

BILL ANALYSIS

Senate Research Center
76R3831 DWS-F

S.J.R. 14
By: Nelson
Technology and Business Growth
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As Filed

DIGEST

Currently, the collateral used to obtain a home equity loan is restricted to property which constitutes a borrower's homestead. The Texas Constitution and the Property Code define an urban homestead as containing no more than one acre of land. Texas has many areas in which a homeowner's primary residence is located in an urban area on parcels of land larger than one acre. This joint resolution would propose a constitutional amendment to permit access to a home equity loan for a borrower whose homestead is located on property exceeding one acre in an urban area.

PURPOSE

As proposed, S.J.R. 14 proposes a constitutional amendment to permit access to a home equity loan for a borrower whose homestead is located on property exceeding one acre in an urban area.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 50(a), Article XVI, Texas Constitution, to provide that the homestead of a family or of a single adult person shall be protected from forced sale for the payment of all debts, except for an extension of credit that is of an amount that when added to the total of all other indebtedness secured by valid encumbrances of record against the security, rather than homestead, does not exceed 80 percent of the fair market value of the security or is not secured by additional real or personal property other than any real property that is part of one or more lots in a city, town, or village, and includes all or part of the homestead, and any improvements on the property. Makes conforming changes.

SECTION 2. Amends Section 50(g), Article XVI, Texas Constitution, to set forth a written notice to be used to secure an extension of credit. Makes conforming changes.

SECTION 3. Section 50(h), Article XVI, Texas Constitution, to make a conforming change.

SECTION 4. Requires this proposed constitutional amendment to be submitted to the voters at an election to be held November 2, 1999. Sets forth the required language for the ballot.