

WAC 208-680-275 Employment restrictions. (1) **What criminal background restrictions are there on the persons I may employ?** You may not employ any person to provide escrow services or handle escrow transactions who has been convicted of or plead no contest within the last seven years to either:

- (a) A felony; or
- (b) A gross misdemeanor involving dishonesty.

(2) **What financial responsibility restrictions are there on the persons I may employ to handle client funds?** In addition to the criminal background restrictions that apply to all employees handling escrow transactions, an employee that receives money, disburses funds, or acts as a signatory on any trust accounts may not have demonstrated disregard in the management of his or her financial condition in the last three years. Disregard for his or her financial condition may be shown by, but is not limited to:

(a) Being subject to an administrative action issued pursuant to the Consumer Loan Act, the Consumer Protection Act, the Mortgage Broker Practices Act, the Insurance Code, the Securities Act, the Check Cashers and Sellers Act, or other similar laws in this or another state;

(b) An independent credit report issued by a recognized credit reporting agency that indicates the person has a history of unpaid debts; or

(c) Any other demonstration of his or her inability to appropriately manage his or her personal finances in a way that may endanger the funds of either the escrow agent or the escrow agent's client.

(3) **Do I need to review my current employees' backgrounds to ensure that I am in compliance with this requirement?** Yes. The restrictions apply to all employees, not just new hires. Your policy and procedures manual should provide for self-reporting by employees as well as regular background reviews.

(4) **How will the department enforce these provisions?**

(a) Each escrow agent must develop written policies and procedures to document its efforts to comply with RCW 18.44.311 and this section. You must make your policies and procedures available to the department upon request, and they must be maintained as part of your books and records;

(b) Your actual practices must be consistent with your written policies and procedures and your employees must be trained in those policies and procedures;

(c) Each year, each escrow agent's designated escrow officer must submit to the department a statement along with the agent's renewal paperwork attesting to its compliance with its internal policies and procedures. Failure to truthfully submit this statement is a violation of the act. A branch designated escrow officer may sign and submit the statement of compliance for a branch office; and

(d) The department reserves the right to perform its own background checks on escrow agent employees to determine compliance during examinations, investigations, and enforcement proceedings.

[Statutory Authority: RCW 43.320.040 and 18.44.410. WSR 13-24-022, § 208-680-275, 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, § 208-680-275, filed 10/5/10, effective 11/5/10.]