ESCROW ADVISORY COMMITTEE MEETING

June 18, 2024
9:00 AM – 12:00 PM
300 S. Spring St., 15th floor conference room, Los Angeles, CA 90013
Or via. Microsoft Teams

Department of Financial Protection and Innovation Represented by:
Greg Young, Senior Deputy Commissioner
Sheila Oliver, Deputy Commissioner
Paul Liang, Assistant Deputy Commissioner
Sultanna Wan, Special Administrator - Licensing
Gary Suzuki, Special Administrator – Regulatory
Milad Farag, Special Administrator – Regulatory
Marlou de Luna, Senior Counsel
Affi Eghbaldari, Senior Counsel

Committee Members:
Barry Sender, Granite Escrow & Settlement Services / Other Business Ownership
Heidi Cassel, Solaris Escrow, Inc. / Medium Sized Escrow Company
Jason Watrous, Freedom Escrow / Chairperson EAFC **
Juliana Tu, Viva Escrow! Inc. / Business Specialization
Larry Black via phone, Diamond Country Escrow, Inc. / Small Business
Laura Padilla, Escrow Consultants-Century City / Vice Chairperson EAFC **
Matthew Davis, Esq., Davis & Davis Law Group, APC
Nancy Silberberg, Altus Escrow, Inc./Past Chairperson EIC*
Patricia J. (P.J.) Garcia, Beach Pacific Escrow, Inc./Chairperson EIC *
Patrick Felde, Certified Public Accountant

* Escrow Institute of California
** Escrow Agents' Fidelity Corporation

1. Welcome and Opening Remarks

Paul Liang welcomed advisory committee members attending the meeting either in person or virtually. Liang conducted a roll call, and all advisory members were present.

2. Review and Approval of Minutes for 3/12/24 meeting

Advisory members were provided with the minutes of the last meeting prior to the current meeting. PJ Garcia made a motion to approve the minutes, and Larry Black seconded the motion. The minutes were approved.

3. Advisory Committee Openings

Liang stated that some advisory members' terms are ending during the third quarter. Jason Watrous and Laura Padilla's terms will end in September. Liang will reach out to EAFC to confirm who the chair and vice chairpersons will be after September.

Patrick Felde, Barry Sender, and Larry Black's terms are ending in August. Liang thanked these members for their service and encouraged anyone interested in serving on the committee to apply.

Liang confirmed there is no term limit. Current advisory members are welcome to reapply. An announcement for these openings will be posted on the DFPI's escrow page. Liang asked interested individuals to submit a letter of qualification and resume by July 2024. Once Liang receives all submissions, he will forward the applications to DFPI Commissioner for her consideration for appointment.

4. DFPI Escrow Program Budget

Liang shared a copy of the escrow program's 2022/2023 fiscal year end revenue and expenditures report with advisory members. This report was provided by the DFPI's budget office. The DFPI accounting closes its books in August. So, the 2023/2024 escrow budget will not be available until sometime in late August or September 2024. Liang expects the budget deficit to continue in the 2023/2024 fiscal year as the previous year.

As of the end of 2022/2023 fiscal year, the escrow law program had 22 staffing positions including managers, examiners, and support staff. The exam revenue from conducting billable examinations was $776,334. The miscellaneous revenue from fees relating to various applications and filings was $111,462. The escrow program had $9,000 cost recovery from fines and penalties that offsets salary expenses from enforcement activities related to those fines and penalties. This item was booked pursuant to GC section 13332.18. The escrow program's assessment revenue from 2022/2023 fiscal year was $3,915,800. This includes both annual and special assessments at the maximum amount allowed by statute.

In the last year, the escrow program's salary expense was $2,140,568 and the staff benefit cost was $1,127,153. The program also incurred $163,937 in enforcement expenses. These are the expenses for enforcement counsel's time, salaries and benefits charged to the escrow law program.

The escrow law program's general expenses amounted to $15,908. This includes office supplies, purchase orders, contracts, dues, membership, conferences, communication and outreach events, and various subscriptions. The program had $150 expense for printing. This includes copier maintenance, printing business cards, brochures and materials. The program also incurred $17,884 traveling expenses. This includes program staff and DFPI representatives' travel expenses to attend industry meetings and conferences, and training. For example, the DFPI representative's travel cost to attend EIC's conference and other escrow related conferences, training and meetings falls under this category.

