

CHAPTER 641

(Senate Bill 139)

AN ACT to repeal Section 486-1 of Article 48A of the Annotated Code of Maryland (1968 Replacement Volume), as amended, title "Insurance Code," subtitle "Title Insurance," and to enact a new Section 486-1 to stand in place of the one repealed, to provide for fixing the time of inception, contingencies and conditions of title insurance, and to require adequate disclosure of conditions and limitations under which it is made available to buyers of real estate.

SECTION 1. *Be it enacted by the General Assembly of Maryland,* That Section 486-1 of Article 48A of the Annotated Code of Maryland (1968 Replacement Volume), as amended, title "Insurance Code," subtitle "Title Insurance," be and it is hereby repealed and new Section 486-1 enacted to stand in place of the one repealed, to read as follows:

[486-1.

(a) Whenever in connection with any real estate 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 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) 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.

(c) The original signed statement required by subsection (b) of this section, together with a copy of the notice required by subsection (a) of this section shall be retained by the title insurance company for a period of three (3) years following the issuance of the title insurance policy. Such statement and notice shall be available for inspection by the Commissioner upon request.]

486-1.

(a) *Whenever in connection with any real estate transaction involving A PURCHASE MONEY MORTGAGE OR MORTGAGES ON land situated and lying in this State any title insurance company shall accept a premium for a policy insuring the title to such property or such title insurance company, its agent, employee or approved attorney shall accept a premium for ~~owner~~ and mortgagee title insurance, the person first accepting such premium shall insert the names of every insured in the binder for the title insurance, OR*