

New Legislation: 7 TAC §§153.13, 153.18, 153.20

July 01, 2006

The Finance Commission of Texas has repealed and revised three sections of the interpretive rules applying to home equity loans in Texas.

The revisions affect three sections of Title 7 of the Texas Administrative Code: §153.13 concerning Preclosing Disclosures, §153.18 concerning the Application of Loan Proceeds, and §153.20 concerning Blank Spaces in Loan Instruments.

The revision of §153.13 clarifies the terms “bona fide emergency” and “other good cause” in a way that preserves the constitutional protections for the owner without subjecting the owner to unnecessary regulatory burdens.

The revision of §153.18 removes the existing provision that when an owner applies for a home equity debt consolidation loan with the existing lender, the owner makes a voluntary choice to use proceeds from that loan to pay off debt to the home equity lender; the question of whether the act of the owner is voluntary is now to be a question of fact.

And the revision of §153.20 clarifies that in the constitutional requirement that an owner not sign any instrument containing any blanks left to be filled in, the phrase “blanks left to be filled in” means something more than the requirement that an owner not sign an instrument which contains blanks.