

By: Hartnett

H.J.R. No. 90

A JOINT RESOLUTION

1 proposing a constitutional amendment providing for an exception  
2 from the limitation on the maximum principal amount of home equity  
3 loans and home equity lines of credit for the refinancing of certain  
4 loans secured by the homestead.

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

6 SECTION 1. Sections 50(a), (g), and (t), Article XVI, Texas  
7 Constitution, are amended to read as follows:

8 (a) The homestead of a family, or of a single adult person,  
9 shall be, and is hereby protected from forced sale, for the payment  
10 of all debts except for:

11 (1) the purchase money thereof, or a part of such  
12 purchase money;

13 (2) the taxes due thereon;

14 (3) an owelty of partition imposed against the  
15 entirety of the property by a court order or by a written agreement  
16 of the parties to the partition, including a debt of one spouse in  
17 favor of the other spouse resulting from a division or an award of a  
18 family homestead in a divorce proceeding;

19 (4) the refinance of a lien against a homestead,  
20 including a federal tax lien resulting from the tax debt of both  
21 spouses, if the homestead is a family homestead, or from the tax  
22 debt of the owner;

23 (5) work and material used in constructing new  
24 improvements thereon, if contracted for in writing, or work and

1 material used to repair or renovate existing improvements thereon  
2 if:

3 (A) the work and material are contracted for in  
4 writing, with the consent of both spouses, in the case of a family  
5 homestead, given in the same manner as is required in making a sale  
6 and conveyance of the homestead;

7 (B) the contract for the work and material is not  
8 executed by the owner or the owner's spouse before the fifth day  
9 after the owner makes written application for any extension of  
10 credit for the work and material, unless the work and material are  
11 necessary to complete immediate repairs to conditions on the  
12 homestead property that materially affect the health or safety of  
13 the owner or person residing in the homestead and the owner of the  
14 homestead acknowledges such in writing;

15 (C) the contract for the work and material  
16 expressly provides that the owner may rescind the contract without  
17 penalty or charge within three days after the execution of the  
18 contract by all parties, unless the work and material are necessary  
19 to complete immediate repairs to conditions on the homestead  
20 property that materially affect the health or safety of the owner or  
21 person residing in the homestead and the owner of the homestead  
22 acknowledges such in writing; and

23 (D) the contract for the work and material is  
24 executed by the owner and the owner's spouse only at the office of a  
25 third-party lender making an extension of credit for the work and  
26 material, an attorney at law, or a title company;

27 (6) an extension of credit that:

1 (A) is secured by a voluntary lien on the  
2 homestead created under a written agreement with the consent of  
3 each owner and each owner's spouse;

4 (B) is of a principal amount that:

5 (i) when added to the aggregate total of the  
6 outstanding principal balances of all other indebtedness secured by  
7 valid encumbrances of record against the homestead does not exceed  
8 80 percent of the fair market value of the homestead on the date the  
9 extension of credit is made, if the extension of credit is not used  
10 to refinance a loan secured by a lien on the homestead; or

11 (ii) if the extension of credit is used to  
12 refinance one or more loans secured by a lien or liens on the  
13 homestead, does not exceed the greater of:

14 (a) the aggregate total of the  
15 outstanding principal amounts of the loan or loans secured by the  
16 homestead and being refinanced on the date the extension of credit  
17 is made; or

18 (b) the limitation amount specified  
19 by Subparagraph (i) of this paragraph;

20 (C) is without recourse for personal liability  
21 against each owner and the spouse of each owner, unless the owner or  
22 spouse obtained the extension of credit by actual fraud;

23 (D) is secured by a lien that may be foreclosed  
24 upon only by a court order;

25 (E) does not require the owner or the owner's  
26 spouse to pay, in addition to any interest, fees to any person that  
27 are necessary to originate, evaluate, maintain, record, insure, or

1 service the extension of credit that exceed, in the aggregate,  
2 three percent of the original principal amount of the extension of  
3 credit;

