

POLUNSKY BEITEL GREEN

ATTORNEYS AT LAW

June 19, 2014

To Clients and Friends:

As you are probably aware, on January 31, 2014, the Texas Supreme Court issued its supplemental decision in *The Finance Commission of Texas, et al v. Valerie Norwood, et al*, and held that, in the context of a transaction originated under Article XVI, Section 50a6 of the Texas Constitution (a “Texas Home Equity Loan”) both pre-paid per diem interest and bona fide discount points are “interest” and are NOT fees “necessary to originate, evaluate, maintain, record, insure, or service” the loan and are therefore NOT subject to the 3% fee cap applicable to a Texas Home Equity Loan. In the same decision, the Supreme Court declined to modify the portion of the Court’s June 30, 2013 Order that required that a power of attorney used for the closing of a Texas Home Equity Loan also had to be executed at the office of the lender, a title company or an attorney.

Since that ruling, the Texas Finance Commission has been working on proposed amendments to the Texas Administrative Code to implement the *Norwood* decision. On June 20, 2014, the Texas Finance Commission is meeting to consider the attached amendments to the Texas Administrative Code.

We will follow up once we receive notice of the outcome of the Texas Finance Commission meeting. Please feel free to contact us with any questions.

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