

AN ACT

relating to the issuance of private activity bonds and to certain home loan programs.

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

SECTION 1. Section 1372.002, Government Code, is amended by amending Subsection (a) and adding Subsections (c) and (d) to read as follows:

(a) For purposes of this chapter, a project is:

(1) an eligible facility or facilities that are [~~is~~] proposed to be financed, in whole or in part, by an issue of qualified residential rental project bonds; [~~or~~]

(2) in connection with an issue of qualified mortgage bonds or qualified student loan bonds, the providing of financial assistance to qualified mortgagors or students located in all or any part of the jurisdiction of the issuer; or

(3) an eligible facility that is proposed to be financed, in whole or in part, by an issue of bonds other than bonds described by Subdivision (1) or (2).

(c) For purposes of Subsection (a)(1), an application under this chapter may include either the rehabilitation or new construction, or both the rehabilitation and new construction, of qualified residential rental facilities located at multiple sites and with respect to which 51 percent or more of the residential units are located:

1 (1) in a county with a population of less than 75,000;
2 or
3 (2) in a county in which the median income is less than
4 the median income for the state, provided that the units are located
5 in that portion of the county that is not included in a metropolitan
6 statistical area containing one or more projects that are proposed
7 to be financed, in whole or in part, by an issuance of bonds.

8 (d) For purposes of Subsection (c), in an application for a
9 reservation, the number of sites may be reduced as needed without
10 affecting their status as a project for purposes of the
11 application, provided that the final application for a reservation
12 contains at least two sites.

13 SECTION 2. Section 1372.0221, Government Code, is amended
14 to read as follows:

15 Sec. 1372.0221. DEDICATION OF PORTION OF STATE CEILING FOR
16 PROFESSIONAL EDUCATORS HOME LOAN PROGRAM. Until August 7 ~~[1]~~, out
17 of that portion of the state ceiling that is available exclusively
18 for reservations by the Texas State Affordable Housing Corporation
19 ~~[issuers of qualified mortgage bonds]~~ under Section 1372.0223, 54.5
20 percent ~~[1372.022, \$25 million]~~ shall be allotted each year and
21 made available ~~[exclusively]~~ to the corporation ~~[Texas State~~
22 ~~Affordable Housing Corporation]~~ for the purpose of issuing
23 qualified mortgage bonds in connection with the professional
24 educators home loan program established under Section 2306.562.

25 SECTION 3. Section 1372.0222, Government Code, is amended
26 to read as follows:

27 Sec. 1372.0222. DEDICATION OF PORTION OF STATE CEILING FOR

FIRE FIGHTER AND LAW ENFORCEMENT OR SECURITY OFFICER HOME LOAN PROGRAM. Until August 7 [~~1~~], out of that portion of the state ceiling that is available exclusively for reservations by the Texas State Affordable Housing Corporation [~~issuers of qualified mortgage bonds~~] under Section 1372.0223, 45.5 percent [~~1372.022, \$25 million~~] shall be allotted each year and made available [~~exclusively~~] to the corporation [~~Texas State Affordable Housing Corporation~~] for the purpose of issuing qualified mortgage bonds in connection with the fire fighter, law enforcement officer, and security officer home loan program established under Section 2306.5621.

SECTION 4. Section 1372.0223, Government Code, is amended to read as follows:

Sec. 1372.0223. DEDICATION OF PORTION OF STATE CEILING TO CERTAIN ISSUERS OF QUALIFIED MORTGAGE BONDS [~~FOR PROFESSIONAL NURSING PROGRAM FACULTY MEMBER HOME LOAN PROGRAM~~]. Until August 7 [~~1~~], out of that portion of the state ceiling that is available exclusively for reservations by issuers of qualified mortgage bonds under Section 1372.022:

(1) 10 percent is [~~7, \$5 million shall be allotted each year and made~~] available exclusively to the Texas State Affordable Housing Corporation for the purpose of issuing qualified mortgage bonds; and

(2) 56.66 percent is available exclusively to housing finance corporations for the purpose of issuing qualified mortgage bonds [~~in connection with the professional nursing program faculty member home loan program established under Section 2306.5622~~].

SECTION 5. Section 1372.023(a), Government Code, is amended to read as follows:

(a) Until August 7 [~~15~~], of that portion of the state ceiling that is available exclusively for reservations by issuers of qualified mortgage bonds, 33.34 percent [~~one-third~~] is available exclusively to the Texas Department of Housing and Community Affairs for the purpose of issuing qualified mortgage bonds.

SECTION 6. Sections 1372.0231(d), (e), (g), and (i), Government Code, are amended to read as follows:

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

(e) Until March 1 [~~May 15~~] of each year, for each of the uniform state service regions containing [~~Austin,~~] Dallas [~~7~~] or Houston, the board shall reserve a total of \$15 million of the state ceiling set aside for the region under Subsection (d) for:

(1) the areas in the region that are located outside of a metropolitan statistical area; or

(2) projects involving the rehabilitation of a qualified residential rental facility or facilities in the region, regardless of whether the projects are located inside or outside a metropolitan statistical area.

