

A-Engrossed
House Bill 3209

Ordered by the House April 7
Including House Amendments dated April 7

Sponsored by Representative HOLVEY; Representatives FAHEY, NERON (at the request of Oregon Housing Alliance)

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.

Directs Housing and Community Services Department to make grants to nonprofit [*housing counseling agencies for purpose of providing appropriate housing counseling services to grantors at risk of foreclosure on real property that is subject to residential trust deed or mortgage.*] **organizations, housing authorities or government agencies that sponsor or manage homeownership programs in amounts sufficient to fund services of housing counselor to each eligible grantor that requests resolution conference with beneficiary or contacts department to request services of housing counselor.**

Requires nonprofit organization, housing authority or government agency that receives funding to employ and provide services to grantors through housing counselors that department certifies as having appropriate knowledge and skills. Permits department by rule to specify appropriate criteria for knowledge and skills and eligibility of grantors for services.

Establishes Housing Counseling Fund in State Treasury, separate and distinct from General Fund. Requires department to disburse all grants from fund.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to foreclosure avoidance; creating new provisions; amending ORS 86.707; and declaring an
3 emergency.

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

5 **SECTION 1. Sections 2 and 3 of this 2021 Act are added to and made a part of ORS 86.705**
6 **to 86.815.**

7 **SECTION 2. (1)(a) The Housing and Community Services Department shall grant to one**
8 **or more nonprofit organizations, housing authorities or government agencies that sponsor**
9 **or manage homeownership programs sufficient funding to provide the services of a housing**
10 **counselor to each eligible grantor who:**

11 **(A) Requests a resolution conference with a beneficiary under ORS 86.726 (3); or**

12 **(B) Contacts the department to request the services of a housing counselor.**

13 **(b) The department shall disburse all grant moneys under this section from the Housing**
14 **Counseling Fund established under section 3 of this 2021 Act.**

15 **(2)(a) A nonprofit organization, a housing authority or a government agency to which the**
16 **department provides funding under this section must employ and provide services to**
17 **grantors through housing counselors that the department certifies as having the knowledge**
18 **and skills necessary to engage in foreclosure avoidance counseling under criteria the de-**
19 **partment specifies by rule.**

20 **(b) The department by rule may specify application materials and other criteria under**

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 which a nonprofit organization, housing authority or government agency may receive funding
2 under this section. The department may also specify such reporting, record keeping and au-
3 diting requirements for the nonprofit organization, housing authority or government agency
4 as the department deems necessary or advisable for ensuring that the nonprofit organiza-
5 tion, housing authority or government agency uses the funding for the purposes specified in
6 this section. A nonprofit organization, housing authority or government agency that receives
7 funding under this section shall make such records and reports as the department specifies
8 by rule available for the department's inspection during regular business hours.

9 (3)(a) The department by rule shall determine criteria under which a grantor is eligible
10 for the services of a housing counselor under this section and the extent of the services the
11 grantor may receive. The criteria, at a minimum, must provide that:

12 (A) The grantor owns real property or personal property that the grantor uses as the
13 grantor's primary residence; and

14 (B) The grantor has received a notice of default or is at imminent risk of default.

15 (b) The department shall specify the contents of and make available to grantors, elec-
16 tronically or otherwise, such application materials and other resources as are necessary for
17 eligible grantors to qualify for housing counseling under this section.

18 (c) Funding that the department provides under this section must provide services that
19 support a grantor, in a manner that is appropriate for the grantor's circumstances, in:

20 (A) Understanding options available to avoid foreclosure and negotiating a foreclosure
21 avoidance measure with a beneficiary;

22 (B) Understanding the grantor's financial circumstances and how those financial cir-
23 cumstances may affect the grantor's ability to avoid foreclosure;

24 (C) Understanding and using available community resources, including foreclosure
25 avoidance programs, mortgage assistance programs, public assistance programs, home repair
26 programs and other services that might be available to the grantor;

27 (D) Seeking employment or employment education and training; and

28 (E) Developing any other understanding or skill the department deems necessary and
29 specifies by rule.

30 (4) The department shall provide information about the existence of housing counseling
31 services and the availability of the services under the circumstances described in this sec-
32 tion. The information must enable a grantor to properly understand and use the services
33 of a housing counselor.

34 **SECTION 3.** (1) The Housing Counseling Fund is established in the State Treasury, sep-
35 arate and distinct from the General Fund. The Housing Counseling Fund consists of moneys
36 the Housing and Community Services Department receives as appropriations or from any
37 other source for the purposes of making grants to nonprofit organizations, housing authority
38 or government agencies in accordance with section 2 of this 2021 Act. The moneys in the
39 Housing Counseling Fund are continuously appropriated to the department. Interest earned
40 on moneys in the Housing Counseling Fund must be credited to the fund.

41 (2) The department may receive moneys for the purposes set forth in subsection (1) of
42 this section from any public or private source.

43 **SECTION 4.** ORS 86.707 is amended to read:

44 86.707. As used in this section, sections 2 and 3 of this 2021 Act and ORS 86.726, 86.729,
45 86.732, 86.736, 86.741, 86.744 and 86.748:

1 (1) "Facilitator" means a person that a service provider selects to conduct a resolution confer-
2 ence.

3 (2) "Foreclosure avoidance measure" means an agreement between a beneficiary and a grantor
4 that uses one or more of the following methods to modify an obligation that is secured by a resi-
5 dential trust deed:

6 (a) The beneficiary defers or forbears from collecting one or more payments due on the obli-
7 gation.

8 (b) The beneficiary modifies, temporarily or permanently, the payment terms or other terms of
9 the obligation.

10 (c) The beneficiary accepts a deed in lieu of foreclosure from the grantor.

11 (d) The grantor conducts a short sale.

12 (e) The beneficiary provides the grantor with other assistance that enables the grantor to avoid
13 a foreclosure.

14 (3) "Housing counselor" means a counselor employed by a nonprofit housing counseling agency
15 that the Housing and Community Services Department or a successor state agency approves.

16 (4) "Resolution conference" means a meeting at which a grantor and a beneficiary attempt to
17 negotiate and agree upon a foreclosure avoidance measure.

18 (5) "Service provider" means a person that the Attorney General appoints under ORS 86.741 to
19 coordinate a program to implement the provisions of ORS 86.726, 86.729, 86.732 and 86.736.

20 **SECTION 5. This 2021 Act being necessary for the immediate preservation of the public**
21 **peace, health and safety, an emergency is declared to exist, and this 2021 Act takes effect**
22 **on its passage.**

23
