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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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SENATE BILL

No. 961 Session of  
2020

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INTRODUCED BY HUGHES, FONTANA, FARNESE, KEARNEY, COSTA,  
BREWSTER, TARTAGLIONE, HAYWOOD, STREET AND MUTH, MAY 11, 2020

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REFERRED TO URBAN AFFAIRS AND HOUSING, MAY 11, 2020

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AN ACT

1 Establishing a program to provide closing costs and down payment  
2 assistance to individuals in certain areas of this  
3 Commonwealth to encourage and increase homeownership;  
4 establishing the Step UP PA Fund; and making an  
5 appropriation.

6 The General Assembly of the Commonwealth of Pennsylvania  
7 hereby enacts as follows:

8 Section 1. Short title.

9 This act shall be known and may be cited as the Step Up  
10 Pennsylvania Act.

11 Section 2. Definitions.

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

15 "Agency." The Pennsylvania Housing Finance Agency.

16 "Financial assistance." Closing costs or down payment  
17 assistance authorized by this act.

18 "Fund." The Step UP PA Fund established under section 7.

19 "Program." The Step Up Pennsylvania Program established

1 under section 3.

2 Section 3. Program establishment.

3 (a) Establishment.--The Step Up Pennsylvania Program is  
4 established within the agency.

5 (b) Purpose.--The purpose of the program is to provide  
6 financial assistance to individuals in certain areas of this  
7 Commonwealth in order to encourage and increase homeownership.

8 (c) Administration.--The agency shall be responsible for  
9 administering the program in accordance with this act.

10 (d) Application.--The agency shall determine the form and  
11 manner in which applications shall be submitted and reviewed.

12 (e) Guidelines.--The agency may establish guidelines or  
13 regulations necessary to carry out the provisions of this act.

14 Section 4. Program requirements.

15 (a) Eligibility.--The following apply:

16 (1) An individual or individuals purchasing a house must  
17 be located in a census tract which has been designated a  
18 Federal opportunity zone as authorized under the Tax Cuts and  
19 Jobs Act (Public Law 115-97, 131 Stat. 2054).

20 (2) The gross income of the individual or individuals  
21 purchasing a house does not exceed 150% of the area median  
22 income as published annually by the United States Department  
23 of Housing and Urban Development.

24 (3) Prior to signing an agreement of sale, obtaining a  
25 mortgage approval, preapproval or prequalification, the  
26 individual or individuals seeking financial assistance must  
27 have successfully completed a homebuyer prepurchase  
28 counseling course through an agency-approved counseling  
29 entity.

30 (b) Limitations.--The following apply:

1 (1) Financial assistance may not exceed \$10,000.

2 (2) An individual may only receive financial assistance  
3 from the program once.

4 (c) Assistance.--The agency may provide financial assistance  
5 to individuals who qualify under this act and are purchasing a  
6 house, subject to the limitations under subsection (b), to  
7 reduce or eliminate closing costs and down payment.

8 Section 5. Form of assistance.

9 (a) General rule.--Subject to subsection (b), financial  
10 assistance to reduce or eliminate closing costs and down payment  
11 for an individual or individuals purchasing a house shall be in  
12 the form of a no-interest, forgivable loan. A loan awarded under  
13 this act shall be reduced by 10% per year over 10 years  
14 beginning on the date of closing.

15 (b) Repayment.--If an individual or individuals who  
16 purchased a house and received financial assistance under this  
17 act sell the house within 10 years of the date the agency  
18 provided financial assistance, the individual or individuals  
19 shall be required to repay any remaining principal amount of the  
20 loan to the agency in a time and manner determined by the  
21 agency. Money received by the agency under this subsection shall  
22 be deposited into the fund and used to provide assistance in  
23 accordance with this act.

24 Section 6. Securitization.

25 (a) General rule.--Subject to subsections (b) and (c), the  
26 agency shall secure the financial assistance against the real  
27 property by recording the financial assistance as a lien against  
28 the real property.

29 (b) Satisfaction.--The agency shall file a satisfaction of  
30 the securitization of the financial assistance if:

1           (1) 10 years has lapsed from the date the agency  
2 provided financial assistance to the individual or  
3 individuals; or

4           (2) the individual or individuals who received financial  
5 assistance sell the property within 10 years of the date the  
6 agency provided financial assistance and repay the remaining  
7 principal balance of the loan.

8           (c) Position.--Securitization under this section shall be  
9 subordinate only to the primary mortgage on the property.

10 Section 7. Fund established.

11           (a) Establishment.--The Step UP PA Fund is established as a  
12 special fund within the State Treasury. Money in the fund shall  
13 be used solely for the purposes set forth in this act.

14           (b) Appropriation and funding.--The General Assembly may  
15 appropriate money to the fund, and the fund may accept donations  
16 or Federal appropriations.

17           (c) Initial funding.--No later than July 1, 2020, \$6,000,000  
18 shall be transferred from the General Fund to the fund.

19           (d) Administrative costs.--No more than \$500,000 of the  
20 funds appropriated under subsection (c) may be used for  
21 administrative costs incurred by the agency to administer this  
22 act.

23 Section 8. Effective date.

24           This act shall take effect in 60 days.