

[COMMITTEE PRINT]

FEBRUARY 18, 2000

**[Showing H.R. 1776, as ordered reported by the Subcommittee
on Housing and Community Opportunity on February 15,
2000]**

106TH CONGRESS
2^D SESSION

H. R. 1776

To expand homeownership in the United States.

IN THE HOUSE OF REPRESENTATIVES

MAY 12, 1999

Mr. LAZIO (for himself and Mr. LEACH) introduced the following bill; which
was referred to the Committee on Banking and Financial Services

[Strike out all after the enacting clause and insert in lieu thereof the part printed in roman]

A BILL

To expand homeownership in the United States.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “American Homeownership and Economic Opportunity
6 Act of 2000”.

1 (b) TABLE OF CONTENTS.—The table of contents for
2 this Act is as follows:

- Sec. 1. Short title and table of contents.
- Sec. 2. Findings and purpose.

TITLE I—REMOVAL OF BARRIERS TO HOUSING AFFORDABILITY

- Sec. 101. Short title.
- Sec. 102. Housing impact analysis.
- Sec. 103. Grants for regulatory barrier removal strategies.
- Sec. 104. Eligibility for community development block grants.
- Sec. 105. Regulatory barriers clearinghouse.

TITLE II—HOMEOWNERSHIP THROUGH MORTGAGE INSURANCE
AND LOAN GUARANTEES

- Sec. 201. Study of mandatory inspection requirement under single family housing mortgage insurance program.
- Sec. 202. Extension of loan term for manufactured home lots.
- Sec. 203. Neighborhood teacher program.
- Sec. 204. Law enforcement officer homeownership pilot program.
- Sec. 205. Home equity conversion mortgages.
- Sec. 206. Preventing fraud in rehabilitation loan program.
- Sec. 207. FHA Insurance for hybrid ARMs.
- Sec. 208. Report on title I home improvement loan program.

TITLE III—SECTION 8 HOMEOWNERSHIP OPTION

- Sec. 301. Downpayment assistance.
- Sec. 302. Pilot program for homeownership assistance for disabled families.

TITLE IV—COMMUNITY DEVELOPMENT BLOCK GRANTS

- Sec. 401. Reauthorization.
- Sec. 402. Prohibition of set-asides.
- Sec. 403. Homeownership for municipal employees.
- Sec. 404. Technical amendment relating to brownfields.
- Sec. 405. Income eligibility.
- Sec. 406. Housing opportunities for persons with AIDS.

TITLE V—HOME INVESTMENT PARTNERSHIPS PROGRAM

- Sec. 501. Reauthorization.
- Sec. 502. Eligibility of limited equity cooperatives and mutual housing associations.
- Sec. 503. Leveraging affordable housing investment through local loan pools.
- Sec. 504. Loan guarantees.
- Sec. 505. Homeownership for municipal employees.
- Sec. 506. Use of section 8 assistance by “grand-families” to rent dwelling units in projects assisted under HOME program.

TITLE VI—LOCAL HOMEOWNERSHIP INITIATIVES

- Sec. 601. Reauthorization of Neighborhood Reinvestment Corporation.
- Sec. 602. Homeownership zones.
- Sec. 603. Lease-to-own.

- Sec. 604. Local capacity building.
- Sec. 605. Consolidated application and planning requirement and super-NOFA.
- Sec. 606. Assistance for self-help housing providers.
- Sec. 607. Housing counseling organizations.

TITLE VII—INDIAN HOUSING HOMEOWNERSHIP

- Sec. 701. Lands Title Report Commission.
- Sec. 702. Loan guarantees for Indian housing.
- Sec. 703. Native American housing assistance.

TITLE VIII—TRANSFER OF UNOCCUPIED AND SUBSTANDARD HUD-HELD HOUSING TO LOCAL GOVERNMENTS AND COMMUNITY DEVELOPMENT CORPORATIONS

- Sec. 801. Transfer of unoccupied and substandard HUD-held housing to local governments and community development corporations.

TITLE IX—PRIVATE MORTGAGE INSURANCE CANCELLATION AND TERMINATION

- Sec. 901. Short title.
- Sec. 902. Changes in amortization schedule.
- Sec. 903. Deletion of ambiguous references to residential mortgages.
- Sec. 904. Cancellation rights after cancellation date.
- Sec. 905. Clarification of cancellation and termination issues and lender paid mortgage insurance disclosure requirements.
- Sec. 906. Definitions.

TITLE X—RURAL HOUSING HOMEOWNERSHIP

- Sec. 1001. Promissory note requirement under housing repair loan program.
- Sec. 1002. Limited partnership eligibility for farm labor housing loans.
- Sec. 1003. Project accounting records and practices.
- Sec. 1004. Operating assistance for migrant farmworkers projects.
- Sec. 1005. Multifamily rental housing loan guarantee program.
- Sec. 1006. Enforcement provisions.
- Sec. 1007. Amendments to title 18 of the United States Code.

1 **SEC. 2. FINDINGS AND PURPOSE.**

2 (a) FINDINGS.—The Congress finds that—

- 3 (1) the priorities of our Nation should include
- 4 expanding homeownership opportunities by providing
- 5 access to affordable housing that is safe, clean, and
- 6 healthy;

1 (2) our Nation has an abundance of conven-
2 tional capital sources available for homeownership fi-
3 nancing; and

4 (3) experience with local homeownership pro-
5 grams has shown that if flexible capital sources are
6 available, communities possess ample will and cre-
7 ativity to provide opportunities uniquely designed to
8 assist their citizens in realizing the American dream
9 of homeownership.

10 (b) PURPOSE.—It is the purpose of this Act—

11 (1) to encourage and facilitate homeownership
12 by families in the United States who are not other-
13 wise able to afford homeownership; and

14 (2) to expand homeownership through policies
15 that—

16 (A) promote the ability of the private sec-
17 tor to produce affordable housing without exces-
18 sive government regulation;

19 (B) encourage tax incentives, such as the
20 mortgage interest deduction, at all levels of gov-
21 ernment; and

22 (C) facilitate the availability of flexible
23 capital for homeownership opportunities and
24 provide local governments with increased flexi-

1 bility under existing Federal programs to facili-
2 tate homeownership.

3 **TITLE I—REMOVAL OF BAR-**
4 **RIERS TO HOUSING AFFORD-**
5 **ABILITY**

6 **SEC. 101. SHORT TITLE.**

7 This title may be cited as the “Housing Affordability
8 Barrier Removal Act of 2000”.

9 **SEC. 102. HOUSING IMPACT ANALYSIS.**

10 (a) **APPLICABILITY.**—The requirements of this sec-
11 tion shall apply with respect to—

12 (1) any proposed rule, unless the agency pro-
13 mulgating the rule—

14 (A) has certified that the proposed rule
15 will not, if given force or effect as a final rule,
16 have a significant deleterious impact on housing
17 affordability; and

18 (B) has caused such certification to be
19 published in the Federal Register at the time of
20 publication of general notice of proposed rule-
21 making for the rule, together with a statement
22 providing the factual basis for the certification;
23 and

24 (2) any final rule, unless the agency promul-
25 gating the rule—

1 (A) has certified that the rule will not, if
2 given force or effect, have a significant deleterious
3 impact on housing affordability; and

4 (B) has caused such certification to be
5 published in the Federal Register at the time of
6 publication of the final rule, together with a
7 statement providing the factual basis for the
8 certification.

9 Any agency making a certification under this subsection
10 shall provide a copy of such certification and the state-
11 ment providing the factual basis for the certification to
12 the Secretary of Housing and Urban Development.

13 (b) STATEMENT OF PROPOSED RULEMAKING.—
14 Whenever an agency publishes general notice of proposed
15 rulemaking for any proposed rule, unless the agency has
16 made a certification under subsection (a), the agency
17 shall—

18 (1) in the notice of proposed rulemaking—

19 (A) state with particularity the text of the
20 proposed rule; and

21 (B) request any interested persons to sub-
22 mit to the agency any written analyses, data,
23 views, and arguments, and any specific alter-
24 natives to the proposed rule that—

1 (i) accomplish the stated objectives of
2 the applicable statutes, in a manner com-
3 parable to the proposed rule;

4 (ii) result in costs to the Federal Gov-
5 ernment equal to or less than the costs re-
6 sulting from the proposed rule; and

7 (iii) result in housing affordability
8 greater than the housing affordability re-
9 sulting from the proposed rule;

10 (2) provide an opportunity for interested per-
11 sons to take the actions specified under paragraph
12 (1)(B) before promulgation of the final rule; and

13 (3) prepare and make available for public com-
14 ment an initial housing impact analysis in accord-
15 ance with the requirements of subsection (c).

16 (c) INITIAL HOUSING IMPACT ANALYSIS.—

17 (1) REQUIREMENTS.—Each initial housing im-
18 pact analysis shall describe the impact of the pro-
19 posed rule on housing affordability. The initial hous-
20 ing impact analysis or a summary shall be published
21 in the Federal Register at the same time as, and to-
22 gether with, the publication of general notice of pro-
23 posed rulemaking for the rule. The agency shall
24 transmit a copy of the initial housing impact anal-

1 ysis to the Secretary of Housing and Urban Devel-
2 opment.

3 (2) MONTHLY HUD LISTING.—On a monthly
4 basis, the Secretary of Housing and Urban Develop-
5 ment shall cause to be published in the Federal Reg-
6 ister, and shall make available through a World
7 Wide Web site of the Department, a listing of all
8 proposed rules for which an initial housing impact
9 analysis was prepared during the preceding month.

10 (3) CONTENTS.—Each initial housing impact
11 analysis required under this subsection shall
12 contain—

13 (A) a description of the reasons why action
14 by the agency is being considered;

15 (B) a succinct statement of the objectives
16 of, and legal basis for, the proposed rule;

17 (C) a description of and, where feasible, an
18 estimate of the extent to which the proposed
19 rule would increase the cost or reduce the sup-
20 ply of housing or land for residential develop-
21 ment; and

22 (D) an identification, to the extent prac-
23 ticable, of all relevant Federal rules which may
24 duplicate, overlap, or conflict with the proposed
25 rule.

