

# SB0262S02 compared with SB0262S01

~~{Omitted text}~~ shows text that was in SB0262S01 but was omitted in SB0262S02

inserted text shows text that was not in SB0262S01 but was inserted into SB0262S02

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## Housing Affordability Modifications

2025 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Lincoln Fillmore**

House Sponsor:

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### LONG TITLE

#### General Description:

This bill amends provisions related to affordable housing.

#### Highlighted Provisions:

This bill:

- defines terms;
- amends provisions allowing revenue from a home ownership promotion zone to be used for certain purposes;
- allows a county and municipality to use home ownership promotion zone funds for all or part of water exaction, street lighting, and environmental remediation costs;
- requires a county to comply with land use provisions beginning May 7, 2025;
- directs the Utah Housing Corporation to make rules regarding:
- ~~{directs the Utah Housing Corporation to make rules regarding}~~ procedures, qualifications, and requirements for private financial institutions that offer certain mortgage loans to first-time homebuyers;and

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SB0262S01

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the creation of an incentive program for qualified buyers to assist certain borrowers with the purchase of liability insurance for certain qualifying projects;

- provides that first-time home buyers may use certain mortgage loans for specified purposes;
- creates a subordinate shared appreciation { ~~mortgage~~ } loan program to be administered by the Department of Workforce Services to assist { ~~first-time homebuyers in relation to the first-time homebuyer assistance program~~ } borrowers for certain purposes; and
- makes technical and conforming changes.

### Money Appropriated in this Bill:

None

### Other Special Clauses:

None

### AMENDS:

**10-9a-1005** , as enacted by Laws of Utah 2024, Chapter 431 , as enacted by Laws of Utah 2024, Chapter 431

**17-27a-508** , as last amended by Laws of Utah 2024, Chapter 415 , as last amended by Laws of Utah 2024, Chapter 415

**17-27a-1205** , as enacted by Laws of Utah 2024, Chapter 431 , as enacted by Laws of Utah 2024, Chapter 431

**35A-8-505** , as last amended by Laws of Utah 2021, Chapters 102, 333 , as last amended by Laws of Utah 2021, Chapters 102, 333

**51-12-101** , as enacted by Laws of Utah 2024, Chapter 510 , as enacted by Laws of Utah 2024, Chapter 510

**63H-8-501** , as last amended by Laws of Utah 2024, Chapter 431 , as last amended by Laws of Utah 2024, Chapter 431

**63H-8-502** , as last amended by Laws of Utah 2024, Chapter 431 , as last amended by Laws of Utah 2024, Chapter 431

### ENACTS:

**35A-8-504.6** , Utah Code Annotated 1953 , Utah Code Annotated 1953

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*Be it enacted by the Legislature of the state of Utah:*

Section 1. Section **10-9a-1005** is amended to read:

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**10-9a-1005. Payment, use, and administration of revenue from a home ownership promotion zone.**

(1)

(a) A municipality may receive tax increment and use home ownership promotion zone funds in accordance with this section.

(b) The maximum amount of time that a municipality may receive and use tax increment pursuant to a home ownership promotion zone is 15 consecutive years.

(2) A county that collects property tax on property located within a home ownership promotion zone shall, in accordance with Section 59-2-1365, distribute 60% of the tax increment collected from property within the home ownership promotion zone to the municipality over the home ownership promotion zone to be used as described in this section.

(3)

(a) Tax increment distributed to a municipality in accordance with Subsection (2) is not revenue of the taxing entity or municipality, but home ownership promotion zone funds.

(b) Home ownership promotion zone funds may be administered by an agency created by the municipality within which the home ownership promotion zone is located.

(c) Before an agency may receive home ownership promotion zone funds from a municipality, the agency shall enter into an interlocal agreement with the municipality.

(4)

(a) A municipality or agency shall use home ownership promotion zone funds within, or for the direct benefit of, the home ownership promotion zone.

(b) If any home ownership promotion zone funds will be used outside of the home ownership promotion zone, the legislative body of the municipality shall make a finding that the use of the home ownership promotion zone funds outside of the home ownership promotion zone will directly benefit the home ownership promotion zone.

(5) A municipality or agency shall use home ownership promotion zone funds to achieve the purposes described in Section 10-9a-1003 by paying all or part of the costs of any of the following:

(a) project improvement costs;

(b) systems improvement costs;[-øf]

(c) water exaction costs;

(d) street lighting costs;

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(e) environmental remediation costs; or

~~[(e)]~~ (f) the costs of the municipality or agency to create and administer the home ownership promotion zone, which may not exceed 3% of the total home ownership promotion zone funds.

