

No. **2025-9573**

**Official Order
of the
Texas Commissioner of Insurance**

Date: 10/24/2025

Subject Considered:

Stewart Title Company
1360 Post Oak Blvd Ste 100
Houston, Texas 77056-3131

Consent Order
TDI Enforcement File No. 34847

General remarks and official action taken:

This is a consent order with Stewart Title Company (Stewart Title). The Texas Department of Insurance (TDI) conducted a compliance audit and discovered violations of the Texas Insurance Code and Texas Administrative Code. Stewart Title has agreed to pay an administrative penalty of \$75,000.

Waiver

Stewart Title acknowledges that the Texas Insurance Code and other applicable law provide certain rights. Stewart Title waives all of these rights, and any other applicable procedural rights, in consideration of the entry of this consent order.

Findings of Fact

1. Stewart Title, firm identification number 92759, holds a title agency license issued by TDI on October 1, 1967.
2. TDI conducted a comprehensive compliance audit of Stewart Title as of February 28, 2024, pursuant to TEX. INS. CODE § 2602.103.

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Failure to Meet Investment Account Criteria

3. Stewart Title, by and through its affiliated title agents Central Texas Title (Central Texas), Great America Title of Houston, LLC (Great American), and Red Oak Title, LLC (Red Oak), held escrowed funds in interest-bearing bank accounts styled in its own name or that of the affiliate, and not in the names of the owners or beneficiaries of the funds.
4. The interest-bearing bank accounts were opened under the tax identification number of Stewart Title or the affiliated title agent and not under the owners or beneficiaries of the escrowed funds.
5. Stewart Title and its affiliated title agents did not receive written investment instruction from the owners or beneficiaries to place escrowed funds into an interest-bearing account.
6. In interest earning bank accounts from at least 14 affiliated title agents, Stewart Title transferred at least \$528,039.79 to its operating account in 2023.
7. Stewart Title had consumers sign waivers indicating that Stewart Title or its affiliated agents could earn money on certain funds held in escrow on their behalf, however the disclosure said the funds would be maintained in a non-interest-bearing account.
8. Stewart Title and its affiliated title agents discontinued the use of interest-bearing accounts for escrow funds in February 2024.

Failure to Maintain Separate and Distinct Accounting for Escrow Funds

9. Title agents are required to maintain a separate and distinct accounting of escrow funds, including an escrow bank account or accounts separate and apart from all other accounts.
10. Stewart Title, by and through its affiliated title agent Prosperity Title Company (Prosperity), failed to fully disburse funds at closing in at least 25 guaranty files closed between April 2020 and August 2023.
11. Stewart Title, through Prosperity, improperly held the leftover escrow fees, title insurance premium, and other operating funds in the escrow account, which

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constituted commingling of escrow and operating funds. The operating funds were later properly disbursed in January and February 2024.

Unlicensed and Unappointed Person Performing the Duties of an Escrow Officer and Appointment Issues

12. An individual may not act as an escrow officer unless the individual is licensed, covered by a surety bond or deposit as required, and appointed as an escrow officer by the title agent or direction operation. Agents must also submit an Escrow Officer Appointment form (FINT09) when there is a change in an escrow officer's appointment or association.
13. The audit revealed at Stewart Title's affiliated title agency Central Texas, that signatures of 15 unlicensed employees and one former fee attorney were the only signature on escrow checks. The fee attorney was later relicensed and reappointed by Stewart Title on January 22, 2024.
14. The audit also showed that escrow checks and settlement statements were signed by four licensed escrow officers that were not properly appointed with Stewart Title.
15. Three individuals submitted false information on the FINT09 form regarding their status as fee attorney employees.
16. At Stewart Title's affiliated title agency HMH Title Company, LLC (HMH), one former fee attorney was appointed in error in October 2007, but HMH did not cancel the appointment or file the FINT09 until January 2024.

