

1-1 By: Lucio S.B. No. 1520
1-2 (In the Senate - Filed March 13, 2003; March 20, 2003, read
1-3 first time and referred to Committee on Intergovernmental
1-4 Relations; May 2, 2003, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 5, Nays 0;
1-6 May 2, 2003, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 1520 By: Deuell

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

1-10 relating to the Texas Housing Finance Corporations Act.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. Subsection (a), Section 394.011, Local
1-13 Government Code, is amended to read as follows:

1-14 (a) The governing body of a local government shall consider
1-15 a written application for the incorporation of a housing finance
1-16 corporation filed with the governing body by one or more [~~at least~~
1-17 ~~three~~] residents of the local government who are citizens of this
1-18 state and at least 18 years of age.

1-19 SECTION 2. Subsection (a), Section 394.012, Local
1-20 Government Code, is amended to read as follows:

1-21 (a) The governing bodies of more than one local government
1-22 may consider a written application for the incorporation of a joint
1-23 housing finance corporation to act on behalf of the local
1-24 governments filed by one or more [~~at least three~~] residents of each
1-25 sponsoring local government who are citizens of this state and at
1-26 least 18 years of age.

1-27 SECTION 3. Section 394.013, Local Government Code, is
1-28 amended to read as follows:

1-29 Sec. 394.013. INCORPORATORS. One [~~Three~~] or more residents
1-30 of the local government who are at least 18 years of age may act as
1-31 incorporators of the housing finance corporation by signing,
1-32 verifying, and delivering in duplicate to the secretary of state
1-33 the articles of incorporation for the corporation. An incorporator
1-34 may be a member of the governing body, an officer, or an employee of
1-35 the local government.

1-36 SECTION 4. Section 394.032, Local Government Code, is
1-37 amended by amending Subsection (a) and adding Subsection (f) to
1-38 read as follows:

1-39 (a) A housing finance corporation may:

1-40 (1) make contracts and other instruments as necessary
1-41 or convenient to the exercise of powers under this chapter
1-42 including entering partnership agreements;

1-43 (2) incur liabilities;

1-44 (3) borrow money at rates determined by the
1-45 corporation;

1-46 (4) issue notes, bonds, and other obligations; and

1-47 (5) secure any of its obligations by the mortgage or
1-48 pledge of all or part of the corporation's property, franchises,
1-49 and income.

1-50 (f) A housing finance corporation may be a partner in a
1-51 general or limited partnership.

1-52 SECTION 5. Subsection (b), Section 394.033, Local
1-53 Government Code, is amended to read as follows:

1-54 (b) A housing finance corporation may but is not required to
1-55 have a corporate seal, which may be altered at will, and may but is
1-56 not required to use the seal by causing it, or a facsimile of it, to
1-57 be impressed on, affixed to, or otherwise reproduced on any
1-58 instrument required to be executed by the corporation's officers
1-59 including, but not limited to, its bonds.

1-60 SECTION 6. Section 394.051, Local Government Code, is
1-61 amended to read as follows:

1-62 Sec. 394.051. BONDS; INVESTMENT. (a) A housing finance
1-63 corporation may issue its bonds by resolution of the board of

2-1 directors for the purposes prescribed by this chapter. The
 2-2 resolution takes effect immediately on adoption. The bonds bear
 2-3 interest at a rate authorized by Chapter 1204, Government Code, and
 2-4 are subject to the following terms provided by the resolution:

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

2-17 (b) The bonds may be sold at public or private sale in the
 2-18 manner and on the terms provided by the resolution. Pending the
 2-19 preparation of definitive bonds, any interim receipts or
 2-20 certificates in the form and with the provisions provided by the
 2-21 resolution may be issued to the purchasers of bonds sold under this
 2-22 chapter.

2-23 (c) ~~[The aggregate principal amount of bonds that a housing~~
 2-24 ~~finance corporation may issue in a calendar year to defray costs~~
 2-25 ~~described by Section 394.037(a)(2) may not exceed the total of:~~

2-26 ~~[(1) the cost of issuance of the bonds, any reserves or~~
 2-27 ~~capitalized interest required by the resolutions authorizing the~~
 2-28 ~~bonds, plus any bond discounts; and~~

2-29 ~~[(2) the largest of:~~
 2-30 ~~[(A) \$20 million;~~
 2-31 ~~[(B) the product of \$150 and the population of~~
 2-32 ~~the local government as determined by the corporation's rules,~~
 2-33 ~~resolutions relating to the issuance of bonds, or financing~~
 2-34 ~~documents relating to the issuance of the bonds; or~~

2-35 ~~[(C) an amount equal to 25 percent of the total~~
 2-36 ~~dollar amount of the market demand for home mortgages during that~~
 2-37 ~~calendar year as determined by the corporation's rules, resolutions~~
 2-38 ~~relating to the issuance of bonds, or financing documents relating~~
 2-39 ~~to the issuance of the bonds.~~

2-40 ~~[(d) A determination made under Subsection (c)(2)(B) or~~
 2-41 ~~(c)(2)(C) is conclusive.~~

2-42 ~~[(e)]~~ The housing finance corporation shall notify the
 2-43 Texas Department on Aging of each bond issuance for multifamily
 2-44 projects and shall deliver to the department a copy of each
 2-45 certificate of resolution authorizing the issuance and any other
 2-46 information required by the department.

2-47 (d) ~~[(f)]~~ The housing finance corporation, or any trustee
 2-48 or custodian on behalf of the corporation, may invest any funds held
 2-49 by it as provided by the resolution authorizing the issuance of the
 2-50 bonds.

2-51 (e) ~~[(g)]~~ The housing finance corporation is not required
 2-52 to acquire or hold title to a residential development, a home
 2-53 mortgage, or any interest in the development or mortgage.

2-54 (f) ~~[(h)]~~ The housing finance corporation is not required
 2-55 to sell commitments to lenders to originate home mortgages. A
 2-56 housing financing corporation may establish a program so that
 2-57 lenders will utilize the proceeds of the bonds to originate home
 2-58 mortgages on a first-come, first-served basis.

2-59 SECTION 7. Subsection (a), Section 394.053, Local
 2-60 Government Code, is amended to read as follows:

2-61 (a) Bonds issued under this chapter must bear the actual or
 2-62 facsimile signature of the housing finance corporation's officers
 2-63 designated in the resolution authorizing the bonds. The validity
 2-64 of a signature of an officer of the corporation is not affected by
 2-65 the fact that before the delivery of the bond or its payment, a
 2-66 person whose signature appears on the bond ceases to be an officer.
 2-67 The corporation's seal need not be impressed on, applied to, or
 2-68 otherwise reproduced on the bonds for the bonds to be valid
 2-69 obligations of the corporation.

3-1 SECTION 8. This Act takes effect immediately if it receives
3-2 a vote of two-thirds of all members elected to each house, as
3-3 provided by Section 39, Article III, Texas Constitution. If this
3-4 Act does not receive the vote necessary for immediate effect, this
3-5 Act takes effect September 1, 2003.

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