(6) Home ownership promotion zone funds may be paid to a participant, if the municipality and participant enter into a participation agreement which requires the participant to utilize the home ownership promotion zone funds as allowed in this section.

(7) Home ownership promotion zone funds may be used to pay all of the costs of bonds issued by the municipality in accordance with Title 17C, Chapter 1, Part 5, Agency Bonds, including the cost to issue and repay the bonds including interest.

(8) A municipality may:

(a) create one or more public infrastructure districts within a home ownership promotion zone under Title 17D, Chapter 4, Public Infrastructure District Act; and

(b) pledge and utilize the home ownership promotion zone funds to guarantee the payment of public infrastructure bonds issued by a public infrastructure district.

Section 2. Section **17-27a-508** is amended to read:

**17-27a-508. Applicant's entitlement to land use application approval -- Application relating to land in a high priority transportation corridor -- County's requirements and limitations -- Vesting upon submission of development plan and schedule.**

(1)

(a)

(i) ~~[An]~~ Subject to Subsection (7), an applicant who has submitted a complete land use application, including the payment of all application fees, is entitled to substantive review of the application under the land use regulations:

(A) in effect on the date that the application is complete; and

(B) applicable to the application or to the information shown on the submitted application.

(ii) An applicant is entitled to approval of a land use application if the application conforms to the requirements of the applicable land use regulations, land use decisions, and development standards in effect when the applicant submits a complete application and pays all application fees, unless:

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(A) the land use authority, on the record, formally finds that a compelling, countervailing public interest would be jeopardized by approving the application and specifies the compelling, countervailing public interest in writing; or

(B) in the manner provided by local ordinance and before the applicant submits the application, the county formally initiates proceedings to amend the county's land use regulations in a manner that would prohibit approval of the application as submitted.

(b) The county shall process an application without regard to proceedings the county initiated to amend the county's ordinances as described in Subsection (1)(a)(ii)(B) if:

(i) 180 days have passed since the county initiated the proceedings; and

(ii)

(A) the proceedings have not resulted in an enactment that prohibits approval of the application as submitted; or

(B) during the 12 months prior to the county processing the application or multiple applications of the same type, the application is impaired or prohibited under the terms of a temporary land use regulation adopted under Section 17-27a-504.

(c) A land use application is considered submitted and complete when the applicant provides the application in a form that complies with the requirements of applicable ordinances and pays all applicable fees.

(d) Unless a phasing sequence is required in an executed development agreement, a county shall, without regard to any other separate and distinct land use application, accept and process a complete land use application in accordance with this chapter.

(e) The continuing validity of an approval of a land use application is conditioned upon the applicant proceeding after approval to implement the approval with reasonable diligence.

(f) [A] Subject to Subsection (7), a county may not impose on an applicant who has submitted a complete application a requirement that is not expressed in:

(i) this chapter;

(ii) a county ordinance in effect on the date that the applicant submits a complete application, subject to Subsection (1)(a)(ii); or

(iii) a county specification for public improvements applicable to a subdivision or development that is in effect on the date that the applicant submits an application.

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(g) A county may not impose on a holder of an issued land use permit or a final, unexpired subdivision plat a requirement that is not expressed:

(i) in a land use permit;

(ii) on the subdivision plat;

(iii) in a document on which the land use permit or subdivision plat is based;

(iv) in the written record evidencing approval of the land use permit or subdivision plat;

(v) in this chapter;

(vi) in a county ordinance; or

(vii) in a county specification for residential roadways in effect at the time a residential subdivision was approved.

(h) Except as provided in Subsection (1)(i) or (j), a county may not withhold issuance of a certificate of occupancy or acceptance of subdivision improvements because of an applicant's failure to comply with a requirement that is not expressed:

(i) in the building permit or subdivision plat, documents on which the building permit or subdivision plat is based, or the written record evidencing approval of the building permit or subdivision plat; or

(ii) in this chapter or the county's ordinances.

(i) A county may not unreasonably withhold issuance of a certificate of occupancy where an applicant has met all requirements essential for the public health, public safety, and general welfare of the occupants, in accordance with this chapter, unless:

(i) the applicant and the county have agreed in a written document to the withholding of a certificate of occupancy; or

(ii) the applicant has not provided a financial assurance for required and uncompleted public landscaping improvements or infrastructure improvements in accordance with an applicable ordinance that the legislative body adopts under this chapter.