(g) On or after May [~~June~~] 1, the board may not grant available reservations to housing finance corporations described by Subsection (a) based on uniform state service regions or any

1 segments of those regions.

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

7 SECTION 7. Section 1372.0261(a), Government Code, is
8 amended to read as follows:

9 (a) In this section, "utilization percentage" means that
10 portion of the amount of the state ceiling allocated to a housing
11 finance corporation with respect to which the corporation issues
12 private activity bonds that result in mortgage loans or mortgage
13 credit certificates. A housing finance corporation's utilization
14 percentage for an allocation of the state ceiling is the quotient
15 of:

16 (1) the amount of the state ceiling:

17 (A) with respect to which mortgage loans have
18 been originated, considering only the original principal balance of
19 those loans;

20 (B) that is used to purchase mortgages or
21 mortgage-backed securities; or

22 (C) that is ~~[the amount of the state ceiling]~~
23 used to issue mortgage credit certificates; divided by

24 (2) the amount of the state ceiling allocated, minus
25 any amounts of the state ceiling required for debt service reserve
26 funds.

27 SECTION 8. Section 1372.031, Government Code, is amended to

read as follows:

Sec. 1372.031. PRIORITIES FOR RESERVATIONS AMONG CERTAIN ISSUERS. Subject to Sections 1372.0321, ~~[and]~~ 1372.0231, and 1372.035(c) if, on or before October 20, more than one issuer in a category described by Section 1372.022(a)(2), (3), (4), or (6) applies for a reservation of the state ceiling for the next program year, the board shall grant reservations in that category in the order determined by the board by lot.

SECTION 9. Section 1372.0321(a-1), Government Code, as added by Chapters 330 and 1329, Acts of the 78th Legislature, Regular Session, 2003, is reenacted and amended to read as follows:

(a-1) In granting reservations to issuers of qualified residential rental project issues, the board shall give second priority to projects in which 80 ~~[100]~~ percent or more of the residential units in the project are:

(1) 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

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

SECTION 10. Section 1372.035, Government Code, is amended by amending Subsection (b) and adding Subsection (c) to read as follows:

(b) Except as provided by Sections 1372.031-1372.033 and Subsection (c), the board shall grant reservations in the order in

1 which the applications for those reservations are received,
2 regardless of the amounts of the related bond issues.

3 (c) If, with respect to an application, an issuer receives a
4 carryforward designation under Section 1372.061(b), the board
5 shall grant a reservation with respect to the issuer's next
6 available application on the earlier of the following:

7 (1) the date of receipt of notice from the issuer that
8 the application for which the issuer received the carryforward
9 designation is being withdrawn; or

10 (2) if the amount of the carryforward is sufficient to
11 satisfy fully the issuer's next available application, the date of
12 expiration of the period specified by Section 1372.042(a-1).

13 SECTION 11. Section 1372.037(a), Government Code, is
14 amended to read as follows:

15 (a) Except as provided by Subsection (b), before August 15
16 [September 1] the board may not grant for any single project a
17 reservation for that year that is greater than:

18 (1) \$25 million, if the issuer is an issuer of
19 qualified mortgage bonds, other than the Texas Department of
20 Housing and Community Affairs or the Texas State Affordable Housing
21 Corporation;

22 (2) \$50 million, if the issuer is an issuer of a
23 state-voted issue, other than the Texas Higher Education
24 Coordinating Board, or \$75 million, if the issuer is the Texas
25 Higher Education Coordinating Board;

26 (3) the amount to which the Internal Revenue Code
27 limits issuers of qualified small issue bonds and enterprise zone

1 facility bonds, if the issuer is an issuer of those bonds;

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

6 (5) the amount as prescribed in Sections 1372.033(d),
7 (e), and (f), if the issuer is an issuer authorized by Section
8 53.47, Education Code, to issue qualified student loan bonds; or

9 (6) \$50 million, if the issuer is any other issuer of
10 bonds that require an allocation.

11 SECTION 12. Section 1372.070, Government Code, is amended
12 to read as follows:

13 Sec. 1372.070. FORM AND CONTENTS OF APPLICATION FOR
14 CARRYFORWARD APPLICATION. An application for a carryforward
15 designation must:

16 (1) be on a form prescribed by the board;

17 (2) be signed by a member or officer of the issuer and
18 by[+]

19 [~~(A)~~] the governor, if the issuer was created to
20 act on behalf of this state[~~, or~~

21 [~~(B) the presiding officer or another authorized~~
22 ~~official of each political subdivision, if the issuer was created~~
23 ~~to act on behalf of one or more political subdivisions of this~~
24 ~~state~~];

25 (3) state the amount of carryforward sought;

26 (4) describe the project;

27 (5) state which priority classification is applicable

1 to the applicant;

2 (6) include evidence satisfactory to the board that
3 that priority classification is correct; and

4 (7) contain any other information that the board by
5 rule requires.

