

Committee: _____

RESOLUTION

INSTITUTE HOME EQUITY LENDING AND REVERSE MORTGAGE COUNSELING FOR SENIOR HOMEOWNERS

A RESOLUTION TO: Request the 79th Texas Legislature to institute a required pre-counseling component for all senior homeowners regarding home equity lending and reverse mortgages.

WHEREAS, In 1997 the Texas Legislature passed home equity lending provisions which allowed Texans to borrow against the equity in their home; and,

WHEREAS, Since the passage of this landmark legislation, the banking and lending industry have continuously attempted to change certain provisions of the law which could potentially weaken the strong constitutional protections now in place for Texas consumers; and

WHEREAS, the growth of subprime refinance lending markets grew from 2512 loans made in 1997 to 23,353 loans in 2000; and,

WHEREAS, Home Mortgage Disclosure Act data and Texas census data compiled by Consumers Union clearly indicated that the more older residents in an area, the more likely a borrower in that area would get a loan from a subprime lender, which was consistent with AARP research that found older borrowers were three times as likely to have a subprime loan than borrowers under 35 years of age; and,

WHEREAS, practices associated with subprime lending can often result in equity being stripped from homes and sometimes foreclosure; now, therefore be it,

RESOLVED, that the Texas Silver-Haired Legislature urges the 79th Texas Legislature to repudiate predatory lending practices and support legislation which can prevent obvious injustice by requiring a pre-lending counseling component by a non-interested third party, such as the benefits counselors currently established by the 28 Area Agencies on Aging of Texas.

PASSED AND APPROVED this ____ day of September, 2004, by

the _____ Committee,

Chair

PASSED AND APPROVED this ____ day of September, 2004, by

by the Texas Silver-Haired Legislature.

Chris Kyker, Speaker

ATTEST:

Al Campbell, Secretary