

## **BILL ANALYSIS**

C.S.H.B. 2473  
By: Davis, Yvonne  
Investments & Financial Services  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Interested parties observe that a joint state-federal settlement was recently reached with several large mortgage servicers in response to questionable misconduct that resulted in the premature and unauthorized foreclosure of single-family residential mortgages in Texas and other states. The parties note that Texas received over \$100 million under the settlement, with several million dollars of that amount deposited in a dedicated judicial fund for civil penalties and the remaining amount deposited to the general revenue fund. However, the parties assert that under the terms of the settlement, the remaining funds were intended to be used for certain housing-related purposes. C.S.H.B. 2473 aims to ensure that the received funds are used in accordance with the objective of the settlement.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the governing board of the Texas Department of Housing and Community Affairs in SECTION 1 of this bill.

### **ANALYSIS**

C.S.H.B. 2473 amends the Government Code to require the Texas Department of Housing and Community Affairs (TDHCA) to create and administer an affordable homeownership assistance program to provide grants to assist organizations in making below-market rate residential mortgage loans to residents of neighborhoods with homeownership rates of less than 50 percent. The bill requires an organization, as conditions of eligibility to receive a grant under the program, to have a history of making below-market rate residential mortgage loans to low and moderate income households, to provide homebuyer education services, and to provide post-home purchase counseling and support services. The bill requires TDHCA's governing board, not later than December 1, 2015, to adopt rules to implement the program and, in adopting such rules, to require an organization to use grant money awarded under the program to make residential mortgage loans to certain Texas residents at a below-market interest rate and to give priority to organizations that qualify for matching funds from federal or private sources in awarding grants under the program.

C.S.H.B. 2473 requires an organization awarded a grant under the affordable homeownership assistance program to submit an annual report to TDHCA that contains information regarding the organization's use of the grant money and the reinvestment of loan principal and interest payments made to the organization. The bill requires TDHCA to consult with the Department of Savings and Mortgage Lending in creating and administering the program.

**EFFECTIVE DATE**

September 1, 2015.

**COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 2473 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

**INTRODUCED**

SECTION 1. Chapter 13, Finance Code, is amended by adding Section 13.017 to read as follows:

Sec. 13.017. AFFORDABLE HOMEOWNERSHIP ASSISTANCE PROGRAM. (a) In this section, "residential mortgage loan" has the meaning assigned by Section 180.002.

(b) The Department of Savings and Mortgage Lending shall create and administer a program to provide grants to assist organizations to make below-market rate residential mortgage loans to residents of neighborhoods that have homeownership rates of less than 50 percent.

(c) To be eligible to receive a grant under this section, an organization must:  
(1) have a history of making below-market rate residential mortgage loans to low and moderate income households;  
(2) provide homebuyer education services;  
and  
(3) provide post-home purchase counseling and support services.

(d) The finance commission shall adopt rules to implement the program established under this section.

(e) In adopting rules under this section, the finance commission shall:  
(1) require an organization to use grant money awarded under this section to make residential mortgage loans to residents of this state described by Subsection (a) at a below-market interest rate; and  
(2) require that in awarding grants the Department of Savings and Mortgage Lending give priority to organizations that qualify for matching funds from federal or private sources.

**HOUSE COMMITTEE SUBSTITUTE**

SECTION 1. Subchapter K, Chapter 2306, Government Code, is amended by adding Section 2306.2562 to read as follows:

Sec. 2306.2562. AFFORDABLE HOMEOWNERSHIP ASSISTANCE PROGRAM. (a) In this section, "residential mortgage loan" has the meaning assigned by Section 180.002, Finance Code.

(b) The department shall create and administer a program to provide grants to assist organizations to make below-market rate residential mortgage loans to residents of neighborhoods that have homeownership rates of less than 50 percent.

(c) To be eligible to receive a grant under this section, an organization must:  
(1) have a history of making below-market rate residential mortgage loans to low and moderate income households;  
(2) provide homebuyer education services;  
and  
(3) provide post-home purchase counseling and support services.

(d) The board shall adopt rules to implement the program established under this section.

(e) In adopting rules under this section, the board shall:  
(1) require an organization to use grant money awarded under this section to make residential mortgage loans to residents of this state described by Subsection (b) at a below-market interest rate; and  
(2) in awarding grants under the program, give priority to organizations that qualify for matching funds from federal or private sources.

(f) An organization awarded a grant under this section shall submit to the Department of Savings and Mortgage Lending an annual report that contains information regarding the organization's use of the grant money and the reinvestment of loan principal and interest payments made to that organization.

No equivalent provision.

SECTION 2. Not later than December 1, 2015, the Finance Commission of Texas shall adopt the rules required by Section 13.017, Finance Code, as added by this Act.

SECTION 3. This Act takes effect September 1, 2015.

(f) An organization awarded a grant under this section shall submit to the department an annual report that contains information regarding the organization's use of the grant money and the reinvestment of loan principal and interest payments made to that organization.

(g) The department shall consult with the Department of Savings and Mortgage Lending in creating and administering the program under this section.

SECTION 2. Not later than December 1, 2015, the governing board of the Texas Department of Housing and Community Affairs shall adopt the rules required by Section 2306.2562, Government Code, as added by this Act.

SECTION 3. Same as introduced version.