

REFERENCE TITLE: *first-generation home buyers assistance; appropriation*

State of Arizona
House of Representatives
Fifty-sixth Legislature
First Regular Session
2023

HB 2329

Introduced by
Representative Quiñonez

AN ACT

AMENDING TITLE 41, CHAPTER 37, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-3956; REPEALING SECTION 41-3956, ARIZONA REVISED STATUTES; APPROPRIATING MONIES; RELATING TO THE ARIZONA DEPARTMENT OF HOUSING.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 41, chapter 37, article 2, Arizona Revised
3 Statutes, is amended by adding section 41-3956, to read:

4 41-3956. First-generation home buyers down payment assistance
5 grant fund; annual report; definitions

6 A. THE FIRST-GENERATION HOME BUYERS DOWN PAYMENT ASSISTANCE GRANT
7 FUND IS ESTABLISHED AND CONSISTS OF LEGISLATIVE APPROPRIATIONS. THE
8 DEPARTMENT SHALL ADMINISTER THE FUND. MONIES IN THE FUND ARE SUBJECT TO
9 LEGISLATIVE APPROPRIATIONS AND ARE EXEMPT FROM THE PROVISIONS OF SECTION
10 35-190 RELATING TO LAPSING OF APPROPRIATIONS. THE DEPARTMENT SHALL
11 DISTRIBUTE MONIES FROM THE FUND TO ENTITIES THAT ADMINISTER DOWN PAYMENT
12 ASSISTANCE FOR THE PURPOSES OF PROVIDING DOWN PAYMENT ASSISTANCE TO
13 ELIGIBLE FIRST-GENERATION HOME BUYERS. AN ENTITY'S ADMINISTRATIVE COSTS
14 MAY NOT EXCEED \$3,000 PER LOAN. A FIRST-GENERATION HOME BUYER WHO
15 RECEIVES ASSISTANCE AND WHO SELLS THE FIRST-GENERATION HOME BUYER'S HOME
16 BEFORE THE TERMINATION OF THE LOAN AGREEMENT MUST RETURN ANY UNUSED MONIES
17 TO THE DEPARTMENT FOR REDISTRIBUTION TO OTHER ELIGIBLE FIRST-GENERATION
18 HOME BUYERS.

19 B. AN ELIGIBLE FIRST-GENERATION HOME BUYER SHALL COMPLETE AN
20 APPROVED HOME BUYER EDUCATION COURSE BEFORE SIGNING A PURCHASE AGREEMENT
21 AND SHALL OCCUPY THE HOME AS THE FIRST-GENERATION HOME BUYER'S PRIMARY
22 RESIDENCE. THE ELIGIBLE FIRST-GENERATION HOME BUYER SHALL PURCHASE THE
23 HOME WITHIN THE MAXIMUM LOAN AMOUNT ESTABLISHED BY THE FEDERAL HOUSING
24 FINANCE AGENCY AND SHALL CONTRIBUTE AT LEAST \$1,000 TO THE DOWN PAYMENT OR
25 CLOSING COSTS OF THE HOME.

26 C. AN ENTITY MAY PROVIDE DOWN PAYMENT ASSISTANCE TO ELIGIBLE
27 FIRST-GENERATION HOME BUYERS IN THE FORM OF A LOAN THAT PROVIDES UP TO TEN
28 PERCENT OF THE PURCHASE PRICE OF THE HOME AND \$25,000 PER ELIGIBLE
29 FIRST-GENERATION HOME BUYER. THE TERM OF THE LOAN IS FIVE YEARS, AND THE
30 LOAN IS FORGIVABLE AT A RATE OF FIFTEEN PERCENT PER YEAR ON THE DAY AFTER
31 THE ANNIVERSARY DATE OF THE NOTE. THE PRORATED BALANCE DUE IS REPAYABLE
32 IF ANY OF THE FOLLOWING OCCURS:

- 33 1. THE OWNER NO LONGER OCCUPIES THE PROPERTY.
- 34 2. THE PROPERTY IS SOLD.
- 35 3. THE PROPERTY IS SUBJECTED TO AN INELIGIBLE REFINANCE.
- 36 4. THE PROPERTY IS SUBJECTED TO AN UNAUTHORIZED TRANSFER OF TITLE.
- 37 5. THE PROPERTY IS SUBJECTED TO A COMPLETE FORECLOSURE ACTION
38 WITHIN THE FIVE-YEAR LOAN TERM.

