

# Escrow Commission Meeting Minutes

## July 8, 2010

Attendees:

### **Commissioners:**

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

### **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  
Joepaul Wong, Financial Examiner  
Ariana Wood, Customer Service Supervisor  
Phil Brady, Financial Legal Examiner  
Elizabeth Hampton, Administrative Assistant

### **Guests:**

Tammie Warnke  
Stan Pilon  
Debi Beyerlin  
Lora Lilly  
Don Brunni  
Jenn Newland  
Nancy Mays  
Lila Nees  
Mandy

Meeting Called to Order at 9:00 a.m.

### **Approve Minutes from April 15, 2010, Meeting**

Patti Maddux moved to accept the minutes from the April 15, 2010, meeting with one amendment. Joe Sargent seconded the motion. All were in favor and the minutes were approved as amended.

### **Legislation Update**

Nothing to report at this time.

### **Rulemaking Update**

Phil Brady reported on rulemaking activity. He just received the fourth draft back from the order typing service. There are one or two more changes to make and then a draft will be posted to the website. The next rulemaking meeting will be held on July 13 to review the rules and take additional comments. As soon as we receive our draft back from the order typing service, it will be posted to the website and provided to commissioners. The new rules will be written in question and answer format as we are trying to follow the Governor's Plain Talk Directive on our public documents. Comments can be submitted at any time to Elizabeth Hampton, Cindy Fazio, or Phil Brady. Their contact information is posted on DFI's website.

### **Licensing Update – Ariana Wood**

Escrow Agent Numbers for the Escrow Commission Meeting – July 8, 2010

- 128 Main offices (131 reported at last meeting)
- 17 Branch offices (18 reported at last meeting)
- 192 Active Escrow Officers (197 reported at last meeting)
- 128 Inactive Escrow Officers (127 reported at last meeting)

### **Exam Report – Joepaul Wong**

From April 2010 to June 2010, 7 exams were completed.

Average number of violations per exam: 3

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

## 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.

Escrow Agents referred to the Enforcement Unit: 0

### **Common Violations:**

1. Failing to maintain accurate records
  - Agents posted incorrect dollar amounts into system
    1. Instances of posting incorrect incoming wire amounts into the trust account system and posting incorrect earnest money amounts.
2. Failing to maintain required records
  - Agents failed to retain the endorsement side of cashed checks
    1. Imaged copies of trust account checks should include both the front and endorsed side of the check.
3. Failing to timely submit Quarterly Reports
  - One-day examinations were conducted by the Department for late filers.

Note: Two one-day examinations were conducted during this quarter. Initially, the examiners conducted approximately 20 one-day examinations so we have seen a significant improvement here. One-day examinations cost about \$500.00.
4. Maintaining month-end reconciliation reports
  - Agents failed to print and retain all required month-end reconciliation reports
    1. 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.
5. Failing to identify escrow account name or number on check
  - Trust account checks written by Agents failed to identify the escrow account name or number on the checks.

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

James Brusselback provided an Enforcement Update on the last quarter, April 1 through June 30, 2010.

From April 1, 2010 to June 30, 2010, DFI's Enforcement Unit received 39 complaints and closed 31 complaints. For all industries, DFI received 531 complaints and closed 668 during this time period. As of July 2, 2010, DFI had a total of 710 open complaints for all industries (all numbers provided are approximate).

**Enforcement Actions April 1, 2010 to June 30, 2010:**

**Temporary Order to Cease & Desist (issued in period) - 1**

Avista Escrow Services LLC; Lennie Louise Mueller; Douglas A. Huntington; Scott Thomas Huntington: 04/20/10 [C-08-223-10-TD01]

**Statement of Charges (issued in period) – 3**

Avista Escrow Services LLC: Lennie Louise Mueller; Douglas A. Huntington; Scott Thomas Huntington: 04/20/10 [Amended Statement of Charges C-08-223-10-SC02]

Foundation Escrow Company Inc: 04/05/10 [C-09-483-10-SC01]

Real Estate Title Services LLC: 06/23/10 [C-10-017-10-SC01]

**Consent Order (issued in period) – 2**

Security Title Agency Inc: 04/27/10 [C-10-031-10-SC01]

Great American Title Agency Inc: 04/22/10 [C-01-073-10-SC01]

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

Red King Corporation; Eve Marie Manalo; Henry Garcia Jose: 04/27/10 [C-09-224-10-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)

**Old Business -**

Escrow Test - DFI was able to get the remainder of the 30 test questions included in the escrow test. The new test that includes these questions will roll-out in August.

PearsonVue is in the process of converting to limited testing. Test dates and hours will be reduced at each location. Wenatchee will be removed from the testing schedule altogether.

**Meeting adjourned at 10:08 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) .**