

AN ACT

relating to private activity bonds.

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

SECTION 1. Section 1372.001, Government Code, is amended by adding Subdivision (18) to read as follows:

(18) "Water development issue" means a bond issued as part of an issue of which 95 percent or more of the net proceeds are to be used to provide facilities for furnishing water, conserving water, developing water resources, or making water available.

SECTION 2. Subsections (a) and (b), Section 1372.006, Government Code, are amended to read as follows:

(a) An application for a reservation under Subchapter B or a carryforward designation under Subchapter C must be accompanied by a nonrefundable fee in the amount of \$500, except that for issuers of qualified residential rental project bonds the application must be accompanied by a nonrefundable fee of \$5,000, of which the board shall retain \$1,000 to offset the costs of the private activity bond allocation program and the administration of that program and of which the board shall transfer \$4,000 through an interagency agreement to the Texas Department of Housing and Community Affairs for use in the affordable housing research and information program as provided by Section 2306.259.

(b) An issuer, other than an issuer under Section 1372.022(a)(2), shall submit to the board a closing fee in an amount

1 that is equal to the greater of:

2 (1) \$1,000; or

3 (2) 0.025 percent of the principal amount of the bonds  
4 certified as provided by Section 1372.039(a)(1).

5 SECTION 3. Section 1372.022, Government Code, as amended by  
6 Chapters 1367, 1420, and 1468, Acts of the 77th Legislature,  
7 Regular Session, 2001, is reenacted and amended to read as follows:

8 Sec. 1372.022. AVAILABILITY OF STATE CEILING TO ISSUERS.

9 (a) ~~[Prior to August 15 of each year through September 1, 2003:~~

10 ~~[(1) 25 percent of the state ceiling is available~~  
11 ~~exclusively for reservations by issuers of qualified mortgage~~  
12 ~~bonds;~~

13 ~~[(2) 11 percent of the state ceiling is available~~  
14 ~~exclusively for reservations by issuers of state-voted issues;~~

15 ~~[(3) 7.5 percent of the state ceiling is available~~  
16 ~~exclusively for reservations by issuers of qualified small issue~~  
17 ~~bonds and enterprise zone facility bonds;~~

18 ~~[(4) 16.5 percent of the state ceiling is available~~  
19 ~~exclusively for reservations by issuers of qualified residential~~  
20 ~~rental projects bonds;~~

21 ~~[(5) 10.5 percent of the state ceiling is available~~  
22 ~~exclusively for reservations by issuers of qualified student loan~~  
23 ~~bonds authorized by Section 53.47, Education Code; and~~

24 ~~[(6) 29.5 percent of the state ceiling is available~~  
25 ~~exclusively for reservations by any other issuer of bonds that~~  
26 ~~require an allocation. The board shall issue 2 percent of the~~  
27 ~~allocation based on a priority level for projects for the~~

~~development of new drinking water sources.~~

~~[(b)]~~ If the state ceiling is computed on the basis of \$75 per capita or a greater amount, before August 15 of each year:

(1) 28.0 ~~[29.6]~~ percent of the state ceiling is available exclusively for reservations by issuers of qualified mortgage bonds;

(2) 8 percent of the state ceiling is available exclusively for reservations by issuers of state-voted issues;

(3) 2.0 ~~[4.6]~~ percent of the state ceiling is available exclusively for reservations by issuers of qualified small issue bonds and enterprise zone facility bonds;

(4) 22.0 ~~[23]~~ percent of the state ceiling is available exclusively for reservations by issuers of qualified residential rental project bonds;

(5) 10.5 ~~[8.8]~~ percent of the state ceiling is available exclusively for reservations by issuers of qualified student loan bonds authorized by Section 53.47, Education Code, that are nonprofit corporations able to issue a qualified scholarship funding bond as defined by Section 150(d)(2), Internal Revenue Code (26 U.S.C. Section 150(d)(2)); and

(6) 29.5 ~~[26]~~ percent of the state ceiling is available exclusively for reservations by any other issuer of bonds that require an allocation.

(b) On and after August 15 but before September 1, that portion of the state ceiling available for reservations becomes available for all applications for reservations in the order determined by the board by lot, subject to Section 1372.0321

1 ~~[qualified residential rental project issues in the manner~~  
 2 ~~described by Section 1372.0321]~~. On and after September 1, that  
 3 portion of the state ceiling available for reservations becomes  
 4 available to any issuer for any bonds that require an allocation,  
 5 subject to the provisions of this subchapter.

