

By: Lucio

S.B. No. 1520

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to certain amendments to the Texas Housing Finance  
3 Corporations Act.

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

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

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

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

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

20 SECTION 3. Section 394.013, Local Government Code, is  
21 amended as follows:

22 Sec. 394.013. INCORPORATORS. [~~Three~~] One or more residents  
23 of the local government who are at least 18 years of age may act as  
24 incorporators of the housing finance corporation by signing,

1 verifying, and delivering in duplicate to the secretary of state  
2 the articles of incorporation for the corporation. An incorporator  
3 may be a member of the governing body, an officer, or an employee of  
4 the local government.

5 SECTION 4. Section 394.032 is amended by amending  
6 Subsection (a)(1) and adding Subsection (f) to read as follows:

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

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

12 SECTION 5. Section 394.033 is amended by amending  
13 Subsection (b) to read as follows:

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

20 SECTION 6. Section 394.051 is amended to read as follows:

21 Sec. 394.051. BONDS; INVESTMENT

22 (a) a housing finance corporation may issue its bonds by  
23 resolution of the board of directors for the purposes prescribed by  
24 this chapter. The resolution takes effect immediately on adoption.  
25 The bonds bear interest at a rate authorized by Chapter 1204,  
26 Government Code [~~3, Acts of the 61st Legislature, Regular Session,~~  
27 ~~1969 (Article 717k-2, Vernon's Texas Civil Statutes)], and are~~

1 subject to the following terms provided by the resolution:

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

14 (b) The bonds may be sold at public or private sale in the  
15 manner and on the terms provided by the resolution. Pending the  
16 preparation of definitive bonds, any interim receipts or  
17 certificates in the form and with the provisions provided by the  
18 resolution may be issued to the purchasers of bonds sold under this  
19 chapter.

20 ~~[(c) The aggregate principal amount of bonds that a housing~~  
21 ~~finance corporation may issue in a calendar year to defray costs~~  
22 ~~described by Section 394.037(a)(2) may not exceed the total of:~~

- 23 ~~(1) the cost of issuance of the bonds, any reserves or~~  
24 ~~capitalized interest required by the resolutions authorizing the~~  
25 ~~bonds, plus any bond discounts; and~~
- 26 ~~(2) the largest of:~~
  - 27 ~~(A) \$20 million;~~

1                   ~~(B) the product of \$150 and the population of the~~  
2 ~~local government as determined by the corporation's rules,~~  
3 ~~resolutions relating to the issuance of bonds, or financing~~  
4 ~~documents relating to the issuance of the bonds; or~~

5                   ~~(C) an amount equal to 25 percent of the total~~  
6 ~~dollar amount of the market demand for home mortgages during that~~  
7 ~~calendar year as determined by the corporation's rules, resolutions~~  
8 ~~relating to the issuance of bonds, or financing documents relating~~  
9 ~~to the issuance of the bonds.~~

10           ~~(d) A determination made under Subsection (c)(2)(B) or~~  
11 ~~(c)(2)(C) is conclusive.]~~

12           ~~[(e)]~~ (c) The housing finance corporation shall notify the  
13 Texas Department on Aging of each bond issuance for multifamily  
14 projects and shall deliver to the ~~[d]~~Department a copy of each  
15 certificate of resolution authorizing the issuance and any other  
16 information required by the ~~[d]~~Department.

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

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

24           ~~[(h)]~~ (f) The housing finance corporation is not required  
25 to sell commitments to lenders to originate home mortgages. A  
26 housing financing corporation may establish a program so that  
27 lenders will utilize the proceeds of the bonds to originate home

1 mortgages on a first-come, first-served basis.

2 SECTION 7. Section 394.053 is amended by amending  
3 Subsection (a) as follows:

4 (a) Bonds issued under this chapter must bear the actual or  
5 facsimile signature of the housing finance corporation's officers  
6 designated in the resolution authorizing the bonds. The validity  
7 of a signature of an officer of the corporation is not affected by  
8 the fact that before the delivery of the bond or its payment, a  
9 person whose signature appears on the bond ceases to be an officer.  
10 The corporation's seal need not be impressed on, applied to, or  
11 otherwise reproduce on the bonds for the bonds to be valid  
12 obligations of the corporation.

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