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UTAH STATE  
INSURANCE DEPT.

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BEFORE THE INSURANCE COMMISSIONER  
OF THE STATE OF UTAH

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<p><b>COMPLAINANT:</b></p> <p>UTAH INSURANCE DEPARTMENT</p> <p><b>RESPONDENT:</b></p> <p>MERIDIAN TITLE COMPANY 64 East 6400 South, Suite 100 Murray, UT 84107 License No. 102923</p>	<p><b>STIPULATION AND ORDER</b></p> <p>Docket No. 2011-001 PC</p> <p>Enf. Case No. 2692</p>
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**STIPULATION**

1. Respondent, Meridian Title Company is a licensed title insurance agency in the State of Utah, License No. 102923.
2. Respondent stipulates with the Complainant, Utah Insurance Department, as follows:
  - a. If a hearing were held, witnesses called by the Complainant could offer and introduce evidence that would support the Findings of Fact herein;
  - b. Respondent admits the Findings of Fact and Conclusions made therefrom;
  - c. Respondent stipulates to the summary entry of the Order herein which

shall be in lieu of other administrative proceedings by Complainant in this matter; and

d. Respondent and Complainant have negotiated the terms of the Order entered herein and Respondent agrees to its entry and further agrees to be bound by all its terms.

3. Respondent is aware of its right to a hearing at which it may be represented by counsel, present evidence and cross-examine witnesses. Respondent has irrevocably waived its right to such hearing and to any appeal related thereto.

4. Respondent admits the jurisdiction of the State of Utah Insurance Commissioner as to all matters herein.

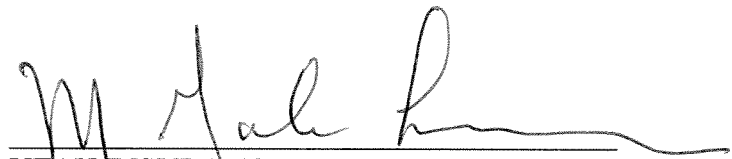
5. Respondent is acting herein free from any duress or coercion of any kind or nature, having been advised fully as to its rights set forth herein.

6. Respondent acknowledges that the issuance of this Order by the Commissioner is solely for purpose of disposition of the matter entitled herein.

DATED this 6<sup>th</sup> day of Dec, 2010.



MERIDIAN TITLE COMPANY  
By Darrell K. Back, President



UTAH INSURANCE DEPARTMENT  
M. Gale Lemmon  
Assistant Attorney General

Based upon the foregoing Stipulation and information in the file, the Presiding Officer makes the following Findings of Fact:

**FINDINGS OF FACT**

1. On or about January 6, 2006, Respondent Meridian Title Company conducted an escrow closing on three parcels of property with the same buyer and seller. One parcel purchase was structured as a seller carry-back with the Real Estate Purchase Agreement stating that “[b]uyer agrees to leave seller on title of the front two lots in second position as additional security.”

2. In order to secure 100% financing, the buyer obtained a second mortgage which put seller’s note in third place. Respondent failed to disclose this fact to seller.

3. The HUD-1 settlement statements signed by seller did not disclose a first and second mortgage although that fact was reflected on the buyer’s HUD-1 settlement statements.

4. Subsequently, buyer defaulted on seller’s note. Only after buyer’s default did seller learn that buyer had obtained a first and second mortgage at the time of purchase and that seller was in third place.

5. Seller ultimately obtained a quit claim deed in lieu of foreclosure from the buyer.

Based upon the foregoing Stipulation and Findings of Fact, the Presiding Officer enters the following Conclusions of Law:

## CONCLUSIONS OF LAW

1. An escrow agent owes a fiduciary duty to all participants in an escrow closing.

2. In failing to disclose the existence of a second mortgage to the seller when it knew the seller's Real Estate Purchase Agreement provided for seller to maintain a second position, the Respondent provided incomplete, false, or misleading information in an escrow closing.

3. Utah Code Ann. § 31A-23a-402 (1)(a)(i) (2009) states:

Any of the following may not make or cause to be made any communication that contains false or misleading information, relating to an insurance product or contract, any insurer, or any licensee under this title, including information that is false or misleading because it is incomplete. . .

4. Respondent Meridian Title Company violated the above statute on January 6, 2006, when it failed to disclose to seller the existence of a second mortgage.

5. Respondent also violated Utah Code Ann. § 31A-23a-406 (2009) which states:

(3) Funds held in escrow: . .

