

REVENUE: No revenue impact

FISCAL: Minimal fiscal impact, no statement issued

Action: Do Pass

Vote: 7 - 2 - 0

Yeas: Doherty, Keny-Guyer, Lively, Richardson, Smith, Vega Pederson, Holvey

Nays: Johnson, Thatcher

Exc.: 0

Prepared By: Bob Estabrook, Administrator

Meeting Dates: 4/16

WHAT THE MEASURE DOES: Allows Real Estate Commissioner to suspend, revoke or deny escrow agent licensure if person acts as collection agency or provides debt management service or money transmission without required license. Allows Commissioner to suspend, revoke or deny licensure if person assists person without license to act as collection agency or provide debt management service or money transmission. Limits exemption for escrow agents from licensure requirement for debt management service provider. Becomes operative 60 days after effective date. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Purpose of escrow agent exemption
- Enforcement “loophole” available under existing statute
- Proposed clarification of escrow agent exemption

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: In 2009, the Legislative Assembly enacted House Bill 2191, which created registration provisions applicable to different entities providing services related to consumer debt. A then-existing provision, , which was retained, exempts individuals licensed as escrow agents. The Department of Consumer and Business Services now reports that otherwise unlicensed debt management companies might use such an exemption as a means of avoiding registration with, and enforcement action by, the Department.

House Bill 3489 narrows the escrow agent exemption from debt management service licensure and allows the Real Estate Commissioner to suspend, revoke, or refuse to issue an escrow agent license to persons who engage in debt management activities without engaging in collection escrow activity, or who help an unlicensed person to engage in debt management activities.