

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article - Commercial Law

12-123.

(A) (1) IN THIS SECTION, "PROPERTY INSURANCE COVERAGE" MEANS PROPERTY INSURANCE AGAINST LOSSES CAUSED BY PERILS THAT COMMONLY ARE COVERED IN INSURANCE POLICIES DESCRIBED WITH TERMS SIMILAR TO "STANDARD FIRE" OR "STANDARD FIRE WITH EXTENDED COVERAGE".

(2) A LENDER MAY NOT REQUIRE A BORROWER, UNDER AS A CONDITION TO RECEIVING OR MAINTAINING A LOAN SECURED BY A FIRST MORTGAGE OR FIRST DEED OF TRUST, TO PROVIDE OR PURCHASE PROPERTY INSURANCE COVERAGE AGAINST RISKS TO ANY IMPROVEMENTS ON ANY REAL PROPERTY IN AN AMOUNT EXCEEDING THE REPLACEMENT VALUE OF THE IMPROVEMENTS ON THE REAL PROPERTY.

~~(2) -- THE -- REPLACEMENT -- VALUE -- OF -- THE -- IMPROVEMENTS -- ON -- THE -- REAL -- PROPERTY -- SUBJECT -- TO -- THIS -- SECTION -- SHALL -- BE -- DETERMINED -- BY -- THE -- INSURER -- -- SELECTED -- BY -- THE -- BORROWER -- TO -- PROVIDE -- THE -- PROPERTY -- INSURANCE -- COVERAGE.~~

(3) IN DETERMINING THE REPLACEMENT VALUE OF THE IMPROVEMENTS ON ANY REAL PROPERTY, THE LENDER MAY:

(I) ACCEPT THE VALUE PLACED ON THE IMPROVEMENTS BY THE INSURER; OR

(II) USE THE VALUE PLACED ON THE IMPROVEMENTS THAT IS DETERMINED BY THE LENDER'S APPRAISAL OF THE REAL PROPERTY.

~~(3)~~ (4) A LENDER MAY NOT REQUIRE THAT THE INSURANCE BE PURCHASED THROUGH A PARTICULAR BROKER, AGENT, OR INSURANCE COMPANY.

(B) (1) A VIOLATION OF THIS SECTION SHALL ENTITLE THE BORROWER TO:

(I) SEEK AN INJUNCTION TO PROHIBIT THE LENDER WHO HAS ENGAGED OR IS ENGAGING IN THE VIOLATION FROM CONTINUING OR ENGAGING IN THE VIOLATION;

(II) REASONABLE ATTORNEY'S FEES; AND

(III) DAMAGES DIRECTLY RESULTING FROM THE VIOLATION.