

**As Passed by the Senate**

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**Sub. S. B. No. 5**

**Senator Buehrer**

**Cosponsors: Senators Seitz, Carey, Coughlin, Faber, Fedor, Gibbs, Grendell,  
Harris, Hughes, Niehaus, Patton, Schaffer, Wagoner, Widener, Wilson, Smith,  
Turner, Schiavoni**

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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 multifamily rental housing.	18 19
(F) "Housing development fund" means the housing development fund created and administered pursuant to section 175.11 of the Revised Code.	20 21 22
(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.	23 24 25
(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.	26 27 28 29
(I) "Housing trust fund" means the low- and moderate-income housing trust fund created and administered pursuant to Chapter 174. of the Revised Code.	30 31 32
(J) "Improvement" means any alteration, remodeling, addition, or repair that substantially protects or improves the basic habitability or energy efficiency of housing.	33 34 35
(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.	36 37 38 39 40 41 42
(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	43 44 45 46

document. "Loan" includes financing the Ohio housing finance 47  
agency extends to lending institutions and indebtedness the agency 48  
purchases from lending institutions. 49

(M) "Loan guarantee" means any agreement in favor of a 50  
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 who 157  
has not owned or had an ownership interest in a principal 158  
residence in the three years prior to the purchase. 159

(B) "Graduate" means an individual who has graduated from an 160  
institution of higher education and who is eligible under division 161  
(B) of section 175.31 of the Revised Code to apply for a grant 162  
awarded under the grants for grads program. 163

(C) "Grant" means a cash payment awarded to a grantee by the 164  
Ohio housing finance agency under section 175.32 of the Revised 165  
Code. 166

(D) "Grantee" means an individual who has been awarded a 167  
grant under the program. 168

(E) "Institution of higher education" means a state 169

university or college located in this state, a private college or 170  
university located in this state that possesses a certificate of 171  
authorization issued by the Ohio board of regents under Chapter 172  
1713. of the Revised Code, or an accredited college or university 173  
located outside this state that is accredited by an accrediting 174  
organization or professional accrediting association recognized by 175  
the Ohio board of regents. 176

(F) "Ohio resident" means any of the following: 177

(1) An individual who was a resident of this state at the 178  
time of the individual's graduation from an Ohio public or 179  
nonpublic high school that is approved by the state board of 180  
education, and who is a resident of this state at the time of 181  
applying for the program; 182

(2) An individual who was a resident of this state at the 183  
time of completing, through the twelfth-grade level, a home study 184  
program approved by the state board of education, and who is a 185  
resident of this state at the time of applying for the program; 186

(3) An individual whose parent was a resident of this state 187  
at the time of the individual's graduation from high school, and 188  
who graduated from either of the following: 189

(a) An out-of-state high school that was accredited by a 190  
regional accrediting organization recognized by the United States 191  
department of education and met standards at least equivalent to 192  
those adopted by the state board of education for approval of 193  
nonpublic schools in this state; 194

(b) A high school approved by the United States department of 195  
defense. 196

(G) "Program" means the grants for grads program created 197  
under section 175.31 of the Revised Code. 198

**Sec. 175.31. (A) There is hereby created the grants for grads** 199

program for the purpose of providing grants to Ohio residents who 200  
have received an associate, baccalaureate, master's, doctoral, or 201  
other postgraduate degree, which grants shall be used by a grantee 202  
to pay for the down payment or closing costs on the purchase of a 203  
first home. The program shall be administered by the Ohio housing 204  
finance agency using moneys available to it. Participation in the 205  
program shall require a graduate to be eligible under division (B) 206  
of this section and to file an application for the grant in 207  
accordance with division (C) of this section. 208

(B)(1) A graduate is eligible to participate in the program 210  
if the graduate: 211

(a) Is an Ohio resident who has received an associate, 212  
baccalaureate, master's, doctoral, or other postgraduate degree 213  
from an institution of higher education; 214

(b) Is able to provide to the agency evidence documenting the 215  
graduate's Ohio residency and documenting graduation from a high 216  
school and an institution of higher education; 217

(c) Intends to live and work in this state for at least five 218  
years after the graduate's graduation or completion of a degree 219  
described in division (B)(1)(a) of this section; and 220

(d) Intends to purchase a first home in this state. 221

(2) Married graduates may both apply for grants under the 222  
program and both graduates, if eligible, shall be included in the 223  
lottery pool under section 175.32 of the Revised Code. 224

(3) A graduate who is married to an individual who has 225  
previously received a grant under the program is ineligible to 226  
apply for a grant under this section. 227

(C) A graduate who is eligible under division (B) of this 228  
section to participate in the program shall file an application 229

with the Ohio housing finance agency not later than the sixtieth 230  
day after the graduate's graduation date or date of completion of 231  
a degree described in division (B)(1)(a) of this section, except 232  
that for purposes of the initial lottery conducted under the 233  
program, a graduate is eligible to file an application if the 234  
graduate's graduation date or date of completion of a degree 235  
occurs on or after January 1, 2008. Married graduates who both are 236  
eligible for a grant under the program shall apply individually. 237  
The agency shall provide for the content and format of the 238  
application. A graduate who files an application under this 239  
division is ineligible to file an application for a grant in any 240  
other six-month period. 241

(D) The application shall include information as determined 242  
by rule of the Ohio housing finance agency under section 175.34 of 243  
the Revised Code, but at a minimum shall include evidence of 244  
meeting the requirements in division (B) of this section. 245

(E) A graduate who, at any time during the period from filing 246  
the application for a grant until a grant is awarded, has been 247  
found by the state to be delinquent in the payment of individual 248  
income taxes is ineligible to receive a grant under the program. 249

