

Date of Hearing: June 22, 2026

ASSEMBLY COMMITTEE ON BANKING AND FINANCE

Avelino Valencia, Chair

SB 946 (Seyarto) – As Introduced February 2, 2026

SENATE VOTE: 33-0

SUBJECT: Consumer Credit Reporting Agencies Act: escrow agent rating services and escrow agents

SUMMARY: Existing law requires an escrow agent rating service to establish policies and procedures to safeguard personally identifiable information obtained from an escrow agent, and provides that an escrow agent is a consumer for purposes of those provisions. This bill will remove the sunset date of this requirement, extending the requirement indefinitely.

Specifically, **this bill:**

1) Repeals Section 1785.28.6 of the Civil Code.

EXISTING LAW:

- 1) Defines an “escrow agent” to mean any of the following:
 - a) A natural person who performs escrow services for an entity licensed pursuant to the Escrow Law contained in the Financial Code.
 - b) A natural person performing escrow services for a title insurer admitted pursuant to the Insurance Code or an underwritten title company licensed pursuant to the Insurance Code.
 - c) A natural person performing escrow services for a controlled escrow company, as defined in the Insurance Code. Or
 - d) A natural person licensed pursuant to the Business and Professions Code, who performs escrow services, in accordance with the Financial Code. California Civil Code (Cal.Civ.Code) section 1785.28(a)(2).
- 2) Interprets “Consumer” to also mean escrow agent for this specified division. Cal.Civ.Code section 1785.28(a)(5).
- 3) Defines an “escrow agent rating service” as a person or entity that prepares a report, for compensation or in expectation of compensation, for use by a creditor in evaluating the capacity of an escrow agent to perform escrow services in connection with an extension of credit. An escrow agent rating service does not include either of the following:
 - a) A creditor or an employee of a creditor evaluating an escrow agent in connection with an extension of credit by that creditor.

- b) An entity described as “escrow agent” for which a natural person performs escrow services as an employee or an independent contractor. Cal.Civ.Code section 1785.28(a)(3).
- 4) Requires an escrow agent rating service to comply with consumer credit reporting reselling procurement requirements. Cal.Civ.Code section 1785.28(c) and Cal.Civ.Code section 1785.22.
- 5) Requires an escrow agent rating service to establish policies and procedures reasonably intended to safeguard from theft or misuse any personally identifiable information it obtains from an escrow agent. Cal.Civ.Code section 1785.28(d).
- 6) Provides that an escrow agent who suffers damages as the result of the failure of an escrow agent rating service to comply with the aforementioned requirements may bring an action in a court of competent jurisdiction pursuant to rules contained in Civil Code Section 1785.31. Civil Code Section 1785.31 provides for actual damages in the case of a negligent violation and both actual damages, punitive damages between \$100 and \$5,000 per violation, and any other relief the court deems proper in the case of a willful violation.
- 7) Is subject to a sunset date of January 1, 2027, upon which date, the chapter is repealed.

FISCAL EFFECT: Unknown. This bill is keyed Fiscal by Legislative Counsel.

COMMENTS:

1) Purpose

According to the Author

SB 946 preserves important consumer-reporting protections for escrow agents by removing a sunset date that would otherwise repeal them on January 1, 2027. Current law protects escrow agents through the Consumer Credit Reporting Agencies Act (CCRAA). This includes the right to see their information, challenge errors, fix mistakes, and protect their personal data when they're being evaluated. These protections were created because lenders started using third-party rating services to decide which escrow companies they'd work with. Sometimes these services used wrong or old information. Escrow professionals were also being pressured to share very sensitive personal information just to keep working. Since these protections started, they've worked well with no problems. They're still needed today. SB 946 simply makes these protections permanent instead of temporary. Lenders can still check and approve escrow agents as before.

2) Background

Escrow services may legally be performed in California under a variety of different laws, administered by a variety of different regulators. Escrow may be performed by persons licensed under the Escrow Law, administered by the Department of Financial Protection and Innovation; under the Real Estate Law, administered by the Department of Real Estate; under the Insurance Law, administered by the Department of Insurance; and may also be performed by attorneys and depository institutions. Escrow is also performed differently in different regions of the state. In northern California, title companies typically perform both title and escrow services; in southern

California, it is more common for title companies to handle title services and for independent escrow companies to handle escrow. In all cases, however, the mortgage lenders involved in the transactions seek to ensure that the third parties they use to perform escrow services are operating in full accordance with the law.

