

Issue 5: Violation of Section 22-102(a)(1)(2)(b)(c)(1)

The Company did not issue a Statutory Notice to Buyer or did not issue a correct notice to buyer.

Section 22-102, titled "Notice to buyer about title insurance," provides in pertinent part:

(a) *In general.* – When, in connection with a real estate transaction that involves a purchase money mortgage or deed of trust on land in the State, a title insurer accepts a premium for a policy that insures the title to the property or the title insurer, its agent, or employee accepts a premium for mortgagee title insurance, the person first accepting the premium:

- (1) shall insert the name of each insured in the binder for the title insurance or the title report; and
- (2) immediately on receipt of the premium, shall deliver to the buyer or agent or attorney of the buyer written notice:
 - (i) of the name of each insured under the policy;
 - (ii) of the face amount of the policy ;
 - (iii) of the buyer's right and opportunity to obtain simultaneous title insurance in the buyer's favor;
 - (iv) of the additional premium that will be required for purchase of simultaneous title insurance in the buyer's favor;

(b) *Statement of receipt of notice.* – Before disbursing any funds, the person required to give notice under subsection (a) of this section shall obtain from the buyer, at the time the person delivers the notice, a statement in writing that the buyer has received the notice described in subsection (a) of this section and that the buyer wants or does not want owner's title insurance.

(c) *Retention of statement and notice.* – (1) The person required to give notice under subsection (a) of this section shall retain the original signed statement of receipt required by subsection (b) of this section and a copy of the notice required by subsection (a) of this section for 3 years.

Finding # 5

The Company either did not issue a Statutory Notice to Buyer, the notice did not contain the premium charge or the notice lacked the policy limit. As a result, the Company is in violation of Section 22-102(a)(1)(2)(b)(c)(1).

AREA REVIEWED	POPULATION	SAMPLE SIZE	VIOLATIONS	% OF ERROR	EXHIBITS
LENDERS ORIGINAL	27,825	50	2	4%	5A
OWNERS ORIGINAL	10,448	50	19	38%	5B
OWNERS REISSUE	36	11	2	18%	5C

The Company shall demonstrate that procedures have been put in place to assure compliance with Maryland insurance laws and regulations.