(j) A county may not conduct a final inspection required before issuing a certificate of occupancy for a residential unit that is within the boundary of an infrastructure financing district, as defined in Section 17B-1-102, until the applicant for the certificate of occupancy provides adequate proof to the county that any lien on the unit arising from the infrastructure financing district's assessment against the unit under Title 11, Chapter 42, Assessment Area Act, has been released after payment in full of the infrastructure financing district's assessment against that unit.

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(2) A county is bound by the terms and standards of applicable land use regulations and shall comply with mandatory provisions of those regulations.

(3) A county may not, as a condition of land use application approval, require a person filing a land use application to obtain documentation regarding a school district's willingness, capacity, or ability to serve the development proposed in the land use application.

(4) ~~Upon~~ Subject to Subsection (7), a specified public agency's submission of a development plan and schedule as required in Subsection 17-27a-305(8) that complies with the requirements of that subsection, the specified public agency vests in the county's applicable land use maps, zoning map, hookup fees, impact fees, other applicable development fees, and land use regulations in effect on the date of submission.

(5)

(a) If sponsors of a referendum timely challenge a project in accordance with Subsection 20A-7-601(6), the project's affected owner may rescind the project's land use approval by delivering a written notice:

(i) to the local clerk as defined in Section 20A-7-101; and

(ii) no later than seven days after the day on which a petition for a referendum is determined sufficient under Subsection 20A-7-607(4).

(b) Upon delivery of a written notice described in Subsection(5)(a) the following are rescinded and are of no further force or effect:

(i) the relevant land use approval; and

(ii) any land use regulation enacted specifically in relation to the land use approval.

(6)

(a) After issuance of a building permit, a county may not:

(i) change or add to the requirements expressed in the building permit, unless the change or addition is:

(A) requested by the building permit holder; or

(B) necessary to comply with an applicable state building code; or

(ii) revoke the building permit or take action that has the effect of revoking the building permit.

(b) Subsection (6)(a) does not prevent a county from issuing a building permit that contains an expiration date defined in the building permit.

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(7) Beginning on May 7, 2025, a county shall comply with the provisions of this part regarding a pending land use application or new land use application submitted under this chapter.

Section 3. Section **17-27a-1205** is amended to read:

**17-27a-1205. Payment, use, and administration of revenue from a home ownership promotion zone.**

(1)

(a) A county may receive tax increment and use home ownership promotion zone funds in accordance with this section.

(b) The maximum amount of time that a county may receive and use tax increment pursuant to a home ownership promotion zone is 15 consecutive years.

(2) A county that collects property tax on property located within a home ownership promotion zone shall, in accordance with Section 59-2-1365, retain 60% of the tax increment collected from property within the home ownership promotion zone to be used as described in this section.

(3)

(a) Tax increment retained by a county in accordance with Subsection (2) is not revenue of the taxing entity or county, but home ownership promotion zone funds.

(b) Home ownership promotion zone funds may be administered by an agency created by the county within which the home ownership promotion zone is located.

(c) Before an agency may receive home ownership promotion zone funds from a county, the agency shall enter into an interlocal agreement with the county.

(4)

(a) A county or agency shall use home ownership promotion zone funds within, or for the direct benefit of, the home ownership promotion zone.

(b) If any home ownership promotion zone funds will be used outside of the home ownership promotion zone, the legislative body of the county shall make a finding that the use of the home ownership promotion zone funds outside of the home ownership promotion zone will directly benefit the home ownership promotion zone.

(5) A county or agency shall use home ownership promotion zone funds to achieve the purposes described in Section 17-27a-1203 by paying all or part of the costs of any of the following:

(a) project improvement costs;

(b) systems improvement costs;[~~or~~]



