

Jeremiah W. (Jay) Nixon  
Governor  
State of Missouri



Department of Insurance  
Financial Institutions  
and Professional Registration  
John M. Huff, Director

CONSUMER AFFAIRS DIVISION

January 18, 2013



Jeffrey Dondanville  
WFG Title Insurance Company  
16700 Valley View, Suite 275  
La Mirada, CA 90638

Re: DIFP 181122 WFG

Dear Mr. Dondanville:

When we spoke about this file, my focus was on form use issues. It also includes licensing violations.

**Licensing**

Missouri requires people doing a range of tasks in the production of title insurance products, their sales, negotiation and solicitation, to be licensed. Section 381.115, RSMo (Supp 2012). This includes salaried employees of title insurers who calculate premiums and determine insurability. I am informed that both Chuck Cain and Janelle Downing provided underwriting assistance to Missouri agents until I brought the provisions of 381.115 to Mr. Cain's attention in August 2012. Neither was licensed.

My inquiry also found Data Quick and Unisource have expired licenses but have not been terminated by WFG. WFG has not responded to my inquiry about how policy jackets and closing protection letter access is being handled for these agents.

Metro Lender Services has been without a licensed employee since November 22, 2012 according to our records. Metro has not responded to my inquiry about its activities in the state since that date. Has it issued policies or commitments or requested closing protection letters since that date? If it continues to do Missouri business how is it handling these orders?

**Form Use**

I have received and reviewed copies of commitments and policies from all currently licensed WFG agents. No agency was issuing title products consistent with the filed forms. The deviations are obvious on the most casual review. They range from failure to provide commitment jackets (e.g. WFG Lender Services, First Choice) to issuing jackets with an arbitration provision (Premium Settlement Services), to the inclusion of multiple similar-and dissimilar-exceptions in the same Schedule B (WFG Lender Services, Search2Close) to exceptions coupled with affirmative assurances (Accurate). Some policies were issued with

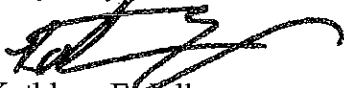
arbitration provisions (Premium Settlement Services). Premium Settlement includes curious gap language on the commitment, and an insurance fraud warning from First American on Schedule A of the loan policy. Enclosed are some examples. I would be happy to share all the responses with you.

Section 381.085.2, 3, and 4, RSMo (Supp 2012) prohibits underwriters from permitting its agent to deliver any standard form not first filed with the director. WFG's agents all used unfiled forms and consistently said they were using forms provided by WFG. SoftPro confirmed it had received only the "national forms" that agents using SoftPro were issuing, albeit in various permutations.

I would like to confirm the facts with WFG, and learn what steps are being taken to insure future compliance with our form use and licensing laws. We typically propose to resolve matters such as this with a Voluntary Forfeiture Agreement (VFA), sometimes coupled with plans for curative action. WFG should be aware that a VFA is an administrative action that it may be required to report to other states in which it has a certificate of authority.

20 CSR 100-4.100 requires your response to be postmarked no later than twenty (20) days from the date this letter is mailed. Therefore, your response must be sent on or before **February 8, 2013**. You may respond by email or USPS. Both addresses are below. Please do not hesitate to contact me if you have questions or concerns.

Very truly yours,



Kathleen E. Jolly  
Kathleen.Jolly@insurance.mo.gov  
Investigations Section  
Department of Insurance, Financial Institutions  
and Professional Registration

## CONDITIONS

1. The term mortgage, when used herein, shall include deed of trust, trust deed, or other security instrument.
2. If the proposed Insured has or acquired actual knowledge of any defect, lien, encumbrance, adverse claim or other matter affecting the estate or interest or mortgage thereon covered by this Commitment other than those shown in Schedule B hereof, and shall fail to disclose such knowledge to the Company in writing, the Company shall be relieved from liability for any loss or damage resulting from any act of reliance hereon to the extent the Company is prejudiced by failure to so disclose such knowledge. If the proposed Insured shall disclose such knowledge to the Company, or if the Company otherwise acquires actual knowledge of any such defect, lien, encumbrance, adverse claim or other matter, the Company at its option may amend Schedule B of this Commitment accordingly, but such amendment shall not relieve the Company from liability previously incurred pursuant to paragraph 3 of these Conditions.
3. Liability of the Company under this Commitment shall be only to the named proposed Insured and such parties included under the definition of Insured in the form of policy or policies committed for and only for actual loss incurred in reliance hereon in undertaking in good faith (a) to comply with the requirements hereof, or (b) to eliminate exceptions shown in Schedule B, or (c) to acquire or create the estate or interest or mortgage thereon covered by this Commitment. In no event shall such liability exceed the amount stated in Schedule A for the policy or policies committed for and such liability is subject to the insuring provisions and Conditions and the Exclusions from Coverage of the form of policy or policies committed for in favor of the proposed Insured which are hereby incorporated by reference and are made a part of this Commitment except as expressly modified herein.
4. This Commitment is a contract to issue one or more title insurance policies and is not an abstract of title or a report of the condition of title. Any action or actions or rights of action that the proposed Insured may have or may bring against the Company arising out of the status of the title to the estate or interest or the status of the mortgage thereon covered by this Commitment must be based on and are subject to the provisions of this Commitment.
5. *The policy to be issued contains an arbitration clause. All arbitrable matters when the Amount of Insurance is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. You may review a copy of the arbitration rules at < <http://www.alta.org/>>.*

**Boessen, Hailey**

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**From:** Paul Doman <pdoman@AccurateGroup.com>  
**Sent:** Thursday, December 13, 2012 9:07 AM  
**To:** Jolly, Kathleen  
**Subject:** RE: 181122 WFG response to inquiry

Kathleen - I have confirmed that we do not issue commitments with Jackets. Please let me know if you have additional questions.

