FILED
AUG 24 2021 RM
Department of Insurance
State of Idaho

BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE

STATE OF IDAHO

In the Matter of: TITLEFACT, INC. [Blaine County] Idaho Title Agency License No. 482403	Docket No. 18-3948-21 **ORDER ADOPTING REPORT OF EXCEPTION EXAMINATION AS OF DECEMBER 31, 2020**

The Idaho Department of Insurance ("Department") has examined the affairs, transactions, assets, tract indexes, abstract records, and other records of TITLEFACT, INC. (the "Company"), in accordance with Idaho Code §§ 41-2710(7) and 41-219(1) and (5), to ascertain the Company's compliance with title 41, Idaho Code, and related rules from January 1, 2016, through December 31, 2020. The Department then prepared a corresponding Report of Exception Examination ("Report") under Idaho Code § 41-227, which, by this order, is adopted as filed.

FINDINGS OF FACT

1. The Company is a title agency licensed by the Department to transact title insurance in Blaine County, Idaho, under Title Agency License No. 482403.

2. The Department completed an examination of the Company under Idaho Code §§ 41-2710(7) and 41-219(1) and (5) on or about July 29, 2021. The Report sets forth the Department's findings.

3. Pursuant to Idaho Code § 41-227(4), the examiner in charge filed the verified Report with the Department on August 2, 2021, and the Department transmitted a copy of the Report to the Company on August 9, 2021. A copy of the Report is attached as Exhibit A.

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

5. On or about August 10, 2021, the Department received a Waiver from the Company signed by Rudy Ashenbrener, its vice president. By executing the Waiver, a copy of which is attached as Exhibit B, the Company agreed the Department's Director ("Director") could immediately enter a final order adopting the Report without modification; 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 "the period allowed for the receipt of written submissions or rebuttals" expires, 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 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, regarding the matters examined and information provided by the Company, the Report's comments, findings, and recommendations 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 is 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 under chapter 1, title 74, Idaho Code.

IT IS FURTHER ORDERED, pursuant to Idaho Code § 41-227(6)(a), that, within 30 days of the issuance of the adopted Report, the Company 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.

DATED and EFFECTIVE this 24th day of August, 2021.

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 14 days of the service date of this order. The agency will dispose of the motion for reconsideration within 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, 3rd 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 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 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 24th day of August, 2021, I caused a true and correct copy of the foregoing ORDER ADOPTING REPORT OF EXCEPTION EXAMINATION AS OF DECEMBER 31, 2020, to be served upon the following by the designated means:

TitleFact, Inc.
163 4th Avenue N.
Twin Falls, ID 83301
rashenbrener@titlefact.com

- ☐ first class mail
- ☒ certified mail
- ☒ email

Karl T. Klein
Lead Deputy Attorney General
Idaho Department of Insurance
P.O. Box 83720
Boise, ID 83720-0043
karl.klein@doi.idaho.gov

- ☐ first class mail
- ☐ certified mail
- ☒ email

Pamela Murray

Pamela Murray

REPORT OF EXCEPTION EXAMINATION

For the Period January 1, 2016 to December 31, 2020

Of

TITLEFACT, INC.
(A title agent corporation - license #482403 – Blaine County)

As of

December 31, 2020

Equal Opportunity Employer

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Boise, Idaho
July 29, 2021

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;

TitleFact, Inc.
163 4th Avenue North
Twin Falls, Idaho 83301
License #482403 – Blaine County

Hereinafter referred to as "Agent".

The following Report of Exception Examination is respectfully submitted.

FOREWORD

This is an exception examination report of the practices and procedures of TitleFact, Inc., an Idaho Title Agent licensed in Blaine County. The examination was conducted remotely from the offices of the Idaho Department of Insurance (the "Department") located at 700 West State Street, 3rd 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. However, failure to identify or criticize specific practices, products, or files does not constitute approval thereof by the Department.

It should be recognized that the examination comments are restricted to areas of concern and are not intended as commentary on the various favorable aspects of the Agent's operations. It should be further understood that these comments should not be regarded as reflecting on the integrity or capabilities of individuals at the Agent. As such, this report may not fully reflect the procedures and practices of the Agent.

This examination report cites Idaho Statute and administrative rules promulgated by the Department. Statute and rule citations are current unless otherwise noted.

The final examination report documents consist of the examiners' report, the Agent's response, and any administrative actions based on the findings of the Department. 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 or was not possible.

