

BILL ANALYSIS

H.B. 2396

By: Corte

Defense Affairs and State-Federal Relations
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The Veterans Land Board, through its authority in Chapter 161, Natural Resources Code, provides loans for the purchase of land to eligible Veterans. The Veterans Land Board Land Program has been making land loans to veterans since 1949 and is the only program of its kind in the nation.

Unlike a traditional land purchase, the veteran finds land he/she is interested in buying, the VLB then purchases the land for the veteran and the veteran pays the VLB back. This allows the veteran to purchase the land at a lower interest rate. Since its inception, the Veterans Land Board has made over 100,000 land loans to veterans, and also over 50,000 housing and home improvement loans worth more than \$4,000,000,000.

The main provision of HB 2396 is reducing the minimum acreage requirements of VLB land loans from five acres to one acre. The bill also changes provisions bringing the board closer to industry standards and streamline processes including increasing the loan amount, and title insurance corrections. It also includes minor technical and conforming changes.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency or institution.

ANALYSIS

HB 1749 allows the Veterans Land Board to require appraisals be performed by a state licensed or certified appraiser. It removes language previously required before standards were adopted by the state for licensed appraisers.

The bill removes outdated language requiring the board to obtain a marketable and good title for an insurable title or title deemed acceptable to the board.

The bill allows the board to contract on VLB land for communication and radio towers for a period not to exceed 50 years.

HB 2396 allows the minimum acreage requirements for VLB land loan purchases to be lowered from five acres to one acre. It would also raise the land loan limit from \$40,000 to \$60,000.00.

The bill gives the county clerks the flexibility to make a record of the notice of forfeiture, if it is not possible to make the note on the recorded contract.

HB 2396 gives the board the authority to make additional requirements for reinstatement if the contract has been forfeited more than two times and it allows the VLB to charge a late fee on delinquent payments.

The bill requires people who buy land under certain provisions of the bill to carry insurance in an amount considered necessary by the VLB. The Board may enter into contracts or agreements with insurance

companies to provide life, disability, or other insurance to land loan purchasers, however, it is not mandatory that the purchaser accept the offer of insurance made by the Board. The bill sets out conditions of insurance cancellation, and termination of the policies.

HB 2396 deletes language requiring the board to obtain land mortgage insurance and instead adds language requiring the board to adopt credit, underwriting and appraisal standards that protect the best interest of the fund.

SECTION 21 repeals several sections of the Natural Resources Code.

The effective date of the Act is September 1, 2003, unless the bill receives the necessary votes for immediate effect.