4 (F) is not a form of open-end account that may be  
5 debited from time to time or under which credit may be extended from  
6 time to time unless the open-end account is a home equity line of  
7 credit;

8 (G) is payable in advance without penalty or  
9 other charge;

10 (H) is not secured by any additional real or  
11 personal property other than the homestead;

12 (I) is not secured by homestead property that on  
13 the date of closing is designated for agricultural use as provided  
14 by statutes governing property tax, unless such homestead property  
15 is used primarily for the production of milk;

16 (J) may not be accelerated because of a decrease  
17 in the market value of the homestead or because of the owner's  
18 default under other indebtedness not secured by a prior valid  
19 encumbrance against the homestead;

20 (K) is the only debt secured by the homestead at  
21 the time the extension of credit is made unless the other debt was  
22 made for a purpose described by Subsections (a)(1)-(a)(5) or  
23 Subsection (a)(8) of this section;

24 (L) is scheduled to be repaid:

25 (i) in substantially equal successive  
26 periodic installments, not more often than every 14 days and not  
27 less often than monthly, beginning no later than two months from the

1 date the extension of credit is made, each of which equals or  
2 exceeds the amount of accrued interest as of the date of the  
3 scheduled installment; or

4 (ii) if the extension of credit is a home  
5 equity line of credit, in periodic payments described under  
6 Subsection (t)(8) of this section;

7 (M) is closed not before:

8 (i) the 12th day after the later of the date  
9 that the owner of the homestead submits a loan application to the  
10 lender for the extension of credit or the date that the lender  
11 provides the owner a copy of the notice prescribed by Subsection (g)  
12 of this section;

13 (ii) one business day after the date that  
14 the owner of the homestead receives a copy of the loan application  
15 if not previously provided and a final itemized disclosure of the  
16 actual fees, points, interest, costs, and charges that will be  
17 charged at closing. If a bona fide emergency or another good cause  
18 exists and the lender obtains the written consent of the owner, the  
19 lender may provide the documentation to the owner or the lender may  
20 modify previously provided documentation on the date of closing;  
21 and

22 (iii) the first anniversary of the closing  
23 date of any other extension of credit described by Subsection  
24 (a)(6) of this section secured by the same homestead property,  
25 except a refinance described by Paragraph (Q)(x)(f) of this  
26 subdivision, unless the owner on oath requests an earlier closing  
27 due to a state of emergency that:

1 (a) has been declared by the president  
2 of the United States or the governor as provided by law; and

3 (b) applies to the area where the  
4 homestead is located;

5 (N) is closed only at the office of the lender, an  
6 attorney at law, or a title company;

7 (O) permits a lender to contract for and receive  
8 any fixed or variable rate of interest authorized under statute;

9 (P) is made by one of the following that has not  
10 been found by a federal regulatory agency to have engaged in the  
11 practice of refusing to make loans because the applicants for the  
12 loans reside or the property proposed to secure the loans is located  
13 in a certain area:

14 (i) a bank, savings and loan association,  
15 savings bank, or credit union doing business under the laws of this  
16 state or the United States;

17 (ii) a federally chartered lending  
18 instrumentality or a person approved as a mortgagee by the United  
19 States government to make federally insured loans;

20 (iii) a person licensed to make regulated  
21 loans, as provided by statute of this state;

22 (iv) a person who sold the homestead  
23 property to the current owner and who provided all or part of the  
24 financing for the purchase;

25 (v) a person who is related to the homestead  
26 property owner within the second degree of affinity or  
27 consanguinity; or

1 (vi) a person regulated by this state as a  
2 mortgage broker; and

3 (Q) is made on the condition that:

4 (i) the owner of the homestead is not  
5 required to apply the proceeds of the extension of credit to repay  
6 another debt except debt secured by the homestead or debt to another  
7 lender;

8 (ii) the owner of the homestead not assign  
9 wages as security for the extension of credit;

