

EHB 2322

THE STATE SENATE
Wednesday, March 24, 2004

ENGROSSED

House Bill No. 2322

ENGROSSED HOUSE BILL NO. 2322 - By: COX and PETTIGREW of the House and HORNER of the Senate.

An Act relating to insurance; prohibiting lender from requiring certain insurance coverage in certain loans; restricting coverage of term replacement value; defining terms; providing for determination of replacement value; providing for codification; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3639.3 of Title 36, unless there is created a duplication in numbering, reads as follows:

A. 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 homeowner insurance coverage, mobile or manufactured home insurance coverage, dwelling fire coverage, or other residential property 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. As used in this section, "replacement value" shall not include the cleanup costs or the value of outbuildings if

1 the limits of coverage are separate from the dwelling limits
2 coverage.

3 B. A lender may not include the fair market value of the land
4 on which a dwelling is located in the replacement value of the
5 dwelling and its contents.

6 C. A lender may accept the value of the dwelling determined by
7 the insurer, or use the value placed on the dwelling that is
8 determined by an appraisal of the real property by the lender to
9 determine the replacement value.

10 D. As used in this section:

11 1. "Lender" means any person, partnership, corporation,
12 association, or other entity, or any agent, loan agent, servicing
13 agent, or any loan or mortgage broker, who lends money and receives
14 or otherwise acquires a mortgage, lien, deed of trust, or any other
15 security interest in or upon any real or personal property as
16 security for such loan; and

17 2. "Borrower" means any person, partnership, corporation,
18 association, or other entity, who has or acquires a legal or
19 equitable interest in real or personal property which is or becomes
20 subject to a mortgage, lien, security agreement, deed of trust, or
21 other security instrument.

22 SECTION 2. This act shall become effective November 1, 2004.

23 COMMITTEE REPORT BY: COMMITTEE ON BUSINESS & LABOR, dated 3-22-04 -
24 DO PASS.