

1 State of Arkansas

2 92nd General Assembly

3 Regular Session

A Bill

SENATE BILL 462

4
5 By: Senator K. Hammer

For An Act To Be Entitled

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

Subtitle

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

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

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21 SECTION 1. Arkansas Code § 18-12-702 is amended to read as follows:
22 18-12-702. Definitions.

23 As used in this subchapter:

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

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

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

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

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



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

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

9 18-12-704. Closing of a loan – Fire protection services required.

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

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

18 23-39-404. Prohibited acts.

19 It shall be unlawful for a loan broker to:

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

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

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