

HCS HB 1211 -- BANK ESCROW ACCOUNTS MAINTAINED BY BROKERS

SPONSOR: Voss

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Financial Institutions by a vote of 13 to 0.

The following is a summary of the House Committee Substitute for HB 1211.

Currently, real estate brokers are prohibited from commingling their personal or other funds in an account with funds belonging to another person. There is an exception that provides as follows:

(1) A broker can deposit and keep a sum of \$1,000 or less in the account from his or her personal funds but the funds must be identified and deposited specifically to cover service charges related to the account, and

(2) A broker can keep in the account any interest accrued on the funds in the account payable to the broker as long as any payment of such interest is withdrawn from the account within 30 days of receipt.

The following is a summary of the public testimony from the committee hearing. The testimony was based on the introduced version of the bill.

PROPONENTS: Supporters say that the funds can be deposited into an interest bearing account as long as there is disclosure. However, interest on the account which exceeds \$1,000 a month violates the law. The legislation would exempt earned interest in the escrow account from the \$1,000 limit if it is withdrawn within 30 days.

Testifying in person for the bill were Representative Voss; Arnie Dienoff.

OPPONENTS: There was no opposition voiced to the committee.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under Testimony on the bill page on the House website.