

HOUSE BILL No. 1567

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-20-6.1.

Synopsis: Loans for abandoned or foreclosed homes. Establishes the abandoned or foreclosed property rehabilitation financing program (program) to provide rehabilitation loans to finance the purchase and rehabilitation of abandoned or foreclosed property. Provides that the housing and community development authority (authority) shall administer the program. Allows a lender that: (1) is authorized to originate, service, or otherwise aid in the financing of residential mortgage loans in Indiana; and (2) meets the standards for program participation established by the authority; to be an approved lender under the program for the purpose of making rehabilitation loans to eligible persons. Specifies that a rehabilitation loan is a first lien mortgage loan that is: (1) issued by an approved lender for the purpose of purchasing and rehabilitating abandoned or foreclosed property; (2) guaranteed by the authority; (3) a zero or low interest loan; (4) for a term of years determined or approved by the authority; and (5) repayable in installments or, at the option of the mortgagor, repayable when the mortgagor sells or transfers the mortgagor's interest in the property. Requires the authority to establish, not later than January 1, 2016, policies and procedures to implement and administer the program. Allows the authority to adopt rules to establish the policies and procedures to implement and administer the program. Establishes the abandoned or foreclosed property rehabilitation financing account within the state general fund to provide funds to: (1) guarantee rehabilitation loans under the program; and (2) pay the authority's expenses in establishing and administering the program.

Effective: Upon passage.

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January 20, 2015, read first time and referred to Committee on Ways and Means.



First Regular Session of the 119th General Assembly (2015)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

HOUSE BILL No. 1567

A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 5-20-6.1 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]:
4 **Chapter 6.1. Financing for the Purchase and Rehabilitation of**
5 **Abandoned or Foreclosed Residential Property**
6 **Sec. 1. As used in this chapter, "abandoned or foreclosed**
7 **property" means real property that is:**
8 (1) **abandoned property;**
9 (2) **foreclosed property; or**
10 (3) **both subdivisions (1) and (2).**
11 **Sec. 2. As used in this chapter, "abandoned property" means**
12 **real property:**
13 (1) **that is located in Indiana;**
14 (2) **that is classified as residential for property tax purposes;**
15 (3) **upon which there is constructed a dwelling; and**



- 1 (4) that meets one (1) or more of the criteria set forth in
2 IC 36-7-36-1(2) through IC 36-7-36-1(5).
- 3 Sec. 3. As used in this chapter, "account" refers to the
4 abandoned or foreclosed property rehabilitation financing account
5 established by section 12 of this chapter.
- 6 Sec. 4. As used in this chapter, "approved lender" means a
7 lender that meets the standards established by the authority under
8 section 11(2) of this chapter for participation in the program.
- 9 Sec. 5. As used in this chapter, "authority" refers to the Indiana
10 housing and community development authority created by
11 IC 5-20-1-3.
- 12 Sec. 6. As used in this chapter, "dwelling" means any building,
13 structure, or part of a building or structure that is designed or
14 intended for occupancy as a residence by one (1) or more families.
- 15 Sec. 7. As used in this chapter, "foreclosed property" means real
16 property:
- 17 (1) that is located in Indiana;
18 (2) that is classified as residential for property tax purposes;
19 (3) upon which there is constructed a dwelling; and
20 (4) with respect to which a judgment of foreclosure has been
21 entered by a court.
- 22 Sec. 8. As used in this chapter, "lender" means:
- 23 (1) a bank, trust company, savings bank, savings association,
24 credit union, national banking association, mortgage banking
25 firm; or
26 (2) any other financing institution;
27 that is authorized to originate, service, or otherwise aid in the
28 financing of mortgage loans for single family and multifamily
29 dwellings in Indiana.
- 30 Sec. 9. As used in this chapter, "program" refers to the
31 abandoned or foreclosed property rehabilitation financing
32 program established by section 11 of this chapter.
- 33 Sec. 10. As used in this chapter, "rehabilitation loan" means a
34 first lien mortgage loan:
- 35 (1) that is issued by an approved lender to a mortgagor for the
36 purpose of purchasing and rehabilitating abandoned or
37 foreclosed property;
38 (2) that is guaranteed by the authority;
39 (3) that is a zero (0) interest or low interest loan;
40 (4) that is for a term of years determined or approved by the
41 authority; and
42 (5) with respect to which:



- 1 (A) the repayment of the principal and interest (if any)
 2 must be made in installments; or
 3 (B) the repayment of:
 4 (i) the principal;
 5 (ii) the interest (if any); or
 6 (iii) both items (i) and (ii);
 7 may, at the option of the mortgagor, be deferred until such
 8 time as the mortgagor sells or transfers the mortgagor's
 9 interest in the abandoned or foreclosed property for which
 10 the loan was issued, subject to agreement by the approved
 11 lender and the approval of the authority.