1 (d) PROPOSAL OF LESS DELETERIOUS ALTERNATIVE
2 RULE.—

3 (1) ANALYSIS.—The agency publishing a gen-
4 eral notice of proposed rulemaking shall review any
5 specific analyses and alternatives to the proposed
6 rule which have been submitted to the agency pursu-
7 ant to subsection (b)(2) to determine whether any
8 alternative to the proposed rule—

9 (A) accomplishes the stated objectives of
10 the applicable statutes, in a manner comparable
11 to the proposed rule;

12 (B) results in costs to the Federal Govern-
13 ment equal to or less than the costs resulting
14 from the proposed rule; and

15 (C) results in housing affordability greater
16 than the housing affordability resulting from
17 the proposed rule.

18 (2) NEW NOTICE OF PROPOSED RULE-
19 MAKING.—If the agency determines that an alter-
20 native to the proposed rule meets the requirements
21 under subparagraphs (A) through (C) of paragraph
22 (1), unless the agency provides an explanation on
23 the record for the proposed rule as to why the alter-
24 native should not be implemented, the agency shall
25 incorporate the alternative into the final rule or, at

1 the agency's discretion, issue a new proposed rule
2 which incorporates the alternative.

3 (e) FINAL HOUSING IMPACT ANALYSIS.—

4 (1) REQUIREMENT.—Whenever an agency pro-
5 mulgates a final rule after publication of a general
6 notice of proposed rulemaking, unless the agency has
7 made the certification under subsection (a), the
8 agency shall prepare a final housing impact analysis.

9 (2) CONTENTS.—Each final housing impact
10 analysis shall contain—

11 (A) a succinct statement of the need for,
12 and objectives of, the rule;

13 (B) a summary of the significant issues
14 raised during the public comment period in re-
15 sponse to the initial housing impact analysis, a
16 summary of the assessment of the agency of
17 such issues, and a statement of any changes
18 made in the proposed rule as a result of such
19 comments; and

20 (C) a description of and an estimate of the
21 extent to which the rule will impact housing af-
22 fordability or an explanation of why no such es-
23 timate is available.

24 (3) AVAILABILITY.—The agency shall make
25 copies of the final housing impact analysis available

1 to members of the public and shall publish in the
2 Federal Register such analysis or a summary there-
3 of.

4 (f) AVOIDANCE OF DUPLICATIVE OR UNNECESSARY
5 ANALYSES.—

6 (1) DUPLICATION.—Any Federal agency may
7 perform the analyses required by subsections (c) and
8 (e) in conjunction with or as a part of any other
9 agenda or analysis required by any other law, execu-
10 tive order, directive, or rule if such other analysis
11 satisfies the provisions of such subsections.

12 (2) JOINDER.—In order to avoid duplicative ac-
13 tion, an agency may consider a series of closely re-
14 lated rules as one rule for the purposes of sub-
15 sections (c) and (e).

16 (g) PREPARATION OF ANALYSES.—In complying with
17 the provisions of subsections (c) and (e), an agency may
18 provide either a quantifiable or numerical description of
19 the effects of a proposed rule or alternatives to the pro-
20 posed rule, or more general descriptive statements if quan-
21 tification is not practicable or reliable.

22 (h) EFFECT ON OTHER LAW.—The requirements of
23 subsections (c) and (e) do not alter in any manner stand-
24 ards otherwise applicable by law to agency action.

1 (i) PROCEDURE FOR WAIVER OR DELAY OF COMPLE-
2 TION.—

3 (1) INITIAL HOUSING IMPACT ANALYSIS.—An
4 agency head may waive or delay the completion of
5 some or all of the requirements of subsection (c) by
6 publishing in the Federal Register, not later than
7 the date of publication of the final rule, a written
8 finding, with reasons therefor, that the final rule is
9 being promulgated in response to an emergency that
10 makes compliance or timely compliance with the pro-
11 visions of subsection (a) impracticable.

12 (2) FINAL HOUSING IMPACT ANALYSIS.—An
13 agency head may not waive the requirements of sub-
14 section (e). An agency head may delay the comple-
15 tion of the requirements of subsection (e) for a pe-
16 riod of not more than 180 days after the date of
17 publication in the Federal Register of a final rule by
18 publishing in the Federal Register, not later than
19 such date of publication, a written finding, with rea-
20 sons therefor, that the final rule is being promul-
21 gated in response to an emergency that makes time-
22 ly compliance with the provisions of subsection (e)
23 impracticable. If the agency has not prepared a final
24 housing impact analysis pursuant to subsection (e)
25 within 180 days from the date of publication of the

1 final rule, such rule shall lapse and have no force or
2 effect. Such rule shall not be repromulgated until a
3 final housing impact analysis has been completed by
4 the agency.

5 (j) DEFINITIONS.—For purposes of this section, the
6 following definitions shall apply:

7 (1) HOUSING AFFORDABILITY.—The term
8 “housing affordability” means the quantity of hous-
9 ing that is affordable to families having incomes that
10 do not exceed 150 percent of the median income of
11 families in the area in which the housing is located,
12 with adjustments for smaller and larger families.
13 For purposes of this paragraph, area, median family
14 income for an area, and adjustments for family size
15 shall be determined in the same manner as such fac-
16 tors are determined for purposes of section 3(b)(2)
17 of the United States Housing Act of 1937.

18 (2) AGENCY.—The term “agency” means each
19 authority of the Government of the United States,
20 whether or not it is within or subject to review by
21 another agency, but does not include—

22 (A) the Congress;

23 (B) the courts of the United States;

24 (C) the governments of the territories or
25 possessions of the United States;

1 (D) the government of the District of Co-
2 lumbia;

3 (E) agencies composed of representatives
4 of the parties or of representatives of organiza-
5 tions of the parties to the disputes determined
6 by them;

7 (F) courts-martial and military commis-
8 sions;

9 (G) military authority exercised in the field
10 in time of war or in occupied territory; or

11 (H) functions conferred by—

12 (i) sections 1738, 1739, 1743, and
13 1744 of title 12, United States Code;

14 (ii) chapter 2 of title 41, United
15 States Code;

16 (iii) subchapter II of chapter 471 of
17 title 49, United States Code; or

18 (iv) sections 1884, 1891–1902, and
19 former section 1641(b)(2), of title 50, ap-
20 pendix, United States Code.

21 (3) FAMILIES.—The term “families” has the
22 meaning given such term in section 3 of the United
23 States Housing Act of 1937.

24 (4) RULE.—The term “rule” means any rule
25 for which the agency publishes a general notice of

1 proposed rulemaking pursuant to section 553(b) of
2 title 5, United States Code, or any other law, includ-
3 ing any rule of general applicability governing grants
4 by an agency to State and local governments for
5 which the agency provides an opportunity for notice
6 and public comment; except that such term does not
7 include a rule of particular applicability relating to
8 rates, wages, corporate or financial structures or re-
9 organizations thereof, prices, facilities, appliances,
10 services, or allowances therefor or to valuations,
11 costs or accounting, or practices relating to such
12 rates, wages, structures, prices, appliances, services,
13 or allowances.

14 (5) SIGNIFICANT.—The term “significant”
15 means increasing consumers’ cost of housing by
16 more than \$100,000,000 per year.

17 (k) DEVELOPMENT.—Not later than 1 year after the
18 date of the enactment of this title, the Secretary of Hous-
19 ing and Urban Development shall develop model initial
20 and final housing impact analyses under this section and
21 shall cause such model analyses to be published in the
22 Federal Register. The model analyses shall define the pri-
23 mary elements of a housing impact analysis to instruct
24 other agencies on how to carry out and develop the anal-
25 yses required under subsections (a) and (c).

1 (1) JUDICIAL REVIEW.—

2 (1) DETERMINATION BY AGENCY.—Except as
3 otherwise provided in paragraph (2), any determina-
4 tion by an agency concerning the applicability of any
5 of the provisions of this title to any action of the
6 agency shall not be subject to judicial review.

7 (2) OTHER ACTIONS BY AGENCY.—Any housing
8 impact analysis prepared under subsection (c) or (e)
9 and the compliance or noncompliance of the agency
10 with the provisions of this title shall not be subject
11 to judicial review. When an action for judicial review
12 of a rule is instituted, any housing impact analysis
13 for such rule shall constitute part of the whole
14 record of agency action in connection with the re-
15 view.

16 (3) EXCEPTION.—Nothing in this subsection
17 bars judicial review of any other impact statement or
18 similar analysis required by any other law if judicial
19 review of such statement or analysis is otherwise
20 provided by law.

21 **SEC. 103. GRANTS FOR REGULATORY BARRIER REMOVAL**
22 **STRATEGIES.**

23 (a) AUTHORIZATION OF APPROPRIATIONS.—Sub-
24 section (a) of section 1204 of the Housing and Community

1 Development Act of 1992 (42 U.S.C. 12705c(a)) is
2 amended to read as follows:

3 “(a) FUNDING.—There is authorized to be appro-
4 priated for grants under subsections (b) and (c)
5 \$15,000,000 for fiscal year 2001 and such sums as may
6 be necessary for each of fiscal years 2002, 2003, 2004,
7 and 2005.”.

8 (b) CONSOLIDATION OF STATE AND LOCAL
9 GRANTS.—Subsection (b) of section 1204 of the Housing
10 and Community Development Act of 1992 (42 U.S.C.
11 12705c(b)) is amended—

12 (1) in the subsection heading, by striking
13 “STATE GRANTS” and inserting “GRANT AUTHOR-
14 ITY”;

15 (2) in the matter preceding paragraph (1), by
16 inserting after “States” the following: “and units of
17 general local government (including consortia of
18 such governments)”;

19 (3) in paragraph (3), by striking “a State pro-
20 gram to reduce State and local” and inserting
21 “State, local, or regional programs to reduce”;

22 (4) in paragraph (4), by inserting “or local”
23 after “State”; and

24 (5) in paragraph (5), by striking “State”.

