

FILED

AUG - 9 2023

**Department of Insurance
State of Idaho**

BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE

STATE OF IDAHO

In the Matter of:

IDAHO TITLE AGENCY, LLC dba
T.A. OF SOUTHERN IDAHO,

License No. 649992

Docket No. 18-4309-23

**ORDER ADOPTING REPORT
OF EXCEPTION EXAMINATION
AS OF DECEMBER 31, 2022**

The Idaho Department of Insurance ("Department"), in accordance with Idaho Code §§ 41-219(1) and (5) and 41-2710(7), has examined the affairs, transactions, assets, tract indexes, abstract records, and other records of Idaho Title Agency, LLC dba T.A. of Southern Idaho ("Idaho Title") for the period of January 19, 2018, through December 31, 2022. The Department's verified Report of Examination ("Report"), reflecting the examiner's findings, was then filed with the Department per Idaho Code § 41-227.

Having reviewed the Report and record, the Director enters this Order adopting the Report as filed. A copy of the Report is attached to this Order as Exhibit "A".

FINDINGS OF FACT

1. Idaho Title is a title agency licensed by the Department to transact title insurance in Ada County, Idaho, under License No. 649992.
2. On or about June 29, 2023, the Department completed an examination of Idaho Title's

practices and procedures, per Idaho Code §§ 41-2710(7) and 41-219(1) and (5), to determine compliance with title 41, Idaho Code, and any related rules. The examiner's findings are documented in the Report. In summary, the examiner found that Idaho Title violated the following Department rules and provides the following recommendations:

- On twenty-four (24) occasions, the Agent accepted an order for title and/or escrow services from an applicant referred by a producer of title business, where the producer of title business has a financial interest in the title entity, without receiving a proper written disclosure prior to, or simultaneously with, the placing of the order. These actions are in violation of IDAPA 18.05.02.006; 18.05.02.007; 18.05.01.014; 18.05.01.014.01; and 18.05.01.014.02.

No later than thirty (30) days from the date of this Order, Idaho Title is required to submit to the Department, in writing, what proposed procedures will be implemented to ensure that future order request requests referred by a producer of title business, with a financial interest in the title entity, will not be accepted, unless a proper disclosure by producer of title business is provided to the Agent, prior to, or simultaneously with, the order request as set forth in IDAPA 18.05.01.014 and its subsections.

- On four (4) occasions, the Agent entertained more than four (4) persons who are employed by or agents of a single producer of title business; and on one (1) occasion, expended more than \$100 per person per day for meals and/or events on four (4) producers of title business and/or guest of the producer of title business; and on one (1) occasion provided a total of 500 self-promotional food gift items, to various producers of title business and consumers. These actions are in violation of IDAPA 18.05.03.015; 18.05.01.031.05; and 18.05.01.031.04(a).

No later than thirty (30) days from the date of this Order, Idaho Title is required to submit to the Department, in writing, what proposed procedures will be implemented to ensure that future expense items related to business entertainment and self-promotional advertising are compliant with IDAPA 18.05.01.031.05 and 18.05.01.031.04(a).

- On four (4) occasions, the Agent charged and collected an escrow fee that was less than the minimum escrow fee as filed with the Department. These actions are in violation of IDAPA 18.05.01.022.

No later than thirty (30) days from the date of this Order, Idaho Title is required to submit to the Department, in writing, what proposed procedures will be implemented to ensure future escrow fees are compliant with IDAPA 18.05.01.022.

It is further recommended, due to apparent disregard of title 41, Idaho Code and related rules, that in order to ascertain necessary compliance, pursuant to Idaho Code § 41-2710(7), the Agent undergo complete reexamination by the Department in calendar year 2025, for the period to begin no earlier than thirty (30) days following the Final Order Adopting this Report through December 31, 2024.

3. Based on these findings, although administrative monetary penalties are appropriate for the violations identified, the examiner recommends that the penalties be deferred at this time with the understanding that the Department retains the right to impose and enforce the deferred penalties should there be a finding of future violations of these rules.

4. Per Idaho Code § 41-227(4), the Department examiner-in-charge filed the Report with the Department and transmitted a copy to Idaho Title on July 5, 2023.

5. Per Idaho Code § 41-2710(7), Idaho Title had 28 days from the receipt of the Report to make a written submission or rebuttal with respect to matters in the Report.

6. On July 18, 2023, the Department received a Waiver from Idaho Title signed by Pamela Cyr, Chief Administrative Officer, and authorized signatory. A copy of the Waiver is attached hereto as Exhibit "B". By executing the Waiver, Idaho Title consented to the Director's immediate entry of a final order adopting the Report without modification. Idaho Title also waived its rights to: (1) examine the Report for not more than 28 days; (2) make a written submission or rebuttal to the Report prior to entry of a final order; (3) request a hearing; and (4) seek reconsideration or appeal from the Director's final order.

CONCLUSIONS OF LAW

7. Idaho Code § 41-227(5) requires the Director to fully consider and review the Report, together with any written submissions or rebuttals and any relevant portions of the examiner's work papers and 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.

