

NATURAL RESOURCES CODE

TITLE 7. RESOURCES PROGRAMS

CHAPTER 162. VETERANS' HOUSING ASSISTANCE PROGRAM

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 162.001. DEFINITIONS. (a) In this chapter:

(1) "Board" means the Veterans' Land Board.

(2) "Fund" means the veterans' housing assistance fund.

(3) "Home" means a dwelling within this state in which a veteran intends to reside as the veteran's principal residence.

(4) "Lending institution" means a bank, trust company, savings bank, national banking association, savings and loan association, building and loan association, mortgage banker, mortgage company, credit union, life insurance company, or other financial institution that customarily provides service or aids in the financing of mortgages on single-family residential housing which has been approved for participation in the program by the board. The term includes a holding company for any of the foregoing.

(5) "Loan" means a veterans' housing assistance loan made or acquired by the board under this chapter secured by a mortgage on a veteran's home.

(6) "Program" means the Veterans' Housing Assistance Program.

(7) "Commission" means the Texas Veterans Commission.

(8) "Veteran" has the meaning assigned by Section [161.001](#).

(9) "Veterans' housing assistance fund" means the Veterans' Housing Assistance Fund established under Article III, Section 49-b-1, of the Texas Constitution or the Veterans' Housing Assistance Fund II established under Article III, Section 49-b-2, of the Texas Constitution. Each fund shall be separate and distinct from the other fund and the provisions of this chapter dealing with the fund shall relate to each fund separately and to the separate assets, liabilities, and administration of each fund.

(b) Repealed by Acts 2003, 78th Leg., ch. 1145, Sec. 5.

(c) Repealed by Acts 2003, 78th Leg., ch. 1145, Sec. 5.

Added by Acts 1983, 68th Leg., p. 547, ch. 115, Sec. 1. Amended by Acts 1985, 69th Leg., ch. 266, Sec. 1, eff. Sept. 1, 1985; Acts 1985, 69th Leg., ch. 798, Sec. 15; Acts 1991, 72nd Leg., ch. 239, Sec. 1, eff. Sept. 1, 1991; Acts 1993, 73rd Leg., ch. 242, Sec. 2.01 to 2.03, eff. Aug. 30, 1993; Acts 2001, 77th Leg., ch. 83, Sec. 2, eff. May 11, 2001; Acts 2003, 78th Leg., ch. 1145, Sec. 3, 5, eff. June 20, 2003.

Sec. 162.002. MONEY AND INTERESTS INCLUDED IN THE VETERANS' HOUSING ASSISTANCE FUND. (a) The veterans' housing assistance fund shall include:

(1) any interest of the board in home mortgage loans made from money in the fund to veterans pursuant to this chapter including any insurance thereon or on the homes;

(2) the proceeds derived from the sale or other disposition of the board's interest in home mortgage loans;

(3) the money attributable to any bonds issued and sold by the board to provide money for the fund which shall include but shall not be limited to the proceeds from the issuance and sale of such bonds;

(4) income, rents, and any other pecuniary benefit received by the board as a result of making these loans;

(5) sums received by way of indemnity or forfeiture for the failure of any bidder for the purchase of any such bonds to comply with the person's bid and accept and pay for such bonds and amounts received by the board under bond enhancement agreements with respect to the bonds;

(6) interest received from investments of any such money; and

(7) any equitable interest in properties encumbered under this program and attributable to the fund.

(b) Except as otherwise provided by law, money in the fund shall be deposited in the State Treasury to the credit of the fund.

Added by Acts 1983, 68th Leg., p. 547, ch. 115, Sec. 1. Amended by Acts 1993, 73rd Leg., ch. 242, Sec. 2.04, eff. Aug. 30, 1993; Acts

1997, 75th Leg., ch. 71, Sec. 3, eff. May 9, 1997.

Sec. 162.003. ADMINISTRATION. (a) The board shall administer the veterans' housing assistance fund and the Veterans' Housing Assistance Program in accordance with this chapter.

(1) The board may contract with other agencies of the state or with private entities to administer all or part of the program.

