SENATE JOINT MEMORIAL 23

47TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2005

INTRODUCED BY

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A JOINT MEMORIAL

REQUESTING THE NEW MEXICO MORTGAGE FINANCE AUTHORITY TO STUDY
THE LIMITS OF FLOOD INSURANCE REQUIRED BY LENDERS MAKING REAL
PROPERTY LOANS.

WHEREAS, there exists within the state of New Mexico real property that is subject to flooding and flood damage to structures constructed or placed on such property; and

WHEREAS, the provisions of the national flood insurance program require owners of real property subject to flooding to purchase flood insurance in the amount of the outstanding balance of a loan on such property or two hundred fifty thousand dollars (\$250,000), whichever is less; and

WHEREAS, there are lenders making loans to owners of real property in New Mexico that require the purchase of flood insurance in the amount of two hundred fifty thousand dollars . 153168.1

(\$250,000) regardless of the outstanding balance of a loan on such property; and

WHEREAS, a requirement that an owner of real property that is subject to flooding purchase flood insurance in the amount of two hundred fifty thousand dollars (\$250,000) regardless of the outstanding balance of a loan on such property may impose an unnecessary financial hardship on those real property owners;

NOW, THEREFORE, BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO that the New Mexico mortgage finance authority be requested to study the necessity of requiring the purchase of flood insurance in excess of the outstanding balance of a loan on property subject to flooding; and

BE IT FURTHER RESOLVED that the New Mexico mortgage finance authority be requested to recommend to the legislature by December 1, 2005 proposed legislation that it finds necessary to protect the financial interests of owners of real property in New Mexico that is subject to flooding; and

BE IT FURTHER RESOLVED that copies of this memorial be sent to the members and executive director of the New Mexico mortgage finance authority and to the members of the interim legislative Mortgage Finance Authority Act oversight committee.