

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.*