

Escrow Committee Meeting Minutes October 19, 2016

Attendees:

Committee Members Present:

Philip Dryden, Chair
Laurie LeMay
Susan Berry
Patricia Maddux

Consumer Services Division Representation:

Cindy Fazio, Chief of Regulatory Affairs
Lorenda Lillard, Licensing Program Manager
Steven Sherman, Enforcement Program Manager
Rick St. Onge, Examinations Program Manager
Devon Phelps, Financial Legal Examiner
Ellen Daly, Webinar Facilitator

Guests:

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

Tammie Warnke	Patricia Kirk
Alga	Robson
Cyril Zoldak	Kay Oliver
Peter Stevens	Shalini Chhabra
Michele McGhuey	Mark Kimber

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

Welcome

Phil noted the retirement of Scott Jarvis. He said the Committee appreciated Scott's support over the years and wished him well in his retirement.

Approve Minutes from July 14, 2016 Meeting

By a motion, second, and vote the July 14, 2016 meeting minutes are approved.

Licensing Update

Escrow Agent Numbers as of September 30, 2016:

- 58 Main offices (60 reported at July 2016 meeting)
- 9 Branch offices (9 reported at July 2016 meeting)
- 88 Active Escrow Officers (90 reported at July 2016 meeting)
- 59 Inactive Escrow Officers (55 reported at July 2016 meeting)
- 147 Total Escrow Officers (145 reported at July 2016 meeting)

Escrow renewal mailing sent October 14, 2016. Contact at DFI for the time being is Kari Jacobson.

Examinations Update

Exams completed as of September 30, 2016:

- 3 Exams completed in July
 - 5 Exams completed in August
 - 2 Exams completed in September
- } 10 Exams Completed from
July – September 2016

Common Violations

Overdue outstanding checks

Escrow Agents must take appropriate action prior to an outstanding check aging greater than 90 days (e.g. remit a due diligence letter to the payee when the outstanding check reaches 60 days outstanding).

Internal Routine and Control Recommendations

Please note the following findings are related to EARA requirements that became effective April 30, 2016. As the requirements are new, the Department granted the Agents a one-time exception and cited the findings as Internal Routine and Control recommendations instead of violations conditional on management agreeing to timely implement corrective action(s).

1. Information security plan

Per WAC 208-680-532, the Agent must implement a written information security plan tailored to its specific business model ensuring reasonable measures have been implemented to protect sensitive consumer information. At a minimum, the plan must:

- a. Designate an information security plan coordinator
- b. Identify security risks
- c. Detail safeguards implemented to mitigate the aforementioned risks

- d. Be evaluated on an annual basis
- 2. Business resumption plan

Per WAC 208-680-538, the Agent must have a written business resumption plan detailing the Agent's response to and recovery of any event that results in the destruction to or damage of its books and records. The plan may also address other issues such as what actions will be taken if the DEO is unable to fulfill her or his duties for an extended period of time.

Enforcement Update

From July 1 – September 30, 2016, DFI's Enforcement Unit received 3 complaints and closed 10 complaints.

Investigations

Investigations – Pending (EARA only) 13

Investigations – Open (all industries) 175

No Escrow Act orders issued in this period.

Old Business

Following up with a July item regarding an increasing amount of title companies not getting their recording done promptly or waiting until late in the business day to process. This holds up client's ability to move into their homes as Escrow Agents can't pay out disbursements until the recording is filed.

Susan Berry described how King County's e-recording program will probably resolve this issue. Susan is following that process and will report back to the Committee on it.

New Business

2017 Escrow webinar dates and times presented. All were approved by the committee and webinar information will be provided.

Thursday, January 12, 2017 9 a.m.

Thursday, April 13, 2017 9 a.m.

Tuesday, July 11, 2017 9 a.m.

Thursday, October 12, 2017 9 a.m.

Phil asked a question about the Rulemaking process and proposal for WAC 208-08. These are the rules that DFI uses in adjudicative processes. The Agency's Rulemaking Docket can be found at:

http://www.dfi.wa.gov/cs/current_rulemaking.htm

DFI will host a Pre CR-102 meeting via webinar November 15. The CR-102 is not anticipated to be filed until next spring.

Meeting adjourned at 9:26 a.m.

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