

1-1 By: Deuell S.B. No. 1002
1-2 (In the Senate - Filed February 20, 2009; March 4, 2009,
1-3 read first time and referred to Committee on Government
1-4 Organization; April 24, 2009, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 5, Nays 0;
1-6 April 24, 2009, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 1002 By: Nelson

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to the continuation and functions of the Texas State
1-11 Affordable Housing Corporation; providing penalties.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Section 2306.5521, Government Code, is amended
1-14 to read as follows:

1-15 Sec. 2306.5521. SUNSET PROVISION. The Texas State
1-16 Affordable Housing Corporation is subject to Chapter 325 (Texas
1-17 Sunset Act). Unless continued in existence as provided by that
1-18 chapter, the corporation is abolished and this subchapter expires
1-19 September 1, 2015 [~~2009~~].

1-20 SECTION 2. Subsections (a) and (b), Section 2306.554,
1-21 Government Code, are amended to read as follows:

1-22 (a) The board of directors of the corporation consists of
1-23 seven [~~five~~] members appointed by the governor. One member must
1-24 represent the interests of individuals and families served by the
1-25 corporation's single-family mortgage loan programs, one member
1-26 must represent nonprofit housing organizations, and the remaining
1-27 five members must [~~who~~] represent one or more [~~any~~] of the following
1-28 areas:

- 1-29 (1) state or federal savings banks or savings and loan
1-30 associations;
1-31 (2) community banks with assets of \$200 million or
1-32 less;
1-33 (3) large metropolitan banks with assets of more than
1-34 \$1 billion;
1-35 (4) asset management companies;
1-36 (5) mortgage servicing companies;
1-37 (6) builders;
1-38 (7) real estate developers;
1-39 (8) real estate brokers;
1-40 (9) community or economic development organizations;
1-41 (10) private mortgage companies;
1-42 (11) nonprofit housing development companies;
1-43 (12) attorneys;
1-44 (13) investment bankers;
1-45 (14) underwriters;
1-46 (15) private mortgage insurance companies;
1-47 (16) appraisers;
1-48 (17) property management companies;
1-49 (18) financial advisors;
1-50 (19) nonprofit foundations;
1-51 (20) financial advisors; or
1-52 (21) any other area of expertise that the governor
1-53 finds necessary for the successful operation of the corporation.

1-54 (b) The governor shall designate a member of the
1-55 corporation's board of directors as the presiding officer of the
1-56 [corporation's] board of directors to serve in that capacity at the
1-57 pleasure of the governor [~~from the members~~].

1-58 SECTION 3. Section 2306.5541, Government Code, is amended
1-59 to read as follows:

1-60 Sec. 2306.5541. TERMS OF MEMBERS. The members of the board
1-61 of directors of the corporation serve staggered six-year terms,
1-62 with the terms of [~~one or~~] two or three members expiring on February
1-63 1 of each odd-numbered year.

2-1 SECTION 4. Subsection (b), Section 2306.5543, Government
2-2 Code, is amended to read as follows:

2-3 (b) The training program must provide the person with
2-4 information regarding:

2-5 (1) the legislation that created the corporation [~~and~~
2-6 ~~the corporation's board of directors~~];

2-7 (2) the programs, functions, rules, and budget of
2-8 [~~operated by~~] the corporation;

2-9 (3) [~~the role and functions of the corporation,~~
2-10 ~~(4) the rules of the corporation with an emphasis on~~

2-11 ~~the rules that relate to disciplinary and investigatory authority,~~
2-12 ~~(5) the current budget for the corporation,~~

2-13 ~~(6)] the results of the most recent formal audit of the
2-14 corporation;~~

2-15 (4) [~~(7)] the requirements of laws relating to[+
2-16 [(A) the] open meetings, [law, Chapter 551,~~

2-17 ~~[(B) the] public information, [law, Chapter 552,~~
2-18 ~~[(C) the] administrative procedure, and~~

2-19 ~~conflicts of interest [law, Chapter 2001, and~~
2-20 ~~[(D) other laws relating to public officials,~~

2-21 ~~including conflict-of-interest laws]; and~~
2-22 (5) [~~(8)] any applicable ethics policies adopted by~~

2-23 the corporation or the Texas Ethics Commission.

