

House Bill 4064

Sponsored by Representatives WITT, WHISNANT; Representatives BARNHART, EVANS, KENY-GUYER, PILUSO, TAYLOR (Pre-session filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Creates Affordable Housing Mortgage Loan Fund and continuously appropriates moneys in fund to Housing and Community Services Department for purpose of making deferred loan to qualified statewide nonprofit organization. Specifies conditions under which statewide nonprofit organization must repay loan. Requires department by rule to specify qualifications of statewide nonprofit organization that is eligible to receive loan from Affordable Housing Mortgage Loan Fund.

Requires statewide nonprofit organization that receives loan from department to create and administer revolving fund for purpose of purchasing mortgage loans from affiliated local nonprofit organizations that construct and sell housing to low-income residents of this state. Specifies conditions under which statewide nonprofit organization may purchase mortgage loans from affiliated local nonprofit organization.

Requires statewide nonprofit organization to report annually to department concerning statewide nonprofit organization's activities with respect to Affordable Housing Mortgage Loan Fund.

Becomes operative January 1, 2017.

Takes effect July 1, 2016.

A BILL FOR AN ACT

1
2 Relating to moneys for nonprofit organizations that provide affordable housing; and prescribing an
3 effective date.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. (1)(a) The Affordable Housing Mortgage Loan Fund is created in the State**
6 **Treasury, separate and distinct from the General Fund. Moneys in the fund are continuously**
7 **appropriated to the Housing and Community Services Department for the purpose of making**
8 **deferred loans to qualified statewide nonprofit organizations of the type described in sub-**
9 **section (2)(b) of this section.**

10 **(b) In addition to any moneys the department receives as an appropriation from the**
11 **General Fund for the purposes set forth in this subsection, the department may accept**
12 **contributions of money and property from any source and shall deposit the contributions to**
13 **the credit of the Affordable Housing Mortgage Loan Fund.**

14 **(c) The department shall keep a record of all moneys the department deposits into the**
15 **Affordable Housing Mortgage Loan Fund and shall indicate, with separate accounts, the**
16 **source of the moneys and the activity or program against which the department charges any**
17 **withdrawal.**

18 **(2)(a) The department shall transfer moneys from the Affordable Housing Mortgage Loan**
19 **Fund to a qualified statewide nonprofit organization of the type described in paragraph (b)**
20 **of this subsection in the form of an interest-free loan that the statewide nonprofit organ-**
21 **ization must repay to the department only if and to the extent that:**

22 **(A) The statewide nonprofit organization does not use the moneys to create a revolving**
23 **fund in accordance with section 2 of this 2016 Act; or**

24 **(B) The Director of the Housing and Community Services Department determines that**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 the statewide nonprofit organization must repay the loan on grounds of defalcation, fraud
 2 or similar reasons after auditing or investigating the statewide nonprofit organization's op-
 3 erations and conducting an administrative proceeding under ORS 183.413 to 183.470.

4 (b) The department by rule shall specify the qualifications for a statewide nonprofit or-
 5 ganization that is eligible to receive moneys as a deferred loan from the Affordable Housing
 6 Mortgage Loan Fund. At a minimum, the statewide nonprofit organization must:

7 (A) Operate in at least half of the counties of this state or have affiliations with and
 8 provide management and coordination for local nonprofit organizations that construct, re-
 9 construct, refurbish or renovate residential housing for sale to low-income residents in at
 10 least half of the counties in this state;

11 (B) Have in place a fundraising operation that is independent of and does not depend on
 12 receiving moneys from the Affordable Housing Mortgage Loan Fund;

13 (C) Provide training, technical assistance and related services to affiliated local nonprofit
 14 organizations; and

15 (D) Have operated in this state continuously for a period that began at least 15 years
 16 before the operative date of sections 1 to 3 of this 2016 Act.

17 **SECTION 2.** (1)(a) A statewide nonprofit organization that receives a loan from the Af-
 18 fordable Housing Mortgage Loan Fund in accordance with section 1 of this 2016 Act shall use
 19 the proceeds of the loan to create and administer a revolving fund that the statewide
 20 nonprofit organization uses to purchase mortgage loans that affiliated local nonprofit or-
 21 ganizations originate or make. The statewide nonprofit organization may retain a maximum
 22 of eight percent of the value of each mortgage loan for expenses related to administering the
 23 revolving fund. The statewide nonprofit organization shall deposit payments that borrowers
 24 make on mortgage loans that the statewide nonprofit organization purchases into the re-
 25 volving fund that the statewide nonprofit organization creates and administers under this
 26 subsection.