8. Idaho Title's actions are considered violations and administrative penalties are appropriate per Idaho Code §§ 41-2708(3), 41-117, 41-2710(4), IDAPA 18.05.02.006; 18.05.02.007; 18.05.01.014; 18.05.01.014.01; 18.05.01.014.02; 18.05.03.015; 18.05.01.031.05; 18.05.01.031.04(a), and 18.05.01.022. As noted above, while imposing a monetary penalty for the above violations would be appropriate, such penalty is deferred subject to the understanding that the Department retains the right to impose and enforce the deferred penalties should there be a finding of future violations of these rules.

9. Having fully considered the Report and record, the Director concludes that, regarding the matters examined, the Report's comments, findings, and recommendations are appropriate and should be incorporated herein as if set forth in full.

ORDER

NOW, THEREFORE, IT IS ORDERED:

1. The Report is adopted as filed;
2. Per Idaho Code §§ 41-227(5)(a); 41-227(8) and 41-2710(7), the adopted Report is a public record and shall not be subject to the exemptions from disclosure in chapter 1, title 74, Idaho Code;
3. Per Idaho Code § 41-227(6)(a), within 30 days of the service date of this Order, Idaho Title must file, with the Department's chief examiner, 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.
4. No later than thirty (30) days from the date of this Order, Idaho Title is required to submit to the Department, in writing, what proposed procedures will be implemented to ensure that future order request requests referred by a producer of title business, with a financial interest in the title

entity, will not be accepted, unless a proper disclosure by producer of title business, as set forth in IDAPA 18.05.01.014 and its subsections.

5. No later than thirty (30) days from the date of this Order, Idaho Title is required to submit to the Department, in writing, what proposed procedures will be implemented to ensure that future expense items related to business entertainment and self-promotional advertising are compliant with IDAPA 18.05.01.031.05 and 18.05.01.031.04(a).

6. No later than thirty (30) days from the date of this Order, Idaho Title is required to submit to the Department, in writing, what proposed procedures will be implemented to ensure future escrow fees are compliant with IDAPA 18.05.01.022.

7. Idaho Title will undergo complete reexamination by the Department in calendar year 2025, for the period to begin no earlier than thirty (30) days following the Final Order Adopting this Report through December 31, 2024.

DATED AND EFFECTIVE this 9 day of August, 2023.

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 9th day of August, 2023, I caused a true and correct copy of the foregoing ORDER ADOPTING REPORT OF EXCEPTION EXAMINATION AS OF DECEMBER 31, 2022, to be served upon the following parties by the designated means:

Deborah Honsperger Idaho Title Agency, LLC dba T.A. of Southern Idaho 995 S. Allante Place Boise, ID 83709-1603	<input type="checkbox"/> First Class Mail <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Hand Delivery <input type="checkbox"/> Facsimile <input checked="" type="checkbox"/> Email: dhonsperger@titlealliance.com
John Keenan Deputy Attorney General IDAHO DEPARTMENT OF INSURANCE 700 W. State Street, 3 rd Floor P.O. Box 83720 Boise, ID 83720-0043	<input type="checkbox"/> First Class Mail <input type="checkbox"/> Certified Mail <input type="checkbox"/> Hand Delivery <input type="checkbox"/> Facsimile <input checked="" type="checkbox"/> Email: john.keenan@doi.idaho.gov


Penny Wilcox



REPORT OF EXCEPTION EXAMINATION

For the Period January 19, 2018 through December 31, 2022

Of

IDAHO TITLE AGENCY, LLC

d/b/a T.A. OF SOUTHERN IDAHO

(a title agent limited liability company - license #649992 – Ada County)

As of

December 31, 2022

Equal Opportunity Employer

EXHIBIT

A

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Boise, Idaho
June 29, 2023

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;

Idaho Title Agency, LLC
d/b/a T.A. of Southern Idaho
995 S. Allante Place
Boise, Idaho 83709-1603
License #649992 – Ada 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 Idaho Title Agency, LLC d/b/a T.A. of Southern Idaho, an Idaho Title Agent licensed in Ada 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. In addition, examiners may have documented practices and procedures that did not appear to be in the best interest of Idaho insurance consumers. However, failure to identify or criticize specific practices, products, or files does not constitute approval thereof by the Department.

It should be understood 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 recognized that these comments should not be regarded as reflecting 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.

The period covered by this examination is January 19, 2018 through December 31, 2022. 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.

EXECUTIVE SUMMARY

The examination found the following areas of concern:

1) **Management, Control and Financial Interest** (Section I.A., pages 7-10.)

A total of twenty-four (24) exceptions were noted as a result of this portion of the examination.

- **24 Exceptions – Disclosure by Producer of Title Business¹**

No title entity may accept any order . . . referred by a producer of title business, where the producer of title business has a financial interest in the title entity . . . unless the producer of title business has disclosed to the applicant the financial interest of the producer of title business. . . . The disclosure will be provided to the applicant at the time the sale and/or purchase contract is entered into. . . . and provided to the title entity prior to, or simultaneously with, the placing of the order . . .

- **2 Exceptions:**

- IDAPA 18.05.02.006 – Disclosure by Producer of Title Business

- IDAPA 18.05.02.007 – Disclosure Requirements

- **22 Exceptions:**

- IDAPA 18.05.01.014 - Disclosure by Producer of Title Business

- IDAPA 18.05.01.014.01 - Disclosure of Financial Interest

- IDAPA 18.05.01.014.02(a)(b)(c) - Disclosure Provided to Applicant

The Agent, on twenty-four (24) occasions, accepted an order for title and/or escrow services from an applicant referred by a producer of title business, where the producer of title business has a financial interest in the title entity, without receiving a proper written disclosure prior to, or simultaneously with, the placing of the order.