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- 230 (c) water exaction costs;  
231 (d) street lighting costs;  
232 (e) environmental remediation costs; or  
233 [(e)] (f) the costs of the county to create and administer the home ownership promotion zone, which  
may not exceed 3% of the total home ownership promotion zone funds.
- 235 (6) Home ownership promotion zone funds may be paid to a participant, if the county and participant  
enter into a participation agreement which requires the participant to utilize the home ownership  
promotion zone funds as allowed in this section.
- 238 (7) Home ownership promotion zone funds may be used to pay all of the costs of bonds issued by the  
county in accordance with Title 17C, Chapter 1, Part 5, Agency Bonds, including the cost to issue  
and repay the bonds including interest.
- 241 (8) A county may:
- 242 (a) create one or more public infrastructure districts within home ownership promotion zone under Title  
17D, Chapter 4, Public Infrastructure District Act; and
- 244 (b) pledge and utilize the home ownership promotion zone funds to guarantee the payment of public  
infrastructure bonds issued by a public infrastructure district.
- 247 Section 4. Section 4 is enacted to read:
- 248 **35A-8-504.6. Subordinate {share} shared appreciation {mortgage} loan program.**
- 248 (1) As used in this section:
- 249 (a) "Qualifying applicant" means a non-profit entity or a partnership of non-profit entities that provides  
or purchases subordinate shared appreciation {mortgage} loans.
- 252 (b) "Qualifying mortgage loan" means a mortgage loan that is originated, purchased, or serviced by a  
private financial institution or sold to a government-sponsored enterprise, if:
- 255 (i) the loan conforms to the borrower's income, property eligibility, and credit standards;
- 257 (ii) the loan is secured by a recorded deed of trust or other instrument securing a mortgage loan and  
constituting a lien on real property in the county in which the home is located; and
- 260 (iii) the loan is an amortizing first mortgage loan.
- 261 (c)
- 251 {(b)} (i) "Subordinate shared appreciation {mortgage} loan" means a {mortgage} loan that does not  
exceed \$150,000, and that:
- 253

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- ~~{(i)}~~ (A) is secured by an owner-occupied residential property for which the borrower agrees to repay the principal borrowed plus a proportionate share of the home price appreciation during the term of the loan;
- 256 ~~{(ii)}~~ ~~{secured by an owner-occupied residential property for which the borrower agrees to repay the principal borrowed plus a proportionate share of the home price appreciation during the term of the loan;}~~
- 259 ~~{(iii)}~~ ~~{meets the qualifications for the first-time homebuyer assistance program under Title 63H, Chapter 8, Part 5, First-Time Homebuyer Assistance Program;}~~
- 261 ~~{(iv)}~~ (B) has flexible repayment terms in accordance with applicable state and federal laws;
- 262 ~~{(v)}~~ (C) is non-interest bearing and has no set monthly payment obligation;
- 263 ~~{(vi)}~~ (D) does not impose a shared appreciation repayment percentage obligation that exceeds the percentage of the home value represented by the amount borrowed at origination;
- 266 ~~{(vii)}~~ (E) does not have a combined loan-to-value ratio that exceeds 105%;
- 267 ~~{(viii)}~~ (F) does not impose a prepayment fee or penalty; and
- 268 ~~{(ix)}~~ (G) is subordinate to a first mortgage loan.
- 275 (ii) "Subordinate shared appreciation loan" includes a loan to a qualifying borrower for the purpose of assisting the borrower in the purchase of construction liability insurance for a condominium project as established in rule by the Utah Housing Corporation in accordance with Section 63H-8-502.
- 269 ~~{(e)}~~ (d) "Subordinate shared appreciation ~~{mortgage}~~ loan program" means the ~~{mortgage}~~ loan program created in this section.
- 271 (2) There is a created the subordinate shared appreciation ~~{mortgage}~~ loan program administered by the department.
- 273 (3) Subject to appropriations from the Legislature, the department shall distribute program funds to a qualifying applicant that:
- 275 (a) completes an application; and
- 276 (b) meets the requirements described under Subsection ~~{(1)(b)}~~ (1)(b)(i) or (1)(b)(ii).
- 277 (4) The executive director may make rules in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to carry out the purposes of this section.
- 279 (5)
- (a) Subject to the provisions of Subsection (9), program funds shall only be used for a qualifying residential unit, as that term is defined in Section 63H-8-501.