(2) To the extent that it is cost effective, the board may contract with the commission to determine whether or not applicants qualify as veterans under the terms of this chapter.

(3) The board may set and collect fees it considers reasonable and necessary from each applicant to cover the expenses of administering the program, and these fees shall be deposited in the State Treasury and credited to a special housing program fee fund.

(b) The board shall adopt rules governing the administration of the fund and program, the making or acquiring of veterans' housing assistance loans, the criteria for approving lending institutions, the use of insurance on the loans and the homes financed under the program, as deemed appropriate by the board, as further security for the loans, the verification of occupancy of the home by the veteran as his principal residence, and the terms and conditions of any contract made with any lending institution for processing, originating, servicing, or administering the loans. In determining the terms of any contracts for the origination or servicing of loans, the board shall review the prudent lending practices prevalent in the residential mortgage lending industry and shall follow such practices to the maximum extent practical.

(c) The board shall determine the quality and type of homes to be financed under the Veterans' Housing Assistance Program.

(d) The board shall maintain a list of approved lending institutions and shall review and revise such list as necessary at least annually.

(e) When the Veterans' Land Board applies under Subchapter C, Chapter [1231](#), Government Code, for the Bond Review Board's

approval of a bond issuance, or on request of the Bond Review Board, with respect to loans made under the program, the Veterans' Land Board shall file with the Bond Review Board a report on the performance of the loans. The Bond Review Board shall review the reports filed by the Veterans' Land Board under this subsection to assess the performance of loans made under the program. The filing dates and the contents of the reports must comply with any rules adopted by the Bond Review Board.

Added by Acts 1983, 68th Leg., p. 547, ch. 115, Sec. 1. Amended by Acts 1985, 69th Leg., ch. 798, Sec. 16, eff. Sept. 1, 1985; Acts 1991, 72nd Leg., 1st C.S., ch. 4, Sec. 13.03, eff. Aug. 22, 1991; Acts 2001, 77th Leg., ch. 1420, Sec. 8.356, eff. Sept. 1, 2001.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 1312 (S.B. 59), Sec. 88, eff. September 1, 2013.

Acts 2019, 86th Leg., R.S., Ch. 573 (S.B. 241), Sec. 1.43, eff. September 1, 2019.

Sec. 162.004. INVESTMENTS OF CERTAIN MONEY IN THE VETERANS' HOUSING ASSISTANCE FUND. Money in the fund that is not immediately committed to the payment of principal and interest on bonds issued by the board to provide money for the fund, the making of home mortgage loans as provided by this chapter, or the payment of expenses as provided by this chapter may be invested in investments authorized for the veterans land fund.

Added by Acts 1989, 71st Leg., ch. 720, Sec. 4, eff. June 14, 1989.

Sec. 162.0041. CUSTODY AND INVESTMENT OF ASSETS PENDING TRANSACTIONS. With the approval of the comptroller, the board, in managing the assets of the fund, pending the completion of an investment transaction, may:

(1) select one or more commercial banks, depository trust companies, or other entities to serve as a custodian of the cash or securities of the fund; and

(2) authorize the custodian to invest cash held under Subdivision (1) in the investments determined by the board.

Added by Acts 1997, 75th Leg., ch. 71, Sec. 4, eff. May 9, 1997.

Sec. 162.0042. LENDING SECURITIES. (a) In managing the assets of the fund, the board may:

(1) select one or more commercial banks, depository trust companies, or other entities to serve as a custodian of the securities of the fund; and

(2) authorize the custodian to lend the securities held under Subdivision (1) as provided by this section and by rules adopted by the board.

(b) To be eligible to lend securities under this section, a custodian selected by the board under Subsection (a) must be experienced in the operation of a fully secured securities loan program and must:

(1) maintain adequate capital in the prudent judgment of the board to assure the safety of the securities;

(2) execute an indemnification agreement satisfactory in form and content to the board fully indemnifying the board against loss resulting from the custodian's operation of a securities loan program for the fund's securities; and

(3) require any securities broker or dealer to whom it lends securities of the fund to deliver to, and maintain with, the custodian collateral in the form of cash, United States government securities, or letters of credit that are issued by banks rated as to investment quality not less than A or its equivalent by a nationally recognized investment rating firm in an amount equal to at least 100 percent of the market value, from time to time, of the loaned securities.

