

1 STATE OF NEVADA
2 DEPARTMENT OF BUSINESS AND INDUSTRY
3 DIVISION OF MORTGAGE LENDING

4 * * *

5 In re:
6 Towne Center Escrow, LLC
7 Respondent.
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10 **ORDER TO DISCONTINUE (CEASE AND DESIST) AND**
11 **NOTICE OF RIGHT TO REQUEST HEARING**

12 The licensing and regulation of escrow agencies and escrow agents in the State of
13 Nevada is governed by Chapter 645A of the Nevada Revised Statutes (hereinafter "NRS")
14 and Chapter 645A of the Nevada Administrative Code (hereinafter "NAC"). The State of
15 Nevada, Department of Business and Industry, Division of Mortgage Lending (hereinafter the
16 "Division") has the general duty to exercise supervision and control over escrow agencies and
17 escrow agents, as well as escrow agency activity. See, NRS 645A.050, NRS 645A.090 and
18 NRS 645A.110. Pursuant to that authority, the Division makes the following Factual
19 Allegations, Violations of Law, and Order, as follows:
20

21 **FACTUAL ALLEGATIONS**

22 1. Towne Center Escrow, LLC (hereinafter "Respondent") is a limited liability
23 company organized and existing under the laws of the State of Nevada since on or about
24 March 13, 2008. Currently, Respondent's status with the Nevada Secretary of State is
25 "active." The Division currently classifies Respondent's license as "closed."
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1 2. Based upon information and belief and at all relevant times herein mentioned,
2 Respondent conducted escrow agency activity out of its offices located at 5210 W. Patrick
3 Lane, Suite 100, Las Vegas, Nevada 89118 [the "Patrick Lane" office] and 2879 St. Rose
4 Parkway, Henderson, Nevada 89052 [the "St. Rose" office].

5 3. Pursuant to NRS 645A.041(1) "... as a condition to doing business in this State,
6 each escrow agency shall deposit with the Commissioner and keep in full force and effect a
7 corporate surety bond payable to the State of Nevada...which is executed by a corporate
8 surety satisfactory to the Commissioner and which names as principals the escrow agency
9 and all escrow agents employed by or associated with the escrow agency."

10 4. Pursuant to NRS 645A.041(4): "Each escrow agency shall deposit a corporate
11 surety bond that complies with the provisions of this section or a substitute form of security
12 that complies with the provisions of NRS 645A.042 in the following amount based upon the
13 average monthly balance of the trust account or escrow account maintained by the escrow
14 agency pursuant to NRS 645A.160:
15

AVERAGE MONTHLY BALANCE	AMOUNT OF BOND OR SECURITY REQUIRED
\$50,000 or less.....	\$20,000
More than \$1,000,000.....	\$250,000

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19 5. Pursuant to NRS 645A.042 "[a]s a substitute for the surety bond required by
20 NRS 645A.041, an escrow agency may, in accordance with the provisions of this section,
21 deposit with any bank or trust company authorized to do business in this state, in a form
22 approved by the Commissioner...an obligation of a bank, savings and loan association, thrift
23 company or credit union licensed to do business in this state..."
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27 6. Pursuant to NRS 645A.041(1) and (4) and NRS 645A.042, Respondent
28 deposited a letter of credit drawn on Republic Bank in the amount of \$20,000 as a substitute

1 form of security in lieu of the surety bond required to obtain an initial escrow agency license
2 under NRS 645A. [See Exhibit 'A' attached hereto and incorporated herein by this reference.]

3 7. Pursuant to NRS chapter 645A, Respondent was issued an escrow agency
4 license, License Number 3158, on September 25, 2008 for its Patrick Lane office and an
5 escrow agency license on July 1, 2009 for its St. Rose office.

6 8. Pursuant to NRS 645A.050(2)(b) "[i]n addition to the other duties imposed upon
7 him by law, the Commissioner shall:... [c]onduct or cause to be conducted each year an
8 examination of each escrow agency licensed pursuant to this chapter."

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10 9. Pursuant to NRS 645A.050(2)(b), on March 9, 2010 the Division commenced a
11 regularly scheduled annual examination of Respondent's books and records for Respondent's
12 Patrick Lane office which revealed, among other things, that the average monthly balance of
13 its trust accounts required an increase in Respondent's bond or substitute security from
14 \$20,000 to \$250,000.

