

1 S.210

2 Introduced by Senators Sirotkin, Balint, Clarkson and Ram Hinsdale

3 Referred to Committee on

4 Date:

5 Subject: Housing

6 Statement of purpose of bill as introduced: This bill proposes to improve  
7 rental housing health and safety and expand opportunities for affordable  
8 housing.

9 An act relating to rental housing health and safety and affordable housing

10 It is hereby enacted by the General Assembly of the State of Vermont:

11 \* \* \* Department of Public Safety; Authority for Rental Housing

12 Health and Safety \* \* \*

13 Sec. 1. 20 V.S.A. chapter 172 is added to read:

14 CHAPTER 172. RENTAL HOUSING HEALTH AND SAFETY;

15 INSPECTION; REGISTRATION

16 § 2676. DEFINITION

17 As used in this chapter, “rental housing” means:

18 (1) a “premises” as defined in 9 V.S.A. § 4451 that is subject to

19 9 V.S.A. chapter 137 (residential rental agreements); and

1           (2) a “short-term rental” as defined in 18 V.S.A. § 4301 and subject to  
2           18 V.S.A. chapter 85, subchapter 7.

3           § 2677. RENTAL HOUSING; RULES; INSPECTIONS; PENALTY

4           (a) Rules. The Commissioner of Public Safety may adopt rules to prescribe  
5           standards for the health, safety, sanitation, and fitness for habitation of rental  
6           housing that the Commissioner determines are necessary to protect the public,  
7           property owners, and property against harm.

8           (b) Inspections.

9           (1) After adopting rules pursuant to subsection (a) of this section, the  
10           Commissioner shall design and implement a complaint-driven system to  
11           conduct inspections of rental housing.

12           (2) When conducting an inspection, the Commissioner shall:

13           (A) issue a written inspection report on the unit or building that:

14           (i) contains findings of fact that serve as the basis of one or more  
15           violations;

16           (ii) specifies the requirements and timelines necessary to correct a  
17           violation;

18           (iii) provides notice that the landlord is prohibited from renting the  
19           affected unit to a new tenant until the violation is corrected; and

1           (iv) provides notice in plain language that the landlord or agents of  
2           the landlord must have access to the rental unit to make repairs as ordered by  
3           the Commissioner consistent with the access provisions in 9 V.S.A. § 4460;

4           (B) provide a copy of the inspection report to the landlord, to the  
5           person who requested the inspection, and to any tenants who are affected by a  
6           violation:

7           (i) electronically, if the Department has an electronic mailing  
8           address for the person; or

9           (ii) by first-class mail, if the Department does not have an  
10          electronic mailing address for the person;

11          (C) if an entire building is affected by a violation, provide a notice of  
12          inspection directly to the individual tenants, and may also post the notice in a  
13          common area, that specifies:

14               (i) the date of the inspection;

15               (ii) that violations were found and must be corrected by a certain  
16          date;

17               (iii) how to obtain a copy of the inspection electronically or by  
18          first-class mail; and

19               (iv) if the notice is posted in a common area, that the notice shall  
20          not be removed until authorized by the Commissioner; and

21          (D) make the inspection report available as a public record.

1        (c) Penalties. If the person responsible for a violation does not comply  
2        with the requirements and timelines specified in an inspection report issued  
3        pursuant to subsection (b) of this section, the Commissioner may impose an  
4        administrative penalty that is reasonably related to the severity of the violation,  
5        not to exceed \$1,000.00 per violation.

6        § 2678. RENTAL HOUSING REGISTRATION

7        (a) Registration. Except as otherwise provided in subsection (b) of this  
8        section, annually on or before March 1, the owner of each unit of rental  
9        housing that in the previous year was leased or offered for lease shall pay to  
10       the Department of Housing and Community Development an annual  
11       registration fee of \$35.00 per unit and provide the following information:

12            (1) the name and mailing address of the owner, landlord, and property  
13            manager of the unit, as applicable;

14            (2) the phone number and electronic mail address of the owner,  
15            landlord, and property manager of the unit, as available;

16            (3) the location of the unit;

17            (4) the year built;

18            (5) the type of rental unit;

19            (6) the number of units in the building;

20            (7) the school property account number;

21            (8) the accessibility of the unit; and

1           (9) any other information the Department deems appropriate.

2           (b) Exceptions.

3           (1) Unit registered with another program.

