

# DRAFT

## SUMMARY

Creates Affordable Housing Mortgage Loan Fund and continuously appropriates moneys in fund to Housing and Community Services Department for purpose of making deferred loan to qualified statewide nonprofit organization. Specifies conditions under which statewide nonprofit organization must repay loan. Requires department by rule to specify qualifications of statewide nonprofit organization that is eligible to receive loan from Affordable Housing Mortgage Loan Fund.

Requires statewide nonprofit organization that receives loan from department to create and administer revolving fund for purpose of purchasing mortgage loans from affiliated local nonprofit organizations that construct and sell housing to low-income residents of this state. Specifies conditions under which statewide nonprofit organization may purchase mortgage loans from affiliated local nonprofit organization.

Requires statewide nonprofit organization to report annually to department concerning statewide nonprofit organization's activities with respect to Affordable Housing Mortgage Loan Fund.

Becomes operative January 1, 2017.

Takes effect July 1, 2016.

## A BILL FOR AN ACT

Relating to moneys for nonprofit organizations that provide affordable housing; and prescribing an effective date.

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

**SECTION 1. (1)(a) The Affordable Housing Mortgage Loan Fund is created in the State Treasury, separate and distinct from the General Fund. Moneys in the fund are continuously appropriated to the Housing and Community Services Department for the purpose of making deferred loans to qualified statewide nonprofit organizations of the type described in subsection (2)(b) of this section.**

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.

(b) In addition to any moneys the department receives as an appropriation from the General Fund for the purposes set forth in this subsection, the department may accept contributions of money and property from any source and shall deposit the contributions to the credit of the Affordable Housing Mortgage Loan Fund.

(c) The department shall keep a record of all moneys the department deposits into the Affordable Housing Mortgage Loan Fund and shall indicate, with separate accounts, the source of the moneys and the activity or program against which the department charges any withdrawal.

(2)(a) The department shall transfer moneys from the Affordable Housing Mortgage Loan Fund to a qualified statewide nonprofit organization of the type described in paragraph (b) of this subsection in the form of an interest-free loan that the statewide nonprofit organization must repay to the department only if and to the extent that:

(A) The statewide nonprofit organization does not use the moneys to create a revolving fund in accordance with section 2 of this 2016 Act; or

(B) The Director of the Housing and Community Services Department determines that the statewide nonprofit organization must repay the loan on grounds of defalcation, fraud or similar reasons after auditing or investigating the statewide nonprofit organization's operations and conducting an administrative proceeding under ORS 183.413 to 183.470.

(b) The department by rule shall specify the qualifications for a statewide nonprofit organization that is eligible to receive moneys as a deferred loan from the Affordable Housing Mortgage Loan Fund. At a minimum, the statewide nonprofit organization must:

(A) Operate in at least half of the counties of this state or have affiliations with and provide management and coordination for local nonprofit organizations that construct, reconstruct, refurbish or ren-

1 ovate residential housing for sale to low-income residents in at least  
2 half of the counties in this state;

3 (B) Have in place a fundraising operation that is independent of and  
4 does not depend on receiving moneys from the Affordable Housing  
5 Mortgage Loan Fund;

6 (C) Provide training, technical assistance and related services to  
7 affiliated local nonprofit organizations; and

8 (D) Have operated in this state continuously for a period that began  
9 at least 15 years before the operative date of sections 1 to 3 of this 2016  
10 Act.

11 **SECTION 2. (1)(a)** A statewide nonprofit organization that receives  
12 a loan from the Affordable Housing Mortgage Loan Fund in accord-  
13 ance with section 1 of this 2016 Act shall use the proceeds of the loan  
14 to create and administer a revolving fund that the statewide nonprofit  
15 organization uses to purchase mortgage loans that affiliated local  
16 nonprofit organizations originate or make. The statewide nonprofit  
17 organization may retain a maximum of eight percent of the value of  
18 each mortgage loan for expenses related to administering the revolv-  
19 ing fund. The statewide nonprofit organization shall deposit payments  
20 that borrowers make on mortgage loans that the statewide nonprofit  
21 organization purchases into the revolving fund that the statewide  
22 nonprofit organization creates and administers under this subsection.

