



ARIZONA STATE SENATE
Fifty-Seventh Legislature, First Regular Session

FACT SHEET FOR H.B. 2345

loan agreements; escrow

Purpose

Prescribes exceptions to an escrow agent's authorization to only use monies in an escrow account to make a onetime payment or multiple payments pursuant to a loan agreement.

Background

Statute requires escrow agents, unless otherwise instructed in writing by parties to the escrow, to maintain and deposit all monies in escrow, on the close of the escrow or on any other contingency, in a bank, savings bank or savings and loan association doing business in Arizona. The escrow agent must keep all escrow monies separate, distinct and apart from monies belonging to the escrow agent and the monies must be appropriately designated to indicate that the monies are not the monies of the escrow agent. An escrow agent may only disburse money out of an escrow account if the deposits that are previously made in the escrow account are at least equal to the disbursements and the deposits are directly related to the transaction for which the money is being disbursed (A.R.S. §§ [6-834](#) and [6-843](#)).

An *escrow agent* is any person engaged in the business of escrow which refers to any transaction in which escrow property is delivered to a person not otherwise having any right, title or interest in connection with the sale, transfer, encumbrance or lease of real or personal property, upon the occurrence of a contingency. Escrow property may be delivered with or without legal or equitable title and irrespective of whether a debtor-creditor relationship is created. Escrow property may be delivered or redelivered by a person receiving escrow property, depending on if a contingency occurs or a prescribed act is performed.

Escrow property is property, money, a written instrument or evidence of title or possession to real or personal property or any other thing of value ([A.R.S. § 6-801](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Allows an escrow agent to use monies in an escrow account only to make a onetime payment or multiple payments as stipulated in a loan agreement unless:
 - a) the loan agreement consists of another expressly stated purpose for which the monies may be used;
 - b) a deed in lieu of foreclosure agreement specifically states another purpose for which the monies may be used;
 - c) an agreement is entered into by the parties to negotiate a settlement of the loan and includes a provision for the use of monies; or
 - d) an agreement is entered into by the parties that provides for a portion of the escrow account to be used to bring an account that is in arrears to a current status.

FACT SHEET

H.B. 2345

Page 2

2. Becomes effective on the general effective date.

House Action

COM	2/4/25	DP	10-0-0-0
3 rd Read	2/13/25		53-0-7

Prepared by Senate Research

March 6, 2025

MG/AL/ci