6 ~~[(c) This section expires September 1, 2003.]~~

7 SECTION 4. Section 1372.0231, Government Code, is amended  
 8 by amending Subsections (b) through (f) and adding Subsections (h)  
 9 and (i) to read as follows:

10 (b) With respect to the amount of the state ceiling set  
 11 aside under Subsection (a)(1), after the board's review and  
 12 approval, the board shall grant reservations at the direction of  
 13 the Texas Department of Housing and Community Affairs in accordance  
 14 with Section 1372.0321 and criteria established by rules of that  
 15 department. Subsequent allocations the board makes on behalf of  
 16 that department are subject to review and approval by the board in  
 17 accordance with Section 1231.041. Subject to Sections 1372.0321(a)  
 18 and (b), the board shall grant reservations:

19 (1) ~~[in the order determined by the board by lot, and~~

20 ~~[-2-]]~~ in a manner that ensures that:

21 (A) the set-aside amount is used for proposed  
 22 projects that are located throughout the state; and

23 (B) not more than 50 percent of the set-aside  
 24 amount is used for proposed projects that are located in qualified  
 25 census tracts as defined by Section 143(j), Internal Revenue Code  
 26 of 1986; and

27 (2) in the order determined by lot, but only for those

1 reservations granted between August 15 and November 30 of the  
2 program year.

3 (c) With respect to the amount of the state ceiling set  
4 aside under Subsection (a)(2), the board shall grant reservations  
5 in a manner that ensures that not more than 50 percent of the  
6 set-aside amount is used for proposed projects that are located in  
7 qualified census tracts as defined by the most recent publication  
8 by the United States Department of Housing and Urban Development  
9 [Section 143(j), Internal Revenue Code of 1986].

10 (d) Except as provided by Subsection (i), before ~~[Before]~~  
11 June 1, the board shall apportion the amount of the state ceiling  
12 set aside under Subsection (a)(2) among the uniform state service  
13 regions according to the percentage of the state's population that  
14 resides in each of those regions.

15 (e) Until May 15 of each year, for each of ~~[For]~~ the uniform  
16 state service regions containing Austin, Dallas, or ~~[and]~~ Houston,  
17 the board shall reserve \$15 million of the state ceiling set aside  
18 for the region under Subsection (d) for the areas in the region that  
19 are located ~~[additionally apportion the amount of the state ceiling~~  
20 ~~set aside for each of those regions under Subsection (d) within the~~  
21 ~~region according to the percentage of the region's population that~~  
22 ~~resides in a metropolitan statistical area and the percentage of~~  
23 ~~the region's population that resides]~~ outside of a metropolitan  
24 statistical area.

25 (f) In each area described by Subsection (d) or (e), the  
26 board shall grant reservations based on the priority levels of  
27 proposed projects as described by Section 1372.0321 ~~[1372.032]~~.

1        (h) An application by an issuer of qualified residential  
2 rental project bonds that is submitted after the deadline for  
3 eligibility to participate in the lottery has a priority lower than  
4 that of every application submitted before that date.

5        (i) Before June 1, the board shall apportion the amount of  
6 the state ceiling set aside under Subsection (a)(2) only among  
7 uniform state service regions with respect to which an issuer has  
8 submitted an application for a reservation of the state ceiling on  
9 or before March 1.

10        SECTION 5. Subsections (a) and (b), Section 1372.024,  
11 Government Code, are amended to read as follows:

12        (a) If, before January 2, applications received for  
13 reservations for state-voted issues total more than eight [~~13~~]  
14 percent of the available state ceiling for that program year, the  
15 percentage of state-voted ceiling requested that is more than eight  
16 [~~13~~] percent of the state ceiling:

17                (1) is removed from the state ceiling available to  
18 other issuers on January 2; and

19                (2) is available for those applications for  
20 reservations for state-voted issues.

21        (b) The amount removed under Subsection (a) may not exceed  
22 eight [~~4.5~~] percent of the state ceiling.

