

BILL ANALYSIS

Senate Research Center

S.B. 1635
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As Filed

DIGEST

Recently, there have been several housing finance corporations which have joined together to form new housing finance corporations or housing finance corporations which have split off of a regional for the purpose of getting an advantage in the bond allocation process. Under current funds are allocated to those priority one issuers who have issued bonds least recently. This makes the allocation process unpredictable. This bill provides that a housing finance corporation will not be able to reorganize to gain an advantage in order to attain its next private activity bond allocation.

PURPOSE

As proposed, S.B. 1635 prohibits a housing finance corporation from reorganizing to gain an advantage in order to attain its next private activity bond allocation.

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 3(c), Article 5190.9a, V.T.C.S., to prohibit a governmental unit from joining or separating from an issuer composed of more than one jurisdiction simply for the purpose of obtaining a higher priority. Sets forth requirements for separating from an issuer.

SECTION 2. Amends Section 7, Article 5190.9a, V.T.C.S., to provide that issuers of qualified mortgage bonds who receive an allocation prior to June 1 have until July 31 or 90 days after the reservation date, whichever is later. Makes conforming changes.

SECTION 3. Amends Section 394.003, Government Code, by adding Subsection (13), to redefine "residential development."

SECTION 4. Amends Section 394.012, Government Code, by adding Subsection (h), to provide that for the purposes of determining the applicable population for Article 5190.9a, Section 3(b), V.T.C.S., the joint housing finance corporation may only consider area in its own state planning region.

SECTION 5. Amends Section 394.032, Government Code, by adding Subsection (e), to authorize a housing finance corporation to enter into co-operative agreements with other housing finance corporations to make home mortgages available in jurisdictions of other housing finance corporations anywhere within the state.

SECTION 6. Amends Section 394.037, Government Code, by amending Subsection (a), to authorize a housing finance corporation to issue bonds to defray in whole or in part costs of funding the making of home mortgages, either on a first come, first served basis or by selling lender commitments.

SECTION 7. Amends Section 394.040, Government Code, to authorize a housing finance corporation to make, contact to make, but is in no way required to make home mortgages by lending institutions.

SECTION 8. Amends Section 394.051, Government Code, by adding Subsection (h), to set forth requirements regarding a housing finance corporation.