

State of Utah
Administrative Rule Analysis
 Revised May 2025

NOTICE OF SUBSTANTIVE CHANGE

TYPE OF FILING: New

Rule or section number:

R592-18

Filing ID: OFFICE USE ONLY

Date of previous publication (only for CPRs):

Agency Information

1. Title catchline:	Insurance, Title and Escrow Commission	
Building:	Taylorsville State Office Building	
Street address:	4315 S. 2700 W.	
City, state:	Taylorsville, UT	
Mailing address:	PO Box 146901	
City, state and zip:	Salt Lake City, UT 84114-6901	
Contact persons:		
Name:	Phone:	Email:
Steve Gooch	801-957-9322	sgooch@utah.gov

Please address questions regarding information on this notice to the persons listed above.

General Information

2. Rule or section catchline:	
R592-18. Construction Disbursement Transactions	
3. Are any changes in this filing because of state legislative action?	Changes are not because of legislative action.
If yes, any bill number and session:	
4. Purpose of the new rule or reason for the change:	
<p>This rule is created to clarify that holding construction money or money held for exchange under Section 1031, Internal Revenue Code, for a short time as a routine part of business is not a violation of 31A-23a-406(2)(h). The realities of business mean that funds often do not leave an escrow account held by a title insurance producer on the same day a transaction closes. This rule is intended to recognize that reality, while also upholding the larger prohibition on holding construction money after the close of a transaction. The rule was approved by the Title and Escrow Commission by a vote of 4-0 at its February 9, 2026 meeting.</p>	
5. Summary of the new rule or change:	
<p>The rule clarifies that a title insurance producer may not hold construction money or money held for exchange for more than two business days after the close of a real estate transaction.</p>	

Fiscal Information

6. Provide an estimate and written explanation of the aggregate anticipated cost or savings to:	
A. State budget:	
There is no anticipated cost or savings to the state budget. Investigations related to holding funds will continue to be performed by Department staff in the normal course of duties.	
B. Local governments:	
There is no anticipated cost or savings to local governments. This rule governs the relationship between the Department and its licensees and does not apply to local governments in any way.	
C. Small businesses ("small business" means a business employing 1-49 persons):	
There is no anticipated cost or savings to small businesses. Insurance licensees are already prohibited from holding funds after a real estate transaction. This rule does not apply or remove any new regulations.	
D. Non-small businesses ("non-small business" means a business employing 50 or more persons):	

There is no anticipated cost or savings to non-small businesses. Insurance licensees are already prohibited from holding funds after a real estate transaction. This rule does not apply or remove any new regulations.

E. Persons other than small businesses, non-small businesses, state, or local government entities ("person" means any individual, partnership, corporation, association, governmental entity, or public or private organization of any character other than an **agency**):

There is no anticipated cost or savings to any other persons. Insurance licensees are already prohibited from holding funds after a real estate transaction. This rule does not apply or remove any new regulations.

F. Compliance costs for affected persons:

There are no compliance costs for any affected persons. Insurance licensees are already prohibited from holding funds after a real estate transaction. This rule does not apply or remove any new regulations.

G. Regulatory Impact Summary Table (This table includes only fiscal impacts the agency was able to measure. If the agency could not estimate an impact, it is excluded from this table but described in boxes A through F.)

Regulatory Impact Summary Table					
Fiscal Cost	FY2026	FY2027	FY2028	FY2029	FY2030
State Budget	\$0	\$0	\$0	\$0	\$0
Local Governments	\$0	\$0	\$0	\$0	\$0
Small Businesses	\$0	\$0	\$0	\$0	\$0
Non-Small Businesses	\$0	\$0	\$0	\$0	\$0
Other Persons	\$0	\$0	\$0	\$0	\$0
Total Fiscal Cost	\$0	\$0	\$0	\$0	\$0
Fiscal Benefits	FY2026	FY2027	FY2028	FY2029	FY2030
State Budget	\$0	\$0	\$0	\$0	\$0
Local Governments	\$0	\$0	\$0	\$0	\$0
Small Businesses	\$0	\$0	\$0	\$0	\$0
Non-Small Businesses	\$0	\$0	\$0	\$0	\$0
Other Persons	\$0	\$0	\$0	\$0	\$0
Total Fiscal Benefits	\$0	\$0	\$0	\$0	\$0
Net Fiscal Benefits	\$0	\$0	\$0	\$0	\$0

H. Department head comments on fiscal impact and approval of regulatory impact analysis:

The Commissioner of the Insurance Department, Jonathan T. Pike, has reviewed and approved this regulatory impact analysis.

