

## CHAPTER 234

**AN ACT** concerning the disbursement of certain funds by title insurance producers in real estate transactions and amending P.L.1997, c.290.

**BE IT ENACTED** by the Senate and General Assembly of the State of New Jersey:

1. Section 2 of P.L.1997, c.290 (C.17:46B-10.1) is amended to read as follows:

C.17:46B-10.1 Maintenance of separate record of receipts, disbursements representing proceeds of real estate transactions.

2. a. Every title insurance producer licensed pursuant to P.L.1987, c.293 (C.17:22A-1 et seq.) or P.L.2001, c.210 (C.17:22A-26 et seq.), and every title insurance company shall maintain a separate record of all receipts and disbursements as a depository for funds representing closing or settlement proceeds of a real estate transaction, which funds shall be deposited in a separate trust or escrow account, and which shall not be commingled with a producer's or company's own funds or with funds held by a producer or company in any other capacity.

b. No title insurance producer or company shall disburse funds representing closing or settlement proceeds of a real estate transaction unless those funds shall have been deposited in a separate trust or escrow account by cash, electronic wire transfer, or certified, cashier's, teller's or bank check, or other collected funds; provided nevertheless, that nothing contained herein shall be construed to prohibit a title insurance producer or company from disbursing against funds deposited in a separate trust or escrow account other than by cash, electronic wire transfer, or certified, cashier's, teller's or bank check, or other collected funds in an amount not to exceed \$1,000. A "bank check" means a negotiable instrument drawn by a state or federally chartered bank, savings bank or savings and loan association on itself or on its account in another state or federally chartered bank, savings bank or savings and loan association doing business in this State. A "teller's check" means a draft drawn by a bank on another bank, or payable at or through a bank. A New Jersey licensed attorney's trust account check and a trust or escrow account check from a New Jersey licensed insurance producer shall be considered "collected funds" for the purposes of this section.

c. The Commissioner of Banking and Insurance shall promulgate regulations pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), necessary to effectuate the provisions of this section.

2. This act shall take effect immediately.

Approved January 9, 2004.