

AN ACT

relating to the amount of homeowners insurance or other residential property insurance required in connection with certain financing arrangements.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 2, Article 21.48A, Insurance Code, is amended by adding Subsection (g) to read as follows:

(g) No Lender, as a condition of financing a residential mortgage or providing other financing arrangements for residential property, including a mobile or manufactured home, may require a Borrower to purchase homeowners insurance coverage, mobile or manufactured home insurance coverage, or other residential property insurance coverage in an amount that exceeds the replacement value of the dwelling and its contents, regardless of the amount of the mortgage or other financing arrangement entered into by the Borrower. A Lender may not include the fair market value of the land on which a dwelling is located in the replacement value of the dwelling and its contents.

SECTION 2. This Act takes effect September 1, 2003, and applies only to a mortgage or other financing arrangement for residential property that is entered into on or after January 1, 2004. A mortgage or other financing arrangement for residential property that is entered into before January 1, 2004, is governed by the law as it existed immediately before the effective date of this

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1 Act, and the former law is continued in effect for that purpose.

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President of the Senate

Speaker of the House

I certify that H.B. No. 1338 was passed by the House on May 6, 2003, by a non-record vote.

Chief Clerk of the House

I certify that H.B. No. 1338 was passed by the Senate on May 26, 2003, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor