

# Escrow Commission Meeting Minutes

## April 13, 2011

Attendees:

### Commissioners:

Philip Dryden, Chair  
Patricia Maddux  
Joe Sargent  
Laurie LeMay  
Chariese Adams

### Consumer Services Division Representation:

Deb Bortner, Division Director  
Cindy Fazio, Financial Legal Examiner  
Patrick Woods, Licensing and Administration Program Manager  
James Brusselback, Enforcement Program Manager  
Toby Snider, Examination Supervisor  
Joe Wong, Examination Supervisor  
Ariana Wood, Customer Service Supervisor  
Phil Brady, Financial Legal Examiner  
Elizabeth Hampton, Administrative Assistant

### Guests:

Julie Booth	Selena Fenton
Cyril Zoldak	Stacey Wiley
Jonelle Wheeler	Mary Duncan
Don Brunni	Tom Malone
Amy Titialii	Beth Selsor Foust
Larry Goodman	Mandy Reilly
Norma Syrie	

Meeting Called to Order at 9:10 a.m.

### Approve Minutes from December 16, 2010, Meeting

The December 16, 2010 minutes were approved by all.

## **Licensing Update – Ariana Wood**

Escrow Agent Numbers as of April 12, 2011:

- 115 Main offices (122 reported at December 2010 meeting)
- 16 Branch offices (16 reported at December 2010 meeting)
- 174 Active Escrow Officers (178 reported at December 2010 meeting)
- 102 Inactive Escrow Officers (118 reported at December 2010 meeting)
- 276 Total Escrow Officers (296 reported at December 2010 meeting)

DFI has three companies that are pursuing licensure, 1 recent and 2 older. There are roughly 9 escrow officers pursuing licensure, all older, and one recent application to reactivate license. All companies and escrow officers pursuing licensure have been reviewed and contacted for additional materials. DFI has a few companies and escrow officers that have not been responsive to requests and will need to be abandoned.

## **Examination Report – Joe Wong**

From January 2011 to March 2011, 10 exams were completed.

Average number of violations per exam: 3

Composite Rating	Number of Licensees
1	1
2	4
3	3
4	2
5	0

One Escrow Agent was referred to the Enforcement Unit from a “for cause” examination.

Explanation of examination ratings:

Exam Reports are rated on a 1-5 rating. A rating of 1 is the least amount of violations or findings. Ratings of 4 and 5 are the worst; a 5 rating typically isn't ever rated because at that point there are so many violations and findings the case would be referred to the enforcement unit. A rating of 4 indicates that there were a lot of findings but not sufficient reason to refer to the enforcement unit, typically DFI would go back and do another examination in 6 months or less to make sure that they are in compliance.

### **Common Violations:**

1. Failure to notify the Department of closure (not a common violation but it is the most serious violation cited during this period)

- Two Agents failed to notify the Department of closure
2. Reconveyance Fees
    - Reconveyance holdback not refunded to customer
    - Charging a flat reconveyance fee (e.g. failure to itemize reconveyance vs. tracking)
    - Failure to maintain sufficient documentation to substantiate performance
  3. Failing to maintain accurate records
    - Agent mistakenly posted incorrect dollar amount into system
      - Instances of posting incorrect incoming wire amounts into the trust account system and posting incorrect earnest money amount
  4. Failing to maintain sufficient funds in trust
    - Agent over-disbursed escrow file due to receipting and/or disbursement errors; and;
    - Failure to identify and cure the overdraft in a timely manner
  5. Maintaining month-end reconciliation reports
    - Failure to print and retain all month-end reconciliation reports
      - As part of the month-end reconciliation, Agents are required to keep printed Trial Balance Reports, Receipt Activity Reports, and Check Adjustment and Receipt Adjustment Reports.

### **Enforcement Update – James Brusselback**

James Brusselback provided an Enforcement Update on the last two quarters, October 1 through March 31, 2011.

From October 1 to December 31, 2010, DFI's Enforcement Unit received 20 complaints and closed 24 complaints. For all industries, DFI received 418 complaints and closed 432 during this time period.