1 (c) REPEAL OF LOCAL GRANTS PROVISION.—Section
2 1204 of the Housing and Community Development Act
3 of 1992 (42 U.S.C. 12705c) is amended by striking sub-
4 section (c).

5 (d) APPLICATION AND SELECTION.—The last sen-
6 tence of section 1204(e) of the Housing and Community
7 Development Act of 1992 (42 U.S.C. 12705c(e)) is
8 amended—

9 (1) by striking “and for the selection of units
10 of general local government to receive grants under
11 subsection (f)(2); and

12 (2) by inserting before the period at the end the
13 following: “and such criteria shall require that grant
14 amounts be used in a manner consistent with the
15 strategy contained in the comprehensive housing af-
16 fordability strategy for the jurisdiction pursuant to
17 section 105(b)(4) of the Cranston-Gonzalez National
18 Affordable Housing Act”.

19 (e) SELECTION OF GRANTEES.—Subsection (f) of
20 section 1204 of the Housing and Community Development
21 Act of 1992 (42 U.S.C. 12705c(f)) is amended to read
22 as follows:

23 “(f) SELECTION OF GRANTEES.—To the extent
24 amounts are made available to carry out this section, the
25 Secretary shall provide grants on a competitive basis to

1 eligible grantees based on the proposed uses of such
2 amounts, as provided in applications under subsection
3 (e).”.

4 (f) **TECHNICAL AMENDMENTS.**—Section 107(a)(1) of
5 the Housing and Community Development Act of 1974
6 (42 U.S.C. 5307(a)(1)) is amended—

7 (1) in subparagraph (G), by inserting “and”
8 after the semicolon at the end;

9 (2) by striking subparagraph (H); and

10 (3) by redesignating subparagraph (I) as sub-
11 paragraph (H).

12 **SEC. 104. ELIGIBILITY FOR COMMUNITY DEVELOPMENT**
13 **BLOCK GRANTS.**

14 (a) **IN GENERAL.**—Section 104(c)(1) of the Housing
15 and Community Development Act of 1974 (42 U.S.C.
16 5304(c)(1)) is amended by inserting before the comma the
17 following: “, which shall include making a good faith effort
18 to carry out the strategy established under section
19 105(b)(4) of such Act by the unit of general local govern-
20 ment to remove barriers to affordable housing”.

21 (b) **RULE OF CONSTRUCTION.**—The amendment
22 made by subsection (a) may not be construed to create
23 any new private right of action.

1 **SEC. 105. REGULATORY BARRIERS CLEARINGHOUSE.**

2 Section 1205 of the Housing and Community Devel-
3 opment Act of 1992 (42 U.S.C. 12705d) is amended—

4 (1) in subsection (a)—

5 (A) in the matter preceding paragraph (1),
6 by striking “receive, collect, process, and assem-
7 ble” and inserting “serve as a national reposi-
8 tory to receive, collect, process, assemble, and
9 disseminate”;

10 (B) in paragraph (1)—

11 (i) by striking “, including” and in-
12 sserting “(including”;

13 (ii) by inserting before the semicolon
14 at the end the following: “), and the preva-
15 lence and effects on affordable housing of
16 such laws, regulations, and policies”;

17 (C) in paragraph (2), by inserting before
18 the semicolon the following: “, including par-
19 ticularly innovative or successful activities,
20 strategies, and plans”;

21 (D) in paragraph (3), by inserting before
22 the period at the end the following: “, including
23 particularly innovative or successful strategies,
24 activities, and plans”;

25 (2) in subsection (b)—

1 (A) in paragraph (1), by striking “and” at
2 the end;

3 (B) in paragraph (2), by striking the pe-
4 riod at the end and inserting “; and”; and

5 (C) by adding at the end the following new
6 paragraph:

7 “(3) by making available through a World Wide
8 Web site of the Department, by electronic mail, or
9 otherwise, provide to each housing agency of a unit
10 of general local government that serves an area hav-
11 ing a population greater than 100,000, an index of
12 all State and local strategies and plans submitted
13 under subsection (a) to the clearinghouse, which—

14 “(A) shall describe the types of barriers to
15 affordable housing that the strategy or plan
16 was designed to ameliorate or remove; and

17 “(B) shall, not later than 30 days after
18 submission to the clearinghouse of any new
19 strategy or plan, be updated to include the new
20 strategy or plan submitted.”; and

21 (3) by adding at the end the following new sub-
22 sections:

23 “(c) ORGANIZATION.—The clearinghouse under this
24 section shall be established within the Office of Policy De-
25 velopment of the Department of Housing and Urban De-

1 velopment and shall be under the direction of the Assist-
2 ant Secretary for Policy Development and Research.

3 “(d) TIMING.—The clearinghouse under this section
4 (as amended by section 105 of the Housing Affordability
5 Barrier Removal Act of 2000) shall be established and
6 commence carrying out the functions of the clearinghouse
7 under this section not later than 1 year after the date of
8 the enactment of such Act. The Secretary of Housing and
9 Urban Development may comply with the requirements
10 under this section by reestablishing the clearinghouse that
11 was originally established to comply with this section and
12 updating and improving such clearinghouse to the extent
13 necessary to comply with the requirements of this section
14 as in effect pursuant to the enactment of such Act.”.

15 **TITLE II—HOMEOWNERSHIP**
16 **THROUGH MORTGAGE INSUR-**
17 **ANCE AND LOAN GUARAN-**
18 **TEES**

19 **SEC. 201. STUDY OF MANDATORY INSPECTION REQUIRE-**
20 **MENT UNDER SINGLE FAMILY HOUSING**
21 **MORTGAGE INSURANCE PROGRAM.**

22 The Comptroller General of the United States shall
23 conduct a study regarding the inspection of properties
24 purchased with loans insured under section 203 of the Na-

1 tional Housing Act. The study shall evaluate the following
2 issues:

3 (1) The feasibility of requiring inspections of all
4 properties purchased with loans insured under such
5 section.

6 (2) The level of financial losses or savings to
7 the Mutual Mortgage Insurance Fund that are likely
8 to occur if inspections are required on properties
9 purchased with loans insured under such section.

10 (3) The potential impact on the process of buy-
11 ing a home if inspections of properties purchased
12 with loans insured under such section are required,
13 including the process of buying a home in under-
14 served areas where losses to the Mutual Mortgage
15 Insurance Fund are greatest.

16 (4) The difference, if any, in the quality of
17 homes purchased with loans insured under such sec-
18 tion that are inspected before purchase and such
19 homes that are not inspected before purchase.

20 (5) The cost to homebuyers of requiring inspec-
21 tions before purchase of properties with loans in-
22 sured under such section.

23 (6) The extent, if any, to which requiring in-
24 spections of properties purchased with loans insured

1 under such section will result in adverse selection of
2 loans insured under such section.

3 (7) The extent of homebuyer knowledge regard-
4 ing property inspections and the extent to which
5 such knowledge affects the decision of homebuyers
6 to opt for or against having a property inspection
7 before purchasing a home.

8 Not later than the expiration of the 1-year period be-
9 ginning on the date of the enactment of this Act, the
10 Comptroller General shall submit to the Congress a report
11 containing the results of the study and any recommenda-
12 tions with respect to the issues specified under this sec-
13 tion.

14 **SEC. 202. EXTENSION OF LOAN TERM FOR MANUFACTURED**
15 **HOME LOTS.**

16 Section 2(b)(3)(E) of the National Housing Act (12
17 U.S.C. 1703(b)(3)(E)) is amended by striking “fifteen”
18 and inserting “twenty”.

19 **SEC. 203. NEIGHBORHOOD TEACHER PROGRAM.**

20 (a) **SHORT TITLE.**—This section may be cited as the
21 “Neighborhood Teachers Act”.

22 (b) **CONGRESSIONAL FINDINGS.**—The Congress finds
23 that—

24 (1) teachers are an integral part of our commu-
25 nities;

1 (2) other than families, teachers are often the
2 most important mentors to children, providing them
3 with the values and skills for self-fulfillment in adult
4 life; and

5 (3) the Neighborhood Teachers Act recognizes
6 the value teachers bring to community and family
7 life and is designed to encourage and reward teach-
8 ers that serve in our most needy communities.

9 (c) DISCOUNT AND DOWNPAYMENT ASSISTANCE FOR
10 TEACHERS.—Section 204(h) of the National Housing Act
11 (12 U.S.C. 1710(h)) is amended—

12 (1) by redesignating paragraphs (7) through
13 (10) as paragraphs (8) through (11), respectively;
14 and

15 (2) by inserting after paragraph (6) the fol-
16 lowing new paragraph:

17 “(7) 50 PERCENT DISCOUNT FOR TEACHERS
18 PURCHASING PROPERTIES THAT ARE ELIGIBLE AS-
19 SETS.—

20 “(A) DISCOUNT.—A property that is an el-
21 igible asset and is sold, during fiscal years 2000
22 through 2004, to a teacher for use in accord-
23 ance with subparagraph (B) shall be sold at a
24 price that is equal to 50 percent of the ap-
25 praised value of the eligible property (as deter-

1 mined in accordance with paragraph (6)(B)). In
2 the case of a property eligible for both a dis-
3 count under this paragraph and a discount
4 under paragraph (6), the discount under para-
5 graph (6) shall not apply.

6 “(B) PRIMARY RESIDENCE.—An eligible
7 property sold pursuant to a discount under this
8 paragraph shall be used, for not less than the
9 3-year period beginning upon such sale, as the
10 primary residence of a teacher.

