

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE ATTORNEY GENERAL**



In the Matter of:

**Capital Area Title, LLC d/b/a Universal
Title and Affiliates**

**ASSURANCE OF VOLUNTARY
COMPLIANCE**

ASSURANCE OF VOLUNTARY COMPLIANCE

This Assurance of Voluntary Compliance (“Assurance”) is entered into by the Attorney General for the District of Columbia (“Attorney General” or “OAG” or “District”) and Capital Area Title, LLC doing business as (“d/b/a”) Universal Title (“Universal Title”), UTCP Collective, LLC (“UTCP Collective”), UTCP Collective Partners, LLC (“UTCP Collective Partners”), and Fundamental Title, LLC (“Fundamental Title”) (collectively, “Respondents”) (collectively with the Attorney General, the “Parties”). This Assurance pertains specifically to the operations and activities of Respondents within the District of Columbia. The Parties agree as follows:

I. THE PARTIES

1. OAG is authorized to bring legal actions seeking injunctive relief, consumer restitution, civil penalties, costs, and attorneys’ fees for violations of the District of Columbia’s consumer protection laws, including the Consumer Protection Procedures Act (“CPPA”), D.C. Code §§ 28-3901, *et seq.*

2. Universal Title is a limited liability company that was re-organized under the laws of Virginia on January 14, 2014. Universal Title provides title insurance, escrow, and other closing related services to consumers, including consumers in the District of Columbia.

3. UTCP Collective is a limited liability company formed by Universal Title to provide title insurance and other real estate closing related services, including providing such services to consumers in the District of Columbia. UTCP Collective is owned by UTCP, LLC, (“UTCP”), Universal Title, and UTCP Collective Partners.

4. UTCP Collective Partners is a limited liability company jointly owned by multiple Keller Williams Capital Properties (“KWCP”) real estate agents who provide real estate services to consumers, including to consumers in the District.

5. Fundamental Title was a limited liability company formed by Universal Title to provide title insurance and other real estate closing related services, including providing such services to consumers in the District of Columbia. Fundamental Title was owned by UTCP, Universal Title, and Fundamental Fulcrum Holdings, LLC. Fundamental Fulcrum Holdings is owned by two KWCP real estate agents who provide real estate services to consumers, including to consumers in the District.

6. The scope of this Assurance is limited to the activities and operations of Respondents within the District of Columbia.

II. DEFINITIONS

7. “Affiliates” shall refer to UTCP Collective, UTCP Collective Partners, and Fundamental Title, and when used in the phrase “Universal Title and Affiliates” shall include Universal Title along with these entities.

8. “Agent Members” shall refer to real estate agents who have or have had an ownership interest in UTCP Collective, UTCP Collective Partners, and Fundamental Title.

9. “Consumer” shall include the definition contained in D.C. Code § 28-3901(a)(2) and, for purposes of this Assurance, shall refer to any individual who purchased title insurance and/or settlement services from Universal Title or any Affiliate in the District of Columbia.

III. DISTRICT’S ALLEGATIONS

10. OAG alleges that Universal Title created the Affiliates with Agent Members for the explicit purpose of Agent Members referring title insurance business to it and/or an Affiliate and for Agent Members to receive a share of the profits as a result of those referrals.

11. OAG alleges that Universal Title provided discounted and undervalued ownership interests to Agent Members recognizing that the return on investment—i.e., profit distributions—would incentivize Agent Members to refer title insurance and escrow business to Universal Title or to the Agent Member’s Affiliate. UTCP Collective Partner Agent Members collectively contributed \$198,000 to UTCP Collective Partners, of which \$50,000 in capital was used as an initial contribution to UTCP Collective for a twenty-five percent (25%) ownership interest. Fundamental Title Agent Members contributed \$2,500 in cash as initial capital for a twenty-five percent (25%) ownership interest in Fundamental Title.

12. District law provides that “[a] title insurer or other person shall not give or receive, directly or indirectly, any consideration for the referral of title insurance business or escrow or other service provided by a title insurer.” D.C. Code § 31-5031.15.

13. OAG alleges that Universal Title, Affiliates, and Agent Members are “other person[s]” under D.C. Code § 31-5031.15.

14. OAG alleges that Universal Title and Affiliates have given, and Agent Members have accepted, consideration in exchange for these referrals—including but not limited to providing Agent Members the exclusive opportunity to purchase a discounted ownership interest

in Affiliates, as well as distributing profits from Affiliates to Agents Members.

15. OAG alleges that each transaction conducted through Universal Title and Affiliates in the District of Columbia that resulted from the referral of a consumer's title insurance and escrow business in exchange for consideration is a separate violation of D.C. Code § 31-5031.15.

