

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1401 Session of
2008

INTRODUCED BY RHOADES, PIPPY, GREENLEAF, RAFFERTY, FERLO, COSTA,
PILEGGI, GORDNER, O'PAKE, KASUNIC, TOMLINSON, KITCHEN, MUSTO
AND A. WILLIAMS, MAY 12, 2008

REFERRED TO URBAN AFFAIRS AND HOUSING, MAY 12, 2008

AN ACT

1 Amending the act of December 3, 1959 (P.L.1688, No.621),
2 entitled, as amended, "An act to promote the health, safety
3 and welfare of the people of the Commonwealth by broadening
4 the market for housing for persons and families of low and
5 moderate income and alleviating shortages thereof, and by
6 assisting in the provision of housing for elderly persons
7 through the creation of the Pennsylvania Housing Finance
8 Agency as a public corporation and government
9 instrumentality; providing for the organization, membership
10 and administration of the agency, prescribing its general
11 powers and duties and the manner in which its funds are kept
12 and audited, empowering the agency to make housing loans to
13 qualified mortgagors upon the security of insured and
14 uninsured mortgages, defining qualified mortgagors and
15 providing for priorities among tenants in certain instances,
16 prescribing interest rates and other terms of housing loans,
17 permitting the agency to acquire real or personal property,
18 permitting the agency to make agreements with financial
19 institutions and Federal agencies, providing for the purchase
20 by persons of low and moderate income of housing units, and
21 approving the sale of housing units, permitting the agency to
22 sell housing loans, providing for the promulgation of
23 regulations and forms by the agency, prescribing penalties
24 for furnishing false information, empowering the agency to
25 borrow money upon its own credit by the issuance and sale of
26 bonds and notes and by giving security therefor, permitting
27 the refunding, redemption and purchase of such obligations by
28 the agency, prescribing remedies of holders of such bonds and
29 notes, exempting bonds and notes of the agency, the income
30 therefrom, and the income and revenues of the agency from
31 taxation, except transfer, death and gift taxes; making such
32 bonds and notes legal investments for certain purposes; and
33 indicating how the act shall become effective," establishing

1 a foreclosure prevention program; and making an
2 appropriation.

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

5 Section 1. The act of December 3, 1959 (P.L.1688, No.621),
6 known as the Housing Finance Agency Law, is amended by adding an
7 article to read:

8 ARTICLE IV-D

9 HOME MORTGAGE FORECLOSURE PREVENTION

10 Section 401-D. Definitions.

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

14 "Foreclosure Prevention Fund." The fund created by the
15 agency to make grants to qualified homeowners in accordance with
16 the provisions of this article.

17 Section 402-D. Home Mortgage Foreclosure Prevention Program.

18 (a) Purpose.--The Home Mortgage Foreclosure Prevention
19 Program is hereby established to enable eligible homeowners to
20 remove themselves from unaffordable mortgage situations by
21 either refinancing their mortgage debt with a new mortgage
22 financed by the agency or arranging an alternative mortgage
23 repayment plan with the assistance of the agency.

24 (b) Refinancing assistance grants.--The agency is authorized
25 to use funds appropriated for the purposes set forth in this
26 article to make grants of up to \$2,500 to help defray the
27 closing costs associated with refinancing a high or adjustable
28 rate mortgage to a new fixed rate mortgage that is affordable to
29 the homeowner.

30 (c) Eligibility requirements.--The following eligibility

1 requirements must be met by an applicant in order to be approved
2 by the agency to participate in the program created in this
3 article:

4 (1) The applicant's current annual household income must
5 not exceed the income limits of the agency's Keystone Home
6 Loan Program.

7 (2) The home must be located in this Commonwealth and be
8 a one-family or two-family, owner-occupied structure and the
9 domicile of the applicants defined in section 13 of the act
10 of December 31, 1965 (P.L.1257, No.511), known as the Local
11 Tax Enabling Act.

12 (3) The loan being refinanced or which is being assisted
13 must not have been incurred primarily for business or
14 commercial purposes.

15 Section 403-D. Agency guidelines.

16 The agency shall publish guidelines in the Pennsylvania
17 Bulletin to administer the provisions of this article within 90
18 days of the effective date of this section.

19 Section 404-D. Appropriation.

20 The following shall apply:

21 (1) The sum of \$10,000,000 is hereby appropriated to the
22 Pennsylvania Housing Finance Agency from the General Fund for
23 the purposes set forth in this article. A portion of the
24 funds appropriated may be used to pay the costs of the
25 administration of this article, not to exceed 5% of the total
26 amount appropriated.

27 (2) Any appropriated funds under paragraph (1) not
28 pledged or expended in accordance with this act by January 1,
29 2010, shall be transferred to the Pennsylvania Housing
30 Affordability and Rehabilitation Enhancement Program.

1 Section 2. This act shall take effect immediately.