

House Bill 3487

Sponsored by Representative RUIZ, Senator MANNING JR (at the request of Joint Taskforce on Addressing Racial Disparities in Home Ownership)

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 report to Legislative Assembly on homeownership disparities by September 15 of each even-numbered year. Sunsets January 2, 2035.

Requires department to identify and remove barriers to down payment assistance for individuals with individual taxpayer identification numbers and to report to Oregon Housing Stability Council.

Requires department to convene and provide training programs for homeownership organizations and to evaluate and report on effectiveness of organization's programs to council.

Requires department to research existing financial literacy materials and to develop new materials and financial literacy pamphlet by September 15, 2025.

Requires mortgage bankers and brokers to include financial literacy pamphlet with mortgages. Becomes operative January 1, 2026.

A BILL FOR AN ACT

1
2 Relating to homeownership; creating new provisions; and amending ORS 86A.169, 86A.198 and
3 458.655.

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

REPORTING ON RACIAL DISPARITIES IN HOMEOWNERSHIP

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8 **SECTION 1. (1) On or before September 15 of each even-numbered year, the Housing and**
9 **Community Services Department, in coordination with the Department of Land Conservation**
10 **and Development and the Department of Consumer and Business Services, shall provide a**
11 **report to the appropriate interim committees of the Legislative Assembly in the manner**
12 **provided in ORS 192.245 on:**

13 (a) **Measurable changes in disparities in homeownership by communities of color in this**
14 **state; and**

15 (b) **Progress made on the recommendations of the Joint Task Force on Addressing Racial**
16 **Disparities in Home Ownership under section 4, chapter 506, Oregon Laws 2021.**

17 (2) **The Housing and Community Services Department may contract with the Fair Hous-**
18 **ing Council of Oregon or other nonprofits to collect or analyze data to complete the report**
19 **requirements under subsection (1)(a) of this section.**

20 **SECTION 2. Section 1 of this 2023 Act is repealed on January 2, 2035.**

DOWN PAYMENT ASSISTANCE

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24 **SECTION 3. (1) On or before December 31, 2024, the Housing and Community Services**
25 **Department shall review its policies and rules related to programs administered by the de-**
26 **partment that provide down payment assistance to lower income individuals and shall take**

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 any available steps, including rulemaking, to remove barriers to accessing down payment
2 assistance for individuals without a Social Security number who have an individual taxpayer
3 identification number.

4 (2) On or before June 30, 2024, the department shall provide a report to the Oregon
5 Housing Stability Council on its findings, actions, progress and future plans with regard to
6 implementing subsection (1) of this section.

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8 **ASSISTING HOMEOWNERSHIP ORGANIZATIONS**

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10 **SECTION 4.** The Housing and Community Services Department, in coordination with
11 culturally responsive or culturally specific organizations, as those terms are defined in ORS
12 456.005, within this state that support homeownership, shall:

13 (1) On or before December 31, 2025:

14 (a) Convene one or more peer learning and networking events for housing counselors and
15 other persons who support homeownership programs; and

16 (b) Convene one or more virtual training programs to support housing counselors and
17 other persons who support homeownership programs; and

18 (2) On or before June 30, 2024:

19 (a) Conduct an evaluation of various programs, applications, platforms and software used
20 by homeownership programs and develop recommendations for programs to streamline
21 evaluation and reporting procedures; and

22 (b) Provide a report to the Oregon Housing Stability Council on the evaluation required
23 under paragraph (a) of this subsection.

24 **SECTION 5.** In addition to and not in lieu of any other appropriation, there is appropri-
25 ated to the Housing and Community Services Department, for the biennium beginning July
26 1, 2023, out of the General Fund, the amount of \$200,000, to perform the actions required
27 under section 4 of this 2023 Act.

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29 **HOMEOWNER FINANCIAL LITERACY**

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31 **SECTION 6.** Sections 7 and 8 of this 2023 Act are added to and made a part of ORS 458.600
32 to 458.665.

