

FIRST-TIME HOMEBUYER ASSISTANCE PROGRAM

2023 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: J. Stuart Adams

House Sponsor: _____

LONG TITLE

General Description:

This bill creates the First-Time Homebuyer Assistance Program.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ creates the First-Time Homebuyer Assistance Program (program) within the Utah Housing Corporation;
- ▶ provides for the Utah Housing Corporation to use program funds to assist first-time homebuyers in purchasing certain housing;
- ▶ prohibits a first-time homebuyer from receiving program funds unless matching funds are provided;
- ▶ limits the use of program funds for payment of certain costs associated with the purchase of housing;
- ▶ provides for a first-time homebuyer's repayment of program funds in certain circumstances;
- ▶ requires the Utah Housing Corporation to establish rules or policies to administer the program;
- ▶ allows the Utah Housing Corporation to use a certain amount of program funds on administration; and
- ▶ requires the Utah Housing Corporation to report annually to the Legislature on



28 program disbursements.

29 **Money Appropriated in this Bill:**

30 None

31 **Other Special Clauses:**

32 None

33 **Utah Code Sections Affected:**

34 ENACTS:

35 [63H-8-501](#), Utah Code Annotated 1953

36 [63H-8-502](#), Utah Code Annotated 1953



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

39 Section 1. Section [63H-8-501](#) is enacted to read:

40 **Part 5. First-Time Homebuyer Assistance Program**

41 **[63H-8-501](#). Definitions.**

42 As used in this part:

43 (1) "First-time homebuyer" means an individual who qualifies for assistance under 42
44 U.S.C. Sec. 12852.

45 (2) "Home equity amount" means the difference between:

46 (a) the sales price for which a qualifying residential unit is sold by a recipient; and

47 (b) the total payoff amount of all debt encumbering the qualifying residential unit,
48 including customary fees, but excluding the amount of financial assistance received from the
49 program.

50 (3) "Mortgage loan" means the same as that term is defined in Section [76-6-12](#).

51 (4) "Program" means the First-Time Homebuyer Assistance Program created in Section
52 [63H-8-502](#).

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

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

55 (7) (a) "Residential unit" means a house, condominium, townhome, or similar
56 residential structure that serves as a dwelling for one or more persons.

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

59 (8) "Qualifying residential unit" means a residential unit that:

60 (a) is located in the state;

61 (b) is a newly constructed residential unit that has not yet been inhabited; and

62 (c) has a purchase price of no greater than \$450,000.

63 Section 2. Section **63H-8-502** is enacted to read:

64 **63H-8-502. First-Time Homebuyer Assistance Program.**

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

67 (2) Subject to appropriations from the Legislature, the corporation shall distribute
68 program funds to first-time homebuyers to provide support for the purchase of qualifying
69 residential units.

70 (3) A first-time homebuyer may not receive program funds unless the developer or
71 builder of the qualifying residential unit for which program funds are requested provides
72 matching funds in an amount equal to at least 25% of the amount of program funds distributed
73 to the first-time homebuyer.

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

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

77 (i) closing costs associated with the recipient's purchase of a qualifying residential unit;
78 or

79 (ii) a permanent reduction in the interest rate on the mortgage loan that the recipient
80 obtains from the corporation to purchase a qualifying residential unit.

81 (b) The corporation shall direct the disbursement of program funds for a purpose
82 authorized in Subsection (5)(a).

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

84 (6) (a) Subject to Subsection (6)(b), a recipient shall repay the program funds the
85 recipient received under the program if, before the mortgage loan made to purchase the
86 qualifying residential unit is paid in full, the recipient sells the qualifying residential unit or
87 refinances the mortgage loan.

88 (b) If the recipient sells the qualifying residential unit before the mortgage loan is paid
89 in full, the recipient shall only be required to repay the lesser of:

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

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

92 (7) The corporation shall distribute program funds to first-time homebuyers on a
93 rolling basis.

94 (8) The corporation shall make rules or adopt policies and procedures governing the
95 application form, process, and criteria the corporation will use to distribute program funds to
96 first-time homebuyers under the program.

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

98 (10) The corporation shall report annually to the Social Services Appropriations
99 Subcommittee on disbursements from the program.