Added by Acts 1997, 75th Leg., ch. 71, Sec. 4, eff. May 9, 1997.

Amended by Acts 1999, 76th Leg., ch. 134, Sec. 4, eff. May 20, 1999.

Sec. 162.005. SALE OF LOANS. (a) Notwithstanding any other provision of this chapter, the board may sell at public or private sale, with or without public bidding, any or all of the loans in the fund. Proceeds from the sale shall be deposited in the fund and otherwise applied in the manner provided by this chapter, except that at the direction of the board the sale proceeds may be used by the board, together with other available money, to discharge, pay,

or redeem, in whole or in part, outstanding bonds issued by the board under this chapter.

(b) In the resolution of the board that authorizes the sale of any or all of the loans in the fund, the board may also authorize one or more designated officers or employees of the board to act on the board's behalf in:

- (1) conducting the sale of the loans; and
- (2) determining:
 - (A) the purchaser of the loans; and
 - (B) the terms of the purchase agreement.

(c) A resolution that authorizes an officer or employee of the board to act on the board's behalf as provided by Subsection (b) must establish the maximum principal amount of the loans to be sold and the minimum sales price of the loans to be sold, expressed as a percentage of the principal amount of the loans.

Added by Acts 1993, 73rd Leg., ch. 242, Sec. 2.05, eff. Aug. 30, 1993. Amended by Acts 2001, 77th Leg., ch. 620, Sec. 2, eff. Sept. 1, 2001.

Sec. 162.006. TEMPORARY TRANSFERS. Amounts temporarily transferred from either veterans' housing assistance fund to the veterans' land fund or to the other veterans' housing assistance fund under the Texas Constitution shall be returned to the fund as soon as practicable. Investment earnings allocated by the board to the transferred amounts shall be credited to the fund as if the transfer had not been made.

Added by Acts 1993, 73rd Leg., ch. 242, Sec. 2.06.

SUBCHAPTER B. VETERANS' HOUSING ASSISTANCE PROGRAM

Sec. 162.011. LOANS. (a) The board shall make or acquire loans with money from the veterans' housing assistance fund in accordance with this chapter and the rules adopted by the board.

(b) To qualify for a loan under this chapter, a person must be a veteran at the time the person applies for the loan. If an eligible veteran dies after filing an application, the surviving spouse may complete the transaction.

(c) The final principal payment on any loan under this chapter shall be made not later than 40 years after the date of the loan. The board shall determine the maximum principal amount of loans to any veteran that may be outstanding at any time, except that amounts allocable to a home mortgage loan may not exceed the maximum amount allowable for a similar home mortgage loan through the United States Department of Veterans Affairs or any successor agency.

(d) The board shall obtain insurance covering at least 50 percent of all losses anticipated in connection with veteran payment defaults on loans secured by first or second mortgages, based upon the advice of one or more qualified consultants to the board as to potential losses which may be reasonably expected on the loans as determined by analysis, including but not limited to actual experience in the residential mortgage lending industry on similar types of mortgage loans, or, in the alternative, the board shall obtain insurance which shall insure repayment of at least 50 percent of the outstanding principal amount of all loans in the event of the nonpayment of the loans by the veterans.

(e) All fees to be charged to a veteran receiving a loan under this chapter must be approved by the board. The board may enter into contracts with lending institutions to assist in processing, originating, servicing, or administering loans under this chapter. Any fees and expenses incurred in connection with a loan, including the cost of insurance, may be charged to the veteran and made a part of the veteran's payments.

(f) The board may by rule determine, from time to time, the number of loans that a veteran may receive under this chapter.

