

HB 2312 -2 STAFF MEASURE SUMMARY

House Committee On Business and Labor

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Meeting Dates: 2/11, 3/4

WHAT THE MEASURE DOES:

Requires property seller to disclose whether property is in Special Flood Hazard Area or whether purchase of flood insurance is required under local ordinance or in order to obtain federally regulated loan.

REVENUE: May have revenue impact, but statement not yet issued.

FISCAL: May have fiscal impact, but statement not yet issued.

ISSUES DISCUSSED:

- Buyer learns of requirement to have flood insurance late in transaction
- Efforts at federal level to change flood insurance program
- Channel Migration Zones not mapped by FEMA
- Real estate agents do not assist seller in completing property disclosure form
- How capable seller is in reviewing FEMA flood maps
- Flood insurance requirement to obtain mortgage

EFFECT OF AMENDMENT:

-2 Requires seller to disclose if they have ever purchased flood insurance. Deletes proposed questions regarding location in a Special Flood Hazard Zone and requirement to purchase flood insurance.

No revenue impact.

No fiscal impact.

BACKGROUND:

Oregon law requires a property seller to provide a potential buyer at time of the offer a property disclosure statement that is based on the seller's actual knowledge of the property at the time the disclosure is made. The disclosure statement must be substantially in the form provided in statute. If the seller fails to provide the form, the buyer has the right to revoke their offer at any time prior to closing. When the disclosure form is provided, the buyer has five days to revoke their offer. The current form requires disclosure if the property is in a designated floodplain. Since 1973, federal law has required property owners to purchase flood insurance if the property is located within a Special Flood Hazard Area. Oregon's disclosure requirement does not explicitly inform the buyer whether flood insurance is required.

House Bill 2312 requires the property seller to disclose additional information about flood hazards. Specifically, the seller must disclose if the property is identified in a Flood Insurance Rate Map as a Special Flood Hazard Area. These maps are prepared by the Federal Emergency Management Agency. Additionally, the seller must disclose if flood insurance is required by a local ordinance or as a condition for obtaining a federally regulated loan.