

By: Menendez

H.B. No. 1637

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the operation and administration of the Texas
3 First-Time Homebuyer Program by the Texas Department of Housing and
4 Community Affairs and to certain down payment assistance under that
5 program.

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

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

9 SUBCHAPTER MM. TEXAS FIRST-TIME HOMEBUYER PROGRAM

10 Sec. 2306.1071. DEFINITIONS. In this subchapter:

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

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

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

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

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

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

24 (5) "Targeted area" means a census tract in which 70

1 percent or more of the families have incomes that are 80 percent or
2 less of the statewide median income or an area of chronic economic
3 distress.

4 Sec. 2306.1072. TEXAS FIRST-TIME HOMEBUYER PROGRAM. (a)
5 The Texas First-Time Homebuyer Program shall facilitate the
6 origination of single-family mortgage loans for eligible
7 first-time homebuyers.

8 (b) The program may include down payment and closing cost
9 assistance.

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

12 (b) The board shall adopt rules governing:

13 (1) the administration of the program;

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

15 (3) the criteria for approving participating mortgage
16 lenders;

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

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

22 (6) the terms of any contract made with any mortgage
23 lender for processing, originating, servicing, or administering
24 the loans.

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

27 (1) qualify as a first-time homebuyer under this

1 subchapter;

2 (2) have an income of not more than 115 percent of area
3 median family income, adjusted for family size, as permitted by
4 Section 143, Internal Revenue Code of 1986; and

5 (3) meet any additional requirements or limitations
6 prescribed by the department.

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

10 (1) qualify as a first-time homebuyer under this
11 subchapter;

12 (2) have an income of not more than 80 percent of area
13 median family income, adjusted for family size, as permitted by
14 Section 143, Internal Revenue Code of 1986, if the homebuyer is
15 purchasing a property that is not located in a targeted area; and

16 (3) meet any additional requirements or limitations
17 prescribed by the department.

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

22 Sec. 2306.1075. FEES. The board of directors of the
23 department may set and collect from each applicant any fees the
24 board considers reasonable and necessary to cover the expenses of
25 administering the program.

26 Sec. 2306.1076. FUNDING. (a) The department shall ensure
27 that a loan under this section is structured in a way that complies

1 with any requirements associated with the source of the funds used
2 for the loan.

3 (b) In addition to funds set aside for the program under
4 Section 1372.023, the department may solicit and accept funding for
5 the program from the following sources:

6 (1) gifts and grants for the purposes of this section;
7 and

8 (2) any source of funds or subsidy available to the
9 department as provided by Section 2306.142.

10 SECTION 2. (a) The Texas Department of Housing and
11 Community Affairs shall adopt the rules required by Section
12 2306.1073, Government Code, as added by this Act, not later than
13 December 1, 2007.

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

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