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**From:** Jolly, Kathleen [<mailto:Kathleen.Jolly@insurance.mo.gov>]  
**Sent:** Wednesday, December 12, 2012 4:54 PM  
**To:** Paul Doman  
**Subject:** 181122 WFG response to inquiry

Thank you for your response to my request for commitments and policies.

I did not receive the commitment jackets, however. Do you issue commitments with the jacket? If so, could you provide a specimen copy?

Thanks,

Kathleen

Kathleen Jolly  
Investigative Consultant  
Investigations Section  
Missouri Department of Insurance, Financial Institutions & Professional Registration  
800-726-7390  
[Kathleen.Jolly@insurance.mo.gov](mailto:Kathleen.Jolly@insurance.mo.gov)  
[Sign up for DIFP news https://public.govdelivery.com/accounts/MODIFP/subscriber/new](https://public.govdelivery.com/accounts/MODIFP/subscriber/new)

# Commitment for Title Insurance Form

## WFG NATIONAL TITLE INSURANCE COMPANY

Valid Only if Schedule B and Cover Are Attached

SCHEDULE B-Section 2

No. : 47265MOP-M2

### EXCEPTIONS

Schedule B of the policy or policies to be issued will contain exceptions to the following matters unless the same are disposed of to the satisfaction of the Company:

#### GENERAL EXCEPTIONS:

1. Any facts, rights, interests, or claims that are not shown in the public records but that could be ascertained by an inspection of the land or by making inquiry of persons in possession of the land.
2. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the title including discrepancies, conflicts in boundary lines, shortage in area, or any other facts that would be disclosed by an accurate and complete land survey of the land, and that are not shown in the public records.
3. Any lien, or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown in the public records.
4. Rights of parties in possession of all or any part of the premises, including, but not limited to, easements, claims of easements or encumbrances that are not shown in the public records.
5. The lien of real estate taxes or assessments imposed on the title by a governmental authority that are not shown as existing liens in the records of any taxing authority that levies taxes or assessments on real property or in the public records.
6. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the proposed insured acquires for value of record the estate or interest or mortgage thereon covered by this commitment.

#### SPECIAL EXCEPTIONS:

- 1(a). ALL TAXES AND ASSESSMENTS SUBSEQUENT TO THE DATE OF THE INSURED INSTRUMENT, INCLUDING ANY LIEN(S) FOR ADDITIONAL TAXES FOR PRIOR YEARS DUE TO REASSESSMENTS OR REBILLING.
- 1(b). MARITAL STATUS; THE VALIDITY OF ANY MARRIAGE; OR THE EXISTENCE OF ANY MARITAL RIGHTS IS NOT INSURED BY THIS POLICY
2. THE TITLE INSURER ISSUING THIS COMMITMENT HEREBY INSURES AGAINST DEFECTS IN THE TITLE WHICH ARE RECORDED DURING THE PERIOD OF TIME BETWEEN THE EFFECTIVE DATE OF THE COMMITMENT AND THE DATE OF RECORDING OF THE

MATTERS OF WHICH THE INSURED HAS KNOWLEDGE, AND ANY PROVISION IN THIS BINDER WHICH IS IN CONFLICT HERewith IS HEREBY DEEMED DELETED. THE ABOVE PROVISION IS CONTINGENT UPON THIS COMPANY'S ISSUING AGENT CONDUCTING THE SETTLEMENT AND DISBURSING FUNDS IN THIS TRANSACTION, AND IT IS UNDERSTOOD THAT A RUNDOWN SEARCH WILL BE PERFORMED IMMEDIATELY FOLLOWING SETTLEMENT. IF THIS SEARCH REVEALS A TITLE DEFECT OR OTHER OBJECTIONAL MATTERS, THE COMPANY, THROUGH ITS AGENT RESERVES THE RIGHT TO EITHER RESOLVE THE DEFECT OR CANCEL THE TRANSACTION AND REFUND ALL MONIES TO THE INSURED.

3. RIGHTS OF TENANTS OR PERSONS IN POSSESSION, IF ANY; COVENANTS, CONDITIONS, RESTRICTIONS, ASSESSMENTS, EASEMENTS, RIGHTS OF WAY AND LIMITATIONS, INCLUDING MINERAL AND MINERAL RIGHTS RECORDED AND UNRECORDED, AS MAY LAWFULLY APPLY TO SAID REAL ESTATE. THIS POLICY INSURES THAT THE USE OF LAND FOR RESIDENTIAL ONE TO FOUR FAMILY DWELLING PURPOSES IS NOT AFFECTED OR IMPAIRED BY REASON OF THE AFOREMENTIONED MATTERS, INCLUDING ANY LEASE, GRANT, EXCEPTION OR RESERVATION OF MINERALS OR MINERAL RIGHTS TOGETHER WITH ANY RIGHTS APPURTENANT THERETO.

