

SENATE JOINT RESOLUTION

proposing a constitutional amendment authorizing line-of-credit advances under a reverse mortgage.

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

SECTION 1. Subsection (p), Section 50, Article XVI, Texas Constitution, is amended to read as follows:

(p) The advances made on a reverse mortgage loan under which more than one advance is made must be made according to the terms established by the loan documents by one or more of the following methods:

(1) an initial advance at any time and future advances at regular intervals;

(2) an initial advance at any time and future advances at regular intervals in which the amounts advanced may be reduced, for one or more advances, at the request of the borrower; [~~or~~]

(3) an initial advance at any time and future advances at times and in amounts requested by the borrower until the credit limit established by the loan documents is reached;

(4) an initial advance at any time, future advances at times and in amounts requested by the borrower until the credit limit established by the loan documents is reached, and subsequent advances at times and in amounts requested by the borrower to the extent that the outstanding balance is repaid; or

(5) at any time by the lender, on behalf of the

1 borrower, if the borrower fails to timely pay any of the following  
2 that the borrower is obligated to pay under the loan documents to  
3 the extent necessary to protect the lender's interest in or the  
4 value of the homestead property:

5 (A) taxes;

6 (B) insurance;

7 (C) costs of repairs or maintenance performed by  
8 a person or company that is not an employee of the lender or a person  
9 or company that directly or indirectly controls, is controlled by,  
10 or is under common control with the lender;

11 (D) assessments levied against the homestead  
12 property; and

13 (E) any lien that has, or may obtain, priority  
14 over the lender's lien as it is established in the loan documents.

15 SECTION 2. Section 50, Article XVI, Texas Constitution, is  
16 amended by adding Subsection (v) to read as follows:

17 (v) A reverse mortgage must provide that:

18 (1) the owner does not use a credit card, debit card,  
19 preprinted solicitation check, or similar device to obtain an  
20 advance;

21 (2) any fees other than monthly servicing fees are  
22 charged and collected only at the time the extension of credit is  
23 established and that no transaction fee is charged or collected in  
24 connection with any debit or advance; and

25 (3) the lender or holder may not unilaterally amend  
26 the extension of credit.

27 SECTION 3. This proposed constitutional amendment shall be

1 submitted to the voters at an election to be held November 8, 2005.  
2 The ballot shall be printed to permit voting for or against the  
3 proposition: "The constitutional amendment authorizing  
4 line-of-credit advances under a reverse mortgage."