

By: Taylor

H.B. No. 1338

A BILL TO BE ENTITLED

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, may require a Borrower to purchase homeowners 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 Act, and the former law is continued in effect for that purpose.