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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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SENATE BILL

No. 45 Session of  
2017

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INTRODUCED BY WILLIAMS, BREWSTER, FONTANA, YUDICHAK, BLAKE,  
TARTAGLIONE, SCHWANK AND RAFFERTY, JANUARY 12, 2017

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REFERRED TO URBAN AFFAIRS AND HOUSING, JANUARY 12, 2017

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AN ACT

1 Establishing the Veterans' Homeownership Assistance Program; and  
2 providing for financial assistance to a veteran or veteran's  
3 spouse to purchase a home.

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 Veterans'  
8 Homeownership Assistance 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 Financing Agency.

14 "Applicant." A veteran or a veteran's spouse.

15 "Department." The Department of Military and Veterans  
16 Affairs of the Commonwealth.

17 "Financial assistance." Down payment or closing costs  
18 assistance authorized under section 3.

1 "Primary residence." A dwelling that is used as the primary  
2 domicile of the owner.

3 "Veteran." A person who served on active duty in the United  
4 States Armed Forces, including any of the following:

5 (1) A reservist or member of the National Guard who was  
6 discharged or released from the service under honorable  
7 conditions.

8 (2) A reservist or member of the National Guard who  
9 completed an initial term of enlistment or qualifying period  
10 of service.

11 (3) A reservist or member of the National Guard who was  
12 disabled in the line of duty during training.

13 "Veteran's spouse." The unmarried surviving spouse of a  
14 veteran who was killed in action while on active duty in the  
15 United States Armed Forces.

16 Section 3. Veterans' Homeownership Assistance Program.

17 (a) Establishment.--There is established a Veterans'  
18 Homeownership Assistance Program which shall be administered by  
19 the agency in coordination with the department.

20 (b) Award.--The agency may award financial assistance to an  
21 applicant who is a first-time homebuyer under this subsection.  
22 Financial assistance must be in one of the following forms:

23 (1) Down payment assistance on the purchase of a primary  
24 residence. Down payment assistance shall equal the lesser of  
25 the following:

26 (i) Twenty percent of the sale price of the home.

27 (ii) Ten thousand dollars.

28 (2) Closing costs assistance on the purchase of a  
29 primary residence, which shall equal 5% of the sale price of  
30 the home and may not exceed the lesser of the following:

1 (i) The total amount of closing costs due.

2 (ii) Ten thousand dollars.

3 (c) Types.--The agency may award financial assistance in any  
4 of the following forms and manners based on a review of the  
5 applicant's personal finances:

6 (1) A grant.

7 (2) A no-interest, forgivable loan. A loan awarded under  
8 this paragraph shall be reduced by 20% per year over five  
9 years beginning on the date of closing. A veteran who sells  
10 the home prior to the expiration of five years or who ceases  
11 to use the home as the veteran's primary residence prior to  
12 the expiration of the five-year forgiveness period shall  
13 repay any remaining principal amount of the loan to the  
14 agency in a time and manner determined by the agency.

15 (3) A deferred loan repayable upon the sale of the  
16 property. A loan awarded under this paragraph must be repaid  
17 upon the sale of the home by the veteran. The amount of the  
18 repayment shall equal 105% of the total amount of the loan  
19 awarded and shall be payable to the agency in a time and  
20 manner determined by the agency.

21 (d) Application.--A veteran may apply for financial  
22 assistance by submitting an application in the form and manner  
23 prescribed by the agency. The applicant shall state in the  
24 application whether the applicant is seeking financial  
25 assistance in the form of down payment assistance or closing  
26 costs assistance.

27 (e) Review.--Prior to awarding financial assistance under  
28 this act, the agency shall review the application under  
29 subsection (d) to determine whether the applicant is eligible to  
30 receive financial assistance. The following shall apply:

1           (1) The agency may not impose a means test or make any  
2           determination of need on an applicant.

3           (2) An applicant's financial circumstances may only be  
4           used to assess the type of financial assistance to be awarded  
5           to the applicant.

6 Section 4. Duties of department.

7           The department shall work in conjunction with the agency to  
8           verify the status and eligibility of every individual submitting  
9           an application for financial assistance under this act.

10 Section 5. Guidelines.

11          The agency, in consultation with the department, shall  
12          promulgate regulations or develop guidelines providing for the  
13          Veterans' Homeownership Assistance Program.

14 Section 6. Appropriation.

15          (a) Amount.--The amount of \$2,500,000 is appropriated from  
16          the General Fund to the agency for the period of July 1, 2017,  
17          to June 30, 2018, to provide financial assistance to eligible  
18          veterans and administer the agency's responsibilities under this  
19          act.

20          (b) Administrative costs.--No more than \$250,000 of the  
21          funds appropriated under subsection (a) may be used for  
22          administrative costs incurred by the agency and the department  
23          to administer this act.

24 Section 7. Effective date.

25          This act shall take effect in 60 days.