

## **BILL ANALYSIS**

Senate Research Center

S.B. 854  
By: Patterson  
Economic Development  
3-13-97  
As Filed

### **DIGEST**

Currently, in order to purchase land or property in Mexico one must do so through a trust fund set up in Mexico by a Mexican bank. Texas law does not allow loans to be written for use in a Mexican trust. S.B. 854 provides that a loan, the proceeds of which are used primarily to purchase an interest in a trust or other entity that has as its principal asset real property located outside the United States, is not subject to Title 79(2), V.T.C.S., and the loan is subject to interest rate limitations of Article 1.04 of this title.

### **PURPOSE**

As proposed, S.B. 854 provides that a loan, the proceeds of which are used primarily to purchase an interest in a trust or other entity that has as its principal asset real property located outside the United States, is not subject to Title 79(2), V.T.C.S., and the loan is subject to interest rate limitations of Article 1.04 of this title.

### **RULEMAKING AUTHORITY**

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Title 79, Article 5069-1.07, V.T.C.S., by adding Subsection (g), as follows:

(g) Provides that a loan, the proceeds of which are used primarily to purchase an interest in a trust or other entity that has as its principal asset real property located outside the United States, is not subject to Subtitle 2 of this title and that the loan is subject to interest rate limitations of Article 1.04 of this title. Sets forth interest requirements. Authorizes the principal amount of the loan to include any charge permitted for a loan secured by an interest in real property that is not classified as homestead property.

SECTION 2. Emergency clause.  
Effective date: upon passage.