

REFERENCE TITLE: escrow agents; licensing; experience

State of Arizona  
Senate  
Forty-eighth Legislature  
First Regular Session  
2007

# **SB 1541**

Introduced by  
Senator Verschoor

AN ACT

AMENDING SECTION 6-817, ARIZONA REVISED STATUTES; RELATING TO ESCROW AGENTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:  
2 Section 1. Section 6-817, Arizona Revised Statutes, is amended to  
3 read:  
4 6-817. Refusal to license; suspension; revocation  
5 A. The superintendent may upon investigation refuse to license any  
6 applicant, or may suspend or revoke any license pursuant to title 41, chapter  
7 6, article 10 by entering an order to that effect, together with findings in  
8 respect to the order and by notifying the applicant or escrow agent either  
9 personally or by certified mail, return receipt requested, sent to the  
10 agent's stated address, upon the determination by the superintendent that the  
11 applicant or escrow agent:  
12 1. Is unable to pay debts as they fall due in the regular course of  
13 business.  
14 2. Has not conducted the applicant's or agent's business in accordance  
15 with law or has violated this chapter or the rules relating to this chapter.  
16 3. Is in such financial condition that the applicant or agent cannot  
17 continue in business with safety to the applicant's or agent's customers or  
18 the public.  
19 4. Has been found guilty of fraud in a legal or administrative  
20 proceeding in this jurisdiction or any other jurisdiction.  
21 5. Has made any material misrepresentations or false statements to, or  
22 concealed any essential or material fact from, any person in the course of  
23 the escrow business.  
24 6. Has knowingly made or caused to be made to the superintendent any  
25 false representation of a material fact, or has suppressed or withheld from  
26 the superintendent any information which the applicant or agent possesses,~~—~~  
27 and which if submitted by the applicant or agent would have caused the  
28 issuance of a license to be withheld or be grounds for the suspension or  
29 revocation of a license.  
30 7. Has failed to account properly for escrow property as required by  
31 the terms of the escrow.  
32 8. Refuses to permit an examination or investigation by the  
33 superintendent of the applicant's or agent's books and affairs,~~—~~ or has  
34 refused or failed within a reasonable time to furnish any information or make  
35 any report required by the superintendent under this chapter or rules  
36 relating to this chapter.  
37 9. Has been convicted of any criminal offense involving moral  
38 turpitude within the last fifteen years.  
39 10. Does not have the financial resources,~~—~~ OR experience,~~—~~ character or  
40 competence to adequately serve the public or to warrant the belief that the  
41 business will be operated lawfully,~~—~~ honestly, fairly and efficiently pursuant  
42 to this chapter. FOR THE PURPOSES OF THIS PARAGRAPH, AN APPLICANT OR ESCROW  
43 AGENT:

1 (a) HAS EXPERIENCE THAT IS ADEQUATE TO SERVE THE PUBLIC IF THE  
2 APPLICANT OR ESCROW AGENT HAS AT LEAST FOUR YEARS OF ESCROW OR ESCROW RELATED  
3 WORK EXPERIENCE.

4 (b) MAY HAVE EXPERIENCE THAT IS ADEQUATE TO SERVE THE PUBLIC, AT THE  
5 DISCRETION OF THE SUPERINTENDENT, IF THE APPLICANT OR ESCROW AGENT HAS MORE  
6 THAN TWO YEARS BUT LESS THAN FOUR YEARS OF ESCROW OR ESCROW RELATED WORK  
7 EXPERIENCE.

8 (c) DOES NOT HAVE EXPERIENCE THAT IS ADEQUATE TO SERVE THE PUBLIC IF AN  
9 APPLICANT HAS TWO YEARS OR LESS OF ESCROW OR ESCROW RELATED WORK EXPERIENCE.

10 11. Has disbursed monies in violation of escrow instructions.

11 12. Has failed to maintain an adequate internal control structure as  
12 prescribed by section 6-841.

13 13. Has caused or allowed any overdraft or returned check for  
14 insufficient funds on any of the escrow agent's trust or fiduciary accounts.

15 14. Has failed to authorize each financial institution with which it  
16 has deposited trust or fiduciary funds to notify the superintendent of any  
17 overdraft or check returned for insufficient funds on any trust or fiduciary  
18 accounts of the escrow agent.

19 B. It is sufficient cause for refusal, suspension or revocation of a  
20 license, in case of a partnership, a corporation or any other group or  
21 association, if any member of such persons, or officer or director thereof,  
22 has been guilty of any act or omission which would be cause for refusing a  
23 license or suspending or revoking the license of an individual agent.

24 Sec. 2. Retroactivity

25 This act is effective retroactively to from and after December 31,  
26 2005.