

Regular Session, 2014

HOUSE BILL NO. 883

BY REPRESENTATIVE SEABAUGH

BANKS/BANKING: Provides for the disposition of homeowner's insurance benefits when a bank is an additional named insured

1 AN ACT

2 To enact R.S. 6:339, relative to insurance settlement monies paid for damages to residential
3 immovable property; to provide for the handling and distribution of insurance
4 settlement monies on immovable property claims when a mortgage holder is
5 presented with a properly endorsed jointly payable insurance proceeds check or
6 draft; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 6:339 is hereby enacted to read as follows:

9 §339. Insurance settlement proceeds; duty of mortgage holder; distribution

10 A. Except as provided in R.S. 6:337 and 338, when a mortgage holder is
11 presented with a properly endorsed jointly payable insurance proceeds check or draft
12 for residential immovable property damage, the check or draft shall be placed into
13 a restricted escrow account.

14 B. Within three business days of receipt of the request of release of funds by
15 the owner of the residential immovable property, the mortgage holder shall issue a
16 check made payable to the owner or owner and contractor, if the owner has executed
17 a contract for repairs with a contractor, for fifty percent of the funds held in escrow
18 in order for repairs to start.

1 C.(1) The owner of the residential immovable property shall inform the
2 mortgage holder in writing when fifty percent of the repairs to the residential
3 immovable property are complete.

4 (2) The mortgage holder may order a property inspection of the immovable
5 residential property upon receipt of the notice required in Paragraph (1) of this
6 Subsection. If an inspection is conducted, it shall be completed no later than
7 fourteen business days from the date of the receipt of the notice required by
8 Paragraph (1) of this Subsection.

9 (3) When an inspection is completed pursuant to Paragraph (2) of this
10 Subsection shows no deficiencies, the mortgage holder shall issue a check made
11 payable to the owner or owner and contractor, if the owner has executed a contract
12 for repairs with a contractor, for fifty percent of the remaining funds held in escrow
13 for further repair work.

14 (4) When an inspection completed pursuant to Paragraph (2) of this
15 Subsection shows deficiencies, the mortgage holder shall not issue a check until all
16 necessary corrections and repairs are completed and only then shall it issue a check
17 made payable to the owner or owner and contractor, if the owner has executed a
18 contract for repairs with a contractor, for fifty percent of the remaining funds held
19 in escrow for further repair work.

20 (5) If an inspection is not ordered at all or is not completed within fourteen
21 business days of the receipt of the notice required by Paragraph (2) of this
22 Subsection, the mortgage holder shall issue a check made payable to the owner or
23 owner and contractor, if the owner has executed a contract for repairs with a
24 contractor, for fifty percent of the remaining funds held in escrow for further repair
25 work.

26 D.(1) The owner of the residential immovable property shall inform the
27 mortgage holder in writing when one hundred percent of the repairs to the residential
28 immovable property are complete.

1 (2) The mortgage holder may order and complete a property inspection of the
2 immovable residential property upon receipt of the notice required in Paragraph (1)
3 of this Subsection. If an inspection is conducted, it shall be completed no later than
4 fourteen business days from the date of the receipt of the notice required by
5 Paragraph (1) of this Subsection.

6 (3) When an inspection completed pursuant to Paragraph (2) of this
7 Subsection shows no deficiencies, the mortgage holder shall issue a check made
8 payable to the owner or owner and contractor, if the owner has executed a contract
9 for repairs with a contractor, for all remaining funds held in escrow.

10 (4) When an inspection completed pursuant to Paragraph (2) of this
11 Subsection shows deficiencies, the mortgage holder shall not issue a check until all
12 necessary corrections and repairs are completed and only then shall issue a check
13 made payable to the owner or owner and contractor, if the owner has executed a
14 contract for repairs with a contractor, for all remaining funds held in escrow.

15 (5) If an inspection is not ordered at all or is not completed within fourteen
16 business days of the receipt of the notice required by Paragraph (2) of this
17 Subsection, the mortgage holder shall issue a check made payable to the owner or
18 owner and contractor, if the owner has executed a contract for repairs with a
19 contractor, for all remaining funds held in escrow.

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)]

Seabaugh

HB No. 883

Abstract: Provides for the handling and distribution of insurance settlement monies on immovable property claims when a mortgage holder is presented with a properly endorsed jointly payable insurance proceeds check or draft.

Proposed law provides that when a mortgage holder is presented with a properly endorsed jointly payable insurance proceeds check or draft for residential immovable property damage, the check or draft shall be placed into a restricted escrow account.

Proposed law provides that within 3 business days of receipt of the request of release of funds by the owner of the residential immovable property, the mortgage holder shall issue a check made payable to the owner or owner and contractor, if the owner has executed a

contract for repairs with a contractor, for 50% of the funds held in escrow in order for repairs to start.

Proposed law provides that the owner of the residential immovable property shall inform the mortgage holder in writing when 50% of the repairs to the residential immovable property are complete.

Proposed law provides that the mortgage holder may order a property inspection of the immovable residential property upon receipt of the notice required by proposed law. If an inspection is conducted, it shall be completed no later than 14 business days from the date of the receipt of the notice.

Proposed law provides that when an inspection completed pursuant to proposed law shows no deficiencies, the mortgage holder shall issue a check made payable to the owner or owner and contractor, if the owner has executed a contract for repairs with a contractor, for 50% of the remaining funds held in escrow for further repair work.

Proposed law provides that when an inspection completed pursuant to proposed law shows deficiencies, the mortgage holder shall not issue a check until all necessary corrections and repairs are completed and only then shall it issue a check made payable to the owner or owner and contractor, if the owner has executed a contract for repairs with a contractor, for 50% of the remaining funds held in escrow for further repair work.

Proposed law provides that if an inspection is not ordered at all or is not completed within 14 business days of the receipt of the notice required by proposed law, the mortgage holder shall issue a check made payable to the owner or owner and contractor, if the owner has executed a contract for repairs with a contractor, for 50% of the remaining funds held in escrow for further repair work.

Proposed law provides that the owner of the residential immovable property shall inform the mortgage holder in writing when 100% of the repairs to the residential immovable property are complete.

Proposed law provides that the mortgage holder may order and complete a property inspection of the immovable residential property upon receipt of the notice required in proposed law. If an inspection is conducted, it shall be completed no later than 14 business days from the date of the receipt of the notice required by proposed law.

Proposed law provides that when an inspection completed pursuant to proposed law shows no deficiencies, the mortgage holder shall issue a check made payable to the owner or owner and contractor, if the owner has executed a contract for repairs with a contractor, for all remaining funds held in escrow.

Proposed law when an inspection completed pursuant to proposed law shows deficiencies, the mortgage holder shall not issue a check until all necessary corrections and repairs are completed and only then shall issue a check made payable to the owner or owner and contractor, if the owner has executed a contract for repairs with a contractor, for all remaining funds held in escrow.

Proposed law provides that if an inspection is not ordered at all or is not completed within fourteen business days of the receipt of the notice required by proposed law, the mortgage holder shall issue a check made payable to the owner or owner and contractor, if the owner has executed a contract for repairs with a contractor, for all remaining funds held in escrow.

(Adds R.S. 6:339)