23        SECTION 6. Section 1372.027, Government Code, is amended to  
24 read as follows:

25        Sec. 1372.027. PUBLICATION OF AVAILABLE STATE CEILING. The  
26 board shall publish at least weekly on its Internet site [~~biweekly~~  
27 ~~in the Texas Register~~]:

1           (1) a statement of the amount of the available state  
2 ceiling;

3           (2) a list of the issues that have received a  
4 reservation since the preceding publication, including the amount  
5 of each reservation; and

6           (3) a list of the issues that had previously received a  
7 reservation that have closed since the preceding publication.

8           SECTION 7. Section 1372.028, Government Code, is amended by  
9 amending Subsection (b) and adding Subsection (e) to read as  
10 follows:

11           (b) An issuer may apply for a reservation for a program year  
12 not earlier than October 5 [~~10~~] of the preceding year. An issuer  
13 may not submit an application for a program year after December 1 of  
14 that year.

15           (e) If an issuer applied the previous year for a reservation  
16 for qualified mortgage bonds and has not received the reservation  
17 at the time of application for the lottery, the issuer, instead of  
18 filing a complete application under Subsection (c), may file a  
19 statement explaining whether there are any changes in information  
20 from the application information filed the previous year. If there  
21 are changes, the statement must specify the current information.  
22 An issuer that files a statement under this subsection must pay the  
23 same application fee required for a complete application.

24           SECTION 8. Subchapter B, Chapter 1372, Government Code, is  
25 amended by adding Section 1372.0281 to read as follows:

26           Sec. 1372.0281. INFORMATION REQUIRED OF ISSUERS OF CERTAIN  
27 QUALIFIED STUDENT LOAN BONDS. (a) An issuer of qualified student

1 loan bonds authorized by Section 53.47, Education Code, shall  
2 provide to the board together with its application for a  
3 reservation information required by board rule.

4 (b) The board may require an issuer described by Subsection  
5 (a) to provide information with its application, or to supplement  
6 the application with information, that includes:

- 7 (1) financial statements;  
8 (2) portfolio amounts;  
9 (3) default rates;  
10 (4) descriptions of how student loans are being used  
11 or spent; and  
12 (5) information about the issuer's client agencies.

13 SECTION 9. Section 1372.031, Government Code, is amended to  
14 read as follows:

15 Sec. 1372.031. PRIORITIES FOR RESERVATIONS AMONG CERTAIN  
16 ISSUERS. Subject to Sections [~~Section~~] 1372.0321 and 1372.0231,  
17 if, on or before October 20, more than one issuer in a category  
18 described by Section 1372.022(a)(2), (3), (4), or (6) applies for a  
19 reservation of the state ceiling for the next program year, the  
20 board shall grant reservations in that category in the order  
21 determined by the board by lot.

22 SECTION 10. Section 1372.0321, Government Code, as added by  
23 Chapters 1367 and 1420, Acts of the 77th Legislature, Regular  
24 Session, 2001, is reenacted and amended to read as follows:

25 Sec. 1372.0321. PRIORITIES FOR RESERVATIONS AMONG ISSUERS  
26 OF QUALIFIED RESIDENTIAL RENTAL PROJECT ISSUES. (a) In granting  
27 reservations to issuers of qualified residential rental project

issues, the board shall[+]

[~~(1)~~] give first priority to:

(1) [~~(A)~~] projects in which:

(A) 50 [~~100~~] percent of the residential units in the project [~~projects~~] are:

(i) under the restriction that the maximum allowable rents are an amount equal to 30 percent of 50 percent of the area median family income minus an allowance for utility costs authorized under the federal low-income housing tax credit program; and

(ii) reserved for families and individuals earning not more than 50 percent of the area median income; and

(B) the remaining 50 percent of the residential units in the project are:

(i) under the restriction that the maximum allowable rents are an amount equal to 30 percent of 60 percent of the area median family income minus an allowance for utility costs authorized under the federal low-income housing tax credit program; and

(ii) reserved for families and individuals earning not more than 60 percent of the area median income;

(2) projects in which:

(A) 15 percent of the residential units in the project are:

(i) under the restriction that the maximum allowable rents are an amount equal to 30 percent of 30 percent of the area median family income minus an allowance for utility costs

1 authorized under the federal low-income housing tax credit program;  
2 and

3 (ii) reserved for families and individuals  
4 earning not more than 30 percent of the area median income; and

