

## Home Equity Lending Report

Section 50(s), Article XVI of the Texas Constitution requires that home equity lending data be reported. 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 second mortgage loan typically is made at a higher interest rate than a first lien transaction. A first mortgage home equity loan allows a consumer to refinance an existing mortgage and receive cash (traditionally called a Cash Out Refinance). Other §342.G loans are usually home improvement or purchase money loans and do not involve a borrower receiving cash.

The information is reported by the regulated lenders at the company level, and is not location specific; therefore, the data can be presented only on a statewide basis. The TEXAS FINANCE CODE, §342.559 requires these lenders to annually submit key financial information to the OCCC. The information 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 collected by the OCCC, from its licensees, is broken out into three categories, based on data reported by licensees, and includes information on loans made, loans brokered, and loans receivable.

### Loans Made

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In 2009, 1<sup>st</sup> lien home equity loans slightly increased from the prior year's figures in the number of loans made. While the loan amount and the average amount loaned increased 55% and 45%, respectively. The total number of 1<sup>st</sup> lien home equity loans made was 16,443 in 2009 up from 15,335 in 2008. The total dollar amount loaned in 2009 was \$2,255,983,422 compared to \$1,451,320,012 in 2008.

The number and amount loaned of 2<sup>nd</sup> lien home equity loans made during 2009 significantly decreased from 2008, although the average amount loaned stayed fairly constant. The number of 2<sup>nd</sup> lien home equity loans made was 295 with a dollar amount of \$18,997,961 in 2009. This decrease is possibly attributable to the decrease in the number of mortgage licensees regulated by the OCCC.

The number and amount loaned in 2009, under the home improvement/purchase money category, decreased slightly from the 2008 figures in the number of loans made, loan amount, and the average amount loaned. The number of 2<sup>nd</sup> lien home improvement/purchase money loans made in 2009 was 4,112 and \$321,670,669.

### Loans Brokered

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The data in this report includes information only from OCCC licensees. If a broker only negotiates first lien transactions for others, the data from those lenders is not reported to the OCCC.

The number of 2<sup>nd</sup> lien home equity loans brokered in 2009 declined significantly, approximately 72%, from the previous year. In 2009, the number of 2<sup>nd</sup> lien home equity loans brokered was 385 with a dollar amount of \$31,563,884, as compared to 1,390 loans with a dollar amount of \$126,547,255, in 2008.

In 2009 the number of 1<sup>st</sup> lien home equity loans brokered showed a slight decrease compared to 2008, from 3,116 to 3,082, while the dollar amount showed a slight increase from \$373,670,043 brokered in 2008 compared to a dollar amount of \$425,409,970 brokered in 2009.

The number and amount loaned for brokered home improvement/purchase money loans, in 2009, remained constant from the previous year. In 2009, the number of home improvement/purchase money loans brokered was 1,157 with a dollar amount of \$119,221,197, as compared to 1,187 loans with a dollar amount of \$86,138,851, in 2008. In 2009, the average loan amount increased by nearly 42% to \$103,043.

### **Loans Receivable**

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The 1<sup>st</sup> and 2<sup>nd</sup> lien home equity loans and home improvement/purchase money loans receivables categories saw decreases over 2008. As of December 31, 2009, lenders had receivables totaling \$357,522,701 under 2<sup>nd</sup> lien home equity loans, \$5,112,457,214 under 1<sup>st</sup> lien home equity loans, and \$162,778,240 under home improvement/purchase money loans.

## Home Equity Lending Data

<b>LOANS MADE</b>	<b>CY2009</b>	<b>CY2008</b>	<b>CY2007</b>	<b>CY2006</b>	<b>CY2005</b>
Number of <b>2nd lien home equity loans</b>	295	2,563	6,351	14,189	12,719
Dollar amount loaned	\$18,997,961	\$174,160,833	\$259,010,850	\$594,450,249	\$515,690,443
Average loan amount	\$64,400	\$67,952	\$40,783	\$41,895	\$40,545
Number of <b>1st lien home equity loans</b>	16,443	15,335	28,761	34,639	77,359
Dollar amount loaned	\$2,255,983,422	\$1,451,320,012	\$2,711,992,192	\$3,440,727,696	\$8,168,373,316
Average loan amount	\$137,200	\$94,641	\$94,294	\$99,331	\$105,590
Number of <b>342.G loans</b>	4,112	4,881	15,941	47,909	57,246
Dollar amount loaned	\$321,670,669	\$410,464,143	\$1,100,645,348	\$2,314,459,541	\$1,880,754,976
Average loan amount	\$78,227	\$84,094	\$69,045	\$48,309	\$32,854
<b>LOANS BROKERED</b>	<b>CY2009</b>	<b>CY2008</b>	<b>CY2007</b>	<b>CY2006</b>	<b>CY2005</b>
Number of <b>2nd lien home equity loans</b>	385	1,390	4,189	4,819	7,535
Dollar amount loaned	\$31,563,884	\$126,547,255	\$276,732,097	\$310,165,680	\$584,059,011
Average loan amount	\$81,894	\$91,041	\$66,109	\$64,363	\$77,513
Number of <b>1st lien home equity loans</b>	3,082	3,116	5,881	8,661	12,561
Dollar amount loaned	\$425,409,970	\$373,670,043	\$840,686,497	\$1,161,992,104	\$1,918,241,297
Average loan amount	\$138,030	\$119,920	\$142,950	\$134,164	\$152,714
Number of <b>342.G loans</b>	1,157	1,187	5,424	11,879	7,434
Dollar amount loaned	\$119,221,197	\$86,138,851	\$360,775,962	\$616,194,824	\$396,603,270
Average loan amount	\$103,043	\$72,569	\$66,515	\$51,873	\$53,350
<b>LOANS RECEIVABLE</b>	<b>CY2009</b>	<b>CY2008</b>	<b>CY2007</b>	<b>CY2006</b>	<b>CY2005</b>
Number of <b>2nd lien home equity loans</b>	10,651	18,552	23,660	28,692	27,860
Dollar amount loaned	\$357,522,701	\$483,663,161	\$612,603,926	\$940,119,192	\$958,968,559
Average loan amount	\$33,567	\$26,071	\$25,892	\$32,766	\$34,421
Number of <b>1st lien home equity loans</b>	75,004	88,470	121,689	109,009	115,683
Dollar amount loaned	\$5,112,457,214	\$5,670,360,964	\$6,772,146,757	\$7,488,924,701	\$8,581,320,040
Average loan amount	\$68,162	\$64,094	\$55,651	\$68,700	\$74,180
Number of <b>342.G loans</b>	5,639	14,966	16,391	35,872	21,603
Dollar amount loaned	\$162,778,240	\$441,884,074	\$523,709,052	\$1,242,540,307	\$636,603,593
Average loan amount	\$28,867	\$29,526	\$31,951	\$34,638	\$29,468
<b>Number of companies reporting</b>	<b>799</b>	<b>870</b>	<b>974</b>	<b>1,089</b>	<b>1,034</b>