

By: Ritter

H.B. No. 1247

A BILL TO BE ENTITLED

AN ACT

relating to the creation, funding, and operation of a fire fighter and police officer home loan program.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter B, Chapter 1372, Government Code, is amended by adding Section 1372.0222 to read as follows:

Sec. 1372.0222. DEDICATION OF PORTION OF STATE CEILING FOR FIRE FIGHTER AND POLICE OFFICER HOME LOAN PROGRAM. Out of that portion of the state ceiling that is available exclusively for reservations by issuers of qualified mortgage bonds under Section 1372.022, \$25 million shall be allotted each year and made available exclusively to the Texas State Affordable Housing Corporation for the purpose of issuing qualified mortgage bonds in connection with the fire fighter and police officer home loan program established under Section 2306.563.

SECTION 2. Sections 2306.553(a) and (b), Government Code, are amended to read as follows:

(a) The public purpose of the corporation is to perform activities and services that the corporation's board of directors determines will promote the public health, safety, and welfare through the provision of adequate, safe, and sanitary housing primarily for individuals and families of low, very low, and extremely low income, ~~and~~ for teachers under the teachers home loan program as provided by Section 2306.562, and for fire fighters

1 and police officers under the fire fighter and police officer home
2 loan program as provided by Section 2306.563. The activities and
3 services shall include engaging in mortgage banking activities and
4 lending transactions and acquiring, holding, selling, or leasing
5 real or personal property.

6 (b) The corporation's primary public purpose is to
7 facilitate the provision of housing and the making of affordable
8 loans to individuals and families of low, very low, and extremely
9 low income, ~~and~~ to teachers under the teachers home loan program,
10 and to fire fighters and police officers under the fire fighter and
11 police officer home loan program. The corporation may make first
12 lien, single family purchase money mortgage loans for single family
13 homes only to individuals and families of low, very low, and
14 extremely low income if the individual's or family's household
15 income is not more than the greater of 60 percent of the median
16 income for the state, as defined by the United States Department of
17 Housing and Urban Development, or 60 percent of the area median
18 family income, adjusted for family size, as defined by that
19 department. The corporation may make loans for multifamily
20 developments if:

21 (1) at least 40 percent of the units in a multifamily
22 development are affordable to individuals and families with incomes
23 at or below 60 percent of the median family income, adjusted for
24 family size; or

25 (2) at least 20 percent of the units in a multifamily
26 development are affordable to individuals and families with incomes
27 at or below 50 percent of the median family income, adjusted for

1 family size.

2 SECTION 3. Subchapter Y, Chapter 2306, Government Code, is
3 amended by adding Section 2306.563 to read as follows:

4 Sec. 2306.563. FIRE FIGHTER AND POLICE OFFICER HOME LOAN
5 PROGRAM. (a) In this section:

6 (1) "Fire fighter" has the meaning assigned by Section
7 143.003, Local Government Code.

8 (2) "Home" means a dwelling in this state in which a
9 fire fighter or police officer intends to reside as the fire
10 fighter's or police officer's principal residence.

11 (3) "Mortgage lender" has the meaning assigned by
12 Section 2306.004.

13 (4) "Police officer" has the meaning assigned by
14 Section 143.003, Local Government Code.

15 (5) "Program" means the fire fighter and police
16 officer home loan program.

17 (b) The corporation shall establish a program to provide
18 eligible fire fighters and police officers with low-interest home
19 mortgage loans.

20 (c) To be eligible for a loan under this section, at the time
21 a person files an application for the loan, the person must:

22 (1) be a fire fighter or police officer;

23 (2) reside in this state; and

24 (3) have an income of not more than 115 percent of area
25 median family income, adjusted for family size.

26 (d) The corporation may contract with other agencies of the
27 state or with private entities to determine whether applicants

1 qualify as fire fighters or police officers under this section or
2 otherwise to administer all or part of this section.

3 (e) The board of directors of the corporation may set and
4 collect from each applicant any fees the board considers reasonable
5 and necessary to cover the expenses of administering the program.

6 (f) The board of directors of the corporation shall adopt
7 rules governing:

8 (1) the administration of the program;

9 (2) the making of loans under the program;

10 (3) the criteria for approving mortgage lenders;

11 (4) the use of insurance on the loans and the homes
12 financed under the program, as considered appropriate by the board
13 to provide additional security for the loans;

14 (5) the verification of occupancy of the home by the
15 fire fighter or police officer as the fire fighter's or police
16 officer's principal residence; and

17 (6) the terms of any contract made with any mortgage
18 lender for processing, originating, servicing, or administering
19 the loans.

20 (g) The corporation shall ensure that a loan under this
21 section is structured in a way that complies with any requirements
22 associated with the source of the funds used for the loan.

23 (h) In addition to funds set aside for the program under
24 Section 1372.0222, the corporation may solicit and accept funding
25 for the program from the following sources:

26 (1) gifts and grants for the purposes of this section;

27 (2) available money in the housing trust fund

1 established under Section 2306.201, to the extent available to the
2 corporation;

3 (3) federal block grants that may be used for the
4 purposes of this section, to the extent available to the
5 corporation;

6 (4) other state or federal programs that provide money
7 that may be used for the purposes of this section; and

8 (5) amounts received by the corporation in repayment
9 of loans made under this section.

10 (i) This section expires September 1, 2014.

11 SECTION 4. The Texas State Affordable Housing Corporation
12 shall:

13 (1) aggressively pursue funding for the fire fighter
14 and police officer home loan program required by Section 2306.563,
15 Government Code, as added by this Act; and

16 (2) implement the fire fighter and police officer home
17 loan program required by that section not later than September 1,
18 2004.

19 SECTION 5. If before January 1, 2005, the legislature finds
20 in a scheduled review of the Texas State Affordable Housing
21 Corporation by the Sunset Advisory Commission under Section
22 2306.5521, Government Code, that the corporation should be
23 abolished, the fire fighter and police officer home loan program
24 under Section 2306.563, Government Code, as added by this Act,
25 shall be administered by the Texas Department of Housing and
26 Community Affairs in the manner provided by this Act.

27 SECTION 6. This Act takes effect immediately if it receives

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1 a vote of two-thirds of all the members elected to each house, as
2 provided by Section 39, Article III, Texas Constitution. If this
3 Act does not receive the vote necessary for immediate effect, this
4 Act takes effect September 1, 2003.