

House Study Bill 553

SENATE/HOUSE FILE _____
BY (PROPOSED IOWA FINANCE
AUTHORITY BILL)

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

A BILL FOR

1 An Act relating to coverage of closing protection letters in real
2 estate transactions and providing an effective date.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 5295XD 82
5 md/rj/8

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1 1 Section 1. Section 16.93, subsection 1, Code 2007, is
1 2 amended to read as follows:
1 3 1. The authority through the title guaranty division may
1 4 issue a closing protection letter to a person to whom a
1 5 proposed title guaranty is to be issued, upon the request of
1 6 the person, if the division issues a commitment for title
1 7 guaranty or title guaranty certificate. The closing
1 8 protection letter shall conform to the terms of coverage and
1 9 form of the instrument as approved by the division board and
1 10 may indemnify a person to whom a proposed title guaranty is to
1 11 be issued against loss of settlement funds due to only the
1 12 following acts of the division's named participating attorney,
1 13 ~~or~~ participating abstractor, or closer:

1 14 a. Theft of settlement funds.
1 15 b. Failure by the participating attorney, ~~or~~ participating
1 16 abstractor, or closer to comply with written closing
1 17 instructions of the person to whom a proposed title guaranty
1 18 is to be issued relating to title certificate coverage when
1 19 agreed to by the participating attorney, ~~or~~ participating
1 20 abstractor, or closer.

1 21 Sec. 2. EFFECTIVE DATE. This Act, being deemed of
1 22 immediate importance, takes effect upon enactment.

1 23 EXPLANATION

1 24 Under the title guaranty program, the Iowa finance
1 25 authority through the title guaranty division may issue a
1 26 closing protection letter that conforms to the terms of
1 27 coverage and form of the instrument and may indemnify a person
1 28 to whom a proposed title guaranty is to be issued. A closing
1 29 protection letter protects against loss of settlement funds
1 30 due to the acts of the division's named participating attorney
1 31 or participating abstractor. This bill adds "closer" to the
1 32 list of participants whose acts may be covered by a closing
1 33 protection letter in real estate transactions.

1 34 The bill takes effect upon enactment.

1 35 LSB 5295XD 82

2 1 md/rj/8