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- 281 (b) Program funds shall only be distributed in conjunction with matching private funding that is no less  
282 than a 75% private funds and 25% program funds split.
- 283 (c) A recipient of a subordinate shared appreciation {mortgage} loan may use the funds for the same  
284 purposes described in Section 63H-8-502.
- 285 (6) If a subordinate shared appreciation {mortgage} loan on the qualifying residential unit is refinanced  
286 or sold, state funds, including associated fees, used to secure the mortgage loan shall be returned to  
287 the qualifying applicant.
- 288 (7) The department may, in cooperation with the Utah Housing Corporation, promote the program  
289 to qualifying applicants to support the first-time homebuyer assistance program under Title 63H,  
290 Chapter 8, Part 5, First-Time Homebuyer Assistance Program.
- 291 (8) The department shall include in the annual report required by Section 35A-1-109 the following  
292 information:
- 293 (a) the number of approved loans under the program;
- 294 (b) the total dollar amount of program funds loaned and the corresponding private matching funds;
- 295 (c) the total dollar amount of funds reinvested into the program;
- 296 (d) the total dollar amount of payoff and, if applicable, default of active loans; and
- 297 (e) the approximate dollar value of the total number of loans provided under the program based upon  
298 the current home price index.
- 299 (9) The executive director may expend up to 5% of the revenues of the program, including any  
300 appropriation to the program, to offset department administrative expenses.
- 301 (10) The department may not accept applications for the program after September 1, 2025.
- 302 Section 5. Section **35A-8-505** is amended to read:
- 303 **35A-8-505. Activities authorized to receive fund money -- Powers of the executive director.**
- 304 At the direction of the board, the executive director may:
- 305 (1) provide fund money to any of the following activities:
- 306 (a) the acquisition, rehabilitation, or new construction of low-income housing units;
- 307 (b) matching funds for social services projects directly related to providing housing for special-need  
308 renters in assisted projects;
- 309 (c) the development and construction of accessible housing designed for low-income persons;
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- 312
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- (d) the construction or improvement of a shelter or transitional housing facility that provides services intended to prevent or minimize homelessness among members of a specific homeless subpopulation;
- 316 (e) the purchase of an existing facility to provide temporary or transitional housing for the homeless in an area that does not require rezoning before providing such temporary or transitional housing;
- 319 (f) the purchase of land that will be used as the site of low-income housing units;
- 320 (g) the preservation of existing affordable housing units for low-income persons;
- 321 (h) providing loan guarantees under the two-year pilot program established in Section 35A-8-504.5;
- 323 (i) distribute funds to a qualifying applicant under the subordinate shared appreciation mortgage loan program established in Section 35A-8-504.6;
- 325 [(+)] (j) the award of predevelopment grants in accordance with Section 35A-8-507.5;
- 326 [(j)] (k) the creation or financial support of a mediation program for landlords and tenants designed to minimize the loss of housing for low-income persons, which program may include:
  - 329 (i) funding for the hiring or training of mediators;
  - 330 (ii) connecting landlords and tenants with mediation services; and
  - 331 (iii) providing a limited amount of gap funding to assist a tenant in making a good faith payment towards attorney fees, damages, or other costs associated with eviction proceedings or avoiding eviction proceedings; and
- 334 [(k)] (l) other activities that will assist in minimizing homelessness or improving the availability or quality of housing in the state for low-income persons; and
- 336 (2) do any act necessary or convenient to the exercise of the powers granted by this part or reasonably implied from those granted powers, including:
  - 338 (a) making or executing contracts and other instruments necessary or convenient for the performance of the executive director and board's duties and the exercise of the executive director and board's powers and functions under this part, including contracts or agreements for the servicing and originating of mortgage loans;
  - 342 (b) procuring insurance against a loss in connection with property or other assets held by the fund, including mortgage loans, in amounts and from insurers it considers desirable;
  - 345 (c) entering into agreements with a department, agency, or instrumentality of the United States or this state and with mortgagors and mortgage lenders for the purpose of planning and regulating and providing for the financing and refinancing, purchase, construction, reconstruction, rehabilitation,

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leasing, management, maintenance, operation, sale, or other disposition of residential housing undertaken with the assistance of the department under this part;

(d) proceeding with a foreclosure action, to own, lease, clear, reconstruct, rehabilitate, repair, maintain, manage, operate, assign, encumber, sell, or otherwise dispose of real or personal property obtained by the fund due to the default on a mortgage loan held by the fund in preparation for disposition of the property, taking assignments of leases and rentals, proceeding with foreclosure actions, and taking other actions necessary or incidental to the performance of its duties; and

(e) selling, at a public or private sale, with public bidding, a mortgage or other obligation held by the fund.

