

WAC 208-680-590 What conduct violates the act? It is a violation of the act for you, any controlling person, principal officer, designated escrow officer, independent contractor, employee or other person subject to this chapter to:

(1) Directly or indirectly employ any scheme, device, or artifice to defraud or mislead borrowers or lenders or to defraud any person;

(2) Directly or indirectly engage in any unfair or deceptive practice toward any person;

(3) Directly or indirectly obtain property by fraud or misrepresentation;

(4) Knowingly make, publish, or disseminate any false, deceptive, or misleading information in the conduct of the business of escrow, or relative to the business of escrow or relative to any person engaged therein;

(5) Knowingly receive or take possession for personal use of any property of any escrow business, other than in payment authorized by this chapter, and with intent to defraud, omit to make, or cause or direct to be made, a full and true entry thereof in the books and accounts of the business;

(6) Make or concur in making any false entry, or omit or concur in omitting to make any material entry, in its books or accounts;

(7) Knowingly make or publish, or concur in making or publishing, any written report, exhibit, or statement of its affairs or pecuniary condition containing any material statement which is false, or omit or concur in omitting any statement required by law to be contained therein;

(8) Willfully fail to make any proper entry in the books of the escrow business required by law;

(9) Fail to disclose in a timely manner to the other officers, directors, controlling persons, designated escrow officer, or other licensed escrow officers the receipt of service of a notice of an application for an injunction or other legal process affecting the property or business of an escrow agent, including in the case of a licensed escrow agent an order to cease and desist or other order of the director;

(10) Fail to make any report or statement lawfully required by the director or other public official;

(11) Fail to comply with any requirement of any applicable federal or state act as described in RCW 18.44.301;

(12) Collect a fee for tracking unclaimed funds that is not a bona fide out-of-pocket expense;

(13) Convert unclaimed funds for personal use; or

(14) Receive compensation or any value from any party for assisting in "real estate flopping." "Real estate flopping" is a short sale transaction where the value of a property is misrepresented to the lender, who then authorizes sale of the property for less than market value. The property is resold to another person at market value or closer to market value, creating a profit. The failure to disclose the nature of the transactions or the true value of the property to the lender constitutes fraud on the lender, the original property owner, or the second buyer, and is a violation of this chapter.

[Statutory Authority: RCW 43.320.040 and 18.44.410. WSR 13-24-022, § 208-680-590, filed 11/22/13, effective 1/1/14. Statutory Authority: RCW 43.320.040 and chapter 18.44 RCW (as amended by 2010 c 34). WSR 10-20-124, § 208-680-590, filed 10/5/10, effective 11/5/10.]