

BILL ANALYSIS

Senate Research Center
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S.B. 1690
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, the Texas Department of Housing and Community Affairs (TDHCA) offers numerous programs including the HOMEbuyer Assistance Program, the Texas Bootstrap Loan Program, the My First Texas Home Program, and several other programs designed for low-income families. However, none of these programs are specifically targeted to manufactured housing. S.B. 1690 establishes a down-payment assistance program by the manufactured housing division of TDHCA for the purchase of manufactured homes by low-income individuals and families.

As proposed, S.B. 1690 amends current law relating to the establishment of a down payment assistance program by the manufactured housing division of the Texas Department of Housing and Community Affairs for the purchase of manufactured homes by low income individuals and families in rural areas.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Department of Housing and Community Affairs (TDHCA) in SECTION 6 (Section 1201.411, Occupations Code) and SECTION 7 of this bill.

Rulemaking authority previously granted to the executive director of the manufactured housing division of TDHCA is modified in SECTION 4 (Section 1201.404, Occupations Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 1201.058(b), Occupations Code, to require that ten dollars of the fee for each purchase, exchange, or lease-purchase of a manufactured home be deposited to the credit of the manufactured homeowners' recovery trust fund (trust fund) and used for the programs, rather than for the protection programs, described by Subchapter I (Manufactured Homeowners' Recovery Trust Fund).

SECTION 2. Amends Section 1201.402(c), Occupations Code, to authorize the trust fund, fees collected for the trust fund, and income earned from investment of the trust fund to be used only for the protection programs prescribed by this subchapter, or the program authorized under Section 1201.411.

SECTION 3. Amends Section 1201.403, Occupations Code, by amending Subsection (a) and adding Subsection (c), as follows:

(a) Prohibits the money available in the trust fund in any state fiscal year, subject to Subsection (c), from being reduced by more than one and one-half times the amount of the unreimbursed claims in the previous fiscal year. Deletes existing text requiring that one million dollars be reserved in the trust fund for payment of valid consumer claims.

(c) Requires that any money in the trust fund in excess of \$3 million be transferred from the trust fund and credited to the general revenue fund.

SECTION 4. Amends Section 1201.404(a), Occupations Code, to require that the trust fund, except as otherwise provided by Section 1201.411 or Subchapter C (Licensing), be paid directly to a consumer or, at the option of the executive director of the manufactured housing division of the Texas Department of Housing and Community Affairs (TDHCA) (director), to a third party on behalf of a consumer to compensate a consumer who sustains actual damages resulting from an unsatisfied claim against a licensed manufacturer, retailer, broker, or installer if the unsatisfied claim results from certain violations.

SECTION 5. Amends Section 1201.409(a), Occupations Code, to require that the trust fund, except as otherwise provided by Section 1201.411 or Subchapter C, be reimbursed by the surety on a bond or from other security filed under Subchapter C for the amount of a claim that is paid out of the trust fund by the director to a consumer in accordance with this subchapter.

SECTION 6. Amends Subchapter I, Chapter 1201, Occupations Code, by adding Section 1201.411, as follows:

Sec. 1201.411. DOWN PAYMENT ASSISTANCE PROGRAM. (a) Defines "energy producing area," "program," and "rural area" in this section.

(b) Requires TDHCA to establish a program providing to eligible persons down payment assistance, in the form of deferred forgivable second lien loans, for the purchase of manufactured homes in rural areas. Provides that loans provided under this section:

(1) are prohibited from exceeding \$2,000 per person; and

(2) are required to be forgiven at the rate of one-fifth of the outstanding balance of the loan for each year after the issuance of the loan that the person resides in the home.

(c) Requires a person, to be eligible for down payment assistance under this section, to:

(1) be an individual or family earning not more than 80 percent of the area median income or applicable federal poverty line as determined under Section 2306.123 (Area Median Income) or 2306.1231 (Federal Poverty Line), Government Code;

(2) meet any creditworthiness or purchase price standards established by TDHCA rule;

(3) occupy the purchased manufactured home as the person's primary residence; and

(4) purchase a manufactured home in a rural area.

(d) Requires a person who receives down payment assistance through a second lien loan under this section to repay the outstanding balance of the loan if the person ceases to occupy the manufactured home as the person's primary residence.

(e) Requires TDHCA to adopt rules governing the administration of the program, the issuance of down payment assistance under the program, creditworthiness and purchase price standards, and the verification of occupancy of the manufactured home as the person's primary residence.

(f) Requires TDHCA to award down payment assistance under the program on a first-come, first-served basis. Authorizes TDHCA to publish on its Internet website notice that TDHCA is accepting applications for the program.

(g) Requires TDHCA to fund the program with:

(1) subject to Subsection (h), fees deposited to the trust fund under Section 1201.058 (Amount of Fees);

(2) money appropriated to TDHCA for that purpose; or

(3) other sources authorized under Subsection (i).

(h) Prohibits TDHCA from providing assistance for the program under Subsection (g)(1) until the fund has a total balance that is not less than \$100,000 more than an amount equal to one and one-half times the amount of the unreimbursed claims in the preceding state fiscal year.

(i) Authorizes TDHCA to solicit and accept funding for the program from gifts and grants for the purposes of this section, any state or federal programs that provide money that may be used for the purposes of this section, and amounts received by TDHCA in any repayments of loans made under this section.

SECTION 7. Requires TDHCA to adopt the rules required by Section 1201.411(e), Government Code, as added by this Act, not later than December 1, 2013.

SECTION 8. Effective date: September 1, 2013.