

DEPARTMENT OF BUSINESS OVERSIGHT*Ensuring a Fair and Secure Financial Services Marketplace for all Californians*NOTICE TO ESCROW APPLICANTS AND LICENSEESNEW ESCROW SURETY BOND FORM REQUIREMENTSEFFECTIVE JANUARY 1, 2014

As of January 1, 2014, the Escrow Law will require the use of a new surety bond form, pursuant to California Code of Regulations Section 1718.1. The regulation clarifies the Escrow Law's requirements for a surety bond. In addition, the regulation specifies that notice must be sent to the Department and the Escrow Agents' Fidelity Corporation (EAFC) in the event of: (1) a bond cancellation; (2) a bond withdrawal; (3) non-renewal of a bond; (4) a principal or surety being served with a notice of actions commenced on the bond; or (5) a surety making full or partial payment on the bond. In the instance of a bond cancellation or withdrawal, a surety will be required to provide a 30-day written notice of either action to the Department in order for such actions to be effective. Specifically, the new regulation will apply as follows:

- As of January 1, 2014, all new escrow agent applicants will be required to use the new surety bond form when applying for an escrow agent license;
- Current escrow agent licensees do not need to conform to the new surety bond form regulation by January 1, 2014;
- Current licensees must conform to the new bond form regulation at the time of their next bond renewal;
- At the time of their next bond renewal, current licensees may conform to the new bond form regulation by obtaining either:
 1. A new bond;
 2. A substitute bond;
 3. An amendment to a current bond; or
 4. A rider to a current bond.

Any licensee that obtains a substitution bond or an amendment or rider to its current bond should include a clause in the respective document that clarifies the new language is effective January 1, 2014. The new form can be found at http://www.dbo.ca.gov/forms/escrow_law/DBO-EL303A.pdf.