

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 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 assistance from the department or the Texas State Affordable Housing 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) Participation in the program is mandatory for individuals receiving mortgage loan assistance from the department or the corporation on or after September 1, 2009. Any mortgage loan assistance issued on or after that date shall be provided to the individual with information concerning:

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

1           (2) the contact information of the program  
2 administrator.

3           Sec. 2306.2003. PROGRAM DEVELOPMENT AND ADMINISTRATION.

4 (a) The department shall:

5           (1) develop best practices for home refinancing;

6           (2) develop a curriculum for the provision of  
7 individualized counseling to program participants that includes  
8 information concerning:

9                   (A) mortgage refinancing options;

10                   (B) home equity practices;

11                   (C) predatory lending practices; and

12                   (D) a comparison of any refinancing terms being  
13 offered to the individual and refinancing terms otherwise available  
14 to the individual; and

15           (3) enter into a memorandum of understanding with the  
16 corporation to:

17                   (A) provide for direct administration of the  
18 program by the department; or

19                   (B) prepare and issue a request for proposal and  
20 enter into a contract providing for the administration of the  
21 program by a nonprofit corporation that is a housing counselor  
22 certified by the United States Department of Housing and Urban  
23 Development.

24           (b) If the department does not administer the program, the  
25 program administrator shall submit quarterly reports to the  
26 department detailing the counseling services provided and whether  
27 the counseling recipients obtained refinancing.

1       Sec. 2306.2004. MODIFICATION OF LOAN TERMS. (a) As a  
2 condition of receiving mortgage loan assistance from the department  
3 or the corporation, a program participant must agree to notify the  
4 program administrator in writing of any intent to modify the terms  
5 of the mortgage loan. The notice must be provided not later than  
6 the 60th day before the date the loan terms are modified.

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

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

11           (2) provide the loan recipient with an individualized  
12 counseling session on the phone or in person.

13       Sec. 2306.2005. RULES. The department may adopt rules  
14 necessary to implement this subchapter.

15       SECTION 2. The Texas Department of Housing and Community  
16 Affairs shall adopt any rules required by Subchapter 00, Chapter  
17 2306, Government Code, as added by this Act, not later than December  
18 1, 2009.

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