10 (iii) the owner of the homestead not sign  
11 any instrument in which blanks relating to substantive terms of  
12 agreement are left to be filled in;

13 (iv) the owner of the homestead not sign a  
14 confession of judgment or power of attorney to the lender or to a  
15 third person to confess judgment or to appear for the owner in a  
16 judicial proceeding;

17 (v) at the time the extension of credit is  
18 made, the owner of the homestead shall receive a copy of the final  
19 loan application and all executed documents signed by the owner at  
20 closing related to the extension of credit;

21 (vi) the security instruments securing the  
22 extension of credit contain a disclosure that the extension of  
23 credit is the type of credit defined by Section 50(a)(6), Article  
24 XVI, Texas Constitution;

25 (vii) within a reasonable time after  
26 termination and full payment of the extension of credit, the lender  
27 cancel and return the promissory note to the owner of the homestead

1 and give the owner, in recordable form, a release of the lien  
2 securing the extension of credit or a copy of an endorsement and  
3 assignment of the lien to a lender that is refinancing the extension  
4 of credit;

5 (viii) the owner of the homestead and any  
6 spouse of the owner may, within three days after the extension of  
7 credit is made, rescind the extension of credit without penalty or  
8 charge;

9 (ix) the owner of the homestead and the  
10 lender sign a written acknowledgment as to the fair market value of  
11 the homestead property on the date the extension of credit is made;

12 (x) except as provided by Subparagraph (xi)  
13 of this paragraph, the lender or any holder of the note for the  
14 extension of credit shall forfeit all principal and interest of the  
15 extension of credit if the lender or holder fails to comply with the  
16 lender's or holder's obligations under the extension of credit and  
17 fails to correct the failure to comply not later than the 60th day  
18 after the date the lender or holder is notified by the borrower of  
19 the lender's failure to comply by:

20 (a) paying to the owner an amount  
21 equal to any overcharge paid by the owner under or related to the  
22 extension of credit if the owner has paid an amount that exceeds an  
23 amount stated in the applicable Paragraph (E), (G), or (O) of this  
24 subdivision;

25 (b) sending the owner a written  
26 acknowledgement that the lien is valid only in the amount that the  
27 extension of credit does not exceed the percentage described by



1 Paragraph (B) of this subdivision, if applicable, or is not secured  
2 by property described under Paragraph (H) or (I) of this  
3 subdivision, if applicable;

4 (c) sending the owner a written notice  
5 modifying any other amount, percentage, term, or other provision  
6 prohibited by this section to a permitted amount, percentage, term,  
7 or other provision and adjusting the account of the borrower to  
8 ensure that the borrower is not required to pay more than an amount  
9 permitted by this section and is not subject to any other term or  
10 provision prohibited by this section;

11 (d) delivering the required documents  
12 to the borrower if the lender fails to comply with Subparagraph (v)  
13 of this paragraph or obtaining the appropriate signatures if the  
14 lender fails to comply with Subparagraph (ix) of this paragraph;

15 (e) sending the owner a written  
16 acknowledgement, if the failure to comply is prohibited by  
17 Paragraph (K) of this subdivision, that the accrual of interest and  
18 all of the owner's obligations under the extension of credit are  
19 abated while any prior lien prohibited under Paragraph (K) remains  
20 secured by the homestead; or

21 (f) if the failure to comply cannot be  
22 cured under Subparagraphs (x)(a)-(e) of this paragraph, curing the  
23 failure to comply by a refund or credit to the owner of \$1,000 and  
24 offering the owner the right to refinance the extension of credit  
25 with the lender or holder for the remaining term of the loan at no  
26 cost to the owner on the same terms, including interest, as the  
27 original extension of credit with any modifications necessary to

1 comply with this section or on terms on which the owner and the  
2 lender or holder otherwise agree that comply with this section; and

