First-Time Homebuyer Assistance Program Amendments

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Verona Mauga

Senate Sponsor: Emily Buss

LONG TITLE

General Description:

This bill amends provisions of the First-Time Homebuyer Assistance Program.

Highlighted Provisions:

This bill:

- amends the amount a first-time homebuyer may receive under the First-Time Homebuyer Assistance Program for a certain type of property; and
- makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

63H-8-501, as last amended by Laws of Utah 2025, Chapter 464

63H-8-502, as last amended by Laws of Utah 2025, Chapter 464

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

Section 1. Section **63H-8-501** is amended to read:

63H-8-501 . Definitions.

As used in this part:

(1)(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) the 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

H.B. 541

requirement described in Subsection (1)(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) "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.

(3) "Program" means the First-Time Homebuyer Assistance Program created in Section 63H-8-502.

(4) "Program funds" means money appropriated for the program.

(5) "Qualifying mortgage loan" means a mortgage loan that:

(a) is purchased by the corporation; and

(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.

(6) "Qualifying residential unit" means a residential unit that:

(a) is located in the state;

[~~(b) is new construction or newly constructed but not yet inhabited;~~]

[~~(c)~~] (b) is financed by a qualifying mortgage loan;

[~~(d)~~] (c) is 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

[~~(e)~~] (d) is purchased for an amount that does not exceed:

(i) $450,000; or

(ii) if applicable, the maximum purchase price established by the corporation under Section 63H-8-502.

(7) "Recipient" means a first-time homebuyer who receives program funds.

(8)(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.

Section 2. 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)(a) The maximum amount of program funds that a first-time homebuyer may receive under the program for a qualifying residential unit that is new construction or newly constructed but not yet inhabited is $20,000.

(b) The maximum amount of program funds that a first-time homebuyer may receive under the program for an existing qualifying residential unit is $10,000.

(c) No more than $1,000,000 of the program funds may be used for purposes described in Subsection (3)(b).

(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)~~] through (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~~] the qualifying residential unit.

(6)(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) 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.

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

(11) The corporation shall report annually to the 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).

Section 3. **Effective Date.**

This bill takes effect on May 6, 2026.