

As Introduced

**128th General Assembly
Regular Session
2009-2010**

S. B. No. 5

Senator Buehrer

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A B I L L

To amend sections 175.01 and 175.04 and to enact 1
sections 175.30 to 175.35 of the Revised Code to 2
create the Grants for Grads Program. 3

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 175.01 and 175.04 be amended and 4
sections 175.30, 175.31, 175.32, 175.33, 175.34, and 175.35 of the 5
Revised Code be enacted to read as follows: 6

Sec. 175.01. As used in ~~this chapter~~ sections 175.01 to 7
175.13 of the Revised Code: 8

(A) "Bonds" means bonds, notes, debentures, refunding bonds, 9
refunding notes, and other obligations. 10

(B) "Financial assistance" means grants, loans, loan 11
guarantees, an equity position in a project, and loan subsidies. 12

(C) "Grant" means funding for which repayment is not 13
required. 14

(D) "Homeownership program" means any program for which the 15
Ohio housing finance agency provides financing, directly or 16
indirectly, for the purchase of housing for owner-occupancy. 17

(E) "Housing" means housing for owner-occupancy and 18
multifamily rental housing. 19

(F) "Housing development fund" means the housing development fund created and administered pursuant to section 175.11 of the Revised Code.

(G) "Housing finance agency personal services fund" means the housing finance agency personal services fund created and administered pursuant to section 175.051 of the Revised Code.

(H) "Housing for owner-occupancy" means housing that is intended for occupancy by an owner as a principal residence. "Housing for owner-occupancy" may be any type of structure and may be owned in any form of ownership.

(I) "Housing trust fund" means the low- and moderate-income housing trust fund created and administered pursuant to Chapter 174. of the Revised Code.

(J) "Improvement" means any alteration, remodeling, addition, or repair that substantially protects or improves the basic habitability or energy efficiency of housing.

(K) "Lending institution" means any financial institution qualified to conduct business in this state, a subsidiary corporation that is wholly owned by a financial institution qualified to conduct business in this state, and a mortgage lender whose regular business is originating, servicing, or brokering real estate loans and who is qualified to do business in this state.

(L) "Loan" means any extension of credit or other form of financing or indebtedness extended directly or indirectly to a borrower with the expectation that it will be repaid in accordance with the terms of the underlying loan agreement or other pertinent document. "Loan" includes financing the Ohio housing finance agency extends to lending institutions and indebtedness the agency purchases from lending institutions.

(M) "Loan guarantee" means any agreement in favor of a

lending institution, bondholder, or other lender in which the 51
credit and resources of the housing finance agency or the housing 52
trust fund are pledged to secure the payment or collection of 53
financing extended to a borrower for the acquisition, 54
construction, improvement, rehabilitation, or preservation of 55
housing or to refinance any financing previously extended for 56
those purposes. 57

(N) "Loan subsidy" means any deposit of funds the Ohio 58
housing finance agency holds or administers into a lending 59
institution with the authorization or direction that the income or 60
revenues the deposit earns, or could have earned at competitive 61
rates, be applied directly or indirectly to the benefit of housing 62
assistance or financial assistance. 63

(O) "Low- and moderate-income persons" means individuals and 64
families who qualify as low- and moderate-income persons pursuant 65
to guidelines the agency establishes. 66

(P) "Multifamily rental housing" means multiple unit housing 67
intended for rental occupancy. 68

(Q) "Nonprofit organization" means a nonprofit organization 69
in good standing and qualified to conduct business in this state 70
including any corporation whose members are members of a 71
metropolitan housing authority. 72

(R) "Owner" means any person who, jointly or severally, has 73
legal or equitable title to housing together with the right to 74
control or possess that housing. "Owner" includes a purchaser of 75
housing pursuant to a land installment contract if that contract 76
vests possession and maintenance responsibilities in the 77
purchaser, and a person who has care or control of housing as 78
executor, administrator, assignee, trustee, or guardian of the 79
estate of the owner of that housing. 80

(S) "Security interest" means any lien, encumbrance, pledge, 81

assignment, mortgage, or other form of collateral the Ohio housing 82
finance agency holds as security for financial assistance the 83
agency extends or a loan the agency acquires. 84