3 (xi) the lender or any holder of the note  
4 for the extension of credit shall forfeit all principal and  
5 interest of the extension of credit if the extension of credit is  
6 made by a person other than a person described under Paragraph (P)  
7 of this subdivision or if the lien was not created under a written  
8 agreement with the consent of each owner and each owner's spouse,  
9 unless each owner and each owner's spouse who did not initially  
10 consent subsequently consents;

11 (7) a reverse mortgage; or

12 (8) the conversion and refinance of a personal  
13 property lien secured by a manufactured home to a lien on real  
14 property, including the refinance of the purchase price of the  
15 manufactured home, the cost of installing the manufactured home on  
16 the real property, and the refinance of the purchase price of the  
17 real property.

18 (g) An extension of credit described by Subsection (a)(6) of  
19 this section may be secured by a valid lien against homestead  
20 property if the extension of credit is not closed before the 12th  
21 day after the lender provides the owner with the following written  
22 notice on a separate instrument:

23 "NOTICE CONCERNING EXTENSIONS OF CREDIT DEFINED BY SECTION  
24 50(a)(6), ARTICLE XVI, TEXAS CONSTITUTION:

25 "SECTION 50(a)(6), ARTICLE XVI, OF THE TEXAS CONSTITUTION  
26 ALLOWS CERTAIN LOANS TO BE SECURED AGAINST THE EQUITY IN YOUR HOME.  
27 SUCH LOANS ARE COMMONLY KNOWN AS EQUITY LOANS. IF YOU DO NOT REPAY

1 THE LOAN OR IF YOU FAIL TO MEET THE TERMS OF THE LOAN, THE LENDER MAY  
2 FORECLOSE AND SELL YOUR HOME. THE CONSTITUTION PROVIDES THAT:

3 "(A) THE LOAN MUST BE VOLUNTARILY CREATED WITH THE CONSENT  
4 OF EACH OWNER OF YOUR HOME AND EACH OWNER'S SPOUSE;

5 "(B) THE PRINCIPAL LOAN AMOUNT AT THE TIME THE LOAN IS MADE  
6 MUST NOT EXCEED AN AMOUNT THAT, WHEN ADDED TO THE PRINCIPAL BALANCES  
7 OF ALL OTHER LIENS AGAINST YOUR HOME, IS MORE THAN 80 PERCENT OF THE  
8 FAIR MARKET VALUE OF YOUR HOME. HOWEVER, IF YOU ARE REFINANCING AN  
9 EXISTING LOAN SECURED BY A LIEN AGAINST YOUR HOME, THIS LIMITATION  
10 AMOUNT DOES NOT APPLY SO LONG AS THE PRINCIPAL LOAN AMOUNT DOES NOT  
11 EXCEED THE AGGREGATE TOTAL OF THE PRINCIPAL BALANCES OF THE LOAN OR  
12 LOANS SECURED BY YOUR HOME AND BEING REFINANCED AT THE TIME THE LOAN  
13 IS MADE;

14 "(C) THE LOAN MUST BE WITHOUT RECOURSE FOR PERSONAL  
15 LIABILITY AGAINST YOU AND YOUR SPOUSE UNLESS YOU OR YOUR SPOUSE  
16 OBTAINED THIS EXTENSION OF CREDIT BY ACTUAL FRAUD;

17 "(D) THE LIEN SECURING THE LOAN MAY BE FORECLOSED UPON ONLY  
18 WITH A COURT ORDER;

19 "(E) FEES AND CHARGES TO MAKE THE LOAN MAY NOT EXCEED 3  
20 PERCENT OF THE LOAN AMOUNT;

21 "(F) THE LOAN MAY NOT BE AN OPEN-END ACCOUNT THAT MAY BE  
22 DEBITED FROM TIME TO TIME OR UNDER WHICH CREDIT MAY BE EXTENDED FROM  
23 TIME TO TIME UNLESS IT IS A HOME EQUITY LINE OF CREDIT;

