

2024 Regular Session

HOUSE BILL NO. 478

BY REPRESENTATIVE GLORIOSO

MORTGAGES: Provides certain limitations on the amount of property insurance required by mortgage lenders

1 AN ACT

2 To amend and reenact R.S. 6:1096(G)(3)(a), relative to residential mortgage lenders; to
3 provide for limitations on residential mortgage lenders; to limit certain mortgage
4 loan insurance coverage requirements; to provide for definitions; and to provide for
5 related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 6:1096(G)(3)(a) is hereby amended and reenacted to read as follows:

8 §1096. Residential mortgage loans

9 * * *

10 G.

11 * * *

12 (3)(a)(i) ~~No~~ A mortgage lender shall not finance or include in the original
13 principal balance of a residential mortgage loan of more than fifty thousand dollars
14 the premium amount for any single premium credit life, dismemberment, health and
15 accident, mortgage life and disability, involuntary unemployment, or debt
16 cancellation insurance sold in connection with a residential mortgage loan
17 transaction unless that portion of original principal balance attributable to such
18 insurance premium is scheduled to be fully amortized no later than the coverage
19 expiration date of such insurance product. Nothing in this Paragraph shall prohibit

1 a lender from the financing of private mortgage insurance paid on a single premium
2 basis in connection with a residential mortgage loan transaction.

3 (ii) A mortgage lender shall not require a borrower, as a condition of
4 receiving or maintaining a loan secured by immovable property, to provide property
5 hazard insurance coverage against risk to the improvements on that immovable
6 property in an amount exceeding the replacement value of the improvements on the
7 property as established by the property insurer. In no circumstance shall the value
8 of the unimproved land be included in the insurance coverage limit required by a
9 mortgage lender. For the purposes of this Item, "property hazard insurance" means
10 insurance against loss or damage to property caused by peril and includes but is not
11 limited to homeowners' insurance and fire and allied lines insurance as ascribed in
12 R.S. 22:47.

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DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 478 Original

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Glorioso

Abstract: Prohibits lenders from requiring property insurance coverage in excess of replacement value on improvements of immovable property.

Present law provides that a mortgage lender shall not finance or include insurance premium amounts in the original principal balance of a residential mortgage loan under certain circumstances.

Proposed law retains present law and adds that a mortgage lender shall not require a borrower to provide an amount of property hazard insurance that is greater than the replacement or improvement value of the property that the coverage insures.

(Amends R.S. 6:1096(G)(3)(a))