Added by Acts 1983, 68th Leg., p. 547, ch. 115, Sec. 1. Amended by Acts 1985, 69th Leg., ch. 798, Sec. 21, eff. Sept. 1, 1985; Acts 1991, 72nd Leg., ch. 160, Sec. 3, eff. Aug. 26, 1991; Acts 1993, 73rd Leg., ch. 242, Sec. 2.07, eff. Aug. 30, 1993; Acts 1999, 76th Leg., ch. 133, Sec. 2, eff. May 20, 1999.

Sec. 162.013. INTEREST RATE. A loan under this chapter shall bear a fixed, variable, floating, or other rate or rates of interest determined by the board. The board may set the interest

rate or rates to provide a margin over the rate paid by the board on its bonds issued under this chapter. The difference between the cost of the money to the board and the interest rate or rates charged to a veteran may be used in whole or in part to defray the expense of administering the program. To assure the maximum benefit of the program to the veteran, the board shall adopt rules relative to the fees, charges, and interest rates charged by the lending institutions on the financing of the home with money other than from the fund and shall limit to the maximum extent practical such fees, charges, and interest rates to those which would be collected by the lending institution in the normal course of its residential mortgage lending business.

Added by Acts 1983, 68th Leg., p. 547, ch. 115, Sec. 1. Amended by Acts 1993, 73rd Leg., ch. 242, Sec. 2.08, eff. Aug. 30, 1993.

Sec. 162.014. SECURITY FOR THE LOAN. No disbursement of funds on a loan shall be made unless the loan is secured by a mortgage, deed of trust, or other lien on the home. A mortgage retained by or a deed of trust to the board or any other lien may be a participation in a lien securing any other loan for the purchase of the property. Payments to retire the loan shall be made at times determined by the board.

Added by Acts 1983, 68th Leg., p. 547, ch. 115, Sec. 1.

Sec. 162.015. INITIAL PAYMENT OR EQUITY. The board may require an initial payment on a loan or may require an investment in the home by the veteran in an amount or amounts set by the board's rules under this chapter.

Added by Acts 1983, 68th Leg., p. 547, ch. 115, Sec. 1. Amended by Acts 1993, 73rd Leg., ch. 242, Sec. 2.09, eff. Aug. 30, 1993.

Sec. 162.016. TIME LIMIT ON TRANSFER. (a) A home or any interest therein, against which there is a mortgage, deed of trust, or any other lien securing a loan under this chapter may not be leased, transferred, sold, or conveyed in whole or in part until the original veteran purchaser has occupied the home as his principal residence for a period of three years from the date of the purchase

of the home and complied with the terms and conditions of this chapter and the rules of the board.

(b) After the three-year period, a home may be transferred, sold, or conveyed subject to any lien securing a loan under this chapter at any time if all mature interest, principal, and taxes have been paid, the terms and conditions of this chapter and rules of the board have been met, and the approval of the board has been obtained.

(c) The board may waive the time limitation of Subsection (a) of this section upon the death, bankruptcy, financial incapacity, or divorce of the veteran or in the event a veteran is forced to move due to a change in employment or because his home is condemned through no fault of the veteran or at any other time it deems a waiver to be in the best interest of the program.

(d) In the event the requirements of Subsection (a) of this section fail to be met and the board does not waive the time limitations as provided in Subsection (c) of this section, the board may provide in its rules for the escalation of the interest rate on the loan to a higher rate of interest or the acceleration of all principal and interest on the loan or such other remedy as the board may in its discretion deem appropriate.

Added by Acts 1983, 68th Leg., p. 547, ch. 115, Sec. 1.

Sec. 162.017. FORECLOSURE AND RESALE. The board shall adopt rules providing for the procedures and the rules for foreclosure and resale of homes financed with a loan under this chapter.

Added by Acts 1983, 68th Leg., p. 547, ch. 115, Sec. 1.

Sec. 162.018. INTEREST RATE ON DELINQUENT PRINCIPAL AND INTEREST. Principal and interest that become delinquent shall bear interest at a rate fixed by the board.

Added by Acts 1983, 68th Leg., p. 547, ch. 115, Sec. 1.

