Date of Hearing: August 5, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
SB 946 (Seyarto) – As Introduced February 2, 2026

Policy Committee: Banking and Finance Vote: 8 - 0

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill repeals the sunset date for certain provisions of the Consumer Credit Reporting Agencies Act (Act) applicable to an escrow rating service, thus making those provisions operative indefinitely.

FISCAL EFFECT:

1) Minor and absorbable costs to the Department of Financial Protection and Innovation, which licenses escrow agents under the Escrow Law.

2) Ongoing cost pressures of an unknown amount, potentially in excess of $150,000, to the courts in additional workload by continuing certain Act provisions, including the provision allowing an escrow agent to bring an action for damages and other relief against an escrow rating service that fails to safeguard the agent's personally identifiable information (General Fund (GF) or Trial Court Trust Fund (TCTF)). It is unclear how many actions may be brought statewide and how much court time may be needed to resolve each case, but scams targeting escrow agents are not uncommon and it generally costs approximately $1,000 to operate a courtroom for one hour. Although courts are not funded on the basis of workload, increased pressure on staff and the TCTF may create a demand for increased court funding from the GF. The state budget provides annual GF backfills to the TCTF to offset revenue reductions, totaling approximately $117.3 million in fiscal year 2025-26.

COMMENTS:

1) **Purpose.** According to the author:

> Current law protects escrow agents through the [Act]. 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.

This bill is sponsored by the California Escrow Association and supported by the Escrow Institute of California.

2) **Escrow Services.** Escrow agents serve as neutral third parties who manage legal documents and funds that change hands during a complex and high value financial transaction, such as a real estate transaction involving buyers, sellers, agents, and lenders. Providers of escrow services include escrow companies that specialize in real estate transactions, as well as banks and attorneys that engage in a broader range of activities.

   The parties to a real estate transaction must be able to trust that their escrow provider safeguards and transmits funds and legal documents correctly. Additionally, as a regulated financial institution, a mortgage lender has a legal obligation to vet such third-party service providers. An escrow agent rating service helps lenders and other parties by investigating escrow companies and their employees to verify compliance with licensure, insurance, and bonding requirements. AB 1169 (Daly), Chapter 380, Statutes of 2013, made certain provisions of the Act applicable to an escrow agent rating service to protect the misuse of an escrow agent's data by such rating services. Such protections include the right of an agent to dispute inaccurate information and the requirement that a rating service safeguard all personally identifiable information obtained from an escrow agent, enforceable by a private right of action. AB 1169 included a sunset date of January 1, 2017, which has been extended twice, most recently to January 1, 2027, by SB 360 (Wilk), Chapter 105, Statutes of 2021. This bill repeals this sunset date.

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