

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 moneys received from other sources.

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

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

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

8 (6) Any interest earning of the fund shall become part of the fund and shall not
9 lapse.

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

12 (1) The purpose of the first-generation homebuyer trust fund established in Section 2
13 of this Act shall be to provide financial assistance to eligible first-generation
14 homebuyers in the Commonwealth to gain an ownership interest in a principal
15 residence.

16 (2) The Kentucky Housing Corporation shall:

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

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

22 (c) Limit participation in the forgivable loan program to eligible first-
23 generation homebuyer applicants with a total household income equal to or
24 less than one hundred twenty percent (120%) of the county median income
25 where the residential real property is located;

26 (d) Require recipients to receive financial education and homebuyer counseling
27 available from the Kentucky Housing Corporation or the Kentucky

- 1 Financial Empowerment Commission under the direction of the State
2 Treasurer;
- 3 (e) Require the recipients, or at least one (1) recipient, to occupy the purchased
4 dwelling as their principal residence for at least three (3) years; and
- 5 (f) Require repayment of the loan if the property is sold within the first three
6 (3) years of ownership, converts to nonowner occupancy, or for other
7 reasons included in the loan document.
- 8 (3) (a) The forgivable loan program shall provide up to five thousand dollars
9 (\$5,000) as a forgivable loan that may be used for down payment, closing
10 costs, mortgage insurance, or interest rate buy-down.
- 11 (b) The amount of down payment assistance shall be adjusted for market
12 conditions over time to reflect changes in the consumer price index and
13 inflation.
- 14 (4) A person selling or otherwise making available or denying a dwelling funded
15 under Sections 1 to 3 of this Act shall not discriminate against any buyer because
16 of race, religion, sex, familial status, disability, or national origin.
- 17 (5) By October 1, 2027, and annually thereafter the corporation shall submit a report
18 to the Legislative Research Commission for referral to the Interim Committee on
19 Appropriations and Revenue on:
- 20 (a) The disposition of the first-generation homebuyer trust fund for the
21 previous fiscal year;
- 22 (b) The impact of the down payment assistance on the total housing costs of the
23 program recipients, and any information relevant to convey the costs and
24 benefits of the forgivable loan program.