Sec. 162.019. ENFORCEMENT OF FORFEITURE AND PROTECTION OF RIGHTS. The board may request the attorney general to take whatever action is necessary to protect the rights of the state and the

veterans' housing assistance funds in any matter concerning the program, and on a request, the attorney general shall take such action.

Added by Acts 1983, 68th Leg., p. 547, ch. 115, Sec. 1.

SUBCHAPTER C. BONDS

Sec. 162.031. ISSUANCE AND SALE OF BONDS; DISPOSITION OF PROCEEDS. (a) By appropriate action, the board may provide by resolution for the issuance and sale of negotiable bonds authorized by the constitution, and the proceeds shall be a part of the fund, except that the proceeds of bonds issued under the authority of Article III, Section 49-b-1, of the Texas Constitution for the purpose of making loans to veterans shall be a part of the veterans' housing assistance fund established by that provision, and the proceeds of bonds issued under the authority of Article III, Section 49-b-2, of the Texas Constitution for the purpose of making loans to veterans shall be a part of the veterans' housing assistance fund established by that provision.

(b) The board may use money in the fund attributable to bonds issued to provide money for the fund to pay all costs of issuance of the bonds, including costs, fees, and expenses of the sort the board is authorized to pay from the veterans' land fund in connection with the issuance of the veterans' land bonds.

Added by Acts 1983, 68th Leg., p. 547, ch. 115, Sec. 1. Amended by Acts 1989, 71st Leg., ch. 720, Sec. 5, eff. June 14, 1989; Acts 1993, 73rd Leg., ch. 242, Sec. 2.10.

Sec. 162.032. INSTALLMENTS. The board may issue bonds in one or several installments.

Added by Acts 1983, 68th Leg., p. 547, ch. 115, Sec. 1.

Sec. 162.033. INTEREST RATE. The bonds shall bear the rate of interest prescribed by the board.

Added by Acts 1983, 68th Leg., p. 547, ch. 115, Sec. 1.

Sec. 162.034. PAYMENT AND MATURITY OF BONDS. (a) The bonds

shall be payable as provided by the board and shall mature serially or otherwise not later than 40 years from the date of their issuance.

(b) The board may make the bonds redeemable or subject to tender for purchase before maturity at the price and under the terms and conditions fixed by the board in the resolution providing for the issuance and sale of the bonds.

Added by Acts 1983, 68th Leg., p. 547, ch. 115, Sec. 1. Amended by Acts 1993, 73rd Leg., ch. 242, Sec. 2.11, eff. Aug. 30, 1993.

Sec. 162.035. FORM, DENOMINATION, AND PLACE OF PAYMENT OF BONDS. The board shall determine the terms of the bonds and the form of the bonds, including the forms of interest coupons attached to the bonds, if any, and shall fix the denomination of the bonds and the place for payment of the principal of and interest on the bonds.

Added by Acts 1983, 68th Leg., p. 547, ch. 115, Sec. 1.

Sec. 162.036. MANNER OF EXECUTION. (a) The bonds shall be executed by and on behalf of the board and the state as obligations of the state in the manner provided in Subsection (b) of this section.

(b) The bonds shall be signed and executed as the board provides in the resolution or order authorizing the issuance of the bonds.

Added by Acts 1983, 68th Leg., p. 547, ch. 115, Sec. 1. Amended by Acts 1993, 73rd Leg., ch. 242, Sec. 2.12, eff. Aug. 30, 1993; Acts 1993, 73rd Leg., ch. 300, Sec. 37, eff. Aug. 30, 1993; Acts 2001, 77th Leg., ch. 620, Sec. 3, eff. Sept. 1, 2001.

Sec. 162.037. SIGNATURES AND SEALS. (a) The resolution authorizing the issuance of an installment or series of bonds may prescribe the extent to which facsimile signatures and facsimile seals may be used in lieu of manual signatures and manually impressed seals in executing the bonds and attached coupons.

(b) Interest coupons may be signed with the facsimile signatures of the chairman and secretary of the board.

(c) If an officer whose manual or facsimile signature appears on a bond or whose facsimile signature appears on a coupon ceases to be an officer before the bonds are delivered, the signature shall still be valid and sufficient for all purposes as if the officer had remained in office until the delivery of the bonds.
Added by Acts 1983, 68th Leg., p. 547, ch. 115, Sec. 1.

