
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 211 Session of
2003

INTRODUCED BY MUNDY, STURLA, BELARDI, BELFANTI, BISHOP, COY,
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WANSACZ AND YOUNGBLOOD, FEBRUARY 11, 2003

REFERRED TO COMMITTEE ON URBAN AFFAIRS, FEBRUARY 11, 2003

AN ACT

1 Providing for a home purchase loan program to be administered by
2 the Pennsylvania Housing Finance Agency; and establishing the
3 Affordable Housing Trust Fund.

4 The General Assembly of the Commonwealth of Pennsylvania
5 hereby enacts as follows:

6 Section 1. Short title.

7 This act shall be known and may be cited as the Affordable
8 Housing Trust Fund Act.

9 Section 2. Definitions.

10 The following words and phrases when used in this act shall
11 have the meanings given to them in this section unless the
12 context clearly indicates otherwise:

13 "Agency." The Pennsylvania Housing Finance Agency.

14 "Annual income." The total annual income of all members of a
15 family from whatever source derived. The term includes pensions,
16 annuities, retirement and Social Security benefits. The term
17 excludes the following as the agency may establish by

1 regulation:

2 (1) Reasonable allowances for dependents.

3 (2) Reasonable allowances for medical expenses.

4 (3) All or a proportionate part of the earnings of
5 dependent family members.

6 (4) Income not received regularly.

7 "Department." The Department of Revenue of the Commonwealth.

8 "Fund." The Affordable Housing Trust Fund established in
9 section 3.

10 "Lending institution." Any of the following if it
11 customarily provides residential mortgage services or otherwise
12 aids in the financing of mortgages on residential housing in
13 this Commonwealth:

14 (1) Bank.

15 (2) Bank and trust company.

16 (3) Trust company.

17 (4) Savings bank.

18 (5) National banking association.

19 (6) Federal National Mortgage Association.

20 (7) Federal Home Loan Mortgage Corporation.

21 (8) Government National Mortgage Association.

22 (9) Pennsylvania Housing Finance Agency.

23 (10) Mortgage banker.

24 (11) FHA-approved mortgage service company.

25 (12) Savings and loan association.

26 (13) Federal savings and loan association.

27 (14) Building and loan association.

28 (15) Credit union.

29 (16) A financial institution similar to those listed in
30 paragraphs (1) through (15).

1 "Low-income and moderate-income families." Families who
2 cannot afford to pay the amounts at which private enterprise,
3 without the assistance of this act, is providing a substantial
4 supply of decent, safe and sanitary housing. The agency shall
5 establish income limits for participation of such persons and
6 families, based on countywide income statistics, where
7 available.

8 "Low-income and moderate-income persons." Individuals who
9 cannot afford to pay the amounts at which private enterprise,
10 without the assistance of this act, is providing a substantial
11 supply of decent, safe and sanitary housing. The agency shall
12 establish income limits for participation of such persons and
13 families, based on countywide income statistics, where
14 available.

15 "Mortgage." A lien other than a judgment on a fee simple
16 estate or leasehold in real property located in this
17 Commonwealth, together with the credit instruments, if any,
18 secured by it. The term includes insured and uninsured
19 mortgages.

20 Section 3. Establishment and administration of fund.

21 There is established under the jurisdiction and control of
22 the agency the Affordable Housing Trust Fund, as a permanent
23 revolving fund of identifiable, renewable and segregated capital
24 to be used by the agency in accordance with this act. The agency
25 shall hold fund money separate and distinct from its other
26 assets and other funds which it administers.

27 Section 4. Sources of fund.

28 There shall be paid into the fund:

29 (1) Money appropriated by the General Assembly for
30 inclusion in the fund.

1 (2) Revenue collected from the imposition of the
2 surcharge on recorded documents under section 6.

3 (3) Grants, donations, contributions or gifts from
4 public or private sources specifically earmarked for deposit
5 into the fund.

6 (4) The proceeds from the sale of property given to the
7 agency for use in connection with the fund.

