



## Insurance Department

TANJI J. NORTHRUP  
*Interim Insurance Commissioner*

### State of Utah

GARY R. HERBERT  
*Governor*

SPENCER J. COX  
*Lieutenant Governor*

## Title & Escrow Commission Meeting

(<https://insurance.utah.gov/licensee/title/tec>)

**Date: September 28, 2020**

**Time: 9AM**

**Place: TELECONFERENCE ONLY**  
by telephone: **1-877-820-7831**  
passcode: **827555#**

### ATTENDEES

#### TITLE & ESCROW COMMISSION

xChair, Chase Phillips ( <i>Agency, Weber County</i> )	Darla Milovich ( <i>Agency, Salt Lake County</i> )
xVice Chair, Nancy Frandsen ( <i>Insurer, Salt Lake County</i> )	xAlison McCoy ( <i>Agency, Tooele County</i> )
xRandy Smart ( <i>Public Member, Salt Lake County</i> )	xPerri Babalis, <i>AG Counsel - TEC</i>

#### DEPARTMENT STAFF

xTodd Kiser, <i>Ins. Commissioner</i>	xReed Stringham, <i>Deputy Comm.</i>	Tracy Klausmeier, <i>P&amp;C Dir.</i>
xRandy Overstreet, <i>Licensing Dir.</i>	Danny Schoenfeld, <i>Finance Dir.</i>	xAdam Martin, <i>MC Examiner</i>
Michael Covington, <i>CE Specialist</i>	xSteve Gooch, <i>PIO Recorder</i>	xEddie Vasquez, <i>AG Counsel</i>

#### PUBLIC

Blake Heiner	Bob Rice	Jerry Houghton
Matt Ryden	Nathan Sprague	Jessica Goodman
Jeff Wiener		

### MINUTES — Approved

#### *General Session: (Open to the Public)*

- **Welcome** / Chase Phillips, Chair (9:01 AM)
  - Chase thanks Nancy for her last year of chairing the TEC. Her efforts have been appreciated.
- **Telephone Roll Call**
- **Adopt Minutes of Previous Meeting**
  - Randy O says under "Attorney Exemptions" for Samuel Bell, it says: "*Nancy notes that the UID got Mr. Bell's request on July 10, and he was notified of the UID's approval on July 31.*" In actuality, the UID received the notice on July 28 and responded on July 31, which is within the required 5-day period. Nancy says she was looking at the spreadsheet and was reading off the dates. She doesn't know if there was a typo or if she was off in left field. Steve will review the recording.
    - *Steve reviewed the recording, and Nancy did in fact say July 28. The minutes for the August 17 meeting were corrected to reflect the proper date: "Nancy notes that the UID got Mr. Bell's request on July ~~10~~ 28, and he was notified of the UID's approval on July 31."*
  - **Motion by Alison to adopt minutes with Randy O's correction. Seconded by Nancy. Motion passes 4-0.**
- **Concurrence Reports**
  - Licenses

