

Comments on R592-18

Comment #1

I have a few concerns regarding the language of this proposed rule.

1. If the rule is going to have a timeline for disbursement based on the “closing” of a real estate transaction – this term needs to be defined. Is it meant to read as of the “recording” of the deeds?
2. I think two days is potentially too short of a time period, depending on the definition of closing. There are numerous instances where there are legitimate reasons why a title company may be required to hold funds beyond 2 days, for reasons that are unrelated to whatever the policy justification for this rule is.
3. What about situations where the transaction may involve a construction loan, but there are disputed matters/liens and to move forward notwithstanding the dispute, the title company holds back funds in escrow as security for these matters? For example, what if a party to a transaction disputes the validity of a mechanics lien and ask for funds to be held in escrow in compliance with the terms of Utah Code Section 38-1a-804 (Notice of Release of Lien and Substitution of Alternate Security)? The way this proposed rule is written, it seems to me that this rule would potentially prohibit a title company from assisting with a client to comply with this code section, although this is something title companies have traditionally facilitated for their clients from time to time in order to issue clear title without exception for the disputed mechanics lien.