

State Corporation Commission
2001 Fiscal Impact Statement

1. Bill Number HB1760

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Jones, J.C.

3. Committee Corporations, Insurance & Banking

4. Title CRESPA; depositing funds in conjunction with an escrow,

5. Summary/Purpose:

This bill amends § 6.1-2.23 of CRESPA (Consumer Real Estate Settlement Protection Act) by requiring that all funds deposited with a settlement agent must be deposited into a financial institution no later than the close of the second business day following the closing and prior to disbursement of the funds. Current law says that funds must be deposited no later than the close of the *next* business day.

6. No Fiscal Impact on state agencies

7. Budget amendment necessary: No

8. Fiscal implications: None

9. Specific agency or political subdivisions affected: State Corporation Commission's Bureau of Insurance and Bureau of Financial Institutions, the Department of Professional and Occupational Regulation (Real Estate Board), and the Virginia State Bar.

10. Technical amendment necessary: The Bureau of Insurance has recommended to Delegate Jones removing the words "following closing" on line 17 of page 1 of House Bill 1760. The understanding of the Bureau of Insurance is that the bill is intended to allow settlement agents two business days to deposit settlement; current law provides for one day only. By inserting the words "following closing," however, settlement agents who receive settlement funds well in advance of the day of closing will not be required to deposit the funds into an escrow account until two days following closing. Removing this language will give settlement agents the two business days needed to deposit funds received, but will also allow for a greater level of consumer protection by requiring that the funds be held in escrow until the date of closing some time in the future. It is the belief of the Bureau of Insurance that such a clarification is more in line with the original intent of CRESPA, which was enacted as a consumer protection measure.

11. Other comments: It is the understanding of the Bureau of Insurance that House Bill 1760 was proposed to Delegate Jones by the Virginia Real Estate Attorneys League (VaREAL).

Date: January 15, 2001

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cc: Secretary of Commerce and Trade

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