

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 26

Session of
1995

INTRODUCED BY THOMAS, DALEY, WASHINGTON, HORSEY, PRESTON AND
YOUNGBLOOD, JANUARY 19, 1995

AS AMENDED ON THIRD CONSIDERATION, HOUSE OF REPRESENTATIVES,
FEBRUARY 7, 1996

AN ACT

1 Amending the act of December 14, 1992 (P.L.866, No.137),
2 entitled "An act authorizing certain counties to increase the
3 recording fees of deeds and mortgages to support or enhance
4 local affordable housing efforts," extending the act to
5 counties of the first class; PROVIDING FOR A HOME PURCHASE
6 LOAN PROGRAM TO BE ADMINISTERED BY THE PENNSYLVANIA HOUSING
7 FINANCE AGENCY; CREATING THE AFFORDABLE HOUSING TRUST FUND;
8 PROVIDING FOR A PROGRAM OF HOME MORTGAGE INSURANCE; AND
9 ESTABLISHING THE HOUSING INSURANCE FUND. <—

10 The General Assembly of the Commonwealth of Pennsylvania
11 hereby enacts as follows:

12 Section 1. The definition of "county" in section 3 of the
13 act of December 14, 1992 (P.L.866, No.137), known as the
14 Optional County Affordable Housing Funds Act, is amended to
15 read:

16 Section 3. Definitions.

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

20 * * *

"County." Any county of the first, second, second A, third, fourth, fifth, sixth, seventh or eighth class. [The term does not include any county of the first class.]

Section 2. Section 4 of the act is amended to read:

Section 4. Optional fee increases.

The county commissioners or the governing body of each county, as defined in section 3, shall have the power and may by ordinance increase the fees charged by the recorder of deeds for recording deeds and mortgages under the act of June 12, 1919 (P.L.476, No.240), referred to as the Second Class County Recorder of Deeds Fee Law, the fees charged for recording deeds and mortgages in counties of the first class under ordinances adopted under the act of August 26, 1953 (P.L.1476, No.433), referred to as the Philadelphia City-County Consolidation Act, and fees charged under the act of April 8, 1982 (P.L.310, No.87), referred to as the Recorder of Deeds Fee Law. The additional fees levied by the county commissioners shall not exceed 100% of the amounts charged on the effective date of this act.

~~Section 3. This act shall take effect immediately.~~

SECTION 3. THE ACT IS AMENDED BY ADDING A SECTION TO READ:

SECTION 6.1. AFFORDABLE HOUSING TRUST FUND.

(A) CREATION AND ADMINISTRATION OF FUND.--THERE IS HEREBY CREATED AND ESTABLISHED UNDER THE JURISDICTION AND CONTROL OF THE AGENCY THE AFFORDABLE HOUSING TRUST FUND, AS A PERMANENT REVOLVING FUND OF IDENTIFIABLE, RENEWABLE AND SEGREGATED CAPITAL TO BE USED BY THE AGENCY IN ACCORDANCE WITH THIS SECTION. THE AGENCY SHALL HOLD FUND MONEYS SEPARATE AND DISTINCT FROM ITS OTHER ASSETS AND OTHER FUNDS WHICH IT ADMINISTERS.

(B) SOURCES OF FUND.--THERE SHALL BE PAID INTO THE FUND:

1 (1) ALL MONEYS APPROPRIATED BY THE GENERAL ASSEMBLY FOR
2 INCLUSION IN THE FUND.

3 (2) REVENUE COLLECTED FROM THE IMPOSITION OF THE
4 SURCHARGE ON RECORDED DOCUMENTS UNDER SUBSECTION (J).

5 (3) GRANTS, DONATIONS, CONTRIBUTIONS OR GIFTS FROM
6 PUBLIC OR PRIVATE SOURCES SPECIFICALLY EARMARKED FOR DEPOSIT
7 INTO THE FUND.

8 (4) THE PROCEEDS FROM THE SALE OF PROPERTY, REAL,
9 PERSONAL OR OTHERWISE, WHICH MAY BE GIVEN OR DONATED TO THE
10 AGENCY FOR USE IN CONNECTION WITH THE FUND.

11 (5) ANY MONEY MADE AVAILABLE TO THE AGENCY UNDER THE
12 PROVISIONS OF THE ACT OF DECEMBER 14, 1992 (P.L.866, NO.137),
13 KNOWN AS THE OPTIONAL COUNTY AFFORDABLE HOUSING FUNDS ACT.

14 (6) ALL INTEREST, DIVIDENDS AND PECUNIARY GAINS FROM
15 INVESTMENT OF MONEY IN THE FUND.