27 (b) A statewide nonprofit organization may sell a mortgage loan that the statewide
 28 nonprofit organization purchases in accordance with this section if the sale:

29 (A) Results in a recapitalization of the revolving fund described in paragraph (a) of this
 30 subsection significantly more rapidly than would payments that borrowers make on out-
 31 standing mortgage loans that the statewide nonprofit organization holds;

32 (B) Is not at a discount that would jeopardize the long-term viability of the revolving
 33 fund; and

34 (C) Is necessary to enable the statewide nonprofit organization to support affiliated local
 35 nonprofit organizations in providing affordable housing to low-income residents of this state.

36 (c) A statewide nonprofit organization may receive and deposit into the revolving fund
 37 described in paragraph (a) of this subsection contributions, donations, grants and other
 38 transfers of money from any source, public or private. The statewide nonprofit organization
 39 shall keep accounts and records that identify the source of the transfers and the activity or
 40 program against which the statewide nonprofit organization charges any withdrawal from
 41 the revolving fund.

42 (2) A statewide nonprofit organization that receives a loan from the Affordable Housing
 43 Mortgage Loan Fund in accordance with section 1 of this 2016 Act shall use moneys from the
 44 loan to purchase a mortgage loan that an affiliated local nonprofit organization originates
 45 or makes only if:

1 (a) The mortgage loan complies with prevailing underwriting standards that responsible
2 private lenders use;

3 (b) The affiliated local nonprofit organization provides evidence that the mortgage loan
4 will be professionally serviced;

5 (c) The statewide nonprofit organization has not purchased more than half of the moneys
6 that the affiliated local nonprofit organization has for originating or making mortgage loans;

7 (d) The affiliated local nonprofit organization has all of the licenses necessary to conduct
8 business within this state and has complied with all applicable tax laws of this state;

9 (e) The affiliated local nonprofit organization has provided evidence of having sufficient
10 financial capability to repay the mortgage loan if doing so becomes necessary;

11 (f) The affiliated local nonprofit organization agrees to substitute, with assistance from
12 the statewide nonprofit organization, a mortgage loan that is not in arrears and on which
13 the borrower can continue to make payments for any mortgage loan on which the borrower
14 cannot feasibly make further payments; and

15 (g) The statewide nonprofit organization complies with any requirements that the Hous-
16 ing and Community Services Department adopts by rule concerning the quality of the mort-
17 gage loans that the statewide nonprofit organization purchases.

18 **SECTION 3.** (1) A statewide nonprofit organization that receives a loan from the Af-
19 fordable Housing Mortgage Loan Fund in accordance with section 1 of this 2016 Act shall
20 report annually to the Housing and Community Services Department concerning the state-
21 wide nonprofit organization's activities under sections 1 and 2 of this 2016 Act. The depart-
22 ment by rule shall specify the information that the report must contain, which, at a
23 minimum, must include:

24 (a) A detailed description of the statewide nonprofit organization's activities under
25 sections 1 and 2 of this 2016 Act;

26 (b) A list of the number of mortgage loans and the amount of each mortgage loan the
27 statewide nonprofit organization purchases and sells;

28 (c) The nature and amounts of the administrative expenses the statewide nonprofit or-
29 ganization incurs with respect to the revolving fund described in section 2 of this 2016 Act;
30 and

31 (d) Aggregated data concerning the income, racial or ethnic background, family size and
32 related demographic information of persons who received mortgage loans that the statewide
33 nonprofit organization purchased in accordance with sections 1 and 2 of this 2016 Act. The
34 aggregated data may not include personal information for any individual.

35 (2) The statewide nonprofit organization shall provide the report described in subsection
36 (1) of this section to the department not later than December 31 of each year.

37 **SECTION 4.** (1) Sections 1 to 3 of this 2016 Act become operative January 1, 2017.

38 (2) The Director of the Housing and Community Services Department may adopt rules
39 and take any other action before the operative date specified in subsection (1) of this section
40 that is necessary to enable the director, on and after the operative date specified in sub-
41 section (1) of this section, to exercise all of the duties, functions and powers conferred on
42 the director by sections 1 to 3 of this 2016 Act.

43 **SECTION 5.** This 2016 Act takes effect on July 1, 2016.