



# Kentucky Land Times

*News & Updates of the Kentucky Land Title Association*

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» Will Stambaugh, Rep. Jody Richards, Lindsay Hinton, and Mark Fridy

## 2015 Lobby Day

KYTLA had its first ever Lobby Day in Frankfort, February 12, 2015. A big thanks to Madeleine Nagy, Executive Director, and our lobbyist, Ronny Pryor of Capitol Solutions, for all their assistance in organizing the day. Both Sen. Dennis Parrett and Rep. Jeff Greer spoke to the entire group and then we split up into teams to meet with eight different legislators. Our purpose was to introduce KYTLA, state our position on current legislation and inform them that we will be introducing Agent Licensing in the 2016 session. All of the meetings were well received, relationships established and the foundation set for future collaborations!

### Visit Breakdown

#### Rep. David Osborne (R) – Oldham;

Will Stambaugh and Ronny met with David, who is a realtor and horse farmer. They had good conversations about the real estate industry. He understood us and our positions, even discussed a title problem he is experiencing on property he is selling.

#### House Speaker Pro Tempore Jody Richards (D) – Warren,

Lindsay (constituent), Mark, Ronny and Will met with House Speaker Pro Tempore Richards. Both Lindsay and Mark know House Speaker Pro Tempore Richards, and he talked fondly of them.

### Upcoming Seminar

This is a **DON'T MISS**  
**KYTLA FREE Seminar!**

2 CLE credits\* on:

Tackling the TILA-RESPA Integrated Disclosure ("TRID") Rule

**May 7th, 2:00 pm - 4:00 pm**  
 Commonwealth Bank & Trust Co.  
 7135 Houston Rd.  
 Florence, KY 41042

**May 8th, 10:00 am - 12:00 pm**  
 Plaza Office Park-9510 Ormsby  
 Station Road, Lower Level  
 Conference Room between Plaza II  
 & III Louisville, KY 40223

The new integrated mortgage disclosure requirements go into effect on August 1st, and the industry is quickly learning just how complex and confusing the new requirements are.

Register by sending an email to [madeleine@alta.org](mailto:madeleine@alta.org)

\*CLE credit application pending

**Rep. Darryl T. Owens (D) – Jefferson;**

Mark and Tom (constituents), Kelly and Will were in attendance. He is an attorney and was familiar with the issues we were discussing. He volunteered to talk to Rep. Stinnett about his affidavit of release for mortgages and that it was not good legislation.

**Sen. Jim Duplessis (R) - Hardin**

Melissa Gaddie and Lois met with Senator Jim Duplessis from their

district. He is willing to help in any way he can going forward.

**Sen. Dennis Parrett (D) - Hardin**

Melissa Gaddie and Lois Collier met with Senator Dennis Parrett from their district. He is a super nice guy who has done business with both of them. He is willing to help in any way he can going forward. Kelly Terwilliger and Branden Gross also met with Sen. Parrett, who knows Branden's father.

**Sen. Reginald Thomas (D) - Fayette**

Branden Gross and Kelly Terwilliger met with Senator Thomas and he was very receptive to the proposed licensing bill. Branden has known Sen. Thomas for about 10 years, is also a lawyer and is willing to meet with us any time.

**Sen. Chris McDaniel (R) – Kenton**

Lindsay and Kelly met with Sen. McDaniel's assistant Michelle. They had a brief but positive meeting.

## Consumer Protection Bureau Proposes Amendments to Recently Enacted Mortgage Servicing Rules

Article by: *Taylor Hamilton, Morgan & Pottinger, P.S.C.*

**O**n November 20, 2014, the Consumer Financial Protection Bureau (CFPB) proposed several amendments to their Mortgage Servicing Rules under Regulation X and Regulation Z. These amendments address issues that remain after the January 10, 2014 effective date of the CFPB's rule enactments pursuant to its authority under the Dodd-Frank Act.

