

House Joint Resolution 99

By Parker | Raymond | Lambert | Longoria

Senate Joint Resolution 60

By Hancock

Proposing a constitutional amendment establishing a lower amount for expenses that can be charged to a borrower and removing certain financing expense limitations for a home equity loan.

The entities below support a few select proposed changes related to home equity loans as set forth in HJR 99/SJR 60. The intent is to modernize the home equity lending process in Texas while ensuring the strong constitutional protections for borrowers, originally established in 1997, remain in place.

The constitutional amendment does the following:

- Redefines what is and is not included in the calculation of the cap on fees associated with a home equity loan to make home equity lending available for properties of both high and lower values. Excluded items are:
 - Survey
 - Appraisal
 - State base premium for title insurance policy/title examination report
- Lowers the cap on fees to 2% of the total loan value, because the above three cost generators are now excluded.
- Maintains the 80% loan-to-value provision that has ensured Texans' real estate investments are protected.
- Allows for an option to refinance a seasoned home equity loan into a non-home equity loan, which may offer better rates and opportunities to access equity in the future.
- Eliminates the current prohibition against additional draws on a HELOC loan if the principal amount exceeds 50%, while still maintaining the requirement that each draw be at least \$4,000. The total maximum indebtedness would remain at 80% of the fair market value.
- Allows farm and ranch property owners to obtain home equity loans while maintaining the agricultural valuation of their properties, which had previously only been available to dairymen.
- Makes technical changes in the Texas Constitution to ensure that out-of-date terminology is updated.