16 (7) REPAYMENTS OF PRINCIPAL AND INTEREST ON LOANS
17 PROVIDED FROM THE FUND.

18 (8) ALL OTHER REVENUES, RECEIPTS AND FEES OF WHATEVER
19 SOURCE DERIVED FROM THE OPERATION OF THE FUND.

20 (C) USE OF FUND.--THE AGENCY SHALL USE MONEYS IN THE FUND
21 FOR THE PURPOSE OF ENABLING LOW-INCOME AND MODERATE-INCOME
22 PERSONS AND FAMILIES TO ATTAIN HOME OWNERSHIP THROUGH, BUT NOT
23 LIMITED TO, ANY OR ALL OF THE FOLLOWING PROGRAMS:

24 (1) THE HOME PURCHASE LOAN PROGRAM, WHICH SHALL CONSIST
25 OF SECOND OR SUBSEQUENT MORTGAGE LOANS AND/OR GRANTS, THE
26 PROCEEDS OF WHICH CAN BE USED TO PROVIDE CLOSING COST
27 ASSISTANCE AND/OR DOWN PAYMENT ASSISTANCE TO ELIGIBLE
28 HOMEBUYERS. REPAYMENT MAY BE DEFERRED BY THE AGENCY FOR A
29 PERIOD UP TO THE LENGTH OF THE FIRST MORTGAGE BUT SHALL BE
30 REPAID AT THE TIME OF A SALE, TRANSFER OR NONOWNER OCCUPANCY

1 OF THE PROPERTY OR UPON PAYMENT IN FULL OR A REFINANCE OF THE
2 FIRST MORTGAGE. THE AGENCY MAY ALLOW SUBORDINATION OF THE
3 MORTGAGE LOAN WHERE THE FIRST MORTGAGE IS BEING REFINANCED TO
4 PRODUCE MORE FAVORABLE REPAYMENT TERMS FOR THE HOMEOWNER OR
5 TO ENABLE THE HOMEOWNER TO MAKE REPAIRS NECESSARY TO PRESERVE
6 THE PROPERTY.

7 (2) THE MORTGAGE INTEREST SUBSIDY PROGRAM, WHICH SHALL
8 CONSIST OF SECOND OR SUBSEQUENT MORTGAGE LOANS AND GRANTS,
9 THE PROCEEDS OF WHICH CAN BE USED TO BUY DOWN INTEREST RATES
10 FOR ELIGIBLE HOMEBUYERS, THEREBY PRODUCING AN AFFORDABLE
11 MONTHLY MORTGAGE PAYMENT. REPAYMENT OF THE LOANS MAY BE
12 DEFERRED BY THE AGENCY FOR A PERIOD OF UP TO THE LENGTH OF
13 THE FIRST MORTGAGE AND SHALL BE REPAID IN THE SAME MANNER AS
14 SET FORTH IN PARAGRAPH (1).

15 (D) ELIGIBILITY CRITERIA.--PERSONS OR FAMILIES MUST MEET THE
16 FOLLOWING CRITERIA TO BE ELIGIBLE TO PARTICIPATE IN A PROGRAM
17 SET FORTH IN SUBSECTION (C):

18 (1) APPLICANTS MUST BE PERSONS OR FAMILIES WHOSE ANNUAL
19 INCOME ADJUSTED FOR FAMILY SIZE DOES NOT EXCEED 115% OF
20 MEDIAN HOUSEHOLD INCOME FOR THE COUNTY IN WHICH THE PROPERTY
21 IS LOCATED. THE AGENCY MAY ESTABLISH ADDITIONAL CRITERIA
22 LIMITING CERTAIN KINDS OF ASSISTANCE TO PERSONS OF LOW OR
23 VERY LOW INCOME.

24 (2) APPLICANTS MUST BE PERSONS OR FAMILIES WHO HAVE NOT
25 HAD AN OWNERSHIP INTEREST IN RESIDENTIAL REAL PROPERTY WITHIN
26 THE PREVIOUS THREE YEARS. THIS PROVISION MAY BE WAIVED BY THE
27 AGENCY IN THE CASE OF SINGLE-PARENT FAMILIES.

28 (3) APPLICANTS MUST HAVE INSUFFICIENT ASSETS OR INCOME,
29 AS DETERMINED BY THE AGENCY TO BE ABLE TO PURCHASE THE
30 PROPERTY WITHOUT THE ASSISTANCE PROVIDED BY THIS SECTION.

1 (4) THE AGENCY SHALL REQUIRE HOMEBUYERS TO UNDERGO HOME
2 OWNERSHIP COUNSELING AS APPROVED BY THE AGENCY AS A CONDITION
3 OF THE RECEIPT OF A GRANT AND/OR LOAN.