Sec. 162.038. APPROVAL BY ATTORNEY GENERAL. Before the bonds are delivered to the purchasers, the record relating to the bonds shall be examined by the attorney general. If the record demonstrates that the bonds have been issued in accordance with the constitution and this chapter, the bonds shall be approved by the attorney general.

Added by Acts 1983, 68th Leg., p. 547, ch. 115, Sec. 1.

Sec. 162.039. REGISTRATION WITH COMPTROLLER. After the bonds are approved by the attorney general, they shall be registered in the office of the comptroller of public accounts.

Added by Acts 1983, 68th Leg., p. 547, ch. 115, Sec. 1.

Sec. 162.040. VALIDITY OF BONDS. (a) After the bonds are approved by the attorney general and registered with the comptroller of public accounts, they shall be held as valid and binding general obligations of the state in every action, suit, or proceeding in which their validity is or may be brought into question.

(b) In each action brought to enforce collection of the bonds or rights incident to the bonds, the certificate of approval by the attorney general or certified copy of that certificate shall be admitted and received in evidence as to the validity of the bonds.

(c) Only forgery or fraud may be offered as a challenge to the validity of the bonds.

Added by Acts 1983, 68th Leg., p. 547, ch. 115, Sec. 1.

Sec. 162.041. BONDS AS NEGOTIABLE INSTRUMENTS. Bonds issued under this chapter have and are declared to have all

qualities and incidents of negotiable instruments under the laws of this state.

Added by Acts 1983, 68th Leg., p. 547, ch. 115, Sec. 1.

Sec. 162.042. NOTICE FOR BIDS ON BONDS. If the board authorizes the issuance of a series of bonds and decides to call for bids, it shall publish an appropriate notice at least one time not less than 10 days before the date of the sale in a recognized financial journal of general circulation.

Added by Acts 1983, 68th Leg., p. 547, ch. 115, Sec. 1.

Sec. 162.043. SECURITY FOR BID. The board may require bidders to accompany their bids with exchange or bank cashier's checks in an amount considered adequate by the board to be a forfeit guaranteeing the acceptance and payment for bonds covered by the bids and accepted by the board.

Added by Acts 1983, 68th Leg., p. 547, ch. 115, Sec. 1.

Sec. 162.044. SALE OF BONDS. Bonds may be sold at public or private sale at a price or prices and on terms determined by the board.

Added by Acts 1983, 68th Leg., p. 547, ch. 115, Sec. 1. Amended by Acts 1993, 73rd Leg., ch. 242, Sec. 2.13, eff. Aug. 30, 1993.

Sec. 162.045. REPLACEMENT BONDS. The board may provide for replacement of bonds that are mutilated, lost, or destroyed.

Added by Acts 1983, 68th Leg., p. 547, ch. 115, Sec. 1.

Sec. 162.046. REFUNDING BONDS. The board may provide by resolution for issuance of refunding bonds for the purpose of refunding outstanding bonds issued under this chapter together with accrued interest on the bonds.

Added by Acts 1983, 68th Leg., p. 547, ch. 115, Sec. 1.

Sec. 162.047. BONDS AS INVESTMENTS AND SECURITY. (a) Bonds issued under this chapter are legal and authorized investments for banks, savings banks, trust companies, building and loan

associations, insurance companies, fiduciaries, trustees, guardians, and the sinking funds of cities, towns, villages, counties, school districts, and other political subdivisions and public agencies of the state.

(b) The bonds are legal and sufficient security for the deposits in the amount of the par value of the bonds.

Added by Acts 1983, 68th Leg., p. 547, ch. 115, Sec. 1. Amended by Acts 1993, 73rd Leg., ch. 242, Sec. 2.14, eff. Aug. 30, 1993.

Sec. 162.048. TAXATION OF BONDS. The bonds are exempt from any tax by the state and by cities, towns, villages, counties, school districts, and other political subdivisions and public agencies of the state.

