



State of Washington

DEPARTMENT OF FINANCIAL INSTITUTIONS

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Summary of Escrow Agent Registration Act Regulations

Provided below is an overview of the regulations you must comply with when holding an escrow agent license in the state of Washington. This is not intended to be a comprehensive list of all applicable rules and regulations, but is meant to give licensees an idea of the many aspects of compliance which are expected under this license type.

All licensees must know and comply with the law, RCW 18.44, and the rules that implement that law, WAC 208-680. Please read these requirements.

- ❖ For the requirements relating to the escrow officer test, please take note of WAC 208-680-145.
 - An applicant must pass the escrow officer test no more than one year before initial application for a license. Tests are administered by a third-party company and given at least annually. Information about test procedures and dates are on the department's web site.
 - The test is not required if the escrow agent is only providing contract collection services or escrow services for personal property transactions. However, the escrow officer cannot hold themselves out as able to provide escrow services for residential mortgage transactions and is still subject to all other provisions of the Act.
- ❖ For information about the designated escrow officer, please take note of WAC 208-680-174, 208-680-175, 208-680-176, 208-680-180, 208-680-185, and 208-680-195.
 - Designated escrow officers (DEOs) are responsible for the custody, safety, and accuracy of entries in escrow records and the supervision of escrow officers, limited practice officers, and employees handling escrow transactions. DEOs may supervise more than one location or work for more than one licensed escrow agent with the director's prior consent. When a DEO leaves employment, the department must be notified within one business day and new clients may not be accepted until a new DEO has been approved by the department.
- ❖ For information about employment, please take note of WAC 208-680-275.
 - An escrow agent may not employ a person to provide services who has been convicted of or plead no contest within the last seven years to a felony or a gross misdemeanor involving dishonesty. In addition, an employee that handles client funds must not have demonstrated disregard in the management of their financial condition in the last three years.
- ❖ For bond and errors and omissions insurance requirements, please take note of WAC 208-680-310, 208-680-320, 208-680-330, 208-680-340, 208-680-350, and 208-680-360.
 - These rules outline the fidelity and surety bond as well as the errors and omissions insurance requirements. The fidelity bond must provide an aggregate minimum coverage of one million dollars, have a deductible of no more than \$10,000, cover fraudulent or dishonest acts, and run to the benefit of the agent or harmed consumers. If the fidelity bond has a deductible, a \$10,000 surety bond must also be maintained. An errors and omissions policy with a minimum aggregate amount of \$50,000 must also be carried. In lieu of the errors and omissions insurance, the escrow agent may provide the department with a cash or security alternative in the same amount. The bonds and insurance policies must remain in effect until all accounts have been reconciled and balances are zero.

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- ❖ For quarterly reporting requirements, please take note of [208-680-425](#).
 - Within 30 days of the end of each fiscal quarter, the escrow agent must file a report with the department concerning its operations, its trust account administration, and a one page summary report of its three-way reconciliation for the last month of the quarter.
- ❖ For trust account requirements, take note of [WAC 208-680-410](#), [208-680-520](#), and [208-680-560](#).
 - The escrow agent must establish a trust account where funds are deposited and held. The account must be located in a Washington State financial institution or in a financial institution with a branch in Washington State. The financial institution must provide the department with access to the account and must report certain activity to the department to ensure consumer funds are being held in compliance with the act. Funds must be deposited into this account on the first banking day after receipt. These funds may not be used for any other purpose. In addition, an individual client ledger for each escrow transaction or collection account must be maintained. Copies of all deposits and disbursements from the account, as well as bank statements, receipts, and client ledgers must be kept. Funds must be disbursed as set forth in the escrow instructions or collection agreement.

The Department will ensure compliance with all regulations by conducting periodic examinations, as authorized under [WAC 208-680-610](#). You must pay for examinations at the rate of \$62.50 an hour, plus travel expenses, as outlined in [WAC 208-680-650](#).

If you have any questions regarding the Washington Escrow Agent Registration Act referenced above, please feel free to contact the Washington DFI Consumer Services Division at (360) 902-8703, or DCS@dfi.wa.gov.