(c) may not be used until all conditions of the escrow have been met.

Based upon the foregoing Stipulation, Findings of Fact and Conclusions of Law, the Presiding Officer herewith makes the following recommended Order:

## RECOMMENDED ORDER

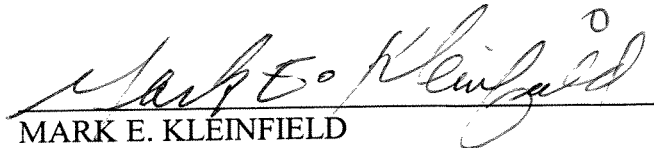
**IT IS RECOMMENDED THAT THE TITLE AND ESCROW COMMISSION IMPOSE THE FOLLOWING PENALTY:**

Respondent Meridian Title Company be assessed an administrative forfeiture in the

amount of \$1,500 to be paid to the Commission within 30 days of issuance of the Order.

DATED this 8 day of December, 2010.

NEAL T. GOOCH  
Insurance Commissioner



MARK E. KLEINFELD  
Administrative Law Judge  
Utah Insurance Department  
State Office Building, Room 3110  
Salt Lake City, Utah 84114  
Telephone 801.538.3800

**ADOPTION OF RECOMMENDED ORDER AND IMPOSITION OF PENALTY**

By a vote of 3 2  
~~4~~ to ~~4~~, taken in open meeting on this date, the Title and Escrow  
Commission hereby adopts the recommended order of the Presiding Officer and imposes the  
penalties recommended herein above.

DATED this 13 day of December, 2010.



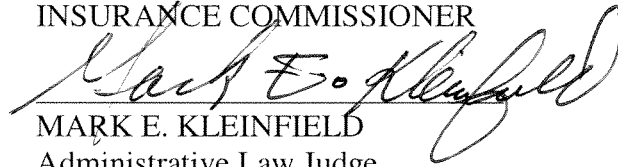
CORTLUND G. ASHTON, Chairman  
Title and Escrow Commission

**CONCURRENCE WITH COMMISSION IMPOSED PENALTY**

On behalf of the Commissioner of the Utah Insurance Department I hereby concur  
with the penalty imposed by the Utah Title and Escrow Commission in the above matter.

DATED this 13 day of December, 2010.

NEAL T. GOOCH  
INSURANCE COMMISSIONER

  
MARK E. KLEINFELD  
Administrative Law Judge

CERTIFICATE OF MAILING

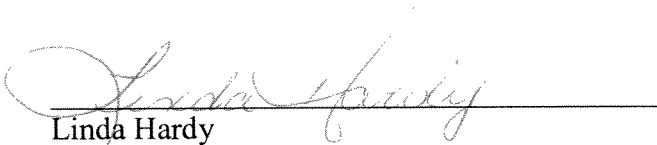
I do hereby certify that on this date I mailed, by regular mail postage prepaid, a true and correct copy of the attached:

STIPULATION  
&  
ORDER

To the following:

MERIDIAN TITLE COMPANY  
64 East 6400 South, Suite 100  
Murray, UT 84107

DATED this 3<sup>rd</sup> day of January, 2011

A handwritten signature in cursive script, appearing to read "Linda Hardy", is written over a horizontal line.

Linda Hardy  
Utah Department of Insurance  
State Office Building, Room 3110  
Salt Lake City, UT 84114-6901

**UTAH  
Invoice**

Printed Date: January 03, 2011

Invoice Date: January 03, 2011  
Balance Due: \$1,500.00  
Due Date: February 02, 2011  
Invoice ID: 493133

MERIDIAN TITLE COMPANY  
64 E 6400 S  
SALT LAKE CITY UT 84107

<b>Item Description</b>	<b>Amount</b>
Monetary Penalty Agency	\$1,500.00
<b>Original Amount Due</b>	<b>\$1,500.00</b>
<b>Payments Received</b>	
	<b>Balance Due</b>

**Please note on the check**

**E-Case # 2692 Docket # 2011-001 PC**

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**UTAH  
Invoice**

Printed Date: January 03, 2011

Invoice Date: January 03, 2011  
Balance Due: \$1,500.00  
Due Date: February 02, 2011  
Invoice ID: 493133

Make checks payable to: Utah Insurance Department

Send payment to:

Utah Insurance Department  
3110 State Office Building  
Salt Lake City, UT 84114-6901