

House Bill 4051

Sponsored by Representative RESCHKE, Senator DRAZAN; Representative SCHARF (Presession 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**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act would have loans made to first-time home buyers to offset closing costs. The Act would make the loan plus interest due when the home is sold, the borrower moves out or, if the home is a mobile home, it is moved out of state. The Act would have the program run for three years. (Flesch Readability Score: 88.1).

Creates a program for deferred loans to first-time home buyers in an amount not greater than the lesser of the closing costs on the purchase or one percent of the purchase price. Makes the deferred loans repayable when the home changes ownership, is no longer the homestead of the borrower or, if the home is mobile, is moved out of state. Retires the program after three years.

Declares an emergency, effective on passage.

1 A BILL FOR AN ACT

2 Relating to first-time homeownership; and declaring an emergency.

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

4 **SECTION 1.** **(1)(a)** Deferred loans shall be made in accordance with subsection (4) of this
5 section to individuals determined to be eligible under subsection (2) of this section in an
6 amount equal to the lesser of the actual closing costs on the purchase of a homestead, as
7 defined in ORS 311.666, by the individual and one percent of the purchase price of the
8 homestead.

9 **(b)** Deferred loans shall accrue interest at a rate of six percent simple interest per an-
10 num from the date on which the loan is made.

11 **(2)** An individual is eligible to claim a deferred loan if the individual:

12 **(a) Purchases a homestead located in Oregon;**

13 **(b)(A) Individually owns the fee simple estate of the homestead under a recorded instru-
14 ment of sale; or**

15 **(B) If two or more owners live in the property and all owners file a claim jointly, owns
16 the fee simple estate with rights of survivorship under a recorded instrument of sale with
17 all other claimants;**

18 **(c) Has never previously owned a homestead in any jurisdiction;**

19 **(d) Purchases the homestead at a price that is not greater than the county median RMV,
20 as defined in ORS 311.666;**

21 **(e) Pays at least three percent of the purchase price in cash;**

22 **(f) Has insured the homestead for fire and other casualty; and**

23 **(g) Has a household income and net worth that are within the limits established under
24 ORS 311.668 (2).**

25 **(3)(a) Within 180 days following the purchase of a homestead, an individual seeking a
26 deferred loan must file a claim with the Department of Revenue that includes documentation
27 demonstrating to the department's satisfaction the individual's eligibility for the loan.**

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 (b) A claim must be signed by the individual, subject to the penalties for false swearing
2 under ORS 162.075.

3 (c) The department shall establish by rule a timeline and other matters necessary for the
4 filing and review of claims.

5 (d) The department shall review all claims in a timely manner and notify the claimant
6 of the acceptance or rejection of the claim.

7 (e) An individual aggrieved by the rejection of a claim may appeal the rejection to the
8 Oregon Tax Court within the time and in the manner provided in ORS 305.404 to 305.560.

9 (4)(a) Claims shall be granted on a first-come, first-served basis based on the date on
10 which the claim was filed.

11 (b) Notwithstanding paragraph (a) of this subsection, no more than 500 deferred loans
12 may be made for any calendar year.

13 (5)(a) The deferred loans shall be made from moneys in the Senior Property Tax Deferral
14 Revolving Account established under ORS 311.701.

15 (b) The department may make deferred loans on a quarterly basis.

16 (6)(a) The receipt of a deferred loan gives rise to a lien against the homestead in the
17 amount of the loan, including interest accrued under subsection (1)(b) of this section and any
18 penalties imposed under subsection (8)(c) of this section, less any amounts paid in accord-
19 ance with subsection (7) of this section before the amount becomes due under subsection (8)
20 of this section.

21 (b) A lien arising under this section has the same priority as liens created under ORS
22 311.679.

23 (7) All or part of the amount of a deferred loan, including accrued interest, may be paid
24 without penalty at any time before the amount becomes due under subsection (8) of this
25 section.

26 (8)(a) Except as provided in paragraph (c) of this subsection, the amount of a deferred
27 loan, including accrued interest, becomes due when:

28 (A) The homestead to which the deferred loan relates is sold, or a contract to sell is
29 entered into, or some person other than the individual who entered into the deferred loan
30 agreement, including a transferee, as defined in ORS 311.666, becomes the owner of the
31 property.

32 (B) The property is no longer the homestead of the individual who entered into the de-
33 ferred loan agreement, except in the case of an individual who is required to be absent from
34 the homestead by reason of health or military service.

35 (C) If the homestead is a manufactured structure or floating home, the homestead is
36 moved out of this state.

37 (b)(A) If a circumstance listed in paragraph (a)(A) or (B) of this subsection occurs, the
38 amount described in paragraph (a) of this subsection becomes due and payable to the de-
39 partment on or before August 15 of the year following the calendar year in which the cir-
40 cumstance that triggers the payment occurs.

41 (B) If the circumstance listed in paragraph (a)(C) of this subsection occurs, the amount
42 becomes due and payable five days before the date on which the homestead is removed from
43 this state.

44 (c)(A) If an individual willfully makes a false statement or misrepresentation, or willfully
45 fails to report a material fact, to obtain a deferred loan under this section, the amount of

1 the deferred loan, including accrued interest and any penalties imposed under this paragraph,
2 becomes immediately due and payable.

3 (B) The department may impose a penalty not to exceed five percent of the principal
4 amount of the deferred loan for the false statement, misrepresentation or failure to report
5 a material fact.

6 (9)(a) If an amount that becomes due under subsection (8) of this section is not paid
7 within 90 days following the due date, the amount shall be deemed delinquent as of the due
8 date and the lien against the property shall be subject to foreclosure as if it were a purchase
9 money mortgage under ORS chapter 88.

10 (b) In a foreclosure action under this section, a court may award:

11 (A) Reasonable attorney fees to the prevailing party.

12 (B) All costs associated with foreclosure of the lien to the department if the department
13 prevails.

14 (10) All amounts paid under this section, including receipts from foreclosure proceedings,
15 shall be transferred to the Senior Property Tax Deferral Revolving Account.

16 (11) The department shall publish information about the deferred loan program, including
17 the eligibility requirements, claim process and terms of deferred loans, on the department's
18 Internet website.

19 (12) The department may adopt any rules it considers necessary or convenient for ad-
20 ministering the deferred loan program established under this section.

21 **SECTION 2.** (1) Deferred loans may be made under section 1 of this 2026 Act for home-
22 steads purchased in calendar years 2026, 2027 and 2028.

23 (2) Notwithstanding any timelines established under section 1 (3) of this 2026 Act, claims
24 for a deferred loan with respect to a homestead purchased in calendar year 2026 may be made
25 at any time after the effective date of this 2026 Act and on or before December 31, 2026.

26 (3) The repeal of section 1 of this 2026 Act by section 3 of this 2026 Act is not a circum-
27 stance that triggers repayment of a deferred loan under section 1 (8) of this 2026 Act.

28 **SECTION 3.** Sections 1 and 2 of this 2026 Act are repealed on January 2, 2030.

29 **SECTION 4.** This 2026 Act being necessary for the immediate preservation of the public
30 peace, health and safety, an emergency is declared to exist, and this 2026 Act takes effect
31 on its passage.

32
