

SB0240S01 compared with SB0240

~~{deleted text}~~ shows text that was in SB0240 but was deleted in SB0240S01.

inserted text shows text that was not in SB0240 but was inserted into SB0240S01.

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~~{FIRST-TIME}~~ Senator J. Stuart Adams proposes the following substitute bill:

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

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- purchase of housing;
- ▶ provides for a first-time homebuyer's repayment of program funds in certain circumstances;
 - ▶ requires the Utah Housing Corporation to ~~establish~~make rules ~~for 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 program disbursements.

Money Appropriated in this Bill:

None

Other Special Clauses:

~~None~~ This bill provides a special effective date.

Utah Code Sections Affected:

ENACTS:

63H-8-501, Utah Code Annotated 1953

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

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

Part 5. First-Time Homebuyer Assistance Program

63H-8-501. Definitions.

As used in this part:

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

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

(a) (i) in the case of a sale, the sales price for which ~~fa~~the qualifying residential unit is sold by ~~fa recipient~~the recipient in a bona fide sale to a third party with no right to repurchase;

or

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

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(b) the total payoff amount of ~~all debt encumbering~~ any qualifying mortgage loan that was used to finance the purchase of the qualifying residential unit ~~{, including customary fees, but excluding the amount of financial assistance received from the program}~~.

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

~~(4)~~ "Program" means the First-Time Homebuyer Assistance Program created in Section 63H-8-502.

~~(5)~~4) "Program funds" means money appropriated for the program.

~~(6)~~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) is financed by a qualifying mortgage loan;

(d) is owner-occupied upon purchase; and

(e) 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

Subsection 63H-8-502(6).

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

~~(7)~~8) (a) "Residential unit" means a house, condominium, townhome, or similar residential structure that serves as a one-unit dwelling ~~{ for one or more persons}~~.

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

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

~~(a) is located in the state;~~

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

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

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

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

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(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 first-time homebuyers to provide support for the purchase of qualifying residential units.

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

~~{ (4)3~~ (3) The maximum amount of program funds that a first-time homebuyer may receive under the program is \$20,000.

~~{5}4~~ (a) A recipient may use program funds to pay for:

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

~~{ii}ii~~ (ii) closing costs associated with the recipient's purchase of a qualifying residential unit; or

~~{iii}iii~~ (iii) a permanent reduction in the advertised par interest rate on the a qualifying mortgage loan that the recipient obtains from the corporation is used to purchase 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 (5)4(a).

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

~~{6} (a) Subject to Subsection (6)(b), a recipient shall repay the program funds the recipient received under the program if, before the mortgage loan made to purchase}5) The builder or developer of a qualifying residential unit may not increase the price of the qualifying residential unit is paid in full, on the basis of program funds being used towards the purchase of that qualifying residential unit.~~

(6) 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, provided that the corporation adjusts the maximum purchase price under this

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Subsection (6) no more frequently than once each calendar year.

(7) If the recipient sells the qualifying residential unit or refinances the qualifying mortgage loan

~~(b) If that was used to finance the recipient sells~~ purchase of the qualifying residential unit before the end of the original term of the qualifying mortgage loan ~~is paid in full~~, the recipient shall ~~only be required to~~ repay to the corporation an amount equal to the lesser of:

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

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

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

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

(9) The corporation shall make rules ~~for adopt policies and procedures~~ governing the application form, process, and criteria the corporation will use to distribute program funds to first-time homebuyers ~~under the program~~.

~~(9)10~~ (10) The corporation may use up to 5% of program funds for administration.

~~(10)11~~ (11) The corporation shall report annually to the Social Services Appropriations Subcommittee on disbursements from the program and any adjustments made to the maximum purchase price of a qualifying residential unit under Subsection (6).

Section 3. Effective date.

This bill takes effect on July 1, 2023.