5 (B) the remaining 85 percent of the residential  
6 units in the project are:

7 (i) under the restriction that the maximum  
8 allowable rents are an amount equal to 30 percent of 60 percent of  
9 the area median family income minus an allowance for utility costs  
10 authorized under the federal low-income housing tax credit program;  
11 and

12 (ii) reserved for families and individuals  
13 earning not more than 60 percent of the area median income;

14 (3) projects:

15 (A) in which 100 percent of the residential units  
16 in the project are:

17 (i) under the restriction that the maximum  
18 allowable rents are an amount equal to 30 percent of 60 percent of  
19 the area median family income minus an allowance for utility costs  
20 authorized under the federal low-income housing tax credit program;  
21 and

22 (ii) reserved for families and individuals  
23 earning not more than 60 percent of the area median income; and

24 (B) which are located in a census tract in which  
25 the median income, based on the most recent information published  
26 by the United States Bureau of the Census, is higher than the median  
27 income for the county, metropolitan statistical area, or primary

metropolitan statistical area in which the census tract is located as established by the United States Department of Housing and Urban Development; or

(4) ~~[(B)]~~ on or after June 1, projects that are located in counties, metropolitan statistical areas, or primary metropolitan statistical areas with area median family incomes at or below the statewide median family income established by the United States Department of Housing and Urban Development.

(a-1) In granting reservations to issuers of qualified residential rental project issues, the board shall~~+~~

~~[(2)]~~ give second priority to projects in which 100 percent of the residential units in the project ~~[projects]~~ are under the restriction that the maximum allowable rents are an amount equal to 30 percent of 60 percent of the area median family income minus an allowance for utility costs authorized under the federal low-income housing tax credit program.

(a-2) In granting reservations to issuers of qualified residential rental project issues, the board shall~~+, and~~

~~[(3)]~~ give third priority to any other qualified residential rental project.

(b) The board may not reserve a portion of the state ceiling for a first or second priority project described by this section ~~[Subsection (a)]~~ unless the board receives evidence that an application has been filed with the Texas Department of Housing and Community Affairs for the low-income housing tax credit that is available for multifamily transactions that are at least 51 percent financed by tax-exempt private activity bonds.

SECTION 11. Section 1372.033, Government Code, is amended to read as follows:

Sec. 1372.033. PRIORITIES FOR RESERVATIONS AMONG CERTAIN ISSUERS OF QUALIFIED STUDENT LOAN BONDS. (a) In this section:

(1) "Additional need" means the additional need of a qualified nonprofit corporation determined by subtracting the floor allocation for that qualified nonprofit corporation from that corporation's annual need.

(2) "Annual need" means, for a qualified nonprofit corporation, one-half of the total principal amount of Texas eligible loans the qualified nonprofit corporation purchased in the two most recently completed fiscal years ending June 30.

(3) "Floor allocation" means, for a qualified nonprofit corporation, an allocation in the amount of the lesser of \$27 million or the qualified nonprofit corporation's annual need.

(4) "Qualified nonprofit corporation" has the meaning assigned by Section 53.47, Education Code.

(5) "Remaining amount to be allocated" is the total amount to be allocated under Section 1372.022(a)(5) in a calendar year less the sum of the floor allocations of the qualified nonprofit corporations that have applied for a student loan bond allocation for the calendar year.

(6) "Student loan bond allocation" means an allocation for private activity bonds under Section 1372.022(a)(5).

(7) "Texas eligible loan" means a Texas loan purchased from the originating lender by a nonprofit corporation acting as described by Section 53.47(g), Education Code.

1           (8) "Texas loan" means a guaranteed student loan, as  
2 defined by Section 53.47, Education Code, made on behalf of a  
3 borrower who is:

4                   (A) a resident of this state; or

5                   (B) a student attending an accredited  
6 institution, as defined by Section 53.47, Education Code, that is  
7 located in this state.

8           (9) "Total amount to be allocated" means the total  
9 available under Section 1372.022(a)(5) for all applicants.

10          (b) Only a qualified nonprofit corporation may apply for a  
11 student loan bond allocation.