Sec. 175.04. (A) The governor shall appoint a chairperson 85
from among the members of the Ohio housing finance agency. The 86
agency members shall elect a member as vice-chairperson. The 87
agency members may appoint other officers, who need not be members 88
of the agency, as the agency deems necessary. 89

(B) Six members of the agency constitute a quorum and the 90
affirmative vote of six members is necessary for any action the 91
agency takes. No vacancy in agency membership impairs the right of 92
a quorum to exercise all of the agency's rights and perform all 93
the agency's duties. Agency meetings may be held at any place 94
within the state. Meetings shall comply with section 121.22 of the 95
Revised Code. 96

(C) The agency shall maintain accounting records in 97
accordance with generally accepted accounting principals and other 98
required accounting standards. 99

(D) The agency shall develop policies and guidelines for the 100
administration of its programs and annually shall conduct at least 101
one public hearing to obtain input from any interested party 102
regarding the administration of its programs. The hearing shall be 103
held at a time and place as the agency determines and when a 104
quorum of the agency is present. 105

(E) The agency shall appoint committees and subcommittees 106
comprised of members of the agency to handle matters it deems 107
appropriate. 108

(1) The agency shall adopt an annual plan to address this 109
state's housing needs. The agency shall appoint an annual plan 110
committee to develop the plan and present it to the agency for 111

consideration. 112

(2) The annual plan committee shall select an advisory board 113
from a list of interested individuals the executive director 114
provides or on its own recommendation. The advisory board shall 115
provide input on the plan at committee meetings prior to the 116
annual public hearing. At the public hearing, the committee shall 117
discuss advisory board comments. The advisory board may include, 118
but is not limited to, persons who represent state agencies, local 119
governments, public corporations, nonprofit organizations, 120
community development corporations, housing advocacy organizations 121
for low- and moderate-income persons, realtors, syndicators, 122
investors, lending institutions as recommended by a statewide 123
banking organization, and other entities participating in the 124
agency's programs. 125

Each agency program that allows for loans to be made to 126
finance housing for owner occupancy that benefits other than low- 127
and moderate-income households, or for loans to be made to 128
individuals under bonds issued pursuant to division (B) of section 129
175.08 of the Revised Code, shall be presented to the advisory 130
board and included in the annual plan as approved by the agency 131
before the program's implementation. 132

(F) The agency shall prepare an annual financial report 133
describing its activities during the reporting year and submit 134
that report to the governor, the speaker of the house of 135
representatives, and the president of the senate within three 136
months after the end of the reporting year. The report shall 137
include the agency's audited financial statements, prepared in 138
accordance with generally accepted accounting principles and 139
appropriate accounting standards. 140

(G) The agency shall prepare an annual report of its programs 141
describing how the programs have met this state's housing needs. 142
The agency shall submit the report to the governor, the speaker of 143

the house of representatives, and the president of the senate 144
within three months after the end of the reporting year. 145

(H) The agency shall prepare an annual report regarding the 146
grants for grads program created under section 175.31 of the 147
Revised Code describing the number and dollar amount of grants 148
awarded, and the activities of the agency under sections 175.30 to 149
175.35 of the Revised Code, during the previous calendar year. The 150
agency shall submit the report to the governor, director of 151
development, chancellor of the Ohio board of regents, president of 152
the senate, and speaker of the house of representatives. 153

Sec. 175.30. As used in sections 175.30 to 175.35 of the 154
Revised Code: 155

(A) "First home" or "home" means the first residential real 156
property located in this state to be purchased by a grantee, which 157
property serves as the grantee's primary residence, upon its 158
acquisition, for not less than five years, but does not include a 159
home purchased from an immediate family member of the grantee or 160
from a business in which an immediate family member of the grantee 161
owns more than a ten per cent interest. 162

(B) "Graduate" means an individual who has graduated from an 163
institution of higher education and who is eligible under division 164
(B) of section 175.31 of the Revised Code to apply for a grant 165
awarded under the grants for grads program. 166

(C) "Grant" means a cash payment awarded to a grantee by the 167
Ohio housing finance agency under section 175.32 of the Revised 168
Code. 169

(D) "Grantee" means an individual who has been awarded a 170
grant under the program. 171

(E) "Institution of higher education" means a state 172
university or college located in this state, a private college or 173

university located in this state that possesses a certificate of 174
authorization issued by the Ohio board of regents under Chapter 175
1713. of the Revised Code, or an accredited college or university 176
located outside this state that is accredited by an accrediting 177
organization or professional accrediting association recognized by 178
the Ohio board of regents. 179

