

Requested by Representative BOWMAN

**PROPOSED AMENDMENTS TO  
HOUSE BILL 3188**

1 On page 1 of the printed bill, delete lines 5 through 25 and delete pages  
2 2 through 4 and insert:

3 **“SECTION 1. (1) As used in this section:**

4 **“(a) ‘Borrower’ means an individual who executes a mortgage loan**  
5 **with a lender to purchase a dwelling.**

6 **“(b) ‘Dwelling’ means:**

7 **“(A) A residence that is situated on and is part of real property and**  
8 **is intended for occupation by a single family unit;**

9 **“(B) A townhouse, as defined in ORS 197A.420; or**

10 **“(C) A manufactured home, as defined in ORS 446.003, that is situ-**  
11 **ated on and is part of real property that the manufactured home**  
12 **owner also owns.**

13 **“(c) ‘First-time home buyer’ has the meaning given that term in**  
14 **ORS 316.796.**

15 **“(d) ‘Lender’ means a credit union, as defined in ORS 723.008, or a**  
16 **banking institution, as defined in ORS 706.008.**

17 **“(e) ‘Mortgage loan’ means a loan, extension of credit or retail sales**  
18 **contract that a lender provides to a first-time home buyer to purchase**  
19 **a dwelling that is secured by a mortgage, deed of trust or lien interest**  
20 **with the consent of the first-time home buyer.**

21 **“(2) The Housing and Community Services Department shall create**

1 a loan loss reserve program to partially cover risks of loss for lenders  
2 that make mortgage loans that meet the criteria specified in sub-  
3 section (3)(a) of this section. The department shall fund the program  
4 with moneys from the Welcome Home Assistance Program Fund es-  
5 tablished in section 2 of this 2025 Act. The department may not pay  
6 a claim for a loss from the fund unless the department determines  
7 that a lender has demonstrated that the circumstances described in  
8 subsection (4) of this section occurred and the lender provided the  
9 documentation required under subsection (5) of this section.

10 “(3) The department may pledge not more than five percent of the  
11 purchase price of a dwelling as a guarantee against a lender’s claimed  
12 loss of a sum due as a repayment of the mortgage loan. A mortgage  
13 loan qualifies for the department’s guarantee only if:

14 “(a) The mortgage loan:

15 “(A) Finances 100 percent of a first-time home buyer’s purchase of  
16 a dwelling without requiring the first-time home buyer to provide a  
17 down payment from the first-time home buyer’s own funds and with-  
18 out requiring payment of mortgage insurance;

19 “(B) Has a fixed interest rate and a repayment term of 30 years;

20 “(C) Has an interest rate that does not exceed one percentage point  
21 above the interest rate that the lender would charge for a mortgage  
22 loan with similar terms, other than a required down payment, that is  
23 eligible for sale to the Federal National Mortgage Association or Fed-  
24 eral Home Loan Mortgage Corporation;

25 “(D) Meets underwriting requirements that the lender applies in  
26 accordance with 12 C.F.R. 1026.43, as in effect on the effective date of  
27 this 2025 Act; and

28 “(E) Includes an escrow account that reserves the amount of funds  
29 necessary to pay property taxes and insurance for a minimum of two  
30 months; and

1       **“(b) The first-time home buyer:**

2       **“(A) Has an income that does not exceed 120 percent of the quali-**  
3 **fyng income for a mortgage loan borrower in the county or region in**  
4 **which the dwelling is located, as determined by the Federal Housing**  
5 **Finance Agency; and**

6       **“(B) Completes a home buyer education class the Housing and**  
7 **Community Services Department offers or approves.**

8       **“(4)(a) A lender may claim from the amount the department**  
9 **pledged as a guarantee under subsection (3) of this section a loss of**  
10 **an outstanding sum due as a repayment of a mortgage loan described**  
11 **in subsection (3)(a) of this section only if:**

12       **“(A) The lender has lawfully foreclosed on the mortgage loan that**  
13 **is subject to the department’s guarantee not later than five years after**  
14 **the date on which the mortgage loan originally closed;**

15       **“(B) The dwelling that secured the mortgage loan was:**

16       **“(i) Sold in a trustee’s sale under ORS 86.782, or an execution sale**  
17 **under ORS 18.930, as appropriate, and the sale proceeds paid to the**  
18 **lender were less than the full outstanding amount due to the lender**  
19 **as a repayment of the mortgage loan; or**

20       **“(ii) Resold by the lender after the lender purchased the dwelling**  
21 **in a sale described in sub-subparagraph (i) of this subparagraph and**  
22 **the proceeds of the lender’s resale did not repay all of the outstanding**  
23 **amount due as a repayment of the mortgage loan; and**

24       **“(C) The lender can document the loss in accordance with sub-**  
25 **section (5) of this section.**

26       **“(b) A lender may make a claim under paragraph (a) of this sub-**  
27 **section even if the lender resells a dwelling the lender purchased in a**  
28 **sale described in paragraph (a)(B)(i) of this subsection more than five**  
29 **years after the closing date of the mortgage loan.**

30       **“(c) A lender may claim as a loss only the lesser of the amount that**

1 the department pledged as a guarantee under paragraph (a) of this  
2 subsection or the actual amount of the lender's loss after applying the  
3 proceeds from a sale described in paragraph (a)(B) of this subsection  
4 toward repaying the outstanding sum due on the mortgage loan.