¹ In early 2020, when two (2) of the twenty-four (24) exceptions occurred, IDAPA 18.05.02.006 and 18.05.02.007 (6-30-19) temporary rules were applicable, these rules were consolidated and re-designated as 18.05.01.014, 18.05.01.014.01, and 18.05.01.014.02 in substantial form, effective March 20, 2020.

2) **Advertising and Marketing** (Section II., pages 11-14.)

A total of six (6) exceptions were noted as a result of this portion of the examination.

- **5 Exceptions – Permitted Business Entertainment²**

A title entity will not expend more than one hundred dollars (\$100) per person per day for all meals and/or events. . . . In addition, a title entity may entertain no more than four (4) persons who are employed by or agents of any single producer of title business in a single day. . . .

- **4 Exceptions:**

- IDAPA 18.05.03.015 – Permitted Business Entertainment

- **1 Exception:**

- IDAPA 18.05.01.031.05 – Permitted Business Entertainment

The Agent, on four (4) occasions, entertained more than four (4) persons who are employed by or agents of a single producer of title business, and on one (1) occasion, expended more than \$100.00 per person per day for meals and/or events.

- **1 Exception – Self-Promotional Advertising**

These self-promotional items are limited to novelty gifts, advertising novelties, and generic business forms and specifically do not include food, beverages, gift certificates, gift cards, or other items that have a specific monetary value on their face . . .

- **1 Exception:**

- IDAPA 18.05.01.031.04(a) – Self-Promotional Advertising

The Agent, on one (1) occasion, purchased 500 candy heart gift packages for a total expenditure of \$1,443.00, a food item is specifically not permitted as self-promotional advertising, and provided them as Valentine's gifts to various producers of title business and consumers.

3) **Escrow File Review** (Section IV.B., pages 15-16.)

A total of four (4) exceptions were noted as a result of this portion of the examination.

- **4 Exceptions – Escrow Fees**

Title insurers and title insurance agents will not charge less than the fees filed with the Department of Insurance for a specified escrow service . . .

- **4 Exceptions:**

- IDAPA 18.05.01.022 – Escrow Fees

The Agent, on four (4) occasions, charged and collected escrow fees less than the fees filed with the Department of Insurance for a specified escrow service.

² In 2019 and early 2020, when four (4) of the five (5) exceptions occurred, IDAPA 18.05.03.015 (6-30-19) a temporary rule was applicable, this rule was consolidated and re-designated as 18.05.01.031.05 in substantial form, effective March 20, 2020.

HISTORY AND DESCRIPTION

Idaho Title Agency, LLC was formed and registered with the Idaho Secretary of State as a limited liability company on April 19, 2017; its ownership comprises Owners Title, LLC and Gaius, LLC, with a financial interest of 60% and 40%, respectively. Owners Title, LLC is an entity owned by multiple individuals and other entities affiliated with Bottom Line, Inc., d/b/a Keller Williams Realty Boise. Gaius, LLC is an entity owned by the owners of Northwest Title, LLC d/b/a NexTitle, a licensed Idaho Title Agent. On January 19, 2018, Idaho Title Agency, LLC was licensed with the Department in Ada County and began its operations. On March 29, 2019, Gaius LLC sold its 40% interest in Idaho Title Agency, LLC to existing owners through Owners Title, LLC. On or around April 2, 2019, Idaho Title Agency, LLC then sold a 50.10% interest to a new manager and partner, Title Alliance, Ltd., a privately held Pennsylvania corporation; and a doing business as (d/b/a) of T.A. of Southern Idaho was concurrently registered with the Idaho Secretary of State. They conduct business in Ada County out of offices in Boise, Idaho.

PRIOR EXAMINATION

Our examination included a review to determine if exceptions were noted in a preceding report of examination and whether those exceptions were addressed. The Agent was licensed and began operations in Ada County on January 19, 2018. Therefore, no prior 5-year report of examinations was available for review.

EXAMINATION 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 April 24, 2023, the Agent's annual report registered with the Idaho Secretary of State lists Corporation Service Company as the Registered Agent, with Members listed as Title Abstract Company of Pennsylvania, LLC, Reasons or Results, LLC, Stephen D. Chader, and Hill Real Estate, LLC. The Agent is composed of 49.9% investor interest by individuals and entities who are producers of title business licensed by the Idaho Real Estate Commission and/or affiliated with Bottom Line, Inc., d/b/a Keller Williams Realty Boise. Brad Straub is the County Manager at the Agent.

