

CHAPTER 70

[Engrossed Senate Bill No. 2305]

ESCROW AGENTS—BONDING AND SURETY COVERAGE

AN ACT Relating to escrow; and amending section 5, chapter 153, Laws of 1965 as last amended by section 5, chapter 156, Laws of 1977 ex. sess. and RCW 18.44.050.

Be it enacted by the Legislature of the State of Washington:

Section 1. Section 5, chapter 153, Laws of 1965 as last amended by section 5, chapter 156, Laws of 1977 ex. sess. and RCW 18.44.050 are each amended to read as follows:

At the time of filing an application as an escrow agent, or any renewal or reinstatement thereof, the applicant shall satisfy the director that it has obtained the following as evidence of financial responsibility:

(1) A fidelity bond providing coverage in the aggregate amount of two hundred thousand dollars ~~((on))~~ covering each corporate officer, partner, escrow officer, and employee of the applicant engaged in escrow transactions; and

(2) An errors and omissions policy issued to the escrow agent providing coverage in the minimum aggregate amount of fifty thousand dollars ~~((per loss))~~ or, alternatively, cash or securities in the principal amount of \$50,000 deposited in an approved depository on condition that they be available for payment of any claim payable under an equivalent errors and omissions policy in that amount and pursuant to rules and regulations adopted by the department for that purpose.

For the purposes of this section, a "fidelity bond" shall mean a primary commercial blanket bond or its equivalent satisfactory to the director and written by an insurer authorized to transact surety business in the state of Washington. Such bond shall provide fidelity coverage for any fraudulent or dishonest acts committed by any one or more of the employees or officers as defined in the bond, acting alone or in collusion with others. Said bond shall be for the sole benefit of the escrow agent and under no circumstances whatsoever shall the bonding company be liable under the bond to any other party. The bond shall name the escrow agent as obligee and shall protect the obligee against the loss of money or other real or personal property belonging to the obligee, or in which the obligee has a pecuniary interest, or for which the obligee is legally liable or held by the obligee in any capacity, whether the obligee is legally liable therefor or not. The bond may be canceled by the insurer upon delivery of thirty days' written notice to the director and to the escrow agent.

For the purposes of this section, an "errors and omissions policy" shall mean a group or individual insurance policy satisfactory to the director and issued by an insurer authorized to transact insurance business in the state of Washington. Such policy shall provide coverage for unintentional errors and

omissions of the escrow agent and its employees, and may be canceled by the insurer upon delivery of thirty days' written notice to the director and to the escrow agent.

Except as provided in RCW 18.44.360, the fidelity bond and the errors and omissions policy required by this section shall be kept in full force and effect as a condition precedent to the escrow agent's authority to transact escrow business in this state, and the escrow agent shall supply the director with satisfactory evidence thereof upon request.

NEW SECTION. Sec. 2. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

Passed the Senate February 19, 1979.

Passed the House March 2, 1979.

Approved by the Governor March 21, 1979.

Filed in Office of Secretary of State March 21, 1979.

---

## CHAPTER 71

[Senate Bill No. 2403]

### TAXING DISTRICTS—AUDITS—FREQUENCY—PAYMENT OF

AN ACT Relating to the auditing of public accounts; amending section 43.09.260, chapter 8, Laws of 1965 and RCW 43.09.260; and amending section 43.09.280, chapter 8, Laws of 1965 and RCW 43.09.280.

Be it enacted by the Legislature of the State of Washington:

Section 1. Section 43.09.260, chapter 8, Laws of 1965 and RCW 43.09.260 are each amended to read as follows:

The state auditor, the chief examiner, and every state examiner shall have power by himself or by any person legally appointed to perform the service, to examine into all financial affairs of every public office and officer.

The examination of the financial affairs of ~~((townships, cities and towns, and school))~~ all taxing districts shall be made at ~~((least once in every two years; all other examinations shall be made at least once a year))~~ such reasonable, periodic intervals as the state auditor shall determine. However, an examination of the financial affairs of all taxing districts shall be made at least once in every three years. The term "taxing districts" for purposes of RCW 43.09.190 through 43.09.285 includes but is not limited to all counties, cities, and other political subdivisions, municipal corporations, and quasi-municipal corporations, however denominated.

The state auditor shall establish a schedule to govern the auditing of taxing districts which shall include: A designation of the various classifications of taxing districts; a designation of the frequency for auditing each