

Department of Planning and Budget
2009 Fiscal Impact Statement

1. Bill Number: SB938ER

House of Origin ☐ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☒ Enrolled

2. Patron: Watkins

3. Committee: Passed Both Houses

4. Title: **CRESPA; settlement agent registration.**

5. Summary: Shifts the duty to register settlement agents from the Virginia State Bar to the appropriate licensing authorities that are responsible for regulating their particular settlement agents. The measure also allows the appropriate licensing authority to administratively terminate the registration of a settlement agent who fails to maintain a license, fails to renew his registration, or fails to comply with certain financial responsibility requirements.

6. Fiscal Impact Estimates: Final (See Item 8)

7. Budget Amendment Necessary: No

8. Fiscal Implications: The Consumer Real Estate Settlement Protection Act (CRESPA or the Act) authorizes licensed Virginia attorneys, title insurance companies and agents, real estate brokers and financial institutions (or a subsidiary or affiliate thereof), to serve as Settlement Agents and provide "escrow, closing or settlement services" if they register with the Virginia State Bar (VSB) and meet other conditions of their regulatory agencies. CRESPA went into effect July 1, 1997 and can be found at Virginia Code Sections 6.1-2.19 through 6.1-2.29.

Under existing law, the VSB registers attorneys and title insurance agents, agencies and companies. The proposed legislation would relocate the CRESPA registration process for non-lawyers to the Bureau of Insurance division of the State Corporation Commission (SCC) since they are regulated under Title 38.2 (Insurance) of the Code of Virginia.

Currently, there are 956 agents and agencies that would be affected by this legislation. There are 10 licensed brokers and 21 individual title agents who pay \$35 each biennially and 925 title insurance companies, title insurance agencies and financial institutions that pay \$100 biennially in renewal fees. The annual revenue (approximately \$50,000) generated by this program would move from VSB to the SCC.

The proposed budget of the General Assembly did not transfer the appropriation from VSB to the SCC; however, the Governor has the authority to transfer the funding administratively.

9. Specific Agency or Political Subdivisions Affected: Virginia State Bar, State Corporation Commission.

10. Technical Amendment Necessary: No

11. Other Comments: None

Date: 3/11/2009 dpb

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