

Amul (p.900) 3/25/94 Do Pass

FILED MAR 4 1994

SENATE FILE 2295
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 2243)

Passed Senate, Date ^(p.670) 3-15-94 Passed House, Date _____
Vote: Ayes 39 Nays 10 Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the Iowa finance authority and the title
2 guaranty division by expanding the membership of the division
3 board and establishing a title guaranty marketing program and
4 related programs.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SE 2295

1 Section 1. Section 16.2, subsection 1, unnumbered
2 paragraph 2, Code 1993, is amended to read as follows:

3 A title guaranty division is created within the authority.
4 The powers of the division relating to the issuance of title
5 guaranties are vested in and shall be exercised by a division
6 board of ~~five~~ seven members appointed by the governor subject
7 to confirmation by the senate. The membership of the board
8 shall include an attorney, an abstractor, a real estate broker
9 appointed from nominees submitted to the governor by the Iowa
10 association of realtors, a representative of a mortgage-
11 lender, and a representative of the housing development
12 industry, and two persons representing very low-income
13 families or housing projects. Additionally, two members of
14 the senate and two members of the house of representatives
15 shall be ex officio, nonvoting members and shall be appointed
16 respectively by the majority and minority leaders of the
17 senate and the speaker and minority leader of the house of
18 representatives for terms beginning and ending as provided in
19 section 69.16. The executive director of the authority shall
20 appoint an attorney as director of the title guaranty division
21 who shall serve as an ex officio member of the board. The
22 appointment of and compensation for the division director are
23 exempt from the merit system provisions of chapter 19A.

24 Sec. 2. NEW SECTION. 16.92 TITLE GUARANTY MARKETING
25 PROGRAM -- GAP COVERAGE -- ORIGINATION FEE ESTABLISHED.

26 1. The division shall reserve a percentage of the funds
27 collected, not to exceed five percent as determined by the
28 division pursuant to rule adopted pursuant to chapter 17A,
29 under the title guaranty program for the purpose of
30 establishing and implementing a title guaranty marketing
31 program. The title guaranty marketing program shall be a
32 statewide marketing effort and shall be for the purpose of
33 generating public awareness of the title guaranty division and
34 the availability of title guaranties, and to increase the use
35 of title guaranties.

1 2. All mortgage lenders shall provide information to all
2 mortgage applicants concerning the availability of the title
3 guaranty program. The division shall provide information
4 regarding title guaranties at no cost to all participating
5 mortgage lenders as part of the title guaranty marketing
6 program.

7 3. The division shall facilitate real estate closings in
8 Iowa by offering gap coverage. The division shall establish a
9 gap reserve fund sufficient to pay any claims made under such
10 coverage. Excess funds shall be deposited into the housing
11 fund as provided for in this chapter.

12 4. The authority through the title guaranty division shall
13 initiate a program providing for the payment of an origination
14 fee to participating mortgage lenders, real estate agents, and
15 abstractors for each title guaranty issued as a result of such
16 participation.

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EXPLANATION

18 This bill amends provisions relating to the title guaranty
19 program under the Iowa finance authority.

20 The bill amends section 16.2 and expands the membership of
21 the title guaranty division board to seven members by adding
22 two persons representing very low-income families or housing
23 projects. Four members of the general assembly are also added
24 as ex officio, nonvoting members.

25 The bill creates a title guaranty marketing program which
26 is to be a statewide marketing effort for the purpose of
27 generating public awareness of the title guaranty division and
28 the availability of title guaranties, and to increase the use
29 of title guaranties. The bill directs the division to offer
30 gap coverage in an effort to facilitate real estate closings
31 and is also to initiate a program providing for the payment of
32 an origination fee to participating mortgage lenders, real
33 estate agents, and abstractors for each title guaranty issued
34 as a result of such participation.

