

1-1 By: Ritter, et al. (Senate Sponsor - Madla) H.B. No. 1247  
1-2 (In the Senate - Received from the House May 1, 2003;  
1-3 May 6, 2003, read first time and referred to Committee on  
1-4 Intergovernmental Relations; May 22, 2003, reported adversely,  
1-5 with favorable Committee Substitute by the following vote: Yeas 4,  
1-6 Nays 0; May 22, 2003, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR H.B. No. 1247 By: Gallegos

1-8 A BILL TO BE ENTITLED  
1-9 AN ACT

1-10 relating to the creation, funding, and operation of a fire fighter  
1-11 and police officer home loan program.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Subchapter B, Chapter 1372, Government Code, is  
1-14 amended by adding Section 1372.0222 to read as follows:

1-15 Sec. 1372.0222. DEDICATION OF PORTION OF STATE CEILING FOR  
1-16 FIRE FIGHTER AND POLICE OFFICER HOME LOAN PROGRAM. Until August 1,  
1-17 out of that portion of the state ceiling that is available  
1-18 exclusively for reservations by issuers of qualified mortgage bonds  
1-19 under Section 1372.022, \$25 million shall be allotted each year and  
1-20 made available exclusively to the Texas State Affordable Housing  
1-21 Corporation for the purpose of issuing qualified mortgage bonds in  
1-22 connection with the fire fighter and police officer home loan  
1-23 program established under Section 2306.563.

1-24 SECTION 2. Sections 2306.553(a) and (b), Government Code,  
1-25 are amended to read as follows:

1-26 (a) The public purpose of the corporation is to perform  
1-27 activities and services that the corporation's board of directors  
1-28 determines will promote the public health, safety, and welfare  
1-29 through the provision of adequate, safe, and sanitary housing  
1-30 primarily for individuals and families of low, very low, and  
1-31 extremely low income, ~~and~~ for teachers under the teachers home  
1-32 loan program as provided by Section 2306.562, and for fire fighters  
1-33 and police officers under the fire fighter and police officer home  
1-34 loan program as provided by Section 2306.563. The activities and  
1-35 services shall include engaging in mortgage banking activities and  
1-36 lending transactions and acquiring, holding, selling, or leasing  
1-37 real or personal property.

1-38 (b) The corporation's primary public purpose is to  
1-39 facilitate the provision of housing and the making of affordable  
1-40 loans to individuals and families of low, very low, and extremely  
1-41 low income, ~~and~~ to teachers under the teachers home loan program,  
1-42 and to fire fighters and police officers under the fire fighter and  
1-43 police officer home loan program. The corporation may make first  
1-44 lien, single family purchase money mortgage loans for single family  
1-45 homes only to individuals and families of low, very low, and  
1-46 extremely low income if the individual's or family's household  
1-47 income is not more than the greater of 60 percent of the median  
1-48 income for the state, as defined by the United States Department of  
1-49 Housing and Urban Development, or 60 percent of the area median  
1-50 family income, adjusted for family size, as defined by that  
1-51 department. The corporation may make loans for multifamily  
1-52 developments if:

1-53 (1) at least 40 percent of the units in a multifamily  
1-54 development are affordable to individuals and families with incomes  
1-55 at or below 60 percent of the median family income, adjusted for  
1-56 family size; or

1-57 (2) at least 20 percent of the units in a multifamily  
1-58 development are affordable to individuals and families with incomes  
1-59 at or below 50 percent of the median family income, adjusted for  
1-60 family size.

1-61 SECTION 3. Subchapter Y, Chapter 2306, Government Code, is  
1-62 amended by adding Section 2306.563 to read as follows:

1-63 Sec. 2306.563. FIRE FIGHTER AND POLICE OFFICER HOME LOAN

2-1 PROGRAM. (a) In this section:

2-2       (1) "Fire fighter" has the meaning assigned by Section

2-3 143.003, Local Government Code.