5 “(5) A lender may show a loss of a sum due as a repayment of a  
6 mortgage loan described in subsection (3)(a) of this section by provid-  
7 ing to the department:

8 “(a) A copy of the mortgage note and trust deed or mortgage doc-  
9 ument;

10 “(b) The borrower's repayment history for the mortgage loan;

11 “(c) The outstanding balance on the mortgage loan;

12 “(d) A copy of any agreement or other document the department  
13 issued as a guarantee for the mortgage loan;

14 “(e) A certificate of compliance that a service provider, as defined  
15 in ORS 86.707, issues under ORS 86.736, if the certificate of compliance  
16 is required in connection with the foreclosure; and

17 “(f) A receipt or other documentation that shows the amount the  
18 lender received as proceeds from a sale of the dwelling under sub-  
19 section (4)(a)(B) of this section and the amount of the mortgage loan  
20 that remains unpaid after applying the proceeds toward repaying the  
21 mortgage loan.

22 “(6)(a) A lender shall release the department in writing from the  
23 pledge described in subsection (3) of this section not later than five  
24 years after the date on which the lender closed the mortgage loan with  
25 the borrower or resold the property under subsection (4)(a)(B)(ii) of  
26 this section. The department may pledge the amount the lender re-  
27 leases under this subsection as a guarantee for a different mortgage  
28 loan.

29 “(b) The department may not pledge as guarantees of mortgage  
30 loans under this section more than the balance of the moneys in the

1 **Welcome Home Assistance Program Fund.**

2 **“(7) If a lender recoups all or a portion of a loss the lender claimed**  
3 **under this section from sources other than the proceeds of a sale un-**  
4 **der subsection (4)(a)(B) of this section, such as mortgage insurance**  
5 **or other loss mitigation, the department may seek a reimbursement**  
6 **from the lender of the lesser of the amount the lender received as a**  
7 **recoupment of the loss or the amount the department paid to the**  
8 **lender to satisfy the lender’s claim under this section.**

9 **“(8) The department shall adopt rules necessary to implement the**  
10 **provisions of this section. The rules, at a minimum, must specify:**

11 **“(a) The forms, formats and contents for:**

12 **“(A) The department’s pledge under subsection (3) of this section;**

13 **“(B) A lender’s claim under this section; and**

14 **“(C) The release the lender must execute under subsection (6) of**  
15 **this section;**

16 **“(b) The contents of the home buyer education class required under**  
17 **subsection (3)(b)(B) of this section or an approval of the provider and**  
18 **contents of a class that another person offers; and**

19 **“(c) Criteria for verifying that a mortgage loan for which the de-**  
20 **partment issues a pledge under subsection (3) of this section meets the**  
21 **qualifications required under subsection (3)(a) of this section.**

22 **“SECTION 2. (1) There is established in the State Treasury the**  
23 **Welcome Home Assistance Program Fund, separate and distinct from**  
24 **the General Fund. The Housing and Community Services Department**  
25 **shall pay into the State Treasury to the credit of the Welcome Home**  
26 **Assistance Program Fund all moneys the department collects or re-**  
27 **ceives in connection with the program described in section 1 of this**  
28 **2025 Act, including appropriations to the department, releases of**  
29 **amounts pledged as mortgage loan guarantees and reimbursements of**  
30 **claims the department pays from the fund under section 1 of this 2025**

1 **Act. Moneys in the fund may be invested in the same manner as other**  
2 **state moneys and any interest earned must be credited to the Welcome**  
3 **Home Assistance Program Fund.**

4 **“(2) The department shall keep a record of all moneys deposited into**  
5 **the Welcome Home Assistance Program Fund, indicating in the record**  
6 **by separate account the source of the moneys, the interest earned and**  
7 **the activity against which the department charges any withdrawal.**

8 **“(3) If moneys credited to the Welcome Home Assistance Program**  
9 **Fund are withdrawn, transferred or used for purposes other than the**  
10 **purposes for which the fund was established, interest accrues on the**  
11 **amount withdrawn from the date of withdrawal until the date on**  
12 **which the moneys are restored to the fund.**

13 **“(4) Moneys in the Welcome Home Assistance Program Fund are**  
14 **continuously appropriated to the department for the department’s ad-**  
15 **ministrative expenses and the department’s duties under section 1 of**  
16 **this 2025 Act.**

17 **“(5) The department may self-insure or obtain insurance or rein-**  
18 **surance against losses to the fund from claims paid to lenders under**  
19 **section 1 of this 2025 Act.**

20 **“SECTION 3. There is appropriated to the Housing and Community**  
21 **Services Department, for the biennium beginning July 1, 2025, out of**  
22 **the General Fund, the amount of \$2,500,000 for the purpose of carrying**  
23 **out the department’s duties under sections 1 and 2 of this 2025 Act.**

24 **“SECTION 4. This 2025 Act being necessary for the immediate**  
25 **preservation of the public peace, health and safety, an emergency is**  
26 **declared to exist, and this 2025 Act takes effect on its passage.”.**

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