
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1235 Session of
2017

INTRODUCED BY DAWKINS, YOUNGBLOOD, DAVIS, KINSEY, DRISCOLL,
SOLOMON, D. COSTA, V. BROWN, ROEBUCK AND McCLINTON,
APRIL 17, 2017

REFERRED TO COMMITTEE ON URBAN AFFAIRS, APRIL 17, 2017

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," providing for

1 Pennsylvania College Graduate Homeowner Program.
2 The General Assembly of the Commonwealth of Pennsylvania
3 hereby enacts as follows:

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

7 ARTICLE IV-E

8 PENNSYLVANIA COLLEGE GRADUATE HOMEOWNER PROGRAM

9 Section 401-E. Definitions.

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

13 "Eligible applicant." An individual who:

14 (1) Is a graduate of an eligible postsecondary
15 institution.

16 (2) Has student loan debt.

17 (3) Applies for financial assistance from the agency
18 under this article.

19 (4) Has graduated from the eligible postsecondary
20 institution within three years of filing the application.

21 (5) Satisfies the eligibility criteria for the financial
22 assistance as established by the agency.

23 "Eligible postsecondary institution." Any of the following:

24 (1) An institution of higher education that is
25 designated State-related by the Commonwealth.

26 (2) A university within the State System of Higher
27 Education.

28 (3) A community college operating under Article XIX-A of
29 the act of March 10, 1949 (P.L.30, No.14), known as the
30 Public School Code of 1949.

1 "Program." The Pennsylvania College Graduate Homeowner
2 Program established under this article.

3 "Residential dwelling." A premises, regardless of its market
4 value, that is located in this Commonwealth and is occupied as a
5 residence by an individual.

6 "Student loan debt." Debt incurred by an individual for
7 attending an eligible postsecondary institution, which debt is
8 at least \$1,000 and not more than 15% of the purchase price for
9 a residential dwelling to be purchased by the individual through
10 the program and which debt is in repayment or deferred status.

11 Section 402-E. Establishment of program.

12 The Pennsylvania College Graduate Homeowner Program is
13 established in the agency. The program shall provide financial
14 assistance to an eligible applicant as follows:

15 (1) The eligible applicant must provide evidence
16 satisfactory to the agency that:

17 (i) The eligible applicant has not previously
18 purchased a residential dwelling.

19 (ii) The eligible applicant intends to purchase a
20 residential dwelling.

21 (iii) The eligible applicant will own and occupy the
22 residential dwelling.

23 (iv) The eligible applicant has been approved for a
24 loan from a financial institution for the purchase of the
25 residential dwelling.

26 (2) The agency shall pay off the eligible applicant's
27 student loan debt at the time of settlement on the
28 residential dwelling.

29 (3) At settlement, the eligible applicant shall execute
30 and deliver to the agency a note and second mortgage on the

1 residential dwelling in the amount of the student loan debt.
2 The duration of the note shall be five years and the interest
3 rate shall be 0% with no monthly payments. The agency shall
4 prescribe other terms and conditions for the note and second
5 mortgage.

6 (4) Each year during the five-year period that commences
7 on the first anniversary date on which the note is executed,
8 the agency shall forgive 20% of the amount borrowed on the
9 note if the eligible applicant continues to own the
10 residential dwelling and has not paid off the first mortgage
11 or refinanced the amount owed on the residential dwelling.

12 Section 403-E. Regulations.

13 The agency shall promulgate regulations to implement and
14 administer the program.

15 Section 2. This act shall take effect in 60 days.