12          (c) An application for a student loan bond allocation must  
13 include a statement as provided by this subsection. The statement  
14 must be certified by an officer of the applicant, whose signature  
15 must be notarized. The statement must be audited by an independent  
16 auditor, and the report of the independent auditor must be attached  
17 to the statement. The statement must list:

18                   (1) the principal amount of Texas eligible loans the  
19 applicant purchased in the two most recently completed fiscal years  
20 ending June 30;

21                   (2) the agencies that are guaranteeing the Texas  
22 eligible loans listed and the amount of Texas eligible loans  
23 guaranteed by each agency;

24                   (3) the originating lenders from whom the Texas  
25 eligible loans were purchased and the amount of Texas eligible  
26 loans each originating lender sold; and

27                   (4) the date of each purchase transaction.

1        (d) Each qualified nonprofit corporation that applies for a  
2 student loan bond allocation in compliance with all applicable  
3 application requirements is entitled to receive a floor allocation  
4 except as provided by this section. If the total amount to be  
5 allocated is less than the sum of the floor allocations for all of  
6 the applicants, each applicant is entitled to a proportion of the  
7 total amount to be allocated equal to the proportion its floor  
8 allocation bears to the total of the floor allocation for all of the  
9 applicants. A qualified nonprofit corporation whose annual need is  
10 zero is not entitled to apply for a student loan bond allocation.

11        (e) If, after allocations are computed under Subsection  
12 (d), there is a remaining amount to be allocated and there are one  
13 or more applicants with additional need, each applicant with  
14 additional need is entitled to a proportion of the remaining amount  
15 to be allocated equal to the proportion the applicant's additional  
16 need bears to the total of the additional need of all applicants but  
17 not to exceed the amount of the applicant's additional need. Any  
18 amount remaining after distribution to applicants with additional  
19 need shall be allocated in equal amounts to the other applicants  
20 that have a floor allocation of greater than \$27 million.

21        (f) Notwithstanding Subsection (e), if an applicant's share  
22 of the remaining amount to be allocated is greater than 50 percent,  
23 that applicant is entitled to 50 percent of the remaining amount to  
24 be allocated. The other 50 percent of the remaining amount to be  
25 allocated shall be distributed to the other applicants in  
26 proportion to their unmet additional need, except that the  
27 allocations may not exceed, for any applicant, the additional need

of the applicant. If, after the additional needs of the other applicants are met, there remains any amount of the remaining amount to be allocated available for distribution, that amount shall be distributed to the applicant with the share of more than 50 percent of the remaining amount to be allocated in an amount not to exceed the amount of the applicant's additional need.

(g) A qualified nonprofit corporation that receives a student loan bond allocation may not:

(1) transfer the allocation to another entity; or

(2) loan to another entity other than a student proceeds of bonds issued under the allocation ~~[If, on or before October 20, more than one issuer authorized by Section 53.47, Education Code, to issue qualified student loan bonds applies for a reservation of the state ceiling for qualified student loan bonds for the next program year, the board shall grant reservations in that category in reverse order of the date of the most recent closing of qualified student loan bonds by each issuer. The issuer that had the most recent closing shall be the last to receive a reservation.~~

~~[(b) If closings occurred on the same date, the board shall grant reservations in the order determined by the board by lot.~~

~~[(c) The board shall grant a reservation to an issuer described by Subsection (a) in an amount not to exceed the lesser of:~~

~~[(1) \$35 million;~~

~~[(2) the full amount of the state ceiling for qualified student loan bonds for which the issuer applied; or~~

1           ~~[(3) the amount of the state ceiling for qualified~~  
2 ~~student loan bonds remaining after reservations have been granted~~  
3 ~~to issuers with a higher priority under Subsection (a).~~

4           ~~[(d) Notwithstanding Subsection (c)(1) or Section~~  
5 ~~1372.037(5), after each issuer described by Subsection (a) that~~  
6 ~~applies for a reservation has been offered a reservation in the~~  
7 ~~maximum amount available to the issuer, the board shall grant in~~  
8 ~~equal portions, as additional reservations, any remaining amount of~~  
9 ~~the state ceiling for qualified student loan bonds to issuers that:~~

10           ~~[(1) received and accepted a reservation; and~~

11           ~~[(2) do not refuse an additional reservation under~~  
12 ~~this subsection].~~

13           SECTION 12. Subsection (b), Section 1372.036, Government  
14 Code, is amended to read as follows:

15           (b) Beginning [If, after] June 1 [and before August 25],  
16 partial reservations may be offered once to each applicant in each  
17 [any portion of the state ceiling in a] category described by  
18 Section 1372.022(a) until an applicant in the category accepts the  
19 partial reservation or until additional volume is returned in an  
20 amount sufficient to grant a full reservation [from which issuers  
21 were granted reservations becomes available in that category.

