

FILED

2018 JUL 16 A 11:28

BEFORE THE STATE OF WASHINGTON HEARINGS UNIT
OFFICE OF INSURANCE COMMISSIONER OFFICE OF
INSURANCE COMMISSIONER

In the Matter of:

The Form A and Form E Applications for
the Proposed Acquisition of Control of:

REtitle Insurance Company,

By

A10 Capital, LLC

Applicant.

Docket No. 17-0369

STIPULATION TO VACATE
AMENDED FINAL ORDER
APPROVING FORM A

I. STIPULATION

WHEREAS, the State of Washington Office of Insurance Commissioner issued Amended
Final Order Approving Acquisition of Control No. 17-0369 ("Amended Final Order") on
March 26, 2018, the parties hereby stipulate to vacate the Amended Final Order because
the acquisition of REtitle Insurance Company by A10 Capital LLC will not proceed (See
attached Exhibits 1 and 2).

DATED this 16th day of July, 2018.

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RETITLE INSURANCE COMPANY

A10 CAPITAL LLC

WSBA # 12976
By: Richard Hoss
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STATE OF WASHINGTON OFFICE OF
THE INSURANCE COMMISSIONER,
LEGAL AFFAIRS

By: Dave Jorgensen
Dave Jorgensen
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OIC - Legal Affairs
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II. ORDER

Based on the parties' stipulation to vacate Amended Final Order No. 17-0369, it
is:

ORDERED AND ADJUDGED that Applicant's Form A and Form E applications
for acquisition and control of RTitle Insurance Company is hereby vacated.

William Pardee, Presiding Hearing Officer

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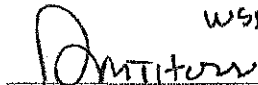
Presented by:

RETITLE INSURANCE COMPANY

A10 CAPITAL LLC

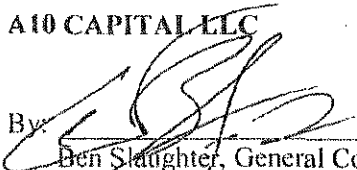
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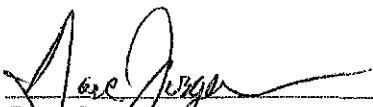
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June 11, 2018

State of Washington Office of Insurance Commissioner
Company Supervision
c/o Ronald J. Pastuch
via email: companysupervisionfilings@oic.wa.gov

RE: Order #17-0369 Progress reports on requirements for approval of acquisition of control of REtitle Insurance Company by A10 Capital, LLC

Dear Mr. Pastuch:

The Bayleys never executed the proposed extension agreement, and the stock purchase agreement has terminated. A10 does not foresee this deal being revitalized.

Please let me know if I can provide you with any further information.

Sincerely,

A handwritten signature in black ink, appearing to read "Ben Slaughter".

Ben Slaughter
General Counsel

REtitle INSURANCE COMPANY

PO Box 278
Shelton, WA 98584

June 19, 2018

Dorothy Seabourne-Taylor
Paralegal, Hearings Unit
Washington Office of Insurance Commissioner
Via email: DorothyS@oic.wa.gov
Re: Request to vacate REtitle-A10 Order 17-0369

Dear Ms. Seabourne-Taylor:

The Seller and REtitle concur with the decision to vacate the March 26, 2018 Amended Order issued by Judge William G. Pardee.

A10 has not complied with the requirements of the Amended Final Order 17-0369 dated March 26, 2018.

Please be advised that we signed a Letter of Intent (LOI) with A10 on March 20, 2017. The LOI stated in part that A10 would perform their "Due Diligence" regarding the proposed transaction (whereby A10 would purchase all the stock of REtitle Insurance Company {REtitle}) in Item 3, Pg. 2.

The "Due Diligence" clause stated "*A10 and our advisors will need to complete more in depth due diligence of the business, a sample of title insurance policies, inventory and valuation of outstanding title policies, reinsurance agreements, actuarial reports from Milliman, books, records, contracts, licenses and financial reports of the Company ("Due Diligence")*".

During this "Due Diligence" period, REtitle submitted to A10 all of the materials as outlined in the "Due Diligence" clause. The LOI had a termination date of May 5, 2017, which was 45 days from the mutual acceptance of the terms and conditions of the LOI.

Once the "Due Diligence" requirement was to the satisfaction of A10, then A10 would draft and submit to REtitle a proposed Stock Purchase Agreement (SPA). The May 5, 2017 termination date was extended several times, with the last one extending the LOI to July 27, 2017. On July 25, 2017, A10 and REtitle executed the SPA.

Once the "Due Diligence" period was satisfied, and the SPA was signed and approved by the OIC, A10 in October of 2017 submitted to the OIC the necessary applications to take over control of REtitle.

After all of the applications and accompanying documentation had been submitted, the parties agreed that a December 31, 2017 closing date would not be feasible. An extension was signed to February 1, 2018, and later extended again to February 26, 2018 and then to March 26, 2018, all to give sufficient additional time for A10 to capitalize REtitle and close the transaction.

On Friday, March 23, 2018, REtitle tendered all executed documents and materials to fully comply with the Amended Stock Purchase Agreement and Final Order 17-0369 of January 26, 2018 (ASPA) by the required closing date of Monday, March 26, 2018. When REtitle tendered performance of all Seller obligations on March 23, it expected the transaction to close on March 26 as the prior written extension required and as had been discussed in detail with A10 and their counsel.

On Monday, March 26, 2018, the OIC filed the Amended Final Order 17-0369, granting additional time for A10 to capitalize REtitle and approving an extension of the closing for 90 days with the last day to close being June 24, 2018. This Order contained a new condition to close, whereby A10 required a title insurance underwriter, approved by the State of Washington, to reinsure all of the outstanding policies of REtitle. This reinsurance of all policies of REtitle was not a condition of the LOI or the SPA. REtitle's decades long claims history and carefully scrutinized risk exposure would indicate would indicate to a reasonable purchaser that additional reinsurance is not a critical factor. REtitle did not approve an extension of the SPA or the requirement that all of the REtitle policies be reinsured prior to a sale of REtitle being consummated.

When REtitle became aware of the Amended Final Order granted by the OIC, and because REtitle also desired to close the proposed transaction, REtitle reached out to A10 in a letter dated April 16, 2018, stating REtitle would agree to an additional 90 days to capitalize REtitle and close the transaction, provided A10 showed a good-faith commitment that A10 actually wanted to close the transaction. A10 did not immediately respond to the REtitle request dated April 16, 2018 and on May 9, A10 wrote to confirm "*We remain very interested in REtitle*". On May 29, 2018, A10 followed with an email which stated "*our new board has decided not to proceed with the REtitle acquisition at this time*".

It is very unfortunate that A10 has tied up a potential sale of REtitle for over a year (March 20, 2017 to May 29, 2018), and that the OIC expended their important and valuable resources to accommodate the delays of A10 and the eventual non-performance by A10 in completing the purchase of REtitle.

Respectfully submitted,



David C. Bayley
President
REtitle Insurance Company

Copy to: Dave Jorgensen, OIC
Ron Pastuch, OIC
Dawn Krech, OIC
Rick Hoss, Attorney
Nancy Bayley, REtitle