

Arizona Department of Financial Institutions



SUBSTANTIVE POLICY STATEMENT

Section: Escrow Agents
Subject: Anti-Inducement Statute

August 01, 2012
Policy Statement # EA-2

As a result of inquiries, the Department is restating its position regarding the prohibition on the payment of commissions or other consideration as an inducement or as compensation for any escrow business.

We believe any consideration or benefit that an escrow agent pays or gives to any person, such as a real estate agent or broker, that is contingent upon that person's agreement to refer business to the escrow agent shall be deemed an illegal inducement.

Benefits provided to a person or real estate licensee that are disclosed, for the benefit of the consumer and not conditioned upon the person's referral of consumers to the licensee, will be deemed an acceptable practice designed to promote the licensee's business and provide a service to the consumer. Any practice that places the consumers at a disadvantage or reduces the consumer's opportunity to choose their own escrow agent will naturally be suspect.

You are encouraged to meet with all of your employees to advise them of the provisions of A.R.S. § 6-836. The Department will review practices and activities for violation of this law in future examination. Because of the special notice provided to all licensees, we will consider any future violations as willful and the appropriate penalty will be applied.

Questions regarding this policy statement should be directed to our Financial Enterprise Division at (602) 771-2800.