

# SENATE AMENDMENTS

2<sup>nd</sup> Printing

By: Menendez, Murphy

H.B. No. 1637

A BILL TO BE ENTITLED

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 140 percent of area  
26 median family income; and

27 (3) meet any additional requirements or limitations

1 prescribed by the department.

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

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

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

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

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

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

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

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

26 SECTION 2. (a) The Texas Department of Housing and  
27 Community Affairs shall adopt the rules required by Section

H.B. No. 1637

1 2306.1073, Government Code, as added by this Act, not later than  
2 December 1, 2007.

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

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

ADOPTED

MAY 22 2007

*Henry Spaw*  
Secretary of the Senate

COMMITTEE AMENDMENT NO. 1

BY: *Richard M. ...*

1 Amend H.B. No. 1637 as follows:

2

3 On Page 2, lines 25 and 26, strike "(2) have an income of not  
4 more than 140 percent of area median family income; and" and  
5 substitute "(2) have an income of not more than 115 percent of  
6 area median family income or 140 percent of area median family  
7 income in targeted areas; and".

8

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**May 18, 2007**

**TO:** Honorable Royce West, Chair, Senate Committee on Intergovernmental Relations

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB1637** by Menendez (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.), **Committee Report 2nd House, As Amended**

**No significant fiscal implication to the State is anticipated.**

The bill would amend the Government Code to provide the Texas Department of Housing and Community Affairs (TDHCA) the authority to operate the Texas First-Time Homebuyer Program. The bill would provide TDHCA the authority to establish rules and administer the program, would provide eligibility requirements for recipients of the Texas First-Time Homebuyer Program, and identifies the funding source for this program.

Based on information provided by TDHCA, it is assumed that costs related to the duties and responsibilities associated with implementing the provisions of the bill could be covered by utilizing existing resources.

The bill would take effect September 1, 2007.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 332 Department of Housing and Community Affairs

**LBB Staff:** JOB, DB, AH

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**May 17, 2007**

**TO:** Honorable Royce West, Chair, Senate Committee on Intergovernmental Relations

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB1637** by Menendez (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.), **As Engrossed**

**No significant fiscal implication to the State is anticipated.**

The bill would amend the Government Code to provide the Texas Department of Housing and Community Affairs (TDHCA) the authority to operate the Texas First-Time Homebuyer Program. The bill would provide TDHCA the authority to establish rules and administer the program, would provide eligibility requirements for recipients of the Texas First-Time Homebuyer Program, and identifies the funding source for this program.

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The bill would take effect September 1, 2007.

**Local Government Impact**

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**Source Agencies:** 332 Department of Housing and Community Affairs

**LBB Staff:** JOB, DB, AH

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**April 25, 2007**

**TO:** Honorable Kevin Bailey, Chair, House Committee on Urban Affairs

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE:** **HB1637** by Menendez (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. ), **Committee Report 1st House, As Amended**

**No significant fiscal implication to the State is anticipated.**

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The bill would take effect September 1, 2007.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 332 Department of Housing and Community Affairs

**LBB Staff:** JOB, DB, AH



LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 30, 2007

**TO:** Honorable Kevin Bailey, Chair, House Committee on Urban Affairs

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE:** **HB1637** by Menendez (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.), **As Introduced**

**No significant fiscal implication to the State is anticipated.**

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The bill would take effect September 1, 2007.

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