

By: Lucio

S.B. No. 1690

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the establishment of a down payment assistance program
3 by the manufactured housing division of the Texas Department of
4 Housing and Community Affairs for the purchase of manufactured
5 homes by low income individuals and families in rural areas.

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

7 SECTION 1. Section 1201.058(b), Occupations Code, is
8 amended to read as follows:

9 (b) Ten dollars of the fee for each purchase, exchange, or
10 lease-purchase of a manufactured home shall be deposited to the
11 credit of the trust fund and used for the [~~protection~~] programs
12 described by Subchapter I.

13 SECTION 2. Section 1201.402(c), Occupations Code, is
14 amended to read as follows:

15 (c) The trust fund, fees collected for the trust fund, and
16 income earned from investment of the trust fund may be used only
17 for:

18 (1) the protection programs prescribed by this
19 subchapter; or

20 (2) the program authorized under Section 1201.411.

21 SECTION 3. Section 1201.403, Occupations Code, is amended
22 by amending Subsection (a) and adding Subsection (c) to read as
23 follows:

24 (a) Subject to Subsection (c), in any state fiscal year the

1 money available in the [~~One million dollars shall be reserved in~~
2 ~~the~~] trust fund may not be reduced by more than one and one-half
3 times the amount of the unreimbursed claims in the previous fiscal
4 year [~~for payment of valid consumer claims~~].

5 (c) Any money in the trust fund in excess of \$3 million shall
6 be transferred from the trust fund and credited to the general
7 revenue fund.

8 SECTION 4. Section 1201.404(a), Occupations Code, is
9 amended to read as follows:

10 (a) Except as otherwise provided by Section 1201.411 or
11 Subchapter C, the trust fund shall be paid directly to a consumer
12 or, at the director's option, to a third party on behalf of a
13 consumer to compensate a consumer who sustains actual damages
14 resulting from an unsatisfied claim against a licensed
15 manufacturer, retailer, broker, or installer if the unsatisfied
16 claim results from a violation of:

- 17 (1) this chapter;
- 18 (2) a rule adopted by the director;
- 19 (3) the National Manufactured Housing Construction
20 and Safety Standards Act of 1974 (42 U.S.C. Section 5401 et seq.);
- 21 (4) a rule or regulation of the United States
22 Department of Housing and Urban Development; or
- 23 (5) Subchapter E, Chapter 17, Business & Commerce
24 Code.

25 SECTION 5. Section 1201.409(a), Occupations Code, is
26 amended to read as follows:

27 (a) Except as otherwise provided by Section 1201.411 or

1 Subchapter C, the trust fund shall be reimbursed by the surety on a
2 bond or from other security filed under Subchapter C for the amount
3 of a claim that is paid out of the trust fund by the director to a
4 consumer in accordance with this subchapter.

5 SECTION 6. Subchapter I, Chapter 1201, Occupations Code, is
6 amended by adding Section 1201.411 to read as follows:

7 Sec. 1201.411. DOWN PAYMENT ASSISTANCE PROGRAM. (a) In
8 this section:

9 (1) "Energy producing area" means a county in which
10 oil and gas exploration and production or energy generation is an
11 industry of significance, as determined by the department.

12 (2) "Program" means the down payment assistance
13 program established under this section.

14 (3) "Rural area" means an energy producing area that
15 is located:

16 (A) outside the boundaries of a primary
17 metropolitan statistical area or a metropolitan statistical area;

18 (B) within the boundaries of a primary
19 metropolitan statistical area or a metropolitan statistical area,
20 if the statistical area has a population of 25,000 or less and does
21 not share a boundary with an urban area; or

22 (C) in an area that is eligible for funding by the
23 Texas Rural Development Office of the United States Department of
24 Agriculture, other than an area that is located in a municipality
25 with a population of more than 50,000.

26 (b) The department shall establish a program providing to
27 eligible persons down payment assistance, in the form of deferred

1 forgivable second lien loans, for the purchase of manufactured
2 homes in rural areas. Loans provided under this section:

- 3 (1) may not exceed \$2,000 per person; and
4 (2) must be forgiven at the rate of one-fifth of the
5 outstanding balance of the loan for each year after the issuance of
6 the loan that the person resides in the home.

7 (c) To be eligible for down payment assistance under this
8 section, a person must:

9 (1) be an individual or family earning not more than 80
10 percent of the area median income or applicable federal poverty
11 line as determined under Section 2306.123 or 2306.1231, Government
12 Code;

13 (2) meet any creditworthiness or purchase price
14 standards established by department rule;

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

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

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

22 (e) The department shall adopt rules governing:

23 (1) the administration of the program;

24 (2) the issuance of down payment assistance under the
25 program;

26 (3) creditworthiness and purchase price standards;

27 and

1 (4) the verification of occupancy of the manufactured
2 home as the person's primary residence.

3 (f) The department shall award down payment assistance
4 under the program on a first-come, first-served basis. The
5 department may publish on its Internet website notice that the
6 department is accepting applications for the program.

7 (g) The department shall fund the program with:

8 (1) subject to Subsection (h), fees deposited to the
9 trust fund under Section 1201.058;

10 (2) money appropriated to the department for that
11 purpose; or

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

13 (h) The department may not provide assistance for the
14 program under Subsection (g)(1) until the fund has a total balance
15 that is not less than \$100,000 more than an amount equal to one and
16 one-half times the amount of the unreimbursed claims in the
17 preceding state fiscal year.

18 (i) The department may solicit and accept funding for the
19 program from the following sources:

20 (1) gifts and grants for the purposes of this section;

21 (2) any state or federal programs that provide money
22 that may be used for the purposes of this section; and

23 (3) amounts received by the department in any
24 repayments of loans made under this section.

25 SECTION 7. The Texas Department of Housing and Community
26 Affairs shall adopt the rules required by Section 1201.411(e),
27 Government Code, as added by this Act, not later than December 1,

1 2013.

2 SECTION 8. This Act takes effect September 1, 2013.