REFERENCE TITLE: first-time homebuyer assistance program

State of Arizona
Senate
Fifty-seventh Legislature
First Regular Session
2025

SB 1729

Introduced by
Senators Werner: Angius

AN ACT

AMENDING TITLE 35, CHAPTER 5, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 7; RELATING TO HOUSING.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Title 35, chapter 5, Arizona Revised Statutes, is amended by adding article 7, to read:

ARTICLE 7. FIRST-TIME HOMEBUYER ASSISTANCE

35-781. Definitions

IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

1. "AUTHORITY" MEANS THE ARIZONA FINANCE AUTHORITY ESTABLISHED BY SECTION 41-5352.

2. "FIRST-TIME HOMEBUYER":

(a) MEANS AN INDIVIDUAL WHO MEETS BOTH OF THE FOLLOWING:

(i) THE THREE-YEAR REQUIREMENT PURSUANT TO SECTION 143(d) OF THE INTERNAL REVENUE CODE.

(ii) THE REQUIREMENTS PRESCRIBED BY RULE BY THE AUTHORITY.

(b) INCLUDES A SINGLE PARENT WHO NO LONGER HAS A PRESENT OWNERSHIP INTEREST OR RESIDES IN A PRINCIPAL RESIDENCE AND WHO WOULD OTHERWISE MEET THE THREE-YEAR REQUIREMENT PRESCRIBED BY SUBDIVISION (a), ITEM (i) OF THIS PARAGRAPH, EXCEPT THAT THE SINGLE PARENT:

(i) HAD A PRESENT OWNERSHIP INTEREST IN A PRINCIPAL RESIDENCE WITH THE SINGLE PARENT'S FORMER SPOUSE DURING THE THREE-YEAR PERIOD.

(ii) RESIDED IN A PRINCIPAL RESIDENCE WHILE MARRIED DURING THE THREE-YEAR PERIOD.

3. "HOME EQUITY AMOUNT" MEANS THE DIFFERENCE BETWEEN:

(a) EITHER:

(i) IN THE CASE OF A SALE, THE SALES PRICE OF THE QUALIFYING RESIDENTIAL UNIT THAT IS SOLD BY THE RECIPIENT IN A BONA FIDE SALE TO A THIRD PARTY THAT HAS NO RIGHT TO REPURCHASE AT AN AMOUNT NOT LESS THAN ONE PERCENT OF THE SALES PRICE USED FOR SELLER-PAID CLOSING COSTS.

(ii) IN THE CASE OF A REFINANCE, THE CURRENT APPRAISED VALUE OF THE QUALIFYING RESIDENTIAL UNIT.

(b) THE TOTAL PAYOFF AMOUNT OF ANY QUALIFYING MORTGAGE LOAN THAT WAS USED TO FINANCE THE PURCHASE OF THE QUALIFYING RESIDENTIAL UNIT.

4. "PROGRAM" MEANS THE FIRST-TIME HOMEBUYER ASSISTANCE PROGRAM ESTABLISHED PURSUANT TO SECTION 35-782.

5. "QUALIFYING MORTGAGE LOAN" MEANS A LOAN THAT IS PURCHASED BY THE AUTHORITY AND THAT IS SUBJECT TO A DOCUMENT THAT IS RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY IN WHICH THE QUALIFYING RESIDENTIAL UNIT IS LOCATED.

6. "QUALIFYING RESIDENTIAL UNIT" MEANS A RESIDENTIAL UNIT THAT IS ALL OF THE FOLLOWING:

(a) LOCATED IN THIS STATE.

(b) EITHER AN EXISTING RESIDENTIAL UNIT OR IS NEWLY CONSTRUCTED BUT NOT YET INHABITED.

(c) FINANCED BY A QUALIFYING MORTGAGE LOAN.

(d) OWNER-OCCUPIED OR HAS AT LEAST ONE UNIT THAT IS OWNER-OCCUPIED WITHIN SIXTY DAYS OF PURCHASE.

(e) PURCHASED FOR AN AMOUNT THAT DOES NOT EXCEED EITHER:

(i) $450,000.

(ii) THE MAXIMUM PURCHASE PRICE, IF ANY, ESTABLISHED BY THE AUTHORITY.

7. "RECIPIENT" MEANS A FIRST-TIME HOMEBUYER WHO RECEIVES MONIES FROM THE PROGRAM.

8. "RESIDENTIAL UNIT":

(a) MEANS A HOUSE, CONDOMINIUM, TOWNHOME OR SIMILAR RESIDENTIAL STRUCTURE THAT SERVES AS A ONE-UNIT DWELLING OR FORMS PART OF A TWO-UNIT DWELLING.

(b) INCLUDES A MANUFACTURED HOME OR MODULAR HOME THAT IS ATTACHED TO A PERMANENT FOUNDATION.