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SENATE FILE 2295

S-5138

- 1 Amend Senate File 2295 as follows:
- 2 1. Page 1, by striking lines 9 and 10 and
- 3 inserting the following: ", a representative of a
- 4 mortgage-".
- 5 2. Page 1, line 12, by striking the words "and
- 6 two persons" and inserting the following: "a person".
- 7 3. Page 1, line 13, by striking the word
- 8 "projects." and inserting the following: "projects,
- 9 and a public member. The Iowa association of realtors
- 10 shall submit real estate broker nominees to the
- 11 governor. The director of the Iowa finance authority
- 12 shall submit to the governor nominees to represent the
- 13 very low-income families or housing projects."
- 14 4. Page 1, line 26, by striking the word "the"
- 15 and inserting the following: "all".
- 16 5. Page 1, by striking lines 27 through 29 and
- 17 inserting the following: "collected as determined by
- 18 the director, but not to exceed five percent, for the
- 19 purpose of".
- 20 6. Page 2, line 4, by striking the words "at no
- 21 cost".
- 22 7. Page 2, line 6, by inserting after the word
- 23 "program" the following: "at no cost to the mortgage
- 24 lenders".
- 25 8. Page 2, line 8, by inserting after the word
- 26 "offering" the following: "seven-day".
- 27 9. Page 2, line 13, by striking the words
- 28 "providing for the payment of" and inserting the
- 29 following: "allowing".
- 30 10. Page 2, by striking lines 14 through 16 and
- 31 inserting the following: "fee, as set by the
- 32 director, to be paid to participating mortgage lenders
- 33 for each title guaranty issued as a result of such
- 34 participation.
- 35 5. The authority, through the title guaranty
- 36 division, shall initiate a program providing for a
- 37 payment of an origination fee not to exceed five
- 38 dollars to the real estate education program
- 39 established in section 543B.54 for each title guaranty
- 40 issued. The fees shall be paid to the program every
- 41 six months and shall be set at an amount so that total
- 42 fees assessed shall not exceed three hundred thousand
- 43 dollars in a six-month period.
- 44 Sec. ____ . NEW SECTION. 16.93 AUTHORITY TO STAFF.
- 45 The title guaranty division may employ additional
- 46 staff or contract for services to ensure that a title
- 47 commitment is issued within seventy-two hours of
- 48 receipt of the preliminary title opinion, and a title
- 49 guaranty no later than fourteen days after receipt of
- 50 the final title opinion."

S-5138

S-5138

Page 2

1 11. By renumbering as necessary.

By JOE WELSH

S-5138 FILED MARCH 10, 1994

Adopted 3-15-94 (p.670)

SENATE FILE 2295

S-5212

1 Amend the amendment, S-5138, to Senate File 2295 as
2 follows:

3 1. Page 1, by striking lines 25 and 26 and

4 inserting the following:

5 " . Page 2, by striking lines 8 through 11 and

6 inserting the following: "Iowa by offering gap
7 coverage similar to the gap coverage available through
8 commercial title companies.""9 2. Page 1, line 34, by inserting after the word
10 "participation." the following: "The fee shall be11 collected by the mortgage lender and shall be
12 considered a permissible cost as provided under

13 section 535.8, subsection 2, paragraph "b"."

14 3. Renumber as necessary.

By JOE WELSH

S-5212 FILED MARCH 15, 1994

WITHDRAWN

SENATE FILE **2295**
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 2243)

(AS AMENDED AND PASSED BY THE SENATE MARCH 15, 1994)

_____ - New Language by the Senate
* - Language Stricken by the Senate

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the Iowa finance authority and the title
2 guaranty division by expanding the membership of the division
3 board and establishing a title guaranty marketing program and
4 related programs.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S.F. 2295

1 Section 1. Section 16.2, subsection 1, unnumbered
2 paragraph 2, Code 1993, is amended to read as follows:

3 A title guaranty division is created within the authority.
4 The powers of the division relating to the issuance of title
5 guaranties are vested in and shall be exercised by a division
6 board of five seven members appointed by the governor subject
7 to confirmation by the senate. The membership of the board
8 shall include an attorney, an abstractor, a real estate
9 broker, a representative of a mortgage-lender, and a
10 representative of the housing development industry, a person
11 representing very low-income families or housing projects, and
12 a public member. The Iowa association of realtors shall
13 submit real estate broker nominees to the governor. The
14 director of the Iowa finance authority shall submit to the
15 governor nominees to represent the very low-income families or
16 housing projects. Additionally, two members of the senate and
17 two members of the house of representatives shall be ex
18 officio, nonvoting members and shall be appointed respectively
19 by the majority and minority leaders of the senate and the
20 speaker and minority leader of the house of representatives
21 for terms beginning and ending as provided in section 69.16.
22 The executive director of the authority shall appoint an
23 attorney as director of the title guaranty division who shall
24 serve as an ex officio member of the board. The appointment
25 of and compensation for the division director are exempt from
26 the merit system provisions of chapter 19A.

27 Sec. 2. NEW SECTION. 16.92 TITLE GUARANTY MARKETING
28 PROGRAM -- GAP COVERAGE -- ORIGINATION FEE ESTABLISHED.

29 1. The division shall reserve a percentage of all funds
30 collected as determined by the director, but not to exceed
31 five percent, for the purpose of establishing and implementing
32 a title guaranty marketing program. The title guaranty
33 marketing program shall be a statewide marketing effort and
34 shall be for the purpose of generating public awareness of the
35 title guaranty division and the availability of title

1 guaranties, and to increase the use of title guaranties.

