

BILL ANALYSIS

Senate Research Center

S.B. 1618
By: Duncan
Finance
4-13-97
As Filed

DIGEST

Currently, collateralized mortgage obligations are not on the list of permissible collateral held by financial institutions. Many financial institutions hold collateralized mortgage obligations with a stated final maturity of greater than 10 years in their portfolios. S.B. 1618 adds collateralized mortgage obligations to the list of permissible collateral held by financial institutions.

PURPOSE

As proposed, S.B. 1618 adds collateralized mortgage obligations to the list of permissible collateral held by financial institutions.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 2257.002(5), Government Code, by adding Paragraph (D), to provide that a collateralized mortgage obligated is one that has an expected weighted average life of ten years or less and which does not constitute a "higher risk mortgage security." Defines "high risk mortgage security."

SECTION 2. Effective date: September 1, 1997.

SECTION 3. Emergency clause.