

MARYLAND TITLE INSURER ON-SITE REVIEW REPORT

(Note: Use of this form is not required. This is a sample form providing a suggested format only.)

Title Insurer that performed the on-site review: _____

Principal Agent reviewed and producer license #: _____

Name of Principal Agent’s owner(s) and producer license #(s) (if more than one please list each): _____

Principal Agent’s primary business address: _____

Principal Agent’s primary business telephone #: _____

Principal Agent’s primary business email address: _____

Name of Principal Agent’s designated licensed insurance producer(s) and producer license #, if applicable: _____

Date on which the on-site review commenced: _____

Date on which the on-site review concluded: _____

Period of Review (specify what time period during the *calendar year* was reviewed):

1. Number of closings conducted by the principal agent in the calendar year indicated above where title insurance was sold on behalf of the title insurer conducting the on-site review: _____

2. Is the principal agent appointed with more than one title insurer? _____

If yes, complete sections a. and b. below. If no, complete section c.

a. If yes, does the principal agent maintain separate escrow accounts for each title insurer? _____

b. If yes, how many escrow accounts are held by the principal agent? _____

c. If no, are the trust deposits held on behalf of the title insurer reasonably ascertainable from the books of account and records of the principal agent?

If you answer “yes” to any one of questions 3 through 10, please attach a separate page to the report with an explanation.

3. Is the person responsible for reconciliation an authorized signer or initiator of wire transfers? _____

4. Based on the title insurer's on-site review and/or auditing guidelines:
 - a. Were there any transfers out of the escrow account inconsistent with the disbursement record? _____
 - b. Were there any disbursements inconsistent with your on-site review and/or auditing guidelines? _____
 - c. Were there disbursements not clearly identified as belonging to a specific settlement file? _____

5. Were any escrow checks returned because of insufficient funds during the period of review and the 12 months preceding the period of review?

6. Were any escrow accounts assessed a fee for insufficient or uncollected funds during the period of review and the 12 months preceding the period of review? _____

7. Were any monies disbursed out of escrow made payable to an individual other than those listed in a final HUD-1 or Closing Disclosure? _____

8. Were there any discrepancies noted between the receipts and disbursements from any closing or loan instruction from a lender to the final HUD-1 or Closing Disclosure to the disbursement ledger, to the bank statement? _____

9. Were there any files with negative balances on the trial balance? _____
 - a. If yes, how many? _____
 - b. If yes, did the principal agent fund any files found to have a negative trial balance within 2 business days of its discovery in order to bring it into balance? _____

10. As part of the review of the escrow practices, were escrow funds escheated to the State during the review period? _____

If you answer "no" to question 11 or 12, please attach a separate page to the report with an explanation.

11. Does the principal agent reconcile all escrow and trust accounts on a monthly basis?

12. Does the principal agent maintain a MAHT account and has the principal agent filed the annual report as required by COMAR 31.16.03.06? _____

13. In accordance with the requirements for the on-site review as set forth in COMAR 31.04.22.06, the above-named title insurer performed the following tasks pertaining to title insurance business in Maryland:
 - a. Obtained a list of the following:
 - i. The escrow bank accounts utilized by the principal agent both active and inactive, including recording and premium. See Schedule A.