39 D. RECAPTURE MAY BE WAIVED DUE TO A FIRST-GENERATION HOME BUYER'S
40 FINANCIAL OR PERSONAL HARDSHIP. MONIES MAY BE RESERVED AND USED FOR
41 CLOSING COSTS, DOWN PAYMENTS OR PRINCIPAL REDUCTION AND MUST BE USED IN
42 CONJUNCTION WITH A CONFORMING MORTGAGE LOAN THAT IS FULLY AMORTIZING AND
43 MEETS THE STANDARDS OF A QUALIFIED MORTGAGE OR MEETS THE MINIMUM STANDARDS
44 FOR EXEMPTION UNDER 12 CODE OF FEDERAL REGULATIONS SECTION 1026.43.
45 MONIES MAY BE USED IN CONJUNCTION WITH OTHER PROGRAMS THE ELIGIBLE

1 FIRST-GENERATION HOME BUYER QUALIFIES FOR AND WITH A LOAN PLACED IN ANY
2 PRIORITY POSITION.

3 E. THE AUDITOR GENERAL SHALL AUDIT THE FIRST-GENERATION HOME BUYERS
4 DOWN PAYMENT ASSISTANCE GRANT FUND. THE DEPARTMENT AND PARTICIPATING
5 ENTITIES SHALL COOPERATE WITH THE AUDITOR GENERAL AND PROVIDE ALL
6 NECESSARY INFORMATION ON REQUEST.

7 F. A CREDITOR IS NOT SUBJECT TO LIABILITY, INCLUDING MONETARY
8 PENALTIES OR REQUIREMENTS TO INDEMNIFY A FEDERAL OR STATE AGENCY OR
9 REPURCHASE A LOAN THAT HAS BEEN SOLD OR SECURITIZED UNDER THIS SECTION,
10 FOR PROVIDING DOWN PAYMENT ASSISTANCE TO A BORROWER WHO DOES NOT MEET THE
11 ELIGIBILITY REQUIREMENTS IF THE CREDITOR PROVIDES THE ASSISTANCE IN GOOD
12 FAITH RELIANCE ON THE BORROWER'S ATTESTATIONS OF ELIGIBILITY.

13 G. ON OR BEFORE JANUARY 15 OF EACH YEAR, THE DEPARTMENT SHALL
14 SUBMIT A REPORT TO THE CHAIRPERSONS AND RANKING MINORITY MEMBERS OF THE
15 LEGISLATIVE COMMITTEES WITH JURISDICTION OVER HOUSING. THE REPORT SHALL
16 CONTAIN ALL OF THE FOLLOWING:

- 17 1. THE NUMBER AND AMOUNT OF LOANS CLOSED.
- 18 2. THE MEDIAN LOAN AMOUNT.
- 19 3. THE NUMBER AND AMOUNT OF LOANS ISSUED BY RACE OR ETHNICITY.
- 20 4. THE MEDIAN PURCHASE PRICE OF A HOME.
- 21 5. THE TYPE OF MORTGAGE.
- 22 6. THE NUMBER AND AMOUNT OF LOANS ISSUED BY THE COUNTY.
- 23 7. THE TOTAL AMOUNT RETURNED TO THE FUND.

24 H. FOR THE PURPOSES OF THIS SECTION:

- 25 1. "ELIGIBLE FIRST-GENERATION HOME BUYER" MEANS AN INDIVIDUAL:
 - 26 (a) WHOSE INCOME IS AT OR BELOW ONE HUNDRED PERCENT OF THE AREA
27 MEDIAN INCOME AT THE TIME OF PURCHASE.
 - 28 (b) WHO IS A FIRST-TIME HOME BUYER AS DEFINED IN 24 CODE OF FEDERAL
29 REGULATIONS SECTION 92.2.
 - 30 (c) WHO IS PREAPPROVED FOR A FIRST-TIME MORTGAGE LOAN.
 - 31 (d) WHOSE PARENT OR PRIOR LEGAL GUARDIAN DOES NOT, OR IF DECEASED
32 AT THE TIME OF THE PARENT'S OR GUARDIAN'S DEATH DID NOT, OWN A HOME.

33 2. "ENTITY" MEANS A COMMUNITY DEVELOPMENT INSTITUTION, TRIBAL
34 ENTITY OR NONPROFIT ORGANIZATION THAT ADMINISTERS DOWN PAYMENT ASSISTANCE.

35 Sec. 2. Delayed repeal

36 Section 41-3956, Arizona Revised Statutes, as added by this act, is
37 repealed from and after June 30, 2027.

38 Sec. 3. Appropriation; first-generation home buyers down
39 payment assistance grant fund

40 The sum of \$12,000,000 is appropriated from the state general fund
41 in fiscal year 2023-2024 to the first-generation home buyers down payment
42 assistance grant fund established by section 41-3956, Arizona Revised
43 Statutes, as added by this act, and is appropriated from the
44 first-generation home buyers down payment assistance grant fund to the
45 Arizona department of housing.