The escrow program incurred $9,553 in training for new and existing employees. In the past year, the escrow program hired a number of new examiners and spent considerable time and resources training them. The facilities and operations costs were $299,348. This covered the office rent allocated to the escrow law program. This was based on a formular-driven calculation and the amount was very small compared to some of our larger programs.

The escrow program's contract and professional services expense was $1,781. This covers external and interdepartmental contracts such as contracts with the DOJ for processing background check reports, and contract with the State Treasurer Office to hold pledged CDs from licensees in lieu of a surety bond.

Departmental Services amounting to $1,911,513 includes various items. Like facility expenses, this amount was calculated using a formular. Liang clarified the definition of Departmental Services included Information Technology, and underneath the Departmental Services is an Information Technology expense for $1,706. The $1,706 IT expense was for IT purchases specific to the escrow law program whereas the IT expense within the Departmental Services was for escrow program's portion of the entire DFPI's department-wide IT expenditure. The escrow program's portion of Departmental Services was $1,911,513. Some larger programs' Departmental Services costs were close to $10 million. The allocated amount to the escrow law program was at the smaller side of the scale.

The total revenue less the total expenditure from last year resulted in an $876,907 deficit. The escrow program has been operating at a deficit for more than 10 years. In the past, the deficit was primarily mitigated by a reduction in staffing costs. In around 2014, the program had about 22 positions. In the following year, the total number of positions was reduced to 13. Salary and staff benefits are the largest expense for the program. Elimination of these positions helped to manage the deficit for the next few years to be under $1 million. However, the direct impact of staffing reduction was that the program could no longer conduct examinations within the 4-year exam cycle. By late 2017, one exam cycle after the 2014 staffing reduction, the program had had an examination backlog, and the exam team has been dealing with this backlog since then. The escrow program only brought the staffing level back to the same level from 10 years ago in the past 3 years so it may seem like the program has hired more examiners, but it was just returning the staffing level to what it was 10 years ago.

Liang stated there are ways of getting out of a deficit by either reducing expenses, increasing revenue, or a combination of both. The escrow program has reduced its expenses in the past 10 years. Not only did it not get out of the deficit, but it hindered DFPI's ability to effectively regulate the industry. Due to extremely limited resources, the escrow program's exam team could only focus on priority examinations and cases causing direct consumer harm such as embezzlement and misappropriation of trust funds, etc.

Cutting expenses did not appear to be an effective way of eliminating the deficit. So the DFPI needs to work with the industry to solve the deficit on the revenue side. This means reevaluating some of the fees and assessments that have not changed for decades or identifying new revenue sources. Greg Young shared with the committee in the last meeting that the DFPI engaged an outside consultant to conduct a department-wide fee study. Program managers met with the outside consultants and provided all the information about their fees and deficit to the consultants. The DFPI will let the fee study run its course and, at the same time, it wants to engage the industry to find solutions to address the deficit from the revenue side. The escrow program has cut operating expenses for the last 10 years, and it was not effective. The DFPI can no longer cut expenses and provide the same level of services, supervision, and consumer protection as it did in the past.

Liang did not expect a solution to be identified during the current meeting. But he wanted to hear from the industry on what could be done to resolve the deficit issue. Liang shared that in 2001, Assembly Bill 459 amended the escrow law to change the department's maximum escrow assessment amount from $2,000 to $2,800. In 2001, $2,800 was equivalent in purchasing power to about $4,965 today.

Garcia questioned if the four-year exam cycle could be expanded for some companies. Liang clarified that not all escrow licensees are on the four-year exam cycle. The DFPI conducts escrow examinations on a risk-based model and places companies known to have compliance issues on a shorter exam cycle of less than four years. Currently, due to exam backlogs, most if not all companies are on a four-year cycle with the exception of those with serious violations such as trust shortages, embezzlement, etc.

Garcia questioned if a five-year exam cycle would help the DFPI's budget. Liang stated the deficit is not caused by the exam cycle. The current exam cycle requires at least one exam every four years.

