

1 **State of Arkansas**
2 **78th General Assembly**
3 **Regular Session, 1991**
4 **By: Senator Gordon**

A BILL ACT 805 OF 1991
SENATE BILL 526

For An Act To Be Entitled

8 "AN ACT TO PROVIDE THAT A MORTGAGEE, WHEN MAKING A
9 MORTGAGE LOAN MAY NOT REQUIRE, AS A CONDITION OR TERM OF
10 THE MORTGAGE, THAT THE MORTGAGOR PURCHASE CASUALTY
11 INSURANCE ON PROPERTY WHICH IS THE SUBJECT OF THE MORTGAGE
12 IN AN AMOUNT IN EXCESS OF THE *FAIR MARKET VALUE* OF THE
13 BUILDINGS OR APPURTENANCES ON THE MORTGAGED PREMISES; AND
14 FOR OTHER PURPOSES."

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16 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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18 SECTION 1. A bank, savings and loan association, financial institution,
19 mortgage company, or any public or private mortgagee doing business in this
20 state, when making a mortgage loan, may not require, as a condition or term of
21 the mortgage, that the mortgagor purchase casualty insurance on property which
22 is the subject of the mortgage in an amount in excess of the fair market value
23 of the buildings or appurtenances on the mortgaged premises. *This Act shall*
24 *not be construed as limiting the right of the mortgagor to purchase*
25 *replacement cost coverage on the property which is the subject of the*
26 *mortgage.*

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28 SECTION 2. All provisions of this act of a general and permanent
29 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas
30 Code Revision Commission shall incorporate the same in the Code.

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32 SECTION 3. If any provision of this act or the application thereof to
33 any person or circumstance is held invalid, such invalidity shall not affect
34 other provisions or applications of the act which can be given effect without
35 the invalid provision or application, and to this end the provisions of this
36 act are declared to be severable.

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SECTION 4. All laws and parts of laws in conflict with this act are hereby repealed.

/s/Gordon

APPROVED: 3/26/91