A total of twenty-four (24) exceptions were noted as a result of this portion of the examination and are as follows:

**Violation of IDAPA 18.05.02.006, 18.05.02.007 (6-30-19)
And
IDAPA 18.05.01.014, 18.05.01.014.01, 18.05.01.014.02 (3-20-20)**

Department File Number	Date Purchase and Sale Agreement Signed	Date File was Opened	Compliant Idaho Producer of Title Business Disclosure of Financial Interest to Consumers	Date Non-compliant Affiliate Business Arrangement Disclosure was Signed by Buyer	Date Non-compliant Affiliate Business Arrangement Disclosure was Signed by Seller
1(A)	01/21/2020	01/28/2020	Failure to Disclose	Failure to Disclose	Failure to Disclose
1(B)	02/18/2020	02/19/2020	Failure to Disclose	Failure to Disclose	Failure to Disclose
1(C)	09/03/2020	09/03/2020	Failure to Disclose	Failure to Disclose	08/28/2020
1(D)	10/02/2020	10/05/2020	Failure to Disclose	Failure to Disclose	09/25/2020
1(E)	10/21/2020	10/22/2020	Failure to Disclose	Failure to Disclose	10/22/2020
1(F)	11/09/2020	11/10/2020	Failure to Disclose	11/12/2020	11/12/2020
1(G)	11/16/2020	11/16/2020	Failure to Disclose	Failure to Disclose	12/01/2020
1(H)	06/01/2021	06/02/2021	Failure to Disclose	Failure to Disclose	Failure to Disclose
1(I)	07/17/2021	07/19/2021	Failure to Disclose	06/05/2021	Failure to Disclose
1(J)	07/24/2021	07/26/2021	Failure to Disclose	07/26/2021	Failure to Disclose
1(K)	09/19/2021	09/20/2021	Failure to Disclose	Failure to Disclose	Failure to Disclose
1(L)	10/01/2021	10/06/2021	Failure to Disclose	Failure to Disclose	10/12/2021
1(M)	10/06/2021	10/07/2021	Failure to Disclose	Failure to Disclose	Failure to Disclose
1(N)	11/08/2021	11/09/2021	Failure to Disclose	11/10/2021	Failure to Disclose
1(O)	01/04/2022	01/04/2022	Failure to Disclose	Failure to Disclose	Failure to Disclose
1(P)	01/07/2022	01/10/2022	Failure to Disclose	08/03/2021	Failure to Disclose
1(Q)	06/02/2022	06/02/2022	Failure to Disclose	06/01/2022	Failure to Disclose
1(R)	06/14/2022	06/14/2022	Failure to Disclose	Failure to Disclose	Failure to Disclose
1(S)	06/28/2022	06/28/2022	Failure to Disclose	Failure to Disclose	07/21/2022
1(T)	06/30/2022	07/01/2022	Failure to Disclose	04/23/2023	Failure to Disclose
1(U)	07/30/2022	08/01/2022	Failure to Disclose	09/01/2022	Failure to Disclose
1(V)	08/09/2022	08/11/2022	Failure to Disclose	Failure to Disclose	08/18/2022
1(W)	08/19/2022	08/22/2022	Failure to Disclose	Failure to Disclose	09/15/2022
1(X)	08/31/2022	09/01/2022	Failure to Disclose	Failure to Disclose	Failure to Disclose

IDAPA 18.05.02.006 states: *“DISCLOSURE BY PRODUCER OF TITLE BUSINESS. No title entity may accept any order for; issue a title commitment, guarantee, title insurance policy for, or provide services including, but not limited to, escrow closing and foreclosure services, to an applicant if it knows or has reason to believe that the applicant was referred by a producer of title business, where the producer of title business has a financial interest in the title entity to which the business is referred unless the producer of title business has disclosed to the applicant the financial interest of the producer of title business. The disclosure must be made in writing and contain the items required in Section 007 of this rule.”*

IDAPA 18.05.02.007 prescribes: *“DISCLOSURE REQUIREMENTS.”*

IDAPA 18.05.02.007.01 states in relevant part: *“Disclosure Required By Section 006. Shall be provided to the applicant at the time the sell and/or purchase contract is entered into. A signed copy of the disclosure shall be maintained by the producer of title business and provided to the*

title entity prior to, or simultaneously with, the placing or the order for a title insurance commitment or guarantee or escrow closing services."

IDAPA 18.05.02.007.02 states: *"Disclosure. Disclosure shall contain a heading, in bold face, all caps, type font 14 or higher that states: "NOTICE OF FINANCIAL INTEREST IN TITLE ENTITY BY PRODUCER OF TITLE BUSINESS."*

IDAPA 18.05.02.007.03 states in relevant part: *"Statement. Disclosure shall contain the following statement in type 12 font or higher: "We call this interest to your attention for disclosure purposes. (Provide name of Producer of Title Business) has a financial interest in this title entity (provide title entity name). This financial interest may result in a conflict of interest in our representation of you. Accordingly, you are free to choose any other title entity which is licensed by the Idaho Department of Insurance in the county in which the property is located."*

IDAPA 18.05.02.007.04 states: *"Chooses to Have Transaction Served. Disclosure shall contain a statement that the Applicant has read the aforementioned disclosure and chooses to have their transaction served by the Title Entity referred by the Producer of Title Business. The disclosure shall contain the signature of all applicants along with the date the signature(s) was accomplished."*

Violation: The Agent, on two (2) occasions, was in violation of IDAPA 18.05.02.006³ and 18.05.02.007⁴; specifically, Department file numbers 1(A) and 1(B) for accepting an order for title and/or escrow service from an applicant who was referred by a producer of title business, where the producer of title business has a financial interest in the title entity, without receiving a proper written disclosure by producer of title business, prior to, or simultaneously with, the placing of the order.