- ii. The licensed employees of the principal agent pursuant to COMAR 31.03.13.02 (producer register). See Schedule B.
 - b. Reviewed and tested the principal agent's 3-way reconciliation(s) for *(fill in month(s) reviewed)* _____ for all title insurance principal agent escrow accounts.
 - c. Reviewed the title insurance principal agent's 3-way reconciliations or any other type of bank reconciliation available, for all title insurance principal agent escrow accounts for the month(s) selected.
14. Based on the title insurer's on-site review, underwriting, and/or auditing guidelines, has the person conducting the on-site review:
- a. Confirmed the timeliness of the preparation of bank reconciliations and whether the title insurance principal agent or designee reviewed and approved the bank reconciliations.
 - b. Reviewed the title insurance principal agent's _____ *(fill in month reviewed)* trial balance or applicable schedule for all escrow accounts for items inconsistent with the title insurer's on-site review and/or auditing guidelines and investigated any such items and resolved all such items and have noted the same in Specific Findings.
 - c. Reviewed the escrow account bank statements and trial balances for items inconsistent with the title insurer's on-site review and/or auditing guidelines and investigated and resolved any such items.
 - d. Reviewed all escrow accounts held by the title insurance principal agent for escrow shortages and investigated any such items and resolved all escrow shortages and have noted the same in Specific Findings.
 - e. If the principal agent is retaining interest earned on its escrow accounts, noted this under specific findings.
 - f. Reviewed _____ *(fill in number)* Maryland residential and commercial files for written instructions or external support of the escrow account records.
 - g. Reviewed all _____ *(fill in number)* closings involving principal agent employees and their families, principal agent owners and principals of the principal agent that have been closed during the review period as requested by the insurer and provided by the principal agent.
 - h. Verified that appropriate disbursements, payoffs, wires, proceeds were tendered and that closing instructions were adhered to.
 - i. Listed all states in which the title insurance principal agent conducts settlements.
 - j. Ensured that all corresponding bank account information is listed on schedule A for Maryland.
 - k. Verified that the buyer was given notice about purchasing owner's title insurance and whether or not there was evidence in the file of the buyer's written statement that the buyer received the notice and that the buyer's decision to either accept or reject the option of owner's title insurance.
 - l. Reviewed and reconciled the principal agent's blank policy inventory.
 - m. Verified whether the title insurance principal agent has authority to handle any aspect of a claim and, if so, whether they are in compliance.

- n. Except as provided under Section 10-121(a)(3) of the Insurance Article, Annotated Code of Maryland, verified that only the licensed title insurance producers exercise control over trust money.
- o. Verified that premium monies are held separate from other funds or that the title insurance principal agent has express written consent from title insurer to comingle premium monies with title insurance principal agent's operating funds.
- p. Received a written certification from the principal agent with prescribed wording pursuant to COMAR 31.04.22.04(B)(7) (including font size).

Specific Findings:

In accordance with this chapter _____ (*Title Insurance Company Name*) noted the following specific findings during the annual on-site review of the principal agent named above:

This report is intended solely for the use of the title insurer and title principal agent named above and the Maryland Insurance Administration and is not intended for any other purpose. Information contained in this report that is confidential, pursuant to the Maryland Public Information Act, General Provisions Article, Md. Code Annotated, will be maintained as such by the MIA.

The title insurer that conducted the annual on-site review is encouraged to review this report with the designated producer and owner of the principal agent prior to its submission to the Associate Commissioner for Compliance and Enforcement.

Any exceptions to the findings in this report that are submitted by the principal agent to the title insurer should be attached to this report and submitted to the Associate Commissioner for Compliance and Enforcement. Reports may be submitted via mail to Maryland Insurance Administration, 200 St. Paul Place, Suite 2700, Baltimore, MD 21202, Attn: Compliance and Enforcement – Title. If protected by encryption software, reports may be sent via e-mail to md_title_onsitereview.mia@maryland.gov. Reports that are not encrypted should not be sent electronically.

By signing below, I certify that:

- I am an employee or designee of the title insurer named above;
- I have verified the principal agent named above is licensed and appointed to sell title insurance and to perform settlements on Maryland property;
- The title insurer named above performed the above-described annual on-site review;
- The Maryland Title Insurer On-Site Review Report is accurate and complete to the best of my knowledge and belief; and
- If submitted via email, this report is protected by encryption software.

Title Insurer

Employee or Designee's Printed Name

Employee or Designee's Signature

Employee or Designee's Title

Employee or Designee's telephone number

Date of Certification

SCHEDULE B

LISTING OF ALL THE LICENSED EMPLOYEES OF

(TITLE INSURANCE PRINCIPAL AGENT NAME)