

AN ACT

relating to the operation and administration of the Texas First-Time Homebuyer Program by the Texas Department of Housing and Community Affairs and to certain down payment assistance under that program.

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

SECTION 1. Chapter 2306, Government Code, is amended by adding Subchapter MM to read as follows:

SUBCHAPTER MM. TEXAS FIRST-TIME HOMEBUYER PROGRAM

Sec. 2306.1071. DEFINITIONS. In this subchapter:

(1) "First-time homebuyer" means a person who:

(A) resides in this state on the date on which an application is filed; and

(B) has not owned a home during the three years preceding the date on which an application under this subchapter is filed.

(2) "Home" means a dwelling in this state in which a first-time homebuyer intends to reside as the homebuyer's principal residence.

(3) "Mortgage lender" has the meaning assigned by Section 2306.004.

(4) "Program" means the Texas First-Time Homebuyer Program.

Sec. 2306.1072. TEXAS FIRST-TIME HOMEBUYER PROGRAM. (a)

1 The Texas First-Time Homebuyer Program shall facilitate the
2 origination of single-family mortgage loans for eligible
3 first-time homebuyers.

4 (b) The program may include down payment and closing cost
5 assistance.

6 Sec. 2306.1073. ADMINISTRATION OF PROGRAM; RULES. (a) The
7 department shall administer the program.

8 (b) The board shall adopt rules governing:

9 (1) the administration of the program;

10 (2) the making of loans under the program;

11 (3) the criteria for approving participating mortgage
12 lenders;

13 (4) the use of insurance on the loans and the homes
14 financed under the program, as considered appropriate by the board
15 to provide additional security for the loans;

16 (5) the verification of occupancy of the home by the
17 homebuyer as the homebuyer's principal residence; and

18 (6) the terms of any contract made with any mortgage
19 lender for processing, originating, servicing, or administering
20 the loans.

21 Sec. 2306.1074. ELIGIBILITY. (a) To be eligible for a
22 mortgage loan under this subchapter, a homebuyer must:

23 (1) qualify as a first-time homebuyer under this
24 subchapter;

25 (2) have an income of not more than 115 percent of area
26 median family income or 140 percent of area median family income in
27 targeted areas; and

1 (3) meet any additional requirements or limitations
2 prescribed by the department.

3 (b) To be eligible for a loan under this subchapter to
4 assist a homebuyer with down payment and closing costs, a homebuyer
5 must:

6 (1) qualify as a first-time homebuyer under this
7 subchapter;

8 (2) have an income of not more than 80 percent of area
9 median family income; and

10 (3) meet any additional requirements or limitations
11 prescribed by the department.

12 (c) The department may contract with other agencies of the
13 state or with private entities to determine whether applicants
14 qualify as first-time homebuyers under this section or otherwise to
15 administer all or part of this section.

16 Sec. 2306.1075. FEES. The board of directors of the
17 department may set and collect from each applicant any fees the
18 board considers reasonable and necessary to cover the expenses of
19 administering the program.

20 Sec. 2306.1076. FUNDING. (a) The department shall ensure
21 that a loan under this section is structured in a way that complies
22 with any requirements associated with the source of the funds used
23 for the loan.

24 (b) In addition to funds set aside for the program under
25 Section 1372.023, the department may solicit and accept funding for
26 the program from gifts and grants for the purposes of this section.

27 SECTION 2. (a) The Texas Department of Housing and

1 Community Affairs shall adopt the rules required by Section
2 2306.1073, Government Code, as added by this Act, not later than
3 December 1, 2007.

4 (b) The changes in law made by this Act apply only to an
5 application for assistance from the Texas First-Time Homebuyer
6 Program that is filed on or after January 1, 2008.

7 SECTION 3. This Act takes effect September 1, 2007.

President of the Senate

Speaker of the House

I certify that H.B. No. 1637 was passed by the House on May 11, 2007, by the following vote: Yeas 144, Nays 0, 2 present, not voting; and that the House concurred in Senate amendments to H.B. No. 1637 on May 25, 2007, by the following vote: Yeas 138, Nays 0, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 1637 was passed by the Senate, with amendments, on May 22, 2007, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor