

INSURANCE CODE

TITLE 11. TITLE INSURANCE

SUBTITLE D. TITLE INSURANCE PROFESSIONALS

CHAPTER 2652. ESCROW OFFICERS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 2652.001. LICENSE AND BOND OR DEPOSIT REQUIRED. An individual may not act as an escrow officer unless the individual:

- (1) holds a license issued by the department;
- (2) is covered by a surety bond or deposit required under Subchapter C; and
- (3) is appointed under Section [2652.1511](#) as an escrow officer by a title insurance agent or direct operation.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 6, eff. April 1, 2005.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 232 (H.B. [2491](#)), Sec. 1, eff. September 1, 2015.

Sec. 2652.002. EMPLOYMENT OF ESCROW OFFICER. (a) A title insurance agent or direct operation may not employ an individual as an escrow officer unless the individual:

- (1) holds a license issued by the department;
- (2) is covered by a surety bond or deposit as required under Subchapter C; and
- (3) is appointed under Section [2652.1511](#) as an escrow officer by the title insurance agent or direct operation.

(b) A title insurance agent or direct operation may not permit an individual to act as an escrow officer in this state before the agent or direct operation has complied with Sections [2652.151](#) and [2652.1511](#) with respect to the individual.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 6, eff. April 1, 2005.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 232 (H.B. [2491](#)), Sec. 1, eff. September 1, 2015.

Sec. 2652.003. ATTORNEY ACTING AS ESCROW OFFICER. (a)

Notwithstanding Section 2652.001, an attorney is not required to be licensed as an escrow officer to perform the duties of an escrow officer as defined by Section 2501.003.

(b) An attorney may hold a license to act as an escrow officer. An employee of an attorney licensed as an escrow officer also may hold a license to act as an escrow officer. An attorney licensed as an escrow officer shall comply with the provisions of this code that apply to escrow officers and trust funds as if the attorney were a title insurance agent.

(c) Notwithstanding any other provision of this chapter, a title insurance company or title insurance agent may not permit an attorney to conduct the attorney's business in the name of the company or agent unless the attorney and the attorney's bona fide employees who close transactions are licensed escrow officers.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 6, eff. April 1, 2005.

Sec. 2652.004. TRUST FUND ACCOUNT DISBURSEMENTS. (a) An escrow officer may not disburse funds from a trust fund account until good funds related to the transaction have been received and deposited in the account in amounts sufficient to fund any disbursements from the transaction.

(b) An escrow officer is not liable for a violation of this section if the violation:

(1) was not intentional; and

(2) resulted from a bona fide error despite the maintenance of procedures reasonably adopted to avoid the error.

(c) The commissioner shall adopt rules and definitions to implement this section.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 6, eff. April 1, 2005.

Sec. 2652.005. ESCROW ACCOUNT AUDIT. Each escrow account used by a licensed escrow officer for closing a transaction is subject to the audit requirements of Subchapter D, Chapter 2651.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 6, eff. April 1, 2005.

Sec. 2652.006. RECORD OF ESCROW OFFICERS; PUBLIC INFORMATION. (a) The department shall maintain a record of each

escrow officer licensed by the department in a manner that ensures that the escrow officers employed and appointed under Section [2652.1511](#) by any title insurance agent or direct operation in this state may be conveniently determined.

(b) The department shall make available to the public from the records maintained under Subsection (a) or from other records of the department each escrow officer's name, license number, continuing education compliance status, and appointment history. Added by Acts 2003, 78th Leg., ch. 1274, Sec. 6, eff. April 1, 2005. Amended by:

Acts 2015, 84th Leg., R.S., Ch. 232 (H.B. [2491](#)), Sec. 1, eff. September 1, 2015.

#### SUBCHAPTER B. LICENSE APPLICATION AND RENEWAL

Sec. 2652.051. LICENSE APPLICATION. (a) Before an initial license is issued to an individual to act as an escrow officer in this state for a title insurance agent or direct operation, the individual must file an application for an escrow officer's license with the department on forms provided by the department and the title insurance agent or direct operation must file an appointment of the escrow officer under Section [2652.1511](#).

(b) The application must be:

- (1) accompanied by a nonrefundable license fee; and
- (2) signed and sworn to by the title insurance agent or direct operation and by the proposed escrow officer.

(c) The completed application must state that:

(1) the proposed escrow officer is an individual who is a bona fide resident of:

- (A) this state; or
- (B) a state adjacent to this state;

(2) the proposed escrow officer is an attorney or is a bona fide employee of:

- (A) an attorney licensed as an escrow officer; or
- (B) a title insurance agent or direct operation;

(3) the proposed escrow officer has reasonable experience or instruction in the field of title insurance;

(4) the title insurance agent or direct operation does not know of any fact or condition that disqualifies the proposed escrow officer from receiving a license; and

(5) the proposed escrow officer is a bona fide employee of a title insurance agent or direct operation with an office in this state.

(d) Notwithstanding Sections [406.004](#) and [406.020](#), Government Code, a person qualified under this section as an escrow officer may hold a license and operate as a notary public under Chapter [406](#), Government Code.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 6, eff. April 1, 2005.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 155 (H.B. [652](#)), Sec. 1, eff. September 1, 2009.

Acts 2015, 84th Leg., R.S., Ch. 232 (H.B. [2491](#)), Sec. 2, eff. September 1, 2015.

Sec. 2652.052. LICENSE AND RENEWAL FEES. (a) The department shall prescribe the license fee in an amount not to exceed \$50.

(b) License and renewal fees collected under this chapter and appointment fees collected under Section [2652.1511](#) shall be deposited to the credit of the Texas Department of Insurance operating account to be used by the department to enforce this chapter and any other law of this state that regulates escrow officers for title insurance agents or direct operations.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 6, eff. April 1, 2005.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 232 (H.B. [2491](#)), Sec. 3, eff. September 1, 2015.

Sec. 2652.053. LICENSE ISSUANCE. The department shall issue a license if the department determines, based on the application and the department's investigation, that the requirements of Section [2652.051](#) are satisfied.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 6, eff. April 1, 2005.

Sec. 2652.054. DUPLICATE LICENSE. (a) The department shall collect in advance a fee from a title insurance agent or direct operation that requests a duplicate license.

(b) The department shall prescribe the fee in an amount not to exceed \$20.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 6, eff. April 1, 2005.

Sec. 2652.055. LICENSE TERM. Unless a system of staggered license renewal is adopted or required under Chapter 4003, a license expires on the second June 1 following the date of issuance.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 6, eff. April 1, 2005.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 232 (H.B. 2491), Sec. 4, eff. September 1, 2015.

Sec. 2652.056. PROCEDURE FOR LICENSE RENEWAL. An individual may renew an unexpired escrow officer license by:

(1) submitting to the department on a form provided by the department a completed application, signed and sworn by the individual, stating that the applicant is an individual who is a bona fide resident of this state or a state adjacent to this state; and

(2) paying to the department a renewal fee in an amount set by the department.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 6, eff. April 1, 2005.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 232 (H.B. 2491), Sec. 4, eff. September 1, 2015.

Sec. 2652.057. LICENSE SURRENDER OR FORFEITURE. (a) An escrow officer may voluntarily surrender the escrow officer's license at any time by giving notice to the department.

(b) Repealed by Acts 2015, 84th Leg., R.S., Ch. 232, Sec. 11, eff. September 1, 2015.

(c) A surrender or forfeiture of a license under this section does not affect the culpability of the license holder for conduct committed before the effective date of the surrender or

forfeiture. The department may institute a disciplinary proceeding against the former license holder for conduct committed before the effective date of the surrender or forfeiture.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 6, eff. April 1, 2005.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 232 (H.B. [2491](#)), Sec. 11, eff. September 1, 2015.

Sec. 2652.058. CONTINUING EDUCATION. (a) To protect the public and to preserve and improve the competence of license holders, the department shall require as a condition of holding an escrow officer license that the license holder enroll in and attend or teach continuing education consisting of class instruction, lectures, seminars, or other forms of education approved by the department for escrow officers.