24 "(G) YOU MAY PREPAY THE LOAN WITHOUT PENALTY OR CHARGE;

25 "(H) NO ADDITIONAL COLLATERAL MAY BE SECURITY FOR THE LOAN;

26 "(I) THE LOAN MAY NOT BE SECURED BY HOMESTEAD PROPERTY THAT  
27 IS DESIGNATED FOR AGRICULTURAL USE AS OF THE DATE OF CLOSING, UNLESS

1 THE AGRICULTURAL HOMESTEAD PROPERTY IS USED PRIMARILY FOR THE  
2 PRODUCTION OF MILK;

3 "(J) YOU ARE NOT REQUIRED TO REPAY THE LOAN EARLIER THAN  
4 AGREED SOLELY BECAUSE THE FAIR MARKET VALUE OF YOUR HOME DECREASES  
5 OR BECAUSE YOU DEFAULT ON ANOTHER LOAN THAT IS NOT SECURED BY YOUR  
6 HOME;

7 "(K) ONLY ONE LOAN DESCRIBED BY SECTION 50(a)(6), ARTICLE  
8 XVI, OF THE TEXAS CONSTITUTION MAY BE SECURED WITH YOUR HOME AT ANY  
9 GIVEN TIME;

10 "(L) THE LOAN MUST BE SCHEDULED TO BE REPAID IN PAYMENTS  
11 THAT EQUAL OR EXCEED THE AMOUNT OF ACCRUED INTEREST FOR EACH PAYMENT  
12 PERIOD;

13 "(M) THE LOAN MAY NOT CLOSE BEFORE 12 DAYS AFTER YOU SUBMIT A  
14 LOAN APPLICATION TO THE LENDER OR BEFORE 12 DAYS AFTER YOU RECEIVE  
15 THIS NOTICE, WHICHEVER DATE IS LATER; AND MAY NOT WITHOUT YOUR  
16 CONSENT CLOSE BEFORE ONE BUSINESS DAY AFTER THE DATE ON WHICH YOU  
17 RECEIVE A COPY OF YOUR LOAN APPLICATION IF NOT PREVIOUSLY PROVIDED  
18 AND A FINAL ITEMIZED DISCLOSURE OF THE ACTUAL FEES, POINTS,  
19 INTEREST, COSTS, AND CHARGES THAT WILL BE CHARGED AT CLOSING; AND IF  
20 YOUR HOME WAS SECURITY FOR THE SAME TYPE OF LOAN WITHIN THE PAST  
21 YEAR, A NEW LOAN SECURED BY THE SAME PROPERTY MAY NOT CLOSE BEFORE  
22 ONE YEAR HAS PASSED FROM THE CLOSING DATE OF THE OTHER LOAN, UNLESS  
23 ON OATH YOU REQUEST AN EARLIER CLOSING DUE TO A DECLARED STATE OF  
24 EMERGENCY;

25 "(N) THE LOAN MAY CLOSE ONLY AT THE OFFICE OF THE LENDER,  
26 TITLE COMPANY, OR AN ATTORNEY AT LAW;

27 "(O) THE LENDER MAY CHARGE ANY FIXED OR VARIABLE RATE OF

1 INTEREST AUTHORIZED BY STATUTE ;

2 "(P) ONLY A LAWFULLY AUTHORIZED LENDER MAY MAKE LOANS  
3 DESCRIBED BY SECTION 50(a)(6), ARTICLE XVI, OF THE TEXAS  
4 CONSTITUTION ;

5 "(Q) LOANS DESCRIBED BY SECTION 50(a)(6), ARTICLE XVI, OF  
6 THE TEXAS CONSTITUTION MUST :

7 "(1) NOT REQUIRE YOU TO APPLY THE PROCEEDS TO ANOTHER DEBT  
8 EXCEPT A DEBT THAT IS SECURED BY YOUR HOME OR OWED TO ANOTHER  
9 LENDER ;