The DFPI can double its exam billing by placing companies on a two-year exam cycle instead of four years to cure the deficit. But the DFPI's exams are not conducted for the purpose of generating revenue. The primary purpose of escrow examination is to protect consumers. A lot of non-billable activities by the escrow program's exam team involve in-house conservatorship to protect consumer interests. A longer exam cycle will have no impact on the fact that non-billable activities consume a considerable amount of program resources. Garcia questioned if the DFPI could provide statistics on how many escrow licensees are on the four-year exam cycle. Felde commented that in order to have some impact on the budget, the number of staff positions would have to be reduced. Liang stated the DFPI had reduced staff positions almost by half in around 2015, and it did not help. Felde questioned if the revenue from annual report review billing would help to reduce the deficit. Liang responded that this small revenue would have no material impact on the budget deficit. Davis commented that statute does not provide a minimum reviewing hours that could be set for annual report review. Liang stated the exact review hours are billed. Two hours is not a minimum review time. It is a typical review time to give licensees an idea of what to expect in this invoice. Some reviews take less than two hours, and some take more. Sender commented the conversation among members over the billing issue is a distraction from the important issue of the $876,000 deficit.

Liang stated that the budget deficit is expected to continue in the 2024/2025 fiscal year. Felde agreed with Sender that the important issue is to find ways to resolve the deficit. Felde reminded advisory members that the deficit would be about an additional $1,000 per licensee or around $800 per location annually. Cassel commented that the costs of doing business have gone up and the financial audit costs have also gone up, and licensees are willing to work with the DFPI to resolve the deficit, but both need to meet somewhere in the middle. Tu asked if raising various fees would help to eliminate the deficit. Young stated the DFPI had contracted a consultant to conduct a fee study. Though the DFPI already knew what the fee study result would say about escrow fees, this is a process that the department needs to go through to rectify the deficit. Davis commented that settlement service fees are under attack nationwide. Davis asked the DFPI to be mindful of fee increases to avoid regulating companies out of business. Tu asked if conducting exams remotely would save some costs. Suzuki responded the cost savings were mainly in the travel costs to licensees' locations. If a licensee does not maintain electronic records, examiners would still need to commute to the licensee's location to conduct examinations. Silberberg commented that the departmental services cost on the escrow budget was not clear and contained no subcategories. Liang clarified that the cost was allocated to the escrow program by the DFPI budget office proportional to the program's size and expenses.

5. DFPI Updates

Liang informed the advisory members that the escrow law program is working with the DFPI legal division on several Commissioner's releases. Licensees can expect these releases in the next few months. These releases cover a variety of topics, including one that addresses social engineering targeting escrow agents. This release is based on the information provided by licensees who participated in the Department's recent cyber incident survey. Liang thanked those who participated in the survey and provided valuable information to the DFPI on their business practices, internal controls, and ways to prevent being victims of social engineering attacks. An industry-wide survey is an effective way to hear from the industry, and the DFPI plans to use this communication tool more often in the future.

Young informed advisory members that the DFPI and the FBI are collaborating on a webinar regarding cybersecurity. This webinar will be held on July 24, 2024. Young encouraged licensees to have a cybersecurity strategy in place. Those licensees who have cyber insurance should know what their policy coverage entails. Some policies only cover the cost of having someone investigate the cyber incident but not the loss of trust funds. Davis commented that payoff demand fraud was also on the uptick, similar to cyber-attacks which target settlement agents.

Liang informed the advisory members that the DFPI legal division is reviewing the recommendations from advisory members regarding rulemaking on audit procedures. The DFPI is also reviewing the lender vetting issue. Liang will share updates when they are available.

6. Examination Issues

Suzuki stated that the exam staff have moved from conducting remote exams to in-person exams. There are some exceptions to the rule depending on the circumstances and available resources. Examiners have been working out in the field and spending examination hours at the licensees' office locations. Suzuki shared common violations found during examinations as follows:

- Reconciling items not being corrected timely by the following month
- Bank signature cards not being current
- Late deposits causing debits
- Employees not fingerprinted or properly reported
- Failure to meet financial requirements

Suzuki stated that the DFPI has received numerous complaints about different companies paying referral fees to real estate agents. Those referral fees were reportedly paid in many different forms such as giving gift cards to real estate agents or real estate brokers, sponsoring events for brokers, paying for brokers' advertisements, and other creative ways to compensate real estate agents and brokers. The DFPI has been working on these complaints on a case-by-case basis. In certain circumstances, the escrow law program has been issuing warning letters and/or requesting further clarification regarding the marketing practices. When the DFPI receives a referral fee complaint, the escrow program must do its diligence to gather relevant information and build a proper case to be referred to DFPI Enforcement. Historically, the referral fee provision in the escrow law has been broadly construed. The DFPI has tried to introduce regulations to clarify the referral fee provision but met with opposition from the industry and therefore did not move forward.

