

1-1 By: Ritter, et al. (Senate Sponsor - Lucio) H.B. No. 1007  
1-2 (In the Senate - Received from the House April 14, 2005;  
1-3 April 18, 2005, read first time and referred to Committee on  
1-4 Intergovernmental Relations; April 26, 2005, reported adversely,  
1-5 with favorable Committee Substitute by the following vote: Yeas 5,  
1-6 Nays 0; April 26, 2005, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR H.B. No. 1007 By: Deuell

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

1-10 relating to certain low-interest home loan programs administered by  
1-11 the Texas State Affordable Housing Corporation.

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

1-13 SECTION 1. Section 2306.563, Government Code, as added by  
1-14 Chapter 1050, Acts of the 78th Legislature, Regular Session, 2003,  
1-15 is renumbered as Section 2306.5621, Government Code, and amended to  
1-16 read as follows:

1-17 Sec. 2306.5621 [~~Sec. 2306.563~~]. FIRE FIGHTER AND LAW  
1-18 ENFORCEMENT OR SECURITY [~~POLICE~~] OFFICER HOME LOAN PROGRAM. (a) In  
1-19 this section:

1-20 (1) "Fire fighter" means a member of a fire department  
1-21 who performs a function listed in [~~has the meaning assigned by~~]  
1-22 Section 419.021(3)(C), [~~143.003, Local~~] Government Code.

1-23 (2) "Home" means a dwelling in this state in which a  
1-24 fire fighter, corrections officer, county jailer, public security  
1-25 officer, or peace [~~police~~] officer intends to reside as the fire  
1-26 fighter's or the [~~police~~] officer's or jailer's principal  
1-27 residence.

1-28 (3) "Mortgage lender" has the meaning assigned by  
1-29 Section 2306.004.

1-30 (4) "Peace officer" [~~"Police officer"~~] has the meaning  
1-31 assigned by Section 1.07(a)(36), Penal [~~143.003, Local Government~~]  
1-32 Code.

1-33 (5) "Program" means the fire fighter, law enforcement  
1-34 officer, and security [~~police~~] officer home loan program.

1-35 (6) "Corrections officer" means an officer employed by  
1-36 the Texas Department of Criminal Justice.

1-37 (7) "County jailer" has the meaning assigned by  
1-38 Section 1701.001, Occupations Code.

1-39 (8) "Public security officer" has the meaning assigned  
1-40 by Section 1701.001, Occupations Code.

1-41 (b) The corporation shall establish a program to provide  
1-42 eligible fire fighters, corrections officers, county jailers,  
1-43 public security officers, and peace [~~police~~] officers with  
1-44 low-interest home mortgage loans.

1-45 (c) To be eligible for a loan under this section, at the time  
1-46 a person files an application for the loan, the person must:

1-47 (1) be a fire fighter, corrections officer, county  
1-48 jailer, public security officer, or peace [~~police~~] officer;

1-49 (2) reside in this state; and

1-50 (3) have an income of not more than 115 percent of area  
1-51 median family income, adjusted for family size, or the maximum  
1-52 amount permitted by Section 143(f), Internal Revenue Code of 1986,  
1-53 whichever is greater.

1-54 (d) The corporation may contract with other agencies of the  
1-55 state or with private entities to determine whether applicants  
1-56 qualify as fire fighters, corrections officers, county jailers,  
1-57 public security officers, or peace [~~police~~] officers under this  
1-58 section or otherwise to administer all or part of this section.

1-59 (e) The board of directors of the corporation may set and  
1-60 collect from each applicant any fees the board considers reasonable  
1-61 and necessary to cover the expenses of administering the program.

1-62 (f) The board of directors of the corporation shall adopt  
1-63 rules governing:

- 2-1 (1) the administration of the program;
- 2-2 (2) the making of loans under the program;
- 2-3 (3) the criteria for approving mortgage lenders;
- 2-4 (4) the use of insurance on the loans and the homes
- 2-5 financed under the program, as considered appropriate by the board
- 2-6 to provide additional security for the loans;
- 2-7 (5) the verification of occupancy of the home by the
- 2-8 fire fighter, corrections officer, county jailer, public security
- 2-9 officer, or peace [police] officer as the fire fighter's or the
- 2-10 [police] officer's or jailer's principal residence; and
- 2-11 (6) the terms of any contract made with any mortgage
- 2-12 lender for processing, originating, servicing, or administering
- 2-13 the loans.

2-14 (g) The corporation shall ensure that a loan under this  
 2-15 section is structured in a way that complies with any requirements  
 2-16 associated with the source of the funds used for the loan.

2-17 (h) In addition to funds set aside for the program under  
 2-18 Section 1372.0222, the corporation may solicit and accept funding  
 2-19 for the program from the following sources:

- 2-20 (1) gifts and grants for the purposes of this section;
- 2-21 (2) available money in the housing trust fund
- 2-22 established under Section 2306.201, to the extent available to the
- 2-23 corporation;
- 2-24 (3) federal block grants that may be used for the
- 2-25 purposes of this section, to the extent available to the
- 2-26 corporation;
- 2-27 (4) other state or federal programs that provide money
- 2-28 that may be used for the purposes of this section; and
- 2-29 (5) amounts received by the corporation in repayment
- 2-30 of loans made under this section.

