

By: Menendez

H.B. No. 3430

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to the operation and administration of the owner-builder  
3 loan program.

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

5 SECTION 1. Section 2306.753, Government Code, is amended by  
6 amending Subsections (a) and (b) and adding Subsection (e) to read  
7 as follows:

8 (a) Subject to this section, the department shall establish  
9 eligibility requirements for an owner-builder to receive a loan  
10 under this subchapter. The eligibility requirements must establish  
11 a priority for loans made under this subchapter to owner-builders  
12 with an annual income that does not exceed 30 percent, as determined  
13 by the department, of the greater of the state or local median  
14 family income, when combined with the income of any person who  
15 resides with the owner-builder [~~, as determined under Subsection~~  
16 ~~(b)(1), of less than \$17,500].~~

17 (b) To be eligible for a loan under this subchapter, an  
18 owner-builder:

19 (1) may not have an annual income that exceeds 60  
20 percent, as determined by the department, of the greater of the  
21 state or local median family income, when combined with the income  
22 of any person who resides with the owner-builder;

23 (2) must have resided in this state for the preceding  
24 six months;

1 (3) must have successfully completed an owner-builder  
2 education class under Section 2306.756; and

3 (4) must agree to provide, personally or through the  
4 noncontract labor of family members related within the third degree  
5 of consanguinity or second degree of affinity, as determined under  
6 Subchapter B, Chapter 573:

7 (A) [~~provide~~] at least 60 percent of the labor  
8 necessary to build the proposed housing by working through a  
9 state-certified owner-builder housing program; or

10 (B) [~~provide~~] an amount of labor equivalent to  
11 the amount required under Paragraph (A) in connection with building  
12 housing for others through a state-certified nonprofit  
13 owner-builder housing program.

14 (e) If after the first 210 days of availability in the  
15 program year the funds set aside under Subsection (d) have not been  
16 reserved for that purpose, the funds may be made available to other  
17 eligible applicants under this subchapter.

18 SECTION 2. Section 2306.754, Government Code, is amended by  
19 amending Subsections (a), (b), and (c) and adding Subsection (c-1)  
20 to read as follows:

21 (a) The department may establish the minimum amount of a  
22 loan under this subchapter, but a loan may not exceed \$45,000  
23 [~~\$30,000~~].

24 (b) If it is not possible for an owner-builder to purchase  
25 necessary real property and build adequate housing for \$45,000  
26 [~~\$30,000~~], the owner-builder must obtain the amount necessary that  
27 exceeds \$45,000 [~~\$30,000~~] from one or more local governmental

1 entities, nonprofit organizations, or private lenders. The  
2 department may not provide directly or indirectly any part of the  
3 additional amount permitted by this subsection. The total amount  
4 of loans made by the department and other entities to an  
5 owner-builder under this subchapter, excluding the amounts of any  
6 deferred forgivable loans made by a party other than the  
7 department, may not exceed \$90,000 [~~\$60,000~~].

8 (c) A loan made by the department under this subchapter:

9 (1) may not exceed a term of 30 years;

10 (2) may bear interest at a fixed rate of not more than  
11 three percent or bear interest in the following manner:

12 (A) no interest for the first two years of the  
13 loan;

14 (B) beginning with the second anniversary of the  
15 date the loan was made, interest at the rate of one percent a year;

16 (C) beginning on the third anniversary of the  
17 date the loan was made and ending on the sixth anniversary of the  
18 date the loan was made, interest at a rate that is one percent  
19 greater than the rate borne in the preceding year; and

20 (D) beginning on the sixth anniversary of the  
21 date the loan was made and continuing through the remainder of the  
22 loan term, interest at the rate of five percent; and

23 (3) must [~~may~~] be secured by a lien on the real  
24 property.

25 (c-1) A department lien under Subsection (c)(3) may be [~~7~~  
26 ~~including a lien that is~~] subordinate to a lien that secures a loan  
27 made by another party under Subsection (b) only if the original

1 principle amount of the loan made under Subsection (b) exceeds 55  
2 percent of the total loan amount, excluding the amounts of any  
3 deferred forgivable loans made by the other party [~~and that is~~  
4 ~~greater than the department's lien~~].

5 SECTION 3. Section 2306.758(a), Government Code, is amended  
6 to read as follows:

7 (a) The department may [~~shall~~] solicit gifts and grants to  
8 make loans under this subchapter.

9 SECTION 4. The changes in law made by this Act apply only to  
10 a loan application submitted to the Texas Department of Housing and  
11 Community Affairs on or after the effective date of this Act. A  
12 loan application submitted to the department before the effective  
13 date of this Act is governed by the law in effect on the date the  
14 application was submitted, and the former law is continued in  
15 effect for that purpose.

16 SECTION 5. This Act takes effect September 1, 2009.