Garcia questioned if the DFPI had seen companies failing to maintain financial requirements as a result of the new lease accounting standards moving leases back on the balance sheet. Wan responded that the impact had been very minimal. Davis commented that the referral fee violations would not stop until the demand side is addressed, and the demand side consists of the real estate brokers. Davis suggested the DFPI subpoena records from brokers in question to investigate referral fee arrangements.

Suzuki stated that the escrow program sent referral fee warning letters to companies that are new to the independent industry. If the companies disregarded the warning letters and continued their practices, the escrow program would take a progressively stronger approach to address repeated issues. Tu questioned Suzuki about whether all the examinations would be going back to in-person or if there would be options for those companies that are paperless. Suzuki responded that the escrow program would prefer conducting the exam in-person; but in certain cases, a remote exam would be appropriate considering available program resources and traveling costs.

7. Conservatorship

Suzuki briefly shared that the DFPI had taken Fountain Valley Escrow and Integrity Escrow under conservatorship in May 2024. Both companies have common ownership. The conservatorship orders are posted on the DFPI's website.

During the review of Fountain Valley Escrow's annual audited report, a DFPI examiner noted a particular reconciliation item which identified a fraudulent wire out due to a wire hacking incident. A special exam was assigned to investigate the issue further.

The licensee explained that their business was hacked and they basically fell victim to a phishing scheme which led to the unauthorized wires that were sent out from their trust account. The licensee claimed that the bad actor gained access to their business operation system, including phone and email.

The special exam disclosed five wire transfers totaling approximately $1.9 million from Fountain Valley's escrow trust account to the accounts of various bad actors. The FBI was able to recover approximately $1.4 million. Fountain Valley Escrow's trust shortage is approximately $481,000.

The licensee was not able to cure the trust shortage and the business was incapacitated. Therefore, the DFPI took conservatorship over Fountain Valley Escrow as well as Integrity Escrow as the owner appeared to be living in another country and had abandoned these businesses. An examiner acting as conservator for both Fountain Valley Escrow and Integrity Escrow is handling the in-house conservatorship. It has been and continues to be a lot of work to properly wind down the business escrow transactions and the trust funds. Suzuki estimated it would take roughly six months to complete the bulk of the work, which includes taking over the business.

The conservator will reconcile the trust accounts to current and update the status of escrow transactions, correspond with consumers, secure and safeguard the trust funds, prorate refunds, escheat funds, handle complaints, and maintain books, records, and files in accordance with the retention period. These conservatorships will take time to get through. The DFPI utilized a lot of program resources for this effort.

Suzuki also provided a brief update on Driven Escrow Services. On May 24, 2024, the DFPI issued conservatorship orders against Driven Escrow Services, Inc. because of a large trust shortage. An escrow examiner was appointed as the conservator and these orders are also on the DFPI public website.

In Driven Escrow's case, the DFPI received information about some unusual transfers from the trust account. A special exam was commenced to investigate the unusual transactions. The special exam disclosed that numerous transfers were made from the licensee's trust account to Driven Escrow's general account by the president and owner of the company without the principal's authorization. During the examination, demand letters were issued to cure the trust shortages. However, those went unanswered. The total amount of the trust shortage is approximately $537,000. The licensee was uncooperative and did not provide further books and records. Since the licensee did not respond or replenish the trust account shortage, the DFPI proceeded forward with an in-house conservatorship.

Suzuki estimated that it would take roughly six months to complete Driven Escrow's conservatorship. This again will take time to get through, and again it is going to utilize our program resources. There are three possible upcoming in-house conservatorships in the pipeline. Suzuki stated that examiners are working diligently to investigate and finalize their results for these possible conservatorship cases.

Two of those three cases appear to be due to cyber theft, and the other appears to be a misappropriation of funds by the owner.

Nothing else could be shared publicly on these ongoing investigations. Suzuki will provide more when these investigations are completed, and appropriate actions are taken. Liang added that the examiner's hours incurred handling in-house conservatorships are not billable to any companies, and the DFPI cannot recover the costs from doing in-house conservatorships. The surety bond, if a policy has not yet been cancelled, provides little cost recovery because most companies maintain a $50,000 surety bond.

8. Impact of NAR class-action settlement regarding broker commission

Liang stated that a number of escrow licensees approached the DFPI regarding their policy change as a result of the National Association of Realtors class action settlement over broker commissions. Liang asked Black to share information about this settlement and perspectives from the broker's side.