4           (A) The registration requirement imposed in subsection (a) of this  
5 section does not apply to a unit that is currently registered with a municipal,  
6 district, or other local government rental housing health and safety program  
7 that requires the owner to register the unit and provide the data required in  
8 subsection (a) of this section.

9           (B) The fee requirement imposed in subsection (a) of this section  
10 does not apply to a unit that is currently registered with a municipal, district, or  
11 other local government rental housing health and safety program that requires  
12 the owner to register the unit and provide the data required in subsection (a) of  
13 this section and for which program the owner is required to pay a registration  
14 fee.

15           (2) Mobile homes.

16           (A) The registration requirement imposed in subsection (a) of this  
17 section does not apply to a mobile home lot within a mobile home park if:

18           (i) the owner has registered the lot with the Department of  
19 Housing and Community Development; and

20           (ii) the owner does not own a mobile home on the lot.

1           (B) An owner of a mobile home lot within a mobile home park who  
2           has registered the lot with the Department and who owns a mobile home on the  
3           lot that is available for rent or rented shall register the property with the  
4           Department pursuant to subsection (a) of this section and pay a fee equal to the  
5           fee required, less any fee paid within the previous 12 months pursuant to  
6           10 V.S.A. § 6254(c).

7           (C) An owner of a mobile home who rents the mobile home, whether  
8           or not located in a mobile home park, shall register pursuant to this section.

9           (3) Unit not offered to general public. The registration and fee  
10          requirements imposed in subsection (a) of this section do not apply to a unit  
11          that an owner provides to another person, whether or not for consideration, if,  
12          and only to the extent that, the owner does not otherwise make the unit  
13          available for lease to the general public, and includes:

14               (A) housing provided to a member of the owner's family or personal  
15               acquaintances;

16               (B) housing provided to a person who is not related to a member of  
17               the owner's household and who occupies the housing as part of a nonprofit  
18               home-sharing program; and

19               (C) housing provided to a person who provides personal care to the  
20               owner or a member of the owner's household.

1           (4) Licensed lodging establishment. The registration and fee  
2           requirements imposed in subsection (a) of this section do not apply to a  
3           lodging establishment, as defined in 18 V.S.A. § 4301, that is required to be  
4           licensed by the Department of Health.

5           (5) Units accessory to an owner-occupied residence. The registration  
6           and fee requirements imposed in subsection (a) of this section do not apply to a  
7           property with not more than three units if the units available for rent are  
8           located on or in the property of an owner's primary residence.

9           (6) Nonwinterized, seasonal units. The registration and fee  
10          requirements imposed in subsection (a) of this section do not apply to a  
11          seasonal unit that is unheated and unavailable for rent during the winter  
12          months.

13          (7) Housing provided as a benefit of farm employment. The registration  
14          and fee requirements imposed in subsection (a) of this section do not apply to a  
15          unit of housing that is provided as a benefit of farm employment, as defined in  
16          9 V.S.A. § 4469a(a)(3).

17          (c) Administration.

18          (1) The Department of Housing and Community Development shall  
19          maintain the registry of rental housing data in coordination with the  
20          Department of Public Safety, the Department of Health, the Enhanced 911  
21          Board, and the Department of Taxes.

1           (2) Upon request, and at least annually, a municipal, district, or other  
2           local government entity that operates a rental housing health and safety  
3           program that requires registration of a rental housing unit and a fee for  
4           inclusion on its registry shall provide to the Department of Housing and  
5           Community Development the data for each unit that is required pursuant to  
6           subsection (a) of this section.

7           (3)(A) The data the Department collects pursuant to this section is  
8           exempt from public inspection and copying pursuant to 1 V.S.A. § 317(c)(1).

9           (B) The Department:

10           (i) may disclose data it collects pursuant to this section only to  
11           other State, municipal, or regional government entities; nonprofit  
12           organizations; or other persons for the purposes of protecting public health and  
13           safety;

14           (ii) shall not disclose data it collects pursuant to this section for a  
15           commercial purpose; and

16           (iii) shall require, as a condition of receiving data collected  
17           pursuant to this section, that a person to whom the Department discloses the  
18           data takes steps necessary to protect the privacy of persons whom the data  
19           concerns and to prevent further disclosure.

1       (d) Rental Housing Safety Special Fund. The Department shall maintain  
2       the fees collected pursuant to this section in a special fund entitled the Rental  
3       Housing Safety Special Fund, the proceeds of which the Department shall use:

4             (1) to hire authorized staff to administer the registry and registration  
5       requirements imposed in this section; and

6             (2) to provide funding to the Department of Public Safety to hire  
7       authorized staff to conduct inspections and regulate rental housing pursuant to  
8       section 2677 of this title.

