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Department of Insurance
State of Idaho

Attorneys for the Department of Insurance

BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE
STATE OF IDAHO

In the Matter of:

NORTHWEST TITLE, LLC,
dba NEXTITLE
[Ada County]

Idaho Title Agency License No. 342330

Docket No. 18-3355-17

**ORDER ADOPTING REPORT
OF EXCEPTION EXAMINATION
AS OF DECEMBER 31, 2016**

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 NORTHWEST TITLE, LLC, doing business as NEXTITLE (NexTitle), to ascertain compliance with title 41, Idaho Code, and related rules, pursuant to Idaho Code §§ 41-2710(7) and 41-219(1) and (5), hereby alleges the following facts that constitute a basis for issuance of an order, pursuant to Idaho Code § 41-227(5)(a), adopting the Report of Exception Examination of Northwest Title, LLC dba NexTitle [Ada County] for the Period January 1, 2012 to December 31, 2016 (Report), as filed.

FINDINGS OF FACT

1. NexTitle is a title agency licensed by the Department to transact title insurance in Ada County, Idaho, under Title Agency License No. 342330.

2. The Department completed an examination of NexTitle pursuant to Idaho Code §§ 41-2710(7) and 41-219(1) and (5) on or about August 7, 2017. 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 August 7, 2017, and was transmitted to NexTitle on the same date. A copy of the Report is attached hereto as Exhibit A.

4. Pursuant to Idaho Code § 41-2710(7), NexTitle 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 August 7, 2017, the Department received a Waiver from NexTitle signed by Tayler Tibbitts, its Idaho Operations Manager. By execution of such Waiver, a copy of which is attached hereto as Exhibit B, NexTitle consented to the immediate entry of a final order by the Director of the Department (Director) adopting the Report without any modifications; waived its right to make a written submission or rebuttal to the Report; and waived its right to request a hearing and to seek reconsideration or appeal from the Director's final order.

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

CONCLUSIONS OF LAW

7. Idaho Code § 41-227(5)(a) provides that, after expiration of "the period allowed for the receipt of written submissions or rebuttals, the director shall fully consider and review the report, together with any written submissions or rebuttals and relevant portions of the examiner's

work papers” and shall enter an order adopting the report of examination as filed or with modifications or corrections.

8. Having fully considered the Report, the Director concludes that, with regard to the matters examined and information provided by NexTitle, the comments and recommendations contained in the Report are appropriate and are incorporated herein as if set forth in full.

ORDER

NOW, THEREFORE, based on the foregoing, IT IS HEREBY ORDERED that the Report of Exception Examination of Northwest Title, LLC dba NexTitle [Ada County] for the Period January 1, 2012 to December 31, 2016, 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, NexTitle shall file with the Department’s Examiner Title & Market Insurance Specialist affidavits executed by each of its directors or, if none, its principal officers, stating under oath that they have received a copy of the adopted Report and related orders.

IT IS SO ORDERED.

DATED this 6 day of September, 2017.

STATE OF IDAHO
DEPARTMENT OF INSURANCE


DEAN L. CAMERON, Director

NOTIFICATION OF RIGHTS

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

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

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that, on this 7th day of September, 2017, I caused a true and correct copy of the foregoing ORDER ADOPTING REPORT OF EXCEPTION EXAMINATION AS OF DECEMBER 31, 2016, to be served upon the following by the designated means:

Northwest Title, LLC dba NexTitle
Attn: Kris Miller, President
1880 S. Cobalt Point Way, Suite 100
Meridian, ID 83642-5893
klmiller@nextitle.com

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

Northwest Title, LLC dba NexTitle
Attn: Tayler Tibbits, Idaho Operations Manager
1880 S. Cobalt Point Way, Suite 100
Meridian, ID 83642-5893
ttibbits@nextitle.com

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

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

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



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REPORT OF EXCEPTION EXAMINATION

For the Period January 1, 2012 to December 31, 2016

Of

Northwest Title, LLC
dba NexTitle

(a title agent limited liability company - license #342330 – Ada County)

As of

December 31, 2016

Equal Opportunity Employer



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Boise, Idaho
August 7, 2017

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;

Northwest Title, LLC
dba NexTitle
1880 S Cobalt Point Way, Suite 100
Meridian, Idaho 83642
License #342330– Ada County

Hereinafter referred to as “Title Agent”.

The following Report of Exception Examination is respectfully submitted.

FOREWORD

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

The examination was conducted at the Title Agent's office located at 1880 South Cobalt Point Way, Suite 100, in Meridian, Idaho and remotely at the offices of the Idaho Department of Insurance located at 700 West State Street in Boise, Idaho. In performing this examination, the examiner(s) reviewed a sample of the Title Agent's procedures, files, and documentation. Some noncompliant practices may not have been discovered during this examination. As such, this report may not fully reflect all the procedures and practices of the Title Agent.

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

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

PURPOSE AND SCOPE OF EXAMINATION

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

The period covered by this examination is January 1, 2012 through December 31, 2016. Specific areas examined include operations/management, claims, advertising and marketing, title file review and escrow fiduciary account and file review.

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

HISTORY AND DESCRIPTION

The Idaho Secretary of State lists Realty in Motion, LLC out of Bellevue Washington as 100% Managing Member of Northwest Title, LLC. The owners of Realty in Motion, LLC are listed as Stephen Routh CEO, David Fennell, Larry Johnson, and Joel Freedman. Realty in Motion, LLC is a support services company providing IT development and technical services, human resources, financial administration and facilities support to RCO Legal, P.S. and its allied and affiliated companies. Allied and affiliated companies include title agencies (NexTitle), trustee companies (e.g. Northwest Trustee Services, Inc.), newspapers (RIM Publications), a posting and publication company (Foreclosure Expeditors/Initiators, LLC), and websites (e.g. USA-Foreclosure.com).