- Reed notes that the report shows a title company receiving double licenses; this was due to a misrecording in the computer system. The two companies whose licenses were reinstated are Bay National Title and Infinity Title. The original report only showed Bay National.
    - Randy O notes that Steve never got the title agency licensing report out due to a timing issue. The TEC may have only gotten the individual report. Chase verifies that he doesn't have anything regarding agencies, and suggests reviewing agency licenses next month. Perri says the agency licenses cannot be approved this month because they weren't included with the agenda, but the individual licenses were included, so they can.
    - **Motion by Nancy to concur with individual licenses. Seconded by Alison. Motion passes 4-0.**
  - Penalties
    - Lydolph & Weierholt Title Insurance Agency (Docket #2020-4252)
      - Adam says this investigation began with a complaint, and he found that the agency had been holding construction funds. As he looked deeper, he found that they had conducted 2 closings while holding construction funds. There were 2 violations of 406, 1 for holding the construction funds in the trust account, and 17 disbursements from the trust account. The violations were two times the profit received plus the violations. The violations came to \$1,700 and the mandatory forfeiture for two times the profit was \$2,633, for a total of \$4,833.
      - Alison asks if the commingling was just between files, not between accounts. Adam says that's correct.
      - Chase says the penalty sounds in line with others and is accurate.
      - **Motion by Alison to concur. Seconded by Randy. Motion passes 4-0.**
  - Attorney exemptions
    - Tom Cook
      - The UID received an attorney exemption request from Tom Cook on September 14. He appeared to be well qualified, other than he doesn't have an insurance license. The rule dealing with attorney exemptions requires that requesters have an insurance license. The UID is recommending a preliminary disapproval of Mr. Cook's request.
      - Chase asks for clarification of the requirements.
      - Randy O notes that there was a case in 2013 where the person didn't have a license and the UID denied the exemption with concurrence from the TEC. He reads R592-8-5(1), which describes the attorney exemption process. The exemption request is for an exemption of the 3 years of experience requirement, but not the license itself. There is still the requirement that the attorney have a title license, even if it's only a week old. Perri agrees with Randy O's interpretation. The rule says "a title licensee", so he has to have the individual license to be exempt from the agency license.
      - Chase suggests a motion to concur with the preliminary disapproval, but with the recommendation to reapply after obtaining an individual license.
      - Alison agrees, and says he has plenty of experience and would likely have no problem passing the exam.
      - Nancy notes that Mr. Cook was notified about a week and a half ago and she's sure the reason was brought up. Randy O says he's been notified and if the TEC concurs, he'll be notified of that as well. He'll also send him an email saying that upon passing the required exams, he could submit another exemption request.
      - **Motion by Nancy to concur with preliminary denial of the request by Mr. Tom Cook. Seconded by Alison. Motion passes 4-0.**
- **Board Duties & Responsibilities / Perri**
  - Perri notes that the anchor location determination needs to be read into the record. Chase requests that the determination be added to the agenda going forward.
  - Chase reads the anchor location determination into the record.

- **Update on 2020 Goals**

- ULTA report / Nancy

- Affiliated business arrangements (ABAs) are still an ongoing concern with the ULTA. The convention that was scheduled for July has been cancelled in favor of a smaller virtual convention. The ULTA still feels like agents should be able to search and find information about ABAs on someone's website. Nancy talked to Division of Real Estate Director Johnny Stewart and he said the info will not be in their newsletters, but he will print information in the newsletter if there are regulatory changes regarding ABAs. He said once a year they will put on their website an updated list of ABAs based on their filed annual report.
    - As of March 2020, current ABAs are Investors Title Insurance Agency dba Homie Title Agency, Master's Title Insurance Agency, Placer Title Insurance Agency of Utah, and Rudd & Hawks Title Insurance Agency. Nancy says it's known that there are several more now, but the DRE won't know who they are until they file their annual report next year.
    - The ULTA executive committee thinks the UID knows who these entities are because as they sign up agents, the capitalization comes up, which is different for an ABA versus another company. The ULTA thinks the UID should be able to provide a list of who those companies are. The ULTA isn't asking for the UID to regulate, they're just looking for information as to who the companies are. Reed says it's a matter of legal authority to even report names. Is the ULTA making a request through Nancy that the UID look at it, or will they make a formal request. Nancy says she told the ULTA that she'd bring it up, but if the UID wants a formal request, she'll ask them for one. Reed says he would prefer one that lays out their rationale for their belief that the UID has authority to do what they're saying it should do.

- REC report / Nancy

- As of August 2020, there were 16,591 sales agents, which is up almost 800 from last year; 28 new complaints, 27 closed complaints, 3 at the AG's office, and a total of 476 complaints.

- **New Business**

- Annual Report to the Title & Escrow Commission / Reed

- Chase asks if there's a year-to-year comparison, and wonders if there were more complaints this year due to SB121. He doesn't recall how many there were last year. Adam says there were 32 last year.
    - Chase says it appears that the majority of complaints result in no action taken. He interprets that to mean that the industry is healthy and there aren't a lot of violations. Adam says no action means the complaint was either unfounded or was a first violation that he used as an opportunity for education, which is what he usually does with inducements. Chase asks about private letter of admonition. Adam says it's one step higher.
    - Nancy thinks the UID is doing a great job. She appreciates that the UID never gets behind like other commissions. There isn't a lag of a lot of outstanding problems. Chase agrees.
    - **Motion by Randy to adopt the annual report. Seconded by Nancy. Motion passes 4-0.**