9                             \* \* \* Penalty for Failure to Register \* \* \*

10       Sec. 2. 20 V.S.A. § 2678(e) is added to read:

11       (e) Failure to register; penalty. The Department of Housing and  
12       Community Development shall impose an administrative penalty of not more  
13       than \$200.00 per unit for an owner of rental housing who knowingly fails to  
14       register or pay the fee required pursuant to this section.

15                             \* \* \* Registration; Prospective Repeal \* \* \*

16       Sec. 3. REPEAL

17       20 V.S.A. § 2678(b)(7) (exemption for housing provided as a benefit of  
18       farm employment) is repealed.



1 funding to hire one or more of the positions authorized pursuant to subsection  
2 (a) of this section.

3 (c) The Department may hire additional staff authorized by this section to  
4 the extent funds become available from the Rental Housing Safety Special  
5 Fund created and maintained pursuant to 20 V.S.A. § 2678(d).

6 \* \* \* Conforming Changes to Current Law Governing the Department of  
7 Health, State Board of Health, and Local Health Officials \* \* \*

8 Sec. 6. 18 V.S.A. chapter 11 is amended to read:

9 CHAPTER 11. LOCAL HEALTH OFFICIALS

10 \* \* \*

11 § 602a. DUTIES OF LOCAL HEALTH OFFICERS

12 (a) A local health officer, within his or her jurisdiction, shall:

13 (1) ~~upon request of a landlord or tenant, or~~ upon receipt of information  
14 regarding a condition that may be a public health hazard, conduct an  
15 investigation;

16 (2) enforce the provisions of this title, the rules promulgated, and  
17 permits issued thereunder;

18 (3) prevent, remove, or destroy any public health hazard; or mitigate any  
19 significant public health risk in accordance with the provisions of this title;

20 (4) in consultation with the Department, take the steps necessary to  
21 enforce all orders issued pursuant to chapter 3 of this title; and

1           (5) have the authority to assist the Department of Public Safety in  
2           inspecting rental housing pursuant to 20 V.S.A. chapter 172, provided that if  
3           the local health officer inspects a rental property without an inspector from the  
4           Division, the officer shall issue an inspection report in compliance with  
5           20 V.S.A § 2677(b)(2).

6           (b) Upon discovery of violation or a public health hazard or public health  
7           risk that involves a public water system, a food or lodging establishment, or  
8           any other matter regulated by Department rule, the local health officer shall  
9           immediately notify the Division of Environmental Health. Upon discovery of  
10          any other violation, public health hazard, or public health risk, the local health  
11          officer shall notify the Division of Environmental Health within 48 hours of  
12          discovery of such violation or hazard and of any action taken by the officer.

13          § 603. ~~RENTAL HOUSING SAFETY; INSPECTION REPORTS~~

14          ~~(a)(1) When conducting an investigation of rental housing, a local health~~  
15          ~~officer shall issue a written inspection report on the rental property using the~~  
16          ~~protocols for implementing the Rental Housing Health Code of the Department~~  
17          ~~or the municipality, in the case of a municipality that has established a code~~  
18          ~~enforcement office.~~

19          ~~(2) A written inspection report shall:~~

20                  ~~(A) contain findings of fact that serve as the basis of one or more~~  
21          ~~violations;~~

1           ~~(B) specify the requirements and timelines necessary to correct a~~  
2           ~~violation;~~

3           ~~(C) provide notice that the landlord is prohibited from renting the~~  
4           ~~affected unit to a new tenant until the violation is corrected; and~~

5           ~~(D) provide notice in plain language that the landlord and agents of~~  
6           ~~the landlord must have access to the rental unit to make repairs as ordered by~~  
7           ~~the health officer consistent with the access provisions in 9 V.S.A. § 4460.~~

8           ~~(3) A local health officer shall:~~

9           ~~(A) provide a copy of the inspection report to the landlord and any~~  
10          ~~tenants affected by a violation by delivering the report electronically, in~~  
11          ~~person, by first class mail, or by leaving a copy at each unit affected by the~~  
12          ~~deficiency; and~~

13          ~~(B)(i) if a municipality has established a code enforcement office,~~  
14          ~~provide information on each inspection according to a schedule and in a format~~  
15          ~~adopted by the Department in consultation with municipalities that have~~  
16          ~~established code enforcement offices; or~~

