

State of Arizona Department of Insurance and Financial Institutions “DIFI”



Friday, September 17, 2021

Land Title Association of Arizona
WeKoPa Resort and Conference Center
10438 N. Fort McDowell Rd., Scottsdale/Fountain Hills, AZ 85264

Tammy Seto, Assistant Director
Tawnya Webel, Financial Enterprises Supervisor Examiner



Consolidation of Departments



- Senate Bill (SB) 1469 - Consolidates AZDFI with ADOI, and the Arizona Automobile Theft Authority into a new Department of Insurance and Financial Institutions (DIFI) effective July 1, 2020.
- The agencies work together to unify operations in a way that promotes efficiency, delivers high-quality and responsive service to all our customers and stakeholders.



Evan G. Daniels
Director

- Appointed by Governor Douglas A. Ducey as Director of DIFI on July 10, 2020.
- Previously served as the Unit Chief Counsel of the Technology, Innovation and Privacy Unit at the Office of the Attorney General.



About DIFI


DIFI Licenses & Regulates

27 different license types


Totaling

39,515 Licenses and 9,771 Branch Licenses

Escrow Agent Licensees equals .5% of Licensees



DIFI Licenses



License Types (as of 8/31/21)	Number of Licensees	Number of Branches
Advance Fee Loan Broker	1	-
Appraisal Management Company	226	-
Bank	9	99
Certified General Appraiser	1,045	-
Certified Residential Appraiser	1,395	-
Collection Agency	855	109
Commercial Mortgage Banker	33	38
Commercial Mortgage Broker	71	8
Consumer Lender	122	217
Credit Union	18	152
Debt Management Company	27	7
Designated Supervisor Appraiser	328	-
Escrow Agent	198	617
Licensed Residential Appraiser	219	-
Loan Originator	31,348	-
Money Transmitter	191	148
Mortgage Banker	671	6,512
Mortgage Broker	785	1,141
Premium Finance Company	34	13
Property Tax Agent	509	-
Registered Trainee Appraiser	315	-
Sales Finance Company	489	707
Temporary Certified General Appraiser	615	-
Temporary Licensed Residential Appraiser	1	-
Trust Company	10	3
Totals	39,515	9,771



New Website




- Currently renovating our new website to combine all three agencies
- <https://difi.az.gov/>




Escrow Agent Licensing



- Average of 45 days for an application to be approved
- Required documents to submit with application:
 - Approved Articles/LLC filing/Partnership Agreement
 - AZ Foreign Corporation Authorization
 - General Business Plan
 - Surety Bond
 - Biographical Statement for Each Owner (20% or More)
 - Rate Filing
- Helpful documents to submit with application:
 - Trade Name Certificate (if applicable)
 - Ownership Flow Chart
 - Audited Financial Statements – Parent



Examinations



Remote Examinations during COVID

- Trust examination every 2 years
- Full-scope examination at least every 4 years

Suggestions to Licensees that help in the Examination process:

- Provide all requested items timely.
- Make sure the license is conspicuously posted.
- Maintain support for all receipts and disbursements through escrow including notary invoices, commission instructions, etc.
- Place required disclosures on Terms and Conditions or Deposit Receipts (whichever the consumer will see first before or when money is received).





Examinations



The most common violations we see:



- **6-846.04. Deviations in escrow rates; civil penalty**
 - A. An escrow agent may not deviate from his escrow rates that are in effect pursuant to section 6-846.01.
- **6-841.02. Liability of title insurer; closing protection letter; definition**
 - A. A real property escrow agent that is a title insurance agent shall disclose to the buyer and seller of a residential dwelling that the title insurer shall offer on request a closing protection letter that provides protection for the loss of escrow monies due to fraud or dishonesty of the escrow agent. This disclosure requirement applies only to transactions involving a buyer and seller of a residential dwelling and shall be made when the buyer or seller employs the escrow agent.

Examinations

The most common violations we see:

- 6-834. Deposit of monies; definition**
 D. Not later than three business days after receipt of any escrow monies, the escrow agent shall provide to each depositing buyer or seller, adequate notice of his right to earn interest on all deposited monies.
- 6-841.03. Notice of uninsured monies; rules**
 When an escrow is established and not later than three business days after an escrow agent receives any escrow monies, the escrow agent shall provide a complete and accurate disclosure to each buyer and seller of a residential dwelling as defined in section 6-841.02 that monies deposited in an escrow account are not insured against loss from fraud or theft by this state or the United States government. The superintendent by rule may prescribe requirements for the disclosure form.





Examinations


The most common violations we see:

- 6-832. Annual audit; report**
 A. The records of each escrow agent shall be audited at least once each fiscal year by a certified public accountant. The audit shall include an audit of the escrow, account servicing and subdivision trust activities of the escrow agent and shall follow generally accepted accounting principles. A copy of the audit report shall be filed with the superintendent not more than one hundred twenty days after the end of the escrow agent's fiscal year. The audit requirement may be satisfied by filing a copy of the audit report, which is prepared by a certified public accountant, of the parent of the escrow agent including an audit of the escrow, account servicing and subdivision trust activities of the escrow agent within the prescribed time period. The superintendent may extend the time period in this subsection up to ninety days for good cause shown.


 B. At the time required by the superintendent, every escrow agent shall make and file in the office of the superintendent a true and correct report, in the form and containing the data the superintendent may require, of the business of the agent, including the agent's escrow, account servicing and subdivision trust activities. Every agent shall reply promptly in writing to an inquiry from the superintendent concerning the escrow agent's business. **(TIMELY SEMI-ANNUALS)**




WebPortal: elicensing.az.gov




- In March 2019, DIFI implemented its new Salesforce licensing and regulatory system.
- Platform is used by Licensees to
 - apply for, update and renew licenses
 - submit company maintenance documentation
 - submit required filings (financials, escrow rates, etc)
 - submit examination responses
 - pay application and renewal fees
- Also available to Arizona citizens and businesses for looking up information about licensees and for filing complaints.
- NMLS is not acceptable for the submission of renewals and required reports.



WebPortal: elicensing.az.gov





Licensing, FE

[DASHBOARD](#)
[LICENSE SEARCH](#)
[CONTRACTOR SEARCH](#)
[FILE A COMPLAINT](#)
[SERVICE REQUEST](#)

Service Request Detail
Attachment
Submit

Service Request

Select a board, service request type, and license to request services such as name changes, duplicate certificates, and more.

Please see your board's website for specific requirements and submissions for each service request.

Select a Board

--None--

Select a License



--None--

Service Request Type

--None--

Description



Submit Request CANCEL



COMPLAINTS

The most common complaints against an Escrow Agent:

- *Earnest money disputes
- *Failure by the escrow agent to close the loan pursuant to the loan agreement
- *Failure by the escrow agent to properly manage the impound accounts resulting in the customer having to make higher property tax or insurance payments




COMPLAINTS

Escrow Agent Complaints Received

FY 2020 = 45

FY 2021 = 60



Fraud

Title companies should only send E-mails containing sensitive information through a secure platform.

**What if it happens to you?!
Notify the financial institution immediately for a higher chance of recovery.**

<https://www.fincen.gov/resources/advisories/fincen-advisory-fin-2016-a003>



DIFI

- Questions?

Q & A