IDAPA 18.05.01.014 prescribes: *"DISCLOSURE BY PRODUCER OF TITLE BUSINESS."*

IDAPA 18.05.01.014.01 states: *"Disclosure of Financial Interest. No title entity may accept any order to issue a title commitment, guarantee, title insurance policy for, or provide services including, but not limited to, escrow closing and foreclosure services, to an applicant if it knows or has reason to believe that the applicant was referred by a producer of title business, where the producer of title business has a financial interest in the title entity to which the business is referred unless the producer of title business has disclosed to the applicant the financial interest of the producer of title business. The disclosure will be made in writing and contain the items prescribed in Subsection 014.02 of this rule."*

IDAPA 18.05.01.014.02 states: *"Disclosure Provided to Applicant. The disclosure will be provided to the applicant at the time the sale and/or purchase contract is entered into. A signed copy of the disclosure will be maintained by the producer of title business and provided to the title entity prior to, or simultaneously with, the placing or the order for a title insurance commitment*

³ IDAPA 18.05.02.006 was consolidated and re-designated as 18.05.01.014.01 in substantial form, effective March 20, 2020.

⁴ IDAPA 18.05.02.007 was consolidated and re-designated at 18.05.01.014.02 in substantial form, effective March 20, 2020.

or guarantee or escrow closing services. The title entity will maintain a copy of said disclosure for a minimum period of five (5) years. The disclosure will contain the following:

a. A heading, in bold face, all caps, type font 14 or higher that states: "NOTICE OF FINANCIAL INTEREST IN TITLE ENTITY BY PRODUCER OF TITLE BUSINESS."

b. A statement in type 12 font or higher: "We call this interest to your attention for disclosure purposes. (Provide name of Producer of Title Business) has a financial interest in this title entity (provide title entity name). This financial interest may result in a conflict of interest in our representation of you. Accordingly, you are free to choose any other title entity which is licensed by the Idaho Department of Insurance in the county in which the property is located. A list of title insurers and title agents licensed in the county in which the property is located may be found by contacting the Idaho Department of Insurance."

c. A statement that the Applicant has read the aforementioned disclosure and chooses to have their transaction served by the Title Entity referred by the Producer of Title Business. The disclosure will contain the signature of all applicants along with the date the signature(s) was accomplished."

Violation: The Agent, on twenty-two (22) occasions, was in violation of 18.05.01.014, 18.05.01.014.01, and 18.05.01.014.02; specifically, Department file numbers 1(C) through 1(X), for accepting an order for title and/or escrow service from an applicant who was referred by a producer of title business, where the producer of title business has a financial interest in the title entity, without receiving a proper written disclosure by producer of title business, prior to, or simultaneously with, the placing of the order.

Recommendations: It is recommended the Agent submit to the Department in writing what proposed procedures will be implemented to ensure that future order request referred by a producer of title business, with a financial interest in the title entity, will not be accepted, unless a proper disclosure by producer of title business, as set forth in IDAPA 18.05.01.014 and its Subsections, is provided to the Agent, prior to, or simultaneously with, the order request.

It is further recommended, due to apparent disregard of title 41, Idaho Code and related rules, that in order to ascertain necessary compliance, pursuant to Idaho Code § 41-2710(7), the Agent undergo complete reexamination by the Department in calendar year 2025, for the period to begin no earlier than thirty (30) days following the Final Order Adopting this Report through December 31, 2024.

Furthermore, these actions should be considered violations and administration penalties are appropriate pursuant to the provisions of sections 41-117 and 41-2710(4), Idaho Code, and IDAPA 18.05.02.006, 18.05.02.007, 18.05.01.014, 18.05.01.014.01, and 18.05.01.014.02. However, as this is the first examination of the Agent, administrative penalties will not be imposed at this time, with the stipulation and understanding that the Department retains the right to impose new penalties based on any future findings of these same violation.

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

The Agent has underwriting contracts with Westcor Land Title Insurance Company and First American Title Insurance Company. The contract with Westcor Land Title Insurance Company requires high liability approval for risk in excess of \$1,000,000.00 with no deductible for loss. The contract with First American Title Insurance Company requires high liability approval for risks in excess of \$2,000,000.00 with a \$10,000.00 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 18.05.01.021.07 & 08

The Department has on file surety bond #100664351 in the amount of \$50,000.00 issued by U.S. Specialty 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 two (2) claims filed within the examination period. The claims appear to be related to an encroachment dispute and a purported missed easement. There does not appear to be any problem 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 18.05.01.031 & 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.

A total of six (6) exceptions were noted as a result of this portion of the examination.

- Five (5) exceptions were related to Permitted Business Entertainment and are as follows:

Violation of IDAPA 18.05.03.015 (6-30-19) And IDAPA 18.05.01.031.05 (3-20-20)		
Department File Number	Date of Expense	Permitted Business Entertainment
2(A)	June 30, 2019	The Agent, on one (1) occasion, provided lunch at Richard's, a total expenditure of \$5,059.70, for a total of 152 persons, 149 of these people were producers of title business, and/or guest of the producer of title business, who are employed by or agents of a single producer of title business.
2(B)	August 13, 2019	The Agent, on one (1) occasion, provided dinner at Le Politique in Austin, a total expenditure of \$766.39, for a total of 8 persons, 5 of these people were producers of title business, and/or guest of the producer of title business, who are employed by or agents of a single producer of title business.
2(C)	January 15, 2020	The Agent, on one (1) occasion, provided lunch at Olive Garden, a total expenditure of \$370.29, for a total of 18 persons, 16 of these people were producers of title business, and/or guest of the producer of title business, who are employed by or agents of a single producer of title business.
2(D)	February 26, 2020	The Agent, on one (1) occasion, provided dinner at Ruth's Chris Steak House, a total expenditure of \$981.22, for a total of 8 persons, an expense of \$122.65 per person, 4 of these people were producers of title business, and/or guest of the producer of title business, who are employed by or agents of a single producer of title business.
2(E)	March 30, 2022	The Agent, on one (1) occasion, provided dinner at Ruth's Chris Steak House, a total expenditure of \$4,385.76, for a total of 47 persons, 43 of these people were producers of title business, and/or guest of the producer of title business, who are employed by or agents of a single producer of title business.

