



SENATE OF PENNSYLVANIA BILL SUMMARY

Senate Bill 38 Printer's No. 21

Prime Sponsor: Senator Williams
Committee: Urban Affairs and Housing

SYNOPSIS:

An Act establishing the Veterans' Homeownership Assistance Program; and providing for financial assistance to a veteran or veteran's spouse to purchase a home.

SUMMARY:

Senate Bill 38 would allow the Pennsylvania Housing Financing Agency (PHFA) to coordinate with the Department of Military and Veterans Affairs (DMVA) to establish a Veterans' Homeownership Assistance Program for veterans who are seeking to purchase a home by providing down payment and/or closing cost assistance made available to a veteran or the surviving spouse of a veteran killed in action who is a first-time home buyer, regardless of VA loan participation. The financial assistance would take the form of a grant, forgivable loan or deferred no interest loan and will be capped at \$10,000. Eligibility for this assistance will not be limited by income or any type of "means test," the applicant's financial circumstances would just be a factor in determining the type of assistance rewarded.

Under Senate Bill 38 the Veterans' Homeownership Assistance Program shall be established and administered by PHFA in coordination with DMVA. A veteran may apply for financial assistance by submitting an application in the manner prescribed by the PHFA. The applicant shall state in the application the type of financial assistance they are seeking. PHFA shall determine whether the applicant is eligible to receive financial assistance, however, PHFA may not impose a means test or make any determination of need on an applicant and may only use an applicant's financial circumstances to assess the type of financial assistance to be awarded to the applicant.

Financial Assistance

PHFA may award **2 types** of financial assistance to an applicant who is a first-time homebuyer.

- Down payment assistance on the purchase of a primary residence. Down payment assistance shall equal the lesser of the following:
 - 20% of the sale price of the home.
 - \$10,000.
- Closing costs assistance on the purchase of a primary residence, which shall equal 5% of the sale price of the home and may not exceed the lesser of the following:
 - The total amount of closing costs due.
 - \$10,000.

PHFA may award **3 forms** of financial assistance based on a review of the applicant's personal finances:

- A grant.
- A no-interest, forgivable loan.
 - Which shall be reduced by 20% per year over five years beginning on the date of closing.
 - A veteran who sells the home prior to the expiration of five years or who ceases to use the home as the veteran's primary residence prior to the expiration of the five-year forgiveness period shall repay any remaining principal amount of the loan to PHFA in a time and manner determined by PHFA.
- A deferred loan repayable upon the sale of the property.
 - Which shall be repaid upon the sale of the home by the veteran. The amount of the repayment shall equal 105% of the total amount of the loan awarded and shall be payable to PHFA in a time and manner determined by PHFA.

Duties

DMVA shall work in conjunction with PHFA to verify the status and eligibility of every individual submitting an application for financial assistance under this act.

Guidelines

PHFA in consultation with DMVA, shall promulgate regulations or develop guidelines providing for the Veterans' Homeownership Assistance Program.

Appropriation

In order to establish and execute the Veterans' Homeownership Assistance Program:

- **\$2,500,000** shall be appropriated from the General Fund to PHFA for the period of **July 1, 2015, to June 30, 2016**, to provide financial assistance to eligible veterans and administer the PHFA's responsibilities under this act.
- No more than **\$250,000** of the funds appropriated may be used for administrative costs incurred by the PHFA and DMVA to administer this act.

Effective Date: This act shall take effect in 60 days.

BILL HISTORY:

Referred to the Senate Urban Affairs and Housing Committee on January 14, 2015

Prepared by: Ribic 9/9/2015