



Insurance Department

State of Utah Title & Escrow Commission Meeting Meeting Information

State of Utah

GARY R. HERBERT
Governor
SPENCER J. COX
Lieutenant Governor
TODD E. KISER
Commissioner

Date: April 15, 2019

Time: 9AM

Place: East Building, Copper Room

ATTENDEES

TITLE & ESCROW COMMISSION

xChair, James Swan (*Insurer, Salt Lake County*) xNancy Frandsen (*Insurer, Salt Lake County*)
Vice Chair, Alison McCoy (*Agency, Tooele County*) xDavid Moore (*Agency, Salt Lake County*)
xRandy Smart (*Public Member, Salt Lake County*) xPerri Babalis, *AG Counsel - TEC*

DEPARTMENT STAFF

xTodd Kiser, *Ins. Commissioner* Reed Stringham, *Deputy Comm.* xTracy Klausmeier, *P&C Dir.*
xRandy Overstreet, *Licensing Dir.* xMichael Covington, *CE Specialist* Adam Martin, *MC Examiner*
xSteve Gooch, *PIO Recorder*

PUBLIC

Matt Olsen Tim Krueger Carol Yamamoto
Matt Ryden Frank Medina Blake Heiner
Wes Jensen [PHONE] Jeff Wiener [PHONE]

MINUTES — *Not Approved*

General Session: (*Open to the Public*)

- **Welcome** / James Swan, Chair (9:00 AM)
 - Alison McCoy is excused
- **Telephone Roll Call**
- **Adopt Minutes of Previous Meeting**
 - **Motion by David to adopt minutes. Seconded by Nancy. Motion passes 4-0.**
- **Concurrence Reports**
 - Licenses
 - Randy O. says there were 5 renewed agency licenses, 1 agency lapse, no reinstatements. There were 4 new individual licenses, 53 renewed individual licenses, 7 lapses, and 2 reinstated.
 - James asks if Unity Title is still doing business. Randy O. says he doesn't know if they're doing business, but their license is still showing as lapsed. He sent a copy of the lapsed license to Adam, who will follow up on it.
 - CE Quarterly Report: ~~January~~ / April / July / October
 - Michael says the CE process is running well.
 - Nancy asks if there has been an increase or decrease in courses. Michael says it's about the same. Every month she separates the title courses from all the other types of courses. The number increases when ULTA does their conventions. Otherwise, CE providers generally are pretty consistent.
 - James asks if the new CE tracking system is working well after the rule changes. Michael says yes, for the title people who only do title. For those who have title and other lines of authority, she has to work with Sircon to keep it at 24 hours like it's supposed to. She only had to make exceptions for 2 or 3 agents at the very beginning. Other than that, it's been pretty smooth.

- Motion by Nancy to adopt all reports. Seconded by Randy. Motion passes 4-0.
- **Board Duties & Responsibilities** / Perri
- **Update on 2019 Goals** / James
 - ULTA report / James
 - It was a busy legislative session and the ULTA was heavily involved. He will defer to the ULTA monthly newsletter for updates.
 - The ULTA is gearing up for its summer convention in a few months, and there will be some new and exciting things.
 - REC report / Nancy
 - Nancy spoke with Director Johnny Stewart on March 15, and the REC is 6 months out on investigations. They have 2 new investigators.
 - She went to their next meeting, and Katie (who reports the investigations) reported that they had 7 investigations that needed fines. The dates of the infractions were 2 in 2014, 2 in 2015, 1 in 2016, 1 in 2017, and 1 in 2018. When Katie finished up, she noted that the REC listed 374 open cases, which is terribly wrong — that number is very low; they are dated back to 2014 and there are over 400 open investigations.
 - Nancy said Marie McClelland of First American is a REC board member. After Johnny Stewart gave a synopsis of SB 121, she voiced a concern about affecting consumers and the ability to remain a neutral third party.
 - Randy asks what happened with controlled business. James says it passed with minor tweaks at the end. It was more or less what the TEC saw in March or February. At this point, it takes effect May 14 and there will be a time period after which the DRE will have rulemaking authority and the TEC will likely take it on with respect to governing the RESPA portion of the law.
- **New Business**
 - Title companies disbursing construction loans / Nancy
 - Nancy says one of her agents had been contacted by Zions Bank and was asked to start disbursing construction loans. The agent told Zions no, but Zions responded and said two other companies were doing it. Neither of the agencies were Stewart agents so the underwriter reached out to First American, who was another underwriter. They said they aren't allowing agents to disburse construction loans, so they called one of the companies named by Zions and, the company told the underwriter they weren't doing it. How does the UID feel about this?
 - She notes that it hasn't gone on for 20 years, and based on 407 underwriters didn't want agents doing it. James says it's prohibited under 406. David clarifies that it's the holding of escrow that's prohibited: Disbursing happens if it's a brand new construction loan, but it's an immediate disbursement as part of closing. It's holding the escrow and disbursing it through the life of the construction product that's the problem.
 - Carol Yamamoto asks about the difference between disbursing the escrow over a project and disbursing checks between entities in a transaction. James says there's a specific statutory prohibition against holding and disbursing construction funds over the life of the loan.
 - Nancy says she isn't aware that the holding through the process has actually happened, but she wanted to bring it to the industry's attention.
 - Commissioner Kiser says if there are allegations, the UID would like to know who specifically they are. Rumors in the industry aren't healthy. He says the UID would like to investigate to find out if it's a rumor or if they're violating the law. The problem with rumors in the past is that someone makes an allegation, but nobody will put their name on a complaint so nothing can be proved because it's hearsay. If there are allegations, we would like to investigate. Nancy says she's happy to tell who the two parties are because it came in an email from Zions Bank. Commissioner Kiser asks Nancy to discuss it with Tracy or himself.
- **Old Business**
- **Other Business**

- Annual & Controlled Business reports due April 30
 - This is just a reminder that they're due at the end of the month.
- Update on commissioner terms / Steve
 - The UID is looking for an employer of a title insurer and an employer of a title agency to replace James and David.
 - Steve will put the link to the application on the UID's website.
- **Hot Topics**

Executive Session (None)

- **Adjourn** (9:20 AM)
 - **Motion by David to adjourn. Seconded by Randy. Motion passes 4-0.**
- **Next Meeting: May 28, 2019** — Copper Room

2019 Meeting Schedule in Copper Room*

Jan 14	Feb 11	Mar 11	Apr 15	May 28	Jun 10
Jul 8	Aug 12	Sept 9	Oct 21	Nov 18	Dec 16

* as currently scheduled; may change after Legislative Session