**Sec. 175.32.** (A) After selecting graduates pursuant to 250  
division (B) of this section, the Ohio housing finance agency 251  
shall review each application selected for compliance and 252  
accuracy, and shall determine whether a graduate is eligible to 253  
receive a grant and the amount thereof, based on the information 254  
provided to the agency in the application. An application found by 255  
the agency to be insufficient may be resubmitted by the selected 256  
graduate within sixty days. If the application is not resubmitted 257  
or the resubmitted application is found to be insufficient, the 258  
selected graduate shall not receive a grant. 259

(B)(1) Grants shall be provided from moneys in the grants for 260

grads fund. A grant shall be given to a graduate whose application 261  
has been determined by the agency to meet the requirements of 262  
section 175.31 of the Revised Code and to be timely and complete, 263  
and who has been selected as one of one hundred fifty grantees in 264  
a random lottery conducted by the agency twice a year, by the 265  
thirty-first day of January and by the thirty-first day of July of 266  
each year. The lottery pool shall include all graduate applicants 267  
who have filed applications within the six months immediately 268  
preceding the date on which the lottery is conducted. In addition, 269  
fifty alternate grantees shall be selected in the random lottery 270  
to receive any additional moneys available in the grants for grads 271  
fund after grants are awarded to the eligible grantees first 272  
selected for that six-month period. The alternate grantees shall 273  
receive grants in the order they were selected in the lottery 274  
until moneys for the six-month period are exhausted. 275

(2) If there are less than one hundred fifty applicants for 276  
grants in a given six-month period, the lottery shall be dispensed 277  
with and all applicants the agency determines under this section 278  
to be eligible for grants shall be awarded grants. 279

(C) The awarding of a grant shall be evidenced by written 280  
notification to the grantee, which notification shall clearly 281  
state the amount of the grant and the starting and ending dates of 282  
the award period. The agency shall provide the notification to 283  
selected grantees within sixty days after completion of the 284  
lottery. The award period shall be from the start date through the 285  
last day of the twenty-fourth month thereafter. 286

(D) The amount of each grant awarded to a grantee who 287  
received a notification under division (C) of this section shall 288  
be as follows: 289

(1) For a grantee who received an associate degree, two 290  
thousand five hundred dollars; 291

(2) For a grantee who received a baccalaureate degree, five thousand dollars; 292  
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(3) For a grantee who received a post-graduate degree, ten thousand dollars. 294  
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(E) The grant shall be provided to the grantee as a cash payment when the grantee obtains a mortgage loan, and the amount of the cash payment shall be applied in full only to pay all or a portion of the closing costs or down payment on the purchase of the grantee's first home. The grantee shall not receive any cash back at the time of the closing. The grantee must take receipt of the grant within the award period designated in the notification, and must use it within twenty-four months after taking receipt of the grant, after which the grant shall expire. 296  
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Sec. 175.33. (A)(1) At the time a first home is purchased under the program, the Ohio housing finance agency shall secure the amount of the grant by a lien on the home for a period of five years. Such lien shall attach, and may be perfected, collected, and enforced in the same manner as a mortgage lien on the home, and shall otherwise have the same force and effect as a mortgage lien, except that it shall be subordinate to a mortgage lien securing any money loaned by a financial institution for the purchase of the home. 305  
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(2) If the agency finds that a grantee failed to comply with the first home ownership criteria in division (A) of section 175.30 of the Revised Code, or otherwise applied for a grant using fraudulent information, the agency shall enforce the lien. 314  
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(B)(1) If a grantee becomes a resident of another state and does not reside at least five years in a first home purchased with a grant awarded under the program, the amount of the lien created in division (A) of this section that may be collected shall be 319  
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<u>determined as follows:</u>		323
<u>Months resided in first home</u>	<u>Collectable amount as per</u>	324
	<u>cent of grant amount</u>	
<u>Less than 12 months</u>	<u>100%</u>	325
<u>12 months and a day to 24 months</u>	<u>80%</u>	326
<u>24 months and a day to 36 months</u>	<u>60%</u>	327
<u>36 months and a day to 48 months</u>	<u>40%</u>	328
<u>48 months and a day to 60 months</u>	<u>20%</u>	329

The lien created under division (A) of this section shall be 330  
extinguished upon collection pursuant to this division. 331

(2) A lien created under division (A)(1) of this section 332  
shall be extinguished if the grantee, within the five-year period, 333  
moves to another residence located in this state. 334

Sec. 175.34. (A) The Ohio housing finance agency shall adopt 335  
rules under Chapter 119. of the Revised Code to carry out the 336  
purposes of the grants for grads program. 337

(B) The agency shall internally audit the program and the 338  
grants for grads fund before the beginning of each calendar year. 339  
At the end of each calendar year, the agency shall prepare and 340  
submit an annual report to the advisory board created pursuant to 341  
section 175.04 of the Revised Code, specifying the internal audit 342  
work completed by the end of that calendar year and reporting on 343  
compliance with the annual internal audit program. 344

Sec. 175.35. There is hereby created in the state treasury 345  
the grants for grads fund. The fund shall consist of all 346  
appropriations made to the fund and grants, gifts, and 347  
contributions of money made from any source to the Ohio housing 348  
finance agency for deposit in the fund. The fund shall be 349  
administered by the agency and is for use in providing grants to 350  
graduates participating in, and for implementing and 351

administering, the program. Moneys in the fund shall be invested 352  
by the treasurer of state in the same manner as moneys in the 353  
general revenue fund, and earnings on the investments of the fund 354  
shall be deposited into the fund. 355

**Section 2.** That existing sections 175.01 and 175.04 of the 356  
Revised Code are hereby repealed. 357