4 (5) THE AGENCY SHALL ESTABLISH LIMITS ON THE AMOUNT OF
5 MONEY AVAILABLE TO EACH APPLICANT.

6 (E) DISTRIBUTION OF MONEYS.--THE AGENCY SHALL USE ITS BEST
7 EFFORTS TO DISTRIBUTE MONEYS IN THE FUND ON A REGIONAL BASIS IN
8 THE SAME PROPORTION TO WHERE THE MONEYS WERE DERIVED; PROVIDED,
9 HOWEVER, THAT THE DISTRIBUTION OF MONEYS IN THE RESTRICTED
10 ACCOUNT WITHIN THE FUND, CREATED UNDER SUBSECTION (L), SHALL NOT
11 BE CONSIDERED WHEN THE AGENCY DISTRIBUTES THE REMAINING MONEYS
12 IN THE FUND IN ACCORDANCE WITH SUBSECTIONS (C) THROUGH (I). ANY
13 FEDERAL FUNDS OR MONEYS DONATED TO THE FUND FROM OUTSIDE THIS
14 COMMONWEALTH CAN BE USED BY THE AGENCY ANYWHERE IN THIS
15 COMMONWEALTH.

16 (F) PARTICIPATING LENDERS.--THE FOLLOWING LENDING
17 INSTITUTIONS SHALL BE ELIGIBLE TO PARTICIPATE IN PROGRAMS
18 AUTHORIZED BY THIS SECTION, SUBJECT TO SUCH STANDARDS, CRITERIA
19 AND PROCEDURES AS SHALL BE ESTABLISHED BY THE AGENCY:

20 (1) LENDING INSTITUTIONS THAT ORIGINATE FIRST MORTGAGE
21 LOANS IN CONJUNCTION WITH ANY OF THE AGENCY'S SINGLE FAMILY
22 HOME PURCHASE PROGRAMS.

23 (2) LENDING INSTITUTIONS THAT ORIGINATE FIRST MORTGAGE
24 LOANS IN CONJUNCTION WITH A HOME PURCHASE PROGRAM OPERATED BY
25 A MUNICIPALITY, MUNICIPAL AUTHORITY OR A RESIDENTIAL FINANCE
26 AUTHORITY.

27 (3) OTHER LENDING INSTITUTIONS APPROVED BY THE AGENCY
28 WHICH HAVE AGREED TO COMPLY WITH THE HOMEBUYER ELIGIBILITY
29 AND OTHER REQUIREMENTS OF SUBSECTION (D).

30 FUNDS WILL BE MADE AVAILABLE IN SUCH AMOUNTS AS THE AGENCY SHALL

1 DETERMINE IN ORDER TO MEET THE REQUIREMENTS OF SUBSECTION (E)
2 AND WITHIN THE FINANCIAL LIMITATIONS OF THE FUND.

3 (G) MATCHING FUNDS.--THE AGENCY MAY USE MONEY FROM THE FUND
4 TO MATCH FEDERAL, STATE, LOCAL OR PRIVATE MONEY TO BE USED FOR
5 PROGRAMS WHICH HAVE THE PURPOSE OF FOSTERING HOME OWNERSHIP BY
6 PERSONS AND FAMILIES OF LOW INCOME AND MODERATE INCOME.

7 (H) HOUSING COUNSELING PROGRAMS.--THE AGENCY MAY USE MONEY
8 FROM THE FUND TO PAY FOR TECHNICAL ASSISTANCE, DESIGN, FINANCE
9 AND ADMINISTRATIVE SERVICES AND HOUSING COUNSELING SERVICES
10 PROVIDED TO APPLICANTS BY NONPROFIT HOUSING DEVELOPMENT
11 CORPORATIONS OR OTHER COMMUNITY-BASED OR NEIGHBORHOOD-BASED
12 ORGANIZATIONS.

13 (I) ADMINISTRATIVE EXPENSES.--THE AGENCY MAY USE MONEY FROM
14 THE FUND TO PAY REASONABLE EXPENSES INCURRED IN CONNECTION WITH
15 ADMINISTERING THE FUND AND OPERATING THE PROGRAMS AUTHORIZED
16 UNDER THIS SECTION.