One important proposal is to add a general definition of delinquency that will apply to all of the servicing provisions of Regulation X and the periodic statement provisions of Regulation Z. Under the proposed definition, delinquency begins on the day a borrower fails to make a periodic payment (sufficient to cover principal, interest, and if applicable, escrow) and remains delinquent until such time as the payment is made. Thus, if a borrower misses a payment but later makes it up and the servicer applies that payment to the oldest outstanding periodic payment, the date of the delinquency

advances.

The proposed amendments would also affect loss mitigation procedures that servicers must follow for mortgage loans secured by a borrower's principal residence. The proposal would require servicers to notify borrowers in writing when the servicers receive a borrower's complete loss mitigation application. Also, the proposal will require servicers to evaluate borrowers for loss mitigation more than once in the life of the loan. Next, the proposal would allow a servicer who is a subordinate lien holder to join a foreclosure action filed by a senior lien holder, even if the borrower is not 120 days delinquent on the subordinate lien.

The CFPB has also proposed three sets of rule changes with respect to successors in interest – persons who inherit or receive property when there is still an outstanding mortgage loan on the property. First, the CFPB is proposing that all of the existing Mortgage Servicing

Rules will apply to the successor. Second, the proposed amendments state how the determination of whether a person is a successor is made. Third, the proposal ensures that those confirmed as successors generally receive the same protections under the CFPB's mortgage servicing rules as the original borrower. Most importantly, under the new definition successors in interest would include homeowners who receive a property through inheritance, divorce or legal separation, through a family trust, or through a transfer from a parent to a child.

Also worth specific mention is that under the proposed amendments the force-placed insurance disclosures would now need to also account for situations in which the servicer wishes to force-place insurance because the borrower as insufficient, rather than lapsed or expiring, hazard insurance coverage. Other topics addressed in the proposed

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## From the President

Another year is upon us and I'm honored and privileged to serve as your President for another year. This year will be an exciting



one for changes. We started out with our first ever Kentucky Lobby Day, are planning multiple free CLE workshops on the new Closing Disclosures, and will begin having meetings with stakeholders to discuss the Agent Licensing Bill set to be introduced in the 2016 session. We also continued to monitor current legislation and participated in multiple meetings and discussions on various pieces of legislation that were introduced in the short session. On the Federal front, KYLTA will be sending representatives to the Federal Lobby Day in Washington, DC in May, and to the ALTA Annual Conference in October.

## KYTLA 2015 Goals

Here are the goals KYLTA has set for the year! Please help us meet them.

### Membership

- Grow the membership by 25%
- Continue to develop additional member benefits

### Education

- Development of at least 4 different Road Show Events around the state
- Conduct at least 4 webinars
- Development of on demand library on the KYLTA website
- Provide CLE speaker for Kentucky Bar Association meeting
- Create/Use new newsletter format with tracking capabilities

### Legislatively

- Continue to develop KYLTA's relationship with DOI: Department of Insurance
- Work with stakeholder to gain support for agent licensing bill
- Hosting a Lobby Day for the KYLTA members during the 2015 Session
- Development of a PAC
- Raise \$10,000-\$15,000 for the PAC
- Increase TAN membership by 25%

### Fiscal

- Increase revenue of KYLTA by \$10,000 outside of membership dues through:
  - Website and newsletter advertisement
  - CE and CLE credits
  - On demand webinars on the website
  - Sponsorships of meeting and other events

## 2015 Real Estate Industry Legislative Law Summary

Article by: P. Branden Gross, Morgan & Pottinger, P.S.C.

The Kentucky Legislature has adjourned its legislative session, and several bills passed into law affect the real estate industry:

**City Real Estate Taxes.** Under KRS 91A.070, a city has the option to collect its real estate taxes itself or have those taxes collected by the sheriff of the county. For a city that collects its own real estate taxes, the city first must adopt an ordinance that sets forth its procedure for the

collection of those taxes. House Bill 136 amends KRS 91A.070 to require the city's adopted ordinance to include the date that the taxes are due, the penalties and interest due for the failure to timely pay the taxes due, and the terms and conditions of any installment payment program offered. A city may also adopt such other necessary procedures to collect the taxes that do not otherwise conflict with state law. Further,

KRS 91A.070 now allows a city to implement an amnesty program to forgive or reduce penalties and interest for late tax payments. This change should take effect on June 24, 2015 (being 90 full days after the final adjournment of the Kentucky Legislature).

