

CHAPTER 714

(House Bill 41)

AN ACT to add new Sections 486-1 and 486-2 to Article 48A of the Annotated Code of Maryland (1957 Edition), title "Insurance," subtitle "Title Insurance," to follow immediately after Section ~~486~~ 486-1 thereof, requiring certain information be supplied mortgagors in connection with the closing of ~~mortgage loans~~ REAL ESTATE TRANSACTIONS when title insurance is required, and ~~providing a penalty for non-compliance with these provisions FOR~~ THE PROTECTION OF THE MORTGAGEE MORTGAGOR.

SECTION 1. *Be it enacted by the General Assembly of Maryland,* That new Sections ~~486-1 and~~ SECTION 486-2 be and they are IT IS hereby added to Article 48A of the Annotated Code of Maryland (1957 Edition), title "Insurance," subtitle "Title Insurance," to follow immediately after Section ~~486~~ 486-1 thereof, and to read as follows:

~~486-1.~~ 486-2.

(a) *Whenever in connection with the making of a ANY real estate purchase money mortgage loan upon a 1, 2, 3, or 4 family dwelling house for a term exceeding 2 years, the mortgagee requires the issuance of a mortgagee policy of title insurance, the company issuing the policy of title insurance and or the title attorney conducting the settlement shall prior to the disbursement of the mortgage funds cause the mortgagor to be advised in writing of the fact* TRANSACTION INVOLVING LAND SITUATED AND LYING IN THIS STATE ANY TITLE INSURANCE COMPANY SHALL ISSUE A POLICY INSURING THE TITLE TO SUCH PROPERTY FOR THE BENEFIT OF ANY MORTGAGEE, SUCH TITLE INSURANCE COMPANY SHALL NOTIFY THE MORTGAGOR, OR CAUSE SUCH MORTGAGOR TO BE NOTIFIED BY ITS AGENT, EMPLOYEE OR APPROVED ATTORNEY *that a mortgagee title insurance policy is to be issued, the name or names of the insured under said policy, and of the face amount of such policy. Such notice shall also advise the mortgagor of his right and opportunity to obtain title insurance in his own favor if the same has not already been ordered or obtained* AND THE ADDITIONAL PREMIUM THAT WILL BE REQUIRED FOR THE PURCHASE OF THE SAME, ANY NOTICE SHALL BE IN WRITING AND SHALL BE DELIVERED PRIOR TO THE DISBURSEMENT OF THE MORTGAGE FUNDS.

(b) *At or before the closing of the mortgage loan transaction the THE company issuing the title insurance and or the title attorney conducting the settlement* PRIOR TO THE DISBURSEMENT OF THE MORTGAGE FUNDS THE TITLE INSURANCE COMPANY, ITS AGENT, EMPLOYEE OR APPROVED ATTORNEY shall obtain from the mortgagor a statement in writing that he has received the notice required under subsection (a) of this section.

~~486-2.~~

If the company issuing the mortgagee policy of title insurance and or the title attorney conducting the settlement shall fail to comply