17 (J) IMPOSITION OF SURCHARGE.--THERE IS HEREBY IMPOSED A REAL
18 ESTATE DOCUMENT SURCHARGE IN THE AMOUNT OF \$10 FOR EVERY DEED,
19 MORTGAGE OR OTHER INSTRUMENT FOR WHICH A RECORDING FEE IS
20 PROVIDED AND WHICH IS RECORDED IN THE OFFICE OF THE RECORDER OF
21 DEEDS IN EACH COUNTY OF THIS COMMONWEALTH. THE SURCHARGE SHALL
22 BE IN ADDITION TO ANY OTHER RECORDING FEE OR OTHER CHARGE
23 LAWFULLY COLLECTED BY THE RECORDER OF DEEDS AND SHALL BE PAID BY
24 THE RECORDER OF DEEDS TO THE DEPARTMENT OF REVENUE AT THE SAME
25 TIME AND IN THE SAME MANNER AS THE REALTY TRANSFER TAX. THE
26 DEPARTMENT OF REVENUE SHALL REMIT FORTHWITH TO THE AGENCY FOR
27 DEPOSIT TO THE FUND ALL MONEYS RECEIVED IN CONNECTION WITH THE
28 REAL ESTATE DOCUMENT SURCHARGE.

29 (K) COUNTY PARTICIPATION.--THE COUNTY COMMISSIONERS OR THE
30 GOVERNING BODY OF A COUNTY WITH A DOWN PAYMENT AND/OR CLOSING

1 COST ASSISTANCE PROGRAM ESTABLISHED UNDER THE PROVISIONS OF THE
2 ACT OF DECEMBER 14, 1992 (P.L.866, NO.137), KNOWN AS THE
3 OPTIONAL COUNTY AFFORDABLE HOUSING FUNDS ACT, SHALL HAVE THE
4 POWER AND MAY ELECT TO NOT PARTICIPATE IN THE AFFORDABLE HOUSING
5 TRUST FUND ESTABLISHED UNDER THIS SECTION. THE ELECTION TO NOT
6 PARTICIPATE IN THE FUND SHALL BE EVIDENCED BY AN ORDINANCE
7 ENACTED BY THE COUNTY COMMISSIONERS OR THE GOVERNING BODY OF
8 SUCH COUNTY. THE SURCHARGE UNDER SUBSECTION (J) SHALL BE IMPOSED
9 AND ANY MONEYS RECEIVED SHALL BE DEPOSITED INTO THE FUND UNTIL
10 SUCH AN ORDINANCE IS ENACTED UNDER THIS SUBSECTION. ANY REAL
11 ESTATE DOCUMENT RECORDED IN THE OFFICE OF THE RECORDER OF DEEDS
12 IN A COUNTY WHICH HAS ENACTED AN ORDINANCE UNDER THIS SUBSECTION
13 SHALL NOT BE SUBJECT TO THE SURCHARGE IMPOSED BY SUBSECTION (J).
14 THE RESIDENTS OF A COUNTY WHICH HAS ENACTED AN ORDINANCE UNDER
15 THIS SUBSECTION SHALL BE INELIGIBLE TO RECEIVE ANY MONEYS FROM
16 THE FUND UNTIL THE COUNTY COMMISSIONERS OR THE GOVERNING BODY OF
17 THE COUNTY REPEALS THE ORDINANCE. THE RECORDER OF DEEDS OF THE
18 COUNTY SHALL BEGIN COLLECTING THE SURCHARGE IMPOSED BY
19 SUBSECTION (J), 60 DAYS AFTER THE REPEAL IS EFFECTIVE.

20 (L) THIRD CLASS CITIES PROGRAM.--THE COUNTY COMMISSIONERS OR
21 THE GOVERNING BODY OF A COUNTY IN WHICH A CITY OF THE THIRD
22 CLASS IS LOCATED SHALL HAVE THE POWER AND MAY ELECT BY ORDINANCE
23 TO IMPOSE A SURCHARGE OF \$1 ON EVERY DEED, MORTGAGE OR OTHER
24 INSTRUMENT FOR WHICH A RECORDING FEE IS PROVIDED AND WHICH IS
25 RECORDED IN THE OFFICE OF THE RECORDER OF DEEDS. THIS SURCHARGE
26 SHALL BE IN ADDITION TO ANY OTHER RECORDING FEE OR OTHER CHARGE
27 LAWFULLY COLLECTED BY THE RECORDER OF DEEDS. THIS SURCHARGE
28 SHALL BE PAID BY THE RECORDER OF DEEDS TO THE DEPARTMENT OF
29 REVENUE AT THE SAME TIME AND IN THE SAME MANNER AS THE REALTY
30 TRANSFER TAX. THE DEPARTMENT OF REVENUE SHALL REMIT FORTHWITH TO

