

1-1 By: Taylor (Senate Sponsor - Averitt) H.B. No. 1338
1-2 (In the Senate - Received from the House May 7, 2003;
1-3 May 9, 2003, read first time and referred to Committee on Business
1-4 and Commerce; May 21, 2003, reported favorably by the following
1-5 vote: Yeas 9, Nays 0; May 21, 2003, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to the amount of homeowners insurance or other residential
1-9 property insurance required in connection with certain financing
1-10 arrangements.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. Section 2, Article 21.48A, Insurance Code, is
1-13 amended by adding Subsection (g) to read as follows:

1-14 (g) No Lender, as a condition of financing a residential
1-15 mortgage or providing other financing arrangements for residential
1-16 property, including a mobile or manufactured home, may require a
1-17 Borrower to purchase homeowners insurance coverage, mobile or
1-18 manufactured home insurance coverage, or other residential
1-19 property insurance coverage in an amount that exceeds the
1-20 replacement value of the dwelling and its contents, regardless of
1-21 the amount of the mortgage or other financing arrangement entered
1-22 into by the Borrower. A Lender may not include the fair market
1-23 value of the land on which a dwelling is located in the replacement
1-24 value of the dwelling and its contents.

1-25 SECTION 2. This Act takes effect September 1, 2003, and
1-26 applies only to a mortgage or other financing arrangement for
1-27 residential property that is entered into on or after January 1,
1-28 2004. A mortgage or other financing arrangement for residential
1-29 property that is entered into before January 1, 2004, is governed by
1-30 the law as it existed immediately before the effective date of this
1-31 Act, and the former law is continued in effect for that purpose.

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