

1-1 By: Pickett (Senate Sponsor - Eltife) H.B. No. 2491  
 1-2 (In the Senate - Received from the House April 27, 2015;  
 1-3 April 28, 2015, read first time and referred to Committee on  
 1-4 Business and Commerce; May 7, 2015, reported favorably by the  
 1-5 following vote: Yeas 8, Nays 0; May 7, 2015, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13			X	
1-14	X			
1-15	X			
1-16	X			

1-17 A BILL TO BE ENTITLED  
 1-18 AN ACT

1-19 relating to licensing and appointment of title insurance escrow  
 1-20 officers; changing the limit applicable to a fee; authorizing a  
 1-21 fee.

1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-23 SECTION 1. Sections 2652.001, 2652.002, and 2652.006,  
 1-24 Insurance Code, are amended to read as follows:

1-25 Sec. 2652.001. LICENSE AND BOND OR DEPOSIT REQUIRED. An  
 1-26 individual may not act as an escrow officer unless the individual:

1-27 (1) holds a license issued by the department; ~~and~~

1-28 (2) is covered by ~~maintains~~ a surety bond or deposit  
 1-29 required under Subchapter C; and

1-30 (3) is appointed under Section 2652.1511 as an escrow  
 1-31 officer by a title insurance agent or direct operation.

1-32 Sec. 2652.002. EMPLOYMENT OF ESCROW OFFICER. (a) A title  
 1-33 insurance agent or direct operation may not employ an individual as  
 1-34 an escrow officer unless the individual:

1-35 (1) holds a license issued by the department;

1-36 (2) is covered by ~~and maintains~~ a surety bond or  
 1-37 deposit as required under Subchapter C; and

1-38 (3) is appointed under Section 2652.1511 as an escrow  
 1-39 officer by the title insurance agent or direct operation ~~[by this~~  
 1-40 ~~chapter]~~.

1-41 (b) A title insurance agent or direct operation may not  
 1-42 permit an individual to act as an escrow officer in this state  
 1-43 before the agent or direct operation has complied with Sections  
 1-44 2652.151 and 2652.1511 ~~[2652.152]~~ with respect to the individual.

1-45 Sec. 2652.006. RECORD OF ESCROW OFFICERS; PUBLIC  
 1-46 INFORMATION. (a) The department shall maintain a record of ~~[the~~  
 1-47 ~~name and address of]~~ each escrow officer licensed by the department  
 1-48 in a manner that ensures that the escrow officers employed and  
 1-49 appointed under Section 2652.1511 by any title insurance agent or  
 1-50 direct operation in this state may be conveniently determined.

1-51 (b) The department shall make available to the public from  
 1-52 the records maintained under Subsection (a) or from other records  
 1-53 of the department each escrow officer's name, license number,  
 1-54 continuing education compliance status, and appointment history.

1-55 SECTION 2. Section 2652.051(a), Insurance Code, is amended  
 1-56 to read as follows:

1-57 (a) Before an initial license is issued to an individual to  
 1-58 act as an escrow officer in this state for a title insurance agent  
 1-59 or direct operation, the individual ~~[title insurance agent or~~  
 1-60 ~~direct operation]~~ must file an application for an escrow officer's  
 1-61 license with the department on forms provided by the department and

2-1 the title insurance agent or direct operation must file an  
 2-2 appointment of the escrow officer under Section 2652.1511.

2-3 SECTION 3. Section 2652.052(b), Insurance Code, is amended  
 2-4 to read as follows:

2-5 (b) License ~~[fees,]~~ and renewal fees collected under this  
 2-6 chapter and appointment fees collected under Section 2652.1511  
 2-7 [Section 2652.152,] shall be deposited to the credit of the Texas  
 2-8 Department of Insurance operating account to be used by the  
 2-9 department to enforce this chapter and any other law of this state  
 2-10 that regulates escrow officers for title insurance agents or direct  
 2-11 operations.

2-12 SECTION 4. Sections 2652.055 and 2652.056, Insurance Code,  
 2-13 are amended to read as follows:

2-14 Sec. 2652.055. LICENSE TERM. Unless a system of staggered  
 2-15 license renewal is adopted or required under Chapter 4003 ~~[under~~  
 2-16 ~~Section 4003.002]~~, a license expires on the second June 1 following  
 2-17 the date of issuance.

2-18 Sec. 2652.056. PROCEDURE FOR LICENSE RENEWAL. An  
 2-19 individual may renew an unexpired escrow officer license by:

2-20 (1) submitting to the department on a form provided by  
 2-21 the department a completed application, signed and sworn by the  
 2-22 individual, stating that the applicant is an individual who is a  
 2-23 bona fide resident of this state or a state adjacent to this state;  
 2-24 and

2-25 (2) paying to the department a renewal fee in an amount  
 2-26 set by the department ~~[AUTOMATIC TERMINATION OF LICENSE. The~~  
 2-27 ~~license of each escrow officer employed by a title insurance agent~~  
 2-28 ~~or direct operation that surrenders its license or has its license~~  
 2-29 ~~revoked by the department is automatically terminated without~~  
 2-30 ~~notice].~~

2-31 SECTION 5. Section 2652.058, Insurance Code, is amended by  
 2-32 adding Subsection (g) to read as follows:

2-33 (g) Continuing education programs to satisfy the  
 2-34 requirements of this section must be certified under Subchapter C,  
 2-35 Chapter 4004. The department may enter into an agreement with an  
 2-36 independent contractor as authorized by Section 4004.104 to certify  
 2-37 and register the programs and providers of those programs.