IDAPA 18.05.03.015 states in relevant part: *“Permitted Business Entertainment. A title entity shall not expend more than one hundred dollars (\$100) per person per day for all meals and/or events. Meals and events shall include, but not be limited to, breakfast, brunch, lunch, dinner, cocktails, sporting events, sporting activities, trips and music and art events. These meals or events may occur on or off the title entity's premises. In addition, a title entity may entertain no more than four (4) persons who are employed by or agents of any single producer of title business in a single day. Spouses and/or guests of the producers of title business or employees or agents thereof shall be included in the count for purposes of determining the four (4) person maximum.”*

Violation: The Agent, on four (4) occasions, was in violation of IDAPA 18.05.03.015⁵; specifically, Department file numbers 2(A), 2(B), 2(C), and 2(D) for expending more than one hundred dollars (\$100) per person per day and/or entertaining more than four (4) persons who are

⁵ IDAPA 18.05.03.015 was consolidated and re-designated as 18.05.01.031.05 in substantial form, effective March 20, 2020.

producers of title business, and/or guest of the producer of title business, who are employed by or agents of a single producer of title business in a single day.

IDAPA 18.05.01.031.05 states in relevant part: *“Permitted Business Entertainment. A title entity will not expend more than one hundred dollars (\$100) per person per day for all meals and/or events. Meals and events will include, but not be limited to, breakfast, brunch, lunch, dinner, cocktails, sporting events, sporting activities, trips and music and art events. These meals or events may occur on or off the title entity's premises. In addition, a title entity may entertain no more than four (4) persons who are employed by or agents of any single producer of title business in a single day. Spouses and/or guests of the producers of title business or employees or agents are included in the count for purposes of determining the four (4) person maximum.”*

Violation: The Agent, on one (1) occasion, was in violation of IDAPA 18.05.01.031.05; specifically, Department file number 2(E) for entertaining more than four (4) persons who are producers of title business, and/or guest of the producer of title business, who are employed by or agents of a single producer of title business in a single day.

- One (1) exception, the final exception in this portion of the examination, was related to Self-Promotional Advertising and is as follows:

Violation of IDAPA 18.05.01.031.04(a)		
Department File Number	Date of Expense	Self-Promotional Advertising
2(F)	February 28, 2022	The Agent, on one (1) occasion, purchased 500 candy heart gift packages for a total expenditure of \$1,443.00, a food item is specifically not permitted as self-promotional advertising, and provided them as Valentine’s gifts to various producers of title business and consumers.

IDAPA 18.05.01.031.04(a) states in relevant part: *“A title entity may distribute self-promotional items having an acquisition value of less than twenty-five dollars (\$25) to producers of title business, consumers, and members of the general public. These self-promotional items are limited to novelty gifts, advertising novelties, and generic business forms and specifically do not include food, beverages, gift certificates, gift cards, or other items that have a specific monetary value on their face or that may be exchanged for any other item having a specific monetary value.”*

Violation: The Agent, on one (1) occasion, was in violation of IDAPA 18.05.01.031.04(a), for providing a food item, which is a self-promotional item specifically not permitted, as a gift to various producers of title business and consumers.

Recommendations: It is recommended the Agent submit to the Department in writing what proposed procedures will be implemented to ensure future expense items related to business entertainment and self-promotional advertising are compliant with IDAPA 18.05.01.031.05 and IDAPA 18.05.01.031.04(a), respectively.

It is further recommended, due to apparent disregard of title 41, Idaho Code and related rules, that in order to ascertain necessary compliance, pursuant to Idaho Code § 41-2710(7), the Agent undergo complete reexamination by the Department in calendar year 2025, for the period to begin no earlier than thirty (30) days following the Final Order Adopting this Report through December 31, 2024.

Furthermore, these actions should be considered violations and administration penalties are appropriate pursuant to the provisions of sections 41-117 and 41-2710(4), Idaho Code, and IDAPA 18.05.03.015, 18.05.01.031.05 and 18.05.01.031.04(a). However, as this is the first examination of the Agent, administrative penalties will not be imposed at this time, with the stipulation and understanding that the Department retains the right to impose new penalties based on any future findings of these same violation.

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 Brad Straub and is comprised of one (1) Title Officer. The title plant is posted and maintained by Northwest Title, LLC in Meridian, Idaho on behalf of the Agent. 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 Brad Straub and is comprised of one (1) Escrow Officer and one (1) Escrow Assistant.

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 Core Financial. The monthly reconciliations are reviewed by Brittany McHenry, Banking and Escrow Manager at Title Alliance, Ltd. 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

The examination included a review of the escrow files opened during the examination period. 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.

