

Escrow Commission Meeting Minutes October 19, 2011

Attendees:

Commissioners:

Philip Dryden, Chair
Patricia Maddux
Joe Sargent
Laurie LeMay

Consumer Services Division Representation:

Deb Bortner, Division Director
Cindy Fazio, Financial Legal Examiner
Patrick Woods, Licensing and Administration Program Manager
Joseph Downing, Examination Program Manager
Fatima Batie, Enforcement Financial Legal Examiner Supervisor
Joe Wong, Examination Supervisor
Ariana Wood, Customer Service Supervisor
Elizabeth Hampton, Administrative Assistant

Guests:

Julie Booth	Cyril Zoldak
Lora Lily	Beth Selsor Foust
Norma Syrie	CLS Escrow
Jonelle Wheeler	

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

Approve Minutes from April 13, 2011, Meeting

The April 13, 2011 minutes were approved by all.

Legislative Update – Deb Bortner

The Consumer Financial Protection Bureau (CFPB) will not set up a separate registration system for those licensees that are already on or are going to get onto the NMLS. Mortgage Brokers and Mortgage Bankers are currently in the NMLS and DFI is asking that licensees from the other industries join the NMLS. Participation would be voluntary at first. Licensing through the NMLS will assist in making the process more streamlined

and less time consuming for those licensees that operate in multiple states. DFI is seeking a legislative amendment for this authority.

The Escrow Association is going to propose legislation that adds a sentence that will allow escrow agents that perform contract collections to continue to do so under the EARA. One provision, also added to the CLA, will exempt companies licensed under RCW 18.44 from having to license under both the CLA and EARA. There is concern that residential mortgage lenders and their servicing arms will seek licensing under the EARA; DFI staff will contact Tammie Warnke about the language.

Licensing Update – Ariana Wood

Escrow Agent Numbers as of October 18, 2011:

- 99 Main offices (115 reported at April 2011 meeting)
- 14 Branch offices (16 reported at April 2011 meeting)
- 150 Active Escrow Officers (174 reported at April 2011 meeting)
- 109 Inactive Escrow Officers (102 reported at April 2011 meeting)
- 259 Total Escrow Officers (276 reported at April 2011 meeting)

We currently have 3 companies that are in a pending application status and still responding to requests for materials.

Examination Report – Joseph Downing

From July 2011 to September 2011, 7 exams were completed.

- 3 Exams completed in July
- 2 Exams completed in August
- 2 Exams completed in Sept

Average number of violations per exam: 3

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

One Examination was a closure examination and one examination was a limited scope examination conducted at the request of the Enforcement Unit. A column will be added to the above report showing average hours/exam. This column will show whether there is a correlation between Composite rating and exam hours expended.

Common Violations

1. Failure to perform all duties expeditiously
 - Old escrow accounts with funds on balance
 - Outstanding checks that qualify as unclaimed property
 - Failure to clear month-end adjustment items in a timely manner
2. Failure to maintain accurate records
 - Posting incorrect dollar amounts into system
3. Failure to maintain sufficient funds in trust
 - Agent over-disbursed due to receipting and/or disbursement errors; and
 - Failure to identify and cure the overdraw in a timely manner
4. Failure to maintain all month-end reconciliation reports
 - Failure to retain all required 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.
 - Failure to maintain voided instruments

Enforcement Update – Fatima Batie

Fatima Batie provided an Enforcement Update on the last quarter, April 1, 2011 through October 14, 2011.

From April 1 to October 14, 2010, DFI's Enforcement Unit received 41 complaints. Allegations include:

- Unlicensed activity
- Continuously changing amount due at closing
- Not disbursing funds correctly
- Many errors in closing documents
- Inaccurate property taxes in documents
- Disbursing funds without approval
- Taking too long to close

Enforcement Actions April 1, 2011 to October 14, 2011:

Statement of Charges (issued in period) – 2

Nations Title Agency: 9/16/11 [C-10-325-11-SC01]

Larson Escrow Services: 8/31/11 [C-11-0587-11-SC01]

Consent Orders (issued in period) – 4

Central Escrow Inc: 4/12/11 [C-10-174-10-CO01]
EscrowQuick, Inc.: 8/15/11 [C-10-327-11-CO01]
TranStar National Title: 8/18/11 [C-10-295-11-CO01]
Coast Cities Escrow: 7/11/11 [C-10-453-11-CO01]

See DFI's website for more details of these actions:
http://www.dfi.wa.gov/cs/adminactions_2011.htm

Old Business –

Nothing to report.

New Business-

The Commission currently has four commissioners and the statute requires five. DFI will send the escrow agent listserv a notification of the opening along with the application. This will not have a closing date and will remain open until filled. DFI hopes to appoint the new commissioner prior to the next commission meeting in January 2012.

DFI will schedule three commission meetings for 2012 and send notifications to the commissioners and post the dates on the Escrow Commission website.

Meeting adjourned at 9:39 a.m.

You may listen to a recording of the entire meeting at
http://dfi.wa.gov/cs/escrow/escrow_commission.htm#audio .