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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:

GUARANTY TITLE, INC.
[Elmore County]

Idaho Title Agency License No. 5643

Docket No. 18-2830-19

**ORDER ADOPTING REPORT
OF EXCEPTION EXAMINATION
AS OF DECEMBER 31, 2018**

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 GUARANTY TITLE, INC. [Elmore County] (“Guaranty Title”) to ascertain compliance with title 41, Idaho Code, and related rules, pursuant to Idaho Code §§ 41-2710(7) and 41-219(1) and (5), hereby alleges the following facts that constitute a basis for issuance of an order, pursuant to Idaho Code § 41-227(5)(a), adopting the Report of Exception Examination for the Period January 1, 2014 to December 31, 2018 of Guaranty Title, Inc. [Elmore County] as of December 31, 2018 (“Report”), as filed.

FINDINGS OF FACT

1. Guaranty Title is a title agency licensed by the Department to transact title insurance in Elmore County, Idaho, under Title Agency License No. 5643.

2. The Department completed an examination of Guaranty Title pursuant to Idaho Code §§ 41-2710(7) and 41-219(1) and (5) on or about April 18, 2019. 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 April 30, 2019, and was transmitted to Guaranty Title on the same date. A copy of the Report is attached hereto as Exhibit A.

4. Pursuant to Idaho Code § 41-2710(7), Guaranty Title 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 April 30, 2019, the Department received a Waiver from Guaranty Title signed by Sheryl A. Reyment, its President. By execution of such Waiver, a copy of which is attached hereto as Exhibit B, Guaranty Title consented to the immediate entry of a final order by the Director of the Department ("Director") adopting the Report without any modifications; waived its right to make a written submission or rebuttal to the Report; and waived its right to request a hearing and to seek reconsideration or appeal from the Director's final order.

CONCLUSIONS OF LAW

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

7. Having fully considered the Report, the Director concludes that, with regard to the matters examined and information provided by Guaranty Title, the comments, findings, and recommendations contained in the Report, including the Examiner's determination of violations or noncompliance by Guaranty Title and corrective actions to be taken identified at page 10 of the Report, Exhibit A, are appropriate and are incorporated herein as if set forth in full.

ORDER

NOW, THEREFORE, based on the foregoing, IT IS HEREBY ORDERED that the Report of Exception Examination for the Period January 1, 2014 to December 31, 2018 of Guaranty Title, Inc. [Elmore County] as of December 31, 2018, 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, Guaranty Title 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 FURTHER ORDERED that, due to Guaranty Title's failure on two (2) occasions to provide the required disclosure regarding an escrow officer with a business interest in an escrow transaction, in accordance with IDAPA 18.01.25.011.02, no later than thirty (30) days from the date of entry of the Final Order adopting the Report, Guaranty Title shall provide written evidence to the Department that it has revised its processes and fully implemented procedures to ensure that

such required disclosures shall be provided in future escrow transactions in compliance with IDAPA 18.01.25.011.02.

IT IS FURTHER ORDERED that, any waiver of penalties for violations or noncompliance set forth above notwithstanding, the Department retains the right to perform a target examination of Guaranty Title at any time and to impose new penalties based on any future findings of the same violations.

IT IS SO ORDERED.

DATED this 1 day of May, 2019.

STATE OF IDAHO
DEPARTMENT OF INSURANCE



DEAN L. CAMERON
Director

NOTIFICATION OF RIGHTS

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

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

- i. A hearing was held;
- ii. The final agency action was taken;

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

A petition for judicial review must be filed within twenty-eight (28) days of: (a) the service date of this final order, (b) the service of an order denying motion for reconsideration, or (c) the failure within twenty-one (21) days to grant or deny a motion for reconsideration, whichever is later. See Idaho Code § 67-5273. The filing of a petition for judicial review does not itself stay the effectiveness or enforcement of the order under appeal. Idaho Code § 67-5274.

CERTIFICATE OF SERVICE

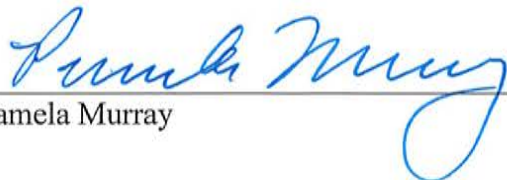
I HEREBY CERTIFY that, on this 15th day of May, 2019, I caused a true and correct copy of the foregoing ORDER ADOPTING REPORT OF EXCEPTION EXAMINATION AS OF DECEMBER 31, 2018, to be served upon the following by the designated means:

Guaranty Title, Inc.
 Sheryl A. Reyment, President
 206 S. 3rd E. Street
 Mountain Home, ID 83647
sheryl@guarantytitleinc.com

- first class mail
- certified mail
- email

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

- first class mail
- certified mail
- email


 Pamela Murray



REPORT OF EXCEPTION EXAMINATION
For the Period January 1, 2014 to December 31, 2018

