

# MAINE STATE LEGISLATURE

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M  
R.S.

L.D. 629

DATE: 5-2-01

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STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
120TH LEGISLATURE  
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 489, L.D. 629, Bill, "An Act to Allow a Mortgagor to Select a Land Title Company to Perform the Title Search"

Amend the bill by inserting after the enacting clause and before section 1 the following:

'Sec. 1. 9-A MRSA §3-311, as repealed and replaced by PL 1985, c. 311, §1, is amended to read:

§3-311. Consumer's choice of land title company or attorney in residential mortgage transaction

Every supervised lender which that accepts an application for a residential mortgage loan for one to 4 residential units and which that requires that an attorney search the title of the subject real estate shall permit the prospective mortgagor to select a land title company or a qualified attorney of his the mortgagor's own choice to search the title of the subject real estate and--certify--that--title--to--the--lender--or--land--title insurance--company,--provided--that--the. The land title company shall provide title insurance to the lender or the attorney shall certify the title to the lender. The lender may require the prospective mortgagor's attorney to provide it with evidence of adequate liability insurance or land title insurance or such other written policy requirements as the lender may deem consider necessary to protect its interests, ~~provided that if,~~ If all such requirements are met by the attorney chosen by the mortgagor, no additional legal costs may be assessed by the

COMMITTEE AMENDMENT

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COMMITTEE AMENDMENT "A" to H.P. 489, L.D. 629

lender against the mortgagor for review of the title search or  
2 the review or preparation of any other relevant title documents  
by the lender, ~~its title company~~ or its attorney.

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6 The mortgagor may provide a land title insurance policy in  
lieu of an attorney's certification to the lender.

8 Every supervised lender subject to this section shall  
provide written notice to the prospective mortgagor that he the  
10 mortgagor has the right to select a land title company or a  
qualified attorney of his the mortgagor's own choice for the  
12 performance of ~~title work~~ closing services, along with a list of  
land title companies and qualified attorneys. The notice must  
14 inform the prospective mortgagor whether the lender requires  
title insurance. The notice shall must inform the prospective  
16 mortgagor that if title insurance is required or if the attorney  
chosen by the mortgagor meets the lender's requirements, then no  
18 additional fees may be charged to the mortgagor for ~~title work~~  
services. It is the mortgagor's responsibility to provide a  
20 mortgage and promissory note as required by the lender. If the  
prospective mortgagor indicates on the written notice that he the  
22 mortgagor does not wish to exercise his the mortgagor's right to  
select a land title company or an attorney, then the lender may  
24 recommend a land title company or an attorney. A lender may not  
require the mortgagor to pay for closing services by an attorney  
26 or land title company for closing services rendered to the lender  
as part of the closing.

28  
30 Nothing in this section may be construed to require  
certification of title to a supervised lender if that lender does  
not so require, or to a land title insurance company if that  
32 company does not so require. A lender may not require both  
certification of title and title insurance to protect its  
34 interests.'

36 Further amend the bill in section 1 in subsection 4 in the  
2nd blocked paragraph in the next to the last line (page 2, line  
38 1 in L.D.) by striking out the following: "legal" and inserting  
in its place the following: 'closing'

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42 Further amend the bill by relettering or renumbering any  
nonconsecutive Part letter or section number to read  
consecutively.

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46 Further amend the bill by inserting at the end before the  
summary the following:

**REFS.**

**FISCAL NOTE**

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The Bureau of Banking within the Department of Professional and Financial Regulation will incur some minor additional costs to amend the Maine Banking Code and the Maine Consumer Credit Code to permit a borrower to select a land title company to conduct a title search. These costs can be absorbed within the bureau's existing budgeted resources.'

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**SUMMARY**

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This amendment is the minority report of the Joint Standing Committee on Judiciary. It amends the Maine Consumer Credit Code to be consistent with the bill concerning the right of a mortgagor to select a land title company.

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This amendment also corrects a reference to closing services provided to a financial institution. It also adds a fiscal note to the bill.