

Escrow Committee Meeting Minutes January 14, 2016

Attendees:

Committee Members Present:

Philip Dryden, Chair
Laurie LeMay
Susan Berry
Angela Kosoff

Consumer Services Division Representation:

Charles Clark, Division Director
Cindy Fazio, Chief of Regulatory Affairs
Joepaul Wong, Financial Examiner
Dawn Woolery, Licensing Management Analyst
Lorenda Lillard, Licensing Program Manager
Steven Sherman, Enforcement Program Manager
Crystal Craig, Webinar Facilitator
Ellen Daly, Webinar Facilitator

Guests:

**Guest list as generated by the webinar program – may not be complete.*

Brian Stein	Larry Goodman
Jan O'Neil	Scott
Kae McDonnell	Shalini
Lora Lilly	Tammie Warnke

Meeting Called to Order at 9:03 a.m.

Welcome

Approve Minutes from October 15, 2015 Meeting

The October 15, 2015 meeting minutes have been approved.

Rules Update

The rules were not posted to website by year end, but will be posted soon.

The Information Security rules include:

- Proper records disposal
- General statement about complying with the Gramm–Leach–Bliley Act
- Notice of potential need to comply with State law 19.255
- Business resumption plan

The TRID (TILA-RESPA Integrated Disclosure) amendments update the rules to be consistent with the nomenclature for the loan estimate and closing disclosure

With section 425 – a technical issue with no substantive changes. The DEO or other principal officer will be able to attest to the Quarterly report.

Regarding the Trust account rules in Section 410: two rules talk about unclaimed property. One is a specific prohibition against pooling funds and making one movement of them to DOR. Further discussion of these rules and how to also comply with Chapter 63.129 RCW.

Cindy Fazio and Joe Wong will work together on language and get this into rules.

Question regarding the definition of consummation: The working group didn't complete this project. No, will not be a definition of consummation in the Act.

Regarding the SHB 1730 amendments to the handling of earnest money, codified at 64.04.220 - because there is no definition of "demand" it would be helpful to have some rules. Cindy will work on that.

Legislative Update

This is a short session this year. DFI is running more of a technical bill in Securities area.

Consumer Services is looking to renew the Mortgage Lending Fraud Prosecution Account (\$1 from each deed of trust goes into this account to reimburse county prosecutors in mortgage fraud cases). DFI is asking for renewal of this fund for 5 years, to June 2021.

There is a hearing today on the bill - SB 6282.

Licensing Update

Escrow Agent Numbers as of December 29, 2015:

- 65 Main offices (66 reported at October 2015 meeting)
- 8 Branch offices (7 reported at October 2015 meeting)
- 91 Active Escrow Officers (93 reported at October 2015 meeting)
- 51 Inactive Escrow Officers (46 reported at October 2015 meeting)
- 142 Total Escrow Officers (139 reported at October 2015 meeting)

Examinations Update

Exams completed as of December 31, 2015:

- 1 Exam completed in October
 - 3 Exams completed in November
 - 2 Exams completed in December
- } 6 Exams Completed from
October 2015 – December 2015

Average number of violations per exam: 2

Common Violations

1. Failed to properly administer outstanding instruments

Four Escrow Agents were cited for failing to clear overdue or stale-dated outstanding checks.

As a reminder, Escrow checks must be cleared within 90 days or be sent to DOR Unclaimed Property. The 2 easiest ways to ensure compliance are to:

- 1) Send a due diligence letter to recipient requesting they deposit check or return stale dated check
- 2) Continuously void and reissued checks as needed.

Outstanding checks best practices article will be in next DFI Consumer Services newsletter

Enforcement Update

From October 1, 2015 – December 31, 2015, DFI's Enforcement Unit received 10 complaints and closed 10 complaints.

Investigations

Investigations – Pending (EARA only) 11

Investigations – Closed in Period (all industries) 10

Statement of Charges (issued in period) – 0

Consent Orders (issued in period) – 0

Criminal Referrals - 0

Final Orders – 0

Civil Actions - 0

Old Business

None.

New Business

None.

Meeting adjourned at 9:25 a.m.

You may listen to a recording of the entire meeting at:

<http://dfi.wa.gov/escrow-agents/committee>