



**OLD REPUBLIC**  
National Title Insurance Company

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**BULLETIN**

FLORIDA BULLETIN 97 - 11

TO: ALL OLD REPUBLIC TITLE AGENTS AND BRANCH OFFICES

FROM: James C. Russick *JCR*  
Florida State Underwriting Counsel  
Florida State Office

DATE: October 3, 1997

RE: INTEREST BEARING ESCROW ACCOUNTS OF NON-ATTORNEY  
AGENTS - CEASE AND DESIST ORDER BY THE DEPARTMENT

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Old Republic has just received the attached directive from the Department of Insurance regarding interest bearing escrow accounts and repurchase agreements, also known as "repo accounts." The memo sets forth the relevant statutory and regulatory citations the Department relies upon to support their position that such accounts are illegal. It is clear that this will be an item of special concern to Department auditors on a go forward basis. Agents in violation of this memorandum will be subject to administrative action by the Department.

Old Republic is aware that lenders have been offering a variety of escrow account products to the title industry. They may or may not be violative of this Departmental decree. If you presently earn interest on your escrow account, Old Republic suggests that you share the attached memorandum from the Department with your banker to insure you are in compliance.

As always, should you have any questions on this or any other matter, please do not hesitate to contact either Craig Jontz or me.

JCR/mja

Attachment



THE TREASURER OF THE STATE OF FLORIDA  
DEPARTMENT OF INSURANCE

BILL NELSON

MEMORANDUM

To: All Title Insurers  
From: W. M. Senter  
Subject: Interest Bearing Escrow Accounts  
Repurchase Agreements  
Date: September 30, 1997

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Section 626.8473 (3) F. S. states as follows:

All funds received by a title insurance agent to be held in trust shall be immediately placed in an escrow trust account in a financial institution insured by an agency of the federal government and located within this state...

Rule 4-186.008 (4) (a) states as follows:

All collected funds shall be deposited in a trust account held in a fiduciary capacity as required by section 626.8473, Florida Statutes, and shall be insured by an agency of the federal government.

Repurchase agreements (REPO Accounts) are not accounts insured by "an agency of the federal government" (FDIC) since they are considered "borrowed funds".

It is incumbent on all agencies and insurers, where such accounts exist, to change to an FDIC insured account immediately.

The Department considers repurchase agreements to be a statutory and rule violation since they are not insured accounts. Administrative action will be taken when such violations are found to exist.

TREASURER • INSURANCE COMMISSIONER • FIRE MARSHAL

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