

## **BILL ANALYSIS**

H.B. 2284  
By: Toth  
Pensions, Investments & Financial Services  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

The Texas Constitution considers a home equity loan to be a valid lien on Texas homestead property, but with many conditions. One of those conditions is a requirement for the home equity loan to be closed at the office of the lender, an attorney at law, or a title company. Texans who are concerned by these constraints on home equity loan closings have called for legislation to allow for virtual closings for a limited number of individuals who cannot attend an in-person closing due to military or federal deployment, verified disability or quarantine needs, or incarceration. H.B. 2284 seeks to address this issue by providing for virtual closings for certain borrowers.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

H.B. 2284 amends the Finance Code to authorize the borrower of a home equity loan, in lieu of closing the loan in person at the office of the lender, an attorney, or a title company, to close the loan as follows:

- from a remote location using remote online notarization; or
- through an agent who meets the following criteria:
  - the agent is acting under a durable power of attorney that expressly grants the agent the authority to engage in a home equity loan transaction on behalf of the borrower, regardless of where the borrower signed the power of attorney; and
  - the agent appears in person for the closing at the office of the lender, attorney, or title company on behalf of the borrower.

This authorization applies to the closing of a home equity loan by a borrower who meets the following criteria:

- the borrower is located outside of Texas at the time of the closing and is:
  - a member of the U.S. armed forces who is on active duty or the spouse or surviving spouse of the member;
  - an officer of the Commissioned Corps of the U.S. Public Health Service who is on active duty or the spouse or surviving spouse of the member;
  - a member of reserve components of the U.S. armed forces who is on active duty or the spouse or surviving spouse of the member; or

- a civilian employee of the federal government employed by, serving with, or accompanying the U.S. armed forces, if assigned to a foreign country or a vessel or unit of the U.S. armed forces;
- the borrower has a disability that prohibits travel or is quarantined to protect the borrower's health or the health of others, as verified by a written letter from a physician; or
- the borrower is unable to travel to the closing because the borrower is incarcerated or under house arrest.

H.B. 2284 amends the Estates Code to make a conforming change.

**EFFECTIVE DATE**

January 1, 2022, if the constitutional amendment authorizing the legislature to provide for exceptions to the requirement that a home equity loan be closed only at the office of the lender, an attorney at law, or a title company is approved by the voters.