

R592. Insurance, Title and Escrow Commission.

R592-XX. Construction Disbursement Transactions –

R592-XX-1. Authority.

This rule is promulgated by the Title and Escrow Commission pursuant to Subsection 31A-2-404(2).

R592-XX-2. Purpose and Scope.

- (1) The purpose of this rule is to clarify and implement the statutory prohibition on individual title insurance producers and title insurance agents as contained in 31A-23a-406(2)(h).
- (2) This rule applies to an individual title insurance producer, agency title insurance producer, and any officer or employee of agency title insurance producer.

R592-XX-3. Implementation of Prohibition on Holding Construction Money and Money Held for Exchange.

- (1) An individual title insurance producer or title insurance agent may not maintain escrow funds for disbursement to (i) a borrower under a construction loan, (ii) a general contractor, (iii) a sub-contractor, or (iv) a supplier more than two (2) business days after:
 - a. the closing of a real estate transaction in which an owner's or lender's policy of title insurance is issued; or
 - b. the issuance of an endorsement on a lender's policy of title insurance.
- (2) An individual title insurance producer or title insurance agent may not maintain escrow funds for an exchange under Section 1031, Internal Revenue Code more than two (2) business days after the closing of a real estate transaction in which a policy of title insurance is issued.

R592-XX-4. Severability.

If any provision of this rule Rule R592-XX or its application to any person or situation is determined to be invalid, such invalidity does not affect any other provision or application of this rule that can be given effect without the invalid provision or application. The remainder of this rule shall be given effect without the invalid provision or application.