

BILL ANALYSIS

Senate Research Center

C.S.H.B. 1582
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Intergovernmental Relations
5/19/2005
Committee Report (Substituted)

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

According to Fannie Mae, nearly half of all subprime mortgage borrowers could have qualified for a loan in the prime market. This predatory practice of steering qualified prime borrowers in the subprime market can cost a borrower thousands of dollars over the life of a loan. Other studies suggest low-income families and minorities are more likely to have subprime mortgage loans and to be susceptible to predatory lending practices, such as equity stripping and loan flipping.

C.S.H.B. 1582 requires the Texas Department of Housing and Community Affairs to conduct a study to examine mortgage foreclosure rates in certain counties.

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 Subchapter K, Chapter 2306, Government Code, by adding Section 2306.260, as follows:

Sec. 2306.260. STUDY REGARDING RESIDENTIAL FORECLOSURES. (a) Requires the Texas Department of Housing and Community Affairs (department) to conduct a study to examine mortgage foreclosure rates in Bexar, Cameron, Dallas, El Paso, Harris, and Travis counties and to establish an advisory committee to direct the focus of the study. Requires the advisory committee to be composed of certain persons.

(b) Provides that the representative of the Texas Housing and Research Consortium at The University of Texas at Austin serves as chair of the advisory committee.

(c) Requires the advisory committee established under Subsection (a) to address certain topics in the study.

(d) Requires the advisory committee to determine the methodology to be used in conducting the study. Requires the methodology used to study the topics listed in Subsections (c)(1), (2), and (3) to include a statistically significant sample size.

(e) Requires all findings of the advisory committee to be approved by a majority of the members of the advisory committee.

(f) Authorizes the department, to obtain information to conduct the study, to contract with appropriate organizations, public or private institutions of higher education, and entities with experience in conducting real estate or mortgage research. Requires all state agencies, boards, commissions, and institutions of higher education to comply with requests from the department for information or assistance in conducting the study.

(g) Requires all information used to conduct the study to be accessible to the department, the Savings and Loan Department, and the legislature. Requires the

department to prepare a consolidated analysis and recapitulation of the information used to conduct the study and to make the analysis and recapitulation available to the public. Requires the department to ensure that the analysis and recapitulation of the information used to conduct the study contain only aggregate data and do not contain data specific to any mortgage.

(h) Provides that except as provided by other law, private, confidential, and privileged information obtained for the production of any public reports is the property of the parties to the mortgage and is not subject to the disclosure provisions of Chapter 552 (Public Information).

(i) Requires the department to report to certain state elected officials on the study and its results not later than September 1, 2006.

(j) Authorizes the department, to conduct the study, to use money available under Section 1372.006(a-1) (Fees), and the department or advisory committee to seek and accept grants and donations.

(k) Provides that this section expires February 1, 2007.

SECTION 2. Amends Section 1372.006, Government Code, by adding Subsection (a-1) to provide that in addition to being used in the affordable housing research and information program under Section 2306.259 (Affordable Housing Research and Information Program), money transferred to department is authorized to be used by the department to conduct the study regarding residential foreclosures, as provided by Section 2306.260. Provides that this subsection expires February 1, 2007.

SECTION 3. Effective date: upon passage or September 1, 2005.