11 “(C) SALE METHODS.—The Secretary may
12 sell an eligible property pursuant to a discount
13 under this paragraph—

14 “(i) to a unit of general local govern-
15 ment or nonprofit organization (pursuant
16 to paragraph (4) or otherwise), for resale
17 or transfer to a teacher; or

18 “(ii) directly to a purchaser who is a
19 teacher.

20 “(D) RESALE.—In the case of any pur-
21 chase by a unit of general local government or
22 nonprofit organization of an eligible property
23 sold at a discounted price under this paragraph,
24 the sale agreement under paragraph (8) shall—

1 “(i) require the purchasing unit of
2 general local government or nonprofit or-
3 ganization to provide the full benefit of the
4 discount to the teacher obtaining the prop-
5 erty; and

6 “(ii) in the case of a purchase involv-
7 ing multiple eligible assets, any of which is
8 such an eligible property, designate the
9 specific eligible property or properties to be
10 subject to the requirements of subpara-
11 graph (B).

12 “(E) MORTGAGE DOWNPAYMENT ASSIST-
13 ANCE.—If a teacher purchases an eligible prop-
14 erty pursuant to a discounted sale price under
15 this paragraph and finances such purchase
16 through a mortgage insured under this title,
17 notwithstanding any provision of section 203
18 the downpayment on such mortgage shall be
19 \$100.

20 “(F) PREVENTION OF UNDUE PROFIT.—
21 The Secretary shall issue regulations to prevent
22 undue profit from the resale of eligible prop-
23 erties in violation of the requirement under sub-
24 paragraph (B).

1 “(G) AWARENESS PROGRAM.—From funds
2 made available for salaries and expenses for the
3 Office of Policy Support of the Department of
4 Housing and Urban Development, each field of-
5 fice of the Department shall make available to
6 elementary schools and secondary schools with-
7 in the jurisdiction of the field office and to the
8 public—

9 “(i) a list of eligible properties located
10 within the jurisdiction of the field office
11 that are available for purchase by teachers
12 under this paragraph; and

13 “(ii) other information designed to
14 make such teachers and the public aware
15 of the discount and downpayment assist-
16 ance available under this paragraph.

17 “(H) DEFINITIONS.—For the purposes of
18 this paragraph, the following definitions shall
19 apply:

20 “(i) The terms ‘elementary school’
21 and ‘secondary school’ have the meaning
22 given such terms in section 14101 of the
23 Elementary and Secondary Education Act
24 of 1965 (20 U.S.C. 8801).

1 “(ii) The term ‘eligible property’
2 means an eligible asset described in para-
3 graph (2)(A) of this subsection.

4 “(iii) The term ‘teacher’ means an in-
5 dividual who is employed on a full-time
6 basis as a teacher in an elementary or sec-
7 ondary school.”.

8 (d) CONFORMING AMENDMENTS.—Section 204(h) of
9 the National Housing Act (12 U.S.C. 1710(h)) is
10 amended—

11 (1) in paragraph (4)(B)(ii), by striking “para-
12 graph (7)” and inserting “paragraph (8)”;

13 (2) in paragraph (5)(B)(i), by striking “para-
14 graph (7)” and inserting “paragraph (8)”;

15 (3) in paragraph (6)(A), by striking “paragraph
16 (8)” and inserting “paragraph (9)”.

17 (e) REGULATIONS.—Not later than 90 days after the
18 date of the enactment of this Act, the Secretary shall issue
19 regulations to implement the amendments made by this
20 section.

21 **SEC. 204. LAW ENFORCEMENT OFFICER HOMEOWNERSHIP**
22 **PILOT PROGRAM.**

23 (a) ASSISTANCE FOR LAW ENFORCEMENT OFFI-
24 CERS.—During the 3-year period beginning on the date
25 of the enactment of this Act, the Secretary of Housing

1 and Urban Development shall carry out a pilot program
2 to assist Federal, State, and local law enforcement officers
3 purchasing homes in locally-designated high-crime areas
4 in accordance with this section.

5 (b) ELIGIBILITY.—To be eligible for assistance under
6 this section, a law enforcement officer shall—

7 (1) have completed not less than 6 months of
8 service as a law enforcement officer as of the date
9 that the law enforcement officer applies for such as-
10 sistance; and

11 (2) agree, in writing, to use the residence pur-
12 chased with such assistance as the primary residence
13 of the law enforcement officer for not less than 3
14 years after the date of purchase.

15 (c) MORTGAGE ASSISTANCE.—If a law enforcement
16 officer purchases a home in locally-designated high-crime
17 area and finances such purchase through a mortgage in-
18 sured under title II of the National Housing Act (12
19 U.S.C. 1707 et seq.), notwithstanding any provision of
20 section 203 or any other provision of the National Hous-
21 ing Act, the following shall apply:

22 (1) DOWNPAYMENT.—

23 (A) IN GENERAL.—There shall be no
24 downpayment required if the purchase price of
25 the property is not more than the reasonable

1 value of the property, as determined by the Sec-
2 retary.

3 (B) PURCHASE PRICE EXCEEDS VALUE.—

4 If the purchase price of the property exceeds
5 the reasonable value of the property, as deter-
6 mined by the Secretary, the required downpay-
7 ment shall be the difference between such rea-
8 sonable value and the purchase price.

9 (2) CLOSING COSTS.—The closing costs and
10 origination fee for such mortgage may be included in
11 the loan amount.

12 (3) INSURANCE PREMIUM PAYMENT.—There
13 shall be 1 insurance premium payment due on the
14 mortgage. Such insurance premium payment—

15 (A) shall be equal to 1 percent of the loan
16 amount;

17 (B) shall be due and considered earned by
18 the Secretary at the time of the loan closing;
19 and

20 (C) may be included in the loan amount
21 and paid from the loan proceeds.

22 (d) LOCALLY-DESIGNATED HIGH-CRIME AREA.—

23 (1) IN GENERAL.—Any unit of local govern-
24 ment may request that the Secretary designate any
25 area within the jurisdiction of that unit of local gov-

1 ernment as a locally-designated high-crime area for
2 purposes of this section if the proposed area—

3 (A) has a crime rate that is significantly
4 higher than the crime rate of the non-des-
5 ignated area that is within the jurisdiction of
6 the unit of local government; and

7 (B) has a population that is not more than
8 25 percent of the total population of area with-
9 in the jurisdiction of the unit of local govern-
10 ment.

11 (2) DEADLINE FOR CONSIDERATION OF RE-
12 QUEST.—Not later than 60 days after receiving a re-
13 quest under paragraph (1), the Secretary shall ap-
14 prove or disapprove the request.

15 (e) SUNSET.—The Secretary shall not approve any
16 application for assistance under this section that is re-
17 ceived by the Secretary after the expiration of the period
18 referred to in subsection (a).

19 **SEC. 205. HOME EQUITY CONVERSION MORTGAGES.**

20 (a) INSURANCE FOR MORTGAGES TO REFINANCE EX-
21 ISTING HECMS.—

22 (1) IN GENERAL.—Section 255 of the National
23 Housing Act (12 U.S.C. 1715z-20) is amended—

24 (A) by redesignating subsection (k) as sub-
25 section (m); and

1 (B) by inserting after subsection (j) the
2 following new subsection:

3 “(k) INSURANCE AUTHORITY FOR REFINANCINGS.—

4 “(1) IN GENERAL.—The Secretary may, upon
5 application by a mortgagee, insure under this sub-
6 section any mortgage given to refinance an existing
7 home equity conversion mortgage insured under this
8 section.

9 “(2) ANTI-CHURNING DISCLOSURE.—The Sec-
10 retary shall, by regulation, require that the mort-
11 gagee of a mortgage insured under this subsection,
12 provide to the mortgagor, within an appropriate time
13 period and in a manner established in such regula-
14 tions, a good faith estimate of: (A) the total cost of
15 the refinancing; and (B) the increase in the mortga-
16 gor’s principal limit as measured by the estimated
17 initial principal limit on the mortgage to be insured
18 under this subsection less the current principal limit
19 on the home equity conversion mortgage that is
20 being refinanced and insured under this subsection.

21 “(3) WAIVER OF COUNSELING REQUIRE-
22 MENT.—The mortgagor under a mortgage insured
23 under this subsection may waive the applicability,
24 with respect to such mortgage, of the requirements

1 under subsection (d)(2)(B) (relating to third party
2 counseling), but only if—

3 “(A) the mortgagor has received the disclo-
4 sure required under paragraph (2);

5 “(B) the increase in the principal limit de-
6 scribed in paragraph (2) exceeds the amount of
7 the total cost of refinancing (as described in
8 such paragraph) by an amount to be deter-
9 mined by the Secretary; and

10 “(C) the time between the closing of the
11 original home equity conversion mortgage that
12 is refinanced through the mortgage insured
13 under this subsection and the application for a
14 refinancing mortgage insured under this sub-
15 section does not exceed 5 years.

16 “(4) CREDIT FOR PREMIUMS PAID.—Notwith-
17 standing section 203(c)(2)(A), the Secretary may re-
18 duce the amount of the single premium payment
19 otherwise collected under such section at the time of
20 the insurance of a mortgage refinanced and insured
21 under this subsection. The amount of the single pre-
22 mium for mortgages refinanced under this sub-
23 section shall be determined by the Secretary based
24 on the actuarial study required under paragraph (5).

1 “(5) ACTUARIAL STUDY.—Not later than 180
2 days after the date of the enactment of the Amer-
3 ican Homeownership and Economic Opportunity Act
4 of 2000, the Secretary shall conduct an actuarial
5 analysis to determine the adequacy of the insurance
6 premiums collected under the program under this
7 subsection with respect to—

8 “(A) a reduction in the single premium
9 payment collected at the time of the insurance
10 of a mortgage refinanced and insured under
11 this subsection;

12 “(B) the establishment of a single national
13 limit on the benefits of insurance under sub-
14 section (g) (relating to limitation on insurance
15 authority); and

16 “(C) the combined effect of reduced insur-
17 ance premiums and a single national limitation
18 on insurance authority.

