

# The Finance Commission of Texas

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## HOME EQUITY STUDY RELEASED

The Finance Commission has released its study report entitled, Home Equity Lending in Texas. The report presents findings based upon a statistically valid survey of 1200 Texas homeowners concerning their experiences and attitudes with home equity loans. Home equity loans became available in the state for the first time in January of 1998.

Additionally, the study provides survey results of those financial institutions and other lenders who are making home equity loans. These findings were based upon a random sample of 91 lenders. The results should provide valuable feedback to key policy officials and decisionmakers who may consider future changes to the home equity lending authorization.

The Finance Commission is required by statute to study the availability, quality, and pricing of lending and depository services to consumers, agricultural businesses, and small businesses in Texas. The Finance Commission is conducting the study in phases, focusing on specific segments of the mandate, with the 1999 study addressing home equity lending. The 1998 study reported on consumer depository and cash services.

We are very pleased with the level of participation both from consumers and the financial institutions. Overall, consumers and lenders appear to be satisfied with this new source of credit. Respondents identified several areas where they would like to see home equity laws improved, which are included in the report to the Legislature for its consideration. From all indications, Texas homeowners and lenders are engaging responsibly in home equity transactions, stated Finance Commission Chairman W.D. Hilton, Jr.

The survey estimates that 10.4% of Texas homeowners have applied for a home equity loan and 8.9% of Texas homeowners have actually obtained a home equity loan. The overwhelming uses for home equity loans were to pay off credit card or other debt or for home improvement purposes.

The full report may be accessed at the Finance Commission website at [www.fc.state.tx.us](http://www.fc.state.tx.us).

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