

1-1 By: Smithee (Senate Sponsor - Creighton) H.B. No. 2240
 1-2 (In the Senate - Received from the House April 19, 2021;
 1-3 May 4, 2021, read first time and referred to Committee on Business
 1-4 & Commerce; May 21, 2021, reported adversely, with favorable
 1-5 Committee Substitute by the following vote: Yeas 8, Nays 0;
 1-6 May 21, 2021, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
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	X			

1-18 COMMITTEE SUBSTITUTE FOR H.B. No. 2240 By: Hancock

1-19 A BILL TO BE ENTITLED
 1-20 AN ACT

1-21 relating to the disbursement of funds from a trust fund account by a
 1-22 title insurance company, title insurance agent, or escrow officer.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. Section 2651.202, Insurance Code, is amended by
 1-25 adding Subsection (a-1) to read as follows:

1-26 (a-1) For the purpose of this section, "good funds" includes
 1-27 United States dollars received and deposited in an account through
 1-28 an Automated Clearing House (ACH) transaction if the ACH
 1-29 transaction is irrevocable and final and cannot be canceled or
 1-30 reversed by the consumer once the funds have been directly
 1-31 transferred from the consumer's bank account. The ACH transaction
 1-32 must be a bank-to-bank transfer of funds or a deposit of funds from
 1-33 a consumer's account at a depository institution and must not be
 1-34 treated as a consumer payment with respect to chargeback and
 1-35 pullback consumer payment protections. The transferred funds must:

1-36 (1) be directly linked to and directly backed by funds
 1-37 in the consumer's account at the depository institution;

1-38 (2) be directly transferred from the consumer's bank
 1-39 account and directly deposited into the settlement service
 1-40 provider's escrow account by ACH transfer in accordance with the
 1-41 standards of any applicable governing body or standards
 1-42 organization with oversight over ACH transactions;

1-43 (3) at all points during the transfer process, utilize
 1-44 a unique identification and tracking system that designates the
 1-45 funds for their authorized purpose;

1-46 (4) not be subject to third-party access or
 1-47 commingling of funds at any point during the transfer process; and

1-48 (5) not utilize an intermediary account other than by
 1-49 a financial institution acting as ACH originator and operator as
 1-50 part of the ACH network.

1-51 SECTION 2. Section 2652.004, Insurance Code, is amended by
 1-52 adding Subsection (a-1) to read as follows:

1-53 (a-1) For the purpose of this section, "good funds" includes
 1-54 United States dollars received and deposited in an account through
 1-55 an Automated Clearing House (ACH) transaction if the ACH
 1-56 transaction is irrevocable and final and cannot be canceled or
 1-57 reversed by the consumer once the funds have been directly
 1-58 transferred from the consumer's bank account. The ACH transaction
 1-59 must be a bank-to-bank transfer of funds or a deposit of funds from
 1-60 a consumer's account at a depository institution and must not be

2-1 treated as a consumer payment with respect to chargeback and
2-2 pullback consumer payment protections. The transferred funds must:
2-3 (1) be directly linked to and directly backed by funds
2-4 in the consumer's account at the depository institution;
2-5 (2) be directly transferred from the consumer's bank
2-6 account and directly deposited into the settlement service
2-7 provider's escrow account by ACH transfer in accordance with the
2-8 standards of any applicable governing body or standards
2-9 organization with oversight over ACH transactions;
2-10 (3) at all points during the transfer process, utilize
2-11 a unique identification and tracking system that designates the
2-12 funds for their authorized purpose;
2-13 (4) not be subject to third-party access or
2-14 commingling of funds at any point during the transfer process; and
2-15 (5) not utilize an intermediary account other than by
2-16 a financial institution acting as ACH originator and operator as
2-17 part of the ACH network.

2-18 SECTION 3. This Act takes effect September 1, 2021.

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