

By: Smithee

H.B. No. 2240

Substitute the following for H.B. No. 2240:

By: Oliverson

C.S.H.B. No. 2240

A BILL TO BE ENTITLED

AN ACT

relating to the disbursement of funds from a trust fund account by a title insurance company, title insurance agent, or escrow officer.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 2651.202, Insurance Code, is amended by adding Subsection (a-1) to read as follows:

(a-1) For the purpose of this section, "good funds" includes money received and deposited in an account through an Automated Clearing House (ACH) transaction if the ACH transaction is irrevocable and final and cannot be canceled or reversed. The ACH transaction must be a bank-to-bank transfer of funds or a deposit of funds from a customer's account at a depository institution and must not be treated by the depository institution as a consumer payment with respect to chargeback and pullback consumer payment protections. The transferred funds must be:

(1) directly linked to and backed by funds in the customer's account at the depository institution; and

(2) directly transferred and deposited into the settlement service provider's escrow account.

SECTION 2. Section 2652.004, Insurance Code, is amended by adding Subsection (a-1) to read as follows:

(a-1) For the purpose of this section, "good funds" includes money received and deposited in an account through an Automated Clearing House (ACH) transaction if the ACH transaction is

1 irrevocable and final and cannot be canceled or reversed. The ACH
2 transaction must be a bank-to-bank transfer of funds or a deposit of
3 funds from a customer's account at a depository institution and
4 must not be treated by the depository institution as a consumer
5 payment with respect to chargeback and pullback consumer payment
6 protections. The transferred funds must be:

7 (1) directly linked to and backed by funds in the
8 customer's account at the depository institution; and

9 (2) directly transferred and deposited into the
10 settlement service provider's escrow account.

11 SECTION 3. This Act takes effect September 1, 2021.