1 THE AGENCY FOR DEPOSIT INTO A RESTRICTED ACCOUNT WITHIN THE FUND
2 ALL MONEYS RECEIVED IN CONNECTION WITH THE SURCHARGE IMPOSED
3 UNDER THIS SUBSECTION. IN ACCORDANCE WITH SUBSECTIONS (C)
4 THROUGH (I), WHERE APPLICABLE, THE AGENCY SHALL USE THE MONEYS
5 IN THE RESTRICTED ACCOUNT ONLY FOR THE PURPOSE OF ENABLING LOW-
6 INCOME AND MODERATE-INCOME PERSONS AND FAMILIES TO ATTAIN HOME
7 OWNERSHIP WITHIN A CITY OF THE THIRD CLASS LOCATED WITHIN A
8 COUNTY WHERE THE MONEY WAS COLLECTED. IF THERE IS MORE THAN ONE
9 CITY OF THE THIRD CLASS WITHIN A COUNTY IMPOSING A SURCHARGE
10 UNDER THIS SUBSECTION, THE MONEYS DISTRIBUTED FOR USE IN A CITY
11 OF THE THIRD CLASS SHALL BE BASED UPON THE TOTAL POPULATION OF
12 ALL CITIES OF THE THIRD CLASS WITHIN THE COUNTY WHERE THE MONEY
13 WAS COLLECTED DIVIDED BY THE TOTAL POPULATION OF A CITY OF THE
14 THIRD CLASS WHERE THE MONEYS WILL BE DISTRIBUTED. IF ALL OF THE
15 MONEYS IN THE RESTRICTED ACCOUNT CANNOT BE DISTRIBUTED UNDER
16 THIS SUBSECTION, THE AGENCY SHALL DISTRIBUTE THE MONEYS IN
17 ACCORDANCE WITH SUBSECTION (E).

18 (M) SEMIANNUAL REPORT.--THE AGENCY SHALL REPORT TO THE
19 GENERAL ASSEMBLY AND THE GOVERNOR ON A SEMIANNUAL BASIS,
20 CORRESPONDING WITH THE BEGINNING OF EACH TWO-YEAR LEGISLATIVE
21 SESSION, ON THE INCOME AND EXPENSES OF THE FUND AND ITS USES,
22 INCLUDING THE NUMBER AND AMOUNTS OF LOANS AND GRANTS MADE, THE
23 NUMBER AND TYPES OF RESIDENTIAL UNITS ASSISTED, THE INCOME
24 LEVELS OF PERSONS ASSISTED AND THE GEOGRAPHICAL DISTRIBUTION OF
25 LOANS AND GRANTS MADE.

26 (N) SUNSET.--THE AFFORDABLE HOUSING TRUST FUND CREATED UNDER
27 THIS SECTION, TOGETHER WITH ITS STATUTORY FUNCTIONS AND DUTIES,
28 SHALL TERMINATE ON DECEMBER 31, 2000, UNLESS REESTABLISHED OR
29 CONTINUED BY THE GENERAL ASSEMBLY. THE LEGISLATIVE BUDGET AND
30 FINANCE COMMITTEE SHALL BE REQUIRED TO PRESENT TO THE GENERAL

1 ASSEMBLY A REPORT EVALUATING THE FUND BY DECEMBER 31, 1999. THIS
2 REPORT SHALL PROVIDE THE GENERAL ASSEMBLY WITH A RECOMMENDATION
3 AS TO WHETHER THE FUND IS TO BE CONTINUED AND, IF SO, THE
4 CHANGES WHICH ARE SUGGESTED BY THE COMMITTEE TO IMPROVE THE
5 OPERATION OF THE FUND.

6 (O) DEFINITIONS.--THE FOLLOWING WORDS AND PHRASES WHEN USED
7 IN THIS SECTION SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS
8 SUBSECTION UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE:

9 "AGENCY." THE PENNSYLVANIA HOUSING FINANCE AGENCY, A PUBLIC
10 CORPORATION AND GOVERNMENT INSTRUMENTALITY, ESTABLISHED UNDER
11 THE ACT OF DECEMBER 3, 1959 (P.L.1688, NO.621), KNOWN AS THE
12 HOUSING FINANCE AGENCY LAW.

13 "ANNUAL INCOME." THE TOTAL ANNUAL INCOME OF ALL MEMBERS OF A
14 FAMILY FROM WHATEVER SOURCE DERIVED, INCLUDING, BUT NOT LIMITED
15 TO, PENSION, ANNUITY, RETIREMENT AND SOCIAL SECURITY BENEFITS,
16 BUT MAY EXCLUDE THE FOLLOWING AS THE PENNSYLVANIA HOUSING
17 FINANCE AGENCY MAY ESTABLISH BY RULE OR REGULATION:

18 (1) REASONABLE ALLOWANCES FOR DEPENDENTS.

