

- SUBJECT:** Licensing and appointment of title insurance escrow officers
- COMMITTEE:** Insurance — committee substitute recommended
- VOTE:** 9 ayes — Frullo, Muñoz, G. Bonnen, Guerra, Meyer, Paul, Sheets, Vo, Workman  
0 nays
- WITNESSES:** For — (*Registered, but did not testify:* Allen Place, Texas Land Title Association)  
Against — None  
On — Marianne Baker and Jamie Walker, Texas Department of Insurance
- BACKGROUND:** Insurance Code, ch. 2652 provides for licensing of escrow officers. The law requires each title insurance agent employing an escrow officer to apply for that officer's license and renewals. Some escrow officers who perform services for more than one title agent have multiple licenses.
- DIGEST:** CSHB 2491 would allow an individual to apply for an escrow officer's license with the Texas Department of Insurance (TDI). A licensed officer would not be able to act on behalf of a title insurance agent until the agent had filed the escrow officer's appointment with TDI. The bill would allow an escrow officer to be employed and appointed by more than one title insurance agent.
- The title insurance agent making an appointment would be required to file electronic or non-electronic forms certifying that the escrow officer being appointed is a bona fide employee covered by a surety bond or deposit. The officer could begin acting for the appointing agent two days after the date an electronic appointment form was submitted or eight days after the date a non-electronic form was submitted.
- An escrow officer would be allowed to renew an unexpired license by

submitting a required form and paying a renewal fee in an amount set by TDI. An escrow officer's appointment would expire upon the revocation, termination, or nonrenewal of the license or termination of the individual's employment with the title agent. The bill would repeal a requirement that a title agent apply for renewal and pay a nonrefundable license renewal fee of up to \$50 for each escrow officer it employs.

The bill would remove a requirement for automatic termination without notice of an escrow officer's license when an employing title agent surrenders a license or has it revoked. It would repeal a requirement for automatic forfeiture of an escrow officer's license if the officer was not employed by a title agent.

TDI would be required to make certain information available to the public, including each escrow officer's name, license number, continuing education compliance status, and appointment history. TDI also would be required to provide information on the date an enforcement action against an escrow officer became final to each appointing title agent.

The bill also would require that continuing education programs for escrow officers be certified under statutory continuing education programs generally applicable to insurance professionals. It would make conforming changes and delete an outdated reference to a TDI deputy commissioner.

The bill would take effect September 1, 2015, and would apply only to the issuance or renewal of an escrow officer's license on or after January 1, 2016.

**SUPPORTERS  
SAY:**

Title insurance agents employ escrow officers to handle the paperwork related to closings on real estate transactions. Acting as neutral third parties, escrow officers regularly hold and disperse money in connection with the transfer of real property.

CSHB 2491 would treat escrow officers in the same manner as other professionals licensed by TDI. It would eliminate the requirement that an escrow officer who works for more than one title agent have multiple

licenses. An escrow officer, instead of the title agency, would be responsible for obtaining and renewing a license.

Title agents would continue to be responsible for oversight of any escrow officers who work on their behalf through the bill's appointment process and bonding requirements.

The bill would create a more efficient and consistent licensing and renewal process. Under current law, all escrow officer licenses associated with a title agent renew at the same time the title agent's license renews. This often creates a spike in demand when large title agencies renew. The proposed renewal process could reduce the time it takes TDI to renew both title agent and escrow officer licenses. Escrow officers would no longer have to wait for a new license if they changed employers and would not automatically lose their license if they took a leave of absence.

The single license system could improve transparency by making it easier for consumers and title companies to check the license status of an escrow officer using TDI's online databases. The bill would require TDI to disclose final enforcement actions taken against an escrow officer to any appointing title agents.

The bill would not reduce consumer protection standards. TDI would continue to use criminal history and other information to ensure those receiving licenses as escrow officers were worthy of the public trust.

**OPPONENTS  
SAY:**

CSHB 2491 could reduce oversight of escrow officers and impact consumer protection. The bill would allow an escrow officer to apply for a license independent of a sponsoring title agency. It would end automatic license forfeiture if an escrow officer was not employed by a title company. The bill also would remove the automatic termination of an escrow officer's license when an employing title company loses its license. These changes could make it easier for an individual to act as a rogue "free agent" without the legally required association with a title company.

NOTES: The Senate companion bill, SB 1548 by Eltife, was referred to the Senate Business and Commerce Committee on March 23.