(b) The department shall prescribe the required number of hours of continuing education, not to exceed 15 hours in each two-year license period.

(c) Continuing education instruction must be designed to refresh the license holder's understanding of:

(1) basic principles and coverages relating to title insurance;

(2) recent and prospective changes in those principles and coverages;

(3) applicable rules of the commissioner and laws;

(4) the proper conduct of the license holder's business; and

(5) the duties and responsibilities of the license holder.

(d) The department may permit a license holder to complete an equivalent course of study and instruction by mail if, because of the remote location of the license holder's residence or business, the license holder is unable to attend educational sessions with reasonable convenience.

(e) On written request by the license holder, the department may extend the time for the license holder to comply with the requirements of this section or may exempt the license holder from

all or part of the requirements for a license period if the department determines that the license holder is unable to comply with the requirements because of illness, medical disability, or another extenuating circumstance beyond the control of the license holder. The commissioner shall prescribe the criteria for an extension or exemption by rule.

(f) The commissioner shall adopt rules to administer this section.

(g) Continuing education programs to satisfy the requirements of this section must be certified under Subchapter C, Chapter 4004. The department may enter into an agreement with an independent contractor as authorized by Section 4004.104 to certify and register the programs and providers of those programs.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 6, eff. April 1, 2005.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 232 (H.B. 2491), Sec. 5, eff. September 1, 2015.

Sec. 2652.059. DENIAL OF LICENSE APPLICATION OR LICENSE RENEWAL; APPROVAL. (a) Not later than the 20th business day after the date the department receives a license application or a license renewal under this chapter, the department shall notify the applicant or license holder in writing of any deficiencies in the application that render the application incomplete.

(b) Not later than the fifth business day after the date the application is complete, the department shall notify the applicant or license holder in writing of the date that the license application or license renewal is complete.

(c) An application is automatically approved on the 30th business day after the date the application is complete, unless on or before that date the department notifies the applicant or license holder in writing of the factual grounds on which the department proposes to deny the application.

(d) The department may provide a notice required under this section by e-mail.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1011 (H.B. 2408), Sec. 6, eff. September 1, 2011.

SUBCHAPTER C. BOND AND DEPOSIT REQUIREMENTS

Sec. 2652.101. BOND REQUIRED. (a) A title insurance agent or direct operation shall obtain, at its own expense, a bond for its escrow officers appointed under Section [2652.1511](#) payable to the department. The bond shall obligate the principal and surety to pay for any pecuniary loss sustained by the title insurance agent or direct operation through an act of fraud, dishonesty, forgery, theft, embezzlement, or wilful misapplication by an escrow officer, either directly and alone or in conspiracy with another person.

(b) The bond must be:

(1) of a type approved by the department; and

(2) issued by a surety licensed by the department to do business in this state.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 6, eff. April 1, 2005.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 232 (H.B. [2491](#)), Sec. 6, eff. September 1, 2015.

Sec. 2652.102. ALTERNATIVE TO BOND. (a) Instead of the bond required by Section [2652.101](#), a title insurance agent or direct operation may deposit with the department:

(1) cash;

(2) irrevocable letters of credit issued by a financial institution insured by an agency of the United States; or

(3) securities approved by the department.

(b) The cash, letters of credit, or securities deposited under this section are subject to the conditions required for a bond under Section [2652.101](#).

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 6, eff. April 1, 2005.

Sec. 2652.103. AMOUNT OF BOND OR DEPOSIT. (a) The amount of the bond or deposit required under this subchapter is determined by multiplying the number of escrow officers employed by the title insurance agent or direct operation by:

(1) \$5,000 for an application of an individual who is a

bona fide resident of this state; or

(2) \$10,000 for an application of an individual who is a bona fide resident of a state adjacent to this state.

(b) Notwithstanding Subsection (a), the maximum amount of the bond or deposit required under this subchapter is \$50,000.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 6, eff. April 1, 2005.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 155 (H.B. 652), Sec. 2, eff. September 1, 2009.