Citation Information

7. Provide citations to the statutory authority for the rule. If there is also a federal requirement for the rule, provide a citation to that requirement:

Subsection 31A-2-404(2)		

Incorporation by Reference Information

8. Incorporation by Reference (if this rule incorporates more than two items by reference, please include additional tables):

A. This rule adds or updates the following title of material incorporated by reference (a copy of the material incorporated by reference must be submitted to the Office of Administrative Rules. *If none, leave blank*):

Official Title of Materials Incorporated (from title page)	
Publisher	
Issue Date	
Issue or Version	

B. This rule adds or updates the following title of material incorporated by reference (a copy of the material incorporated

by reference must be submitted to the Office of Administrative Rules. *If none, leave blank*):

Official Title of Materials Incorporated (from title page)	
Publisher	
Issue Date	
Issue or Version	

Public Notice Information

9. The public may submit written or oral comments to the agency identified in box 1.

A. Comments will be accepted until: 04/14/2026

B. A public hearing (optional) will be held (The public may request a hearing by submitting a written request to the agency, as outlined in Section 63G-3-302 and Rule R15-1.):

Date: **Time (hh:mm AM/PM):** **Place (physical address or URL):**

To the agency: If more than one hearing is planned to take place, continue to add rows.

10. This rule change MAY become effective on: 04/21/2026

NOTE: The date above is the date the agency anticipates making the rule or its changes effective. It is NOT the effective date.

Agency Authorization Information

To the agency: Information requested on this form is required by Sections 63G-3-301, 63G-3-302, 63G-3-303, and 63G-3-402. The office may return incomplete forms to the agency, possibly delaying publication in the *Utah State Bulletin* and delaying the first possible effective date.

Agency head or designee and title: Steve Gooch, Public Information Officer **Date:** 02/19/2026

R592. Insurance, Title and Escrow Commission.

R592-18. Construction Disbursement Transactions.

R592-18-1. Authority.

This rule is promulgated by the Title and Escrow Commission pursuant to Subsection 31A-2-404(2).

R592-18-2. Purpose and Scope.

(1) The purpose of this rule is to clarify and implement the statutory prohibition contained in Subsection 31A-23a-406(2)(h).

(2) This rule applies to:

(a) an individual title insurance producer;

(b) an agency title insurance producer; and

(c) any officer or employee of an agency title insurance producer.

R592-18-3. Definitions.

Terms used in this rule are defined in Sections 31A-1-301 and 31A-2-402.

R592-18-4. Holding Construction Money and Money Held for Exchange.

(1) This section applies to a transaction involving escrow funds for disbursement to a:

(a) borrower under a construction loan;

(b) general contractor;

(c) subcontractor; or

(d) supplier.

(2) For a transaction described in Subsection (1), an individual title insurance producer or agency title insurance producer may not hold escrow funds for:

(a) a disbursement occurring more than two business days after:

(i) the closing of a real estate transaction in which an owner's or lender's policy of title insurance is issued; or

(ii) the issuance of an endorsement on a lender's policy of title insurance; or

(b) an exchange under Section 1031, Internal Revenue Code, occurring more than two business days after the closing of a real estate transaction in which a policy of title insurance is issued.

R592-18-5. Effective Date.

The commissioner will begin enforcing this rule on the date it becomes effective.

R590-18-6. Severability.

If any provision of this rule, Rule R592-18, or its application to any person or situation is held invalid, such invalidity does not affect any other

provision or application of this rule that can be given effect without the invalid provision or application. The remainder of this rule shall be given effect without the invalid provision or application.

KEY: insurance, title, escrow

Date of Last Change:

Notice of Continuation:

Authorizing, and Implemented or Interpreted Law: 31A-2-404(2)