

1-1 By: West S.B. No. 1375
1-2 (In the Senate - Filed March 4, 2009; March 17, 2009, read
1-3 first time and referred to Committee on Intergovernmental
1-4 Relations; April 27, 2009, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 5, Nays 0;
1-6 April 27, 2009, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 1375 By: West

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

1-10 relating to the establishment of the Texas savvy homeowner program.
1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
1-12 SECTION 1. Chapter 2306, Government Code, is amended by
1-13 adding Subchapter OO to read as follows:
1-14 SUBCHAPTER OO. TEXAS SAVVY HOMEOWNER PROGRAM
1-15 Sec. 2306.2001. DEFINITION. In this subchapter, "program"
1-16 means the Texas savvy homeowner program.
1-17 Sec. 2306.2002. ESTABLISHMENT OF PROGRAM. (a) The
1-18 department shall, in coordination with the Texas State Affordable
1-19 Housing Corporation, the Department of Savings and Mortgage
1-20 Lending, the Office of Consumer Credit Commissioner, and local
1-21 housing finance corporations, establish the Texas savvy homeowner
1-22 program to make refinancing education and assistance available to
1-23 all individuals residing in a home for which they have received
1-24 mortgage loan, mortgage credit certificate, down payment, or other
1-25 loan assistance from the department, the Texas State Affordable
1-26 Housing Corporation, or a housing finance corporation, including
1-27 assistance through mortgage revenue bonds or through the
1-28 department's allocation of funds provided to the state under the
1-29 Cranston-Gonzalez National Affordable Housing Act (42 U.S.C.
1-30 Section 12701 et seq.).
1-31 (b) Except as provided by Subsection (c), participation in
1-32 the program is voluntary.
1-33 (c) Participation in the program is mandatory for
1-34 individuals receiving mortgage loan, mortgage credit certificate,
1-35 down payment, or other loan assistance from the department, the
1-36 Texas State Affordable Housing Corporation, or a housing finance
1-37 corporation on or after December 1, 2009. Any assistance described
1-38 by this subsection that is issued on or after that date shall be
1-39 provided to the individual with information concerning:
1-40 (1) the requirements and procedures of the program;
1-41 and
1-42 (2) the contact information of the program
1-43 administrator.
1-44 Sec. 2306.2003. PROGRAM DEVELOPMENT AND ADMINISTRATION.
1-45 (a) The department shall, in coordination with the Texas State
1-46 Affordable Housing Corporation, the Department of Savings and
1-47 Mortgage Lending, the Office of Consumer Credit Commissioner, and
1-48 housing finance corporations, develop:
1-49 (1) best practices for home refinancing; and
1-50 (2) a curriculum for the provision of individualized
1-51 counseling to program participants that includes information
1-52 concerning:
1-53 (A) mortgage refinancing options;
1-54 (B) home equity practices;
1-55 (C) predatory lending practices; and
1-56 (D) a comparison of any refinancing terms being
1-57 offered to the individual and refinancing terms otherwise available
1-58 to the individual.
1-59 (b) The department shall:
1-60 (1) administer the program directly; or
1-61 (2) prepare and issue a request for proposal and enter
1-62 into a contract providing for the administration of the program by a
1-63 nonprofit corporation that:

2-1 (A) is a housing counselor certified by the
2-2 United States Department of Housing and Urban Development or the
2-3 department; and

2-4 (B) complies with any requirements imposed on the
2-5 program administrator in relation to the best practices and
2-6 curriculum developed by the department under Subsection (a).

2-7 (c) If the department does not administer the program, the
2-8 program administrator shall submit quarterly reports to the
2-9 department detailing the counseling services provided and whether
2-10 the counseling recipients obtained refinancing.

2-11 Sec. 2306.2004. MODIFICATION OF LOAN TERMS. (a) As a
2-12 condition of receiving mortgage loan, mortgage credit certificate,
2-13 down payment, or other loan assistance from the department, the
2-14 Texas State Affordable Housing Corporation, or a local housing
2-15 finance corporation, a program participant must agree to notify the
2-16 program administrator in writing of any intent to modify the terms
2-17 of any loan secured by the home in which the participant resides.
2-18 The notice must be provided not later than the 60th day before the
2-19 date the loan terms are modified.

2-20 (b) On receipt of notice under Subsection (a), the program
2-21 administrator shall:

2-22 (1) contact the loan recipient not later than the 30th
2-23 day after the date of receipt of the notice; and

2-24 (2) on the phone or in person, provide the loan
2-25 recipient with an individualized counseling session based on the
2-26 curriculum developed by the department under Section 2306.2003(a).

2-27 Sec. 2306.2005. RULES. The department may adopt rules
2-28 necessary to implement this subchapter.

2-29 SECTION 2. The Texas Department of Housing and Community
2-30 Affairs shall adopt any rules required by Subchapter OO, Chapter
2-31 2306, Government Code, as added by this Act, not later than December
2-32 1, 2009.

2-33 SECTION 3. This Act takes effect September 1, 2009.

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