19 “(6) FEES.—The Secretary may establish a
20 limit on the origination fee that may be charged to
21 a mortgagor under a mortgage insured under this
22 subsection, except that such limitation shall provide
23 that the origination fee may be fully financed with
24 the mortgage and shall include any fees paid to cor-
25 respondent mortgagees approved by the Secretary.

1 The Secretary shall prohibit the charging of any
2 broker fees in connection with mortgages insured
3 under this subsection.”.

4 (2) REGULATIONS.—The Secretary shall issue
5 any final regulations necessary to implement the
6 amendments made by paragraph (1) of this sub-
7 section, which shall take effect not later than the ex-
8 piration of the 180-day period beginning on the date
9 of the enactment of this Act. The regulations shall
10 be issued after notice and opportunity for public
11 comment in accordance with the procedure under
12 section 553 of title 5, United States Code, applicable
13 to substantive rules (notwithstanding subsections
14 (a)(2), (b)(B), and (d)(3) of such section).

15 (b) HOUSING COOPERATIVES.—Section 255(b) of the
16 National Housing Act (12 U.S.C. 1715z–20(b)) is
17 amended—

18 (1) in paragraph (2), by striking “‘mortgage’”;

19 and

20 (2) by adding at the end the following new
21 paragraphs:

22 “(4) MORTGAGE.—The term ‘mortgage’ means
23 a first mortgage or first lien on real estate, in fee
24 simple, on all stock allocated to a dwelling in a resi-

1 dential cooperative housing corporation, or on a
2 leasehold—

3 “(A) under a lease for not less than 99
4 years that is renewable; or

5 “(B) under a lease having a period of not
6 less than 10 years to run beyond the maturity
7 date of the mortgage.

8 “(B) FIRST MORTGAGE.—The term ‘first mort-
9 gage’ means such classes of first liens as are com-
10 monly given to secure advances on, or the unpaid
11 purchase price of, real estate or all stock allocated
12 to a dwelling unit in a residential cooperative hous-
13 ing corporation, under the laws of the State in which
14 the real estate or dwelling unit is located, together
15 with the credit instruments, if any, secured there-
16 by.”.

17 (c) WAIVER OF UP-FRONT PREMIUMS FOR MORT-
18 GAGES USED TO PURCHASE LONG-TERM CARE INSUR-
19 ANCE.—Section 255 of the National Housing Act (12
20 U.S.C. 1715z–20) is amended by inserting after sub-
21 section (k) (as added by subsection (a) of this section) the
22 following new subsection:

23 “(1) WAIVER OF UP-FRONT PREMIUMS.—

24 “(1) IN GENERAL.—In the case of any mort-
25 gage insured under this section under which the

1 total amount of all future payments described in
2 subsection (b)(3) will be used only for costs of a
3 qualified long-term care insurance contract covering
4 the mortgagor or members of the household residing
5 in the property that is subject to the mortgage, not-
6 withstanding section 203(c)(2), the Secretary shall
7 not charge or collect the single premium payment
8 otherwise required under subparagraph (A) of such
9 section to be paid at the time of insurance.

10 “(2) DEFINITION.—For purposes of this sub-
11 section, the term ‘qualified long-term care insurance
12 contract’ has the meaning given such term in section
13 7702B of the Internal Revenue Code of 1986 (26
14 U.S.C. 7702B)”.

15 (d) STUDY OF SINGLE NATIONAL MORTGAGE
16 LIMIT.—The Secretary of Housing and Urban Develop-
17 ment shall conduct an actuarially based study of the ef-
18 fects of establishing, for mortgages insured under section
19 255 of the National Housing Act (12 U.S.C. 1715z–20),
20 a single maximum mortgage amount limitation in lieu of
21 applicability of section 203(b)(2) of such Act (12 U.S.C.
22 1709(b)(2)). The study shall—

23 (1) examine the effects of establishing such lim-
24 itation at different dollar amounts; and

1 (2) examine the effects of such various limita-
2 tions on—

3 (A) the risks to the General Insurance
4 Fund established under section 519 of such
5 Act;

6 (B) the mortgage insurance premiums that
7 would be required to be charged to mortgagors
8 to ensure actuarial soundness of such Fund;
9 and

10 (C) take into consideration the various ap-
11 proaches to providing credit to borrowers who
12 refinance home equity conversion mortgages in-
13 sured under section 255 of such Act.

14 Not later than 180 days after the date of the enactment
15 of this Act, the Secretary shall complete the study under
16 this subsection and submit a report describing the study
17 and the results of the study to the Committee on Banking
18 and Financial Services of the House of Representatives
19 and to the Committee on Banking, Housing, and Urban
20 Affairs of the Senate.

21 **SEC. 206. PREVENTING FRAUD IN REHABILITATION LOAN**
22 **PROGRAM.**

23 (a) IN GENERAL.—Section 203(k) of the National
24 Housing Act (12 U.S.C. 1709(k)) is amended by adding
25 at the end the following new paragraph:

1 “(7) PREVENTION OF FRAUD.—To prevent fraud
2 under the program for loan insurance authorized under
3 this subsection, the Secretary shall, by regulation, take the
4 following actions:

5 “(A) PROHIBITION OF IDENTITY OF INTER-
6 EST.—The Secretary shall prohibit any identity-of-
7 interest, as such term is defined by the Secretary,
8 between any of the following parties involved in a
9 loan insured under this subsection: the borrower (in-
10 cluding, in the case of a borrower that is a nonprofit
11 organization, any member of the board of directors
12 or the staff of the organization), the lender, any con-
13 sultant, any real estate agent, any property inspec-
14 tor, and any appraiser.

15 “(B) NONPROFIT PARTICIPATION.—The Sec-
16 retary shall establish minimum standards for a non-
17 profit organization to participate in the program,
18 which shall include—

19 “(i) requiring such an organization to dis-
20 close to the Secretary its taxpayer identification
21 number and evidence sufficient to indicate that
22 the organization is an organization described in
23 section 501(c) of the Internal Revenue Code of
24 1986 that is exempt from taxation under sub-
25 title A of such Code;

1 “(ii) requiring that the board of directors
2 of such an organization be comprised only of in-
3 dividuals who do not receive any compensation
4 or other thing of value by reason of their serv-
5 ice on the board and who have no personal fi-
6 nancial interest in the rehabilitation project of
7 the organization that is financed with the loan
8 insured under this subsection;

9 “(iii) requiring such an organization to
10 submit to the Secretary financial statements of
11 the organization for the most recent 2 years,
12 which have been prepared by a party that is un-
13 affiliated with the organization;

14 “(iv) limiting to 10 the number of loans
15 that are insured under this subsection, made to
16 any single such organization, and, at any one
17 time, have an outstanding balance of principal
18 or interest, except that the Secretary may in-
19 crease such numerical limitation on a case-by-
20 case basis for good cause shown;

21 “(v) requiring such an organization to post
22 a completion insurance bond in such amount as
23 the Secretary determines appropriate as a con-
24 dition of obtaining insurance under this sub-
25 section; and

1 “(vi) requiring such an organization to
2 have been certified by the Secretary as meeting
3 the requirements under this subsection and oth-
4 erwise eligible to participate in the program not
5 more than 2 years before obtaining a loan in-
6 sured under this section.

7 “(C) COMPLETION OF WORK.—The Secretary
8 shall prohibit any lender making a loan insured
9 under this subsection from disbursing the final pay-
10 ment of loan proceeds unless the lender has received
11 affirmation, from the borrower under the loan, both
12 in writing and pursuant to an interview in person or
13 over the telephone, that the rehabilitation activities
14 financed by the loan have been satisfactorily com-
15 pleted.

16 “(D) CONSULTANT CERTIFICATION.—The Sec-
17 retary shall require that any consultant, as such
18 term is defined by the Secretary, that is involved in
19 a home inspection, site visit, or preparation of bids
20 with respect to any loan insured under this section
21 shall have been certified by the Secretary as ade-
22 quately trained and competent to provide such serv-
23 ice not more than 2 years before conducting any
24 such activity. The Secretary shall establish a train-

1 ing and certification process to carry out this sub-
2 paragraph.

3 “(E) CONTRACTOR QUALIFICATION.—The Sec-
4 retary shall require, in the case of any loan that is
5 insured under this subsection and involves rehabili-
6 tation with a value of \$25,000 or more, that the
7 contractor or other person performing or supervising
8 the rehabilitation activities financed by the loan
9 shall—

10 “(i) be certified by a nationally recognized
11 organization as meeting industry standards for
12 quality of workmanship, training, and con-
13 tinuing education, including financial manage-
14 ment;

15 “(ii) be licensed to conduct such activities
16 by the State or unit of general local government
17 in which the rehabilitation activities are being
18 completed; or

19 “(iii) be bonded in such amount as the
20 Secretary shall require.”.

21 (b) REPORT ON ACTIVITY OF NONPROFIT ORGANIZA-
22 TIONS UNDER PROGRAM.—Not later than 60 days after
23 the date of the enactment of this Act, the Secretary of
24 Housing and Urban Development shall submit a report
25 to the Congress regarding the participation of nonprofit

1 organizations under the rehabilitation loan program under
2 section 203(k) of the National Housing Act (12 U.S.C.
3 1709(k)). The report shall—

4 (1) determine and describe the extent of partici-
5 pation in the program by such organizations;

6 (2) identify and compare the default and claim
7 rates for loans made under the program to nonprofit
8 organizations and to owner-occupier participants;

9 (3) analyze the impact, on such organizations
10 and the program, of prohibiting such organizations
11 from participating in the program; and

12 (4) identify other opportunities for such organi-
13 zations to acquire financing or credit enhancement
14 for rehabilitation activities.

