

## **BILL ANALYSIS**

Senate Research Center

H.B. 2240  
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Business & Commerce  
5/14/2021  
Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

H.B. 2240 amends current law relating to the disbursement of funds from a trust fund account by a title insurance company, title insurance agent, or escrow officer.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 2651.202, Insurance Code, by adding Subsection (a-1), as follows:

(a-1) Provides that for the purpose of Section 2651.202 (Trust Fund Account Disbursements), "good funds" includes United States dollars 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 by the customer once the funds have been directly transferred from the customer's bank account. Requires that the ACH transaction be a bank-to-bank transfer of funds or a deposit of funds from a customer's account at a depository institution and prohibits the ACH transaction from being treated as a consumer payment with respect to chargeback and pullback consumer payment protections. Requires that the transferred funds be:

- (1) directly linked to and backed by funds in the customer's account at the depository institution; and
- (2) directly transferred from the customer's bank account and deposited into the settlement service provider's escrow account by ACH transfer in accordance with the standards of any governing body with oversight over ACH transactions.

SECTION 2. Amends Section 2652.004, Insurance Code, by adding Subsection (a-1), as follows:

(a-1) Provides that for the purpose of Section 2652.004 (Trust Fund Account Disbursements), "good funds" includes United States dollars 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 by the customer once the funds have been directly transferred from the customer's bank account. Requires that the ACH transaction be a bank-to-bank transfer of funds or a deposit of funds from a customer's account at a depository institution and prohibits the ACH transaction from being treated as a consumer payment with respect to chargeback and pullback consumer payment protections. Requires that the transferred funds be:

- (1) directly linked to and backed by funds in the customer's account at the depository institution; and
- (2) directly transferred from the customer's bank account and deposited into the settlement service provider's escrow account by ACH transfer in accordance with the standards of any governing body with oversight over ACH transactions.

SECTION 3. Effective date: September 1, 2021.