6 SECTION 13. Sections 2306.553(a) and (b), Government Code,
7 are amended to read as follows:

8 (a) The public purpose of the corporation is to perform
9 activities and services that the corporation's board of directors
10 determines will promote the public health, safety, and welfare
11 through the provision of adequate, safe, and sanitary housing
12 primarily for individuals and families of low, very low, and
13 extremely low income and~~[,]~~ for persons who are eligible for loans
14 ~~[professional educators]~~ under the ~~[professional educators]~~ home
15 loan programs ~~[program as]~~ provided by Sections ~~[Section]~~ 2306.562
16 and~~[, for fire fighters, corrections officers, county jailers,~~
17 ~~public security officers, and peace officers under the fire~~
18 ~~fighter, law enforcement officer, and security officer home loan~~
19 ~~program as provided by Section]~~ 2306.5621~~[, and for professional~~
20 ~~nursing program faculty members under the professional nursing~~
21 ~~program faculty member home loan program as provided by Section~~
22 ~~2306.5622]~~. The activities and services shall include engaging in
23 mortgage banking activities and lending transactions and
24 acquiring, holding, selling, or leasing real or personal property.

25 (b) The corporation's primary public purpose is to
26 facilitate the provision of housing by issuing qualified 501(c)(3)
27 bonds and qualified residential rental project bonds and by making

affordable loans to individuals and families of low, very low, and extremely low income and[7] to persons who are eligible for loans under the home loan programs provided by Sections 2306.562 and 2306.5621 [~~professional educators under the professional educators home loan program, to fire fighters, corrections officers, county jailers, public security officers, and peace officers under the fire fighter, law enforcement officer, and security officer home loan program, and to professional nursing program faculty members under the professional nursing program faculty member 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 14. Sections 2306.562(a), (b), and (c), Government

Code, are amended to read as follows:

(a) In this section:

(1) "Allied health program faculty member" means a full-time member of the faculty of an undergraduate or graduate allied health program of a public or private institution of higher education in this state.

(1-a) "Graduate allied health program" means a postbaccalaureate certificate or master's or doctoral degree program in an allied health profession that is accredited by an accrediting entity recognized by the United States Department of Education.

(1-b) "Graduate professional nursing program" and "undergraduate professional nursing program" have the meanings assigned by Section 54.221, Education Code.

(2) "Home" means a dwelling in this state in which a professional educator intends to reside as the professional educator's principal residence.

(3) ~~[(2)]~~ "Mortgage lender" has the meaning assigned by Section 2306.004.

(4) ~~[(3)]~~ "Professional educator" means a classroom teacher, full-time paid teacher's aide, full-time librarian, full-time counselor certified under Subchapter B, Chapter 21, Education Code, ~~[or]~~ full-time school nurse, or allied health or professional nursing program faculty member.

(5) "Professional nursing program faculty member" means a full-time member of the faculty of either an undergraduate or graduate professional nursing program.

1 (6) [~~(4)~~] "Program" means the professional educators
2 home loan program.

3 (7) "Undergraduate allied health program" means an
4 undergraduate degree or certificate program that:

5 (A) prepares students for licensure,
6 certification, or registration in an allied health profession; and

7 (B) is accredited by an accrediting entity
8 recognized by the United States Department of Education.

9 (b) The corporation shall establish a program to provide
10 low-interest home mortgage loans to eligible professional
11 educators whose income does not exceed the greater of:

12 (1) 115 percent of area median family income, adjusted
13 for family size; or

14 (2) the maximum amount permitted by Section 143(f),
15 Internal Revenue Code of 1986~~[, with low-interest home mortgage~~
16 ~~loans]~~.

17 (c) To be eligible for a loan under this section, a
18 professional educator must:

19 (1) reside in this state on the application date; and
20 (2) be employed by a school district or be an allied
21 health or professional nursing program faculty member in this state
22 on the application date.

23 SECTION 15. Section 2306.5622, Government Code, is
24 repealed.

25 SECTION 16. Section 1372.0261, Government Code, as amended
26 by this Act, applies only to a reservation of state ceiling granted
27 on or after January 1, 2008.

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

H.B. No. 3552

President of the Senate

Speaker of the House

I certify that H.B. No. 3552 was passed by the House on May 8, 2007, by the following vote: Yeas 146, Nays 0, 2 present, not voting; and that the House concurred in Senate amendments to H.B. No. 3552 on May 24, 2007, by the following vote: Yeas 143, Nays 0, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 3552 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