15 (c) REGULATIONS.—The Secretary of Housing and
16 Urban Development shall issue final regulations and any
17 other administrative orders or notices necessary to carry
18 out the provisions of this section and the amendments
19 made by this section not later than 120 days after the
20 date of the enactment of this Act.

21 **SEC. 207. FHA INSURANCE FOR HYBRID ARMS.**

22 (a) IN GENERAL.—Section 251 of the National
23 Housing Act (12 U.S.C. 1715z–16) is amended—

24 (1) in subsection (a), by inserting “IN GEN-
25 ERAL.—” after “(a)”;

1 (2) by striking subsection (b) and inserting the
2 following new subsection:

3 “(b) DISCLOSURE.—In the case of any loan applica-
4 tion for a mortgage to be insured under any provision of
5 this section, the Secretary shall require that the prospec-
6 tive mortgagee for the mortgage shall, at the time of loan
7 application, make available to the prospective mortgagor
8 a written explanation of the features of an adjustable rate
9 mortgage consistent with the disclosure requirements ap-
10 plicable to variable rate mortgages secured by a principal
11 dwelling under the Truth in Lending Act (15 U.S.C. 1601
12 et seq.).”;

13 (3) in subsection (c)—

14 (A) by inserting “LIMITATION ON INSUR-
15 ANCE AUTHORITY.—” after “(c)”; and

16 (B) by striking “30 percent” and inserting
17 “40 percent”; and

18 (4) by adding at the end the following new sub-
19 section:

20 “(d) HYBRID ARMS.—The Secretary may insure
21 under this subsection a mortgage that—

22 “(1) has an effective rate of interest that shall
23 be—

24 “(A) fixed for a period of not less than the
25 first 3 years of the mortgage term;

1 to the property improvement loan insurance program
2 under title I of the National Housing Act, including im-
3 provements designed to address problems relating to home
4 improvement contractors obtaining loans on behalf of
5 homeowners.

6 (b) CONSULTATION.—In developing and determining
7 recommendations for inclusion in the report under this
8 section and in preparing the report, the Secretary shall
9 consult with interested persons, organizations, and enti-
10 ties, including representatives of the lending industry and
11 consumer organizations.

12 **TITLE III—SECTION 8**
13 **HOMEOWNERSHIP OPTION**

14 **SEC. 301. DOWNPAYMENT ASSISTANCE.**

15 (a) AMENDMENTS.—Section 8(y) of the United
16 States Housing Act of 1937 (42 U.S.C. 1437f(y)) is
17 amended—

18 (1) by redesignating paragraph (7) as para-
19 graph (8); and

20 (2) by inserting after paragraph (6) the fol-
21 lowing new paragraph:

22 “(7) DOWNPAYMENT ASSISTANCE.—

23 “(A) AUTHORITY.—A public housing agen-
24 cy may, in lieu of providing monthly assistance
25 payments under this subsection on behalf of a

1 family eligible for such assistance and at the
2 discretion of the public housing agency, provide
3 assistance for the family in the form of a single
4 grant to be used only as a contribution toward
5 the downpayment required in connection with
6 the purchase of a dwelling for fiscal year 2000
7 and each fiscal year thereafter to the extent
8 provided in advance in appropriations Acts.

9 “(B) AMOUNT.—The amount of a down-
10 payment grant on behalf of an assisted family
11 may not exceed the amount that is equal to the
12 sum of the assistance payments that would be
13 made during the first year of assistance on be-
14 half of the family, based upon the income of the
15 family at the time the grant is to be made.”.

16 (b) EFFECTIVE DATE.—The amendments made by
17 subsection (a) shall take effect immediately after the
18 amendments made by section 555(c) of the Quality Hous-
19 ing and Work Responsibility Act of 1998 take effect pur-
20 suant to such section.

21 **SEC. 302. PILOT PROGRAM FOR HOMEOWNERSHIP ASSIST-**
22 **ANCE FOR DISABLED FAMILIES.**

23 (a) IN GENERAL.—A public housing agency providing
24 tenant-based assistance on behalf of an eligible family
25 under section 8 of the United States Housing Act of 1937

1 (42 U.S.C. 1437f) may provide assistance for a disabled
2 family that purchases a dwelling unit (including a dwelling
3 unit under a lease-purchase agreement) that will be owned
4 by 1 or more members of the disabled family and will be
5 occupied by the disabled family, if the disabled family—

6 (1) purchases the dwelling unit before the expi-
7 ration of the 3-year period beginning on the date of
8 the enactment of this Act;

9 (2) demonstrates that the disabled family has
10 income from employment or other sources (including
11 public assistance), as determined in accordance with
12 requirements of the Secretary, that is not less than
13 twice the payment standard established by the public
14 housing agency (or such other amount as may be es-
15 tablished by the Secretary);

16 (3) except as provided by the Secretary, dem-
17 onstrates at the time the disabled family initially re-
18 ceives tenant-based assistance under this section
19 that one or more adult members of the disabled fam-
20 ily have achieved employment for the period as the
21 Secretary shall require;

22 (4) participates in a homeownership and hous-
23 ing counseling program provided by the agency; and

24 (5) meets any other initial or continuing re-
25 quirements established by the public housing agency

1 in accordance with requirements established by the
2 Secretary.

3 (b) DETERMINATION OF AMOUNT OF ASSISTANCE.—

4 (1) IN GENERAL.—

5 (A) MONTHLY EXPENSES NOT EXCEEDING
6 PAYMENT STANDARD.—If the monthly home-
7 ownership expenses, as determined in accord-
8 ance with requirements established by the Sec-
9 retary, do not exceed the payment standard, the
10 monthly assistance payment shall be the
11 amount by which the homeownership expenses
12 exceed the highest of the following amounts,
13 rounded to the nearest dollar:

14 (i) 30 percent of the monthly adjusted
15 income of the disabled family.

16 (ii) 10 percent of the monthly income
17 of the disabled family.

18 (iii) If the disabled family is receiving
19 payments for welfare assistance from a
20 public agency, and a portion of those pay-
21 ments, adjusted in accordance with the ac-
22 tual housing costs of the disabled family, is
23 specifically designated by that agency to
24 meet the housing costs of the disabled fam-

1 ily, the portion of those payments that is
2 so designated.

3 (B) MONTHLY EXPENSES EXCEED PAY-
4 MENT STANDARD.—If the monthly homeowner-
5 ship expenses, as determined in accordance with
6 requirements established by the Secretary, ex-
7 ceed the payment standard, the monthly assist-
8 ance payment shall be the amount by which the
9 applicable payment standard exceeds the high-
10 est of the amounts under clauses (i), (ii), and
11 (iii) of subparagraph (A).

12 (2) CALCULATION OF AMOUNT.—

13 (A) LOW-INCOME FAMILIES.—A disabled
14 family that is a low-income family shall be eligi-
15 ble to receive 100 percent of the amount cal-
16 culated under paragraph (1).

17 (B) INCOME BETWEEN 81 AND 89 PERCENT
18 OF MEDIAN.—A disabled family whose income
19 is between 81 and 89 percent of the median for
20 the area shall be eligible to receive 66 percent
21 of the amount calculated under paragraph (1).

22 (C) INCOME BETWEEN 90 AND 99 PERCENT
23 OF MEDIAN.—A disabled family whose income
24 is between 90 and 99 percent of the median for

1 the area shall be eligible to receive 33 percent
2 of the amount calculated under paragraph (1).

3 (D) INCOME MORE THAN 99 PERCENT OF
4 MEDIAN.—A disabled family whose income is
5 more than 99 percent of the median for the
6 area shall not be eligible to receive assistance
7 under this section.

8 (c) INSPECTIONS AND CONTRACT CONDITIONS.—

9 (1) IN GENERAL.—Each contract for the pur-
10 chase of a dwelling unit to be assisted under this
11 section shall—

12 (A) provide for pre-purchase inspection of
13 the dwelling unit by an independent profes-
14 sional; and

15 (B) require that any cost of necessary re-
16 pairs be paid by the seller.

17 (2) ANNUAL INSPECTIONS NOT REQUIRED.—

18 The requirement under subsection (o)(8)(A)(ii) of
19 the United States Housing Act of 1937 for annual
20 inspections shall not apply to dwelling units assisted
21 under this section.

22 (d) OTHER AUTHORITY OF THE SECRETARY.—The
23 Secretary may—

24 (1) limit the term of assistance for a disabled
25 family assisted under this section;

1 (2) provide assistance for a disabled family for
2 the entire term of a mortgage for a dwelling unit if
3 the disabled family remains eligible for such assist-
4 ance for such term; and

5 (3) modify the requirements of this section as
6 the Secretary determines to be necessary to make
7 appropriate adaptations for lease-purchase agree-
8 ments.

9 (e) ASSISTANCE PAYMENTS SENT TO LENDER.—The
10 Secretary shall remit assistance payments under this sec-
11 tion directly to the mortgagee of the dwelling unit pur-
12 chased by the disabled family receiving such assistance
13 payments.

14 (f) INAPPLICABILITY OF CERTAIN PROVISIONS.—As-
15 sistance under this section shall not be subject to the re-
16 quirements of the following provisions:

17 (1) Subsection (c)(3)(B) of section 8 of the
18 United States Housing Act of 1937.

19 (2) Subsection (d)(1)(B)(i) of section 8 of the
20 United States Housing Act of 1937.

21 (3) Any other provisions of section 8 of the
22 United States Housing Act of 1937 governing max-
23 imum amounts payable to owners and amounts pay-
24 able by assisted families.

1 (4) Any other provisions of section 8 of the
2 United States Housing Act of 1937 concerning con-
3 tracts between public housing agencies and owners.

4 (5) Any other provisions of the United States
5 Housing Act of 1937 that are inconsistent with the
6 provisions of this section.