19 (2) REASONABLE ALLOWANCES FOR MEDICAL EXPENSES.

20 (3) ALL OR A PROPORTIONATE PART OF THE EARNINGS OF
21 DEPENDENT FAMILY MEMBERS.

22 (4) INCOME NOT RECEIVED REGULARLY.

23 "FUND." THE AFFORDABLE HOUSING TRUST FUND CREATED UNDER THIS
24 SECTION.

25 "LENDING INSTITUTION." ANY OF THE FOLLOWING IF IT
26 CUSTOMARILY PROVIDES RESIDENTIAL MORTGAGE SERVICES OR OTHERWISE
27 AIDS IN THE FINANCING OF MORTGAGES ON RESIDENTIAL HOUSING IN
28 THIS COMMONWEALTH:

29 (1) BANK.

30 (2) BANK AND TRUST COMPANY.

1 (3) TRUST COMPANY.

2 (4) SAVINGS BANK.

3 (5) NATIONAL BANKING ASSOCIATION.

4 (6) FEDERAL NATIONAL MORTGAGE ASSOCIATION.

5 (7) FEDERAL HOME LOAN MORTGAGE CORPORATION.

6 (8) GOVERNMENT NATIONAL MORTGAGE ASSOCIATION.

7 (9) PENNSYLVANIA HOUSING FINANCE AGENCY.

8 (10) MORTGAGE BANKER.

9 (11) FHA-APPROVED MORTGAGE SERVICE COMPANY.

10 (12) SAVINGS AND LOAN ASSOCIATION.

11 (13) FEDERAL SAVINGS AND LOAN ASSOCIATION.

12 (14) BUILDING AND LOAN ASSOCIATION.

13 (15) CREDIT UNION.

14 (16) A FINANCIAL INSTITUTION SIMILAR TO THOSE LISTED IN

15 PARAGRAPHS (1) THROUGH (15).

16 "LOW-INCOME AND MODERATE-INCOME PERSONS" OR "LOW-INCOME AND
17 MODERATE-INCOME FAMILIES." INDIVIDUALS OR FAMILIES WHO CANNOT
18 AFFORD TO PAY THE AMOUNTS AT WHICH PRIVATE ENTERPRISE, WITHOUT
19 THE ASSISTANCE OF THIS SECTION, IS PROVIDING A SUBSTANTIAL
20 SUPPLY OF DECENT, SAFE AND SANITARY HOUSING. THE AGENCY SHALL
21 ESTABLISH INCOME LIMITS FOR PARTICIPATION OF SUCH PERSONS AND
22 FAMILIES, BASED ON COUNTYWIDE INCOME STATISTICS, WHERE
23 AVAILABLE.

24 "MORTGAGE." A LIEN OTHER THAN A JUDGMENT ON A FEE SIMPLE
25 ESTATE OR LEASEHOLD IN REAL PROPERTY LOCATED IN THIS
26 COMMONWEALTH, TOGETHER WITH THE CREDIT INSTRUMENTS, IF ANY,
27 SECURED BY IT. THE TERM SHALL INCLUDE INSURED AND UNINSURED
28 MORTGAGES.

29 "MORTGAGOR." INDIVIDUALS, JOINT VENTURES, PARTNERSHIPS,
30 LIMITED PARTNERSHIPS, TRUSTS, CORPORATIONS, COOPERATIVES AND

1 CONDOMINIUMS, WHETHER ORGANIZED FOR PROFIT OR NOT FOR PROFIT.

2 SECTION 4. SECTION 7 OF THE ACT IS REPEALED.

3 SECTION 5. THE ACT IS AMENDED BY ADDING A SECTION TO READ:

4 SECTION 8. HOME MORTGAGE INSURANCE PROGRAM.

5 (A) HOUSING INSURANCE FUND.--

6 (1) THERE IS HEREBY CREATED UNDER THE JURISDICTION OF
7 THE AGENCY, OR ANY NONPROFIT CORPORATE SUBSIDIARY IT MAY
8 CREATE FOR THIS PURPOSE, AN INSURANCE RESERVE FUND CALLED THE
9 HOUSING INSURANCE FUND.

10 (2) THERE SHALL BE PAID INTO THE FUND:

11 (I) ALL MONEY APPROPRIATED BY THE GENERAL ASSEMBLY
12 FOR INCLUSION IN THE FUND.

13 (II) ALL PROCEEDS FROM THE ISSUANCE OF BONDS BY THE
14 AGENCY FOR INCLUSION IN THE FUND.

15 (III) ALL PREMIUMS COLLECTED UNDER THE HOME MORTGAGE
16 INSURANCE PROGRAM.

