



2014 Home Equity Lending Report

Data contained in this report is reported on a calendar year basis and reflects data through CY 2013. Data in this report only includes information reported by OCCC licensees and may not reflect data or trends for the mortgage industry as a whole.

Section 50(s), Article XVI of the Texas Constitution requires that home equity lending data be reported. Additionally, Texas Finance Code §11.305 creates a responsibility for research on the availability, quality, and prices of financial services. Mortgage activity has long been used by economists as an economic indicator. This section presents data on mortgage activity conducted by lenders licensed by the Office of Consumer Credit Commissioner (OCCC), including information about home equity and Texas Finance Code §342.G (second lien-mortgage) loans. Home equity loans fall into two broad categories: second mortgage and first mortgage. A first-lien home equity loan allows a consumer to refinance an existing mortgage and receive cash (commonly called a 'Cash Out Refinance'). A second-lien home equity loan typically is made at a higher interest rate than a first-lien transaction. Most §342.G loans are typically home improvement or purchase money loans. Section 342.G may also include second lien-loans with a cash advance made to or on the behalf of the borrower.

Section 342.559 of the Texas Finance Code requires lenders to annually submit key financial information to the OCCC regarding home equity and §342.G loans. The information reported reflects activity at the company level and is not location specific; therefore, the data can be presented only on a statewide basis. The information submitted by lenders is not audited or reviewed for accuracy. However, upon receiving the information, the OCCC enters the information into a database and reviews it for reasonableness.

The data reported to the OCCC is placed within three categories: loans made, loans brokered, and loans receivable. Information on each of these categories is provided in the following data tables. Senate Bill 1124 in 2011 provided that a person who holds a mortgage loan originator license under Chapter 156 or a mortgage banker license registration under Chapter 157 is no longer required to hold a license under Chapter 342 to make, arrange, or service secondary mortgage loans. Consequently, many of these entities are no longer licensed under Chapter 342 and no longer report activity that may have been previously reported. It is our estimation that this report represents no more than one-third of all Texas home equity lending activity. Other home equity lenders are regulated by different regulatory agencies, such as Texas Department of Savings and Mortgage Lending.

Home Equity Lending Data

LOANS MADE	CY2013	CY2012	CY2011	CY2010	CY2009
1st Lien Home Equity Loans	7,902	7,860	9,713	8,841	16,443
Dollar Amount Loaned	\$1,318,968,869	\$1,404,503,607	\$1,433,514,284	\$1,339,413,744	\$2,255,983,422
Average Loan Amount	\$166,916	\$178,690	\$147,587	\$151,500	\$137,200
2nd Lien Home Equity Loans	99	38	145	129	295
Dollar Amount Loaned	\$2,957,603	\$1,619,976	\$5,016,922	\$3,774,935	\$18,997,961
Average Loan Amount	\$29,875	\$42,631	\$34,600	\$29,263	\$64,400
342.G Loans	2,252	2,603	2,091	2,983	4,112
Dollar Amount Loaned	\$122,001,462	\$223,211,896	\$142,683,555	\$221,331,642	\$321,670,669
Average Loan Amount	\$54,175	\$85,752	\$68,237	\$74,198	\$78,227

LOANS BROKERED	CY2013	CY2012	CY2011	CY2010	CY2009
1st Lien Home Equity Loans	118	175	253	77	385
Dollar Amount Loaned	\$29,861,758	\$39,799,179	\$57,000,193	\$7,955,333	\$31,563,884
Average Loan Amount	\$253,066	\$227,424	\$225,297	\$103,316	\$81,894
2nd Lien Home Equity Loans¹	-	-	-	1,650	3,082
Dollar Amount Loaned	-	-	-	\$241,702,861	\$425,409,970
Average Loan Amount	-	-	-	\$146,487	\$138,030
342.G Loans	603	278	225	1,116	1,157
Dollar Amount Loaned	\$40,801,887	\$15,018,586	\$8,794,323	\$147,066,143	\$119,221,197
Average Loan Amount	\$67,665	\$54,024	\$39,086	\$131,780	\$103,043

LOANS RECEIVABLE	CY2013	CY2012	CY2011	CY2010	CY2009
1st Lien Home Equity Loans	56,962	65,290	57,121	79,182	75,004
Dollar Amount Loaned	\$4,907,883,024	\$5,114,918,729	\$4,111,521,042	\$4,937,449,902	\$5,112,457,214
Average Loan Amount	\$86,161	\$78,342	\$71,979	\$62,356	\$68,162
2nd Lien Home Equity Loans	7,864	27,567	13,393	21,989	10,651
Dollar Amount Loaned	\$180,150,217	\$851,592,516	\$310,790,804	\$446,354,539	\$357,522,701
Average Loan Amount	\$22,908	\$30,892	\$23,205	\$20,299	\$33,567
342.G Loans	3,805	3,745	4,756	3,828	5,639
Dollar Amount Loaned	\$136,666,904	\$189,346,091	\$157,184,202	\$112,837,615	\$162,778,240
Average Loan Amount	\$35,918	\$50,560	\$33,050	\$29,263	\$28,867

Number of companies reporting **778** **812** **786** **799** **870**

¹ 2nd lien home equity broker transactions were reported by less than five locations. Data was withheld to protect confidentiality of reporting businesses.