7 (g) REVERSION TO RENTAL STATUS.—

8 (1) FHA-INSURED MORTGAGES.—If a disabled
9 family receiving assistance under this section for
10 purchase of a dwelling unit defaults under a mort-
11 gage for the dwelling unit insured by the Secretary
12 under the National Housing Act, the disabled family
13 may not continue to receive rental assistance under
14 section 8 of the United States Housing Act of 1937
15 unless the disabled family—

16 (A) transfers to the Secretary marketable
17 title to the dwelling unit;

18 (B) moves from the dwelling unit within
19 the period established or approved by the Sec-
20 retary; and

21 (C) agrees that any amounts the disabled
22 family is required to pay to reimburse the es-
23 crow account under section 23(d)(3) of the
24 United States Housing Act of 1937 may be de-
25 ducted by the public housing agency from the

1 assistance payment otherwise payable on behalf
2 of the disabled family.

3 (2) OTHER MORTGAGES.—If a disabled family
4 receiving assistance under this section defaults
5 under a mortgage not insured under the National
6 Housing Act, the disabled family may not continue
7 to receive rental assistance under section 8 of the
8 United States Housing Act of 1937 unless it com-
9 plies with requirements established by the Secretary.

10 (3) ALL MORTGAGES.—A disabled family receiv-
11 ing assistance under this section that defaults under
12 a mortgage may not receive assistance under this
13 section for occupancy of another dwelling unit owned
14 by 1 or more members of the disabled family.

15 (4) EXCEPTION.—This subsection shall not
16 apply if the Secretary determines that the disabled
17 family receiving assistance under this section de-
18 faulted under a mortgage due to catastrophic med-
19 ical reasons.

20 (h) REGULATIONS.—As soon as practicable after the
21 date of the enactment of this Act, the Secretary shall issue
22 regulations to implement this section. Such regulations
23 may not prohibit any public housing agency providing ten-
24 ant-based assistance on behalf of an eligible family under

1 section 8 of the United States Housing Act of 1937 from
2 participating in the pilot program under this section.

3 (i) DEFINITION OF DISABLED FAMILY.—For the
4 purposes of this section, the term “disabled family” has
5 the meaning given the term “person with disabilities” in
6 section 811(k)(2) of the Cranston-Gonzalez National Af-
7 fordable Housing Act (42 U.S.C. 8013(k)(2)).

8 **TITLE IV—COMMUNITY**
9 **DEVELOPMENT BLOCK GRANTS**

10 **SEC. 401. REAUTHORIZATION.**

11 (a) AUTHORIZATION OF APPROPRIATIONS.—The last
12 sentence of section 103 of the Housing and Community
13 Development Act of 1974 (42 U.S.C. 5303) is amended
14 to read as follows: “For purposes of assistance under sec-
15 tion 106, there is authorized to be appropriated
16 \$4,900,000,000 for fiscal year 2001 and such sums as
17 may be necessary for each of fiscal years 2002, 2003,
18 2004, and 2005.”.

19 (b) ENTITLEMENT GRANTS.—

20 (1) IN GENERAL.—Section 102(a)(5)(B) of the
21 Housing and Community Development Act of 1974
22 (42 U.S.C. 5302(a)(5)(B)) is amended—

23 (A) by inserting “(I)” after “(iii)”; and

24 (B) by inserting before the period at the
25 end the following: “, or (II) has a population in

1 its unincorporated areas of not less than
2 450,000, except that a town or township which
3 is designated as a city pursuant to this sub-
4 clause shall have only its unincorporated areas
5 considered as a city for purposes of this title.”

6 (2) TREATMENT AS SEPARATE FROM URBAN
7 COUNTIES.—Section 102(d) of the Housing and
8 Community Development Act of 1974 (42 U.S.C.
9 5302(d)) is amended—

10 “(A) by inserting “(1)” after “(d)”; and

11 “(B) by adding at the end the following
12 new paragraph:

13 “(2) Notwithstanding paragraph (1), a town or town-
14 ship that is classified as a city by reason of subclause (II)
15 of section 102(a)(5)(B)(iii) shall be treated, for purposes
16 of eligibility for a grant under section 106(b)(1) from
17 amounts made available for a fiscal year beginning after
18 the date of the enactment of the American Homeowner-
19 ship and Economic Opportunity Act of 2000, as an entity
20 separate from the urban county in which it is located.”.

21 **SEC. 402. PROHIBITION OF SET-ASIDES.**

22 Section 103 of the Housing and Community Develop-
23 ment Act of 1974 (42 U.S.C. 5303), as amended by sec-
24 tion 401 of this Act, is further amended—

1 (1) by inserting after “SEC. 103.” the fol-
2 lowing: “(a) IN GENERAL.—”; and

3 (2) by adding at the end the following new sub-
4 section:“

5 “(b) PROHIBITION OF SET-ASIDES.—Except as pro-
6 vided in paragraphs (1) and (2) of section 106(a) and sec-
7 tion 107, amounts appropriated pursuant to subsection (a)
8 of this section or otherwise to carry out this title (other
9 than section 108) shall be used only for formula-based
10 grants allocated pursuant to section 106 and may not be
11 otherwise used unless the provision of law providing for
12 such other use specifically refers to this subsection and
13 specifically states that such provision modifies or super-
14 sedes the provisions of this subsection.”.

15 **SEC. 403. HOMEOWNERSHIP FOR MUNICIPAL EMPLOYEES.**

16 (a) ELIGIBLE ACTIVITIES.—Section 105(a) of the
17 Housing and Community Development Act of 1974 (42
18 U.S.C. 5305(a)) is amended—

19 (1) in paragraph (22)(C), by striking “and” at
20 the end;

21 (2) in paragraph (23), by striking the period at
22 the end and inserting a semicolon; and

23 (3) by inserting after paragraph (23) the fol-
24 lowing new paragraph:

1 “(24) provision of direct assistance to facilitate
2 and expand homeownership among uniformed em-
3 ployees (including policemen, firemen, and sanitation
4 and other maintenance workers) of, and teachers
5 who are employees of, the metropolitan city or urban
6 county (or an agency or school district serving such
7 city or county) receiving grant amounts under this
8 title pursuant to section 106(b) or the unit of gen-
9 eral local government (or an agency or school dis-
10 trict serving such unit) receiving such grant
11 amounts pursuant to section 106(d); except that,
12 notwithstanding section 102(a)(20)(B) or any other
13 provision of this title, such assistance may be pro-
14 vided on behalf of such employees whose family in-
15 comes do not exceed 150 percent of the median in-
16 come of the area involved, as determined by the Sec-
17 retary with adjustments for smaller and larger fami-
18 lies; and except that such assistance shall be used
19 only for acquiring principal residences for such em-
20 ployees by—

21 “(A) providing amounts for downpayments
22 on mortgages;

23 “(B) paying reasonable closing costs nor-
24 mally associated with the purchase of a resi-
25 dence;

1 “(C) obtaining pre- or post-purchase coun-
2 seling relating to the financial and other obliga-
3 tions of homeownership; or

4 “(D) subsidizing mortgage interest rates;”.

5 (b) PRIMARY OBJECTIVES.—Section 105(c) of the
6 Housing and Community Development Act of 1974 (42
7 U.S.C. 5305(c)) is amended by adding at the end the fol-
8 lowing new paragraph:

9 “(5) HOMEOWNERSHIP ASSISTANCE FOR MUNICIPAL
10 EMPLOYEES.—Notwithstanding any other provision of this
11 title, any assisted activity described in subsection (a)(24)
12 of this section shall be considered, for purposes of this
13 title, to benefit persons of low and moderate income and
14 to be directed toward the objective under section
15 101(c)(3).”.

16 **SEC. 404. TECHNICAL AMENDMENT RELATING TO**
17 **BROWNFIELDS.**

18 Section 105(a) of the Housing and Community De-
19 velopment Act of 1974 (42 U.S.C. 5305(a)), as amended
20 by section 403 of this Act, is further amended—

21 (1) in paragraph (25), by striking the period
22 and inserting “; and”; and

23 (2) by adding at the end the following new
24 paragraph:

1 “(26) environmental cleanup and economic de-
2 velopment activities related to Brownfields projects
3 in conjunction with the appropriate environmental
4 regulatory agencies.”.

5 **SEC. 405. INCOME ELIGIBILITY.**

6 (a) IN GENERAL.—In addition to the exceptions
7 granted pursuant to section 590 of the Quality Housing
8 and Work Responsibility Act of 1998 (42 U.S.C. 5301
9 note), the Secretary of Housing and Urban Development
10 shall, for not less than 10 other jurisdictions that are met-
11 ropolitan cities or urban counties for purposes of title I
12 of the Housing and Community Development Act of 1974,
13 grant exceptions not later than 90 days after the date of
14 the enactment of this Act for such jurisdictions that pro-
15 vide that—

16 (1) for purposes of the HOME investment part-
17 nerships program under title II of the Cranston-
18 Gonzalez National Affordable Housing Act, the limi-
19 tation based on percentage of median income that is
20 applicable under section 104(10), 214(1)(A), or
21 215(a)(1)(A) for any area of the jurisdiction shall be
22 the numerical percentage that is specified in such
23 section; and

24 (2) for purposes of the community development
25 block grant program under title I of the Housing

1 and Community Development Act of 1974, the limi-
2 tation based on percentage of median income that is
3 applicable pursuant to section 102(a)(20) for any
4 area within the State or unit of general local govern-
5 ment shall be the numerical percentage that is speci-
6 fied in subparagraph (A) of such section.

7 (b) SELECTION.—In selecting the jurisdictions for
8 which to grant such exceptions, the Secretary shall con-
9 sider the relative median income of such jurisdictions and
10 shall give preference to jurisdictions with the highest hous-
11 ing costs.

