

BILL ANALYSIS

Senate Research Center
78R8509 KEG-F

S.B. 1508
By: Van de Putte
Veteran Affairs & Military Installations
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DIGEST AND PURPOSE

Currently, the Veterans' Land Board (VLB) provides loans to eligible veterans for the purchase of land. VLB has been making land loans to veterans since 1949 and is the only program of its kind in the nation. As proposed, S.B. 1508 makes technical corrections and changes to bring VLB closer to industry standards and streamline processes, including increasing the loan amount, reducing the acreage requirements, and making title insurance corrections.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 161.212(a), (b), (c), Natural Resources Code, as follows:

- (a) Requires the Veterans' Land Board (VLB) to have an appraisal, rather than an appraisement, of property, to determine its value before purchase.
- (b) Requires a person making an appraisal on behalf of VLB, rather than an appraiser representing VLB, to be licensed or certified as an appraiser by the State of Texas, rather than reasonably qualified to give competent appraisal of land.
- (c) Requires the appraiser to make a written report to VLB in the form and manner required by VLB. Deletes text referring to an affidavit and its required content.

SECTION 2. Amends Section 161.214, Natural Resources Code, as follows:

- Sec. 161.214. TITLE. (a) Authorizes VLB to require a title insurance policy or appropriate examination of title, rather than an abstract of title or policy of title insurance, for the purpose of examining the title of the property sought to be purchased.
- (b) Authorizes VLB to purchase land that has mineral interests outstanding or is subject to title exceptions acceptable to VLB. Deletes text referring to outstanding mineral leases and text referring to a marketable and good title.

SECTION 3. Amends Section 161.227, Natural Resources Code, as follows:

- Sec. 161.227. LEASE OF LAND. (a) Includes in the list of exceptions from the prohibition from leasing land purchased, by the purchaser, under this chapter for more than 10 years, the authorization of leases, whether referred to as leases, licenses, or easements, for microwave, radio, or other communication towers for a term of not more than 50 years.
- (b) Includes a reference to Subsection (a)(3).

SECTION 4. Amends Section 161.281(c), Natural Resources Code, to decrease the minimum acreage from not less than five acres to not less than one acre.

SECTION 5. Amends Section 161.283(b), Natural Resources Code, to increase the maximum amount VLB can pay for property from \$40,000 to \$60,000 and to include VLB's designee as an authorized entity for a veteran to pay, in addition to VLB.

SECTION 6. Amends Section 161.288, Natural Resources Code, to make a conforming change.

SECTION 7. Amends Section 161.315, Natural Resources Code, to include in the county clerk's duties the duty to record the notice of forfeiture. Makes nonsubstantive changes.

SECTION 8. Amends Section 161.317, Natural Resources Code, as follows:

Sec. 161.317. REINSTATEMENT OF PURCHASE. (a) Deletes gender specific references and replaces them with gender neutral language. Authorizes VLB, if a contract is forfeited more than two times, to require that the purchaser or the purchaser's vendee pay the account in full, as a condition of reinstatement.

(b) Includes as a requirement of a person who exercises a right of reinstatement, to fulfill any other requirements prescribed by VLB. Makes nonsubstantive changes.

SECTION 9. Amends Section 161.320, Natural Resources Code, as follows:

Sec. 161.320. New heading: LATE PAYMENTS; DEFAULT INTEREST RATE. (a) Authorizes VLB to impose late payment charges.

(b) Authorizes VLB, in addition to charging for late payments under Subsection (a), to set and impose a default rate of interest on the past due amounts or the entire balance. Deletes text referring to delinquent principal and interest.

SECTION 10. Amends Section 161.323, Natural Resources Code, to authorize VLB to release an assignor from liability under this section if at least three years have passed since the approved assignment.

SECTION 11. Amends Section 161.361, Natural Resources Code, as follows:

Sec. 161.361. New heading: DEFINITION. Defines "person purchasing land under the program," rather than "persons purchasing land under the program." Deletes definitions for "person in the group" and "the indebtedness due to the board."

SECTION 12. Amends Sections 161.362(a) and (b), Natural Resources Code, as follows:

(a) Requires persons purchasing land under the program, rather than each veteran purchaser, to carry insurance on the improvements on the property in an amount, rather than under contract of purchase, that VLB considers necessary. Provides that failure to do so will subject the contract to forfeiture or the mortgage to foreclosure. Deletes a reference to Subchapter H of this chapter.

(b) Makes conforming and nonsubstantive changes.

SECTION 13. Amends Section 161.363, Natural Resources Code, as follows:

Sec. 161.363. New heading: INSURANCE CONTRACT. Authorizes VLB to enter into a contract, rather than a master contract, with one or more insurance companies, rather than life insurance companies, authorized to do business in this state to provide life, rather than group life; disability; or other insurance coverage to persons purchasing land under the program, if it is in the best interest of the program. Deletes text referring to cancelling indebtedness on death.

SECTION 14. Amends Section 161.366, Natural Resources Code, to provide that it is not mandatory that a person purchasing land under the program accept the offer of the insurance

coverage, and requires that refusal by the person to accept the offer of the coverage not be a ground for VLB to decline to enter into a contract of sale and purchase or mortgage with the person.

SECTION 15. Amends Section 161.368, Natural Resources Code, to make a nonsubstantive change.

SECTION 16. Amends Section 161.370, Natural Resources Code, to make a conforming change.

SECTION 17. Amends the heading of Section 161.371, Natural Resources Code, to read as follows:

Sec. 161.371. TERMINATION OF INDIVIDUAL COVERAGE.

SECTION 18. Amends Section 161.371(a), Natural Resources Code, to authorize, rather than require, individual insurance coverage to be terminated for any person on terms agreed to by the insurer and VLB. Deletes the list of required terms for termination. Makes a nonsubstantive change.

SECTION 19. Amends Section 161.503(c), Natural Resources Code, to require VLB to adopt credit, underwriting, and appraisal standards that protect the best interest of the program and limit the exposure of the fund to any losses. Deletes text referring to obtaining insurance for losses.

SECTION 20. Amends Section 161.509, Natural Resources Code, as follows:

Sec. 161.509. New heading: LATE PAYMENTS; DEFAULT INTEREST RATE. (a) and (b) Make conforming changes.

Section 21. Repealer: Sections 161.212(d) (Appraisal), 161.362(c) (Insurance Requirement), 161.364 (Provisions of Insurance), 161.365 (Approval of Contract; Contractual Relationship), 161.369 (Death of Insured), and 161.371(b) and (c) (Termination of Insurance), Natural Resources Code.

SECTION 22. Effective date: September 1, 2003.
Makes application of this Act prospective.