

OFFICE OF LEGISLATIVE RESEARCH
PUBLIC ACT SUMMARY



PA 23-78—HB 6691

Banking Committee

**AN ACT CONCERNING CREDIT CARD ACCESS TO HOME EQUITY
LINES OF CREDIT**

SUMMARY: State law allows a consumer revolving loan (e.g., home equity line of credit) secured by an open-end mortgage to have the same priority as the mortgage over the rights of others to a property the mortgage is attached to if specific loan and mortgage conditions are met. This act changes prior law's conditions on consumer revolving loans to allow mortgagors (borrowers) to access the loan's proceeds through credit cards, credit plates, or other similar payment methods, if offered by their mortgagees (lenders).

Under existing law, a "consumer revolving loan" must, among other things, be secured by a mortgage on residential real property and its proceeds must be intended for personal, family, or household purposes. To be eligible under prior law, the loan agreement between the lender and borrower could not authorize access to the loan proceeds by a credit card or any similar instrument or device that can be used to obtain money, goods, services, or anything else of value on credit. The act limits the prohibition on these payment methods to those allowing access to loan proceeds by single advancements under \$1,000. Consequently, it permits their use if they allow access by single advancements of at least \$1,000.

EFFECTIVE DATE: October 1, 2023