

REVENUE: No revenue impact

FISCAL: Minimal fiscal impact, no statement issued

Action: Do Pass as Amended and Be Printed Engrossed

Vote: 4 - 1 - 0

Yeas: George, Monnes Anderson, Prozanski, Shields

Nays: Baertschiger

Exc.: 0

Prepared By: Channa Newell, Administrator

Meeting Dates: 5/22, 5/29

WHAT THE MEASURE DOES: Specifies that escrow agent engaged in collection or billing activities involving real estate closing escrow, or serving as trustee of trust deed, is not collection agency or debt management service provider. Specifies conditions in which exclusion does not apply. Becomes operative 60 days after effective date. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- House Bill 2191 (2009)
- Umbrella registration and regulation of debt management service providers
- Debt management service providers include credit counselors and debt consolidation providers
- Some debt management service providers obtain escrow license to avoid requirements of HB 2191
- Intent of measure is to continue to allow legitimate escrow activities while curtailing certain practices

EFFECT OF COMMITTEE AMENDMENT: Removes Real Estate Commissioner's authority to suspend or revoke license of escrow agent engaging in unlicensed debt management services, collection agency activities, or money transmissions. Clarifies that escrow agents participating in closing escrow activities are exempt. Specifies conditions in which exemption does not apply. Clarifies trustees for trust deeds remain exempt.

BACKGROUND: In 2009, the Legislative Assembly enacted House Bill 2191, which brought debt management service providers under Department of Consumer and Business Services (DCBS) regulation and oversight. DCBS reports that some entities that provide collection or debt management services have obtained escrow licenses, as escrow agents are exempted from the requirement to register as a debt collector or debt management service provider. House Bill 3489-A clarifies which actions by an escrow agent are not considered the actions of a collection agency or debt management service provider by specifying that escrow agents acting in closing or collection of escrow accounts, or serving as a trustee of a trust deed, are not considered collection agencies or debt management service providers.