Black stated that a lot of changes are coming in the real estate and escrow practitioner fields. Black's comments are strictly as a practitioner. Black shared some of the upcoming changes in the Residential Purchase Agreement form and legislative initiatives to require a buyer broker agreement. There should be very little change to what independent escrow practitioners do today. Black stated that there would likely be a lot of confusion among realtors and licensees about these changes. Webinars and informational pieces on buyer broker agreements and all the forms are available. If brokers approach escrow agents about what to do regarding the changes, escrow agents could stay out of those conversations or make recommendations. Black stated that escrow agents may focus on sections relating to escrow on the new forms and also the compensation for the seller's payment to the buyer's broker. Black stated that the compensation for the broker, the cooperating broker compensation agreement, has been out for a long period of time. It includes a lot of disclosures but is probably not relevant to independent escrow agents. The buyer broker compensation representation agreement is between the buyer and the broker. The listing agreement is probably the one that has undergone a lot of changes. When it comes to escrow, Black believes that escrow companies are operating on fairly similar premises.

Davis commented that lawyers in real estate are discussing likely having buyers and sellers, as well as both brokers, sign off on what the commissions will be instead of splitting commission instructions or having two commission instructions, or even excluding the buyer from that form and just having the seller sign off on it, as the seller used to do. Lawyers are discussing that the solution, from the perspective of complying with the settlement, is to have all four people involved in the transaction sign the commission authorization. Black commented that escrow agents fill out a commission disbursement form that goes out for both brokers to sign or whoever is paying the commission, whether it is the buyer or the seller. Escrow agents do not send half of the other party to sign because they are not paying the commission. It would be a business decision for an escrow company whether they want to try to have both parties sign. Liang stated that escrow examiners had not seen any transactions impacted by this change. If any licensee has a file that contains information about the changes as a result of this settlement, it would be helpful for the DFPI to have a copy of the file for review before commenting further. Liang stated that the requirement for escrow agents to follow written instructions from the principals does not change regardless of what forms are being used. Whether to require a non-paying principal to sign the commission instruction appears to be a business decision. The DFPI expects, at a minimum, to see whoever is paying the commission sign the commission instruction. If there is a mutually agreed instruction that requires all parties to sign the commission instruction, that is an instruction the escrow agent should follow.

9. Conversion of Business License to Professional License

Liang stated that the issue regarding the conversion of escrow agents' licenses from a business license to a professional license was brought up by advisory members. The DFPI did not have a position on this issue, but the department would like to hear more from the advisory members.

Sender commented that he is in favor of having a professional license because he believes it would put accountability on escrow practitioners rather than solely on the escrow company. A professional license would help in many different areas; for example, when hiring someone, a company would know the job applicant possesses basic knowledge of escrow processing and meets minimum standards.

Cassel commented that there is a lack of college courses for escrow practitioners to bring the industry to a professional level. Cassel believed that escrow education, or the lack thereof, should be looked at first. The industry needs to groom the next generation and elevate them to positions where they are educated and equipped with all the tools to take it to the next level. Cassel also questioned what would happen to those practitioners who have been in the industry for decades and whether they would be phased out if they do not meet the minimum standards for a professional license. Liang stated that the idea of grandfathering current practitioners into a professional license had also been brought up previously. The industry will have to consider every aspect of this if it wants to convert to a professional license.

Tu stated that she is definitely in favor of a professional license and that throughout the years, she had hoped the independent industry could be elevated to professional licensure. Tu stated that the CEA professional designation provides education to escrow practitioners. Attending educational conferences also provides credits toward professional designation. Tu stated that a notary has a license, all other real estate professionals have licenses, and questioned why escrow practitioners do not have a license, especially since escrow practitioners handle so much money for consumers.

Black stated that he is absolutely in favor of a professional license for escrow practitioners. Black believed that escrow practitioners should take the same path as loan originators to seek professional licensure to bring professionalism to the industry.

Padilla commented that she is definitely in favor of a professional license for all the reasons others stated.

