

Escrow Committee Meeting Minutes

April 20, 2016

Attendees:

Committee Members Present:

Philip Dryden, Chair
Laurie LeMay
Susan Berry
Patricia Maddux
Angela Kosoff

Consumer Services Division Representation:

Charles Clark, Division Director
Cindy Fazio, Chief of Regulatory Affairs
Lorenda Lillard, Licensing Program Manager
Rick St. Onge, Examinations Program Manager
Steven Sherman, Enforcement Program Manager
Alan Leingang, Examinations Supervisor
Joepaul Wong, Financial Examiner
Devon Phelps, Financial Legal Examiner
Dawn Woolery, Licensing Management Analyst
Ellen Daly, Webinar Facilitator

Guests:

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

Corrine Johnson	Kay Oliver	Michele McGhuey
Lora Lilly	Diane	Kae McDonnell
Cyril Zoldak	Jonelle	Shirley Burrell
Shalini	Cindy	
Janice O'Neil		

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

Welcome

Approve Minutes from January 14, 2016 Meeting

The January 14, 2016 meeting minutes have been approved.

Rules Update

Rules adopted March 30, 2016 will be effective April 30, 2016. The only change was a corrected technical error regarding Gramm Leach Bliley. The updated rules are available on the DFI website, and expect to be codified within the next 2 months.

In answer to a question about if DFI is planning any other rule changes, no specific TRID (TILA-RESPA Integrated Disclosure) changes in the works, other acts have adopted a generic TRID to generalize the use of the terms Good Faith Estimate and Settlement Statement. Discussion among the group about whether the Settlement Statement still needs to be included in transactions. Per Joepaul Wong, exams have shown both documents still in the file. The Closing Disclosure is not the new Settlement Statement; the Settlement Statement is still needed to explain variances.

Legislative Update

Consumer Services requested legislation 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). Bill 6282 was signed into law by the Governor and is in effect for 5 years, until June 2021.

Licensing Update

Escrow Agent Numbers as of March 31, 2016:

- 60 Main offices (65 reported at January 2016 meeting)
- 6 Branch offices (8 reported at January 2016 meeting)
- 88 Active Escrow Officers (91 reported at January 2016 meeting)
- 55 Inactive Escrow Officers (51 reported at January 2016 meeting)
- 143 Total Escrow Officers (142 reported at January 2016 meeting)

Examinations Update

Exams completed as of March 31, 2016:

- 3 Exams completed in January
 - 3 Exams completed in February
 - 4 Exams completed in March
- } 10 Exams Completed from
January – March 2016

Average number of violations per exam: 3

Common Violations

1. Failed to properly administer outstanding instruments

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

2. Failed to maintain trust account records

- a. Four Escrow Agents were cited for failing to maintain required reconciliation reports.
- b. Three Escrow Agents were cited for failing to maintain reconciliation reports that list the escrow transaction numbers.
- c. Three Escrow Agents were cited for failing to obtain the endorsement-side of imaged trust account checks.

Exams are now being conducted on Contract Collection companies, which are having their first round of exams.

Exams recently reported a buyer was a victim of wire fraud through a phishing email scam, whereby the buyer was notified to wire the purchase funds to an unknown bank. The email appeared to be from a company/person the buyer was familiar with.

As business owners, remember to be aware of the complexity of fraudsters.

- Include fraud warnings in all your email texts
- Notify clients to call you if they see anything suspicious or have questions about the wiring instructions, and to check with the Escrow closer when they receive wiring instructions to ensure they're valid
- Work with the lenders involved to specify account restrictions.

DFI issued a Consumer Alert regarding this type of wire fraud:

<http://www.dfi.wa.gov/consumer/alerts/top-legal-advocates-possible-wire-fraud-scam>

Enforcement Update

From January 1 – March 31, 2016, DFI's Enforcement Unit received 16 complaints and closed 16 complaints, all regarding unlicensed Escrow activity.

Investigations

Investigations – Pending (EARA only) 9

Investigations – Closed in Period (all industries) 33

Statements of Charges (issued in period) – 0

Consent Orders (issued in period) – 3

These Consent Orders are available on the DFI website at:

<http://www.dfi.wa.gov/laws-enforcement/dfi-enforcement-actions>

- Simplex Escrow, Inc. and Anh Hoang 2/25/2016 [C-15-1692-16-CO01]
- Title365 Co. 1/28/2016 [C-15-1749-15-CO01]
- Pinnacle Northwest Escrow, LLC and Michele J. Roberts 2/29/2016 [C-15-1778-16-CO01]

Criminal Referrals - 0

Final Orders – 0

Civil Actions - 0

Old Business

None.

New Business

The OIC has proposed they may adopt DFI's standards regarding Escrow Title companies. DFI and the OIC met several times over the past 2 years. DFI would not have authority over this industry.

Meeting adjourned at 9:33 a.m.

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

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