

Underwriting Bulletin: UNMD2022-002

Date: October 18, 2022
To: All Maryland Agents
From: FNTI Underwriting Department
RE: **Maryland Insurance Administration Bulletin 22-12**

All Maryland settlement agents should be aware of Maryland Insurance Administration Bulletin 22-12 ("MIA Bulletin") regarding disbursement of funds directly to associate real estate brokers, real estate salespersons, or certain business entities organized under Maryland Business Occupations and Professions article sec. 17-512. You can view the MIA Bulletin attached to this bulletin.

Please read the MIA Bulletin carefully. In order to make such payments, you will have to:

1. Obtain written disbursement authorization from the real estate broker; and
2. List such payments on the Closing Disclosure with the agreement of the lender.

The new law is effective as of October 1, 2022.

If you need further information, please contact your Maryland Underwriter for FNTI.

This Underwriting Bulletin becomes a part of the principles and practices with which you are to comply under the terms of your Underwriting Agreement with First National Title Insurance Company. Should the content of this bulletin address the closing and escrow function, this information should be considered a directive and part of the principles and practices if non-compliance would result in liability to FNTI under either the insured closing service letter or policy of title insurance notwithstanding that the Underwriting Agreement does not include the closing and escrow functions of your agency.

LARRY HOGAN
Governor

KATHLEEN A. BIRRANE
Commissioner

BOYD K. RUTHERFORD
Lt. Governor

GREGORY M. DERWART
Deputy Commissioner



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Bulletin 22-12

Date: September 13, 2022

To: All Title Insurance Producers and Title Insurers

Re: Chapter 650 of the Laws of 2022

The Maryland Insurance Administration (“the Administration”) is issuing this Bulletin to remind title insurance producers of prohibited practices in light of the changes to the Business Occupations and Professions Article of the Maryland Annotated Code.

Chapter 650 of the Laws of 2022, which takes effect on October 1, 2022, revises § 17-604 of the Business Occupations and Professions Article to add:

(c) During the settlement of property, a licensed title insurance producer may, on behalf of a real estate broker and in accordance with a written disbursement authorization provided by the real estate broker, pay compensation to:

- (1) An associate real estate broker;
- (2) A real estate salesperson; or
- (3) A business entity formed under § 17-512 of this title.

The Administration reminds licensees that this does not alter the provisions of the Insurance Article. In that regard, the Administration reminds title producers of the following provision:

Section 27-212 of the Insurance Article states in part:

(b) Except to the extent provided for an applicable filing with the Commissioner as provided by law, an insurer, employee or representative of an insurer or insurance producer may not pay, allow, give or offer to pay, allow, or give directly or indirectly as an inducement to insurance or after insurance has become effective:

- (1) a rebate, discount, abatement, credit, or reduction of the premium stated in the policy;
 - (2) a special favor or advantage in the dividends or other benefits to accrue on the policy;
- or

(3) any valuable consideration or other inducement not specified in the policy.

Section 8 of the Real Estate Settlement Procedures Act prohibits paying a fee or other thing of value for referrals for settlement service business. The payments authorized by the changes to the Business Occupations and Professions Article do not affect these provisions of law that apply to title insurance producers.

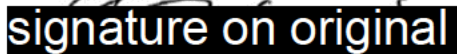
Disbursements made in conjunction with a real estate transaction must be disbursed in accordance with the Closing Disclosure, as described in 12 CFR § 1026.38, prepared by the lender. In addition, the seller's closing statement prepared by the title producer must match the Closing Disclosure prepared by the lender. The seller's closing statement should not show disbursements that do not appear on the lender's closing disclosure.

A title producer who makes disbursements that do not appear on the lender's Closing Disclosure and/or seller's closing statement, or who violates § 27-212 of the Insurance Article or Section 8 of the Real Estate Settlement Procedures Act, may be in violation of § 10-126 of the Insurance Article.

Title insurers are required to perform audits of title producers pursuant to § 10-121(k) of the Insurance Article. If, during an audit, a title insurer finds that a title producer made disbursements that did not appear on the Closing Disclosure and/or seller's closing statement, or finds disbursements which do not appear to be for valid settlement services, then the title insurer is required to report the finding to the Commissioner.

Any questions about this Bulletin may be directed to David Zitterbart in the Market Regulation and Professional Licensing Division at 410-468-2144.

Kathleen A. Birrane
Commissioner


signature on original

By: _____

Mary M. Kwei
Associate Commissioner