

Escrow Committee Meeting Minutes

October 22, 2019

Attendees:

Committee Members Present:

Philip Dryden
Laurie LeMay
Susan Berry
Aubryum M Drugge

Consumer Services Division Representation:

Rick St. Onge, Acting Director of Consumer Services
Cindy Fazio, Chief of Regulatory Affairs
Anya Tabb, Acting Chief of Examinations
Deborah Taellious, Licensing Chief
Alan Leingang, Examinations Supervisor
Joe Wong, Examinations Supervisor
Charles Moore, Licensing Supervisor
Michele Gill, Webinar Facilitator

Guests:

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

Tamera Anderson
Michele McGhuey

Meeting Called to Order at 10:00 a.m.

Welcome

Quorum met, July 2019 minutes were approved

Licensing Update

Escrow Agent Numbers as of September 30, 2019:

- 63 Main Offices (63 reported at July 2019 meeting)
- 9 Branch offices (11 reported at July 2019 meeting)
- 84 Active Escrow Officers (86 reported at July 2019 meeting)
- 26 Inactive Escrow officers (26 reported at July 2019 meeting)
- 110 Total Escrow Officers (110 reported at July 2019 meeting)

Examinations Update

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

10 Exams completed from July-Sept. 2019
Average number of violations per exam: 0

Common Violations

No common violations for Q3 2019

Discussion Point

2 Internal Routine and control recommendations (IRC's) and not a violation at first, but cited at best practice recommendation. The first one was Information Security Program (ISP) best practices: ISP Version Control Guidelines.

The second was Required Records. Original voided checks and receipts must be retained. Essentially everything else can be maintained electronically, but the voided instruments will remain an area of risk, regardless of the system used. A primary purpose being as most systems are developed as escrow and accounting systems, so unfortunately, there are ways to circumvent the system fraud deterrent tools regarding voided instruments and requiring original voided instruments may help deter prohibited activity.

Enforcement Update

From July to September 2019, Enforcement received 5 Escrow complaints and closed 4.

Investigations:

Investigations – Open (EARA only) 6

Investigations – Open (All Industries) 88

Enforcement Actions—EARA

Statement of Charges (Issued in Period) 2

Consent Orders (Issued in period) 0

Criminal Referrals 0

Final Orders (issued in period) 4

Civil Actions: (injunction, enforce subpoena) 0

Temporary Cease and Desist: 0

Old Business

At the July 2019 meeting, DFI alluded to Plan B for transitioning Escrow to NMLS Functionality. We are looking at February 1, 2020, to allow this to happen. We are looking to allow a voluntary soft transition to occur through 2020 with the expectation of writing rules throughout the year, with an effective date of October 31, 2020. This is the day before the renewal period to get onto NMLS for the following year of 2021. With the expectation that with the statutory authority and director discretion, we will choose January 1, 2021, to require licensees to be on NMLS. The plan is still to incentivize the voluntary transition to NMLS, by waiving DFI fees, NMLS fees would still be required, but is much less than the current renewal fee.

As February gets closer, DFI will be disseminating information and provide training to both industry and our staff including messaging to the industry as a whole.

New Business

OIC has a rulemaking meeting that affects title companies November 15th at 9am for those interested. Rick reached out to the committee to see if the format and forum still fits the needs of the Escrow committee. At this time all needs are met, and no changes were requested.

Meeting Adjourned at 10:19 a.m.

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