

1-1 By: Carona S.J.R. No. 7
1-2 (In the Senate - Filed November 8, 2004; February 1, 2005,
1-3 read first time and referred to Committee on Business and Commerce;
1-4 February 17, 2005, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 8, Nays 0;
1-6 February 17, 2005, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.J.R. No. 7 By: Carona

1-8 SENATE JOINT RESOLUTION

1-9 proposing a constitutional amendment authorizing line-of-credit
1-10 advances under a reverse mortgage.

1-11 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. Subsection (p), Section 50, Article XVI, Texas
1-13 Constitution, is amended to read as follows:

1-14 (p) The advances made on a reverse mortgage loan under which
1-15 more than one advance is made must be made according to the terms
1-16 established by the loan documents by one or more of the following
1-17 methods:

1-18 (1) an initial advance at any time and future advances
1-19 at regular intervals;

1-20 (2) an initial advance at any time and future advances
1-21 at regular intervals in which the amounts advanced may be reduced,
1-22 for one or more advances, at the request of the borrower; [~~or~~]

1-23 (3) an initial advance at any time and future advances
1-24 at times and in amounts requested by the borrower until the credit
1-25 limit established by the loan documents is reached;

1-26 (4) an initial advance at any time, future advances at
1-27 times and in amounts requested by the borrower until the credit
1-28 limit established by the loan documents is reached, and subsequent
1-29 advances at times and in amounts requested by the borrower to the
1-30 extent that the outstanding balance is repaid; or

1-31 (5) at any time by the lender, on behalf of the
1-32 borrower, if the borrower fails to timely pay any of the following
1-33 that the borrower is obligated to pay under the loan documents to
1-34 the extent necessary to protect the lender's interest in or the
1-35 value of the homestead property:

1-36 (A) taxes;

1-37 (B) insurance;

1-38 (C) costs of repairs or maintenance performed by
1-39 a person or company that is not an employee of the lender or a person
1-40 or company that directly or indirectly controls, is controlled by,
1-41 or is under common control with the lender;

1-42 (D) assessments levied against the homestead
1-43 property; and

1-44 (E) any lien that has, or may obtain, priority
1-45 over the lender's lien as it is established in the loan documents.

1-46 SECTION 2. Section 50, Article XVI, Texas Constitution, is
1-47 amended by adding Subsection (v) to read as follows:

1-48 (v) A reverse mortgage must provide that:

1-49 (1) the owner does not use a credit card, debit card,
1-50 preprinted solicitation check, or similar device to obtain an
1-51 advance;

1-52 (2) any fees other than monthly servicing fees are
1-53 charged and collected only at the time the extension of credit is
1-54 established and that no transaction fee is charged or collected in
1-55 connection with any debit or advance; and

1-56 (3) the lender or holder may not unilaterally amend
1-57 the extension of credit.

1-58 SECTION 3. This proposed constitutional amendment shall be
1-59 submitted to the voters at an election to be held November 8, 2005.
1-60 The ballot shall be printed to permit voting for or against the
1-61 proposition: "The constitutional amendment authorizing
1-62 line-of-credit advances under a reverse mortgage."

