

BILL ANALYSIS

Senate Research Center
78R14159 T

C.S.S.B. 1520
By: Lucio
Intergovernmental Relations
5/1/2003
Committee Report (Substituted)

DIGEST AND PURPOSE

Currently, three individuals are needed to file an application with local government to create a housing finance corporation (HFC) and to be the original incorporators. Additionally, an HFC is not explicitly allowed to enter into a partnership agreement with a developer. Thus an HFC will often form additional corporations to enter partnership agreements. Likewise, an HFC may have a corporate seal to execute instruments, including the issuance of bonds, by the corporation's officers. C.S.S.B. 1520 provides for technical changes in laws related to the creation and operation of housing finance corporations.

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 Section 394.011, Local Government Code, by amending Subsection (a) to require the governing body of a local government to consider a written application for the incorporation of a housing finance corporation filed with the governing body by one or more residents, rather than at least three, of the local government who are citizens of this state and at least 18 years of age.

SECTION 2. Amends Section 394.012, Local Government Code, by amending Subsection (a) to make a conforming change.

SECTION 3. Amends Section 394.013, Local Government Code, to make a conforming change.

SECTION 4. Amends Section 394.032, Local Government Code, by amending Subsection (a) and adding Subsection (f), as follows:

(a)(1) Authorizes a housing finance corporation (HFC) to make contracts and other instruments as necessary or convenient to the exercise of powers under this chapter including entering partnership agreements.

(f) Authorizes an HFC to be a partner in a general or limited partnership.

SECTION 5. Amends Section 394.033, Local Government Code, by amending Subsection (b) to authorize, but not require, an HFC to have a corporate seal, which may be altered at will, and to authorize, but not require, an HFC to use the seal by causing it, or a facsimile of it, to be impressed on, affixed to, or otherwise reproduced on any instrument required to be executed by the corporation's officers, including, but not limited to, its bonds.

SECTION 6. Amends Section 394.051, Local Government Code, as follows:

Deletes existing Subsections (c) and (d) and redesignates existing Subsections (e) through (h) as (c) through (f).

(c) Requires the HFC to notify the Texas Department on Aging (TDoA) of each bond

issuance for multifamily projects and to deliver a copy of each certificate of resolution authorizing the issuance and any other information required by TDoA.

SECTION 7. Amends Section 394.053, Local Government Code, by amending Subsection (a) to provide that the corporation's seal need not be impressed on, applied to, or otherwise reproduced on the bonds for the bonds to be valid obligations of the corporation.

SECTION 8. Effective date: upon passage or September 1, 2003.