

# 1995 SESSION

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## HOUSE JOINT RESOLUTION NO. 555

Offered January 23, 1995

*Requesting the Joint Legislative Audit and Review Commission to study the practices of escrow and settlement companies.*

Patrons—McClure, Croshaw, Davies and McDonnell; Senator: Calhoun

Referred to Committee on Rules

WHEREAS, there exists in the Commonwealth in increasing numbers escrow companies, settlement companies and similar businesses that handle real estate closings and funds disbursed in connection therewith; and

WHEREAS, professionals, title insurance companies, and others that handle such funds are subject to regulation and oversight regarding their handling and escrowing of such funds, but escrow companies and settlement companies are currently not subject to such regulation and oversight; and

WHEREAS, in the absence of regulation or oversight, there exists the potential for escrow and settlement companies to provide legal advice without being licensed as attorneys and to mishandle or misappropriate funds in connection with real estate transactions, leaving homebuyers and other parties to the transactions with little recourse; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Joint Legislative Audit and Review Commission study the practices of escrow companies, settlement companies, and similar businesses, identify the protections, if any, that exist in regard to the unauthorized practice of law and the handling, escrowing, and disbursing of settlement proceeds, and identify the need, if any, for regulation of this business enterprise.

The Joint Legislation Audit and Review Commission shall complete its work in time to submit its findings and recommendations to the Governor and the 1996 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

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