Section 6. Section **51-12-101** is amended to read:

### **51-12-101. Definitions.**

As used in this chapter:

(1) "Attainable home" means a residence that costs the purchaser no more than the amount a qualifying residential unit may be purchased in accordance with [~~Subsection 63H-8-501(6)(e)~~] Section 63H-8-501 at the time the state treasurer deposits with a qualified depository.

(2) "Fund" means the Transportation Infrastructure General Fund Support Subfund created in Section 72-2-134.

(3) "Political subdivision" means:

(a) the municipality in which the attainable home is located; or

(b) the county, if the attainable home is located in an unincorporated portion of the county.

(4) "Qualified depository" means the same as that term is defined in Section 51-7-3.

(5)

(a) "Qualified project" means a new construction housing development project in the state for which the developer:

(i) commits to:

(A) offering for sale no fewer than 60% of the total units within the project as attainable homes;

(B) including in the deed of sale for an attainable home a restriction, in favor of the political subdivision, that the attainable home be owner occupied for no fewer than five years; and

(C) having a plan to provide information to potential buyers of attainable homes about the First-Time Homebuyer Assistance Program created in Section 63H-8-502; and

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(ii) executes a valid agreement with the political subdivision to develop housing meeting the requirements of Subsections (5)(a)(i)(A) and (B).

(b) "Qualified project" includes infrastructure within the housing development project.

Section 7. Section **63H-8-501** is amended to read:

**63H-8-501. Definitions.** ~~<compare mode="add">(Compare Error)</compare>~~

As used in this part:

(1) "Existing construction" means a residential unit that:

(a) has been completed for over one year and was previously occupied; or

(b) has been completed for less than one year and was previously occupied.

~~[(4)]~~ (2)

(a) "First-time homebuyer" means an individual who satisfies:

(i) the three-year requirement described in Section 143(d) of the Internal Revenue Code of 1986, as amended, and any corresponding federal regulations; and

(ii) requirements made by the corporation by rule, as described in Section 63H-8-502.

(b) "First-time homebuyer" includes a single parent, as defined by the corporation by rule made as described in Section 63H-8-502, who would meet the three-year requirement described in Subsection ~~[(1)(a)(i)]~~ (2)(a)(i) but for a present ownership interest in a principal residence in which the single parent:

(i) had a present ownership interest with the single parent's former spouse during the three-year period;

(ii) resided while married during the three-year period; and

(iii) no longer:

(A) has a present ownership interest; or

(B) resides.

~~[(2)]~~ (3) "Home equity amount" means the difference between:

(a)

(i) in the case of a sale, the sales price for which the qualifying residential unit is sold by the recipient in a bona fide sale to a third party with no right to repurchase less an amount up to 1% of the sales price used for seller-paid closing costs; or

(ii) in the case of a refinance, the current appraised value of the qualifying residential unit; and

(b) the total payoff amount of any qualifying mortgage loan that was used to finance the purchase of the qualifying residential unit.

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- 415       ~~[(3)]~~ (4) "Program" means the First-Time Homebuyer Assistance Program created in Section  
63H-8-502.
- 417       ~~[(4)]~~ (5) "Program funds" means money appropriated for the program.
- 418       (6) "Qualifying applicant" means the same as that term is defined in Section 35A-8-504.6.
- 419       ~~[(5)]~~ (7) "Qualifying mortgage loan" means a mortgage loan that:
- 420       (a)
- (i) subject to a document that is recorded in the office of the county recorder of the county in which the  
          residential unit is located, and serviced by the corporation; and
- 421       (ii) meets program requirements; or
- 422       (b) ~~[is subject to a document that is recorded in the office of the county recorder of the county in which~~  
          the residential unit is located.] is originated, purchased, or serviced by a private financial institution  
          or sold to a government-sponsored enterprise, if:
- 425       (i) the loan conforms to the borrower's income, property eligibility, and credit standards;
- 427       (ii) the loan is secured by a recorded deed of trust or other instrument securing a mortgage loan and  
          constituting a lien on real property in the county in which the home is located; and
- 430       (iii) the loan is an amortizing first mortgage loan.
- 431       ~~[(6)]~~ (8) "Qualifying residential unit" means a residential unit that:
- 432       (a) is located in the state;
- 433       (b)
- (i) financed by a qualifying mortgage loan; or
- 434       (ii) is existing construction;
- 435       (c) owner-occupied within 60 days of purchase, or in the case of a two-unit dwelling, at least one unit is  
          owner-occupied within 60 days of purchase; and
- 436       (d) purchased for an amount that does not exceed:
- 438       (e) is purchased for an amount that does not exceed:
- 439       (i) \$450,000; or
- 440       (ii) if applicable, the maximum purchase price established by the corporation under [Subsection  
          63H-8-502(6)] Section 63H-8-502.
- 442       ~~[(7)]~~ (9) "Recipient" means a first-time homebuyer who receives program funds.
- 443       ~~[(8)]~~ (10)

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(a) "Residential unit" means a house, condominium, townhome, or similar residential structure that serves as a one-unit dwelling or forms part of a two-unit dwelling.