15 10. On March 24, 2010 Respondent was advised by Division examiner BS to
16 increase its bond or substitute security amount to \$250,000 and Respondent agreed to such
17 an increase; Respondent confirmed that agreement in writing to the Division on July 1, 2010
18 during its license renewal process. [See Exhibit "B", redacted, incorporated herein by this
19 reference.]
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21 11. Despite assurances from Respondent, Respondent failed to increase its bond or
22 substitute security amount to \$250,000 and the Division did not renew Respondent's escrow
23 agency license for its Patrick Lane office and its St. Rose office.

24 12. The Letter of Credit deposited by Respondent expired on September 30, 2010.

25 13. Pursuant to NRS 645A.036(3) "...[a] license does not authorize the licensee to
26 transact business from any office other than that designated in the license."
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1 **BUSINESS IN VIOLATION OF NRS CHAPTER 645A AND IMMEDIATELY CEASE AND**
2 **DESIST** from soliciting and conducting any and all escrow agency activity in the State of
3 Nevada, and Respondent shall:

4 1. Immediately notify in writing every party involved in an open escrow transaction, loan
5 servicing, payment collection or loan pool servicing of this Order (collectively 'escrow
6 transactions");

7 2. Delete from all advertising material, including but not limited to Respondent's
8 websites, any and all references to its ability to conduct escrow activity in the state of Nevada
9 for which a license under Chapter 645A is required, and all references to its escrow agency
10 license number.

11 3. **Within three (3) business days** from the date of service of this Order on Respondent,
12 provide to the Commissioner in writing:

13 a. A list of all open escrow transactions;

14 b. The office address and telephone number for every office location of
15 Respondent, along with the location or locations where its books and records are located.

16 4. **Within ten (10) days** from the date of service of this Order on Respondent, provide to
17 the Commissioner in writing, a complete accounting of all moneys held in trust for any person
18 for whom Respondent is acting as an escrow agency. Such accounting shall include a
19 complete list of all open escrow transactions by party name and address, including loans and
20 accounts being serviced or for which payments are being collected; a list of every person for
21 whom trust moneys are being held, along with the amount of moneys held on each such
22 person's behalf; and a list of all bank accounts (including bank account number and bank name
23 and address) where any such trust moneys, however denominated (such as tax, insurance,
24 loan payment, interest reserve or construction control accounts), are held, along with the
25 balances in such accounts.

1 All written communication to the Division must be sent by U.S. Postal Service or private
2 carrier or delivery service to:

3 Commissioner
4 Division of Mortgage Lending
5 7220 Bermuda Road, Suite A
6 Las Vegas, NV 89119

7 **IT IS FURTHER ORDERED** that Respondent's failure to abide by any of the above-
8 referenced conditions now imposed upon its license under NRS Chapter 645A shall constitute
9 grounds for summary suspension, revocation or other discipline deemed appropriate in the
10 discretion and within the statutory authority of the Commissioner.

11 **IT IS FURTHER ORDERED**, pursuant NRS 645A.110(2)(a), that upon filing a verified
12 petition with the Division within **30 (thirty) days** of receipt of this Order to Discontinue (Cease
13 and Desist), Respondent shall be entitled to a hearing with regard to the contents of this
14 Order to Cease and Desist. Respondent is advised, however, that the provisions of this
15 Order to Cease and Desist are effective immediately upon Respondent being served
16 therewith, whether or not Respondent requests a hearing.

17 Should Respondent request a hearing, Respondent is advised of the following:

18 a) Respondent is entitled to be represented by legal counsel at its own cost and
19 expense; b) At any hearing Respondent shall be entitled to respond and to present evidence
20 and argument on all issues involved; c) Requests may be made to the Commissioner for the
21 issuance of subpoenas; however, the Commissioner may request the proposed testimony of
22 any such person prior to the issuance of the subpoena; and d) Unless precluded by law, the
23 parties may agree to an informal resolution or settlement prior to any hearing.
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25 Should Respondent not request a hearing within **thirty (30) days** of service of the instant
26 Order, the Division will enter a Final Order in this matter. Respondent is advised, however, that
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1 the provisions of this Order are effective immediately upon Respondent being served therewith,
2 whether or not Respondent requests a hearing.