10 "(2) NOT REQUIRE THAT YOU ASSIGN WAGES AS SECURITY ;

11 "(3) NOT REQUIRE THAT YOU EXECUTE INSTRUMENTS WHICH HAVE  
12 BLANKS FOR SUBSTANTIVE TERMS OF AGREEMENT LEFT TO BE FILLED IN ;

13 "(4) NOT REQUIRE THAT YOU SIGN A CONFESSION OF JUDGMENT OR  
14 POWER OF ATTORNEY TO ANOTHER PERSON TO CONFESS JUDGMENT OR APPEAR IN  
15 A LEGAL PROCEEDING ON YOUR BEHALF ;

16 "(5) PROVIDE THAT YOU RECEIVE A COPY OF YOUR FINAL LOAN  
17 APPLICATION AND ALL EXECUTED DOCUMENTS YOU SIGN AT CLOSING ;

18 "(6) PROVIDE THAT THE SECURITY INSTRUMENTS CONTAIN A  
19 DISCLOSURE THAT THIS LOAN IS A LOAN DEFINED BY SECTION 50(a)(6),  
20 ARTICLE XVI, OF THE TEXAS CONSTITUTION ;

21 "(7) PROVIDE THAT WHEN THE LOAN IS PAID IN FULL, THE LENDER  
22 WILL SIGN AND GIVE YOU A RELEASE OF LIEN OR AN ASSIGNMENT OF THE  
23 LIEN, WHICHEVER IS APPROPRIATE ;

24 "(8) PROVIDE THAT YOU MAY, WITHIN 3 DAYS AFTER CLOSING,  
25 RESCIND THE LOAN WITHOUT PENALTY OR CHARGE ;

26 "(9) PROVIDE THAT YOU AND THE LENDER ACKNOWLEDGE THE FAIR  
27 MARKET VALUE OF YOUR HOME ON THE DATE THE LOAN CLOSES ; AND

1           "(10) PROVIDE THAT THE LENDER WILL FORFEIT ALL PRINCIPAL AND  
2 INTEREST IF THE LENDER FAILS TO COMPLY WITH THE LENDER'S  
3 OBLIGATIONS UNLESS THE LENDER CURES THE FAILURE TO COMPLY AS  
4 PROVIDED BY SECTION 50(a)(6)(Q)(x), ARTICLE XVI, OF THE TEXAS  
5 CONSTITUTION; AND

6           "(R) IF THE LOAN IS A HOME EQUITY LINE OF CREDIT:

7           "(1) YOU MAY REQUEST ADVANCES, REPAY MONEY, AND REBORROW  
8 MONEY UNDER THE LINE OF CREDIT;

9           "(2) EACH ADVANCE UNDER THE LINE OF CREDIT MUST BE IN AN  
10 AMOUNT OF AT LEAST \$4,000;

11           "(3) YOU MAY NOT USE A CREDIT CARD, DEBIT CARD, OR SIMILAR  
12 DEVICE, OR PREPRINTED CHECK THAT YOU DID NOT SOLICIT, TO OBTAIN  
13 ADVANCES UNDER THE LINE OF CREDIT;

14           "(4) ANY FEES THE LENDER CHARGES MAY BE CHARGED AND  
15 COLLECTED ONLY AT THE TIME THE LINE OF CREDIT IS ESTABLISHED AND THE  
16 LENDER MAY NOT CHARGE A FEE IN CONNECTION WITH ANY ADVANCE;