16. These alleged violations of D.C. Code § 31-5031.15 also constitute violations of the D.C. Consumer Protection Procedures Act (the "CPPA"), D.C. Code § 28-3904, which prohibits any person from engaging in an unfair or deceptive trade practice. Specifically, OAG alleges that Universal Title and Affiliates, who provide title insurance and settlement services to homebuyers in the District, engaged in unlawful trade practices under the CPPA by providing consideration to Agent Members in exchange for Agent Members referring title insurance business, in violation of D.C. Code § 31-5031.15.

17. Respondents and Agent Members deny all of the District's allegations and claims, including but not limited to that they provided or accepted discounted ownership interests in the Affiliates, and/or that they have violated any consumer protection laws, including the CPPA or D.C. Code § 31-5031.15. Nothing contained in this Assurance is or may be construed to be an admission by Respondents and Agent Members or the releasees in this Assurance of any violation of law or regulation, of any other matter of fact or law, or of any liability or wrongdoing.

IV. APPLICATION

18. The Parties have agreed to the terms of this Assurance in order to fully resolve the District's allegations against Respondents and Agent Members.

19. The duties, responsibilities, burdens, and obligations undertaken in connection with this Assurance shall apply to Respondents, their affiliates, subsidiaries, successors and assigns, and their officers and employees.

20. The terms of this Assurance shall apply exclusively to the conduct of Respondents and Agent Members in connection with Respondents' operations in the District of Columbia. This Assurance does not apply to Respondents' operations outside of the District of Columbia.

21. By entering into this Assurance, the Parties are neither extinguishing any rights otherwise available to consumers nor creating any rights not otherwise available under the laws of the District of Columbia.

V. INJUNCTIVE PROVISIONS

22. Universal Title and Affiliates shall not engage in any unfair, deceptive, or unlawful trade practice prohibited by the District's CPPA, D.C. Code §§ 28-3901, *et seq.*, related to their provision of title insurance and settlement services to consumers in the District of Columbia.

23. Within the District of Columbia, Universal Title and Affiliates shall not give or receive, directly or indirectly, any consideration for the referral of title insurance or escrow business or any other service(s) provided by a title insurer or producer in the District of Columbia. In particular, Universal Title and Affiliates shall not form or maintain ownership interests in any entity that offers title insurance or settlement services in the District of Columbia if real estate agents have an ownership interest.

24. Notwithstanding the provisions of Paragraph 23, any individual who has an ownership interest in Universal Title or any entity d/b/a Universal Title or UTCP, LLC as of the execution date of this Assurance, may maintain ownership in Universal Title or any entity d/b/a

Universal Title or UTCP, LLC and receive distributions from the company in proportion to their ownership interest provided that the individual: 1) does not personally represent homebuyers or sellers in transactions where that entity provides title insurance, settlement services, or other real estate related services; and 2) does not directly or indirectly require or influence their team members/brokerage members/any other agent to refer to the company or provide any consideration to team members/brokerage members/any other agent for referring business to that entity.

25. UTCP Collective, Fundamental Title, and any other similarly structured entities that may have been licensed to operate in the District shall not apply or reapply for licenses to operate in the District so long as they are owned in part by real estate agents.

VI. COSTS AND PAYMENT TO THE DISTRICT

26. Respondents shall pay an aggregate total of five hundred thousand dollars (\$500,000) to resolve the District's claims in this matter. Respondents shall make that payment as follows:

- Respondents shall pay two hundred fifty thousand dollars (\$250,000) within seven days (7) of the execution of this Assurance by all Parties.
- Respondents shall also pay two installments of one hundred twenty-five thousand dollars (\$125,000). The first installment shall be paid one (1) year after the execution of this Assurance. The second installment shall be paid two (2) years after the execution of this Assurance.
- Each payment date will have a cure period of three (3) business days.
- If a payment is made earlier than the date required, Respondents shall notify OAG in writing that the payment has been made and on what date it was made.

27. Payments under this Assurance shall be made by wire transfer or certified check made out to the D.C. Treasurer and delivered to OAG consistent with instructions from OAG. The District may use any portion of the funds that it receives for any lawful purposes, including, but not limited to, restitution, attorneys' fees, and other costs of investigation and litigation; placement of this payment in the District's restitution fund or litigation support fund; or for other uses permitted by District law, at the sole discretion of the Attorney General for the District of Columbia. Respondents agree to cooperate with the District in obtaining any modification to the language of this paragraph needed to facilitate the administration of the District's payment under this paragraph.

28. A default in Respondents' payment obligations under this Assurance that is not cured within three (3) business days of when the payment is due will constitute a material violation of this Assurance. If Respondents fail to make any of the payments due under this Assurance within three (3) days of the date due, all remaining payments owed under this Assurance shall immediately come due.

29. Upon execution of this Assurance, Universal Title and Affiliates shall provide the District with their Taxpayer Identification Numbers (TINs).

30. In agreeing to the payment amount and terms as set forth herein, the District has relied upon Universal Title and Affiliates' representations and sworn financial disclosures. The Parties agree that if those representations are proven untrue, or the sworn financial disclosures are proven inaccurate, it shall constitute a violation of this Assurance and all payments by Respondents due under this Assurance shall be due immediately.

