

AN ACT

relating to home equity lending and high-cost home loans.

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

SECTION 1. Subchapter D, Chapter 11, Finance Code, is amended by adding Section 11.308 to read as follows:

Sec. 11.308. INTERPRETATION OF HOME EQUITY LENDING LAW.
The finance commission may, on request of an interested person or on its own motion, issue interpretations of Sections 50(a)(5)-(7), (e)-(p), (t), and (u), Article XVI, Texas Constitution. An interpretation under this section is subject to Chapter 2001, Government Code, and is applicable to all lenders authorized to make extensions of credit under Section 50(a)(6), Article XVI, Texas Constitution, except lenders regulated by the Credit Union Commission. The finance commission and the Credit Union Commission shall attempt to adopt interpretations that are as consistent as feasible or shall state justification for any inconsistency.

SECTION 2. Subchapter E, Chapter 15, Finance Code, is amended by adding Section 15.413 to read as follows:

Sec. 15.413. INTERPRETATION OF HOME EQUITY LENDING LAW.
The commission may, on request of an interested person or on its own motion, issue interpretations of Sections 50(a)(5)-(7), (e)-(p), (t), and (u), Article XVI, Texas Constitution. An interpretation under this section is subject to Chapter 2001, Government Code, and is applicable to lenders regulated by the commission. The Finance

1 Commission of Texas and the commission shall attempt to adopt
2 interpretations that are as consistent as feasible or shall state
3 justification for any inconsistency.

4 SECTION 3. Subchapter C, Chapter 343, Finance Code, is
5 amended by adding Section 343.206 to read as follows:

6 Sec. 343.206. CHARGE PROHIBITED FOR PRODUCT OR SERVICE NOT
7 RECEIVED. A lender, in connection with a high-cost home loan, may
8 not charge a borrower an amount for a service or product if the
9 borrower does not receive the service or product.

10 SECTION 4. Subsection (b), Section 343.102, Finance Code,
11 is repealed.

12 SECTION 5. This Act takes effect on the date on which the
13 constitutional amendment proposed by the 78th Legislature, Regular
14 Session, 2003, authorizing a home equity line of credit, providing
15 for administrative interpretation of home equity lending law, and
16 otherwise relating to the making, refinancing, repayment, and
17 enforcement of home equity loans takes effect. If that amendment is
18 not approved by the voters, this Act has no effect.

S.B. No. 1067

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1067 passed the Senate on
May 15, 2003, by a viva-voce vote.

Secretary of the Senate

I hereby certify that S.B. No. 1067 passed the House on
May 25, 2003, by a non-record vote.

Chief Clerk of the House

Approved:

Date

Governor