**Fraudulent Transfers.** My colleague, Senator J. Morgan McGarvey, sponsored Senate Bill

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204. This Senate Bill repeals KRS Chapter 378 (Fraudulent and Preferential Conveyances) and enacts a new KRS Chapter 378A, adopting the Uniform Voidable Transactions Act (“UVTA”) (formerly known as the Uniform Fraudulent Transfer Act). Kentucky was one of the last states to adopt the UVTA. The UVTA is meant to harmonize bankruptcy law, Kentucky law and federal law. This change takes effect as of January 1, 2016.

**Mortgages.** Prior to the recent amendment, KRS 382.520 provided that in addition to the identified obligation, a mortgage secures payment of all renewals, extensions or interest rate reductions of that obligation, whether so provided in the mortgage or not. However, for the second time in 2 legislative sessions, KRS 382.520 was amended. House Bill 201 amends KRS 382.520 to state that a loan secured by a mortgage shall secure payment of all interest rate modifications and not just interest rate reductions. Senate

Bill 148 amends KRS 382.290 to require that the legal description in a mortgage shall include a source of title, i.e. a statement that plainly identifies the source instrument from which the mortgagor’s title to the property was derived. Prior to this Senate Bill, only the legal description in a deed required a source of title. Senate Bill 148 also tightened the language in KRS 382.297 by explicitly prohibiting an affidavit of mortgage amendment from altering “the parties or the collateral of a recorded mortgage.” A number of county clerks had already prohibited such alterations, and so, from a practical point, the amendment may not change your practice. This change should take effect on June 24, 2015 (being 90 full days after the final adjournment of the Kentucky Legislature).

**Real Estate Agents & Brokers.** House Bill 149 amends KRS 324.085 to allow real estate agents to complete their continuing education requirements online. Also, a new sales associate real estate agent must complete 48 hours of continuing

education within 2 years of receiving its license, or Kentucky Real Estate Commission shall automatically cancel a failing agent’s license. This change takes effect as of January 1, 2016.

## **Consumer Protection Bureau Proposes Amendments to Recently Enacted Mortgage Servicing Rules**

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amendments include efforts to avoid dual-tracking and prevent wrongful foreclosures, efforts to provide more information to borrowers in bankruptcy, additional clarifications and requirements regarding servicers’ obligations to provide periodic statements under the mortgage servicing rules, and some changes to the small servicer definition to exclude certain seller financed transactions from being counted toward the mortgage loan limit.

## **Serving the Needs of the Kentucky’s**

### **Land Title Insurance Industry**

The **Kentucky Land Title Association (KYLTA)** is a statewide trade association representing the land title industry in Kentucky. With members throughout Kentucky, KYLTA membership comprises title insurance agents, real estate attorneys and underwriters doing business in Kentucky. KYLTA is affiliated with the American Land Title Association, the national association for the land title insurance industry. We are dedicated to educating the consumer on the true value of title insurance.

KYLTA provides a comprehensive program of regulatory and legislative advocacy on the state and federal level, educational resources, and the most up-to-date industry news and information through our e-newsletters and website. KYLTA plays a vital role in the success of the land title industry in Kentucky, and continues to be a vibrant and responsive organization for the benefit of the members and consumers it serves.

## **Give Us Your Feedback**

The KYLTA has recently updated their website! Please check it out and give us feedback and suggestions on how to make it better.

[www.kentuckylandtitle.org/](http://www.kentuckylandtitle.org/)

Also, we want to know what is important to you and how we can serve YOU! Please drop us a line at [Info@KentuckyLandTitle.org](mailto:Info@KentuckyLandTitle.org) and let us know of important issues that you want us to discuss, act on and get involved in. For example, good funds law, agent licensing, equitable subrogation, continuing education, etc. The more we hear from you the better we can serve you!