

1 AN ACT relating to establishing a first-generation homebuyer trust fund and
2 program.

3 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

4 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 198A IS CREATED TO
5 READ AS FOLLOWS:

6 *As used in Sections 1 to 3 of this Act:*

7 *(1) "First-generation homebuyer" means an individual:*

8 *(a) Who has not had sole ownership interest in residential real property; and*

9 *(b) Meets one (1) of the following conditions:*

10 *1. The individual's parents or legal guardians do not have any present or*
11 *previous ownership interest in any residential real property in any*
12 *state or territory of the United States or outside of the United States;*

13 *2. The individual was in foster care at any time;*

14 *3. The individual was an emancipated youth; or*

15 *4. The individual qualifies as a homeless youth or an unaccompanied*
16 *youth as those terms are defined in the McKinney-Vento Homeless*
17 *Assistance Act, 42 U.S.C. sec. 11434a; and*

18 *(2) "Principal residence" means an owner occupied single-family residence, duplex,*
19 *triplex, quadraplex, or unit in a multiunit residential structure in which the title*
20 *to each individual unit is transferred to the owner.*

21 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 198A IS CREATED TO
22 READ AS FOLLOWS:

23 *(1) There is hereby established in the State Treasury a separate revolving account to*
24 *be known as the first-generation homebuyer trust fund.*

25 *(2) The fund shall consist of moneys received from state appropriations, gifts, grants,*
26 *federal funds, and all loan repayment, interest, or other return on the investment*
27 *of moneys in the fund. Separate accounts within the fund shall be established to*

1 designate origination of source for state appropriations, federal funds, and
2 moneys received from other sources.

3 (3) The fund shall be administered by the Kentucky Housing Corporation.

4 (4) Amounts deposited in the fund shall be used as provided in Sections 1 to 3 of this
5 Act.

6 (5) Notwithstanding KRS 45.229, any moneys remaining in the fund at the close of
7 fiscal year shall not lapse and shall be carried forward into the next fiscal year to
8 be used for the purposes set forth in Sections 1 to 3 of this Act.

9 ➔SECTION 3. A NEW SECTION OF KRS CHAPTER 198A IS CREATED TO
10 READ AS FOLLOWS:

11 (1) The purpose of the first-generation homebuyer trust fund shall be to provide
12 financial assistance to eligible first-generation homebuyers in the
13 Commonwealth to gain an ownership interest in a principal residence.

14 (2) The Kentucky Housing Corporation shall:

15 (a) Use moneys from the first-generation homebuyer trust fund to make or
16 participate in the making of loans or grants;

17 (b) Operate a forgivable loan program to provide eligible first-generation
18 homebuyers financial assistance with the costs of acquiring an ownership
19 interest in single-family housing for principal residence. The loan program
20 shall:

21 1. a. Provide up to five thousand dollars (\$5,000) as a forgivable loan.

22 b. Loan funds may be used for down payment, closing costs,
23 mortgage insurance, or interest rate buy-down.

24 c. The amount of down payment assistance shall be adjusted for
25 market conditions over time to accommodate the consumer price
26 index and inflation;

27 2. Be limited to applicants with a total household income equal to or less

- 1 than one hundred twenty percent (120%) of the county median
2 income;
- 3 3. Require recipients to receive financial education and homebuyer
4 counseling available from the Kentucky Housing Corporation or the
5 Kentucky Financial Empowerment Commission under the direction of
6 the State Treasurer; and
- 7 4. Require recipients to occupy the purchased dwelling as their principal
8 residence for at least three (3) years; and
- 9 (c) Repayment of the loan shall be required if the property is sold within the
10 first three (3) years of ownership, converts to nonowner occupancy, or for
11 other reasons included in the loan document.
- 12 (3) Discrimination in the sale of, or otherwise making available or denying, a
13 dwelling funded under Sections 1 to 3 of this Act to any buyer because of race,
14 religion, sex, familial status, disability, or national origin is prohibited.
- 15 (4) The corporation shall submit a report to the Legislative Research Commission
16 beginning on October 1, 2026, on the disposition of the trust fund for the
17 previous fiscal year. The report shall also provide the impact of the down payment
18 assistance on the total housing costs of the program recipients, and any
19 information relevant to convey the costs and benefits of the loan program.