17 (IV) ALL INTEREST, DIVIDENDS AND GAINS FROM
18 INVESTMENT OF MONEY OF THE FUND.

19 (V) ANY OTHER MONEY AVAILABLE TO THE AGENCY WHICH IT
20 DETERMINES TO USE FOR THIS PURPOSE.

21 (3) MONEY HELD IN THE FUND SHALL BE USED TO MAKE
22 PAYMENTS PURSUANT TO HOME MORTGAGE INSURANCE CONTRACTS, TO
23 PAY ANY OR ALL EXPENSES OF ADMINISTRATION AND OPERATION OF
24 THE HOME MORTGAGE INSURANCE PROGRAM AND TO MAINTAIN THE FUND
25 AT AN AMOUNT EQUAL TO PRUDENT MINIMUM INSURANCE RESERVES AS
26 DETERMINED BY THE AGENCY. ANY MONEY IN THE FUND IN EXCESS OF
27 THAT REQUIRED FOR THE AFORESAID PURPOSES MAY BE ALLOCATED BY
28 THE AGENCY TO THE AFFORDABLE HOUSING TRUST FUND, CREATED
29 UNDER SECTION 6.1 OF THIS ACT.

30 (B) HOME MORTGAGE INSURANCE PROGRAM.--THE AGENCY, OR ANY

1 NONPROFIT CORPORATE SUBSIDIARY OF THE AGENCY FORMED FOR THIS
2 PURPOSE, SHALL HAVE THE AUTHORITY TO CREATE, DEVELOP, ADMINISTER
3 AND SUPERVISE THE ADMINISTRATION OF THE HOME MORTGAGE INSURANCE
4 PROGRAM IN COOPERATION WITH PUBLIC OR PRIVATE MORTGAGE INSURERS
5 TO ENCOURAGE HOME OWNERSHIP FOR LOW-INCOME AND MODERATE-INCOME
6 PERSONS AND FAMILIES WHO ARE UNABLE TO PURCHASE A HOME WITHOUT
7 MORTGAGE INSURANCE OR SIMILAR CREDIT ENHANCEMENTS. IN THIS
8 CONNECTION, THE AGENCY MAY:

9 (1) ENTER INTO CONTRACTS TO INSURE, REINSURE OR COINSURE
10 THE REPAYMENT OF LOANS SECURED BY MORTGAGES ON SINGLE-FAMILY
11 OWNER-OCCUPIED RESIDENCES LOCATED IN THIS COMMONWEALTH.

12 (2) PROCURE REINSURANCE OR COINSURANCE OR ENTER INTO
13 RECIPROCAL OR INTERINSURANCE CONTRACTS FROM AND WITH ANY
14 LOCAL AGENCY, AGENCY OF THE UNITED STATES OR ANY LICENSED
15 PRIVATE MORTGAGE INSURER OR REINSURER.

16 (3) NEGOTIATE, SOLICIT, SELL AND OTHERWISE DEAL WITH
17 HOME MORTGAGE LOAN INSURANCE POLICIES.

18 (4) PRESCRIBE FORMS OF POLICIES, ESTABLISH PREMIUMS AND
19 OTHERWISE IMPLEMENT THE HOME MORTGAGE INSURANCE PROGRAM.

20 (C) ELIGIBILITY REQUIREMENTS.--

21 (1) TO QUALIFY FOR LOAN INSURANCE PURSUANT TO THIS
22 SECTION, A BORROWER SHALL BE A PURCHASER OF A SINGLE-FAMILY
23 OWNER-OCCUPIED RESIDENCE WHO IS QUALIFIED AND FINANCIALLY
24 ABLE TO BEAR THE USUAL EXPENSES OF MAINTAINING SUCH
25 RESIDENCES AND REPAYING THE LOAN. THE AGENCY MAY INSURE OR
26 ISSUE COMMITMENTS TO INSURE LOANS UPON CERTIFICATION OF AN
27 OFFICER OF AN APPROVED LENDING INSTITUTION THAT THE BORROWER
28 IS QUALIFIED FOR THE LOAN ACCORDING TO STANDARD SINGLE-FAMILY
29 LENDING PRACTICES AND AGENCY GUIDELINES.

30 (2) THE MORTGAGE LOAN SHALL EXCEED A 95% LOAN-TO-VALUE

1 RATIO, BUT SHALL NOT EXCEED A 100% LOAN-TO-VALUE RATIO.

2 (3) THE MORTGAGE LOAN AND RELATED DOCUMENTS SHALL
3 CONTAIN SUCH TERMS AS ARE SATISFACTORY TO THE AGENCY.