17          ~~(ii) if a municipality has not established a code enforcement~~  
18          ~~office, provide information on each inspection to the Department within seven~~  
19          ~~days of issuing the report using an electronic system designed for that purpose,~~  
20          ~~or within 14 days by mail if the municipality is unable to utilize the electronic~~  
21          ~~system.~~

1           ~~(4) If an entire property is affected by a violation, the local health officer~~  
2           ~~shall post a copy of the inspection report in a common area of the property and~~  
3           ~~include a prominent notice that the report shall not be removed until authorized~~  
4           ~~by the local health officer.~~

5           ~~(5) A municipality shall make an inspection report available as a public~~  
6           ~~record.~~

7           ~~(b)(1) A local health officer may impose a civil penalty of not more than~~  
8           ~~\$200.00 per day for each violation that is not corrected by the date provided in~~  
9           ~~the written inspection report, or when a unit is re-rented to a new tenant prior~~  
10          ~~to the correction of a violation.~~

11          ~~(2)(A) If the cumulative amount of penalties imposed pursuant to this~~  
12          ~~subsection is \$800.00 or less, the local health officer, Department of Health, or~~  
13          ~~State's Attorney may bring a civil enforcement action in the Judicial Bureau~~  
14          ~~pursuant to 4 V.S.A. chapter 29.~~

15          ~~(B) The waiver penalty for a violation in an action brought pursuant~~  
16          ~~to this subsection is 50 percent of the full penalty amount.~~

17          ~~(3) If the cumulative amount of penalties imposed pursuant to this~~  
18          ~~subsection is more than \$800.00, or if injunctive relief is sought, the local~~  
19          ~~health officer, Department of Health, or State's Attorney may commence an~~  
20          ~~action in the Civil Division of the Superior Court for the county in which a~~  
21          ~~violation occurred.~~



1 rulemaking in 3 V.S.A. chapter 25 when adopting rules governing rental  
2 housing health and safety.

3 (b) Upon the adoption of rules governing rental housing health and safety  
4 pursuant to the authority in 20 V.S.A. § 2677:

5 (1) the Department of Public Safety is the State government entity with  
6 primary authority to enforce State laws governing rental housing health and  
7 safety;

8 (2) the Department of Public Safety and local officials have concurrent  
9 authority to enforce State and local laws governing rental housing health and  
10 safety pursuant to 18 V.S.A. chapter 11; 20 V.S.A. chapter 172, subchapter 2;  
11 24 V.S.A. chapters 83 and 123; and applicable municipal law; and

12 (3) the Department of Health, the State Board of Health, and local health  
13 officials have concurrent authority to enforce State and local laws governing  
14 public health hazards and public health risks, as those terms are defined in  
15 18 V.S.A. § 2, pursuant to 18 V.S.A. chapters 1, 3, and 11.

16 \* \* \* Vermont Housing Investments \* \* \*

17 Sec. 8. VERMONT RENTAL HOUSING INVESTMENT PROGRAM;

18 PURPOSE

19 (a) Recognizing that Vermont's rental housing stock is some of the oldest  
20 in the country and that much of it needs to be updated to meet code  
21 requirements and other standards, the Vermont Rental Housing Investment

1 Program is intended to incentivize private apartment owners to make  
2 significant improvements to both housing quality and weatherization by  
3 providing grants and forgivable loans that are matched in part by the property  
4 owner.

5 (b) The Program seeks to take the lessons learned from the successful Re-  
6 housing Recovery Program established with funds provided by the Federal  
7 CARES Act and implement them in a State-funded program.

8 Sec. 9. 10 V.S.A. chapter 29, subchapter 3 is added to read:

9 Subchapter 3. Housing; Investments

10 § 699. VERMONT RENTAL HOUSING INVESTMENT PROGRAM

11 (a) Creation of program.

12 (1) The Department of Housing and Community Development shall  
13 design and implement the Vermont Rental Housing Investment Program  
14 through which the Department shall award funding to statewide or regional  
15 nonprofit housing organizations, or both, to provide competitive grants and  
16 forgivable loans to private landlords for the rehabilitation, including  
17 weatherization, of eligible rental housing units.

18 (2) The Department shall develop statewide standards for the Program,  
19 including factors that partner organizations shall use to evaluate applications  
20 and award grants and forgivable loans.

1        (b) Eligible rental housing units. The following units are eligible for a  
2        grant or forgivable loan through the Program:

3            (1) Non-code compliant. The unit does not comply with the  
4        requirements of applicable building, housing, or health laws.