22           ~~[(1) those amounts of the state ceiling shall be~~  
23 ~~aggregated; and~~

24           ~~[(2) the board shall grant reservations from that~~  
25 ~~category on August 25].~~

26           SECTION 13. Section 1372.037, Government Code, is amended  
27 to read as follows:

1           Sec. 1372.037. LIMITATIONS ON GRANTING OF RESERVATIONS FOR  
2 INDIVIDUAL PROJECTS. (a) Except as provided by Subsection (b),  
3 before ~~[Before]~~ September 1~~[, for any one project,]~~ the board may  
4 not grant for any single project a reservation for that year that is  
5 greater than:

6           (1) \$25 million, if the issuer is an issuer of  
7 qualified mortgage bonds, other than the Texas Department of  
8 Housing and Community Affairs;

9           (2) \$50 million, if the issuer is an issuer of a  
10 state-voted issue, other than the Texas Higher Education  
11 Coordinating Board, or \$75 million, if the issuer is the Texas  
12 Higher Education Coordinating Board;

13           (3) the amount to which the Internal Revenue Code  
14 limits issuers of qualified small issue bonds and enterprise zone  
15 facility bonds, if the issuer is an issuer of those bonds;

16           (4) the lesser of \$15 million or 15 percent of the  
17 amount set aside for reservation by issuers of qualified  
18 residential rental project bonds, if the issuer is an issuer of  
19 those bonds;

20           (5) the amount as prescribed in Sections 1372.033(d),  
21 (e), and (f) [\$35 million], if the issuer is an issuer authorized by  
22 Section 53.47, Education Code, to issue qualified student loan  
23 bonds; or

24           (6) \$25 million, if the issuer is any other issuer of  
25 bonds that require an allocation.

26           (b) In addition to a reservation under Subsection (a)(2),  
27 the board may grant to the Texas Water Development Board a

1 reservation for not more than \$100 million of the available state  
2 ceiling for a water development issue.

3 SECTION 14. Section 1372.039, Government Code, is amended  
4 by amending Subsection (a) and adding Subsection (d) to read as  
5 follows:

6 (a) Not later than the 35th day after an issuer's  
7 reservation date, the issuer shall submit to the board:

8 (1) a certificate signed by an authorized  
9 representative of the issuer that certifies the principal amount of  
10 the bonds to be issued; and

11 (2) a list of finance team members and their addresses  
12 and telephone numbers.

13 (d) If an issuer does not submit the documents during the  
14 period provided by Subsection (a), the issuer may submit the  
15 documents not later than the third day after the end of the 35-day  
16 period together with a statement and evidence regarding extenuating  
17 circumstances that prevented a timely filing. The board shall  
18 review the statement and the evidence and may, based on the  
19 statement and evidence, permit the late filing.

20 SECTION 15. Section 1372.040, Government Code, is amended  
21 to read as follows:

22 Sec. 1372.040. RESERVATION BY CERTAIN ISSUERS OF QUALIFIED  
23 MORTGAGE BONDS OF MONEY FOR MORTGAGES FOR CERTAIN PERSONS. An  
24 issuer of qualified mortgage bonds, other than the Texas Department  
25 of Housing and Community Affairs or the Texas State Affordable  
26 Housing Corporation, shall reserve for six months 50 percent of the  
27 funds available for loans outside the federally designated target

1 areas to provide mortgages to individuals and families with incomes  
2 below 80 percent of the applicable median family income, as defined  
3 by Section 143(f)(4), Internal Revenue Code (26 U.S.C. Section  
4 143(f)(4)).

5 SECTION 16. Section 1372.042, Government Code, is amended  
6 by amending Subsections (a), (b), and (c) and adding Subsection  
7 (a-1) to read as follows:

8 (a) An issuer other than an issuer of qualified residential  
9 rental project bonds, an issuer of state-voted issues, or an issuer  
10 of qualified mortgage bonds shall close on the bonds for which the  
11 reservation was granted not later than the 120th day after the  
12 reservation date.