Added by Acts 1983, 68th Leg., p. 547, ch. 115, Sec. 1.

Sec. 162.049. PAYMENT OF PRINCIPAL AND INTEREST. The comptroller shall pay the principal on bonds as they mature and the interest as it becomes payable. Payments shall be made at the place of payment designated on the bonds.

Added by Acts 1983, 68th Leg., p. 547, ch. 115, Sec. 1. Amended by Acts 1997, 75th Leg., ch. 1423, Sec. 14.21, eff. Sept. 1, 1997.

Sec. 162.050. CONSTITUTIONAL APPROPRIATIONS. (a) If, during the existence of the fund or during the time any general obligation bonds are payable from the fund, the board determines that there will not be sufficient money in the fund during the following biennium available to pay principal of or interest on the bonds or both principal and interest that are to come due and to be paid from the fund during the following biennium, the comptroller shall transfer to the fund the first money coming into the State Treasury not otherwise appropriated by the constitution in amounts sufficient to pay the obligations.

(b) The money appropriated shall be used to pay the obligations only if at the time the principal or interest or both actually become due there is not sufficient money in the fund available to pay the amount due.

Added by Acts 1983, 68th Leg., p. 547, ch. 115, Sec. 1. Amended by

Acts 1993, 73rd Leg., ch. 242, Sec. 2.15, eff. Aug. 30, 1993.

Sec. 162.051. PURCHASE AND DESTRUCTION OF BONDS. (a) The board may use money in the fund to purchase on the open market any bonds it has issued and sold to provide money for the fund, and the debt represented by those bonds when purchased is considered canceled.

(b) Bonds purchased by the board under Subsection (a) of this section shall be mutilated, burned, or otherwise destroyed by the comptroller, who shall certify this fact to the board under the seal of office.

(c) Interest may not be paid on those bonds after their purchase by the board.

Added by Acts 1993, 73rd Leg., ch. 242, Sec. 2.16, eff. Aug. 30, 1993. Amended by Acts 1997, 75th Leg., ch. 1423, Sec. 14.22, eff. Sept. 1, 1997.

Sec. 162.052. BOND ENHANCEMENT AGREEMENTS. (a) The board may at any time and from time to time enter into one or more bond enhancement agreements that the board determines to be necessary or appropriate to place the obligation of the board, as represented by the bonds, in whole or in part, on the interest rate, currency, cash flow, or other basis desired by the board. Bond enhancement agreements may include, on terms and conditions approved by the board, interest rate swap agreements, currency swap agreements, forward payment conversion agreements, agreements providing for payments based on levels of or changes in interest rates or currency exchange rates, agreements to exchange cash flows or a series of payments, or agreements, including options, puts, or calls, to hedge payment, currency, rate, spread, or other exposure. A bond enhancement agreement is an agreement for professional services and shall contain the terms and conditions and be for the period that the board approves. The fees and expenses of the board in connection with the issuance of bonds and the making of loans may be paid from money in the related fund, provided that any payments due from the board under a bond enhancement agreement, other than fees and expenses, that relate to the payment of debt service on bonds

constitute payments of principal of and interest on the bonds.

(b) The resolution of the board authorizing a bond enhancement agreement may authorize one or more designated officers or employees of the board to act on behalf of the board in entering into and delivering the bond enhancement agreement and in determining or setting the counterparty and terms of the bond enhancement agreement specified in the resolution, except that the resolution must set the maximum amount and term for the bond enhancement agreement.

(c) Unless the board elects otherwise in its approval of a bond enhancement agreement, the bond enhancement agreement is not a credit agreement for purposes of Chapter 1371, Government Code, regardless of whether the bonds relating to the bond enhancement agreement were issued in part under that law.

Added by Acts 1993, 73rd Leg., ch. 242, Sec. 2.17, eff. Aug. 30, 1993. Amended by Acts 1999, 76th Leg., ch. 134, Sec. 5, eff. May 20, 1999; Acts 2001, 77th Leg., ch. 1420, Sec. 8.357, eff. Sept. 1, 2001.