Of
GUARANTY TITLE, INC.
(A title agent corporation - license #5643 – Elmore County)

As of
December 31, 2018

Equal Opportunity Employer



Table of Contents

SALUTATION.....	3
FOREWORD.....	4
PURPOSE AND SCOPE OF EXAMINATION.....	5
HISTORY AND DESCRIPTION.....	5
PRIOR EXAMINATION.....	5
PRIOR ESCROW AUDITS.....	5
SUMMARY OF FINDINGS AND RECOMMENDATIONS.....	6
I. OPERATIONS AND MANAGEMENT.....	6
A. MANAGEMENT, CONTROL AND FINANCIAL INTERESTS.....	6
B. CONTRACTING AUTHORITY.....	6
C. SURETY BOND.....	6
D. CLAIMS.....	6
II. ADVERTISING AND MARKETING.....	7
III. TITLE FILE REVIEW.....	7
IV. ESCROW FIDUCIARY ACCOUNTS AND FILE REVIEW.....	7
A. FIDUCIARY ACCOUNTS.....	7
B. ESCROW FILE REVIEW.....	8
CONCLUSION.....	9
PENALTY, STIPULATIONS AND APPEAL NOTIFICATION.....	10

Boise, Idaho
April 18, 2019

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;

Guaranty Title, Inc.
206 South 3rd East Street
Mountain Home, Idaho 83647-3021
License #5643 – Elmore County

Hereinafter referred to as the “Agent”.

The following Report of Exception Examination is respectfully submitted.

FOREWORD

This is an exception examination report of the practices and procedures of Guaranty Title, Inc. an Idaho Title Agent licensed in Elmore 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 Agent's company offices at 206 South 3rd East Street in Mountain Home, Idaho and at the offices of 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. As such, this report may not fully reflect all of the procedures and practices of the Agent.

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

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

PURPOSE AND SCOPE OF EXAMINATION

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

The period covered by this examination is January 1, 2014 through December 31, 2018. Specific areas examined include operations/management, claims, advertising and marketing, title file review and escrow fiduciary account and file review.

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

HISTORY AND DESCRIPTION

Guaranty Title Inc. was founded in 1902 by Cyrus Russell Wetherell and Helen Wetherell. Robert and Claire Wetherell assumed ownership of the business in 1945. In 1980, Dennis and Jill Wetherell assumed ownership and operated the business until March of 2008. The current owners, Sheryl Reymont and Mark Wetherell, assumed ownership of the business at that time.

PRIOR EXAMINATION

Our examination included a review to determine if exceptions were noted and addressed in the prior November 11, 2013 examination. No exceptions were noted in that examination. No exceptions were noted as a result of this portion of the examination.

PRIOR ESCROW AUDITS

Our examination included a review to determine if exceptions were noted and addressed in the August 15, 2014 escrow audit completed by Mr. Melvin Maisey with Fidelity National Financial. No exceptions were noted in that audit. No exceptions were noted as a result of this portion of the examination.

SUMMARY OF FINDINGS AND RECOMMENDATIONS

I. OPERATIONS AND MANAGEMENT

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

A. MANAGEMENT, CONTROL AND FINANCIAL INTERESTS **IDAPA 18.01.39.011, 012 & 013**

As of December 31, 2018, the Idaho Secretary of State lists Sheryl Reymont as President and Director and Mark Wetherell as Secretary and Director. The current registered agent is Sheryl Reymont. No exceptions were noted as a result of this portion of the examination.

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

This agent has underwriting contracts with Old Republic National Title Insurance Company, Commonwealth Land Title Insurance Company and Westcor Land Title Insurance Company. The underwriting contracts require a high liability approval of \$1,000,000.00 with a \$5,000 deductible for loss. No exceptions were noted as a result of this portion of the examination.

C. SURETY BOND **Idaho Code §§ 41-2710(6), 2711** **IDAPA 18.01.25.011.08 & 09**

The Idaho Department of Insurance has on file surety bond #5388946 in the amount of \$40,000.00 issued by Safeco Insurance Company of America on behalf of the agent. We confirmed during the examination that this bond is currently active. No exceptions were noted as a result of this portion of the examination.

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

The agent reported no claims during the examination period. 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 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 department is managed by Joanne Martinez and consists of her and two (2) title assistants. This Title Agent owns its title plant. A sample of title files were reviewed within the parameters of our examination for the rates charged, the correct insured amount of the owner's and mortgagee's policies, proper countersignatures, double sales, proper use of the Standards of Liability and liens and encumbrance rules, cancellation fees, and unique kind or class of risk. No exceptions were noted as a result of this portion of the examination.

IV. ESCROW FIDUCIARY ACCOUNTS AND FILE REVIEW

The Title Agent's Escrow Department is managed by Sheryl Reymont and is comprised of her, two (2) escrow officers and one (1) escrow assistant.