8 (5) Money made available to the agency under the
9 provisions of the act of December 14, 1992 (P.L.866, No.137),
10 known as the Optional County Affordable Housing Funds Act.

11 (6) Interest, dividends and pecuniary gains from
12 investment of money in the fund.

13 (7) Repayments of principal and interest on loans
14 provided from the fund.

15 (8) Other revenue derived from the operation of the
16 fund.

17 Section 5. Use of fund.

18 (a) Purposes.--The agency shall use moneys in the fund for
19 the purpose of enabling low-income and moderate-income persons
20 and low-income and moderate-income families to attain home
21 ownership through, but not limited to, the following programs:

22 (1) The Home Purchase Loan Program, which shall consist
23 of second or subsequent mortgage loans or grants, the
24 proceeds of which can be used to provide closing cost
25 assistance or down payment assistance to eligible homebuyers.
26 Repayment may be deferred by the agency for a period up to
27 the length of the first mortgage but shall be repaid at the
28 time of a sale, transfer or nonowner occupancy of the
29 property or upon payment in full or a refinance of the first
30 mortgage. The agency may allow subordination of the mortgage

1 loan where the first mortgage is being refinanced to produce
2 more favorable repayment terms for the homeowner or to enable
3 the homeowner to make repairs necessary to preserve the
4 property.

5 (2) The Mortgage Interest Subsidy Program, which shall
6 consist of second or subsequent mortgage loans or grants, the
7 proceeds of which can be used to buy down interest rates for
8 eligible homebuyers, thereby producing an affordable monthly
9 mortgage payment. Repayment of the loans may be deferred by
10 the agency for a period of up to the length of the first
11 mortgage and shall be repaid in the same manner as set forth
12 in paragraph (1).

13 (b) Eligibility criteria.--The following criteria determine
14 eligibility to participate in a program set forth in subsection
15 (a):

16 (1) An applicant must be a person or family whose annual
17 income adjusted for family size does not exceed 115% of
18 median household income for the county in which the property
19 is located. The agency may establish additional criteria
20 limiting certain kinds of assistance to persons of low or
21 very low income.

22 (2) An applicant must be a person or family who has not
23 had an ownership interest in residential real property within
24 the previous three years. This provision may be waived by the
25 agency in the case of a single-parent family.

26 (3) An applicant must have insufficient assets or
27 income, as determined by the agency, to be able to purchase
28 the property without the assistance provided by this act.

29 (4) The agency shall require homebuyers to undergo home
30 ownership counseling as approved by the agency as a condition

1 of the receipt of a grant or loan.

2 (c) Limits.--The agency shall establish limits on the amount
3 of money available to each applicant.

4 (d) Distribution of money.--The agency shall use its best
5 efforts to distribute money in the fund on a regional basis in
6 the same proportion to where the moneys were derived. The
7 distribution of money in the restricted account within the fund
8 shall not be considered when the agency distributes the
9 remaining money in the fund in accordance with this section. Any
10 Federal money donated to the fund from outside this Commonwealth
11 can be used by the agency anywhere in this Commonwealth.

12 (e) Participating lenders.--The following lending
13 institutions shall be eligible to participate in programs
14 authorized by this act, subject to standards, criteria and
15 procedures established by the agency:

16 (1) A lending institution that originates first mortgage
17 loans in conjunction with any of the agency's single family
18 home purchase programs.

19 (2) A lending institution that originates first mortgage
20 loans in conjunction with a home purchase program operated by
21 a municipality, municipal authority or a residential finance
22 authority.

23 (3) A lending institution approved by the agency which
24 has agreed to comply with the homebuyer eligibility and other
25 requirements of subsection (b).

26 (f) Matching funds.--The agency may use money from the fund
27 to match Federal, State, local or private money to be used for
28 programs which have the purpose of fostering home ownership by
29 low-income and moderate-income persons and low-income and
30 moderate-income families.

1 (g) Housing counseling programs.--The agency may use money
2 from the fund to pay for technical assistance, design, finance
3 and administrative services and housing counseling services
4 provided to applicants by nonprofit housing development
5 corporations or other community-based or neighborhood-based
6 organizations.