33 **SECTION 7.** The Housing and Community Services Department, in consultation with the
34 Department of Consumer and Business Services and the Bureau of Labor and Industries,
35 shall:

36 (1) By rule, develop and periodically update a financial literacy pamphlet that will help
37 individuals make informed decisions about personal finances and homeownership, including
38 information on individualized prepurchase education and counseling programs and home
39 purchaser assistance programs.

40 (2) Translate the financial literacy pamphlet into the five most commonly spoken lan-
41 guages in this state other than English.

42 (3) Distribute the financial literacy pamphlet to mortgage brokers and mortgage bankers
43 in this state.

44 **SECTION 8.** (1) On or before September 15, 2025, the Housing and Community Services
45 Department, in consultation with the Department of Consumer and Business Services, shall:

1 **(a) Inventory and evaluate existing national, state and local materials and curriculums**
 2 **for:**

3 **(A) Prepurchase financial literacy education for home purchasers; and**

4 **(B) Financial literacy for existing homeowners, including homeowners who need assist-**
 5 **ance retaining their home or are at risk of foreclosure;**

6 **(b) Adopt by rule the financial literacy pamphlet required under section 7 of this 2023**
 7 **Act based on the inventory and evaluation of materials under paragraph (a) of this sub-**
 8 **section; and**

9 **(c) Develop a collection of financial literacy education best practices and develop new**
 10 **materials for use by the Housing and Community Services Department and to be made pub-**
 11 **licly available for financial educational purposes.**

12 **(2) In inventorying and evaluating materials under subsection (1)(a) of this section, the**
 13 **department shall include materials that:**

14 **(a) Directly relate to purchasing a home, including how to establish good credit, the im-**
 15 **portance of savings, budgeting and investing;**

16 **(b) Include information on down payment assistance, individual development accounts**
 17 **and other mortgage and homeownership assistance;**

18 **(c) Are accessible, culturally and geographically relevant and easy to adapt and imple-**
 19 **ment; and**

20 **(d) Are provided in the five most commonly spoken languages in Oregon, other than**
 21 **English.**

22 **SECTION 9.** ORS 458.655 is amended to read:

23 458.655. (1) The Home Ownership Assistance Account is administered by the Housing and Com-
 24 munity Services Department to expand this state's supply of homeownership housing for families and
 25 individuals with income at or below area median income, including persons over 65 years of age,
 26 persons of color, indigenous persons, members of federally recognized Indian tribes, persons with
 27 disabilities, veterans and agricultural workers. An amount equal to 25 percent of moneys deposited
 28 in the account pursuant to ORS 294.187 is dedicated for expenditure to expand this state's supply
 29 of homeownership housing for veterans and families of veterans. The Oregon Housing Stability
 30 Council shall have a policy of distributing funds statewide while concentrating funds in those areas
 31 of this state with the greatest need, as determined by the council. The council's policy of distribut-
 32 ing funds may differ from the distribution policy for the Housing Development and Guarantee Ac-
 33 count.

34 (2) Funds in the Home Ownership Assistance Account must be used for:

35 (a) Grants to organizations that provide down payment assistance;

36 (b) Grants to organizations that both sponsor and manage homeownership programs for house-
 37 holds with income at or below area median income; *[or]*

38 (c) Grants and technical assistance to organizations that, in working with households with in-
 39 come at or below area median income, assist persons of color in obtaining homeownership under
 40 ORS 458.658[.]; **or**

41 **(d) Developing and promoting the financial literacy pamphlet under section 7 of this 2023**
 42 **Act.**

43 (3) The council shall develop a policy for disbursing grants or technical assistance under sub-
 44 section (2) of this section for any or all of the following purposes:

45 (a) To aid homeownership programs for households with income at or below area median income,

1 including program administration, providing assistance with down payment costs, or providing
 2 homeownership training and qualification services or any combination thereof. Funds in the Home
 3 Ownership Assistance Account may not be used by an organization to pay for its general operations
 4 that do not support homeownership.

