



# Insurance Department

## State of Utah

GARY R. HERBERT  
Governor  
GREG BELL  
Lieutenant Governor  
NEAL T. GOOCH  
Insurance Commissioner

## State of Utah Title and Escrow Commission Meeting Meeting Information

**Date:** February 14, 2011 **Time:** 9am **Place:** East Bldg, **Copper** Room

### MEMBERS

#### Commission Members

(Attendees=x)

xChair Cortlund G. Ashton, Salt Lake Cnty  
xCo-Chair Garry M. Goodsell, Iron Cnty  
xDirk Keyes

xCanyon W. Anderson, Davis Cnty  
xJerry M. Houghton, Tooele Cnty

#### Department Staff

xPerri Babalis, *AG Counsel*  
xTammy Greening, *Examiner*  
Adam Martin, *Examiner*

xSuzette Green-Wright, *MC Dir.*  
xJilene Whitby, *PIO Recorder*  
xSandra Halladay, *Examiner*

xMark Kleinfeld, *ALJ*  
Brad Tibbitts, *P&C Dir.*

#### Public

David Moore  
Clayton Hansen

Peter Stevens  
Lincoln Scoffield

Al Newman  
Jeff Wisner

### MINUTES

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

- **Welcome and Introductions** / Cortlund Ashton, Chair
- **Adopt Minutes of Previous Meetings**
  - Canyon requested a change to page three, third bullet. It should read:  
"The department has legislation regarding HB19, line 2422..."  
The second sentence should be deleted.
  - Canyon made the **motion** to accept the minutes with the changes, Dirk seconded it and the vote was unanimous.
- **Reports**
  - **Concur with Licensee Report**  
**Motion** by Jerry to accept the report, seconded by Canyon and the vote was unanimous.
  - **Enforcement Report**
    - A new column has been added to the Open and Closed Complaint Summary classifying a complaint as justified or not. Justified complaints go to investigation. All complaints are closed. Adam is checking on licenses being reinstated to see if business was transacted during lapse.
  - **Investigation Process** / Tammy  
Handout provided showing steps of an investigation. Reviewed responsibilities of department divisions. Every respondent given due process as required by Constitution. Cort offered possible legislation to streamline process.
  - **Request for Attorney Exemption:** Robert Harrington  
Mr. Harrington will use a title license to do foreclosures and real estate. He has done title work for ten years. He runs equity funds in Arizona, Nevada and California, does commercial real estate but does not have real estate license. He is winding down Equity Source LLC business. Canyon **moved** to accept the exemption, Jerry seconded the motion, and the vote was unanimous.
- **Administrative Proceedings Action**
  - **Request for Hearing:** None
  - **Stipulation & Order:** Tyler Cisneros
    - Mark read Findings of Fact. Prepared fictitious HUD-1 to induce buyer to accept a short sale price. Recommended forfeiture of \$2,000, 24 months probation while being mentored, plus 12 additional hours of CE, and pay \$1,000 criminal investigation fee to the Fraud Division. Cisneros worked for Executive Title. Litton may be made whole through a separate action.

Garry did not support the recommendation. He thought the license should have been revoked. The forfeiture amount was within the Matrix.

- At 10:04am Canyon made a **motion** to move to Executive Session, seconded by Jerry and vote was unanimous.

- **Executive Session** - (*Closed to the Public*)

- **General Session** - (*Open to the Public*)

- Garry made a **motion** to reject the recommendation of the department, Dirk seconded it and the vote was unanimous.
- Garry made a **motion** to recommend Cisneros's license be revoked. There was no second.
- Canyon made a **motion** that the department investigate further, Jerry second it. It was noted that the agency involved is out of business. Perri said the Commission could impose a penalty after department's investigation. Mark said that Mr. Lemmon will probably file for a revocation.

- **Old Business**

- **Update on LSI / Tammy**

Tammy reported that LSI's national parent company is conducting the business in Utah. Tomorrow she will talk to Mr. Lemmon about doing a Cease and Desist.

- **Legislation**

- HB 19 1st Sub is on the floor of the Senate today.
- HB333, Unfair Inducements, will allow all lines of insurance to increase their costs for social courtesies from \$3 to \$25. Other states are reducing costs or not allowing any.
- Jerry said the Recorder's bill will probably go forward with 15/40 included. ULTA wrote it.
- HB 43, Errors and Omissions, may require department to create an inactive license status.

- **Discuss Proposed Combination of Rules R592-3 & 4, "Submission of a Schedule of Minimum Charges for Escrow Services" / Tracy**

- Provisions of this rule are already being complied with. The attachments can be changed anytime.
- Jeff referred to R592-15-7 and asked if the consumer board should be made a part of the escrow minimum charges since the industry is to pay for it.
- Canyon made a **motion** to recommend that the rule begin the rulemaking process, Jerry seconded it and the vote was unanimous.

- **Review Working Draft of Rule R592-6 & Consider Sending to Rulemaking / Perri**

Canyon made a **motion** to approve the amended provisions of R592-6 and prepare it for comments, Garry seconded it and the vote was unanimous.

- **Confusion with dates on initial, inactive, activated licenses on website / Tammy**

This is a SIRCON issue and not something the Department can change without it costing money. The department's view of this is not confusing. Before an applicant's license is approved the department makes sure their address is correct and they meet the requirements. "Inactive" mean "lapsed."

- **Comment period for Rule R590-99(R592-14) has ended - Next Step?? / Suzette**

Canyon made a motion to provide a public hearing for this rule, Jerry seconded it and the vote was unanimous. Further changes to the rule were suggested but it was decided to wait until after the hearing to see if other changes are needed.

- **New Business**

- **What is an Adequate Search? / Jerry**

Jerry suggested setting search requirements. It would only affect those transactions with a guarantee or insurance policy. It was noted that some states regulate this, but not the states surrounding Utah. They have plant requirements regarding records to be maintained.

- **Definition of Escrow**

Escrow is already defined in the code. Re-title this section: "What is the function of the escrow that requires the license?" Put this on the next agenda.

- **Dual Licensing Discussion / Cort**

The law allows for a dual license transaction once every 18 months if approved by the Commission. Title people can't do this. Suzette states that the law does not allow a title company to pay someone using a dual license. Perri said the code required the commissioner to revoke the license if a title dual licensee unless they are approved by the Commission. A member of the public

o **Term Ending for 2 Commission Members / Appointment Process / Suzette**

The terms for Canyon Anderson and Garry Goodsell will end 6-30-2011. Members of the title industry are encouraged to apply. Only one member for a county at a time. The counties represented on the board by the other members are Tooele and Salt Lake. Applicants from all other counties are welcome to apply. For information about how to apply go to <http://www.insurance.utah.gov/title/TitleReplacementProcess.html>.

o Cort asked Garry to **co-chair next month's meeting**.

• **Other Business from Committee Members**

• **Adjourn:** Canyon made a **motion** to adjourn at 12:15pm

• **Next Meeting:** March 14, 2011, Copper Room

**2011 Meetings**

<del>Jan. 10</del>	<del>Feb. 14</del>	Mar. 14	Apr. 11	May 9	Jun. 13
Jul. 11	Aug. 8	Sep. 12	Oct. 11	Nov. 14	Dec. 12