

State of Arkansas
92nd General Assembly
Regular Session

A Bill

SENATE BILL 462

By: Senator K. Hammer

For An Act To Be Entitled

AN ACT TO REQUIRE FIRE PROTECTION COVERAGE IN FORCE
BEFORE THE CLOSING OF A LOAN FOR A MORTGAGE OR DEED
OF TRUST; AND FOR OTHER PURPOSES.

Subtitle

TO REQUIRE FIRE PROTECTION COVERAGE IN
FORCE BEFORE THE CLOSING OF A LOAN FOR A
MORTGAGE OR DEED OF TRUST.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 18-12-702 is amended to read as follows:
18-12-702. Definitions.

As used in this subchapter:

(1) "Available for immediate withdrawal as a matter of right"
means the following:

(A) For any item or draft, when the item or draft has been
submitted for collection and payment received; and

(B) For any deposited item or draft, when final settlement
has occurred;

(2) "Closing and settlement services" means those services which
benefit the parties to the sale, lease, encumbrance, mortgage, or creation of
a secured interest in and to real property, and the receipt and disbursement
of money in connection with any sale, lease, encumbrance, mortgage, or deed
of trust; ~~and~~

(3) "Closing of a loan" means completion of the final steps of
the mortgage or deed of trust transaction; and



(4) "Financial institution" means an entity that is authorized under the laws of this state, another state, or the United States of America to make loans and receive deposits and has its deposits insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund.

SECTION 2. Arkansas Code Title 18, Chapter 12, Subchapter 7, is amended to add an additional section to read as follows:

18-12-704. Closing of a loan – Fire protection services required.

A person, firm, partnership, corporation, or other entity that provides closing and settlement services for a real estate transaction shall not conduct the closing of a loan before receipt of confirmation that the real property being mortgaged or subject to a deed of trust has fire protection coverage in force and the mortgagee or trustee of the real property has paid all dues, fees, or costs that are due as a closing and settlement service.

SECTION 3. Arkansas Code § 23-39-404 is amended to read as follows:

23-39-404. Prohibited acts.

It shall be unlawful for a loan broker to:

(1) Assess or collect an advance fee from a borrower to provide services as a loan broker; ~~or~~

(2) Make or use unfair, false, misleading, or deceptive representations or to omit any material fact in the offer or sale of the services of a loan broker, or to engage, directly or indirectly, in any act that operates or would operate as an unfair, false, misleading, or deceptive representation in his or her business dealings; or

(3) Allow the closing of a loan when the real property being mortgaged or that is subject to a deed of trust is not insured against loss or damage caused by fire.