Davis commented that there are a lot of practical benefits to a professional license. For example, if a person is approved as an escrow manager with a professional designation, that person may transfer from one licensed company to another without having to go through the approval process because the professional designation goes with the person. However, he believed it would be more important to address the exclusions from the escrow law before tackling the issue of professional licensure. The real estate agents who practice escrow at controlled escrow companies have proven to be very different from independent agents. The DRE has statistics showing that controlled escrow companies incurred many losses in trust funds, and Davis would be against seeking professional licensure if the real estate broker escrow exemption is not removed. Without removing the real estate broker exemption, there would be a completely uneven playing field because it is much cheaper to operate as a broker-controlled escrow. Davis believed that the industry should aim to remove broad exemptions, and if not possible, at least the non-independent broker exemption. Black stated that lenders have already gravitated to work with independent escrow agents, and he expressed concerns that the California Association of Realtors would oppose the removal of broker exemptions. Davis responded that DRE's statistics are convincing that controlled escrows are problematic. Sender questioned why not put the professional designation on DRE escrow officers. Davis responded that the exemption exists because case law and the legislature have determined that the escrow law should not regulate brokers. Sender commented that a professional license has a huge competitive advantage for the independent industry and it may also eliminate the DFPI's $867,000 deficit if individual licensees have to renew their licenses.

Silberberg questioned whether both escrow companies and employees need to be licensed as professionals for it to work. Additionally, escrow employees in real estate and title-controlled companies need to meet the same standards as those in independent escrow companies if exemptions are not removed. Controlled escrow operations are compartmentalized. Silberberg agreed with Davis on removing broker exemptions.

Felde stated that he is in favor of a professional license for the settlement agent industry because escrow agents operate as professionals. A professional license leads to education, which could lead to demand for college courses or a degree in escrow, perhaps initially at a two-year college. The industry could put together a two-year educational package for professional licensure. It makes sense to pursue this path. Tu stated that there were community colleges offering escrow classes because she taught escrow classes before. Garcia stated that she had conversations with some colleges, but the biggest challenge to offering classes is the lack of demand. As long as there is demand, there will be supply.

Garcia commented that she had tried really hard to be open-minded about professional licensing. She acknowledged valid points from other advisory members. She did not know what she was being asked, and there was a lack of clarity on whether the company or employees would be licensed professionally. She did not know what the costs would be to set up the infrastructure, and she had so many questions. Garcia stated that owners like her were trained in escrow, started at the front desk, and learned their craft, then moved up; it was a true apprenticeship. The owner of an escrow company made the evolution based on their expertise. Now, there are many non-escrow practitioner owners of escrow companies who did not have to make that evolution. Historically, there was a low barrier to entry into this industry, making it attractive for individuals without formal education to enter a pathway to a good career. Garcia stated that from that perspective, she was cautious. Davis commented that if there is no desire to remove the exemption, then the concept of licensing people will work. There could be educational requirements, certification, and testing as an alternative to professional licensure, similar to a paralegal. As far as implementation costs, it may not be difficult because the DFPI uses an electronic system or an NMLS-like way of checking the box and certifying under penalty of perjury that a person meets education requirements. It is a way to monitor requirements very inexpensively, and the industry could build around that to satisfy educational requirements. The independent escrow industry can look at other industries and borrow from how they structured their licensing to avoid procedural expenses, such as Mortgage Loan Originator licenses, because regardless of whether a loan originator is licensed by the DFPI or DRE, they need to be on NMLS. Liang commented that DFPI escrow licensees are not on NMLS, but if any licensees have an escrow license from a different state, they may be on NMLS.

Liang thanked all advisory members for their comments and perspectives. The DFPI does not have the answers to all these questions. The DFPI does not know how a professional license structure would impact its operations until more details become available. The DFPI wants to continue this conversation and hear more from the industry.

10. Enforcement Actions and Licensing Update

Liang briefly went over enforcement cases in the current quarter and licensing statistics. The number of licensed companies and licensed locations decreased compared to the same period in the prior year. Davis inquired additional information about the companies surrendering their licenses such as how long their surrendering requests have been pending and what are some of the items preventing surrender requests being approved by the DFPI. Liang stated the escrow licensing can provide that information during the next quarterly meeting.

11. Public comments

A member of the public suggested forming an ad hoc committee to look into professional licensing. Several other public members voiced their support for professional licensing. Another public member expressed concerns regarding the cost of a professional license. Another public member supported the idea of grandfathering current independent escrow practitioners into a professional license.

12. Closing remarks

Liang thanked everyone for their attendance and participation. The next quarterly meeting is tentatively scheduled for September 10, 2024, from 9:00 a.m. to noon at the DFPI Los Angeles office. A follow-up meeting may be scheduled before the third-quarter advisory meeting. Meeting announcements will be posted on the department's website. At about 12:50 p.m., the meeting adjourned.