23 (b) A statewide nonprofit organization may sell a mortgage loan  
24 that the statewide nonprofit organization purchases in accordance  
25 with this section if the sale:

26 (A) Results in a recapitalization of the revolving fund described in  
27 paragraph (a) of this subsection significantly more rapidly than would  
28 payments that borrowers make on outstanding mortgage loans that  
29 the statewide nonprofit organization holds;

30 (B) Is not at a discount that would jeopardize the long-term viabil-  
31 ity of the revolving fund; and

1 (C) Is necessary to enable the statewide nonprofit organization to  
2 support affiliated local nonprofit organizations in providing affordable  
3 housing to low-income residents of this state.

4 (c) A statewide nonprofit organization may receive and deposit into  
5 the revolving fund described in paragraph (a) of this subsection con-  
6 tributions, donations, grants and other transfers of money from any  
7 source, public or private. The statewide nonprofit organization shall  
8 keep accounts and records that identify the source of the transfers and  
9 the activity or program against which the statewide nonprofit organ-  
10 ization charges any withdrawal from the revolving fund.

11 (2) A statewide nonprofit organization that receives a loan from the  
12 Affordable Housing Mortgage Loan Fund in accordance with section 1  
13 of this 2016 Act shall use moneys from the loan to purchase a mort-  
14 gage loan that an affiliated local nonprofit organization originates or  
15 makes only if:

16 (a) The mortgage loan complies with prevailing underwriting stan-  
17 dards that responsible private lenders use;

18 (b) The affiliated local nonprofit organization provides evidence that  
19 the mortgage loan will be professionally serviced;

20 (c) The statewide nonprofit organization has not purchased more  
21 than half of the moneys that the affiliated local nonprofit organization  
22 has for originating or making mortgage loans;

23 (d) The affiliated local nonprofit organization has all of the licenses  
24 necessary to conduct business within this state and has complied with  
25 all applicable tax laws of this state;

26 (e) The affiliated local nonprofit organization has provided evidence  
27 of having sufficient financial capability to repay the mortgage loan if  
28 doing so becomes necessary;

29 (f) The affiliated local nonprofit organization agrees to substitute,  
30 with assistance from the statewide nonprofit organization, a mortgage  
31 loan that is not in arrears and on which the borrower can continue

to make payments for any mortgage loan on which the borrower cannot feasibly make further payments; and

(g) The statewide nonprofit organization complies with any requirements that the Housing and Community Services Department adopts by rule concerning the quality of the mortgage loans that the statewide nonprofit organization purchases.

**SECTION 3.** (1) A statewide nonprofit organization that receives a loan from the Affordable Housing Mortgage Loan Fund in accordance with section 1 of this 2016 Act shall report annually to the Housing and Community Services Department concerning the statewide nonprofit organization's activities under sections 1 and 2 of this 2016 Act. The department by rule shall specify the information that the report must contain, which, at a minimum, must include:

(a) A detailed description of the statewide nonprofit organization's activities under sections 1 and 2 of this 2016 Act;

(b) A list of the number of mortgage loans and the amount of each mortgage loan the statewide nonprofit organization purchases and sells;

(c) The nature and amounts of the administrative expenses the statewide nonprofit organization incurs with respect to the revolving fund described in section 2 of this 2016 Act; and

(d) Aggregated data concerning the income, racial or ethnic background, family size and related demographic information of persons who received mortgage loans that the statewide nonprofit organization purchased in accordance with sections 1 and 2 of this 2016 Act. The aggregated data may not include personal information for any individual.

(2) The statewide nonprofit organization shall provide the report described in subsection (1) of this section to the department not later than December 31 of each year.

**SECTION 4.** (1) Sections 1 to 3 of this 2016 Act become operative

1 **January 1, 2017.**

2       **(2) The Director of the Housing and Community Services Depart-**  
3 **ment may adopt rules and take any other action before the operative**  
4 **date specified in subsection (1) of this section that is necessary to en-**  
5 **able the director, on and after the operative date specified in sub-**  
6 **section (1) of this section, to exercise all of the duties, functions and**  
7 **powers conferred on the director by sections 1 to 3 of this 2016 Act.**

8       **SECTION 5.** **This 2016 Act takes effect on July 1, 2016.**

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