

By: Lucio

S.B. No. 1520

A BILL TO BE ENTITLED

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AN ACT

relating to the Texas Housing Finance Corporations Act.

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

SECTION 1. Subsection (a), Section 394.011, Local Government Code, is amended to read as follows:

(a) The governing body of a local government shall consider a written application for the incorporation of a housing finance corporation filed with the governing body by one or more [~~at least three~~] residents of the local government who are citizens of this state and at least 18 years of age.

SECTION 2. Subsection (a), Section 394.012, Local Government Code, is amended to read as follows:

(a) The governing bodies of more than one local government may consider a written application for the incorporation of a joint housing finance corporation to act on behalf of the local governments filed by one or more [~~at least three~~] residents of each sponsoring local government who are citizens of this state and at least 18 years of age.

SECTION 3. Section 394.013, Local Government Code, is amended to read as follows:

Sec. 394.013. INCORPORATORS. One [~~Three~~] or more residents of the local government who are at least 18 years of age may act as incorporators of the housing finance corporation by signing, verifying, and delivering in duplicate to the secretary of state

1 the articles of incorporation for the corporation. An incorporator
2 may be a member of the governing body, an officer, or an employee of
3 the local government.

4 SECTION 4. Section 394.032, Local Government Code, is
5 amended by amending Subsection (a) and adding Subsection (f) to
6 read as follows:

7 (a) A housing finance corporation may:

8 (1) make contracts and other instruments as necessary
9 or convenient to the exercise of powers under this chapter
10 including entering partnership agreements;

11 (2) incur liabilities;

12 (3) borrow money at rates determined by the
13 corporation;

14 (4) issue notes, bonds, and other obligations; and

15 (5) secure any of its obligations by the mortgage or
16 pledge of all or part of the corporation's property, franchises,
17 and income.

18 (f) A housing finance corporation may be a partner in a
19 general or limited partnership.

20 SECTION 5. Subsection (b), Section 394.033, Local
21 Government Code, is amended to read as follows:

22 (b) A housing finance corporation may but is not required to
23 have a corporate seal, which may be altered at will, and may but is
24 not required to use the seal by causing it, or a facsimile of it, to
25 be impressed on, affixed to, or otherwise reproduced on any
26 instrument required to be executed by the corporation's officers
27 including, but not limited to, its bonds.

1 SECTION 6. Section 394.051, Local Government Code, is
2 amended to read as follows:

3 Sec. 394.051. BONDS; INVESTMENT. (a) A housing finance
4 corporation may issue its bonds by resolution of the board of
5 directors for the purposes prescribed by this chapter. The
6 resolution takes effect immediately on adoption. The bonds bear
7 interest at a rate authorized by Chapter 1204, Government Code, and
8 are subject to the following terms provided by the resolution:

- 9 (1) the time at which the bonds are payable;
10 (2) the number of series in which the bonds are issued;
11 (3) the dates that the bonds bear;
12 (4) the time of maturity of the bonds;
13 (5) the medium of payment and the place of payment of
14 the bonds;
15 (6) any registration privileges;
16 (7) terms of redemption at certain premiums;
17 (8) manner of execution of the bonds;
18 (9) covenants and other terms of the bonds; and
19 (10) the form of the bonds, either coupon or
20 registered.

21 (b) The bonds may be sold at public or private sale in the
22 manner and on the terms provided by the resolution. Pending the
23 preparation of definitive bonds, any interim receipts or
24 certificates in the form and with the provisions provided by the
25 resolution may be issued to the purchasers of bonds sold under this
26 chapter.

27 (c) ~~[The aggregate principal amount of bonds that a housing~~

1 ~~finance corporation may issue in a calendar year to defray costs~~
2 ~~described by Section 394.037(a)(2) may not exceed the total of:~~

3 ~~[(1) the cost of issuance of the bonds, any reserves or~~
4 ~~capitalized interest required by the resolutions authorizing the~~
5 ~~bonds, plus any bond discounts; and~~

6 ~~[(2) the largest of:~~

7 ~~[(A) \$20 million;~~

8 ~~[(B) the product of \$150 and the population of~~
9 ~~the local government as determined by the corporation's rules,~~
10 ~~resolutions relating to the issuance of bonds, or financing~~
11 ~~documents relating to the issuance of the bonds; or~~

12 ~~[(C) an amount equal to 25 percent of the total~~
13 ~~dollar amount of the market demand for home mortgages during that~~
14 ~~calendar year as determined by the corporation's rules, resolutions~~
15 ~~relating to the issuance of bonds, or financing documents relating~~
16 ~~to the issuance of the bonds.~~

17 ~~[(d) A determination made under Subsection (c)(2)(B) or~~
18 ~~(c)(2)(C) is conclusive.~~

19 ~~[(e)]~~ The housing finance corporation shall notify the
20 Texas Department on Aging of each bond issuance for multifamily
21 projects and shall deliver to the department a copy of each
22 certificate of resolution authorizing the issuance and any other
23 information required by the department.

24 (d) ~~[(f)]~~ The housing finance corporation, or any trustee
25 or custodian on behalf of the corporation, may invest any funds held
26 by it as provided by the resolution authorizing the issuance of the
27 bonds.

1 (e) [~~(g)~~] The housing finance corporation is not required
2 to acquire or hold title to a residential development, a home
3 mortgage, or any interest in the development or mortgage.

4 (f) [~~(h)~~] The housing finance corporation is not required
5 to sell commitments to lenders to originate home mortgages. A
6 housing financing corporation may establish a program so that
7 lenders will utilize the proceeds of the bonds to originate home
8 mortgages on a first-come, first-served basis.

9 SECTION 7. Subsection (a), Section 394.053, Local
10 Government Code, is amended to read as follows:

11 (a) Bonds issued under this chapter must bear the actual or
12 facsimile signature of the housing finance corporation's officers
13 designated in the resolution authorizing the bonds. The validity
14 of a signature of an officer of the corporation is not affected by
15 the fact that before the delivery of the bond or its payment, a
16 person whose signature appears on the bond ceases to be an officer.
17 The corporation's seal need not be impressed on, applied to, or
18 otherwise reproduced on the bonds for the bonds to be valid
19 obligations of the corporation.

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