

SENATE BILL NO. 6—SENATOR WASHINGTON

PREFILED JANUARY 11, 2001

Referred to Committee on Commerce and Labor

SUMMARY—Prohibits practice of requiring borrowers to insure improvements to real property for more than replacement value as condition of obtaining loan. (BDR 57-665)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to property insurance; prohibiting a lender from requiring that a borrower insure improvements to real property for more than their replacement value as a condition of obtaining or maintaining a loan secured by real property; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN  
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

- 1     **Section 1.** Chapter 691A of NRS is hereby amended by adding  
2     thereto a new section to read as follows:  
3     1. *A lender shall not require a borrower, as a condition of obtaining*  
4     *or maintaining a loan secured by real property, to provide property*  
5     *insurance on improvements to real property in an amount that exceeds*  
6     *the reasonable replacement value of the improvements.*  
7     2. *As used in this section:*  
8     (a) *“Borrower” means a mortgagor, grantor of a deed of trust or other*  
9     *debtor.*  
10    (b) *“Improvement to real property” means a fixture, building or other*  
11    *structure attached to real property and intended as a permanent addition*  
12    *to the property.*  
13    (c) *“Lender” means a mortgagee, beneficiary of a deed of trust or*  
14    *other creditor who holds a mortgage, deed of trust or other instrument*  
15    *that encumbers real property as security for the repayment of a debt.*

