

CS FOR SENATE BILL NO. 122(L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered: 2/24/12

Referred: Rules

Sponsor(s): SENATE LABOR AND COMMERCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to research on and examination of titles; relating to residency**
2 **requirements for title insurance limited producers; relating to real estate transfer fees;**
3 **and providing for an effective date."**

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * **Section 1.** AS 21.66.170(a) is amended to read:

6 (a) A policy or contract of title insurance may not be written until the title
7 insurance company [CONDUCTS OR] has, through a licensed title insurance
8 limited producer, conducted a reasonable search and examination of the title and the
9 company has made a determination of insurability of title in accordance with its
10 established underwriting practices. Evidence of the determination shall be preserved
11 and retained in the files of the title insurance company or its agent for a period of not
12 less than 15 years after the policy or contract of title insurance has been issued. In lieu
13 of retaining the original evidence, the title insurance company or the title insurance
14 limited producer, may, in the regular course of business, establish a system by which

all or part of these writings are recorded, copied, or reproduced by any photographic, photostatic, microfilm, microcard, miniature photographic, or other process that accurately reproduces or forms a durable medium for reproducing the original.

* **Sec. 2.** AS 21.66.270 is amended to read:

Sec. 21.66.270. Title insurance limited producers to be licensed. A title insurance limited producer shall be licensed in the manner provided for in AS 21.27. **A title insurance limited producer may not obtain a license unless the producer is a resident of the state.** A title insurance limited producer may not be licensed to sell insurance other than title insurance.

* **Sec. 3.** AS 34.15 is amended by adding a new section to read:

Sec. 34.15.105. Transfer fee covenants prohibited. (a) A document that conveys real estate may not include a provision that requires a subsequent grantee or grantor to pay a transfer fee to convey the real estate, except a document that conveys real estate may include a provision that requires a transfer fee if the fee is

(1) payable on a one-time basis only on the next transfer of the interest in real property;

(2) a loan assumption fee or similar fee charged by a person holding a lien on the property; or

(3) a fee or commission paid to a licensed real estate broker for brokerage services.

(b) In this section, "transfer fee" does not include

(1) a tax, assessment, fee, or charge imposed by a governmental authority;

(2) a recording fee;

(3) a fee payable to a nonprofit, mandatory homeowners association, condominium association, or cooperative under an applicable declaration or covenant; or

(4) a fee payable to an organization described in 26 U.S.C. 501(c)(3) or (c)(4) (Internal Revenue Code) used exclusively for cultural, educational, charitable, recreational, environmental, conservation, or similar activities that benefit the real estate conveyed.

- 1 (c) A provision that violates this section is void.
- 2 * **Sec. 4.** This Act takes effect immediately under AS 01.10.070(c).