Sec. 2652.104. EXAMINATION OF LOSS COVERED BY BOND OR DEPOSIT. (a) At any time it appears that a loss covered by a bond or deposit has occurred, the department may require the escrow officer to appear in Travis County, with records the department determines to be proper, for an examination.

(b) The department shall specify a date for the examination that is not earlier than the 10th day or later than the 15th day after the date of service of notice of the requirement to appear. Copies of the notice shall be sent to any title insurance agent or direct operation concerned.

(c) If after the examination the department determines that a loss covered by the bond or deposit has occurred, the department shall immediately notify the appropriate title insurance agent or direct operation and the surety on the bond, if applicable, and prepare a written statement of the facts of the loss and deliver the statement to the attorney general.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 6, eff. April 1, 2005.

Sec. 2652.105. INVESTIGATION BY ATTORNEY GENERAL. (a) On receipt of a written statement under Section 2652.104, the attorney general shall investigate the charges and, on determining that a loss covered by the bond or deposit has occurred, shall enforce the liability by collecting against the deposited cash or securities or by filing suit on the bond.

(b) A suit brought under this section shall be filed in the name of the department in Travis County for the benefit of all parties who have suffered any loss covered by the bond or deposit.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 6, eff. April 1, 2005.

SUBCHAPTER D. DUTIES OF TITLE INSURANCE AGENTS AND DIRECT  
OPERATIONS REGARDING ESCROW OFFICERS

Sec. 2652.151. LIST OF ESCROW OFFICERS. (a) A title insurance agent or direct operation shall certify to the department, not later than the expiration date of the title insurance agent's or direct operation's license, the name and address of each individual employed and appointed under Section [2652.1511](#) by the title insurance agent or direct operation to serve as an escrow officer in this state.

(b) The certification required by this section must be on a form provided by the department.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 6, eff. April 1, 2005.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 232 (H.B. [2491](#)), Sec. 7, eff. September 1, 2015.

Sec. 2652.1511. APPOINTMENT OF ESCROW OFFICER. (a) An escrow officer may be employed and appointed by more than one title insurance agent or direct operation.

(b) Before an escrow officer may act in that capacity for a title insurance agent or direct operation, the title insurance agent or direct operation must appoint the escrow officer and file the escrow officer's appointment with the department on the electronic or nonelectronic form provided by the department.

(c) The appointment form must:

- (1) be accompanied by a nonrefundable appointment fee;
- (2) certify that:

(A) the escrow officer is a bona fide employee of the title insurance agent or direct operation making the appointment; and

(B) the title insurance agent or direct operation has an office in this state;

(3) be signed and sworn to by the title insurance agent or direct operation and by the escrow officer; and

(4) acknowledge that the escrow officer is covered by a surety bond or deposit required under Subchapter C.

(d) The appointment of the escrow officer expires on the revocation, termination, or nonrenewal of the escrow officer's license or termination of the escrow officer's employment with the title insurance agent or direct operation that made the appointment.

(e) Unless otherwise notified by the department, the escrow officer may act as an escrow officer for the appointing title insurance agent or direct operation after:

(1) the second business day after the date the appointment is submitted to the department electronically; or

(2) the eighth business day after the date the appointment is submitted to the department on a nonelectronic form.

Added by Acts 2015, 84th Leg., R.S., Ch. 232 (H.B. 2491), Sec. 8, eff. September 1, 2015.

Sec. 2652.153. NOTICE OF TERMINATION. A title insurance agent or direct operation that terminates the employment of a licensed escrow officer shall:

(1) immediately notify the department in writing of the termination and request cancellation of the appointment under Section 2652.1511; and

(2) notify the escrow officer of the action by the title insurance agent or direct operation.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 6, eff. April 1, 2005.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 232 (H.B. 2491), Sec. 9, eff. September 1, 2015.