5            (2) New accessory dwelling. The unit will be a newly created accessory  
6        dwelling unit that meets the requirements of 24 V.S.A. § 4412(1)(E).

7        (c) Administration. The Department shall require a housing organization  
8        that receives funding under the Program to adopt:

9            (1) a standard application form that describes the application process  
10       and includes instructions and examples to help landlords apply;

11           (2) an award process that ensures equitable selection of landlords,  
12       subject to a housing organization's exercise of discretion based on the factors  
13       adopted by the Department pursuant to subsection (a) of this section; and

14           (3) a grant and loan management system that ensures accountability for  
15       funds awarded.

16        (d) Program requirements applicable to grants and forgivable loans.

17           (1) A grant or loan shall not exceed \$30,000.00 per unit.

18           (2) A landlord shall contribute matching funds or in-kind services that  
19       equal or exceed 20 percent of the value of the grant or loan.

20           (3) A project may include a weatherization component.

1           (4) A project shall comply with applicable building, housing, and health  
2           laws.

3           (5) The terms and conditions of a grant or loan agreement apply to the  
4           original recipient and to a successor in interest for the period the grant or loan  
5           agreement is in effect.

6           (6) The identity of a recipient and the amount of a grant or forgivable  
7           loan are public records that shall be available for public copying and inspection  
8           and the Department shall publish this information at least monthly on its  
9           website.

10          (e) Program requirements applicable to grants. For a grant awarded under  
11          the Program, the following requirements apply for a minimum period of five  
12          years:

13           (1) A landlord shall coordinate with nonprofit housing partners and local  
14           coordinated entry organizations to identify potential tenants.

15           (2)(A) Except as provided in subdivision (2)(B) of this subsection (e), a  
16           landlord shall lease the unit to a household that is exiting homelessness.

17           (B) If, upon petition of the landlord, the Department or the housing  
18           organization that issued the grant determines that a household exiting  
19           homelessness is not available to lease the unit, then the landlord shall lease the  
20           unit:

1                   (i) to a household with an income equal to or less than 80 percent  
2                   of area median income; or

3                   (ii) if such a household is unavailable, to another household with  
4                   the approval of the Department or housing organization.

5                   (3)(A) A landlord shall accept any housing vouchers that are available to  
6                   pay all, or a portion of, the tenant's rent and utilities.

7                   (B) If no housing voucher or federal or State subsidy is available, the  
8                   total cost of rent for the unit, including utilities not covered by rent payments,  
9                   shall not exceed the applicable fair market rent established by the Department  
10                  of Housing and Urban Development.

11                  (4)(A) A landlord may convert a grant to a forgivable loan upon  
12                  approval of the Department and the housing organization that approved the  
13                  grant.

14                  (B) A landlord who converts a grant to a forgivable loan shall receive  
15                  a 10 percent credit for loan forgiveness for each year in which the landlord  
16                  participates in the grant program.

17                  (f) Requirements applicable to forgivable loans. For a forgivable loan  
18                  awarded under the Program, the following requirements apply for a minimum  
19                  period of 10 years:

20                  (1)(A) A landlord shall accept any housing vouchers that are available to  
21                  pay all, or a portion of, the tenant's rent and utilities.

1           (B) If no housing voucher or federal or State subsidy is available, the  
2           cost of rent for the unit, including utilities not covered by rent payments, shall  
3           not exceed the applicable fair market rent established by the Department of  
4           Housing and Urban Development.

5           (2) The Department shall forgive 10 percent of the amount of a  
6           forgivable loan for each year a landlord participates in the loan program.

7           (g) Lien priority. A lien for a grant converted to a loan or for a forgivable  
8           loan issued pursuant to this section is subordinate to:

9           (1) a lien on the property in existence at the time the lien for  
10          rehabilitation and weatherization of the rental housing unit is filed in the land  
11          records; and

12          (2) a first mortgage on the property that is refinanced and recorded after  
13          the lien for rehabilitation and weatherization of the rental housing unit is filed  
14          in the land records.

15          Sec. 10. REPORT

16          On or before February 15, 2023, the Department of Housing and  
17          Community Development shall report to the General Assembly concerning the  
18          design, implementation, and outcomes of the Vermont Housing Investment  
19          Program, including findings and any recommendations related to the amount of  
20          grant awards.