### **Enforcement Actions October 1, 2010 to December 31, 2010:**

#### **Statement of Charges (issued in period) – 8**

Precision Settlement Services: 12/15/10 [C-10-315-10-SC01]

Central Escrow Inc.: 12/2/10 [C-10-174-10-SC01]

Investors Title Company: 11/30/10 [C-10-188-10-SC01]

New Millennium Title Group: 11/29/10 [C-10-321-10-SC01]

EscrowQuick Inc.: 11/15/10 [C-10-217-10-SC01]

Champion Escrow LLC dba Reliance Escrow; Kimberly Gonzales: 10/29/10 [C-10-085-10-SC01]

Transtar National Title: 10/19/10 [C-10-295-10-SC01]

Great American Escrow LLC; Christopher Alan Benson: 10/04/10 [C-09-205-09-SC01]

**Consent Order (issued in period) – 7**

Foundation Escrow Company, Inc.: 12/15/10 [C-09-483-10-CO01]

New Millennium Title Group: 12/15/10 [C-10-321-10-CO01]

Douglas A. Huntington: 11/04/10 [C-08-223-10-CO01]

Fidelity National Title Company: 10/26/10 [C-10-265-10-CO01]

Fidelity National Title Agency of Nevada Inc.: 10/26/10 [C-10-266-10-CO01]

Lawyers Title of Nevada Inc.: 10/26/10 [C-10-267-10-CO01]

Trust Title Company: 10/07/10 [C-10-285-10-CO01]

**Final Orders (issued in period) – 1**

Champion Closing LLC; Raymond Alfred Eberth: 11/17/10 [C-08-387-10-FO01]

From January 1 to March 31, 2011, DFI's Enforcement Unit received 23 complaints and closed 21 complaints.

**Enforcement Actions January 1, 2011 to March 31, 2011:**

**Statement of Charges (issued in period) – 5**

Exceptional Escrow Corp.; Catherine Wiseman: 3/18/11 [C-07-190-07-SC02]

Exceptional Escrow Corp.; Kathleen Pace: 3/18/11 [C-07-190-07-SC02]

Coast Cities Escrow: 3/30/11 [C-10-453-11-SC01]

**Consent Order (issued in period) – 1**

Investors Title: 1/21/11 [C-10-188-10-CO01]

### **Final Order (issued in period) – 3**

Champion Escrow LLC dba Reliance Escrow; Kimberly Gonzales: 1-3-11  
[C-10-085-10-FO01]

Precision Settlement Services: 1/25/11 [C-10-315-11-FO01]

Avista Escrow; Lennie Mueller: 1-31-11 [C-08-223-10-FO01]

See DFI's website for more details of these actions:

[http://www.dfi.wa.gov/cs/adminactions\\_2010.htm](http://www.dfi.wa.gov/cs/adminactions_2010.htm)

James Brusselback shared the procedural steps involved with an example case (Avista). He explained the degree of perseverance needed to bring cases to completion. James also noted the important procedural protections in place when actions are pursued. He mentioned this case was just one of the 250 cases in litigation, the over 600 open complaints, and the 300 matters being investigated.

### **Old Business -**

Test Maintenance Update (Cindy Fazio) – On March 23 and 24, DFI staff members and a few of the commission members worked together to complete the annual review and maintenance of the Escrow test. This process was conducted through PearsonVue. The team reviewed the test in its entirety, created new test questions, and discussed the applicability of existing questions. The team will meet one more time to review the test. PearsonVue will provide the test materials to the team in a safe webinar environment. The team will look work on further additions to the test as well as clean up of existing items. The changes to the test will go live in July. The test was reduced from 130 scored test questions to 110 scored questions. The number of pre-test, non-scored questions has increased from 5 to 10.

Deb Bortner thanked the commission members who participated on the test maintenance team. Their input was very useful and it was helpful to have the expertise they provide.

### **New Business-**

In the 2010 legislative session, a provision was adopted in Consumer Loan Act (CLA) that required residential mortgage loan contact collectors to be licensed under the CLA. DFI found out after the law passed that there were a couple of significant words missing from our authority to waive applicability from the CLA provisions. As a result of another piece of legislation going through, we recognized the opportunity to add the words “or servicing” to the CLA to give us the authority that we would like to have to waive applicability for those that have been in this business for a significant period of time.. Tammy Warnke assisted DFI on this a great deal and this was passed. The change will go into effect in June or July.

Patrick Woods shared that a survey was sent out via ListServ in the fall to ask licensees and stakeholders if they would like to see a newsletter and, if so, what type of information they would like to see. The survey results told us that most would like to see a newsletter. The E. Newsletter was created to promote two-way communication between the industries and DFI, and provide education regarding the activity within the industries and the any regulatory changes that occur. The Consumer Services E. Newsletter was sent to all of our licensees and stakeholders on April 8<sup>th</sup>. The newsletter is available on DFI's website or via the ListServ message that was sent.

**Meeting adjourned at 10:10 a.m.**

**You may listen to a recording of the entire meeting at [http://dfi.wa.gov/cs/escrow/escrow\\_commission.htm#audio](http://dfi.wa.gov/cs/escrow/escrow_commission.htm#audio) .**