Unauthorized Fees Charged

17. A charge may not be imposed for general overhead expenses.
18. Several settlement statements improperly included charges for electronic document delivery fees paid, which were in addition to the escrow fee and basic premium charged to consumers for title insurance policies.
19. Stewart Title represents the fees were courier fees that were incorrectly coded by default settings in its software. Stewart Title has to manually override automatic software designations to correctly code all closing fees.

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Delinquent Title Insurance Policies

20. A title insurance policy must be issued within 90 days after collecting the premium for the policy.
21. Title insurance policies for at least 1,589 files closed between March 2017 and October 2023 had not been issued as of January 15, 2024, at Stewart Title's affiliated title agency Prosperity.

Failure to Notify Change in Operations

22. A Title Insurance Licensing Biographical Information Form (FINT08) is required for each new officer, director, limited liability company manager, designated on-site manager, and person who is in control of the title insurance agent.
23. Stewart Title had a change in officers including president, secretary, and treasurer but did not submit the required forms.

Abstract Plant Not Compliant

24. An abstract plant must be fully indexed in that geographical and alphabetical records must be maintained current to date, which is interpreted as within 14 calendar days of the actual date.
25. A random review of Stewart Title's instruments in various counties selected at random to test for the abstract plant's sufficiency, determined the following:
 - a. In Aransas County, 14 instruments were selected at random and three could not be retrieved and were not fully indexed.
 - b. In Hardin and Martin counties, 28 instruments were selected at random and showed the abstract plants were not maintained within 14 calendar days and therefore not current or fully indexed, and four instruments could not be retrieved at all.
 - c. In Jim Wells and Winkler counties, 28 instruments were selected at random and showed the abstract plants were not maintained within 14 calendar days and therefore not current or fully indexed.

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26. Additionally, the abstract plant agreement with the third party in charge of the electronic databases for the abstract plants was incorrectly in the name of Stewart Title Guaranty Company, rather than Stewart Title Company.

Escrow Accounting Errors

27. A comprehensive audit was performed on escrow accounting records from November 2023 for 34 bank accounts.
28. There were multiple inconsistencies between the amounts shown on the escrow trial balance sheet and accounting records in the file.
29. In the deposits-in-transit lists there were at least 22 invalid entries booked and received in November but not deposited until subsequent months, resulting in overstated cash balances, at Stewart Title's affiliated title agency Priority Title.
30. Earned title premium and escrow fees were held in a dummy file in one instance and recording fees were improperly included on the trial escrow balance in another.
31. The deposit-in-transit lists also showed invalid incoming and outgoing wire entries booked but not received or sent until the next month, and no corrections were made on the reconciliation in adjustment, at Stewart Title's affiliated title agency Great American.
32. Authorized signatory names for two escrow officers were not updated on escrow bank signature cards and escrow checks on one account with issued with an incorrect address.

Minimum Escrow Accounting Procedures and Internal Controls

33. There were multiple violations of the minimum escrow accounting procedures and internal controls:
 - a. interest bearing escrow accounts were not styled with the title agent named as trustee or escrow agent;
 - b. escrow checks and deposit slips did not display the term escrow or trust;
 - c. guaranty files open for longer than six months did not appear to have been investigated for clearing;

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- d. disbursement sheets were incomplete or incorrect in that check or wire item descriptions were not always shown and receipt dates shown were incorrect or missing, at affiliated title agencies Great American and Prosperity;
- e. disbursements for certain fees were not supported by invoices or other evidence, at affiliated title agencies Central Texas, Great American and Prosperity;
- f. disbursements for certain fees were not consistent with amounts shown in the support files, at affiliated title agencies Central Texas, Great American, Millennium Title and Prosperity; and
- g. a signed, prenumbered receipt was not issued for escrow funds received in cash.

