

STATE OF CALIFORNIA – DEPARTMENT OF INSURANCE
CHECKLIST FOR REQUESTS TO TRANSFER SHARES
OF AN UNDERWRITTEN TITLE COMPANY
CDI-057 (Rev. 11/2015)

Instructions: Please complete and submit the following checklist with your request. As you complete this Checklist, place a check in the box next to the item number to indicate that the required information has been attached or is otherwise included in the application.

- If items are attached to this application, please number the attachment corresponding to the number of the item below and provide a separate list of attachments.
- If the item is not applicable, please state “not applicable” in the space provided.
- If information or documentation is requested but not provided, please reference and explain in a separate attachment.

This checklist is intended as an aid only and has been provided to assist you in completing this application. It is not intended and presented as an exhaustive list of requirements and applicants must still comply with all appropriate regulations and statutes. Further, pursuant to California Insurance Code Sections 839 and 839.1, the Commissioner has discretion in applying the legal standards of review in considering the application.

Please respond to these statements by checking the appropriate boxes. The undersigned affirms that this application includes or addresses the following items:

60-Day Deemer Qualifications:

1. The transfer of shares represents less than 10% of the outstanding stock of the company and the applicant believes that it qualifies for 60-day review of its application pursuant to Cal. Ins. Code Section 12389.3.
2. Is the transferee:
 - a) The underwritten title company that issued the shares; or,
 - b) An existing shareholder of the underwritten title company that issued the shares; or,
 - c) An employee of the underwritten title company for the preceding 12 months; or,
 - d) Other. Explain: _____

3. This transaction does not result in a transferee, other than the existing underwritten title company, owning 10% or more of the outstanding shares.
4. The request contains:
 - a) The number and issue date of the Securities Permit under which the shares were originally issued.
 - b) The identity of the transferor(s).

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- c) The identity of the transferee(s).
 - d) The number of shares, plus the class (if any) and par value (if any) of those shares, that will be transferred to each transferee.
 - e) The price per share (cash or other consideration) to be paid by each transferee. If consideration is not cash, please provide an explanation as to the nature of the consideration.
 - f) The reason for the transfer of shares.
5. If the applicant's plan of operation will change with this transfer of shares:
- a) Attached is an updated and verified plan of operation. See Section 1 of the attached Financial and Plan of Operation Guidelines.
6. If this transfer will result in a transferee owning 10% or more of the UTC's outstanding shares, the applicant has attached complete and duly executed copies of all existing (or unsigned copies of all proposed) underwriting agreements with any admitted title insurers under which the applicant intends to transact business.

Please respond to the statements below and attach a marked-up copy of the underwriting agreements, using tabs or captions to indicate where the following required provisions are located within the agreements.

- a) The agreements cover all of the counties of licensure, including the counties to be added.
- b) The agreements do not allow for the placement of any liens upon the applicant.
- c) If the applicant does escrow, the agreements provide for one or more of the following provisions. Please check the appropriate boxes below:
 - i) A fidelity bond or insurance policy in conformity with the requirements of Section 12389.6.
 - ii) A review of the escrow disbursements by a title insurer employee in compliance with the requirements of Section 12389.6.
 - iii) An account review process in compliance with the requirements of Section 12389.6 or utilization of either the American Land Title Association's (ALTA) Escrow Internal Control Guidelines for Title Insurance Companies, Agencies and Approved Attorneys or the California Land Title Association's (CLTA) Account Review Processes and Oversight and Internal Control Guidelines as approved by the Department on April 1, 1996.
 - iv) Utilization of written procedures approved by the Commissioner in compliance with the requirements of Section 12389.6.

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- d) If there is exposure to loss on the part of the applicant, the agreements provide that such loss shall not exceed \$5,000 per policy.
 - e) The agreements affirmatively state whether or not the applicant is authorized to handle policy claims on behalf of the title insurer. (California Insurance Code Section 790; California Code of Regulations Title 10, Chapter 5, Section 2695.2(m)).
 - f) The agreements clearly indicate that the applicant is responsible for the maintenance of records regarding all escrow receipts and disbursements. (California Insurance Code Section 12389(b)).
 - g) The agreements clearly indicate that the applicant is responsible for the maintenance of records of title orders sufficient to indicate the source of such orders. (California Insurance Code Section 12397.5(a)).
 - h) The agreements clearly indicate that the applicant is responsible for the maintenance of adequate records regarding commissions paid, including the recipient(s) thereof, the amount(s) paid, and detailing the conditions to receipt of any commissions, incentive compensation, or bonuses. (California Insurance Code Section 12408.5).
 - i) The agreements require the establishment of a separate depository account for escrow funds. (California Insurance Code Section 12413.5).
 - j) The agreements provide for notice to be given by the title insurer to the Commissioner in the event of termination of the underwriting agreement. (California Insurance Code Section 12408.1).
7. Attached is the relevant financial documentation and information regarding the source of funds for this transaction. Please see Section 3 of the attached Financial and Plan of Operation Guidelines. Note that individuals owning more than 10% of the outstanding shares of the UTC and corporate shareholders are required to provide additional financial information.
8. Attached are properly completed and duly executed Statement of Transferee forms from each transferee.
9. If the transferee is not an individual, please check the appropriate boxes below to indicate the relevant Organizational Affidavits. Also provide a list, in alphabetical order, of all entities which have submitted affidavits. Please see the enclosed Affidavit Instructions.
- a) Attached is a complete response to the Organizational Affidavit, completed, verified, and duly executed by an executive officer of the transferee.
 - b) Attached are affidavits from any entity that owns a 10% or more interest in the non-individual transferee.
 - c) Attached are affidavits from any entity that will own 10% or more of the underwritten title company's ultimate controlling parent as a result of this transaction.

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10. Attached is a box style organizational chart, illustrating the ownership relationships between the applicant and its ultimate controlling parent and any related affiliates or subsidiaries. Include in this chart references to any contractual relations between the
- a) If the number of individuals and entities depicted is too complex to be clearly illustrated in a one-page box style chart, please provide the best available chart in a format that is conducive to explaining the relations between the applicant and other entities or individuals related thereto.
11. Attached are the relevant Individual Affidavits. Also provide a list, in alphabetical order, of all individuals whose affidavits have been submitted, identifying each person by title. See the enclosed Affidavit Instructions. Please check the appropriate boxes to indicate the relevant Individual Affidavits:
- a) Individuals who will own 10% or more of the underwritten title company as a result of this transaction.
- b) Individuals who own 10% or more interest in any organizational transferee that completed an Organizational Affidavit pursuant to item 9 above.
- c) Individuals who will own 10% or more of the underwritten title company's ultimate controlling parent as a result of this transaction.
12. Attached is an alphabetized list of the current shareholders of the underwritten title company indicating the shares owned and the price paid. This list must be properly certified to be true and accurate by the corporate secretary.
13. Attached is a copy of the contract or stock purchase agreement for this transfer of shares.
14. Attached is documentation of all other related agreements between the parties to this transaction.

I, the undersigned, declare I am authorized to represent and sign on behalf of the applicant company,

_____.

Signature

Title

I affirm that the statements made above are true and correct and that the enclosed application addresses or includes the information and documentation requested in this Checklist.

Signature

Date