 007 & 008**

As of October 31, 2019, the Idaho Secretary of State lists the members of the limited liability company as Alicia D. Holmes and Robert D. Holmes. Alicia D. Holmes is named as the managing member and registered agent. No exceptions were noted as a result of the examination.

#### **B. CONTRACTING AUTHORITY** **Idaho Code § 41-2710(2)**

This agent has an underwriting contract with Old Republic National Title Insurance Company. The underwriting contract requires a high liability approval of \$750,000.00 with a \$5,000 deductible for loss. No exceptions were noted as a result of this portion of the examination.

#### **C. SURETY BOND** **Idaho Code §§ 41-2710(6), 2711** **IDAPA 18.05.01.011.07 & 08**

The Idaho Department of Insurance has on file surety bond #34BSBFL2156 in the amount of \$30,000.00 issued by The Hartford Fire Insurance Company on behalf of the agent. We confirmed during the examination that this bond is currently active. No exceptions were noted as a result of this portion of the examination.

#### **D. CLAIMS** **Idaho Code § 41-2708(1) & (2)**

The agent reported no claims during the examination period. There does not appear to be any problems with the title plant. No exceptions were noted as a result of this portion of the examination.

## **II. ADVERTISING AND MARKETING**

**Idaho Code § 41-2708(3) & (4)**

**IDAPA 18.05.03**

The 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 18.05.02 004 & 005, Exhibit 1(9)**

The title plant is posted and maintained on site at the offices located in Bonners Ferry Idaho. The Title Agent's Title Department is managed by Alicia Holmes and is comprised of her and one (1) title officer. 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 Stacey Frederickson and is comprised of her and one (1) escrow officer.

### **A. FIDUCIARY ACCOUNTS**

**IDAPA 18.05.02.011.04, 05 & 09**

This examination included a review of the fiduciary accounts utilized during the examination period. The accounts were reviewed for correct labeling, separation from operating funds, reconciliation and negative balances. The accounts are balanced daily and reconciled on a monthly basis by Stacey Frederickson. Monthly reconciliations are reviewed by Alicia Holmes and the agent's CPA Deborah Youngworth. No exceptions were noted as a result of this portion of the examination.

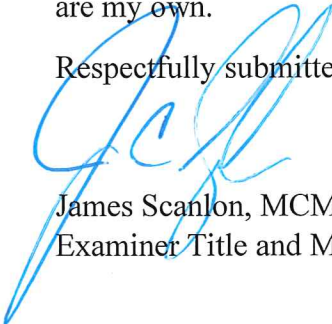
**B. ESCROW FILE REVIEW**  
**Idaho Code § 41-2705(3)**  
**IDAPA 18.05.02.011 & 12**

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

**CONCLUSION**

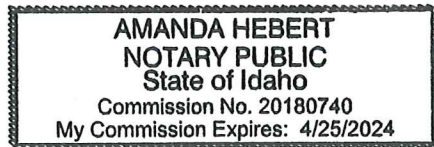
I certify and attest that I have examined the Title Agent's tract indexes, abstract records, as well as other records, and the operation of the Title Agent's business and other matters relevant to the affairs of the Title Agent. I further certify that I have no relationship, other than in my capacity 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,



James Scanlon, MCM  
Examiner Title and Market Insurance Specialist

SUBSCRIBED AND SWORN to before me this 11 day of September, 2020.



Notary Public for Idaho  
Residing at: ada county  
Commission Expires: 4/25/2024

State of Idaho  
**DEPARTMENT OF INSURANCE**

**BRAD LITTLE**  
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, 2019, of:

**Community Title, LLC.**  
**7184 Main Street**  
**Bonnars Ferry, Idaho 83805**  
**License #329523 – Boundary County**

By executing this Waiver, the Agent hereby acknowledges receipt of the above-described examination report, verified as of the 3rd day of September 2020, and by this Waiver hereby consents to the immediate entry of a final order by the Director of the Department of insurance adopting said report without any modifications.

By executing this Waiver, the Company also hereby waives:

1. its right to examine the report 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 report 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 report as provided by section 41-227(6), Idaho Code, or elsewhere in the Idaho Code.

Dated this 14<sup>TH</sup> day of SEPTEMBER, 2020

**COMMUNITY TITLE, LLC.**

Alicia D. Holmes

Name (print)

Alicia D. Holmes

Name (signature)

MANAGING MEMBER

Title