2 2. All mortgage lenders shall provide information to all
3 mortgage applicants concerning the availability of the title
4 guaranty program. The division shall provide information
* 5 regarding title guaranties to all participating mortgage
6 lenders as part of the title guaranty marketing program at no
7 cost to the mortgage lenders.

8 3. The division shall facilitate real estate closings in
9 Iowa by offering seven-day gap coverage. The division shall
10 establish a gap reserve fund sufficient to pay any claims made
11 under such coverage. Excess funds shall be deposited into the
12 housing fund as provided for in this chapter.

13 4. The authority through the title guaranty division shall
14 initiate a program allowing an origination fee, as set by the
15 director, to be paid to participating mortgage lenders for
16 each title guaranty issued as a result of such participation.

17 5. The authority, through the title guaranty division,
18 shall initiate a program providing for a payment of an
19 origination fee not to exceed five dollars to the real estate
20 education program established in section 543B.54 for each
21 title guaranty issued. The fees shall be paid to the program
22 every six months and shall be set at an amount so that total
23 fees assessed shall not exceed three hundred thousand dollars
24 in a six-month period.

25 Sec. 3. NEW SECTION. 16.93 AUTHORITY TO STAFF.

26 The title guaranty division may employ additional staff or
27 contract for services to ensure that a title commitment is
28 issued within seventy-two hours of receipt of the preliminary
29 title opinion, and a title guaranty no later than fourteen
30 days after receipt of the final title opinion.

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SENATE FILE 2295

H-5882

- 1 Amend Senate File 2295, as amended, passed, and
2 reprinted by the Senate, as follows:
3 1. Page 1, by striking line 28 and inserting the
4 following: "PROGRAM -- GAP COVERAGE."
5 2. Page 2, by striking lines 9 through 24 and
6 inserting the following: "Iowa by offering gap
7 coverage. The division may require that a notice of
8 settlement be filed as a condition to offering gap
9 coverage."
10 3. Page 2, by inserting after line 30 the
11 following:
12 "Sec. ____ . Section 535.8, subsection 2, paragraph
13 b, subparagraph (3), Code 1993, is amended to read as
14 follows:
15 (3) Attorney's opinions, if such opinion is
16 prepared by the borrower's attorney.
17 Sec. ____ . Section 535.8, subsection 2, paragraph
18 b, Code 1993, is amended by adding the following new
19 unnumbered paragraph:
20 NEW UNNUMBERED PARAGRAPH. The lender shall not
21 charge the borrower, either directly or indirectly,
22 for the cost incurred by the lender in connection with
23 a commercial title insurance policy. If a lender
24 violates this paragraph the borrower is entitled to
25 recover any actual damages plus the costs paid by the
26 borrower, plus attorney fees incurred in an action
27 necessary to effect recovery."
28 4. By renumbering as necessary.

By MILLAGE of Scott

H-5882 FILED MARCH 30, 1994

SENATE FILE 2295

H-5957

- 1 Amend Senate File 2295, as amended, passed, and
2 reprinted by the Senate as follows:
3 1. Page 1, line 28, by striking the words "--
4 ORIGINATION FEE ESTABLISHED".
5 2. By striking page 1, line 29 through page 2,
6 line 1.
7 3. Page 2, by striking lines 13 through 24.
8 4. By renumbering as necessary.

By GRUNDBERG of Polk

H-5957 FILED APRIL 4, 1994

SENATE FILE 2295

H-5962

1 Amend the amendment, H-5882, to Senate File 2295,
2 as amended, passed, and reprinted by the Senate as
3 follows:

4 1. Page 1, lines 7 through 9, by striking the
5 words "The division may require that a notice of
6 settlement be filed as a condition to offering gap
7 coverage."