1 Sec. 11. VERMONT HOMEOWNERSHIP REVOLVING LOAN FUND;

2 PURPOSE

3 (a) The purpose of the Vermont Homeownership Revolving Loan Fund  
4 created in Sec. 12 of this act is to provide no-interest loans to increase access  
5 to homeownership.

6 (b) The Program is intended to assist Vermonters who otherwise may be  
7 unable to purchase a home or who may be unable to afford the costs to  
8 rehabilitate, weatherize, or otherwise make necessary improvements to a home  
9 they purchase.

10 (c) The Program is also intended to place a special focus on increasing the  
11 homeownership rates of households identifying as Black, Indigenous, or  
12 Persons of Color, who are systematically disenfranchised from financing real  
13 estate through traditional banking and have therefore been generationally  
14 dispossessed of the ability to develop lasting wealth.

15 Sec. 12. 10 V.S.A. § 699a is added to read:

16 § 699a. VERMONT HOMEOWNERSHIP REVOLVING LOAN FUND

17 (a) Creation of Program. The Department of Housing and Community  
18 Development shall design and implement the Vermont Homeownership  
19 Revolving Loan Fund, through which the Department shall provide funding to  
20 statewide or regional nonprofit housing organizations, or both, to issue no-  
21 interest loans to first-time homebuyers.

1       (b) Eligible housing units. The following units are eligible for a loan  
2       through the Program:

3           (1) Existing structure. The unit is an existing single-family dwelling, a  
4       multifamily dwelling with not more than four units, a mobile home, or a  
5       condominium.

6           (2) Accessory dwelling. The unit is an accessory dwelling unit that  
7       meets the requirements of 24 V.S.A. § 4412(1)(E).

8       (c) Eligible applicants; priorities.

9           (1) To be eligible for a loan through the Program, an applicant shall:

10           (A) be a first-time homebuyer in Vermont;

11           (B) have a household income of not more than 120 percent of the  
12       area median income; and

13           (C) occupy the dwelling, or a unit within the dwelling, as his or her  
14       full-time residence.

15           (2) A housing organization may give priority to an applicant whose  
16       employer provides down payment assistance or funding for rehabilitation  
17       costs.

18       (d) Administration. The Department shall require a housing organization  
19       that receives funding under the Program to adopt:

20           (1) a standard application form that describes the application process  
21       and includes instructions and examples to help homebuyers apply;

1           (2) an award process that ensures equitable selection of homebuyers;

2           and

3           (3) a loan management system that ensures accountability for funds  
4           awarded.

5           (e) Outreach. Recognizing that Black, Indigenous, and Persons of Color  
6           have historically not had access to capital for homeownership purchases and  
7           have been systemically discriminated against in the housing market, the  
8           Department, working with Vermont chapters of the NAACP, AALV, USCRI,  
9           the Executive Director of Racial Equity, the Vermont Commission on Native  
10           American Affairs, local racial justice organizations, the Vermont Housing  
11           Finance Agency, and the nonprofit homeownership centers, shall develop a  
12           plan of active outreach and implementation to ensure that program  
13           opportunities are effectively communicated, and that funds are equitably  
14           awarded, to communities of Vermonters who have historically suffered  
15           housing discrimination.

16           (f) Program requirements.

17           (1) A loan issued through the Program:

18           (A) shall not exceed a standard limit set by the Department, which  
19           shall not exceed \$50,000.00;

20           (B) shall be zero interest, and payments shall be suspended while the  
21           homebuyer occupies the home; and

1           (C) shall become due in full upon the sale or transfer of the home or  
2           upon refinancing with approval by the Department and the housing  
3           organization that issued the loan.

4           (2) A rehabilitation project that is funded by a loan through the Program  
5           may include a weatherization component and shall comply with applicable  
6           building, housing, and health laws.

7           (3) A homebuyer may use not more than 25 percent of a loan for down  
8           payment and closing costs and fees.

9           (4) A homebuyer shall repay a loan.

10          (g) Revolving loan fund. The Department shall use the amounts from loans  
11          that are repaid to provide additional funding through the Program.

12          (h) Lien priority. A lien for a loan issued pursuant to this section is  
13          subordinate to:

14               (1) a lien on the property in existence at the time the lien for the loan is  
15               filed in the land records; and

16               (2) a first mortgage on the property that is refinanced and recorded after  
17               the lien for the loan is filed in the land records.

18          Sec. 13. DUTIES CONTINGENT ON FUNDING

19               The duties of the Department of Housing and Community Development  
20               specified in Secs. 10 and 12 of this act are contingent upon available funding.