PURPOSE AND SCOPE OF EXAMINATION

The purpose of this examination is to determine compliance with applicable Idaho Statutes, 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, 2016 through December 31, 2020. Specific areas examined include operations/management, claims, advertising and marketing, title file review and escrow fiduciary account and file review.

The authority of the Department to perform this examination includes, but is not limited to, Idaho Code § 41-2710(7), which grants authority to the Department to regular examinations 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 said title or the rules thereunder.

HISTORY AND DESCRIPTION

Boone County Title was established in 1963, on March 25, 1970, the business was reorganized and granted a certificate of authority by the Idaho Secretary of State under the current name, TitleFact, Inc. They became licensed with the Department and began operations on April 11, 2014. They conduct business out of offices in Twin Falls, Idaho.

PRIOR EXAMINATION

Our examination included a review to determine if exceptions were noted and addressed in the preceding report of examination dated September 9, 2016, which covered the period of April 11, 2014 to December 31, 2015. No exceptions were noted in that 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 18.05.01.014 & 015

As of February 4, 2021, the Idaho Secretary of State lists the corporate officers as Richard B. Stivers as current Registered Agent and Director, Todd Blass as President, and Rudy Ashenbrener as Vice President. No exceptions were noted as a result of this portion of the examination.

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

The Agent has underwriting contracts with Fidelity National Title Insurance Company and Old Republic National Title Insurance Company. The underwriting contracts require a high liability approval of $1,000,000.00 with deductibles for loss of $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 18.05.01.021.07 & 08

The Department has on file surety bond # PB11831700192 in the amount of $50,000.00 issued by Philadelphia Indemnity 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 that they had 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 18.05.01.031 & Exhibit 1

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, 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 18.05.01.012, 013 & Exhibit 1(9)

The title department is managed by Lila Orton and is comprised of four (4) Title Officers and three (3) Title Assistants. The title plant is managed by Pioneer Title Company of Blaine County (PTC) through a yearly automatically extendable lease agreement executed on March 3, 2014. PTC prepares a preliminary commitment and TitleFact, Inc. issues a final commitment to the parties based on that preliminary. TitleFact, Inc. then issues the title policy based on the date down endorsement by PTC. Payment of the title premium is collected by TitleFact, Inc. 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, 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 escrow department is managed by Elizabeth Magee and is comprised of four (4) Escrow Officers and three (3) Escrow Assistants.

A. FIDUCIARY ACCOUNTS

IDAPA 18.05.01.021.04, 05 & 09

The 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 fiduciary accounts are balanced on a daily basis and reconciled on a monthly basis by Kathy Easterday and/or Elizabeth Magee at the office in Twin Falls, Idaho. Monthly reconciliations are reviewed by R. Todd Blass and/or Rudy Ashenbrener. No exceptions were noted as a result of this portion of the examination.

B. ESCROW FILE REVIEW

Idaho Code § 41-2705(3)
IDAPA 18.05.01.021 & 022

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 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 Agent's tract indexes, abstract records, as well as other records, and the operation of the Agent's business and other matters relevant to the affairs of the Agent. I further certify that I have no relationship, other than in my capacity as examiner and/or regulator, with the 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 Agent and its 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,

Matt LeLong
Market Examiner and Title Insurance Specialist
Idaho Department of Insurance

SUBSCRIBED AND SWORN to before me this 2nd day of August, 2021.

Notary Public for Idaho
Residing at: Boise, Idaho
Commission Expires: 7/24/24

MANDY M. ARY
COMMISSION #32608
NOTARY PUBLIC
STATE OF IDAHO

State of Idaho
DEPARTMENT OF INSURANCE

BRAD LITTLE
Governor

700 West State Street, 3rd Floor
P.O. Box 83720
Boise, Idaho 83720-0043
Phone 208-334-4250
Fax 208-334-4398
Website: https://doi.idaho.gov

DEAN L. CAMERON
Director

WAIVER

In the matter of the Report of Examinations as of December 31, 2020, of:

TitleFact, Inc.
163 4th Avenue North
Twin Falls, Idaho 83301
License #482404 – Ada County
License #482403 – Blaine County
License #5713 – Twin Falls County

By executing this Waiver, the Agent hereby acknowledges receipt of the above-described examination report, verified as of the 2nd day of August 2021, 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 twenty-eight (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 10 day of August, 2021

TITLEFACT, INC.

Rudy Ashenbrener
Name (print)

Name (signature)

Vice President
Title

EXHIBIT
B