

By: West

S.B. No. 1375

A BILL TO BE ENTITLED

AN ACT

relating to the establishment of the Texas savvy homeowner program.

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

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

SUBCHAPTER OO. TEXAS SAVVY HOMEOWNER PROGRAM

Sec. 2306.2001. DEFINITION. In this subchapter, "program" means the Texas savvy homeowner program.

Sec. 2306.2002. ESTABLISHMENT OF PROGRAM. (a) The department shall, in coordination with the Texas State Affordable Housing Corporation, the Department of Savings and Mortgage Lending, the Office of Consumer Credit Commissioner, and local housing finance corporations, establish the Texas savvy homeowner program to make refinancing education and assistance available to all individuals residing in a home for which they have received mortgage loan, mortgage credit certificate, down payment, or other loan assistance from the department, the Texas State Affordable Housing Corporation, or a housing finance corporation, including assistance through mortgage revenue bonds or through the department's allocation of funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Section 12701 et seq.).

(b) Except as provided by Subsection (c), participation in the program is voluntary.

1 (c) Participation in the program is mandatory for
2 individuals receiving mortgage loan, mortgage credit certificate,
3 down payment, or other loan assistance from the department, the
4 Texas State Affordable Housing Corporation, or a housing finance
5 corporation on or after December 1, 2009. Any assistance described
6 by this subsection that is issued on or after that date shall be
7 provided to the individual with information concerning:

8 (1) the requirements and procedures of the program;

9 and

10 (2) the contact information of the program
11 administrator.

12 Sec. 2306.2003. PROGRAM DEVELOPMENT AND ADMINISTRATION.

13 (a) The department shall, in coordination with the Texas State
14 Affordable Housing Corporation, the Department of Savings and
15 Mortgage Lending, the Office of Consumer Credit Commissioner, and
16 housing finance corporations, develop:

17 (1) best practices for home refinancing; and

18 (2) a curriculum for the provision of individualized
19 counseling to program participants that includes information
20 concerning:

21 (A) mortgage refinancing options;

22 (B) home equity practices;

23 (C) predatory lending practices; and

24 (D) a comparison of any refinancing terms being
25 offered to the individual and refinancing terms otherwise available
26 to the individual.

27 (b) The department shall:

1 (1) administer the program directly; or

2 (2) prepare and issue a request for proposal and enter
3 into a contract providing for the administration of the program by a
4 nonprofit corporation that:

5 (A) is a housing counselor certified by the
6 United States Department of Housing and Urban Development or the
7 department; and

8 (B) complies with any requirements imposed on the
9 program administrator in relation to the best practices and
10 curriculum developed by the department under Subsection (a).

11 (c) If the department does not administer the program, the
12 program administrator shall submit quarterly reports to the
13 department detailing the counseling services provided and whether
14 the counseling recipients obtained refinancing.

15 Sec. 2306.2004. MODIFICATION OF LOAN TERMS. (a) As a
16 condition of receiving mortgage loan, mortgage credit certificate,
17 down payment, or other loan assistance from the department, the
18 Texas State Affordable Housing Corporation, or a local housing
19 finance corporation, a program participant must agree to notify the
20 program administrator in writing of any intent to modify the terms
21 of any loan secured by the home in which the participant resides.
22 The notice must be provided not later than the 60th day before the
23 date the loan terms are modified.

24 (b) On receipt of notice under Subsection (a), the program
25 administrator shall:

26 (1) contact the loan recipient not later than the 30th
27 day after the date of receipt of the notice; and

1 (2) on the phone or in person, provide the loan
2 recipient with an individualized counseling session based on the
3 curriculum developed by the department under Section 2306.2003(a).

4 Sec. 2306.2005. RULES. The department may adopt rules
5 necessary to implement this subchapter.

6 SECTION 2. The Texas Department of Housing and Community
7 Affairs shall adopt any rules required by Subchapter OO, Chapter
8 2306, Government Code, as added by this Act, not later than December
9 1, 2009.

10 SECTION 3. This Act takes effect September 1, 2009.