

Bill Licensing Real Estate Closing Agents Sent to Governor

The House passed another piece of legislation to reduce consumer fraud in real estate transactions. Senate File 2348 will now go to the Governor for his signature.

The bill requires the Division of Banking to license those who provide real estate closing services independent of an entity that is already regulated, such as a licensed mortgage broker, financial institution, or attorney.

Closing services typically involve preparing settlement statements, ensuring that documents conform to the parties' conditions, and that lenders' instructions are satisfied, holding a closing conference, and receiving and disbursing funds related to the closing.

The bill requires all funds received for disbursement during closing be placed in a trust account separate from the agent's account at an insured financial institution.

The license fee is \$200, and licensees must carry a \$25,000 bond, unless the Banking Superintendent sets a higher bond requirement.

The Banking Superintendent may impose fines of up to \$5,000 per violation of the law and order the violator to pay restitution, the costs of the investigation and prosecution, and attorney fees.

The Attorney General may also take action under the Iowa Consumer Fraud Act.

Senate File 2348 compliments legislation passed in 2008 to tighten regulation of foreclosure consultants and legislation passed in 2009 to strengthen regulation of mortgage brokers.