

The Escrow Commission met on April 5, 2004 at HiLine Community College for a morning open session. Commissioners in attendance were Phil Dryden, Dennis Daus, La Rae Young, and Stan Pilon. 9 industry guests were present. Members of the DFI in attendance were Deborah Bortner, Michael Stevenson, Greg Toms, Kelli Skeels, and Rhonda Caldwell

**Proposed Rule Changes:** CR-102's will be filed soon for rule changes proposing mandated quarterly reporting and the addition of language to define "acceptable securities" and "unfair and deceptive practices". After they are filed they will be posted to the state register and sent to registrants and interested parties. Comments can be submitted and a hearing will be scheduled. (For full details see Feb 2004 Report)

A Small Business Economic Impact Study will be conducted *before* the CR 102 is filed to propose the charging of examination and investigation fees and expenses. A survey will be coming out to all licensees within the next five weeks to gather information needed for the Impact Statement.

**Privacy Policy:** Securities received an inquiry regarding the privacy protection act. Greg Toms referenced language that requires financial institutions to provide all clients a copy of their privacy policy. Escrow Companies fall under the federal act as they are defined under financial institutions and therefore are required to provide the disclosure.

**Excise Interpretive Letter:** Greg Toms contacted the Department of Revenue to discuss excise tax reimbursements and whether they were subject to B & O taxes. The response was B & O tax liability follows the excise tax liability. Agents are encouraged to obtain an official opinion of their specific situation by sending a written request to:

Department of Revenue Taxpayer Information and Education P O Box 47478  
Olympia, WA 98504-7478

**Interpretive Statement on Real Estate Commissions:** Greg Toms provided copies of a redrafted Interpretive Statement on real estate commissions. There had been concern over a prior version that required the approval of all parties when there was a change made to the commission percentages. DFI will view only the parties paying or receiving the real estate commission, as the "parties to the transaction" for purposes of requiring the escrow agent to obtain written approval of changes to the escrow commission.

**Quarterly Report Update:** Greg Toms provided copies of the latest draft of the quarterly report form. Once it is finalized it will be sent to all registered agents. The issue of privacy was raised. Securities will consider making the fees and earnings information voluntary until it is protected.

**Enforcement:** As of September 2003, 34 new Escrow related complaints. Currently working on 16 open investigations, the majority of these are complaints from consumers who were unhappy with their Escrow agent. Half of these do not involve violations. Commission Vacancy: Deborah Bortner announced the appointment of Stan Pilon for a 5 year term to the Escrow Commission.

**New Business:** Commissioner Pilon brought up Reconveyance and Tracking fees that are being charged by escrow agents, and his concern that they seldom provide the service. \$85 - \$100 is the average charge.

**Available for Meetings:** Members of the Securities Division are available for speaking engagements.

**RENEW your escrow license on the WEB:** To renew your license within minutes, access DFI website [www.dfi.wa.gov](http://www.dfi.wa.gov) and use your Credit card to renew, then immediately print out your new license at your desk. Commissioner Daugs used the web site to renew his license and reported it worked great.

**The Next Commission Meeting is on July 13, 2004.**

**Sharon Holman Commissioner**