

HOUSE BILL REPORT

HB 1348

As Reported By House Committee On:

Financial Institutions & Insurance

Title: An act relating to the regulation of escrow agents.

Brief Description: Regulating escrow agents.

Sponsors: Representatives L. Thomas, Cole, Fuhrman and Wolfe; by request of Department of Licensing.

Brief History:

Committee Activity:

Financial Institutions & Insurance: 1/30/95, 2/1/95 [DPS].

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 13 members: Representatives L. Thomas, Chairman; Beeksma, Vice Chairman; Smith, Vice Chairman; Wolfe, Ranking Minority Member; Campbell, Assistant Ranking Minority Member; Benton; Costa; Dellwo; Dyer; Huff; Kessler; Mielke and Pelesky.

Staff: Charlie Gavigan (786-7340).

Background: Escrow agents close real property transactions, acting as neutral third parties to effectuate the sale or transfer of real property between buyers and sellers. Escrow agents are certified by the Department of Licensing. Escrow agents must be supervised by an escrow officer, who is licensed by the Department of Licensing. Escrow agents must comply with other statutory requirements, such as obtaining a fidelity bond and an errors and omissions policy.

The Escrow Commission, comprised of the director of the Department of Licensing and five members from the escrow industry appointed by the Governor, advises the Department of Licensing regarding the needs and regulation of the escrow profession.

Summary of Substitute Bill: Regulation of escrow agents and officers is transferred from the Department of Licensing to the Department of Financial Institutions. The director of the Department of Financial Institutions, rather than the Governor, appoints the industry representatives of the Escrow Commission. Reports required to

be furnished to the Department of Financial Institutions include reports from escrow companies and agents, securities brokers and dealers, and registered investment advisors.

The Department of Financial Institutions' Banking Examination Fund includes fees received for examination and regulation of mortgage brokers and escrow agents.

Substitute Bill Compared to Original Bill: The fees paid by escrow agents are deposited into the Banking Examination Fund rather than the general fund. An emergency clause is added that makes the effective date of the act July, 1, 1995.

Appropriation: None.

Fiscal Note: Requested January 24, 1995.

Effective Date of Substitute Bill: This bill contains an emergency clause and takes effect July 1, 1995.

Testimony For: The bill makes regulation of escrow agents more efficient.

Testimony Against: None.

Testified: Michael C. Collins, Department of Licensing (pro); John Bley, Department of Financial Institutions (pro); Ted Grimes, Escrow Association of Washington (pro); and Dennis Daug, Escrow Association of Washington (pro).