

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 1308
By: Wentworth
Business & Commerce
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

C.S.S.B. 1308 sets forth the duties and liabilities of an escrow officer in connection with a residential mortgage loan transaction. The bill also establishes and defines liability for persons licensed as real estate appraisers.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Department of Insurance in SECTION 1 (Section 2652.007, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter A, Chapter 2652, Insurance Code, by adding Section 2652.007, as follows:

Sec. 2652.007. COMPLIANCE WITH APPROVED SETTLEMENT STATEMENT.

(a) Defines "approved settlement statement," "mortgage lender," "residential mortgage loan," and "residential real property."

(b) Prohibits an escrow officer from closing a residential real property transaction involving a residential mortgage loan and from disbursing funds from the trust fund account for the transaction, except in strict compliance with an approved settlement statement itemizing all charges to be imposed on, and adjustments to be given, the parties to the transaction and the name of the recipient of each of those charges and adjustments.

(c) Requires the Texas Department of Insurance (TDI) to adopt rules necessary or appropriate to administer this section.

SECTION 2. Amends Subchapter I, Chapter 1103, Occupations Code, by adding Section 1103.406, as follows:

Sec. 1103.406. LIABILITY OF APPRAISER. Provides that a person holding a license, certificate, or approval issued under this chapter (Real Estate Appraisers) who wilfully or negligently produces or endorses an appraisal that fails to comply with the requirements of Section 1103.405 (Professional Standards) and expresses a final opinion of value that is materially inaccurate is liable for all losses, including attorney's fees and collection costs, incurred in reliance on the appraisal by any person for whom the appraisal was prepared and by any person the appraiser could reasonably have foreseen or knew would use and rely on the appraisal.

SECTION 3. Effective date: upon passage or September 1, 2007.