PRIOR EXAMINATION

The examination included a review to determine if exceptions were noted in a preceding report of examination and whether those exceptions were addressed. The prior exam dated April 24, 2012 for the period April 13, 2010 to December 31, 2011 indicated no exceptions. No exceptions were noted as a result of this current portion of the examination.

PRIOR ESCROW AUDIT

Our examination included a review to determine if the two (2) exceptions noted in the December 31, 2014 escrow audit completed by Ms. Jennifer E. I. Shaw of Westcor Land Title Insurance Company which covered the periods July 1, 2011 through June 30, 2014 were addressed. We determined that the agent satisfactorily addressed these exceptions in January of 2015. 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 Title Agent's operations and management. The focus of this portion of the examination included a review of the management and control, contracting authority, surety bond, claims, and financial interests of the title entity management and ownership.

A. MANAGEMENT, CONTROL AND FINANCIAL INTERESTS

IDAPA 18.01.39.011, 012 & 013

Northwest Title LLC, dba NexTitle was established in Idaho on March 18, 2010. They were licensed in Ada County with the Department on April 13, 2010. They conduct business in Ada County out of offices located in Boise, Meridian and Eagle Idaho. Tayler Tibbitts is the Idaho State Operations Manager. Kris Miller is President. No exceptions were noted as a result of this portion of the examination.

B. CONTRACTING AUTHORITY

Idaho Code § 41-2710(2)

The Title Agent has underwriting agreements with Westcor Land Title Insurance Company, North American Title Insurance Company, Old Republic National Title Insurance Company and First American Title Insurance Company. The underwriting contracts high liability approval requirements range from \$500,000.00 to \$1,000,000.00 with a range of \$2,500.00 to \$5,000.00 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 18.01.25.011.08 & 09

The Department has on file surety bond #70956858 in the amount of \$50,000.00 issued by Western Surety Company on behalf of the Title Agent. The examination confirmed this bond to be currently active. No exceptions were noted as a result of this portion of the examination.

D. CLAIMS

Idaho Code § 41-2708(1) & (2)

The Title Agent reported that there were twelve (12) claim losses during the examination period. The claims appear to be oversights on the part of employees of the Title Agent and were remedied prior to our examination. Additionally, we did not find material issues with the title plant during the examination. No exceptions were noted as a result of this portion of the examination.

II. ADVERTISING AND MARKETING

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

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

III. TITLE FILE REVIEW

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

The Title Agent's Title Department is managed by Nick Schug and is comprised of two (2) title officers. The title plant is leased by the Title Agent from Alliance Title & Escrow. 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.

IV. ESCROW FIDUCIARY ACCOUNTS AND FILE REVIEW

The Title Agent's Escrow Department is managed by PJ Nava and is comprised of twelve (12) escrow officers, and eleven (11) escrow assistants.

A. FIDUCIARY ACCOUNTS

IDAPA 18.01.25.011.04, 05 & 10

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 for this office are balanced on a daily basis and reconciled on a monthly basis by Asa Fox at the Bellevue, Washington office. Monthly reconciliations are reviewed by Kris Miller. No exceptions were noted as a result of this portion of the examination.

B. ESCROW FILE REVIEW

Idaho Code § 41-2705(3)

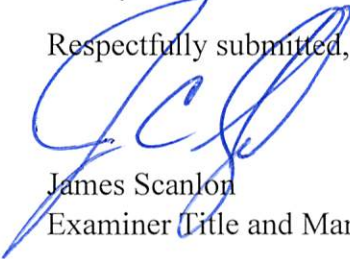
IDAPA 18.01.25.011 & 12, 18.01.56.017

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 by the Title Agent, rates charged as filed, signed settlement statements, receipt and disbursement ledgers, evidence of receipts and disbursements made, file overdrafts, and business interests of the escrow officers. No exceptions were noted as a result of this portion of the examination.

CONCLUSION

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

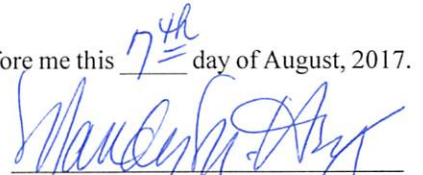
Respectfully submitted,



James Scanlon
Examiner Title and Market Insurance Specialist

SUBSCRIBED AND SWORN to before me this 7th day of August, 2017.




Notary Public for Idaho
Residing at: Boise, Idaho
Commission Expires: 7/24/18



State of Idaho
DEPARTMENT OF INSURANCE

C. L. "BUTCH" OTTER
Governor

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

DEAN L CAMERON
Director

WAIVER

In the matter of the Report of Examinations as of December 31, 2016, of:

**Northwest Title, LLC
dba NexTitle
1880 S Cobalt Point Way, Suite 100
Meridian, Idaho 83642
License #342330- Ada County**

By executing this Waiver, the Agent hereby acknowledges receipt of the above-described examination report, verified as of the 7th day of August 2017, 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 7th day of August, 2017

**NORTHWEST TITLE, LLC
dba NEXTITLE**

TAYLER TIBBITTS

Name (print)

[Handwritten Signature]

Name (signature)

Idaho Operations Manager

Title