(F) "Ohio resident" means any of the following: 180

(1) An individual who was a resident of this state at the 181
time of the individual's graduation from an Ohio public or 182
nonpublic high school that is approved by the state board of 183
education, and who is a resident of this state at the time of 184
applying for the program; 185

(2) An individual who was a resident of this state at the 186
time of completing, through the twelfth-grade level, a home study 187
program approved by the state board of education, and who is a 188
resident of this state at the time of applying for the program; 189

(3) An individual who attended an out-of-state high school 190
that was accredited by a regional accrediting organization 191
recognized by the United States department of education and met 192
standards at least equivalent to those adopted by the state board 193
of education for approval of nonpublic schools in this state, or 194
from a high school approved by the United States department of 195
defense and whose parent was a resident of this state at the time 196
of the individual's graduation from such high school, and who is a 197
resident of this state at the time of applying for the program. 198

(G) "Program" means the grants for grads program created 199
under section 175.31 of the Revised Code. 200

Sec. 175.31. (A) There is the grants for grads program for 201
the purpose of providing grants to Ohio residents who have 202
received an associate, baccalaureate, master's, doctoral, or other 203

postgraduate degree, which grants shall be used by a grantee to 204
pay for the down payment or closing costs on the purchase of a 205
first home. The program shall be administered by the Ohio housing 206
finance agency. Participation in the program shall require a 207
graduate to be eligible under division (B) of this section and to 208
file an application for the grant in accordance with division (C) 209
of this section. 210

(B)(1) A graduate is eligible to participate in the program 211
if the graduate: 212

(a) Is an Ohio resident who has received an associate, 213
baccalaureate, master's, doctoral, or other postgraduate degree 214
from an institution of higher education; 215

(b) Is able to provide to the agency evidence documenting the 216
graduate's Ohio residency and documenting graduation from a high 217
school and an institution of higher education; 218

(c) Intends to live and work in this state for at least five 219
years after the graduate's graduation or completion of a 220
postgraduate degree; and 221

(d) Intends to purchase a first home in this state. 222

(2) Married graduates may both apply for grants under the 223
program and both graduates, if eligible, shall be included in the 224
lottery pool under section 175.32 of the Revised Code. 225

(3) A graduate who is married to an individual who has 226
previously received a grant under the program is ineligible to 227
apply for a grant under this section. 228

(C) A graduate who is eligible under division (B) of this 229
section to participate in the program shall file an application 230
with the Ohio housing finance agency not later than the sixtieth 231
day after the graduate's graduation date or date of completion of 232
a postgraduate degree. Married graduates who both are eligible for 233

a grant under the program shall apply individually. The agency 234
shall provide for the content and format of the application. A 235
graduate who files an application under this division is 236
ineligible to file an application for a grant in any other year. 237

(D) The application shall include information as determined 238
by rule of the Ohio housing finance agency under section 175.34 of 239
the Revised Code, but at a minimum shall include evidence of 240
meeting the requirements in division (B) of this section. 241

(E) A graduate who, at any time during the period from filing 242
the application for a grant until a grant is awarded, has been 243
found by the state to be delinquent in the payment of individual 244
income taxes is ineligible to receive a grant under the program. 245

Sec. 175.32. (A) The Ohio housing finance agency shall review 246
each application filed under section 175.31 of the Revised Code 247
for compliance and accuracy, and shall determine whether a 248
graduate is eligible to receive a grant and the amount thereof, 249
based on the information provided to the agency in the 250
application. An application found by the agency to be insufficient 251
may be resubmitted by the graduate within the sixty-day period 252
within which the graduate may apply for a grant. 253

(B)(1) Grants shall be provided from moneys in the grants for 254
grads fund. A grant shall be given to a graduate whose application 255
has been determined by the agency to meet the requirements of 256
section 175.31 of the Revised Code and to be timely and complete, 257
and who has been selected as one of three hundred grantees in a 258
random lottery conducted by the agency by the thirty-first day of 259
January of each year. The lottery pool shall include all graduate 260
applicants who have filed applications within the calendar year 261
immediately preceding the year in which the lottery is conducted. 262
In addition, one hundred alternate grantees shall be selected in 263
the random lottery if additional moneys are available in the 264

grants for grads fund after grants are awarded to the three 265
hundred grantees first selected for that calendar year. The 266
alternate grantees shall receive grants in the order they were 267
selected in the lottery until moneys for the year are exhausted. 268

