

BILL ANALYSIS

Senate Research Center
76R208 DWS-D

S.J.R. 18
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Technology & Bus. Growth
2/22/1999
As Filed

DIGEST

In 1997, the 75th Legislature approved a constitutional amendment that ended Texas' historic prohibition on home equity lending. However, one word "and" buried in the law should be an "or" to allow lenders to offer a reverse mortgage. The word "and" prohibits homeowners from using the equity in their homes, unless they sell their homes. S.J.R. 18 would allow homeowners to use their homes as equity without having to sell their homes.

PURPOSE

As proposed, S.J.R. 18 requires the submission to the voters of a constitutional amendment to correct language to allow reverse home equity mortgages for homeowners.

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(k), Article XVI, Texas Constitution, to redefine "reverse mortgage" to mean an extension of credit that requires no payment of principal or interest until all borrowers cease occupying the homestead property as a principal residence for more than 180 consecutive days; or, rather than and, the location of the homestead property owner is unknown to the lender. Makes a conforming change.

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