4 (4) A BORROWER THAT IS APPROVED FOR MORTGAGE INSURANCE
5 UNDER THIS SECTION SHALL BE REQUIRED TO COMPLETE A HOME
6 OWNERSHIP COUNSELING PROGRAM AS APPROVED BY THE AGENCY.

7 (D) LOAN DEFAULTS.--THE AGENCY SHALL ESTABLISH PROCEDURES TO
8 BE FOLLOWED BY LENDING INSTITUTIONS IN THE EVENT OF A DEFAULT ON
9 THE LOAN INSURED UNDER THIS SECTION. THE AGENCY MAY REQUIRE
10 THAT, PRIOR TO SUBMISSION AND PAYMENT OF A CLAIM, THE LENDING
11 INSTITUTION MUST FORECLOSE AND TAKE POSSESSION OF THE PROPERTY
12 OR OTHERWISE ACQUIRE TITLE AND POSSESSION OF THE PROPERTY WITHIN
13 THE TIME SPECIFIED BY THE AGENCY.

14 (E) HOME MORTGAGE INSURANCE PREMIUMS.--THE AGENCY SHALL FIX
15 MORTGAGE INSURANCE PREMIUMS FOR THE INSURANCE OF MORTGAGE LOANS
16 UNDER THE PROVISIONS OF THIS SECTION. THE AMOUNT OF PREMIUM NEED
17 NOT BE UNIFORM FOR ALL INSURED LOANS.

18 (F) STATUS OF MORTGAGES AS INVESTMENTS.--LOANS SECURED BY
19 MORTGAGES, THE PAYMENT OF WHICH ARE INSURED BY THE AGENCY, SHALL
20 BE LEGAL INVESTMENTS FOR TRUST COMPANIES; BANKS; INVESTMENT
21 COMPANIES; SAVINGS BANKS; BUILDING AND LOAN ASSOCIATIONS;
22 EXECUTORS, ADMINISTRATORS, GUARDIANS, CONSERVATORS, TRUSTEES AND
23 OTHER FIDUCIARIES; PUBLIC AND PRIVATE PENSION, PROFIT-SHARING
24 AND RETIREMENT FUNDS; THE STATE TREASURER; AND AGENCIES OF THE
25 COMMONWEALTH.

26 (G) LICENSURE EXEMPTION.--THE AUTHORITY GRANTED TO THE
27 AGENCY BY THIS SECTION, OR TO ANY NONPROFIT CORPORATE SUBSIDIARY
28 IT MAY CREATE FOR THIS PURPOSE, IS INTENDED TO BE IN COMPLETE
29 SUBSTITUTION OF ALL LICENSING, FILING AND OTHER REGULATORY
30 REQUIREMENTS OTHERWISE APPLICABLE TO INSURANCE CARRIERS DOING

1 BUSINESS IN THIS COMMONWEALTH AND THE AGENCY OR ITS NONPROFIT
2 CORPORATE SUBSIDIARY.

3 (H) EXPIRATION.--THE HOUSING INSURANCE FUND CREATED UNDER
4 THIS SECTION, TOGETHER WITH ITS STATUTORY FUNCTIONS AND DUTIES,
5 SHALL EXPIRE ON DECEMBER 31, 2000, UNLESS REESTABLISHED OR
6 CONTINUED BY THE GENERAL ASSEMBLY. THE LEGISLATIVE BUDGET AND
7 FINANCE COMMITTEE SHALL PRESENT TO THE GENERAL ASSEMBLY A REPORT
8 EVALUATING THE FUND BY DECEMBER 31, 1999. THIS REPORT SHALL
9 PROVIDE THE GENERAL ASSEMBLY WITH A RECOMMENDATION AS TO WHETHER
10 THE FUND IS TO BE CONTINUED AND, IF SO, THE CHANGES WHICH ARE
11 SUGGESTED BY THE COMMITTEE TO IMPROVE THE OPERATION OF THE FUND.

12 (I) DEFINITIONS.--AS USED IN THIS SECTION, THE FOLLOWING
13 WORDS AND PHRASES SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS
14 SUBSECTION:

15 "AGENCY." THE PENNSYLVANIA HOUSING FINANCE AGENCY.

16 "FUND." THE HOUSING INSURANCE FUND.

17 SECTION 6. THIS ACT SHALL TAKE EFFECT AS FOLLOWS:

18 (1) THE ADDITION OF SECTIONS 6.1(J) AND 8 OF THE ACT
19 SHALL TAKE EFFECT IN 60 DAYS.

20 (2) THE REMAINDER OF THIS ACT SHALL TAKE EFFECT
21 IMMEDIATELY.