

Escrow Committee Meeting Minutes October 15, 2015

Attendees:

Committee Members Present:

Philip Dryden, Chair
Laurie LeMay
Patricia Maddux

Consumer Services Division Representation:

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

Guests:

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

Beth Foust	Shalini	Larry Goldman
Summer Stahl	Mary Duncan	Raymond Hagan
Tammie Warnke	Cyril Zoldak	Rachelle Johnson
Kim Scharf	Susan Monroe	Lora Lilly
Janna Lee	CS Licensing	

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

Welcome

Phil Dryden announced Susan Berry of Des Moines Escrow as the newest Committee Member. She will be joining us at the next Committee Meeting.

Approve Minutes from April 16th Meeting

The April 16, 2015 meeting minutes have been approved.

Approve Minutes from July 15th Meeting

The July 15, 2015 meeting minutes have been approved.

Rules Update

DFI's rulemaking process has been pushed into next year. We first anticipated the rulemaking process would be completed by the end of the year but for various reasons have now extended the process so that rules will become effective approximately May 1, 2016. At the July meeting we indicated the rulemaking would include language about the currently existing requirement that licensees comply with certain federal regulations on information security. Some other issues have come up, one in particular, dealing with handling funds that qualify as unclaimed property. We plan to have draft rules posted to our website by the end of the year with the CR-102 filing occurring in February.

Licensing Update

Escrow Agent Numbers as of October 15, 2015:

- 66 Main offices (69 reported at July 2015 meeting)
- 7 Branch offices (7 reported at July 2015 meeting)
- 93 Active Escrow Officers (93 reported at July 2015 meeting)
- 46 Inactive Escrow Officers (57 reported at July 2015 meeting)
- 139 Total Escrow Officers (150 reported at July 2015 meeting)

Examinations Update

Exams completed as of October 15, 2015:

- 1 Exams completed in July
 - 2 Exams completed in August
 - 4 Exams completed in September
- } 9 Exams Completed from
July 2015 – September 2015

Average number of violations per exam: 3

Common Violations

1. Overdrawn Escrow Accounts

Three Escrow Agents were cited for failing to prevent individual escrow account overdrafts. It was a repeat finding for two of the three Escrow Agents.

2. Failed to properly administer outstanding instruments

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

- How will examinations reviews stale-date checks?

Examinations will review the June 2015 month-end outstanding checks list to determine the compliance with the Uniform Unclaimed Property Act.

- How will examinations review overdue checks?

Examinations will review the most recently completed outstanding checks list to verify the Agent is properly administering checks outstanding greater than 90 days.

Enforcement Update

From July 1, 2015 – September 30, 2015, DFI's Enforcement Unit received 7 complaints and closed 3 complaints.

Investigations

Investigations – Pending (EARA only) 11

Investigations – Closed in Period (all industries) 16

Statement of Charges (issued in period) – 0

Consent Orders (issued in period) – 3

- Corner Escrow, Inc. and Kimberly M. Diaz, 09/30/2015 [C-15-1657-15-CO01]
- Mortgage Connect, LP, 08/25/2015 [C-15-1622-15-CO01]
- Community Escrow Inc. and Jacqueline H. Kimzey, 08/27/2015 [C-13-1295-15-CO01]

Temporary Cease and Desist – 1

- Barrett Escrow, Inc. and Jenny A. Barrett, 09/22/2015 [C-12-0938-15-TD02]

Criminal Referrals – 0

Final Orders – 0

Civil Actions (injunction, enforce subpoena) – 0

Old Business

None.

New Business

Charlie discussed the agency's request legislation for the upcoming session. We are seeking to extend the Mortgage Lending Fraud Prosecution Account that expires on June 30, 2016. We will seek a 5 year extension to 2021. This is the important account that funds criminal prosecutions in the Mortgage Industry. During last session we amended the definition of mortgage lending process to capture more activity that could be prosecuted as fraud.

Phil Dryden requested two articles for the newsletter. The 90 day due diligence requirement for stale dated checks and an article for the need for a succession plan.

Dawn Woolery announced that Escrow Agent renewal notices were sent out this week. If you haven't received them by November 1st, please contact the Consumer Services Licensing Unit at 360-902-8703 or e-mail dcsl@dfi.wa.gov.

Meeting adjourned at 9:23 a.m.

You may listen to a recording of the entire meeting at:
<http://dfi.wa.gov/escrow-agents/committee>