12 **Sec. 11. The abandoned or foreclosed property rehabilitation**
 13 **financing program is established to provide rehabilitation loans to**
 14 **finance the purchase and rehabilitation of abandoned or foreclosed**
 15 **property. The program shall be administered by the authority. Not**
 16 **later than January 1, 2016, the authority shall establish policies**
 17 **and procedures to implement and administer the program. The**
 18 **policies and procedures established by the authority under this**
 19 **section must include the following:**

- 20 (1) Standards for determining those persons eligible to seek
 21 financing under the program to purchase and rehabilitate
 22 abandoned or foreclosed property. The authority may allow
 23 one (1) or more of the following to seek financing under the
 24 program, subject to the underwriting requirements described
 25 in subdivision (5):
 26 (A) An individual, or an individual jointly with one (1) or
 27 more other individuals.
 28 (B) A nonprofit corporation, including a community
 29 organization, a neighborhood association, a neighborhood
 30 development corporation, or another similar organization.
 31 (C) A unit of local government or an agency of a unit of
 32 local government.
 33 (D) Private developers or investors.
 34 (E) Any other person or classification of person that the
 35 authority determines is eligible to seek financing under the
 36 program.
 37 (2) Standards for determining those lenders eligible to
 38 participate as approved lenders under the program.
 39 (3) The establishment of an application process for seeking
 40 financing under the program.
 41 (4) Procedures or criteria for determining the term of years,
 42 the rate of interest (if any), the repayment schedule, escrow



1 requirements, fees and penalties, and other terms and
2 conditions for rehabilitation loans under the program.

3 (5) The establishment of minimum loan underwriting criteria
4 for rehabilitation loans under the program, subject to an
5 approved lender's own underwriting criteria.

6 (6) A requirement that an approved lender holding a
7 rehabilitation loan that is guaranteed under the program
8 must adequately secure the obligation.

9 (7) The requirement that the following contracts be entered
10 into under the program:

11 (A) A contract between the authority and each approved
12 lender under the program, concerning each party's
13 obligations and rights under the program.

14 (B) With respect to a particular rehabilitation loan under
15 the program, a contract between the authority, the
16 approved lender, and the recipient of the rehabilitation
17 loan, concerning each party's obligations and rights under
18 the program and the particular rehabilitation loan.

19 (8) The promulgation of forms to be used in executing the
20 contracts described in subdivision (7).

21 (9) The establishment of caps on the amount of financing or
22 number of rehabilitation loans that any one (1) eligible person
23 may receive under the program.

24 (10) The establishment of a procedure for disbursing funds
25 from the account for the purposes of the account.

26 (11) The establishment of incentives to encourage lenders to
27 become approved lenders under the program.

28 (12) Any other policies or procedures the authority
29 determines are necessary to implement and administer the
30 program.

31 **Sec. 12. (a) The abandoned or foreclosed property rehabilitation**
32 **financing account is established within the state general fund to**
33 **provide funds to do the following:**

34 (1) Guarantee rehabilitation loans under the program.

35 (2) Pay the authority's expenses in establishing and
36 administering the program. However, not more than ten
37 percent (10%) of the money in the account may be used for
38 this purpose.

39 The account shall be administered by the authority.

40 (b) The account consists of the following:

41 (1) Money appropriated to the account by the general
42 assembly.



- 1 **(2) Investment earnings, including interest, on money in the**
2 **account.**
- 3 **(3) Money from any other source, including gifts, grants,**
4 **donations, and other funds from government programs,**
5 **foundations, corporations, or any other public or private**
6 **sources.**
- 7 **(c) Money in the account is continuously appropriated for the**
8 **purposes of this chapter.**
- 9 **(d) The expenses of administering the account shall be paid from**
10 **money in the account.**
- 11 **(e) The treasurer of state shall invest the money in the account**
12 **not currently needed to meet the obligations of the account in the**
13 **same manner as other public money may be invested.**
- 14 **(f) Money that is in the account at the end of a state fiscal year**
15 **does not revert to the state general fund.**
- 16 **Sec. 13. (a) The authority may adopt rules under IC 4-22-2,**
17 **including emergency rules adopted in the manner provided by**
18 **IC 4-22-2-37.1, to establish the policies and procedures required**
19 **under section 11 of this chapter and to otherwise implement this**
20 **chapter. Rules or emergency rules adopted by the authority under**
21 **this section must take effect not later than January 1, 2016.**
- 22 **(b) Notwithstanding IC 4-22-2-37.1(g), an emergency rule**
23 **adopted by the authority in the manner provided by IC 4-22-2-37.1**
24 **to establish the policies and procedures required under section 11**
25 **of this chapter and to otherwise implement this chapter expires on**
26 **the date a rule that supersedes the emergency rule is adopted by**
27 **the authority under IC 4-22-2-24 through IC 4-22-2-36.**
- 28 **SECTION 2. An emergency is declared for this act.**