In 2012 the Consumer Financial Protection Bureau (CFPB) released guidance to supervised banks and nonbanks about overseeing their business relationships with service providers in a way that ensures compliance with federal consumer financial laws. To clarify its regulatory expectations, the CFPB has issued two bulletins on the topic.¹ The guidance stated that the CFPB expects supervised banks and nonbanks to have an effective process for managing the risk of service provider relationships. To limit the potential for statutory or regulatory violations and related consumer harms, supervised banks and nonbanks should take steps to ensure that their business arrangements with service providers do not present unwanted risks to consumers. The guidance provided the following minimum recommended steps:

1. Conducting thorough due diligence to verify that the service provider understands and is capable of complying with federal consumer financial law;
2. Requesting and reviewing the service provider's policies, procedures, internal controls, and training materials to ensure that the service provider conducts appropriate training and oversight of employees or agents that have consumer contact or compliance responsibilities;
3. Including in the contract with the service provider clear expectations about compliance, as well as appropriate and enforceable consequences for violating any compliance-related responsibilities, including engaging in unfair, deceptive, or abusive acts or practices;
4. Establishing internal controls and on-going monitoring to determine whether the service provider is complying with federal consumer financial law; and
5. Taking prompt action to address fully any problems identified through the monitoring process, including terminating the relationship where appropriate.

As a result, third party risk management companies emerged to provide a screening service for supervised banks and nonbanks. At the end of 2012, the then named Department of Corporations provided a Commissioner's Bulletin No: 001-12, The bulletin notes that the Department had learned that some third party risk management companies were requiring potential service providers to pay a fee in order to be pre-screen by the companies, and to appear on a list of "approved" providers, in violation of several laws regarding "pay-to-play" or kickbacks.

3) Current Protections for Escrow Agents

In 2013, California enacted a law intended to protect escrow agents from misuse of the data collected by escrow agent rating services. The underlying rationale of the law is that escrow

¹ Bulletin 2012-03 (https://files.consumerfinance.gov/f/documents/201204_cfpb_bulletin_service-providers.pdf) Last visited 6/15/2026 and Bulletin 2016-02 (https://files.consumerfinance.gov/f/documents/102016_cfpb_OfficialGuidanceServiceProviderBulletin.pdf) Last visited 6/15/2026.

agents should have similar rights as consumers in reviewing the information collected about them and the ability to request corrections of any inaccuracies.

Functionally, the implementation of this statute has deviated from its original intent. While envisioned as a mechanism for escrow professionals to inspect their records, the law has instead served to limit the volume of data gathered. During the 2021 extension of the sunset provision, the sponsor reported that agents frequently invoke these protections to decline providing sensitive identifiers, such as social security numbers, to rating entities.²

This bill makes permanent the current protections for escrow agents' data.

4) Prior and Related Legislation

AB 1169 (Daly, Chapter 380, Statutes of 2013) extended certain provisions of the California Consumer Credit Reporting Agencies Act to apply to escrow agent rating services with a sunset of January 1, 2017.

AB 2416 (Wilk, Chapter 135, Statutes of 2016) extended the sunset date of the law enacted by AB 1169 to January 1, 2022.

SB 360 (Wilk, Chapter 105, Statutes of 2021) extended the sunset date of the law enacted by AB 2416 to January 1, 2027.

Arguments in Support

“Escrow agent rating services are used by lenders and other financial institutions to evaluate escrow companies, often using public and private information and scoring systems similar to consumer credit reports. Concerns have arisen that these services may rely on inaccurate or outdated information, potentially harming escrow professionals without giving them a meaningful opportunity to review or correct the information being reported.

Existing law helps address these concerns by treating escrow agents similarly to consumers under the CCRAA, allowing them to access reports prepared about them, dispute and correct inaccuracies, and benefit from safeguards for personally identifiable information. These protections also help ensure that escrow professionals are not pressured to provide sensitive personal data without appropriate protections.

However, the current law is scheduled to sunset on January 1, 2027. SB 946 simply repeals that sunset provision so that these important safeguards remain in place. By doing so, the bill maintains a balanced framework that allows lenders to continue conducting appropriate due diligence on escrow providers while ensuring fairness, accuracy, and privacy protections for escrow professionals”-- *California Escrow Association*

Arguments in Opposition

None received. Last verified 6/19/2026.

² See analysis of the Senate Banking and Financial Institutions Committee of SB 360, as heard on March 10, 2021.

REGISTERED SUPPORT / OPPOSITION:

Support Last verified 6/19/2026

California Escrow Association
Escrow Institute of California

Opposition Last verified 6/19/2026

None received.

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