

By: Smithee

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 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. 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 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 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. Section 2652.004, Insurance Code, is amended by

1 adding Subsection (a-1) to read as follows:

2 (a-1) For the purpose of this section, "good funds" includes
3 United States dollars received and deposited in an account through
4 an Automated Clearing House (ACH) transaction if the ACH
5 transaction is irrevocable and final and cannot be canceled or
6 reversed by the customer once the funds have been directly
7 transferred from the customer's bank account. The ACH transaction
8 must be a bank-to-bank transfer of funds or a deposit of funds from
9 a customer's account at a depository institution and must not be
10 treated as a consumer payment with respect to chargeback and
11 pullback consumer payment protections. The transferred funds must
12 be:

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

15 (2) directly transferred from the customer's bank
16 account and deposited into the settlement service provider's escrow
17 account by ACH transfer in accordance with the standards of any
18 governing body with oversight over ACH transactions.

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