

- SUBJECT:** Requiring a study of residential foreclosures in the Houston area
- COMMITTEE:** Business and Industry — favorable, without amendment
- VOTE:** 5 ayes — Giddings, Elkins, Darby, Solomons, Zedler  
0 nays  
4 absent — Bailey, Bohac, Castro, Martinez
- SENATE VOTE:** On final passage, April 19 — 31-0, on Local and Uncontested Calendar
- WITNESSES:** For — (*Registered, but did not testify:* Robert Doggett, Texas Low Income Housing Information Service; Daniel Gonzalez, Texas Association of Realtors)  
Against — None
- BACKGROUND:** Mortgage foreclosure rates have been rising significantly across the country for the past three years. According to the Houston Chronicle, in the Houston metropolitan area, 4.4 percent of loans were 30 or more days late during the first quarter of 2007, compared with 2.04 percent during the same period last year. In 2006, The Houston-Sugar Land-Baytown area ranked fourth in the country in terms of delinquencies of 30 days or more.
- DIGEST:** SB 645 would establish a study to examine mortgage foreclosure rates in the Houston-Sugar Land-Baytown Metropolitan Statistical Area conducted by the University of Houston. The study would be based on original research at the level of the individual borrower, including personal interviews with borrowers.
- An advisory committee established to conduct the study would comprise:
- the executive director of the Texas Department of Housing and Community Affairs (TDHCA) or the director's representative;
  - the savings and mortgage lending commissioner or the commissioner's representative;

- four members who represent community and consumer interests, appointed by the executive director of TDHCA;
- four members appointed by the savings and mortgage lending commissioner; and
- the president of the University of Houston, who would serve as chair of the committee.

The advisory committee would address the causes of foreclosures in the area from the perspective of the borrower, lender, mortgage originator, mortgage services provider, housing developer, secondary market representative, industry oversight agency, federal and state prosecutor, and consumer advocate. The committee would determine the methodology to be used in conducting the study, and all findings would have to be approved by a majority of the committee. Except as provided by other law, private, confidential, and privileged information obtained in the course of the study would not be subject to disclosure under the Public Information Act.

The University of Houston would report the results of the study to the governor, the lieutenant governor, and the speaker of the House by September 1, 2008. The study would expire on February 1, 2009.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2007, only if a specific appropriation for the implementation of the bill were provided in the general appropriations act for fiscal 2008-09.