- A total of four (4) exceptions were noted as a result of this portion of the examination and are as follows:

Violation of IDAPA 18.05.01.022			
Closing Date	File Number	Escrow Fee Charged	Rate Filed with the Department
August 20, 2020	751-000292	\$254.00	\$597.00
September 4, 2020	751-000315	\$594.00	\$750.00
June 18, 2021	751-000567	\$550.00	\$1,100.00
July 15, 2021	751-000647	\$550.00	\$1,100.00

Idaho Code § 41-2705(3) states: “*The escrow fees of title insurers and title insurance agents shall be filed in accordance with rules promulgated by the director of the department of insurance.*”

IDAPA 18.05.01.022 states in relevant part: “**Escrow Fees.** *Title insurers and title insurance agents will not charge less than the fees filed with the Department of Insurance for a specified escrow service, as such service is defined in the title insurer's or title insurance agent's filed schedule of fees.*”

The Agent, on four (4) occasions, was in violation of IDAPA 18.05.01.022 for charging and collecting an escrow fee less than the fees as filed with the Department of Insurance.

Recommendations: It is recommended the Agent submit to the Department in writing what proposed procedures will be implemented to ensure future escrow fees are compliant with IDAPA 18.05.01.022.

It is further recommended, due to apparent disregard of title 41, Idaho Code and related rules, that in order to ascertain necessary compliance, pursuant to Idaho Code § 41-2710(7), the Agent undergo complete reexamination by the Department in calendar year 2025, for the period to begin no earlier than thirty (30) days following the Final Order Adopting this Report through December 31, 2024.

Furthermore, these actions should be considered violations and administration penalties are appropriate pursuant to the provisions of sections 41-117 and 41-2710(4), Idaho Code, and IDAPA 18.05.01.022. However, as this is the first examination of the Agent, administrative penalties will not be imposed at this time, with the stipulation and understanding that the Department retains the right to impose new penalties based on any future findings of these same violation.

SUMMARY OF RECOMMENDATIONS

The recommendations made below identify corrective measures the Department finds necessary as a result of the exceptions noted in this Report of Exception Examination ("Report"). Location in the Report is referenced in parenthesis.

1) Management, Control and Financial Interest (Section I.A., pages 7-10.)

It is recommended the Agent submit to the Department in writing what proposed procedures will be implemented to ensure that future order request referred by a producer of title business, with a financial interest in the title entity, will not be accepted, unless a proper disclosure by producer of title business, as set forth in IDAPA 18.05.01.014 and its Subsections, is provided to the Agent, prior to, or simultaneously with, the order request.

It is further recommended, due to apparent disregard of title 41, Idaho Code and related rules, that in order to ascertain necessary compliance, pursuant to Idaho Code § 41-2710(7), the Agent undergo complete reexamination by the Department in calendar year 2025, for the period to begin no earlier than thirty (30) days following the Final Order Adopting this Report through December 31, 2024.

Furthermore, these actions should be considered violations and administration penalties are appropriate pursuant to the provisions of sections 41-117 and 41-2710(4), Idaho Code, and IDAPA 18.05.02.006, 18.05.02.007, 18.05.01.014, 18.05.01.014.01, and 18.05.01.014.02. However, as this is the first examination of the Agent, administrative penalties will not be imposed at this time, with the stipulation and understanding that the Department retains the right to impose new penalties based on any future findings of these same violation.

2) Advertising and Marketing (Section II., pages 11-14.)

It is recommended the Agent submit to the Department in writing what proposed procedures will be implemented to ensure future expense items related to business entertainment and self-promotional advertising are compliant with IDAPA 18.05.01.031.05 and IDAPA 18.05.01.031.04(a), respectively.

It is further recommended, due to apparent disregard of title 41, Idaho Code and related rules, that in order to ascertain necessary compliance, pursuant to Idaho Code § 41-2710(7), the Agent undergo complete reexamination by the Department in calendar year 2025, for the period to begin no earlier than thirty (30) days following the Final Order Adopting this Report through December 31, 2024.

Furthermore, these actions should be considered violations and administration penalties are appropriate pursuant to the provisions of sections 41-117 and 41-2710(4), Idaho Code, and IDAPA 18.05.03.015, 18.05.01.031.05 and 18.05.01.031.04(a). However, as this is the first examination of the Agent, administrative penalties will not be imposed at this time, with the stipulation and understanding that the Department retains the right to impose new penalties based on any future findings of these same violation.

3) **Escrow File Review** (Section IV.B., pages 15-16.)

It is recommended the Agent submit to the Department in writing what proposed procedures will be implemented to ensure future escrow fees are compliant with IDAPA 18.05.01.022.

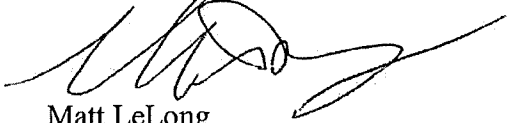
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Furthermore, these actions should be considered violations and administration penalties are appropriate pursuant to the provisions of sections 41-117 and 41-2710(4), Idaho Code, and IDAPA 18.05.01.022. However, as this is the first examination of the Agent, administrative penalties will not be imposed at this time, with the stipulation and understanding that the Department retains the right to impose new penalties based on any future findings of these same violation.

