

REVENUE: No revenue impact

FISCAL: Minimal fiscal impact, no statement issued

Action: Do Pass as Amended and Be Printed Engrossed

Vote: 4 - 0 - 1

Yeas: George, Girod, Rosenbaum, Bonamici

Nays: 0

Exc.: Burdick

Prepared By: Lori Brocker, Administrator

Meeting Dates: 2/3, 2/12

WHAT THE MEASURE DOES: Requires Real Estate Commissioner to establish escrow agent licensing system by rule. Provides criteria for escrow agent licensing system. Requires fingerprint and background check for initial escrow applicant, or upon change in ownership interest in escrow agent, or for corporate officers or individuals in charge of operations. Allows commissioner to require additional information from escrow agent licensee or applicant. Grants discretionary powers to commissioner for implementation of escrow agent licensing. Allows commissioner to impose disciplinary action for demonstrated incompetence. Allows commissioner to impose disciplinary action for act of fraud or dishonest conduct substantially related to applicant or licensee fitness, even if conduct did not occur in course of escrow activity. Allows commissioner to impose disciplinary action for failure to maintain required surety bond. Requires escrow agents to follow written instruction of principals in escrow transaction.

ISSUES DISCUSSED:

- Procedure for licensing system by rule
- New sanctions allowed by statutory provisions
- Definition of escrow agent
- Information commissioner considers necessary for protecting the public
- Background and fingerprint check requirements
- Criteria for licensing system
- Agency role when implementing system
- Scope of agency authority
- Amendment effect on persons starting escrow business

EFFECT OF COMMITTEE AMENDMENT: Clarifies provisions relating to escrow instructions. Resolves potential conflict with provisions pertaining to disbursement of escrow funds.

BACKGROUND: Escrow agents are required by statute to be licensed to conduct business in Oregon. The Real Estate Agency implements the licensing and oversight provisions that are contained in statute, not rule. Background and fingerprint checks are currently required for licensing, but are not required for new owners and officers when there is a change in ownership. Current statutory provisions require escrow agents to have a written escrow agreement, but do not specify that the agent must follow the written instructions of the principals subject to the agreement. SB 141 is the result of a work group of agency personnel and escrow industry representatives.