

ASSEMBLY BILL

No. 1646

Introduced by Assembly Member Conroy

February 24, 1995

An act to amend Section 17006 of the Financial Code, relating to escrow.

LEGISLATIVE COUNSEL'S DIGEST

AB 1646, as introduced, Conroy. Escrow agents.

Existing law, the Escrow Law, exempts from its provisions, among others, any person licensed to practice law in California who is not actively engaged in conducting an escrow agency, and any licensed real estate broker while performing acts in the course of or incidental to a real estate transaction in which the broker is an agent or a party to the transaction and in which the broker is performing an act for which a real estate license is required.

This bill would provide that every licensed real estate broker and person licensed to practice law in this state who performs escrow activities shall have all escrow trust accounts covered by a fidelity bond in an amount equal to the amount on deposit with the real estate broker or attorney.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 17006 of the Financial Code is
2 amended to read:

1 17006. (a) This division does not apply to:

2 (1) Any person doing business under any law of this
3 state or the United States relating to banks, trust
4 companies, building and loan or savings and loan
5 associations, or insurance companies.

6 (2) Any person licensed to practice law in California
7 who is not actively engaged in conducting an escrow
8 agency.

9 (3) Any person whose principal business is that of
10 preparing abstracts or making searches of title that are
11 used as a basis for the issuance of a policy of title insurance
12 by a company doing business under any law of this state
13 relating to insurance companies.

14 (4) Any broker licensed by the Real Estate
15 Commissioner while performing acts in the course of or
16 incidental to a real estate transaction in which the broker
17 is an agent or a party to the transaction and in which the
18 broker is performing an act for which a real estate license
19 is required.

20 (b) The exemptions provided for in paragraphs (2)
21 and (4) of subdivision (a) are personal to the persons
22 listed, and those persons shall not delegate any duties
23 other than duties performed under the direct supervision
24 of those persons. Notwithstanding the provisions of this
25 subdivision, the exemptions provided for in paragraphs
26 (2) and (4) of subdivision (a) are not available for any
27 arrangement entered into for the purpose of performing
28 escrows for more than one business.

29 *(c) Every licensed real estate broker and person*
30 *licensed to practice law in this state who performs escrow*
31 *activities shall have all escrow trust accounts covered by*
32 *a fidelity bond in an amount equal to the amount on*
33 *deposit with the real estate broker or attorney.*