A. FIDUCIARY ACCOUNTS

IDAPA 18.01.25.011.04, 05 & 10

This examination included a review of the fiduciary accounts utilized during the examination period. The accounts were reviewed for correct labeling, separation from operating funds, reconciliation and negative balances. The accounts are balanced on a daily basis and reconciled on a monthly basis by Angelena Budine. Monthly reconciliations are reviewed by Sheryl Reymont. No exceptions were noted as a result of this portion of the examination.

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

A sample of the escrow files were reviewed within the parameters of our examination for adequate written instructions conformity to the written instructions, rates charged as filed, signed settlement statements, receipt and disbursement ledgers, evidence of receipts and disbursements made, file overdrafts and business interests of escrow officers.

During the examination the following exceptions regarding the required disclosure by an escrow officer with a business interest in the escrow transaction other than as an escrow agent were noted:

In files #17058 and #18004, one of the parties to the transaction was an escrow agent that had a business interest in the subject property. The required disclosure notification of the relationship or interest was not included in the written escrow instructions.

IDAPA 18.01.25.011.02 states “If an escrow agent has a business interest in the escrow transaction other than as escrow agent, the relationship or interest must be disclosed in the written escrow instructions. After noting such interest, an additional statement shall appear as follows: “We call this interest to your attention for disclosure purposes. This interest will not, in our opinion, prevent us from being a fair and impartial escrow agent in this transaction, but you are, nevertheless, free to request the transaction be closed by some other escrow agent.””

The title agent was in violation of IDAPA 18.01.25.011.02 by not disclosing the relationship or interest in the written escrow instructions.

Recommendation

It is recommended that the Title Agent submit to the Department in writing what proposed procedures the Title Agent will implement to ensure that future disclosures by an escrow officer with a business interest in the escrow transaction other than as an escrow agent will be made in the written escrow instructions. No administrative sanctions or penalties are recommended at this time as the Title Agent did include the additional statement in the written escrow instructions which is also required in IDAPA 18.01.25.011.02.

CONCLUSION

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

Respectfully submitted,



James Scanlon, MCM
Examiner Title and Market Insurance Specialist

PENALTY, STIPULATIONS AND APPEAL NOTIFICATION

This matter comes before the Idaho Department of Insurance ("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 Title 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 Title Agent, on two (2) occasions, did not provide the required disclosure notification by an escrow officer with a business interest in an escrow transaction other than as an escrow agent. These actions constitute a violation of IDAPA 18.01.25.011.02.

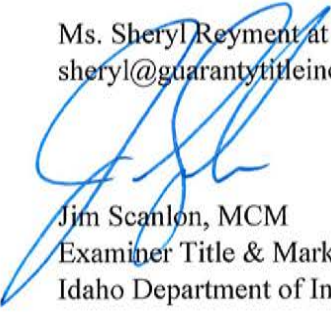
No later than thirty (30) days from the date the Final Order is adopted, the Title Agent shall provide written evidence to the Department that it has revised its processes and fully implemented procedures to ensure that future disclosures of business interests by escrow agents are in compliance with IDAPA 18.01.25.011.02.

As this is the first instance of this violation noted in an examination, the Department waives any penalty with the stipulation and understanding that the Department retains the right to impose new penalties based on any future findings of these same violations.

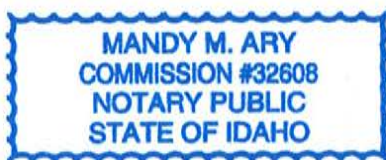
Pursuant to Idaho Code § 41-2710(7), you have twenty eight (28) days to review, comment and request a hearing regarding these findings. Unless a hearing is requested in accordance with Idaho Code §§ 41-227(5) and (6), 41-232(2)(b), or elsewhere in the Idaho Code within the twenty eight (28) day review period, the Director will issue an order adopting the report and it shall be deemed available to the public.


I certify that on this 30th day of April 2019, I submitted a final copy of this Report to the Director of the Idaho Department of Insurance and served a final copy of the same by Electronic Mail to:

Ms. Sheryl Reymont at
sheryl@guarantytitleinc.com


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

SUBSCRIBED AND SWORN to before me this 30th day of April, 2019.




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

State of Idaho
DEPARTMENT OF INSURANCE

BRAD LITTLE
Governor

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

DEAN L CAMERON
Director

WAIVER

In the matter of the Report of Examinations as of December 31, 2018, of:

Guaranty Title, Inc.
206 South 3rd East Street
Mountain Home, Idaho 83647
License #5643 – Elmore County

By executing this Waiver, the Agent hereby acknowledges receipt of the above-described examination report, verified as of the 30th day of April 2019, 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 30th day of April, 2019

GUARANTY TITLE, INC.

Sheryl A Reymont

Name (print)

Sheryl A Reymont

Name (signature)

president

Title