3 Dated this 17th day of November, 2010.

4 State of Nevada
5 Department of Business and Industry
6 Division of Mortgage Lending

7 By: 
8 Joseph L. Waltuch, Commissioner

EXHIBIT “A”

FIRST REPUBLIC BANK
It's a privilege to serve you®

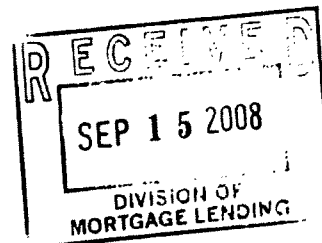
IRREVOCABLE STANDBY LETTER OF CREDIT

Letter of Credit No. 77-445283-5

Amount of U.S. \$20,000.00

Dated September 3, 2008

State of Nevada Division of Mortgage Lending ("Beneficiary")
3075 E. Flamingo Road, #100
Las Vegas, NV 89121
Attn: Joseph L. Waituch, Commissioner



Ladies and Gentlemen:

At the request and for the account of Towne Center Escrow, LLC, (the "Applicant" or "Account Party"), we hereby establish in your favor our irrevocable standby letter of credit in the aggregate amount of Twenty Thousand and 00/100 Dollars (U.S. \$20,000.00) available by your draft at sight drawn on us and accompanied by the following:

1. This original letter of credit together with all executed written amendments hereto.
2. A written statement signed by an officer of Beneficiary appointed under the terms of its governing documents, and certifying that such moneys are due and owing to Beneficiary according to that certain agreement between Beneficiary and Applicant.
3. Amount of Letter of Credit may not be withdrawn except by direct and sole order of the Commissioner.

This standby letter of credit expires on September 30, 2009 (the "Expiry Date") but is subject to automatic extension as provided in the next succeeding paragraph.

Drafts shall be drawn on and presented to us at our offices located at 111 Pine Street, San Francisco, California 94111 no later than the Expiry Date. Notwithstanding anything to the contrary herein, the Expiry Date of this letter of credit shall automatically be renewed without the necessity of any amendment to this letter of credit for successive periods of one (1) year with a final expiration date of September 30, 2010, unless we provide you written notice no later than thirty (30) days before the then existing Expiry Date that we have elected not to renew this letter of credit (the "Non-Renewal Notice"). The Non-Renewal Notice shall be sent to you by certified mail, return receipt requested, at the address shown above or at such other address as you may provide to us in writing, provided that we receive such change of address not later than ten (10) business days before we have given the Non-Renewal Notice. Such notice shall be deemed provided to and received by you ten (10) days after mailing as provided above.

San Francisco Los Angeles Santa Barbara Newport Beach San Diego Las Vegas Boston New York

REV. DATE 6/00

Page 1 of 2

A DIVISION OF MERRILL LYNCH BANK & TRUST CO., FSB

111 PINE STREET, SAN FRANCISCO, CALIFORNIA 94111, TEL (415) 392-1400 OR (800) 392-1400, FAX (415) 392-1413

CONVENIENT INTERNET BANKING AT MERRILL LYNCH BANK & TRUST CO., FSB

All drafts drawn under this letter of credit shall contain the above-referenced letter of credit number. We agree that all drafts drawn under and in compliance with the terms of this letter of credit will be duly honored by us upon presentation to us.

This letter of credit is **NOT TRANSFERABLE** absent an amendment hereto.

Partial drawings under this letter of credit are not permitted.

We may accept documents which appear on their face to be in order without responsibility for further investigation (even as regards any purported default by Applicant) regardless of any notice or information to the contrary.

This letter of credit is subject to International Standby Practices 1998, International Chamber of Commerce, Publication No. 590 and (to the extent not inconsistent therewith) the Uniform Commercial Code in effect on that date hereof in the State of California.

**First Republic Bank, a Division of Merrill Lynch
Bank & Trust Co., FSB**

By: 

Title: VIC PRESIDENT

EXHIBIT “B”

Exhibit "B"

**TOWNE
CENTER**
ESCROW, LLC



July 1, 2010

Bill Theobald
Supervisory Examiner
Department of Business and Industry
Division of Mortgage Lending
7220 Bermuda Road, Ste A
Las Vegas, NV 89119

RECEIVED

JUL 15 REC'D

Mortgage Lending Division

RE: Examination

Dear Mr. Theobald

This letter is in response to the examination report received by Towne Center Escrow, LLC ("TCE") on or about June 13, 2010. Please review the following response to the alleged violations:

1. Regarding the surety bond. The report is correct, we have agreed to and applied for a surety bond in the amount of \$250,000. Kaercher, Cambell and Associates is processing our application and we expect to have the bond in place within 30-days based on recent conversation with them.

REMAINING PORTION REDACTED

Best Regards

Jamison R Albrecht
Chief Operating Officer