7 (h) Administrative expenses.--The agency may use money from
8 the fund to pay reasonable expenses incurred in connection with
9 administering the fund and operating the programs authorized
10 under this act.

11 Section 6. Imposition of surcharge.

12 There is imposed a real estate document surcharge in the
13 amount of \$10 for every deed, mortgage or other instrument for
14 which a recording fee is provided and which is recorded in the
15 office of the recorder of deeds. The surcharge shall be in
16 addition to any other recording fee or other charge lawfully
17 collected by the recorder of deeds and shall be paid by the
18 recorder of deeds to the department at the same time and in the
19 same manner as the realty transfer tax. The department shall
20 remit to the agency for deposit to the fund money received in
21 connection with the real estate document surcharge.

22 Section 7. County participation.

23 The county commissioners or the governing body of a county
24 with a down payment or closing cost assistance program
25 established under the provisions of the act of December 14, 1992
26 (P.L.866, No.137), known as the Optional County Affordable
27 Housing Funds Act, may elect to not participate in the fund. The
28 election to not participate in the fund shall be evidenced by an
29 ordinance enacted by the county commissioners or the governing
30 body. The surcharge under section 6 shall be imposed and any

1 money received shall be deposited into the fund until an
2 ordinance is enacted under this section. Any real estate
3 document recorded in the office of the recorder of deeds in a
4 county which has enacted an ordinance under this section shall
5 not be subject to the surcharge imposed by section 6. The
6 residents of a county which has enacted an ordinance under this
7 section shall be ineligible to receive money from the fund until
8 the county commissioners or the governing body of the county
9 repeals the ordinance. Sixty days after the effective date of
10 the repeal, the recorder of deeds of the county shall begin
11 collecting the surcharge imposed by section 6.

12 Section 8. Third class cities program.

13 The county commissioners or the governing body of a county in
14 which a city of the third class is located may elect by
15 ordinance to impose a surcharge of \$1 on every deed, mortgage or
16 other instrument for which a recording fee is provided and which
17 is recorded in the office of the recorder of deeds. This
18 surcharge shall be in addition to any other recording fee or
19 other charge lawfully collected by the recorder of deeds. This
20 surcharge shall be paid by the recorder of deeds to the
21 department at the same time and in the same manner as the realty
22 transfer tax. The department shall remit to the agency for
23 deposit into a restricted account within the fund money received
24 in connection with the surcharge imposed under this section. In
25 accordance with section 5, the agency shall use the money in the
26 restricted account only for the purpose of enabling low-income
27 and moderate-income persons and low-income and moderate-income
28 families to attain home ownership within a city of the third
29 class located within a county where the money was collected. If
30 there is more than one city of the third class within a county

1 imposing a surcharge under this section, the money distributed
2 for use in a city of the third class shall be based upon the
3 total population of all cities of the third class within the
4 county where the money was collected divided by the total
5 population of a city of the third class where the money will be
6 distributed. If all of the money in the restricted account
7 cannot be distributed under this section, the agency shall
8 distribute the money in accordance with section 5(d).

9 Section 9. Semiannual report.

10 The agency shall report to the General Assembly and the
11 Governor on a semiannual basis, corresponding with the beginning
12 of each two-year legislative session, on the income and expenses
13 of the fund and its uses, including the number and amounts of
14 loans and grants made, the number and types of residential units
15 assisted, the income levels of persons assisted and the
16 geographical distribution of loans and grants made.

17 Section 10. Expiration.

18 (a) Report.--The Legislative Budget and Finance Committee
19 shall present to the General Assembly a report evaluating the
20 fund by December 31, 2004. This report shall provide the General
21 Assembly with a recommendation as to whether the fund is to be
22 continued and, if so, the changes which are suggested by the
23 committee to improve the operation of the fund.

24 (b) Date.--This act shall expire December 31, 2005.

25 Section 11. Effective date.

26 This act shall take effect as follows:

27 (1) Section 6 shall take effect in 60 days.

28 (2) The remainder of this act shall take effect
29 immediately.