



IT IS HEREBY ADJUDGED and DECREED that the below described is SO ORDERED.

Dated: August 26, 2009

**CRAIG A. GARGOTTA
UNITED STATES BANKRUPTCY JUDGE**

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION**

**IN RE:
CARMEN R. RODRIQUEZ,
Debtor.**

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**CASE NO. 09-10596-CAG
CHAPTER 7**

**ORDER DENYING REAFFIRMATION AGREEMENT
WITH CITIFINANCIAL, INC.**

Before the Court is the Reaffirmation Agreement (Doc. #15) between the Chapter 7 Debtors and the above-named creditor. The Debtors seek to reaffirm a debt owed to this creditor for a home equity loan with respect to their homestead. However, “[h]ome equity loans are non-recourse in this state, as a matter of Texas constitutional law. Reaffirmation agreements executed in connection with such loans cannot and do not alter the non-recourse status of such loans.” *See In re Pfeil*, No. 07-51241-C, 2007 WL 2034295, at *2 (Bankr. W.D. Tex. July 10, 2007). “The lender may only resort to the collateral in order to satisfy the obligation, and may not, as a matter of law, assert or recover a deficiency judgment from the borrower.” *Id.* at *1. Here, because the debt sought to be reaffirmed by this agreement is a home equity loan, the debt is by statute a non-recourse loan and is incapable of being reaffirmed.

For the reasons stated orally on the record at the hearing held August 19, 2009, it is therefore ORDERED that the Reaffirmation Agreement described above is denied.

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