2-4       (2) "Home" means a dwelling in this state in which a

2-5 fire fighter or police officer intends to reside as the fire

2-6 fighter's or police officer's principal residence.

2-7       (3) "Mortgage lender" has the meaning assigned by

2-8 Section 2306.004.

2-9       (4) "Police officer" has the meaning assigned by

2-10 Section 143.003, Local Government Code.

2-11       (5) "Program" means the fire fighter and police

2-12 officer home loan program.

2-13       (b) The corporation shall establish a program to provide

2-14 eligible fire fighters and police officers with low-interest home

2-15 mortgage loans.

2-16       (c) To be eligible for a loan under this section, at the time

2-17 a person files an application for the loan, the person must:

2-18               (1) be a fire fighter or police officer;

2-19               (2) reside in this state; and

2-20               (3) have an income of not more than 115 percent of area

2-21 median family income, adjusted for family size.

2-22       (d) The corporation may contract with other agencies of the

2-23 state or with private entities to determine whether applicants

2-24 qualify as fire fighters or police officers under this section or

2-25 otherwise to administer all or part of this section.

2-26       (e) The board of directors of the corporation may set and

2-27 collect from each applicant any fees the board considers reasonable

2-28 and necessary to cover the expenses of administering the program.

2-29       (f) The board of directors of the corporation shall adopt

2-30 rules governing:

2-31               (1) the administration of the program;

2-32               (2) the making of loans under the program;

2-33               (3) the criteria for approving mortgage lenders;

2-34               (4) the use of insurance on the loans and the homes

2-35 financed under the program, as considered appropriate by the board

2-36 to provide additional security for the loans;

2-37               (5) the verification of occupancy of the home by the

2-38 fire fighter or police officer as the fire fighter's or police

2-39 officer's principal residence; and

2-40               (6) the terms of any contract made with any mortgage

2-41 lender for processing, originating, servicing, or administering

2-42 the loans.

2-43       (g) The corporation shall ensure that a loan under this

2-44 section is structured in a way that complies with any requirements

2-45 associated with the source of the funds used for the loan.

2-46       (h) In addition to funds set aside for the program under

2-47 Section 1372.0222, the corporation may solicit and accept funding

2-48 for the program from the following sources:

2-49               (1) gifts and grants for the purposes of this section;

2-50               (2) available money in the housing trust fund

2-51 established under Section 2306.201, to the extent available to the

2-52 corporation;

2-53               (3) federal block grants that may be used for the

2-54 purposes of this section, to the extent available to the

2-55 corporation;

2-56               (4) other state or federal programs that provide money

2-57 that may be used for the purposes of this section; and

2-58               (5) amounts received by the corporation in repayment

2-59 of loans made under this section.

2-60       (i) This section expires September 1, 2014.

2-61 SECTION 4. The Texas State Affordable Housing Corporation

2-62 shall:

2-63       (1) aggressively pursue funding for the fire fighter

2-64 and police officer home loan program required by Section 2306.563,

2-65 Government Code, as added by this Act; and

2-66       (2) implement the fire fighter and police officer home

2-67 loan program required by that section not later than September 1,

2-68 2004.

2-69 SECTION 5. If before January 1, 2005, the legislature finds

3-1 in a scheduled review of the Texas State Affordable Housing  
3-2 Corporation by the Sunset Advisory Commission under Section  
3-3 2306.5521, Government Code, that the corporation should be  
3-4 abolished, the fire fighter and police officer home loan program  
3-5 under Section 2306.563, Government Code, as added by this Act,  
3-6 shall be administered by the Texas Department of Housing and  
3-7 Community Affairs in the manner provided by this Act.

3-8 SECTION 6. This Act takes effect immediately if it receives  
3-9 a vote of two-thirds of all the members elected to each house, as  
3-10 provided by Section 39, Article III, Texas Constitution. If this  
3-11 Act does not receive the vote necessary for immediate effect, this  
3-12 Act takes effect September 1, 2003.

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