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JUL 10 2019
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:

C. WARD ENTERPRISES, INC.,
doing business as TIMBERLINE TITLE &
ESCROW, INC.

Idaho Title Agency License No. 23270

Docket No. 18-3672-19

**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 C. WARD ENTERPRISES, INC., DBA TIMBERLINE TITLE & ESCROW, INC. (“Timberline 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 C. Ward Enterprises, Inc. dba Timberline Title & Escrow, Inc. as of December 31, 2018 (“Report”), as filed.

FINDINGS OF FACT

1. Timberline Title is a title agency licensed by the Department to transact title insurance in Adams County, Idaho, under Title Agency License No. 23270.

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

4. Pursuant to Idaho Code § 41-2710(7), Timberline 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 July 2, 2019, the Department received a Waiver from Timberline Title signed by Christy A. Ward, its President. By execution of such Waiver, a copy of which is attached hereto as Exhibit B, Timberline 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 Timberline Title, the comments, findings, and recommendations contained in the Report are appropriate and are incorporated herein as if set forth in full.

ORDER

NOW, THEREFORE, based on the foregoing, IT IS HEREBY ORDERED that the Report of Exception Examination for the Period January 1, 2014 to December 31, 2018 of C. Ward Enterprises, Inc. dba Timberline Title & Escrow, Inc. 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, Timberline 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 SO ORDERED.

DATED and EFFECTIVE this 9 day of July, 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 10th day of July, 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:

C. Ward Enterprises, Inc.
dba Timberline Title & Escrow, Inc.
Christy A. Ward, President
104 Industrial Avenue
Council, ID 83612
cward@timberlinetitle.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

C. WARD ENTERPRISES, INC. DBA
TIMBERLINE TITLE & ESCROW, INC.
(A title agent corporation - license #23270 – Adams County)

As of

December 31, 2018

Equal Opportunity Employer



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Boise, Idaho
June 28, 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;

C. Ward Enterprises, Inc. DBA
Timberline Title & Escrow, Inc.
104 Industrial Avenue
Council, Idaho 83612
License #23270 – Adams 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 C. Ward Enterprises, Inc. DBA Timberline Title & Escrow, Inc. an Idaho Title Agent licensed in Adams 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 located at 104 Industrial Avenue in Council, 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

Timberline Title & Escrow, Inc. was organized with the Idaho Secretary of State's office on December 31, 1986 by Russell and Karen Hatfield. The business was purchased on July 16, 1992 by Donna and Bill Michael. On December 13, 2000 the business was purchased by the current owner.

PRIOR EXAMINATION

Our examination included a review to determine if exceptions were noted and addressed in the prior April 22, 2014 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 escrow audit completed by Mr. Timothy Grubb with First American Title Insurance Company. 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 11, 2018, the Idaho Secretary of State lists Christy Ward as President and Registered Agent and Angela Bumgarner as Secretary. 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 First American Title Insurance Company ("FATICO") and Old Republic National Title Insurance Company ("ORNTIC"). The underwriting contracts require a high liability approval of one million dollars (\$1,000,000.00) with a five thousand dollar (\$5,000.00) deductible for loss with ORNTIC and a two thousand five hundred dollar (\$2,500.00) deductible for loss with FATICO. 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 #93-BR-1542-1 in the amount of thirty thousand dollars (\$30,000.00) issued by State Farm Fire and Casualty Company on behalf of the agent. We confirmed during the examination that this bond is currently active. No exceptions were noted as a result of this portion of the examination.

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

The agent reported no claims during the examination period. 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 Angela Bumgarner and consists of her and one (1) title officer. This location 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 Christy Ward and is comprised of her and one (1) escrow officer.

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 Christy Ward or Karen Amidon. Monthly reconciliations are reviewed by Christy Ward. No exceptions were noted as a result of this portion of the examination.

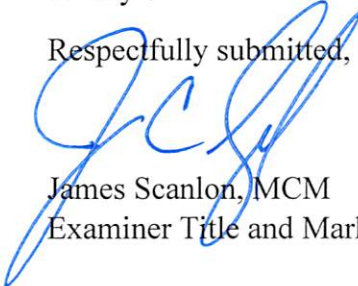
B. ESCROW FILE REVIEW
Idaho Code § 41-2705(3)
IDAPA 18.01.25.011 & 12, 18.01.56.017

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. No exceptions were noted as a result of this portion of the examination.

CONCLUSION

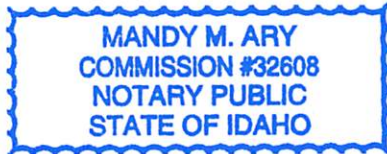
I certify and attest that I have examined the Title Agent's tract indexes, abstract records, as well as other records, and the operation of the Title Agent's business and other matters relevant to the affairs of the Title Agent. I further certify that I have no relationship, other than in my capacity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


Respectfully submitted,



James Scanlon, MCM
Examiner Title and Market Insurance Specialist

SUBSCRIBED AND SWORN to before me this 1st day of July, 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:

**C. Ward Enterprises, INC. DBA
Timberline Title & Escrow, INC.
104 Industrial Avenue
Council, Idaho 83612
License #23270 – Adams County**

By executing this Waiver, the Agent hereby acknowledges receipt of the above-described examination report, verified as of the 1st day of July 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), *Twenty-eight*
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 2nd day of July, 2019

C. Ward Enterprises, INC.

Christy A. Ward

Name (print)

Christy A. Ward

Name (signature)

President

Title

