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SENATE BILL No. 456

By Committee on Financial Institutions and Insurance

2-5

AN ACT concerning insurance; prohibition on requiring insurance of residence in excess of replacement value as a condition of financing a mortgage or other loan.

Be it enacted by the Legislature of the State of Kansas:

Section 1. (a) No person who lends money or extends credit may, as a condition of financing a residential mortgage or providing other financial arrangements for residential property, require a borrower to purchase homeowners' insurance coverage in an amount exceeding the replacement value of the improvements on the real property.

(b) No violation of this section shall be deemed to affect the validity of the loan, note secured by a deed of trust, mortgage or deed of trust.

Sec. 2. This act shall take effect and be in force from and after its publication in the statute book.