

By: Thompson

H.B. No. 1387

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the requirement of a net benefit in connection with a
3 home loan that refinances an existing loan.

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

5 SECTION 1. Subchapter B, Chapter 343, Finance Code, is
6 amended by adding Section 343.105 to read as follows:

7 Sec. 343.105. NET BENEFIT REQUIRED. A lender may not make
8 a home loan to a borrower that refinances an existing home loan if
9 the new loan does not have a reasonable, tangible net benefit to the
10 borrower considering all of the circumstances, including the terms
11 of both the new and refinanced loans and the borrower's stated loan
12 objectives, repayment ability, current and expected income, and
13 current obligations.

14 SECTION 2. The change in law made by this Act applies only
15 to a loan closed on or after the effective date of this Act. A loan
16 closed before the effective date of this Act is governed by the law
17 in effect when the loan was closed, and the former law is continued
18 in effect for that purpose.

19 SECTION 3. This Act takes effect September 1, 2005.