

# House Bill 2297

Ordered printed by the Speaker pursuant to House Rule 12.00A (5). Pre-session filed (at the request of House Interim Committee on Judiciary for American Federation of State, County and Municipal Employees)

## 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**.

Requires Housing and Community Services Department to establish program to assist public safety officers in purchasing primary residences in distressed areas.

## A BILL FOR AN ACT

1  
2 Relating to residence purchases by public safety officers.

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

4 **SECTION 1. Sections 2 to 5 of this 2009 Act are added to and made a part of ORS 456.548**  
5 **to 456.725.**

6 **SECTION 2. (1) As used in this section and section 3 of this 2009 Act, "public safety of-**  
7 **ficer" has the meaning given that term in ORS 181.610.**

8 **(2) The Housing and Community Services Department shall establish a program to assist**  
9 **public safety officers in purchasing primary residences in distressed areas. Subject to any**  
10 **restrictions on use of moneys imposed by federal law or bond agreements, the department**  
11 **shall provide purchase assistance under the program without regard to purchaser income.**  
12 **The department shall make purchase assistance available under the program if:**

13 **(a) On the date the purchase closes, the purchaser is employed as a public safety officer;**

14 **(b) The purchaser states an intention to use the property purchased under the program**  
15 **as the purchaser's primary residence;**

16 **(c) On the date the purchase closes, the purchaser does not own any other residential**  
17 **property;**

18 **(d) The property purchased under the program contains an existing single family dwelling**  
19 **for which the department or a qualified housing sponsor is an owner, lender or loan**  
20 **guarantor;**

21 **(e) The property is located in an area that the department has designated a distressed**  
22 **area as provided under section 5 of this 2009 Act; and**

23 **(f) The property meets any additional eligibility criteria established by the department**  
24 **by rule.**

25 **SECTION 3. (1) Except as provided in this subsection, the Housing and Community Ser-**  
26 **VICES Department shall provide purchase assistance to a public safety officer under section**  
27 **2 of this 2009 Act in the form of a second mortgage on the property purchased under the**  
28 **program. The second mortgage amount shall be for the lesser of 50 percent of the property**  
29 **purchase price or 50 percent of the threshold property purchase price established by de-**  
30 **partment rule under ORS 456.555 (9), except that the State Housing Council may approve a**  
31 **second mortgage under ORS 456.561 for the greater of those two amounts. The department**

**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 may pay closing costs and fees for a property purchase, but must reduce the amount of the  
 2 second mortgage by an equal amount.

3 (2) The department shall declare the second mortgage debt to be satisfied in full and  
 4 promptly file with the appropriate county clerk a release of any encumbrance on the prop-  
 5 erty by the second mortgage if the purchaser complies with the employment and occupancy  
 6 conditions and verification requirements described in subsections (3) and (4) of this section  
 7 for the first three years of the second mortgage.

8 (3) The department may not declare any payment of principal on the second mortgage  
 9 to be due or collect interest on the second mortgage if, for the first three years of that  
 10 mortgage, the purchaser continues to:

- 11 (a) Be employed full-time or part-time as a public safety officer; and
- 12 (b) Occupy the property as a primary residence.

13 (4) The department shall require the purchaser to annually verify that the purchaser  
 14 continues to meet the employment and occupancy conditions described in subsection (3) of  
 15 this section. The department may also require the purchaser to provide additional verifica-  
 16 tions of employment and occupancy as the department deems necessary.

17 (5) An encumbrance on a property created at any time by a loan for improvements, re-  
 18 pairs or modifications necessary to make the property habitable, accessible or visitable, is  
 19 superior in right to any encumbrance created by the department's second mortgage on the  
 20 property.

21 **SECTION 4.** If a purchaser subject to the employment and occupancy conditions and  
 22 verification requirements described in section 3 of this 2009 Act fails to comply with those  
 23 conditions and requirements, the Housing and Community Services Department:

24 (1) May prohibit the purchaser from selling the property for an amount that is more than  
 25 the total of 110 percent of the property purchase price plus 100 percent of all amounts paid  
 26 by the purchaser for improvements, repairs or modifications necessary to make the property  
 27 habitable, accessible or visitable;

28 (2) Shall require payment of all or part of the second mortgage principal in an amount  
 29 that may not be less than:

- 30 (a) 90 percent of the second mortgage principal if the failure occurred less than one year  
 31 following issuance of the second mortgage;
- 32 (b) 60 percent of the second mortgage principal if the failure occurred at least one year,  
 33 but less than two years, following issuance of the second mortgage; and
- 34 (c) 30 percent of the second mortgage principal if the failure occurred at least two years  
 35 following issuance of the second mortgage; and

36 (3) May charge interest permitted by the second mortgage agreement or department rule  
 37 on all or part of the second mortgage debt for the periods in which the purchaser failed to  
 38 comply with the conditions or requirements.

39 **SECTION 5.** A qualified housing sponsor may submit a request to the Housing and Com-  
 40 munity Services Department to have an area designated a distressed area. The department  
 41 may designate an area a distressed area if, based on information provided by the qualified  
 42 housing sponsor, the department finds any of the following:

43 (1) The area has a median household income that does not exceed 60 percent of the me-  
 44 dian household income for:

- 45 (a) The metropolitan area, if the area is located in a metropolitan area; or

- 1       **(b) The state, if the area is not located in a metropolitan area.**  
2       **(2) The area has a rate of foreclosure on single family dwellings for which the department**  
3 **or a qualified housing sponsor is an owner, lender or loan guarantor that:**  
4       **(a) Is substantially higher than the rate of foreclosure on similar properties in the sur-**  
5 **rounding areas; or**  
6       **(b) Has or may have a substantial detrimental impact on the area.**  
7       **(3) The area has a rate of home ownership that is substantially less than the rate of**  
8 **home ownership for:**  
9       **(a) The metropolitan area, if the area is located in a metropolitan area; or**  
10       **(b) The state, if the area is not located in a metropolitan area.**

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