

**ESCROW ADVISORY COMMITTEE MEETING**  
**December 13, 2016 Minutes**

**Department of Business Oversight Represented By:**

Richard Malme, Special Administrator  
Kathleen Partin, Supervising Examiner  
Ann Davila, Corporation Examiner

**Committee Members Present:**

Nancy Silberberg, Altus Escrow Inc., Chairperson EIC\*\*  
Jeff Behm, Behm and Company, An Accountancy Corp. - CPA  
Dee Anna Pope, Hallmark Escrow, Vice Chairperson EAFC\*  
Dave Brooks, Seright Escrow - Small Business  
Juliana Tu, Business Specialization - Viva Escrow!  
Laura Ghosn, Medium Sized Company - Pickford Escrow Company, Inc.  
Alma Rushing, Other Business Ownership – Orange Coast Title Company  
JoAnne Belanger, Small Business – The Escrow Service, Inc.  
Jennifer Felten, RELAW, APC - Attorney  
Bill Nelson, Chairperson, EAFC\*

\*EAFC – Escrow Agents’ Fidelity Corporation

\*\*EIC – Escrow Institute of California

**1. Opening Remarks**

Richard Malme opened the meeting by apologizing for the late cancellation of the Roundtable Meeting. He explained that the Commissioner had a conflict in her schedule. The meeting is now tentatively scheduled for February 2, 2017. Richard also stated that both Ed Gil and Chuck Lilly send their apologies for not being at today’s meeting. Richard then asked that the phone participants introduce themselves.

**2. Review and Approval of the Minutes of Last Meeting**

Nancy Silberberg pointed out corrections required to the prior minutes; namely the spelling of her name in item 4a. as well as “CNBA” needed to be changed to “CMBA” and the heading for item 4.b. to be changed to “Website Information”. Richard Malme then asked if he could have a motion to approve the minutes of September 13, 2016. Nancy Silberberg made a motion to have the minutes approved. The motion was seconded by Dave Brooks and the minutes were approved.

### **3. Rulemaking Update Section 1741.5**

This is still under review by Legal and hopefully the final version of the language will be out for review in the first quarter. For now, the Department will continue to accept the traditional format and also the “agreed upon procedures” format as long as it includes all items required under section 1741.5. Jeff Behm asked if the comment period could be extended until April 30 due to the busy tax season. Richard stated that depending on when the public comment period is scheduled, that that could be taken into consideration.

Regarding leases (as they pertain to sections 1740.2 and 1740.3) and excluding lease obligations, the matter is still pending with legal. It is anticipated that the Department will be addressing the leasing issue in mid-year of next year.

### **4. Topics for Discussion**

#### **a. Task force of Escrow and DBO lenders roundtable**

Nancy Silberberg is in communication with Susan Millazo of CMBA to set the date which should be sometime in January for the next industry to industry meeting.

#### **b. Lender TRID Platforms, required costs, and other user charges**

Fees charged by outside vetting companies, were considered “pay to play” and the Commissioner took action against this. Richard stated that the Department did not have jurisdiction to prohibit a lender from charging a fee to closing agents, or any other vendor. Members of the committee still voiced their concerns in having to pay these lender charges.

### **5. New Business**

Richard stated that when cases are referred to Enforcement for section 17420 kickback violations, Escrow will recommend to Enforcement that we forward our case findings regarding broker violators to the BRE. It is illegal for a broker to receive a fee, just as it is illegal for an escrow company to pay a fee.

The issue of how BRE companies using escrow company names and incorporating and not using the broker name was brought up. Kathleen Partin stated that she had previously talked to BRE about this. Jennifer Felten stated that incorporating their escrow companies is a violation. Kathy asked that known examples of this be sent to her.

### **6. Enforcement Actions and Licensing Update**

Richard referred the group to the handout that had been distributed that listed 5 companies and gave a summary of the violations. Richard also went over the licensing

statistics. Main locations are roughly the same as last year, but total licensed locations are up from last year. The industry continues to grow.

## **7. Public Comments**

Nancy Silberberg expressed disappointment at not being able to meet with the Commissioner, and wanted to know if the new Roundtable date was set. The tentative date is February 2, 2017 from 1:30 to 3:30 in the Sacramento office on the 2<sup>nd</sup> floor. Richard stated that any concerns on the date or time should be addressed to Chuck Lilly. Richard also stated that now would be the time to submit agenda items to Chuck Lilly. Emails for agenda items should be sent to Chuck, Richard and Kathy.

Richard stated that the Department continues to get reports of hacking about one per month, and that popular time for hacking is end of December and early January. Jennifer Felten stated that companies need to talk to the bank and inform the bank that it is a fraud and not just a wire recall. It is important to act timely.

## **8. Closing Remarks**

Richard thanked all for coming. The meeting adjourned at 11:10 a.m. The next meeting is tentatively scheduled for Tuesday, March 14, 2017.