



ARIZONA HOUSE OF REPRESENTATIVES

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Senate: FICO DP 5-0-2-0 | 3rd Read 27-0-3-0

House: COM DP 10-0-0-0

SB 1270: reciprocal deposits; escrow agents; definitions

Sponsor: Senator Mesnard, LD 13

Caucus & COW

Overview

Allows an escrow agent to use a system of *reciprocal deposits* to provide additional insurance with the Federal Deposit Insurance Corporation (FDIC).

History

An escrow agent is any person engaged in the business of accepting escrows. An escrow is a type of financial instrument, typically an account, held by an escrow agent used to facilitate a transaction between parties. Statute requires an escrow agent to deposit and maintain all escrow funds in a financial institution that does business in Arizona. An escrow agent must keep all escrow monies separate from monies belonging to the agent and to clearly designate escrow monies as escrow accounts or another appropriate label upon deposit (A.R.S §§ [6-801](#) and [6-834](#)).

The FDIC insures deposit accounts up to \$250,000. Reciprocal deposit networks interchange deposited funds that exceed the FDIC limit between insured financial institutions within the network and allow depositors to receive insurance coverage for the entire amount of deposits. Following a deposit exceeding the insurance limit from a depositor, the financial institution uses the network to simultaneously place the uninsured portion with other insured financial institutions and receive equal amounts of insured deposits in return ([FDIC](#)).

Provisions

1. Authorizes an escrow agent to use a system of reciprocal deposits to provide access to additional insurance with the FDIC for monies deposited with the escrow agent, if the eligible depository:
 - a) arranges for the deposit of the monies in one or more federally insured banks, savings banks or savings and loan associations, regardless of location, for the escrow agent's account; and
 - b) receives an amount of federally insured deposits from customers of other financial institutions equal to or greater than the amount of the monies initially deposited by the escrow agent. (Sec 1)
2. Defines *eligible depository* and *reciprocal deposit*. (Sec. 1)
3. Makes technical changes. (Sec 1)

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
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