

MAR 8 1999

COMMERCE AND REGULATION

HOUSE FILE
BY FALLON

524

Passed House, Date _____ Passed Senate, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to title guaranty or insurance disclosures
2 required to be made by financial institutions engaged in the
3 business of making mortgage loans and providing for the
4 applicability of the Act.

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

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HF 524

1 Section 1. NEW SECTION. 535A.13 TITLE GUARANTY OR
2 INSURANCE DISCLOSURE.

3 A financial institution shall disclose in writing to the
4 mortgage loan applicant all of the following:

5 1. Whether a title guaranty certificate or title insurance
6 will be purchased with respect to the mortgage loan.

7 2. If a title guaranty certificate or title insurance is
8 being purchased, a statement that such certificate or
9 insurance is for the protection of the financial institution.

10 3. The address and telephone number of the title guaranty
11 division within the Iowa finance authority and a statement
12 that the mortgage loan applicant may be able to purchase
13 similar coverage from the division.

14 Sec. 2. APPLICABILITY. This Act is applicable to all
15 mortgage loan applications submitted to a financial
16 institution on or after the effective date of this Act.

17 EXPLANATION

18 This bill requires a financial institution to disclose in
19 writing to a mortgage loan applicant whether a title guaranty
20 certificate or title insurance will be purchased with respect
21 to the mortgage loan. If a title guaranty certificate or
22 title insurance is being purchased, the financial institution
23 must also include in the disclosure a statement that such
24 certificate or insurance is for the protection of the lender,
25 and the address and telephone number of the title guaranty
26 division within the Iowa finance authority and a statement
27 that the mortgage loan applicant may be able to purchase
28 similar coverage from the division.

29 Code section 535A.1 defines "financial institution" to mean
30 a bank, credit union, insurance company, mortgage banking
31 company or savings and loan association, industrial loan
32 company, or like institution or any other person who makes
33 mortgage loans and which operates or has a place of business
34 in this state. "Financial institution" does not include an
35 individual who makes less than five mortgage loans a year.