Guaranty File Errors

34. There were several violations found in the comprehensive audit of guaranty files:
- a. in one file, two policy guaranty fees were collected when only one policy was issued;
 - b. in 22 files, a non-promulgated form was improperly used to close Texas title insurance transactions, at affiliated title agency Great American;
 - c. in 16 files, the premium split for title services was not disclosed on the settlement statements, at affiliated title agencies Central Texas, Great American, Priority, and Prosperity;
 - d. in five files, certain disbursement payees for preparation, services, or fees did not agree with the settlement statements, at affiliated title agencies Central Texas, Great American, Priority, and Prosperity;
 - e. in two files, the settlement statement was not signed by the settlement agent, at affiliated title agency Prosperity;
 - f. in one file, an incorrect agent name was shown on the settlement statement, at affiliated title agency Prosperity;
 - g. in two files, copies of signed commitments were not found in the scanned file, at affiliated title agencies Great American and Prosperity;
 - h. in two files, the R-8 credit was incorrectly calculated on the loan policy resulting in an overcharge, at affiliated agency Great American;
 - i. in one file, an endorsement for an amendment to survey was calculated incorrectly resulting in an overcharge;
 - j. in two files, a \$5 premium was incorrectly collected for a not yet due and payable endorsement;
 - k. in three files, the T-19 loan policy endorsement was incorrectly calculated resulting in an overcharge;

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- l. in one file, the T-19.1 owner's policy endorsement was incorrectly calculated resulting in an overcharge;
- m. in two files, the Insured Closing Service Letter addressee line was incorrectly modified to add "ISA OA" or "ISAOA/ATIMA" following the lender's actual name, at affiliated agencies Great American and Prosperity;
- n. in 12 files, the anticipated premium split for title services was not disclosed on Schedule D of the title commitment, at affiliated agencies Central Texas, Great American, Priority and Prosperity;
- o. in one file, the Verification of Services Rendered (Form T-00) was not signed by the agent and was not scanned into the file, at affiliated agencies Great American and Prosperity;
- p. in seven files, copies of all receipt items were not found in the scanned file, at affiliated agency Great American;
- q. in four files, all disbursement checks were not found in the scanned file;
- r. in five files, the lender closing instructions were signed by the settlement agent;
- s. in one file, the Texas Disclosure (Form T-64) was not prepared for a transaction in which a Closing Disclosure was used, at affiliated agency Prosperity;
- t. in four files, written authorization from the customer to use a notary service before the transaction closed was not found in the scanned file, in affiliated agencies Central Texas, Great American, Millennium Title, Priority, Prosperity and Red Oak;
- u. in 12 files, full disclosure of all persons and firms receiving portions of the real estate commission was missing from the settlement statements;
- v. in six files, the required Affiliated Business Arrangement disclosure statement for the related-party tax certificate provider was not signed by the parties, at affiliated agencies Great American and Prosperity;
- w. in two files, the legal documents were not timely recorded with the county clerk, at affiliated agencies Great American and Prosperity; and
- x. in one file, recordation evidence was not found in the scanned file and timely recordation of the legal documents could not be determined, at affiliated agencies Great American and Prosperity.

Subsequent Events

- 35. Stewart Title represents that the banks involved improperly set up the interest-bearing accounts for escrowed funds.

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36. Stewart Title represents that many of the issues cited in the audit were related to training issues and that it has implemented measures to train staff on all areas of compliance.
37. Stewart Title represents it has made the delinquent and required FINT08 form filings.

Conclusions of Law

1. The commissioner has jurisdiction over this matter under TEX. INS. CODE §§ 82.051–82.055, 84.021–84.044, 2501.004, 2602.103, 2602.151, 2651.301, 2652.001, 2652.051, 2704.001, 2702.052–2702.053, and 28 TEX. ADMIN. CODE § 9.1, adopting the *Texas Title Insurance Basic Manual* (Basic Manual).
2. The commissioner has the authority to informally dispose of this matter as set forth in TEX. GOV'T CODE § 2001.056, and TEX. INS. CODE §§ 36.104 and 82.055.
3. Stewart Title has knowingly and voluntarily waived all procedural rights to which it may have been entitled regarding the entry of this order, including, but not limited to, issuance and service of notice of intention to institute disciplinary action, notice of hearing, a public hearing, a proposal for decision, rehearing by the commissioner, and judicial review.
4. Stewart Title failed to comply with all criteria for an investment account, in violation of Minimum Escrow Accounting Procedures and Internal Control Requirements 7(A)-(C) of the Basic Manual, Section V.
5. Stewart Title failed to maintain a separate and distinct accounting of escrow funds, disburse funds in accordance with closing statements and commingled escrow, and operating funds, in violation of TEX. INS. CODE § 2651.301.
6. Stewart Title allowed unlicensed and unappointed individuals to perform the duties of an escrow officer, in violation of TEX. INS. CODE §§ 2652.001 and 2652.051, and Administrative Rule L-2.
7. Stewart Title failed to issue a title policy within 90 days after collecting the premium for the policy, in violation of Procedural Rule P-61.