(b) "Residential unit" includes a manufactured home or modular home that is attached to a permanent foundation.

(11) "Subordinate shared appreciation mortgage loan program" means the mortgage loan program created in Section 35A-8-504.6.

Section 8. Section **63H-8-502** is amended to read:

### **63H-8-502. First-Time Homebuyer Assistance Program.**

(1) There is created the First-Time Homebuyer Assistance Program administered by the corporation.

(2) Subject to appropriations from the Legislature, the corporation shall distribute program funds to:

(a) first-time homebuyers to provide support for the purchase of qualifying residential units; and

(b) reimburse the corporation for a distribution of funds under Subsection (2)(a) that took place on or after July 1, 2023.

(3) The maximum amount of program funds that a first-time homebuyer may receive under the program is \$20,000.

(4)

(a) A recipient may use program funds to pay for:

(i) the down payment on a qualifying residential unit;

(ii) closing costs associated with the purchase of a qualifying residential unit;

(iii) a permanent reduction in the advertised par interest rate on a qualifying mortgage loan that is used to finance a qualifying residential unit; or

(iv) any combination of Subsections (4)(a)(i), (ii), and (iii).

(b) The corporation shall direct the disbursement of program funds for a purpose authorized in Subsection (4)(a).

(c) A recipient may not receive a payout or distribution of program funds upon closing.

(5) The builder or developer of a qualifying residential unit may not increase the price of the qualifying residential unit on the basis of program funds being used towards the purchase of that qualifying residential unit.

(6)



## SB0262S01 compared with SB0262S02

(a) In accordance with rules made by the corporation under Subsection (9), the corporation may adjust the maximum purchase price of a qualifying residential unit for which a first-time homebuyer qualifies to receive program funds in order to reflect current market conditions.

(b) In connection with an adjustment made under Subsection (6)(a), the corporation may establish one or more maximum purchase prices corresponding by residential unit type, geographic location, or any other factor the corporation considers relevant.

(c) The corporation may adjust a maximum purchase price under this Subsection (6) no more frequently than once each calendar year.

(7)

(a) Except as provided in Subsection (7)(b), if the recipient sells the qualifying residential unit or refinances the qualifying mortgage loan that was used to finance the purchase of the qualifying residential unit before the end of the original term of the qualifying mortgage loan, the recipient shall repay to the corporation an amount equal to the lesser of:

(i) the amount of program funds the recipient received; or

(ii) 50% of the recipient's home equity amount.

(b) Subsection (7)(a) does not apply to a qualifying mortgage loan that is refinanced with a new qualifying mortgage loan if any subordinate qualifying mortgage loan, or loan from program funds used on the purchase of the qualifying residential unit, is resubordinated only to the new qualifying mortgage loan.

(8) Any funds repaid to the corporation under Subsection (7) shall be used for program distributions.

~~[(9) The corporation shall make rules governing the application form, process, and criteria the corporation will use to distribute program funds to first-time homebuyers, in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.]~~

(9) Subject to Subsection (9)(b), the corporation shall make rules, in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act:

(a) governing the application form, process, and criteria the corporation will use to distribute program funds to first-time homebuyers; and

(b) subject to appropriations from the Legislature, establishing an incentive program for qualified borrowers to utilize funding from the subordinate shared appreciation loan program for the purposes of assisting with the purchase of construction liability insurance for a qualifying condominium project.

## SB0262S01 compared with SB0262S02

501 (10) The corporation may use up to 5% of program funds for administration.

502 (11) The corporation shall report annually to the [~~Social Services Appropriations~~  
~~Subcommittee~~] Economic and Community Development Appropriations Subcommittee on  
disbursements from the program and any adjustments made to the maximum purchase price or  
maximum purchase prices of a qualifying residential unit under Subsection (6).

507 Section 9. **Effective date.**

This bill takes effect on May 7, 2025.

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