13 (a-1) An issuer of qualified residential rental project  
14 bonds shall close on the bonds for which the reservation was granted  
15 not later than the 150th day after the reservation date. If an  
16 issuer of qualified residential rental project bonds fails to close  
17 on the bonds for which a reservation was granted, the issuer shall  
18 pay the full closing fee provided by Section 1372.006(b) if the  
19 application is not withdrawn before the 120th day after the  
20 reservation date.

21 (b) An issuer of state-voted issues or an issuer of  
22 qualified mortgage revenue bonds shall close on the bonds for which  
23 the reservation was granted not later than the 180th day after the  
24 reservation date.

25 (c) Notwithstanding Subsections (a), (a-1), and (b), if the  
26 120-day period, the 150-day period, or the 180-day period, as  
27 applicable, expires on or after December 24 of the year in which the

reservation was granted, the issuer shall close on the bonds before December 24, except that if the applicable period expires after December 31 of that year, the issuer may notify the board in writing before December 24 of the issuer's election to carry forward the reservation and of the issuer's expected bond closing date. In compliance with the requirements of Section 146(f), Internal Revenue Code of 1986, the board shall file in a timely manner a carryforward election with respect to any bonds expected to close after December 31 to permit the bonds to close by the expected date, except that the board may not file the carryforward election after February 15 of the year following the year in which the reservation was granted. The grant of the reservation for the balance of the 120-day period, the 150-day period, or the 180-day period, as applicable, is automatically and immediately reinstated on the board's filing of a carryforward election with respect to the reservation.

SECTION 17. Subchapter K, Chapter 2306, Government Code, is amended by adding Section 2306.259 to read as follows:

Sec. 2306.259. AFFORDABLE HOUSING RESEARCH AND INFORMATION PROGRAM. With money available under Section 1372.006(a), the department shall establish an affordable housing research and information program in which the department shall contract for:

(1) periodic market studies to determine the need for housing for families of extremely low, very low, and low income in census tracts throughout the state;

(2) research from qualified professionals to determine the effect of affordable housing developments on property

1 values, social conditions, and quality of life in surrounding  
2 neighborhoods;

3 (3) independent research in affordable housing design  
4 and development approaches that enhance community acceptance of  
5 affordable housing and improve the quality of life for the  
6 residents of the housing; and

7 (4) public education and outreach efforts to assist  
8 the public in understanding the nature and purpose of affordable  
9 housing and the process for public participation in the  
10 administration of affordable housing programs.

11 SECTION 18. Subsection (k), Section 53.47, Education Code,  
12 is repealed.

13 SECTION 19. This Act takes effect September 1, 2003. Except  
14 for the changes in law made by this Act to Subsection (f), Section  
15 1372.0231, Section 1372.027, and Subsection (b), Section 1372.036,  
16 Government Code, the changes in law made by this Act apply only in  
17 relation to a reservation of the state ceiling that will be granted  
18 on or after January 1, 2004.

<hr style="border: none; border-top: 1px solid black; margin-bottom: 5px;"/> <div>President of the Senate</div>	<hr style="border: none; border-top: 1px solid black; margin-bottom: 5px;"/> <div>Speaker of the House</div>
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I hereby certify that S.B. No. 1664 passed the Senate on May 6, 2003, by the following vote: Yeas 31, Nays 0; May 30, 2003, Senate refused to concur in House amendments and requested appointment of Conference Committee; May 31, 2003, House granted request of the Senate; June 1, 2003, Senate adopted Conference Committee Report by a viva-voce vote.

	<hr style="border: none; border-top: 1px solid black; margin-bottom: 5px;"/> <div>Secretary of the Senate</div>
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I hereby certify that S.B. No. 1664 passed the House, with amendments, on May 28, 2003, by a non-record vote; May 31, 2003, House granted request of the Senate for appointment of Conference Committee; June 1, 2003, House adopted Conference Committee Report by a non-record vote.

	<hr style="border: none; border-top: 1px solid black; margin-bottom: 5px;"/> <div>Chief Clerk of the House</div>
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Approved:

<hr style="border: none; border-top: 1px solid black; margin-bottom: 5px;"/> <div>Date</div>	
<hr style="border: none; border-top: 1px solid black; margin-bottom: 5px;"/> <div>Governor</div>	