



HOUSE BILL 569

By Farmer

AN ACT to amend Tennessee Code Annotated, Title 56, Chapter 35 and Title 66, relative to real property transactions.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 56, Chapter 35, Part 1, is amended by adding the following as a new, appropriately numbered section:

(a) As used in this section:

(1) "Mortgage lender" has the same meaning as defined in § 47-32-102;

(2) "Mortgage loan broker" has the same meaning as defined in § 47-32-102; and

(3) "Mortgage loan servicer" has the same meaning as defined in § 47-32-102.

(b) Subject to any right of approval by a mortgage lender, mortgage loan broker, or mortgage loan servicer, where those persons or entities are involved in a real property transaction, a purchaser or borrower in a real property transaction in this state has the exclusive right to select the settlement agent in connection with the transaction. The selected settlement agent is exclusively authorized:

(1) To provide escrow or closing services in connection with the transfer of interests in real property or the making of loans secured by interests in real property;

(2) To act as the issuing title insurance agency;

(3) To perform, or direct the performance of, those functions or proceedings necessary to clear title for the real property involved in the

transaction in accordance with those underwriting rules and standards prescribed by the title insurance company that the settlement agent represents; and

(4) To produce, or require the production of, any documentation necessary to clear title for the real property involved in the transaction in accordance with those underwriting rules and standards prescribed by the title insurance company that the settlement agent represents.

(c) The seller in a real property transaction in this state shall not:

(1) Require the use of a particular settlement agent by the purchaser in connection to the transaction; or

(2) Condition the performance of any obligation under the contract upon the use of a particular settlement agent by the purchaser.

(d) The provisions in subsections (b) and (c) may not be waived or modified by any party to a transaction.

(e) Notwithstanding this section to the contrary, a seller may retain an attorney licensed pursuant to § 23-1-104 to represent the seller's interests and provide legal advice pertaining to escrow or closing services. Representation must be limited to deed preparation, fee negotiation, review and signing of applicable closing documents, advising the seller on legal matters related to the escrow or closing process, and performing any actions or producing any documentation required by the selected settlement agent necessary for the seller to provide clear and insurable title to the buyer in accordance with those underwriting rules and standards prescribed by the title insurance company that the settlement agent represents. The settlement agent chosen pursuant to subsection (b) shall not collect any fees from a represented seller payable to the settlement agent or its subsidiaries, affiliates, or subcontractors without first obtaining the written consent of the seller's attorney.

SECTION 2. This act takes effect on July 1, 2025, the public welfare requiring it.

Amendment No. 1 to HB0569

Vaughan
Signature of Sponsor

AMEND Senate Bill No. 394*

House Bill No. 569

by deleting all language after the enacting clause and substituting:

SECTION 1. Tennessee Code Annotated, Title 56, Chapter 35, Part 1, is amended by adding the following as new sections:

56-35-134.

(a) If two (2) title insurance agencies that separately represent the buyer and seller agree to an arrangement to share the title insurance premiums, commissions, or other fees paid by the buyer and seller in a real estate transaction, then the title insurance agencies must:

(1) Provide written notice to the buyer and seller that the title insurance premiums, commissions, or other fees paid by the buyer and seller will be shared between the two (2) title insurance agencies; and

(2) Receive signed, written acknowledgement from both the buyer and the seller confirming that the buyer and seller were notified in writing of the title insurance agencies' intent to share the title insurance premiums, commissions, or other fees paid by the buyer and seller.

(b) A title insurance agency participating in such arrangement shall not purport to accept, assume, share, or guarantee a liability for losses arising under a title insurance policy that the title insurance agency did not issue.

(c) A title insurance agency is not obligated to participate in an arrangement to share the title insurance premiums, commissions, or other fees paid by the buyer and seller in a real estate transaction.

56-35-135.

(a) As used in this section:

(1) "Mortgage lender" has the same meaning as defined in § 47-32-102;

(2) "Mortgage loan broker" has the same meaning as defined in § 47-32-102; and

(3) "Mortgage loan servicer" has the same meaning as defined in § 47-32-102.

(b) Subject to any right of approval by a mortgage lender, mortgage loan broker, or mortgage loan servicer, where those persons or entities are involved in a real property transaction, the settlement agency that is listed as the selected settlement agency for the purchaser or borrower on the contract in connection with the transaction is exclusively authorized to act as the issuing title insurance agency.

(c) This section must not be waived or modified by any party to a transaction.

(d) This section only applies to a transaction involving the purchase of or lending on the security of real property located within this state that contains not less than one (1) nor more than four (4) residential dwelling units.

(e) This section does not apply to:

(1) The first-time sale of:

(A) New construction real property located within this state containing no less than one (1), nor more than four (4), residential dwelling units; or

(B) A new construction condominium or single-family residence that is part of a development containing more than four (4) residential dwelling units; or

(2) The sale of real property located in this state by auction, regardless of whether the auction is held in person or online.

SECTION 2. This act takes effect July 1, 2026, the public welfare requiring it.