35-782. First-time homebuyer assistance program; annual report

A. THE AUTHORITY SHALL ESTABLISH AND ADMINISTER THE FIRST-TIME HOMEBUYER ASSISTANCE PROGRAM. SUBJECT TO AVAILABLE MONIES, THE AUTHORITY SHALL DISTRIBUTE PROGRAM MONIES TO:

1. A FIRST-TIME HOMEBUYER TO PROVIDE SUPPORT FOR THE PURCHASE OF A QUALIFYING RESIDENTIAL UNIT.

2. REIMBURSE THE AUTHORITY FOR THE DISTRIBUTION OF MONIES UNDER THIS SUBSECTION.

B. THE AMOUNT OF PROGRAM MONIES THAT A FIRST-TIME HOMEBUYER MAY RECEIVE FROM THE PROGRAM MAY NOT EXCEED $20,000. PROGRAM MONIES RECEIVED FROM THE PROGRAM SHALL BE PAID BACK BY THE RECIPIENT OVER A THIRTY-YEAR PERIOD AT ZERO PERCENT INTEREST.

C. A RECIPIENT MAY USE PROGRAM MONIES TO PAY FOR THE DOWN PAYMENT ON A QUALIFYING RESIDENTIAL UNIT, THE CLOSING COSTS ASSOCIATED WITH THE PURCHASE OF A QUALIFYING RESIDENTIAL UNIT, A PERMANENT REDUCTION IN THE ADVERTISED PAR INTEREST RATE ON A QUALIFYING MORTGAGE LOAN THAT IS USED TO FINANCE A QUALIFYING RESIDENTIAL UNIT OR ANY COMBINATION OF THOSE USES. A RECIPIENT MAY NOT RECEIVE PROGRAM MONIES AFTER CLOSING.

D. THE BUILDER OR DEVELOPER OF A QUALIFYING RESIDENTIAL UNIT MAY NOT INCREASE THE PRICE OF THE QUALIFYING RESIDENTIAL UNIT ON THE BASIS OF PROGRAM MONIES BEING USED FOR THE PURCHASE OF THE QUALIFYING RESIDENTIAL UNIT.

E. THE AUTHORITY MAY ADJUST THE MAXIMUM PURCHASE PRICE OF A QUALIFYING RESIDENTIAL UNIT FOR WHICH A FIRST-TIME HOMEBUYER QUALIFIES TO RECEIVE PROGRAM MONIES IN ORDER TO REFLECT CURRENT MARKET CONDITIONS. ONE OR MORE PURCHASE PRICES MAY BE ESTABLISHED CORRESPONDING TO THE RESIDENTIAL UNIT TYPE, THE GEOGRAPHIC LOCATION OR ANY OTHER FACTOR DEEMED RELEVANT BY THE AUTHORITY. THE AUTHORITY MAY ADJUST A MAXIMUM PURCHASE

PRICE OF A QUALIFYING RESIDENTIAL UNIT NOT MORE THAN ONCE EACH CALENDAR YEAR.

F. IF THE RECIPIENT SELLS THE QUALIFYING RESIDENTIAL UNIT OR REFINANCES THE QUALIFYING MORTGAGE LOAN THAT WAS USED TO FINANCE THE PURCHASE OF THE QUALIFYING RESIDENTIAL UNIT BEFORE THE END OF THE ORIGINAL TERM OF THE QUALIFYING MORTGAGE LOAN, THE RECIPIENT SHALL REPAY TO THE AUTHORITY AN AMOUNT EQUAL TO THE LESSER OF EITHER THE AMOUNT OF PROGRAM MONIES THE RECIPIENT RECEIVED OR FIFTY PERCENT OF THE RECIPIENT'S HOME EQUITY AMOUNT. THIS SUBSECTION DOES NOT APPLY TO A QUALIFYING MORTGAGE LOAN THAT IS REFINANCED WITH A NEW QUALIFYING MORTGAGE LOAN IF ANY SUBORDINATE QUALIFYING MORTGAGE LOAN OR LOAN FROM THE PROGRAM THAT WAS USED TO FINANCE THE PURCHASE OF THE QUALIFYING RESIDENTIAL UNIT IS RESUBORDINATED TO THE NEW QUALIFYING MORTGAGE LOAN.

G. ANY MONIES REPAID TO THE AUTHORITY UNDER SUBSECTION F OF THIS SECTION SHALL BE USED FOR PROGRAM DISTRIBUTIONS.

H. THE AUTHORITY SHALL ADOPT RULES GOVERNING THE FORMS, PROCESS AND CRITERIA THE AUTHORITY MUST USE TO DISTRIBUTE PROGRAM MONIES TO FIRST-TIME HOMEBUYERS.

I. NOT MORE THAN FIVE PERCENT OF PROGRAM MONIES ANNUALLY MAY BE USED BY THE AUTHORITY FOR THE PURPOSES OF ADMINISTERING THE PROGRAM.

J. ON OR BEFORE SEPTEMBER 1 OF EACH YEAR, THE AUTHORITY SHALL REPORT TO THE PRESIDENT OF THE SENATE, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE GOVERNOR AND SHALL PROVIDE A COPY OF THIS REPORT TO THE SECRETARY OF STATE ON THE ACTIVITIES OF THE PROGRAM DURING THE PRIOR FISCAL YEAR, INCLUDING:

1. THE DISBURSEMENTS FROM THE PROGRAM.

2. ANY ADJUSTMENTS MADE TO THE MAXIMUM PURCHASE PRICE OF A QUALIFYING RESIDENTIAL UNIT.