4. IF THE SUBJECT TRANSACTION IS TO BE SECURED BY INDIVIDUALS OTHER THAN THOSE IDENTIFIED IN SCHEDULE A, ITEM #3 HEREOF, THIS COMPANY MUST BE NOTIFIED AND RESERVES THE RIGHT TO ADD ADDITIONAL REQUIREMENTS OR EXCEPTIONS.

FINAL TITLE POLICY WILL INCLUDE ALTA 8.1 (EPA) ENDORSEMENT(S)

PREMIUM SETTLEMENTS, LLC  
111 WESTPORT PLAZA DRIVE, SUITE 277  
ST. LOUIS, MO 63146  
314-469-7070

**WFG NATIONAL TITLE INSURANCE COMPANY**

WFG NATIONAL TITLE INSURANCE COMPANY

SCHEDULE A

Policy No.: 3155500-677089  
File No.: 47265MOP-M2  
Loan No.: 2012-08-39551  
Date of Policy: 09-28-2012

Amount of Insurance: \$142,500.00  
Address Reference: 3115 SCHWALBERT LN  
IMPERIAL, MO 63052-1378

1. Name of Insured:  
**AMERICAN EQUITY MORTGAGE, INC. its successors and or assigns as their interest may appear.**
2. The estate or interest in the Land that is encumbered by the Insured Mortgage is:  
**FEE SIMPLE**
3. Title is vested in:  
**CRAIG J. SCHWALBERT AND ELIZABETH J. SCHWALBERT, HUSBAND AND WIFE**
4. The Insured Mortgage and its assignments, if any, are described as follows:  
Security Instrument dated 10-25-2012 from **CRAIG J. SCHWALBERT AND ELIZABETH J. SCHWALBERT, HUSBAND AND WIFE** to **AMERICAN EQUITY MORTGAGE, INC.** recorded among the Land Records of **JEFFERSON COUNTY, MO**, in the amount of **\$142,500.00**.
5. The land referred to in this policy is situated in **MO, JEFFERSON COUNTY** and described as follows:  
**LOT "A" OF SCHWALBERT MINOR SUBDIVISION PLAT OF ALL OF LOTS 2A AND 3A OF SCHWALBERT HILL PLAT A (PB. 168 PG.10), SITUATED IN SECTION 2, TOWNSHIP 42 NORTH, RANGE 5 EAST, AND PART OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 35, TOWNSHIP 43 NORTH, RANGE 5 EAST, JEFFERSON COUNTY, MISSOURI, ACCORDING TO THE PLAT THEREOF RECORDED IN PLAT BOOK 240 PAGE 18, OF THE JEFFERSON COUNTY RECORDER'S OFFICE**
6. This policy incorporates by reference those ALTA endorsements selected below:  
**ALTA 8.1 (EPA)**

Permanent Parcel No.: 08-1.0-02.0-0-001-008.

PREMIUM SETTLEMENTS, LLC  
111 WESTPORT PLAZA DRIVE  
SUITE 277  
ST. LOUIS, MO 63146

By:



\_\_\_\_\_  
Authorized Signatory

ALTA Loan Policy (6-17-06) Schedule A

**First American Title Insurance Company Insurance Fraud Warning:** Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.



# ***WFG NATIONAL TITLE INSURANCE COMPANY***

## **SCHEDULE B - SECTION 2**

### **EXCEPTIONS**

Commitment Number: **2012031170**

Schedule B of the policy or policies to be issued will contain exceptions to the following matters unless the same are disposed of to the satisfaction of the company:

**NOTE: Item Numbers One (1) through Three (3) will be deleted from the Lender's Policy of Title Insurance.**

1. Any rights, interests, or claims of parties in possession of the Land not shown by the Public Records.
2. Any rights, interest or claims affecting the land which a correct survey would disclose and which are not shown by the public records
3. Any dispute as to the boundaries caused by a change in the location of any water body within or adjacent to the land prior to the date of Policy, and any adverse claim to all or part of the land that is, at date of Policy, or was previously, under water; and riparian rights affecting the land.
4. Taxes and assessments for the year 2012 and subsequent years, a lien not yet due and payable.
5. Covenants, conditions, restrictions, easements, and assessments of record in the aforesaid county registry, reference is being made to the records thereof for full particulars. The Company insures the insured lender that there is no current violation. The Company further insures the insured lender that a future violation thereof will not cause a forfeiture or reversion of title.
6. Matters revealed by recorded plats of subdivision.
7. All easement(s), agreement(s) affecting the insured premises. The Company hereby insures the owner of the indebtedness secured by the insured mortgage herein against loss which the insured shall sustain as a result of any exercise of the right of use or maintenance of any easement(s) located over or through the insured premises.