

By: West

S.B. No. 1003

A BILL TO BE ENTITLED

AN ACT

relating to certain practices in connection with financing of a home.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 343.001(2), Finance Code, is amended to read as follows:

(2) "Home loan" means a loan or retail installment sales transaction that is:

(A) made to or entered into with one or more individuals for personal, family, or household purposes; and

(B) secured in whole or part by:

(i) a manufactured home, as defined by Section 347.002, used or to be used as the borrower's principal residence; or

(ii) real property improved by a dwelling designed for occupancy by four or fewer families and used or to be used as the borrower's principal residence.

SECTION 2. Subchapter B, Chapter 343, Finance Code, is amended by adding Sections 343.105 and 343.106 to read as follows:

Sec. 343.105. FEE FOR BALANCE. (a) A lender may not charge a fee for informing or transmitting to any person the balance due to pay off a home loan or to provide a release on prepayment.

(b) The lender shall provide payoff balances within a reasonable time, not more than seven business days after the

1 request.

2 Sec. 343.106. FEE FOR APPRAISAL AFTER DEFAULT. A lender
3 may not charge the borrower a fee for an appraisal conducted after
4 default on the home loan by the borrower unless:

5 (1) the appraisal is conducted by a state licensed or
6 certified real estate appraiser or a state licensed real estate
7 broker or salesperson who is not a salaried employee of the lender;

8 (2) the amount of the fee does not exceed the amount
9 actually paid by the lender for the appraisal; and

10 (3) either:

11 (A) the appraisal is conducted after foreclosure
12 has been initiated; or

13 (B) not more than one similar appraisal has been
14 conducted during the preceding 12-month period.

15 SECTION 3. Sections 343.102(b) and 343.103(b), Finance
16 Code, are repealed.

17 SECTION 4. The change in law made by this Act applies only
18 to a loan closed on or after the effective date of this Act. A loan
19 closed before the effective date of this Act is governed by the law
20 in effect when the loan was closed, and the former law is continued
21 in effect for that purpose.

22 SECTION 5. This Act takes effect September 1, 2003.