(2) If there are less than three hundred applicants for 269
grants in a given calendar year, the lottery shall be dispensed 270
with and all applicants the agency determines under this section 271
to be eligible for grants shall be awarded grants. 272

(C) The awarding of a grant shall be evidenced by written 273
notification to the grantee, which notification shall clearly 274
state the amount of the grant and the starting and ending dates of 275
the award period. The agency shall provide the notification within 276
sixty days after completion of the lottery. The award period shall 277
be from the start date through the last day of the twelfth month 278
thereafter. 279

(D) The amount of each grant awarded to a grantee who 280
received a notification under division (C) of this section shall 281
be as follows: 282

(1) For a grantee who received an associate degree, two 283
thousand five hundred dollars; 284

(2) For a grantee who received a baccalaureate degree, five 285
thousand dollars; 286

(3) For a grantee who received a post-graduate degree, ten 287
thousand dollars. 288

(E) The grant shall be provided to the grantee as a cash 289
payment when the grantee obtains a mortgage loan, and the amount 290
of the cash payment shall be applied in full only to pay all or a 291
portion of the closing costs or down payment on the purchase of 292
the grantee's first home. The grantee shall not receive any cash 293
back at the time of the closing. The grantee must take receipt of 294
the grant within the award period designated in the notification, 295

after which the grant shall expire. 296

Sec. 175.33. (A) If the Ohio housing finance agency finds 297
that a grantee failed to comply with the first home ownership 298
criteria in division (A) of section 175.30 of the Revised Code, or 299
otherwise applied for a grant using fraudulent information, the 300
grantee's state income tax liability for the applicable taxable 301
period shall be increased by any amount necessary for the 302
recapture of the amount of the grant awarded under section 175.32 303
of the Revised Code subject to division (B) of this section. 304

(B)(1) If a grantee becomes a resident of another state and 305
does not reside at least five years in a first home purchased with 306
a grant awarded under the program, the amount of the grant 307
recaptured under division (A) of this section shall be determined 308
as follows: 309

<u>Months resided in first home</u>	<u>Amount of grant recaptured</u>	
<u>Less than 12 months</u>	<u>100%</u>	311
<u>12 months and a day to 24 months</u>	<u>80%</u>	312
<u>24 months and a day to 36 months</u>	<u>60%</u>	313
<u>36 months and a day to 48 months</u>	<u>40%</u>	314
<u>48 months and a day to 60 months</u>	<u>20%</u>	315

(2) Recapture of a grant under division (B)(1) of this 316
section does not apply if the grantee, within the five-year 317
period, moves to another residence located in this state. 318

(C) An action to recapture a grant awarded under the program 319
shall be initiated within three years from and after the 320
thirty-first day of December of the year in which the grant was 321
awarded. 322

Sec. 175.34. (A) The Ohio housing finance agency shall adopt 323
rules under Chapter 119. of the Revised Code to carry out the 324
purposes of the grants for grads program. 325

(B) The agency shall establish an internal audit program for 326
the program and the grants for grads fund before the beginning of 327
each calendar year, subject to the approval of the auditor of 328
state. At the end of each calendar year, the agency shall prepare 329
and submit an annual report to the auditor of state for the 330
auditor of state's review and approval, specifying the internal 331
audit work completed by the end of that calendar year and 332
reporting on compliance with the annual internal audit program. 333
The form and content of the report shall be prescribed by the 334
auditor of state under division (C) of section 117.20 of the 335
Revised Code. 336

Sec. 175.35. There is in the state treasury the grants for 337
grads fund. The fund shall consist of all appropriations made to 338
the fund and grants, gifts, and contributions of money made from 339
any source to the Ohio housing finance agency for deposit in the 340
fund. The fund shall be administered by the agency and is for use 341
in providing grants to graduates participating in, and for 342
implementing and administering, the program. Moneys in the fund 343
shall be invested by the treasurer of state in the same manner as 344
moneys in the general revenue fund, and earnings on the 345
investments of the fund shall be deposited into the fund. 346

Section 2. That existing sections 175.01 and 175.04 of the 347
Revised Code are hereby repealed. 348