By GRUNDBERG of Polk

H-5962 FILED APRIL 5, 1994

SENATE FILE 2295

H-5976

1 Amend Senate File 2295, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 2, by inserting after line 30 the
4 following:

5 "Sec. ____ . Section 527.8, subsection 1, Code 1993,
6 is amended to read as follows:

7 1. As a condition of exercising the privilege of
8 utilizing a satellite terminal, a financial
9 institution is liable to each of its customers for all
10 losses incurred by the customer as a result of the
11 transmission or recording of electronic impulses as a
12 part of a transaction not authorized by the customer
13 or to which the customer was not a party. However, if
14 ~~the financial institution has provided the customer~~
15 ~~with an access device for engaging in a transaction at~~
16 ~~a satellite terminal which is unique to the customer,~~
17 ~~and losses are incurred by the customer as a result of~~
18 ~~the theft, loss or other compromise of that access~~
19 ~~device, the liability of the financial institution~~
20 ~~pursuant to this section shall not include the first~~
21 ~~fifty dollars of any losses incurred prior to the time~~
22 ~~the customer notifies the financial institution of the~~
23 ~~theft, loss or compromise except that the financial~~
24 ~~institution shall have no liability if the losses are~~
25 ~~a result of the customer's fraudulent acts or~~
26 ~~omissions~~ the financial institution and the customer
27 shall be liable as provided in 15 U.S.C. § 1693q."

28 2. Title page, line 4, by inserting after the
29 word "programs" the following: ", and affecting the
30 liability of certain institutions and individuals with
31 respect to certain transactions".

32 3. Renumber as necessary.

By RAFFERTY of Scott

H-5976 FILED APRIL 5, 1994

Welsh. Chair
Deluhery
Jensen

SSB-2243
Commerce
New
2295

SENATE FILE
BY (PROPOSED COMMITTEE ON
COMMERCE BILL BY CHAIR-
PERSON DELUHERY)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the Iowa finance authority and the title
2 guaranty division by expanding the membership of the division
3 board and establishing a title guaranty marketing program and
4 related programs.

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2 paragraph 2, Code 1993, is amended to read as follows:

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6 board of ~~five~~ seven members appointed by the governor subject
7 to confirmation by the senate. The membership of the board
8 shall include an attorney, an abstractor, a real estate broker
9 appointed from nominees submitted to the governor by the Iowa
10 association of realtors, a representative of a mortgage-
11 lender, and a representative of the housing development
12 industry, and two persons representing very low-income
13 families or housing projects. Additionally, two members of
14 the senate and two members of the house of representatives
15 shall be ex officio, nonvoting members and shall be appointed
16 respectively by the majority and minority leaders of the
17 senate and the speaker and minority leader of the house of
18 representatives for terms beginning and ending as provided in
19 section 69.16. The executive director of the authority shall
20 appoint an attorney as director of the title guaranty division
21 who shall serve as an ex officio member of the board. The
22 appointment of and compensation for the division director are
23 exempt from the merit system provisions of chapter 19A.

24 Sec. 2. NEW SECTION. 16.92 TITLE GUARANTY MARKETING
25 PROGRAM -- GAP COVERAGE -- ORIGINATION FEE ESTABLISHED.

26 1. The division shall reserve a percentage of the funds
27 collected, not to exceed five percent as determined by the
28 division pursuant to rule adopted pursuant to chapter 17A,
29 under the title guaranty program for the purpose of
30 establishing and implementing a title guaranty marketing
31 program. The title guaranty marketing program shall be a
32 statewide marketing effort and shall be for the purpose of
33 generating public awareness of the title guaranty division and
34 the availability of title guaranties, and to increase the use
35 of title guaranties.

1 2. A participating mortgage lender shall provide
2 information to all mortgage applicants concerning the
3 availability of the title guaranty program. The division
4 shall provide information regarding title guaranties at no
5 cost to all participating mortgage lenders as part of the
6 title guaranty marketing program.

7 3. The division shall facilitate real estate closings in
8 Iowa by offering gap coverage. The division shall establish a
9 gap reserve fund sufficient to pay any claims made under such
10 coverage.

11 4. The authority through the title guaranty division shall
12 initiate a program providing for the payment of an origination
13 fee to participating mortgage lenders, real estate agents, and
14 abstractors for each title guaranty issued as a result of such
15 participation.

16 EXPLANATION

17 This bill amends provisions relating to the title guaranty
18 program under the Iowa finance authority.

19 The bill amends section 16.2 and expands the membership of
20 the title guaranty division board to seven members by adding
21 two persons representing very low-income families or housing
22 projects. Four members of the general assembly are also added
23 as ex officio, nonvoting members.

24 The bill creates a title guaranty marketing program which
25 is to be a statewide marketing effort for the purpose of
26 generating public awareness of the title guaranty division and
27 the availability of title guaranties, and to increase the use
28 of title guaranties. The bill directs the division to offer
29 gap coverage in an effort to facilitate real estate closings
30 and is also to initiate a program providing for the payment of
31 an origination fee to participating mortgage lenders, real
32 estate agents, and abstractors for each title guaranty issued
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