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New Restrictions on Title Marketing Activities

Effective January 1, 2009

The California State Legislature has passed a new law (SB 133) that changes the way a Title Marketing Representative (Title Rep) can solicit title business from real estate agents and brokers. **This new law becomes effective January 1, 2009 and applies to ALL Title Companies and ALL Title Reps in the State of California.**

What does the new law mean for real estate agents and brokers? Certain activities that Title Reps may be engaged in will no longer be allowed under this new legislation.

Activities That Are Prohibited Under the New Law Effective January 1, 2009

- Title Reps must no longer take a person out for a meal (breakfast, lunch, dinner, etc.) to market title insurance.
- Title Reps must no longer take a person to a sporting event to market title insurance.
- Title Reps must no longer pay for ANY advertising in any newspaper, newsletter, magazine or publication on behalf of a real estate agent or broker.
- Title Reps must no longer take photographs on behalf of a real estate agent or broker.
- Title Reps must not create and/or provide marketing materials (Postcards, Flyers, Postage, etc.) on behalf of a real estate agent or broker (already an existing violation of DOI regulations).
- Title Reps must not provide food or refreshments for any broker caravan, open house or ANY other function on behalf of a real estate agent or broker.
- Title Reps must not distribute any items that have a specific monetary value including gift cards, movie tickets, car washes, etc. to a real estate agent or broker.
- Title Reps must not quote or charge any title or escrow rate or fee below their companies filed rate with the State of California. Anything less is an unlawful rebate.
- All Title Company employees are prohibited from using their own money to entertain customers. Any personal funds expended will be considered a violation of the law.
- Title Reps must not engage in any prohibited activity through a separate entity controlled by the Title Rep or the Title Rep's employer.
- Title Reps CAN provide educational classes & materials exclusively related to the business of title insurance or escrow. HOWEVER, the Title Rep must not provide educational credits, food or drinks during the seminar.
- Title Reps CAN provide promotional items with (1) a "permanently affixed" title company logo AND (2) the promotional item has a "value" of not more than ten dollars (\$10).

To read the actual legislation go to:

<http://info.sen.ca.gov>

What does the new law (SB 133) mean for Title Reps?

- All Title Marketing Representatives (Title Reps) will now be licensed by the Department of Insurance in the State of California (Effective January 1, 2009).
- Title Reps will be subject to personal fines, possible license suspension or license revocation if they are found in violation of the new law.
- Title Companies are also subject to possible fines, and other penalties should an employee (Title Rep or anyone else) violate the law.
- If a Title Rep's license is revoked, the Title Rep will not be able to apply for reinstatement of his/her license for a period of five years.