

BILL ANALYSIS

Senate Research Center
80R5978 KCR-F

S.B. 686
By: Van de Putte
Veteran Affairs & Military Installations
3/26/2007
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, the Veterans' Land Board (board) finances land loans for veterans using either contract for deed or mortgage loans. The board has determined that, due to certain provisions of contract for deed loans, it will discontinue using such loans and instead use only deed of trust and mortgage loans. This has created a need for the board to be able to sell such loans. Current law authorizes the board to sell only loans originated as contracts for deed, however.

As proposed, S.B. 686 authorizes the sale of any land loan made by the board and requires the deposit of the net proceeds from such sales in the veterans' land fund.

RULEMAKING AUTHORITY

Rulemaking authority previously granted to the Veterans' Land Board is modified in SECTION 1 (Section 161.515, Natural Resources Code), of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter K, Chapter 161, Natural Resources Code, by adding Sections 161.514 and 161.515, as follows:

Sec. 161.514. SALE OF LOANS. Authorizes the Veterans' Land Board (board) to sell at public or private sale, with or without public bidding, any or all loans made under this subchapter (Land Loans). Requires proceeds from the sale to be deposited in the veterans' land fund and otherwise applied in the manner provided by this chapter. Authorizes the board, at the direction of the board and with other available money, to use sale proceeds to discharge, pay, or redeem, wholly or partly, outstanding bonds issued by the board under this chapter. Authorizes a loan made under this chapter that is combined with a housing assistance loan made under Chapter 162 or a home mortgage loan made under Chapter 164 to be sold under this section or those chapters, as applicable.

Sec. 161.515. CERTAIN RIGHTS, BENEFITS, CONDITIONS, AND OBLIGATIONS PROHIBITED. Prohibits the board, in making rules and administering this subchapter, from imposing on or granting a loan recipient or transferee under Section 161.511 a right, benefit, condition, or obligation that may impair the board's ability to sell a loan made under this subchapter or the market value of such a loan.

SECTION 2. Amends Section 161.510, Natural Resources Code, as follows:

Sec. 161.510. New heading: COMBINATION WITH CERTAIN HOME LOANS. Authorizes the board to permit a person to combine a loan made under this subchapter with a housing assistance loan under Chapter 162, rather than a home loan under Chapter 162, and, in accordance with board rules, a home mortgage loan made under Chapter 164.

SECTION 3. Effective date: September 1, 2007.