2-24 SECTION 5. Subsection (b), Section 2306.5545, Government
2-25 Code, is amended to read as follows:

2-26 (b) A person may not be a member of the corporation's board
2-27 of directors and may not be a corporation employee employed in a

2-28 "bona fide executive, administrative, or professional capacity,"
2-29 as that phrase is used for purposes of establishing an exemption to

2-30 the overtime provisions of the federal Fair Labor Standards Act of
2-31 1938 (29 U.S.C. Section 201 et seq.), and its subsequent

2-32 amendments, if:

2-33 (1) the person is an officer, employee, or paid
2-34 consultant of a Texas trade association in the field of banking,
2-35 mortgage lending, real estate, housing development, or housing

2-36 construction; or
2-37 (2) the person's spouse is an officer, manager, or paid

2-38 consultant of a Texas trade association in the field of banking,
2-39 mortgage lending, real estate, housing development, or housing

2-40 construction.

2-41 SECTION 6. Subsection (d), Section 2306.559, Government
2-42 Code, is amended to read as follows:

2-43 (d) The report must include:

2-44 (1) a statement of support, revenue, and expenses and
2-45 change in fund balances;

2-46 (2) a statement of functional expenses; [~~and~~]
2-47 (3) balance sheets for all funds;

2-48 (4) the number, amount, and purpose of private gifts,
2-49 grants, donations, or other funds applied for and received;

2-50 (5) the number, amount, and purpose of loans provided
2-51 to affordable housing developers, regardless of whether the
2-52 corporation provides those loans directly to the developers or
2-53 administers the loans from another source;

2-54 (6) the amount and source of funds deposited into any
2-55 fund created by the corporation for the purpose of providing grants
2-56 and the number, amount, and purpose of any grants provided; and

2-57 (7) the total amount of annual revenue generated by
2-58 the corporation in excess of its expenditures.

2-59 SECTION 7. Subchapter Y, Chapter 2306, Government Code, is
2-60 amended by adding Section 2306.5671 to read as follows:

2-61 Sec. 2306.5671. COMPLIANCE WITH TERMS OF CERTAIN CONTRACTS
2-62 OR AGREEMENTS. A compliance contract or agreement between the

2-63 corporation and a housing sponsor that receives bond financing by
2-64 or through the corporation for the purpose of providing affordable
2-65 multifamily housing must contain a provision stating that if the

2-66 housing sponsor fails to comply with the terms of the contract or
2-67 agreement, the corporation may, as appropriate:

2-68 (1) assess penalties;
2-69 (2) remove the manager of the affected property and

3-1 select a new manager;
 3-2 (3) withdraw reserve funds to make needed repairs and
 3-3 replacements to the property; or
 3-4 (4) appoint the corporation as a receiver to protect
 3-5 and operate the property.

3-6 SECTION 8. Section 2306.568, Government Code, is amended to
 3-7 read as follows:

3-8 Sec. 2306.568. RECORD OF COMPLAINTS. (a) The corporation
 3-9 shall maintain a system to promptly and efficiently act on
 3-10 complaints [file on each written complaint] filed with the
 3-11 corporation. The corporation shall maintain information about
 3-12 parties to the complaint, [file must include:

3-13 [~~(1) the name of the person who filed the complaint;~~
 3-14 [~~(2) the date the complaint is received by the~~
 3-15 corporation;

3-16 [~~(3) the subject matter of the complaint,~~ +
 3-17 [~~(4) the name of each person contacted in relation to~~
 3-18 the complaint;

3-19 [~~(5) a summary of the results of the review or~~
 3-20 investigation of the complaint, and its disposition, + and

3-21 [~~(6) an explanation of the reason the file was closed,~~
 3-22 if the corporation closed the file without taking action other than
 3-23 to investigate the complaint].

