

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**April 21, 2009**

**TO:** Honorable Vicki Truitt, Chair, House Committee on Pensions, Investments & Financial Services

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB3426** by Hernandez (Relating to the notice required by certain mortgage servicers before foreclosing a contract lien on certain real property; providing civil penalties.), **As Introduced**

**No significant fiscal implication to the State is anticipated.**

The bill would amend the Property Code relating to the foreclosure of a contract lien on a residential real property occupied by an owner whose mortgage was financed by an institution that received federal funds through the Economic Stabilization Act of 2008. The institution or mortgagee could not accelerate a repayment of a debt secured by a contract lien or post real property for a foreclosure sale under the power of sale conferred by a deed of trust unless procedures in the bill were followed. The Texas Department of Housing and Community Affairs (TDHCA) would be required to prescribe the form of the specified notice required by the bill.

A mortgage servicer who violates the bill would be liable for damages and for a civil penalty of no more than \$2,000.

Based on the analysis of the Department of Savings and Mortgage Lending and TDHCA, duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 332 Department of Housing and Community Affairs, 450 Department of Savings and Mortgage Lending

**LBB Staff:** JOB, JRO, ACa