VII. RELEASE

31. By execution of this Assurance, and following a full and complete payment to the

Attorney General of the amount required under Part VI of this Assurance, the Attorney General terminates its investigation into Respondents' and Agent Members' conduct arising out of, resulting from, and/or relating to the factual allegations set forth in Part III, *supra*, and releases and discharges, to the fullest extent permitted by law, Respondents and their members, including Agent Members, and each of their directors, officers, partners, members, employees, agents, successors, and assigns, from any and all civil causes of action, claims, damages, costs, attorneys' fees, or penalties the Attorney General has asserted or could have asserted under the CPPA, D.C. Code § 31-5031.15, and 12 U.S.C. § 2607 as of the date this Assurance is executed by all Parties. All individuals and entities released pursuant to this Assurance shall be entitled to assert the rights of a releasee hereunder.

VIII. ADDITIONAL TERMS

32. Any breach of the injunctive terms contained in this Assurance shall be considered an unlawful trade practice that violates the CPPA.

33. Any notice to a Party to be provided pursuant to this Assurance shall be sent by U.S. Mail and email to the following:

For the District:

Kevin Vermillion
Deputy Director, Office of Consumer Protection
Office of the Attorney General for the District of Columbia
400 6th Street, NW, 10th Floor
Washington, D.C. 20001
kevin.vermillion@dc.gov

For the Respondents:

David Mason
Chief Executive Officer
Capital Area Title d/b/a Universal Title
108 N. Columbus Street, 2nd Floor
Alexandria, Virginia 22314

34. Respondents shall not cause or encourage any third-parties, or knowingly permit third-parties acting on their behalf, to engage in any prohibited practices as set forth in this Assurance.

35. Respondents shall not participate, directly or indirectly, in any activity, or form any corporate entity or corporation for the purpose of circumventing any part of this Assurance or the spirit or purpose of this Assurance.

36. The failure of the District to insist upon strict adherence to any term of this Assurance on any occasion shall not be considered a waiver thereof or deprive the District of the right thereafter to insist upon strict adherence to that term or any other term of this Assurance.

37. Nothing contained herein shall be construed as relieving Respondents of the obligation to comply with all District laws, regulations, or rules, nor shall any of the provisions herein be deemed to be permission to engage in any acts or practices prohibited by such laws, regulations, or rules.

38. The Parties understand and agree that this Assurance will not be construed as an approval or sanction by the Attorney General of Respondents' business practices, nor will Respondents represent that this Assurance constitutes an approval or sanction of its business practices.

39. This Assurance shall be considered effective and fully executed on the last date which any party executes the Assurance. This Assurance may be executed in counterparts, and copies of signature pages transmitted electronically shall have the same effect as originals of those signature pages.

40. Legislative Changes: In the event that the Council of the District of Columbia enacts legislation that explicitly permits real estate agents to have ownership interests in title agencies, the Parties agree to meet in good faith to discuss potential modifications to the relevant injunctive provisions of this Assurance. The Parties agree to consider requests to modify any injunctive relief provision(s) in good faith but are not obligated to make any modifications. Modifications to any injunctive relief provision(s) must be mutually agreed upon, made in writing, signed by both Parties, and determined to be in the public interest. This Assurance shall remain in full force and effect during any such discussions. Nothing in this clause shall be construed as automatically nullifying or modifying any provision of this Assurance without the express written agreement of both Parties.

41. This Assurance shall be considered effective and fully executed on the last date which any party executes the Assurance. This Assurance may be executed in counterparts, and copies of signature pages transmitted electronically shall have the same effect as originals of those signature pages.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

**DISTRICT OF COLUMBIA
OFFICE OF THE ATTORNEY GENERAL**

**BRIAN L. SCHWALB
ATTORNEY GENERAL**

By: _____ Date: _____

ADAM TEITELBAUM

Director, Office of Consumer Protection
Office of the Attorney General for the District of Columbia
400 6th Street, NW, 10th Floor
Washington, D.C. 20001
adam.teitelbaum@dc.gov

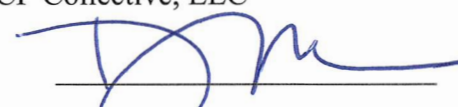
Consented and agreed to by:

Capital Area Title, LLC d/b/a/ Universal Title

By:  _____

Date: 8.27.2024

UTCP Collective, LLC

By:  _____

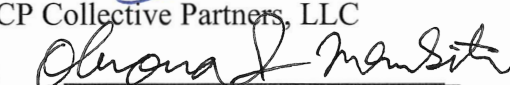
Date: 8.27.2024

Fundamental Title, LLC

By:  _____

Date: 8.27.2024

UTCP Collective Partners, LLC

By:  _____

Date: _____