

HOUSE BILL 137

By Barrett

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 title insurance agency; and

(3) To perform those functions and obtain 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 require the use of a particular settlement agent by the purchaser in connection to the transaction.

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

(e) This section does not prohibit a seller from retaining 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, and advising the seller on legal matters related to the escrow or closing process. 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, other than those fees and reasonable charges related to the clearing of title, 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.