ARKANSAS TITLE INSURANCE AGENTS' LICENSING ACT

RULES AND REGULATIONS

I. Arkansas Title Insurance Agent's Licensing Act

A. Provides the procedures for the licensing of title insurance agents. A title insurance agent is a person required to be licensed under the laws of the State of Arkansas to sell title insurance. A licensed title insurance agent must countersign or have his or her signature affixed to all title insurance commitments and policies, as well as providing the Board issued license number on all commitments and policies.

B. Sets up procedures for a licensing process, license renewals and license revocations.

C. Sets up a governing board for purposes of overseeing and managing the rules and regulations.

II. Arkansas Title Insurance Agent's Licensing Board

A. Shall consist of five (5) members to be appointed by the Governor, confirmed by the Senate, with qualifications and terms of office as set up in Section 5 of said Act. The Board may be referred to as the A.T.I.A.L. Board.

1. A member shall hold his or her office until a successor has been appointed and qualified.

2. Any member may be appointed to successive terms, but no two (2) members shall be appointed from the same county.

B. Duties and Powers of Board

1. The Board shall keep a register of the names of each applicant for license, dates of application, examination and license issuance. In addition, the Board shall maintain other records and registers as may be necessary for the proper administration of its duties under this act.

2. The Board may employ or contract with a person or persons, as it deems necessary and desirable to discharge its duties and powers.

3. The Board shall have a seal and the power to compel the attendance of witnesses by issuance of subpoenas.

4. The Board shall have the power to accept and review complaints lodged against licensed title insurance agents and/or agencies and may assess non-monetary penalties if applicable.

C. Officers of Board:

1. Will consist of a chairperson and a secretary/treasurer, each of whom shall have the privilege of re-election.

2. Officers shall be elected every year in October, unless otherwise determined by the Board.

D. Duties of Officers:

1. The chairperson shall:

a. Call and preside at all meeting. In the absence of the chairperson, he/she shall designate a member to preside.

b. Be custodian of all records or designate a custodian of all records.

c. Delegate duties to Board Members.

d. Vote on all issues

e. Administer oaths

f. Review applications and sign all licenses meeting state requirements for licensure.

2. The secretary/treasurer shall:

a. Ensure that accurate minutes of each meeting are kept and distributed to each Board Member.

b. Supervise disbursement of Board Funds.

c. Administer oaths

d. Vote on all issues

e. Review all applications and sign all licenses meeting state requirements for licensure.

E. The location of the office of the Board shall be designated by the Board, in accordance with established state requirements.

F. Meetings:

1. At least two regular meetings shall be held annually. The meetings will be conducted in accordance with Roberts' Rules of Order, Revised.

2. Special meetings may be called at the discretion of the chairperson, or by any three members of the Board, provided that all members are adequately notified.

3. All meetings shall be conducted pursuant to the Arkansas Freedom of Information Act and disciplinary proceedings shall be conducted in accordance with the Arkansas Administrative Procedures Act.

4. Three (3) members shall constitute a quorum.

5. A majority vote carries.

6. Members shall receive travel expenses and stipend for official business of the Board, at the rate established by the State of Arkansas, and voted on and approved by the Board.

7. The Board can act as a whole or designate appropriate committees and/or individuals to handle specific job functions.

III. Application for License

A. As of January 31, 2004, all persons who plan to countersign title commitments and policies in the State of Arkansas must secure a Signing Agent's license, with the proper evidence of authorization by an Issuing Agent, as described in Section III(C)(4).

B. An Issuing title insurance agent means a person authorized to issue commitments and contracts of title insurance and to collect premiums in the name of a title insurer.

C. Credentials required for initial licensing are to be submitted to the A.T.I.A.L. Board. The credentials are as follows:

1. A completed application form, properly notarized, accompanied by any application and/or exam fee, sent to the Board, for each applicant to be licensed.

2. The application form shall be in a form approved by the Board and shall contain information as may be necessary to assist the Board in registration and determining if the applicant is qualified to act as a title insurance agent.

3. The person seeking to become an issuing title insurance agent must show the names of all members, partners, managers, venturers, officers, and directors of the business entity and shall designate each natural person who is to exercise the powers to be conferred by the license with each said designated natural person required to take the examination, unless excused under the Act, and payment of fees prescribed.

4. The person seeking to become a Signing title insurance agent must complete the application as described in Section III(B)(1), and must show proof of authorization to sign commitments and policies from the appropriate issuing agent**.** Proof of authorization must be in the form of a letter from the issuing agent, on the issuing agent's letterhead, granting the signing agent authority to countersign commitments and contracts of title insurance on behalf of the issuing agent.

5. The Board shall set an exam fee cost to be paid by each applicant for test examination, said fee to cover the costs of testing.

D. Applicants who are currently licensed in another state or territory, and are requesting the same in Arkansas by reciprocity, shall submit:

1. An official application form from the A.T.I.A.L. Board, filled out by the applicant and notarized.

2. Verification of license from agencies where currently licensed in reciprocal states.

3. All applicants shall pay the required license fees.

4. Provide proof that requirements of state or territory in which currently licensed are at least equal to Arkansas requirements.

E. Examination

1. Applicants who comply with qualifications in accordance with the Arkansas Title Insurance Agent's Licensing Act shall be permitted to sit for examination.

2. The Board shall notify the applicant of the time and place of the next scheduled examination.

3. Applicants taking the examination must comply with the requirements set out in Section Eleven (11) of the Act.

4. Form of Examination

a. The examination for the title insurance agent's license shall be an appropriate examination approved by the A.T.I.A.L. Board.

b. The examination will be administered at an approved site approved by the A.T.I.A.L. Board.

c. The examination must be completed in the time allotted.

d. The examination will be administered at a place(s) and time(s) designated by the Board. The exam will be scored under the supervision of the Board.

