

AMENDED IN ASSEMBLY APRIL 17, 1995

AMENDED IN ASSEMBLY APRIL 3, 1995

CALIFORNIA LEGISLATURE—1995–96 REGULAR SESSION

ASSEMBLY BILL

No. 1646

Introduced by Assembly Member Conroy
(Principal coauthor: Assembly Member Caldera)

February 24, 1995

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

LEGISLATIVE COUNSEL'S DIGEST

AB 1646, as amended, Conroy. Escrow.

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, 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, and persons whose principal business is that of preparing abstracts or making title searches, as specified.

This bill would ~~provide that every~~ *delete the exemption of* licensed real estate ~~broker~~ *brokers, and require that every* person licensed to practice law in this state, and, to the extent of any exemption under the Escrow Law, title insurers, underwritten title companies, and controlled escrow

companies, that perform 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~~ *respective entity*.

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:

3 17006. (a) This division does not apply to:

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

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

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

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

22 (b) ~~The exemptions provided for in paragraphs
23 exemption provided for in paragraph (2) and (4) of
24 subdivision (a) are of subdivision (a) is~~ personal to the
25 persons listed, and those persons shall not delegate any
26 duties other than duties performed under the direct
27 supervision of those persons. Notwithstanding the
28 provisions of this subdivision, ~~the exemptions provided
29 for in paragraphs exemption provided for in paragraph
30 (2) and (4) of subdivision (a) are of subdivision (a) is~~ not
31 available for any arrangement entered into for the



1 purpose of performing escrows for more than one
2 business.

3 (c) Every ~~licensed real estate broker,~~ person licensed
4 to practice law in this state, and, to the extent that their
5 activities may be exempt from licensure pursuant to this
6 division, title insurers, underwritten title companies, and
7 controlled escrow companies, that perform escrow
8 activities shall have all escrow trust accounts covered by
9 a fidelity bond in an amount equal to the amount on
10 deposit with the ~~real estate broker or attorney~~ *person*
11 *licensed to practice law, title insurer, underwritten title*
12 *company, or controlled escrow company.*