2-31 (h-1) To fund home mortgage loans for eligible fire  
 2-32 fighters, corrections officers, county jailers, public security  
 2-33 officers, and peace officers under this section, the corporation  
 2-34 may use proceeds received from the sale of bonds, notes, or other  
 2-35 obligations issued under the fire fighter and police officer home  
 2-36 loan program as that program existed immediately before amendment  
 2-37 of this section by the 79th Legislature, Regular Session, 2005,  
 2-38 regardless of the eligibility standards for loans made under the  
 2-39 fire fighter and police officer home loan program and regardless of  
 2-40 when the corporation received the proceeds from those bonds, notes,  
 2-41 or other obligations issued under that program.

2-42 (i) This section expires September 1, 2014.

2-43 SECTION 2. Section 1372.0222, Government Code, is amended  
 2-44 to read as follows:

2-45 Sec. 1372.0222. DEDICATION OF PORTION OF STATE CEILING FOR  
 2-46 FIRE FIGHTER AND LAW ENFORCEMENT OR SECURITY [POLICE] OFFICER HOME  
 2-47 LOAN PROGRAM. Until August 1, out of that portion of the state  
 2-48 ceiling that is available exclusively for reservations by issuers  
 2-49 of qualified mortgage bonds under Section 1372.022, \$25 million  
 2-50 shall be allotted each year and made available exclusively to the  
 2-51 Texas State Affordable Housing Corporation for the purpose of  
 2-52 issuing qualified mortgage bonds in connection with the fire  
 2-53 fighter, law enforcement officer, and security [police] officer  
 2-54 home loan program established under Section 2306.5621 [2306.563].

2-55 SECTION 3. Section 1372.025(b), Government Code, is amended  
 2-56 to read as follows:

2-57 (b) Subsection (a) does not apply to qualified mortgage  
 2-58 bonds or qualified residential rental project bonds made available  
 2-59 exclusively to the Texas Department of Housing and Community  
 2-60 Affairs under Section 1372.023 or the Texas State Affordable  
 2-61 Housing Corporation under Sections 1372.0221 and 1372.0222.

2-62 SECTION 4. Section 1372.028(d), Government Code, is amended  
 2-63 to read as follows:

2-64 (d) An issuer is not required to provide the statement  
 2-65 required by Subsection (c)(3)(F) if the issuer:

- 2-66 (1) is an issuer of a state-voted issue;
- 2-67 (2) is the Texas Department of Housing and Community
- 2-68 Affairs, [or] the Texas Agricultural Finance Authority, or the
- 2-69 Texas State Affordable Housing Corporation; or

(3) provides evidence that one or more binding contracts have been entered into, or other evidence acceptable to the board as described by program rule, to spend the unexpended proceeds by the later of:

- (A) 12 months after the date the board receives the application; or
- (B) December 31 of the program year for which the application is filed.

SECTION 5. Sections 2306.553(a) and (b), Government Code, are amended to read as follows:

(a) The public purpose of the corporation is to perform activities and services that the corporation's board of directors determines will promote the public health, safety, and welfare through the provision of adequate, safe, and sanitary housing primarily for individuals and families of low, very low, and extremely low income, for professional educators under the professional educators home loan program as provided by Section 2306.562, and for fire fighters, corrections officers, county jailers, public security officers, and peace [police] officers under the fire fighter, law enforcement officer, and security [police] officer home loan program as provided by Section 2306.5621 [~~2306.563~~]. The activities and services shall include engaging in mortgage banking activities and lending transactions and acquiring, holding, selling, or leasing real or personal property.

(b) The corporation's primary public purpose is to facilitate the provision of housing by issuing qualified 501(c)(3) bonds and qualified residential rental project bonds and by making affordable loans to individuals and families of low, very low, and extremely low income, to professional educators under the professional educators home loan program, and to fire fighters, corrections officers, county jailers, public security officers, and peace [police] officers under the fire fighter, law enforcement officer, and security [police] officer home loan program. The corporation may make first lien, single family purchase money mortgage loans for single family homes only to individuals and families of low, very low, and extremely low income if the individual's or family's household income is not more than the greater of 60 percent of the median income for the state, as defined by the United States Department of Housing and Urban Development, or 60 percent of the area median family income, adjusted for family size, as defined by that department. The corporation may make loans for multifamily developments if:

- (1) at least 40 percent of the units in a multifamily development are affordable to individuals and families with incomes at or below 60 percent of the median family income, adjusted for family size; or
- (2) at least 20 percent of the units in a multifamily development are affordable to individuals and families with incomes at or below 50 percent of the median family income, adjusted for family size.

SECTION 6. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2005.

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