5. Passing Level

a. For each examination, a passing score will be determined by the Board.

6. Scoring and Reporting of Examinations

a. Examinations shall be scored and the results kept on file by the A.T.I.A.L. Board.

b. Examination scores will be reported directly to each candidate by the Board. If an examination is paid for by the company of the applicant, the

owner/director of the company will also receive written notification of a passing or failing grade.

7. Failure to Pass Examination

a. A candidate who fails to pass the examination will be notified by mail. The candidate is ineligible to act as a title insurance agent in Arkansas until the examination is passed.

b. Any exam participant caught cheating on the examination will automatically fail, and will need to reapply to and receive permission from the Board before retaking the examination.

c. An applicant who has failed the examination can retake the examination but no sooner than five (5) months from the date of the examination, and then by paying another exam fee.

IV. Issuance of Licenses

A. Upon achieving a passing score on the examination and/or having remitted the appropriate fees set forth, a certificate of authority shall be issued by the Board to the applicant. The certificate must be signed by the Chairperson and Secretary/Treasurer of the A.T.I.A.L. Board and also signed by the title insurance agent.

B. The certificate issued to an issuing title insurance agent shall be displayed in the office of the title insurance agent in a noticeable place to the general public. An inactive agent's license does not need to be displayed; however, the license must be retained in the event of reactivation to signing title insurance agent status.

C. The certificate must be displayed in each office of the Issuing title insurance agent. Duplicate certificates may be issued to the Issuing title insurance agent upon the payment of a fee to cover the cost of producing duplicate certificates. This fee will be set by the Board.

D. The certificate will be mailed to the address listed on the license application of the Issuing title insurance agent. The Issuing title insurance agent is responsible for notifying the A.T.I.A.L. Board of any address change within 30 days.

E. A list of approved title insurance agents will be provided to anyone requesting the same, in accordance with the Arkansas Freedom of Information Act, at a fee established by the Board.

A. License Required.

1. On and after January 31, 2002, no commitment or contract of title insurance pertaining to real property situated in the State of Arkansas shall be issued, sold or exchanged unless the commitment and contract of title insurance is countersigned by a title insurance agent, who is a resident of this State and licensed under this act.

2. The license number of the agent must be clearly noted on any insurance policy or commitment under the signature of the licensed agent.

V. License Renewals

A. As of January 31, 2004, licenses must be renewed annually as follows:

a. Issuing Agent License: not to exceed $350

b. Signing Agent License: not to exceed $ 25

c. Inactive Signing Agent Status: not to exceed $ 25

B. All licenses will expire on January 31 of each year.

C. Licenses reactivated after said date will be assessed a late charge in addition to the renewal fee. This charge will be determined by the Board. A renewal application postmarked after January 31 will be considered late. If a renewal application is postmarked on March 1 or after, the applicant will then need to reapply for an original license, and must resubmit all paperwork required for licensure.

D. Issuing agents' must provide a list of all authorized signing agents annually by renewal date, or when any change occurs within ten (10) days of a change in the signing agent's status with the issuing agent.

E. Individuals wishing to be placed in inactive status must submit a written request to the Board.

F. The license renewal process is set out under Section 17 of the Act.

VI. License Transfers

A. Issuing agents may effect the transfer of a signing agent's license or an inactive signing agent by providing the Board with evidence that all requirements have been met for the signing agent to be eligible to sign commitments and polices for said issuing agent.

B. Signing agent's transferring from one issuing agent to another must submit two letters to the Board:

1. A letter from the former issuing agent stating that the signing agent will no longer sign commitments and policies for that agent;

2. A letter from the current issuing agent stating that the signing agent is eligible to sign commitments and policies for new employer.

C. Any signing agent transferring from one issuing agent to another will be exempt from taking another examination if the signing agent successfully completed the examination, and has submitted requested information in section VI(B)(1-2), and receives Board approval.

VII. License Revocation and Disciplinary Actions

A. The Board may refuse to license, refuse to renew a license, revoke a license, and/or take other disciplinary action as provided by law regarding any title insurance agent who is guilty of any of the actions set forth in Sections 19 and 20 of this Act.

B. Any person may file a complaint in writing to the Board against any licensed title insurance agent in this state, charging said person with having violated the provisions of any part of the Arkansas Title Insurance Agent's Licensing Act. The Board may act upon its own motion or upon complaint of any individual in writing and signed by the complaining party. The Board shall take into consideration whether the title insurance agent has habitual complaints filed or is guilty of fraudulent practices. The complaint will be logged in at the offices of the A.T.I.A.L. Board and one copy of the complaint will be mailed to the respective underwriter. The person named in the complaint may be notified and a response from that individual may be requested.

VIII. Continuing Education Requirements

A. Signing title insurance agents must complete four (4) classroom hours or equivalent continuing education units or equivalent correspondence work of continuing education work annually that has been approved by the Board.

B. Inactive signing agents must complete the outstanding continuing education credits before regaining status as an active signing title insurance agent.

C. Non-resident signing title insurance agents may use their state's continuing education requirements to fulfill Arkansas state requirements if the requirements meet with Board approval and/or Section 7(C)(3) of the Act.

IX. Amendments

A. Amendments to these rules and regulations may be proposed by presenting the amendments in writing at any meeting of the Board. If the proposed amendment receives a majority vote of the Board, then the procedures for adoption outlined in the Administrative Procedures Act shall be followed.