3-24 (b) The corporation shall make information available
 3-25 describing its [provide to the person filing the complaint and to
 3-26 each person who is a subject of the complaint a copy of the
 3-27 corporation's policies and] procedures for [relating to] complaint
 3-28 investigation and resolution.

3-29 (c) The corporation [, at least quarterly until final
 3-30 disposition of the complaint,] shall periodically notify the
 3-31 [person filing the] complaint parties [and each person who is a
 3-32 subject of the complaint] of the status of the complaint until final
 3-33 disposition [investigation unless the notice would jeopardize an
 3-34 undercover investigation].

3-35 SECTION 9. Section 2306.569, Government Code, is amended to
 3-36 read as follows:

3-37 Sec. 2306.569. EFFECTIVE USE OF TECHNOLOGY. The
 3-38 corporation's board of directors shall [develop and] implement a
 3-39 policy requiring the [president of the] corporation [and
 3-40 corporation employees] to use [research and propose] appropriate
 3-41 technological solutions to improve the corporation's ability to
 3-42 perform its functions. The policy [technological solutions] must +

3-43 [~~(1) ensure that the public is able to [easily find~~
 3-44 information about the corporation on the Internet;

3-45 [~~(2) ensure that persons who want to use the~~
 3-46 corporation's services are able to:

3-47 [~~(A) interact with the corporation on [through]~~
 3-48 the Internet, + and

3-49 [~~(B) access any service that can be provided~~
 3-50 effectively through the Internet; and

3-51 [~~(3) be cost-effective and developed through the~~
 3-52 corporation's planning processes].

3-53 SECTION 10. Subchapter Y, Chapter 2306, Government Code, is
 3-54 amended by adding Section 2306.5691 to read as follows:

3-55 Sec. 2306.5691. INFORMATIONAL WEBSITE. The corporation
 3-56 shall develop and maintain a publicly accessible Internet website
 3-57 that:

3-58 (1) provides the public with information regarding:
 3-59 (A) terminology associated with mortgages and
 3-60 other home-secured loans;

3-61 (B) positive and negative aspects of different
 3-62 types of mortgage loans and other home-secured loans; and

3-63 (C) predatory lending practices; and

3-64 (2) allows a person who resides in this state to enter
 3-65 the person's specific financial information into the website and
 3-66 receive information relating to:

3-67 (A) mortgage rates that the person is eligible to
 3-68 receive; and

3-69 (B) state and local home loan programs and other

4-1 related resources that are available to the person.

4-2 SECTION 11. Section 2306.5671, Government Code, as added by
4-3 this Act, does not affect the terms of a compliance contract or
4-4 agreement entered into before the effective date of this Act,
4-5 except that if the contract or agreement is renewed, modified, or
4-6 extended on or after the effective date of this Act, Section
4-7 2306.5671 applies to the contract or agreement beginning on the
4-8 date of renewal, modification, or extension.

4-9 SECTION 12. (a) Promptly after this Act takes effect, the
4-10 governor shall appoint two additional members to the board of
4-11 directors of the Texas State Affordable Housing Corporation. In
4-12 appointing those members, the governor shall appoint one person to
4-13 a term expiring February 1, 2011, and one to a term expiring
4-14 February 1, 2013. As provided by Subsection(a), Section 2306.554,
4-15 Government Code, as amended by this Act:

4-16 (1) one member appointed under this subsection must
4-17 represent the interests of individuals and families served by the
4-18 Texas State Affordable Housing Corporation's single-family
4-19 mortgage loan programs, unless the governor determines that a
4-20 current member of the board of directors represents those persons;
4-21 and

4-22 (2) one member appointed under this subsection must
4-23 represent nonprofit housing organizations, unless the governor
4-24 determines that a current member of the board of directors
4-25 represents those organizations.

4-26 (b) Until all appointees to the board of directors of the
4-27 Texas State Affordable Housing Corporation have taken office, a
4-28 quorum of the board is a majority of the number of members who are
4-29 qualified.

4-30 SECTION 13. This Act takes effect September 1, 2009.

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