AFFIDAVIT OF EXAMINER

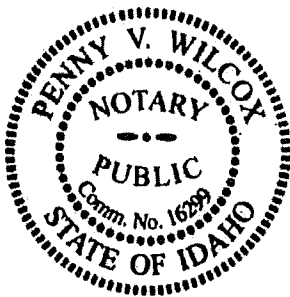
I certify and attest that I have examined the Agent's tract indexes, abstract records, as well as other records, and the operation of the Agent's business and other matters relevant to the affairs of the Agent. I further certify that I have no relationship, other than in my capacity as examiner and/or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

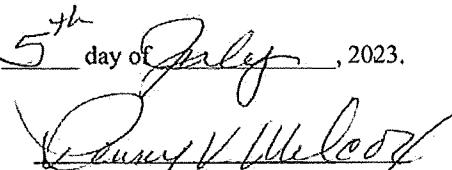
Respectfully submitted,



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

SUBSCRIBED AND SWORN to before me this 5th day of July, 2023.




Notary Public for Idaho
Residing at: Coeur d'Alene
Commission Expires: 07/02/2027

PENALTY, STIPULATIONS AND APPEAL NOTIFICATION

This matter comes before the Department as a result of this Report of Exception Examination ("Examination"). The Department has fully considered and reviewed this Examination, any written submissions and rebuttals provided by the Agent in response to the Examination and the recommendations of the Examiner.

The Department makes the following findings of fact and imposes penalties and stipulations:

- 1) The Agent, on twenty-four (24) occasions, accepted an order for title and/or escrow services from an applicant referred by a producer of title business, where the producer of title business has a financial interest in the title entity, without receiving a proper written disclosure prior to, or simultaneously with, the placing of the order. These actions constitute a violation of IDAPA 18.05.02.006, 18.05.02.007, 18.05.01.014, 18.05.01.014.01 and 18.05.01.014.02.

No later than thirty (30) days from the date the Final Order is adopted, the Agent is required to submit to the Department in writing what proposed procedures will be implemented to ensure that future order request referred by a producer of title business, with a financial interest in the title entity, will not be accepted, unless a proper disclosure by producer of title business, as set forth in IDAPA 18.05.01.014 and its Subsections is provided to the Agent, prior to, or simultaneously with, the order request.

- 2) The Agent, on four (4) occasions, entertained more than four (4) persons who are employed by or agents of a single producer of title business; and on one (1) occasion, expended more than \$100.00 per person per day for meals and/or events on four (4) producers of title business and/or guest of the producer of title business; and on one (1) occasion provided a total of 500 self-promotional food gift items, to various producers of title business and consumers. These actions constitute a violation of IDAPA 18.05.03.015, 18.05.01.031.05 and 18.05.01.031.04(a).

No later than thirty (30) days from the date the Final Order is adopted, the Agent is required to submit to the Department in writing what proposed procedures will be implemented to ensure future expense items related to business entertainment and self-promotional advertising are compliant with IDAPA 18.05.01.031.05 and IDAPA 18.05.01.031.04(a), respectively.

- 3) The Agent, on four (4) occasions, charged and collected an escrow fee that was less than the minimum escrow fee as filed with the Department. These actions constitute a violation of IDAPA 18.05.01.022.

No later than thirty (30) days from the date the Final Order is adopted, the Agent is required to submit to the Department in writing what proposed procedures will be implemented to ensure future escrow fees are compliant with IDAPA 18.05.01.022.

These actions are considered violations and administrative penalties are appropriate pursuant to Idaho Code §§ 41-2708(3), 41-117, 41-2710(4), IDAPA 18.05.02.006, 18.05.02.007, 18.05.01.014, 18.05.01.014.01, 18.05.01.014.02, 18.05.03.015, 18.05.01.031.05, 18.05.01.031.04(a), and 18.05.01.022. However, as this is the first examination of the Agent, administrative penalties will not be imposed at this time, with the stipulation and understanding that the Department retains the right to impose new penalties based on any future findings of these same violation.

Furthermore, as these actions are troubling, pursuant to Idaho Code § 41-2710(7), the Department reserves the right to reexam the Agent in calendar year 2025 for the period to begin no earlier than thirty (30) days following the Final Order Adopting this Report through December 31, 2024.

State of Idaho
DEPARTMENT OF INSURANCE

BRAD LITTLE
Governor

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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 Exception Examination as of December 31, 2022, of:

**Idaho Title Agency, LLC
d/b/a T.A. of Southern Idaho
995 S. Allante Place
Boise, Idaho 83709-1603
License #649992 – Ada County**

By executing this Waiver, Pamela Cyr [print or type officer/director name], on behalf of Idaho Title Agency, LLC d/b/a T.A. of Southern Idaho, hereby acknowledges receipt of the above-described examination report, verified as of the 5th day of July 2023, and by this Waiver hereby consents to the immediate entry of a final order by the Director of the Department of Insurance (the "Director") adopting said report without any modifications, except under circumstances the Director under his lawful duties and powers may abate, adopt, or amend, any recommendations and/or penalties imposed by the examiner-in-charge.

By executing this Waiver, Idaho Title Agency, LLC d/b/a T.A. of Southern Idaho, 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 41-2710(7) and 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)(a), Idaho Code, or elsewhere in the Idaho Code.

Dated this 18th day of JULY, 2023

Idaho Title Agency, LLC d/b/a T.A. of Southern Idaho

Pamela Cyr
Name (print)

Pamela Cyr
Name (signature)

Chief Administrative Officer
Title