- **Old Business**

- **Other Business**

- ABA discussion

- Chase notes that the public needs to be made aware of ABAs, and the ULTA needs to make a formal request to the UID with their justification as discussed earlier. Nancy says the DRE will not have any information on new ABAs until March/April next year. She notes that Commissioner Kiser considered doing a traveling roadshow in the future, and there was preliminary discussion of inviting ABAs to them. She thinks that ABAs should acknowledge on their websites that they're ABAs so that information is available to the public.
    - Commissioner Kiser says ABAs present an interesting dilemma, and there needs to be a way to capture who they are.
    - Chase wants to keep ABAs on the agenda for a little while longer to see if there's a way to reach a resolution and create public awareness. Hopefully the ULTA will send something to

the UID formally. Perhaps once the UID receives it, it can be discussed with the TEC at a future meeting. Commissioner Kiser says if there's a formal request to the UID that Reed needs to work through, maybe the UID can find a way to legislatively require ABAs to report to the UID or the DRE. There probably ought to be a reporting aspect in statute. If it goes in the UID's bill, there may be objection and someone may want to put it in the RE code. Reed agrees and will start working on it.

- Commissioner Kiser's retirement
  - Commissioner Kiser says Chase does an excellent job of chairing, as have Nancy and Alison and all the others. He thanks the current and past TEC members for the work they do as commission members. He thanks Perri for her work as counsel to the UID and the TEC. He appreciates Steve Gooch preparing for meetings and doing the minutes. He appreciates the work Reed Stringham and Randy Overstreet do in preparing reports, the work Danny Schoenfeld and Tracy Klausmeier do to answer questions, and the work Michael Covington does with CE. He especially appreciates Adam Martin because he knows so much about title, and the UID leans on him to help with problems that occur in the industry – his experience is invaluable. He says going to work has been a pleasure for the past 8 years.
  - Commissioner Kiser says he doesn't know who will be the interim commissioner when he leaves, but he's confident the Governor won't leave the UID without a leader. Someone will be called to step in on October 1. He says he'll be retiring to Manti where he has a hobby farm. He notes that people have asked him to become a lobbyist, and he has no interest in it. However, he may be a guest speaker on political science or insurance at Snow College if they're interested. He thanks the regular attendees for their involvement and participation.
  - On behalf of the TEC and all who have preceded him, Chase thanks Commissioner Kiser for everything he's done for the title industry. The industry appreciates that he's been an ally and has taken title seriously.
- Circuit breaker bill
  - Alison says there's a circuit breaker bill that deals with abatements for veterans and the indigent. The bill says counties may refund prorated portions of taxes based on when someone owns or sells a property. She says there's language floating around that may affect how proration of taxes are done at closing. She doesn't love it, and suggests that the industry review it. It's sponsored by Sen. Davis for the 2021 General Session.
  - Commissioner Kiser says it will probably be rushed into an interim meeting and may become a committee bill. He suggests that the title industry reach out to Sen. Davis personally to get more info to make sure they can comply with what's being requested.

- **Hot Topics**

*Executive Session* (None)

- **Adjourn** (10:08 AM)
  - **Motion by Alison to adjourn. Seconded by Nancy. Motion passes 4-0.**
- **Next Meeting: October 19, 2020** — Copper Room

**2020 Meeting Schedule in Copper Room**

<del>Jan 13</del> <del>Canceled</del>	<b>Feb 10</b>	<del>Mar 9</del> <del>Canceled</del>	<del>Apr 13</del> <del>Canceled</del>	<b>May 11</b>	<del>Jun 8</del> <del>Canceled</del>
Jul 20	<b>Aug 17</b>	Sept 28	Oct 19	<b>Nov 9</b>	Dec 14

\* bold dates denote quarterly required in-person meetings

**2021 Meeting Schedule in Copper Room**

Jan 11	<b>Feb 8</b> (Beehive Room)	Mar 8	Apr 19	<b>May 10</b>	Jun 14
Jul 12	<b>Aug 9</b>	Sept 13	Oct 18	<b>Nov 8</b>	Dec 20

\* bold dates denote quarterly required in-person meetings