2-38 SECTION 6. Section 2652.101(a), Insurance Code, is amended  
 2-39 to read as follows:

2-40 (a) A title insurance agent or direct operation shall  
 2-41 obtain, at its own expense, a bond for its escrow officers appointed  
 2-42 under Section 2652.1511 payable to the department. The bond shall  
 2-43 obligate the principal and surety to pay for any pecuniary loss  
 2-44 sustained by the title insurance agent or direct operation through  
 2-45 an act of fraud, dishonesty, forgery, theft, embezzlement, or  
 2-46 wilful misapplication by an escrow officer, either directly and  
 2-47 alone or in conspiracy with another person.

2-48 SECTION 7. Section 2652.151(a), Insurance Code, is amended  
 2-49 to read as follows:

2-50 (a) A title insurance agent or direct operation shall  
 2-51 certify to the department, not later than the expiration date of the  
 2-52 title insurance agent's or direct operation's license, the name and  
 2-53 address of each individual employed and appointed under Section  
 2-54 2652.1511 by the title insurance agent or direct operation to serve  
 2-55 as an escrow officer in this state.

2-56 SECTION 8. Subchapter D, Chapter 2652, Insurance Code, is  
 2-57 amended by adding Section 2652.1511 to read as follows:

2-58 Sec. 2652.1511. APPOINTMENT OF ESCROW OFFICER. (a) An  
 2-59 escrow officer may be employed and appointed by more than one title  
 2-60 insurance agent or direct operation.

2-61 (b) Before an escrow officer may act in that capacity for a  
 2-62 title insurance agent or direct operation, the title insurance  
 2-63 agent or direct operation must appoint the escrow officer and file  
 2-64 the escrow officer's appointment with the department on the  
 2-65 electronic or nonelectronic form provided by the department.

2-66 (c) The appointment form must:

2-67 (1) be accompanied by a nonrefundable appointment fee;

2-68 (2) certify that:

2-69 (A) the escrow officer is a bona fide employee of

3-1 the title insurance agent or direct operation making the  
 3-2 appointment; and

3-3 (B) the title insurance agent or direct operation  
 3-4 has an office in this state;

3-5 (3) be signed and sworn to by the title insurance agent  
 3-6 or direct operation and by the escrow officer; and

3-7 (4) acknowledge that the escrow officer is covered by  
 3-8 a surety bond or deposit required under Subchapter C.

3-9 (d) The appointment of the escrow officer expires on the  
 3-10 revocation, termination, or nonrenewal of the escrow officer's  
 3-11 license or termination of the escrow officer's employment with the  
 3-12 title insurance agent or direct operation that made the  
 3-13 appointment.

3-14 (e) Unless otherwise notified by the department, the escrow  
 3-15 officer may act as an escrow officer for the appointing title  
 3-16 insurance agent or direct operation after:

3-17 (1) the second business day after the date the  
 3-18 appointment is submitted to the department electronically; or

3-19 (2) the eighth business day after the date the  
 3-20 appointment is submitted to the department on a nonelectronic form.

3-21 SECTION 9. Section 2652.153, Insurance Code, is amended to  
 3-22 read as follows:

3-23 Sec. 2652.153. NOTICE OF TERMINATION. A title insurance  
 3-24 agent or direct operation that terminates the employment of a  
 3-25 licensed escrow officer shall:

3-26 (1) immediately notify the department in writing of  
 3-27 the termination and request cancellation of the appointment under  
 3-28 Section 2652.1511 [license]; and

3-29 (2) notify the escrow officer of the action by the  
 3-30 title insurance agent or direct operation.

3-31 SECTION 10. Section 2652.203, Insurance Code, is amended by  
 3-32 amending Subsections (a) and (d) and adding Subsection (e) to read  
 3-33 as follows:

3-34 (a) The department shall notify a license holder of a  
 3-35 disciplinary action or enforcement action against the license  
 3-36 holder not later than the 30th business day after the date the  
 3-37 department assigns a file number to the action, except that this  
 3-38 subsection does not apply to a file or action:

3-39 (1) that is the subject of a pending criminal  
 3-40 investigation or prosecution; or

3-41 (2) about which the ~~[deputy commissioner of the title~~  
 3-42 ~~division of the]~~ department makes a good faith determination that  
 3-43 there is a credible suspicion that there are ongoing or continuing  
 3-44 acts of fraud by a person who is the subject of the action.

3-45 (d) The department may provide information about an  
 3-46 enforcement action, including a copy of a notice issued under this  
 3-47 section, to each title insurance agent or direct operation with  
 3-48 which an escrow officer has, or proposes to obtain, an appointment  
 3-49 under Section 2652.1511 [employment].

3-50 (e) Except as prohibited by Chapter 552, Government Code, or  
 3-51 any other law, on the date an enforcement action against an escrow  
 3-52 officer becomes final, the department shall provide information  
 3-53 about the action, including a copy of a commissioner's order or  
 3-54 department warning issued under this section, to each title  
 3-55 insurance agent or direct operation for which the escrow officer  
 3-56 holds appointment under Section 2652.1511.

3-57 SECTION 11. Sections 2652.057(b) and 2652.152, Insurance  
 3-58 Code, are repealed.

3-59 SECTION 12. The changes in law made by this Act apply only  
 3-60 to the issuance or renewal of the license of an escrow officer on or  
 3-61 after January 1, 2016. The issuance or renewal of a license before  
 3-62 January 1, 2016, is governed by the law as it existed immediately  
 3-63 before the effective date of this Act, and that law is continued in  
 3-64 effect for that purpose.

3-65 SECTION 13. This Act takes effect September 1, 2015.

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