

By: Representative Lane (By Request)

To: County Affairs;
Judiciary A

HOUSE BILL NO. 640

1 AN ACT TO PROVIDE THAT BEFORE ANY PERSON MAY MAKE A LOAN OR
2 EXTEND CREDIT FOR THE PURPOSE OF RESIDENTIAL CONSTRUCTION OR
3 IMPROVEMENT, THE LENDER SHALL REQUIRE THE BORROWER TO PROVIDE
4 WRITTEN EVIDENCE THAT THE RESIDENTIAL BUILDER OR REMODELER HOLDS A
5 VALID LICENSE OR IS EXEMPT FROM LICENSURE, AND HAS ANY REQUIRED
6 WORKERS' COMPENSATION INSURANCE; AND FOR RELATED PURPOSES.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

8 **SECTION 1.** (1) Before any person or entity may make a loan
9 of money or extend credit to any person or entity for the purpose
10 of residential construction or improvement, the lender shall
11 require the borrower to provide written evidence that the
12 residential builder or remodeler that will be undertaking the
13 residential construction or improvement holds a valid license
14 under Section 73-59-1 et seq. or is exempt under Section 73-59-15,
15 and has workers' compensation insurance, if required. If the
16 residential construction or improvement for which the loan or
17 extension of credit is sought will be undertaken by a contractor
18 who is exempt under Section 73-59-15, the lender shall require the
19 borrower to provide written evidence that the contractor holds a
20 valid license or certificate of responsibility for general
21 construction, and has workers' compensation insurance, if
22 required.

23 (2) As used in this section, the terms "residential
24 construction," "residential improvement," "residential builder"
25 and "remodeler" shall have the meanings as defined in Section
26 73-59-1.

27 **SECTION 2.** This act shall take effect and be in force from
28 and after July 1, 2007.