17           "(5) THE MAXIMUM PRINCIPAL AMOUNT THAT MAY BE EXTENDED, WHEN  
18 ADDED TO ALL OTHER DEBTS SECURED BY YOUR HOME, MAY NOT EXCEED 80  
19 PERCENT OF THE FAIR MARKET VALUE OF YOUR HOME ON THE DATE THE LINE OF  
20 CREDIT IS ESTABLISHED. HOWEVER, IF YOU ARE REFINANCING AN EXISTING  
21 LOAN SECURED BY A LIEN AGAINST YOUR HOME, THIS LIMITATION AMOUNT  
22 DOES NOT APPLY SO LONG AS THE MAXIMUM PRINCIPAL AMOUNT THAT MAY BE  
23 EXTENDED DOES NOT EXCEED THE AGGREGATE TOTAL OF THE PRINCIPAL  
24 BALANCES OF THE LOAN OR LOANS SECURED BY YOUR HOME BEING REFINANCED  
25 ON THE DATE THE LINE OF CREDIT IS ESTABLISHED;

26           "(6) IF THE PRINCIPAL BALANCE UNDER THE LINE OF CREDIT AT  
27 ANY TIME EXCEEDS 50 PERCENT OF THE FAIR MARKET VALUE OF YOUR HOME,

1 AS DETERMINED ON THE DATE THE LINE OF CREDIT IS ESTABLISHED, YOU MAY  
2 NOT CONTINUE TO REQUEST ADVANCES UNDER THE LINE OF CREDIT UNTIL THE  
3 BALANCE IS LESS THAN 50 PERCENT OF THE FAIR MARKET VALUE; AND

4 "(7) THE LENDER MAY NOT UNILATERALLY AMEND THE TERMS OF THE  
5 LINE OF CREDIT.

6 "THIS NOTICE IS ONLY A SUMMARY OF YOUR RIGHTS UNDER THE TEXAS  
7 CONSTITUTION. YOUR RIGHTS ARE GOVERNED BY SECTION 50, ARTICLE XVI,  
8 OF THE TEXAS CONSTITUTION, AND NOT BY THIS NOTICE."

9 If the discussions with the borrower are conducted primarily  
10 in a language other than English, the lender shall, before closing,  
11 provide an additional copy of the notice translated into the  
12 written language in which the discussions were conducted.

13 (t) A home equity line of credit is a form of an open-end  
14 account that may be debited from time to time, under which credit  
15 may be extended from time to time and under which:

16 (1) the owner requests advances, repays money, and  
17 reborrows money;

18 (2) any single debit or advance is not less than  
19 \$4,000;

20 (3) the owner does not use a credit card, debit card,  
21 or similar device, or preprinted check unsolicited by the borrower,  
22 to obtain an advance;

23 (4) any fees described by Subsection (a)(6)(E) of this  
24 section are charged and collected only at the time the extension of  
25 credit is established and no fee is charged or collected in  
26 connection with any debit or advance;

27 (5) the maximum principal amount that may be extended

1 under the account [~~, when added to the aggregate total of the~~  
2 ~~outstanding principal balances of all indebtedness secured by the~~  
3 ~~homestead on the date the extension of credit is established,~~] does  
4 not exceed the applicable amount [~~an amount~~] described under  
5 Subsection (a)(6)(B) of this section;

6 (6) no additional debits or advances are made if the  
7 total principal amount outstanding exceeds an amount equal to 50  
8 percent of the fair market value of the homestead as determined on  
9 the date the account is established;

10 (7) the lender or holder may not unilaterally amend  
11 the extension of credit; and

12 (8) repayment is to be made in regular periodic  
13 installments, not more often than every 14 days and not less often  
14 than monthly, beginning not later than two months from the date the  
15 extension of credit is established, and:

16 (A) during the period during which the owner may  
17 request advances, each installment equals or exceeds the amount of  
18 accrued interest; and

19 (B) after the period during which the owner may  
20 request advances, installments are substantially equal.

21 SECTION 2. This proposed constitutional amendment shall be  
22 submitted to the voters at an election to be held November 8, 2011.  
23 The ballot shall be printed to provide for voting for or against the  
24 proposition: "The constitutional amendment providing for an  
25 exception from the limitation on the maximum principal amount of  
26 home equity loans and home equity lines of credit for the  
27 refinancing of certain loans secured by the homestead."