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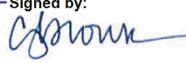
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8. Stewart Title failed to file required forms for changes to the officers in the company, in violation of Administrative Rule L-1(V)(B).
9. Stewart Title failed to maintain its abstract plant in compliance with and in violation of TEX. INS. CODE § 2501.004 and Procedural Rule P-12.
10. Stewart Title failed to properly maintain escrow accounting records, in violation of TEX. INS. CODE § 2651.301(7) and Procedural Rule P-27.
11. Stewart Title failed to maintain minimum escrow accounting procedures and internal controls, in violation of Section V requirement nos. 7, 9-10, 15-16, and 19 of the Basic Manual.
12. Stewart Title failed to make proper disclosures and had errors in guaranty files, in violation of TEX. INS. CODE §§ 2602.151, 2702.052-2702.053, 2704.001; Rate Rules R-8, R-19, and R-24; Procedural Rules P-7, P-21, P-22, P-32, P-35, and P-73; Title Insurance Bulletin No. 160; and RESPA Section 3500.15.

Order

It is ordered that Stewart Title Company pay an administrative penalty of \$75,000 within 30 days from the date of this order. The administrative penalty must be paid as instructed in the invoice, which the department will send after entry of this order.

Signed by:

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Cassie Brown
Commissioner of Insurance

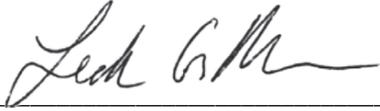
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Recommended and reviewed by:



Leah Gillum, Deputy Commissioner
Fraud and Enforcement Division



Whitney Fraser, Director
Enforcement

Affidavit

STATE OF Texas §

COUNTY OF Harris §

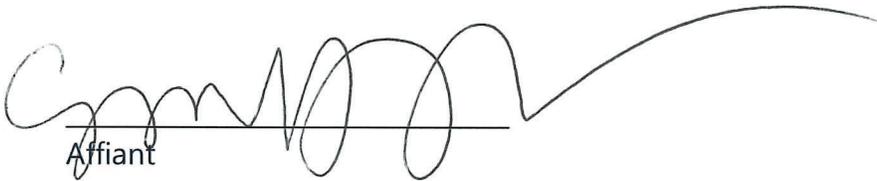
Before me, the undersigned authority, personally appeared Cynthia Madole who being by me duly sworn, deposed as follows:

"My name is Cynthia Madole. I am of sound mind, capable of making this statement, and have personal knowledge of these facts which are true and correct.

Sr. Vice President & General Counsel

I hold the office of _____ and am the authorized representative of Stewart Title Company. I am duly authorized by said organization to execute this statement.

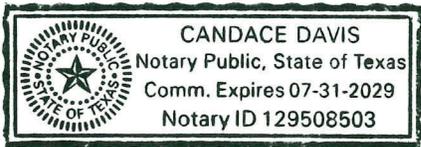
Stewart Title Company has knowingly and voluntarily entered into the foregoing consent order and agrees with and consents to the issuance and service of the same by the commissioner of insurance of the state of Texas."



Affiant

SWORN TO AND SUBSCRIBED before me on October 6, 2025.

(NOTARY SEAL)



Candace Davis

Signature of Notary Public

Candace-Davis

Printed Name of Notary Public