5 (b) To match public and private moneys available from other sources to provide homeownership
 6 assistance for households with income at or below area median income.

7 (c) To administer the Home Ownership Assistance Account as provided for in the legislatively
 8 approved budget, as that term is defined in ORS 291.002, for the Housing and Community Services
 9 Department.

10 (4) The council, in developing policy under subsection (3) of this section, shall give preference
 11 in making grants to those entities that propose to:

12 (a) Ensure long-term affordability and opportunities for generational wealth building, including
 13 through loan forgiveness or shared equity;

14 (b) Ensure the longest use for the units as homeownership housing units for households with
 15 income at or below area median income, such as by including some form of equity recapture, land
 16 trust or shared equity provisions, as determined by the council;

17 (c) Include services for occupants and proposed occupants of housing including homeownership
 18 training, mortgage qualification service and financial literacy; and

19 (d) Support a comprehensive strategy to reverse the decreasing rates of homeownership among
 20 persons of color, giving priority to activities that support and incorporate best practices or demon-
 21 strate proven success in increasing homeownership for persons of color or receive grants or tech-
 22 nical assistance under ORS 458.658.

23 **SECTION 10.** ORS 86A.169 is amended to read:

24 86A.169. Prior to the closing of any mortgage loan or any mortgage banking loan, the mortgage
 25 banker or mortgage broker shall supply the borrower with:

26 (1) A disclosure as required by the real estate lending provisions of 15 U.S.C. 1601 et seq. and
 27 Regulation Z, 12 C.F.R. Part 226[.]; and

28 **(2) The financial literacy pamphlet developed under section 7 of this 2023 Act.**

29 **SECTION 11.** ORS 86A.198 is amended to read:

30 86A.198. (1) A mortgage banker, a mortgage broker or a mortgage loan originator shall provide
 31 in writing the materials identified in subsection (2) of this section to a borrower if the mortgage
 32 banker, mortgage broker or mortgage loan originator:

33 (a) Communicates or causes to be communicated an advertisement in a language other than
 34 English or otherwise solicits business in a language other than English; and

35 (b) Offers to negotiate or make, or negotiates or makes, a residential mortgage transaction in
 36 the course of which a substantial portion of the communication with the borrower that is related
 37 to the transaction takes place in the language other than English that was used to communicate the
 38 advertisement or make the solicitation.

39 (2) A mortgage banker, mortgage broker or mortgage loan originator that takes an action de-
 40 scribed in subsection (1) of this section shall provide the following materials to the borrower in
 41 English and in the language other than English in which a substantial portion of the communication
 42 that is related to the transaction takes place:

43 (a) A good faith estimate required under the Real Estate Settlement Procedures Act, 12 U.S.C.
 44 2601 et seq., and under Regulation X, 24 C.F.R. part 3500, as enacted or promulgated on January
 45 1, 2010;

1 (b) The disclosures related to the transaction that are required under the Truth in Lending Act,
2 15 U.S.C. 1601 et seq., and under Regulation Z, 12 C.F.R. part 226, as enacted or promulgated on
3 January 1, 2010; *[and]*

4 (c) A statement notifying the borrower that loan documents associated with the transaction will
5 be in English and advising the borrower to obtain appropriate assistance with any necessary
6 translations[.]; **and**

7 **(d) The financial literacy pamphlet developed under section 7 of this 2023 Act.**

8 (3) The Director of the Department of Consumer and Business Services shall develop and dis-
9 tribute translated versions of the materials identified in subsection [(2)] **(2)(a) to (c)** of this section
10 in the three languages other than English that are most commonly spoken in this state.

11 **SECTION 12. The amendments to ORS 86A.169 and 86A.198 by sections 10 and 11 of this**
12 **2023 Act become operative on January 1, 2026.**

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14 **UNIT CAPTIONS**

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16 **SECTION 13. The unit captions used in this 2023 Act are provided only for the conven-**
17 **ience of the reader and do not become part of the statutory law of this state or express any**
18 **legislative intent in the enactment of this 2023 Act.**