#### SUBCHAPTER E. LICENSE DENIAL AND DISCIPLINARY ACTION

Sec. 2652.201. GROUNDS FOR LICENSE DENIAL OR DISCIPLINARY ACTION. (a) The department may deny an application for a license or discipline an escrow officer under Sections 4005.102, 4005.103, and 4005.104 if the department determines that the applicant or license holder has:

- (1) wilfully violated this title;
- (2) intentionally made a material misstatement in the license application;
- (3) obtained or attempted to obtain the license by fraud or misrepresentation;
- (4) misappropriated or converted to the escrow officer's own use or illegally withheld money belonging to a title insurance agent, direct operation, or another person;
- (5) been guilty of fraudulent or dishonest practices;
- (6) materially misrepresented the terms and conditions of a title insurance policy or contract; or
- (7) failed to complete all educational requirements.

(b) The department may not deny an application for a license or discipline an escrow officer under Section [4005.102](#), [4005.103](#), or [4005.104](#) solely because the individual resides in an adjacent state and acts as an escrow officer in this state as a bona fide employee of a title insurance agent or direct operation in this state.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 6, eff. April 1, 2005.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 155 (H.B. [652](#)), Sec. 3, eff. September 1, 2009.

Sec. 2652.2015. PROHIBITED GROUNDS FOR DELAY OR DENIAL.

(a) Except as provided by Subsection (b) or (c), the department may not delay or deny a license application or a license renewal based wholly or partly on a department audit or complaint investigation of, or disciplinary or enforcement action against, a license holder or applicant that is pending and has not been finally closed or resolved by a final order issued by the commissioner on or before the date on which the initial or renewal application is complete.

(b) The department may delay a license application or license renewal if:

- (1) the applicant or license holder is the subject of a criminal investigation or prosecution; or
- (2) the deputy commissioner of the title division of

the department makes a good faith determination that there is a credible suspicion that there are ongoing or continuing acts of fraud by the applicant or license holder.

(c) The department may deny a license application or license renewal if the department determines that the applicant or license holder intentionally made a material misstatement in the license application or license renewal or the applicant or license holder attempted to obtain the license or renewal by fraud or misrepresentation.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1011 (H.B. 2408), Sec. 7, eff. September 1, 2011.

Sec. 2652.202. LICENSE APPLICATION AFTER DENIAL, REFUSAL, OR REVOCATION. (a) An applicant whose license application has been denied or refused or a license holder whose license has been revoked under this subchapter may not file another application for a license as an escrow officer before the first anniversary of:

(1) the effective date of the denial, refusal, or revocation; or

(2) the date of a final court order affirming the denial, refusal, or revocation if judicial review is sought.

(b) A license application filed after the time required by this section may be denied by the department unless the applicant shows good cause why the denial, refusal, or revocation should not be a bar to the issuance of a license.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 6, eff. April 1, 2005.

Sec. 2652.203. NOTICE OF DISCIPLINARY OR ENFORCEMENT ACTION; AUTOMATIC DISMISSAL. (a) The department shall notify a license holder of a disciplinary action or enforcement action against the license holder not later than the 30th business day after the date the department assigns a file number to the action, except that this subsection does not apply to a file or action:

(1) that is the subject of a pending criminal investigation or prosecution; or

(2) about which the department makes a good faith determination that there is a credible suspicion that there are

ongoing or continuing acts of fraud by a person who is the subject of the action.

(b) A notice required by Subsection (a) must provide a license holder fair notice of the alleged facts known by the department on the date of the notice that constitute grounds for the action.

(c) A disciplinary or enforcement action is automatically dismissed with prejudice, unless the department serves a notice of hearing on the license holder not later than the 60th business day after the date the department receives a hearing request from the license holder.

(d) The department may provide information about an enforcement action, including a copy of a notice issued under this section, to each title insurance agent or direct operation with which an escrow officer has, or proposes to obtain, an appointment under Section [2652.1511](#).

(e) Except as prohibited by Chapter [552](#), Government Code, or any other law, on the date an enforcement action against an escrow officer becomes final, the department shall provide information about the action, including a copy of a commissioner's order or department warning issued under this section, to each title insurance agent or direct operation for which the escrow officer holds appointment under Section [2652.1511](#).

Added by Acts 2011, 82nd Leg., R.S., Ch. 1011 (H.B. [2408](#)), Sec. 7, eff. September 1, 2011.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 232 (H.B. [2491](#)), Sec. 10, eff. September 1, 2015.