12 **SEC. 406. HOUSING OPPORTUNITIES FOR PERSONS WITH**
13 **AIDS.**

14 Section 863 of the Cranston-Gonzalez National Af-
15 fordable Housing Act (42 U.S.C. 12912) is amended to
16 read as follows:

17 **“SEC. 863. AUTHORIZATION OF APPROPRIATIONS.**

18 “There is authorized to be appropriated to carry out
19 this subtitle \$260,000,000 for fiscal year 2001 and such
20 sums as may be necessary for each of fiscal years 2002,
21 2003, 2004, and 2005.”.

1 **TITLE V—HOME INVESTMENT**
2 **PARTNERSHIPS PROGRAM**

3 **SEC. 501. REAUTHORIZATION.**

4 (a) AUTHORIZATION OF APPROPRIATIONS.—Section
5 205 of the Cranston-Gonzalez National Affordable Hous-
6 ing Act (42 U.S.C. 12724) is amended to read as follows:

7 **“SEC. 205. AUTHORIZATION.**

8 “(a) IN GENERAL.—There is authorized to be appro-
9 priated to carry out this title \$1,650,000,000 for fiscal
10 year 2001 and such sums as may be necessary for each
11 of fiscal years 2002, 2003, 2004, and 2005, of which—

12 “(1) not more than \$25,000,000 in each such
13 fiscal year shall be for community housing partner-
14 ship activities authorized under section 233; and

15 “(2) not more than \$15,000,000 in each such
16 fiscal year shall be for activities in support of State
17 and local housing strategies authorized under sub-
18 title C.

19 “(b) PROHIBITION OF SET-ASIDES.—Except as pro-
20 vided in subsection (a) of this section and section
21 217(a)(3), amounts appropriated pursuant to subsection
22 (a) of this section or otherwise to carry out this title shall
23 be used only for formula-based grants allocated pursuant
24 to section 217 and may not be otherwise used unless the
25 provision of law providing for such other use specifically

1 refers to this subsection and specifically states that such
2 provision modifies or supersedes the provisions of this sub-
3 section.”.

4 (b) ALLOCATIONS OF AMOUNTS.—Section 104(19) of
5 the Cranston-Gonzalez National Affordable Housing Act
6 (42 U.S.C. 12704(19)) is amended by adding at the end
7 the following: “The term ‘city’ shall have the meaning
8 given such term in section 102(a)(5)(B) of such Act. A
9 town or township that is classified as a city by reason of
10 subclause (II) of section 102(a)(5)(A)(B)(iii) of such Act
11 shall be treated, notwithstanding section 102(d)(1) of such
12 Act, as an entity separate from the urban county in which
13 it is located for purposes of allocation of amounts under
14 section 217 of this Act to units of general local govern-
15 ment from amounts made available for any fiscal year be-
16 ginning after the date of the enactment of the American
17 Homeownership and Economic Opportunity Act of
18 2000.”.

19 **SEC. 502. ELIGIBILITY OF LIMITED EQUITY COOPERATIVES**
20 **AND MUTUAL HOUSING ASSOCIATIONS.**

21 (a) CONGRESSIONAL FINDINGS.—Section 202(10) of
22 the Cranston-Gonzalez National Affordable Housing Act
23 (42 U.S.C. 12721(10)) is amended by inserting “mutual
24 housing associations,” after “limited equity cooperatives,”.

1 (b) DEFINITIONS.—Section 104 of the Cranston-
2 Gonzalez National Affordable Housing Act (42 U.S.C.
3 12704) is amended—

4 (1) by redesignating paragraph (23) as para-
5 graph (22);

6 (2) by redesignating paragraph (24) (relating to
7 the definition of “insular area”) as paragraph (23);
8 and

9 (3) by adding at the end the following new
10 paragraphs:

11 “(26) The term ‘limited equity cooperative’
12 means a cooperative housing corporation which, in a
13 manner determined by the Secretary to be accept-
14 able, restricts income eligibility of purchasers of
15 membership shares of stock in the cooperative cor-
16 poration or the initial and resale price of such
17 shares, or both, so that the shares remain available
18 and affordable to low-income families.

19 “(27) The term ‘mutual housing association’
20 means a private entity that—

21 “(A) is organized under State law;

22 “(B) is described in section 501(c) of the
23 Internal Revenue Code of 1986 and exempt
24 from taxation under section 501(a) of such
25 Code;

1 “(C) owns, manages, and continuously de-
2 velops affordable housing by providing long-
3 term housing for low- and moderate-income
4 families;

5 “(D) provides that eligible families who
6 purchase membership interests in the associa-
7 tion shall have a right to residence in a dwelling
8 unit in the housing during the period that they
9 hold such membership interest; and

10 “(E) provides for the residents of such
11 housing to participate in the ongoing manage-
12 ment of the housing.”.

13 (c) ELIGIBILITY.—Section 215 of the Cranston-Gon-
14 zalez National Affordable Housing Act (42 U.S.C. 12745)
15 is amended—

16 (1) in subsection (b), by adding after and below
17 paragraph (4) the following:

18 “Housing that is owned by a limited equity cooperative
19 or a mutual housing association may be considered by a
20 participating jurisdiction to be housing for homeownership
21 for purposes of this title to the extent that ownership or
22 membership in such a cooperative or association, respec-
23 tively, constitutes homeownership under State or local
24 laws.”; and

1 (2) in subsection (a), by adding at the end the
2 following new paragraph:

3 “(6) LIMITED EQUITY COOPERATIVES AND MU-
4 TUAL HOUSING ASSOCIATIONS.—Housing that is
5 owned by a limited equity cooperative or a mutual
6 housing association may be considered by a partici-
7 pating jurisdiction to be rental housing for purposes
8 of this title to the extent that ownership or member-
9 ship in such a cooperative or association, respec-
10 tively, constitutes rental of a dwelling under State or
11 local laws.”.

12 **SEC. 503. LEVERAGING AFFORDABLE HOUSING INVEST-**
13 **MENT THROUGH LOCAL LOAN POOLS.**

14 (a) ELIGIBLE INVESTMENTS.—Section 212(b) of the
15 Cranston-Gonzalez National Affordable Housing Act (42
16 U.S.C. 12742(b)) is amended by inserting after “interest
17 subsidies” the following: “, advances to provide reserves
18 for loan pools or to provide partial loan guarantees,”.

19 (b) TIMELY INVESTMENT OF TRUST FUNDS.—Sec-
20 tion 218(e) of the Cranston-Gonzalez National Affordable
21 Housing Act (42 U.S.C. 12748) is amended to read as
22 follows:

23 “(e) INVESTMENT WITHIN 15 DAYS.—

24 “(1) IN GENERAL.—The participating jurisdic-
25 tion shall, not later than 15 days after funds are

1 drawn from the jurisdiction's HOME Investment
2 Trust Fund, invest such funds, together with any in-
3 terest earned thereon, in the affordable housing for
4 which the funds were withdrawn.

5 “(2) LOAN POOLS.—In the case of a partici-
6 pating jurisdiction that withdraws Trust Fund
7 amounts for investment in the form of an advance
8 for reserves or partial loan guarantees under a pro-
9 gram providing such credit enhancement for loans
10 for affordable housing, the amounts shall be consid-
11 ered to be invested for purposes of paragraph (1)
12 upon the completion of both of the following actions:

13 “(A) Control of the amounts is transferred
14 to the program.

15 “(B) The jurisdiction and the entity oper-
16 ating the program enter into a written agree-
17 ment that—

18 “(i) provides that such funds may be
19 used only in connection with such program;

20 “(ii) defines the terms and conditions
21 of the loan pool reserve or partial loan
22 guarantees; and

23 “(iii) provides that such entity shall
24 ensure that amounts from non-Federal
25 sources have been contributed, or are com-

1 mitted for contribution, to the pool avail-
2 able for loans for affordable housing that
3 will be backed by such reserves or loan
4 guarantees in an amount equal to 10 times
5 the amount invested from Trust Fund
6 amounts.”.

7 (c) EXPIRATION OF RIGHT TO WITHDRAW FUNDS.—
8 Section 218(g) of the Cranston-Gonzalez National Afford-
9 able Housing Act (42 U.S.C. 12748(g)) is amended to
10 read as follows:

11 “(g) EXPIRATION OF RIGHT TO DRAW FUNDS.—

12 “(1) IN GENERAL.—If any funds becoming
13 available to a participating jurisdiction under this
14 title are not placed under binding commitment to af-
15 fordable housing within 24 months after the last day
16 of the month in which such funds are deposited in
17 the jurisdiction’s HOME Investment Trust Fund,
18 the jurisdiction’s right to draw such funds from the
19 HOME Investment Trust Fund shall expire. The
20 Secretary shall reduce the line of credit in the par-
21 ticipating jurisdiction’s HOME Investment Trust
22 Fund by the expiring amount and shall reallocate
23 the funds by formula in accordance with section
24 217(d).

1 “(2) LOAN POOLS.—In the case of a partici-
2 pating jurisdiction that withdraws Trust Fund
3 amounts for investment in the manner provided
4 under subsection (e)(2), the amounts shall be consid-
5 ered to be placed under binding commitment to af-
6 fordable housing for purposes of paragraph (1) of
7 this subsection at the time that the amounts are ob-
8 ligated for use under, and are subject to, a written
9 agreement described in subsection (e)(2)(B).”.

10 (d) TREATMENT OF MIXED INCOME LOAN POOLS AS
11 AFFORDABLE HOUSING.—

12 (1) IN GENERAL.—Section 215 of the Cran-
13 ston-Gonzalez National Affordable Housing Act (42
14 U.S.C. 12745) is amended by adding at the end the
15 following new subsection:

16 “(c) LOAN POOLS.—Notwithstanding subsections (a)
17 and (b), housing financed using amounts invested as pro-
18 vided in section 218(e)(2) shall qualify as affordable hous-
19 ing only if the housing complies with the following require-
20 ments:

21 “(1) In the case of housing that is for
22 homeownership—

23 “(A) of the units financed with amounts so
24 invested—

1 “(i) not less than 75 percent are prin-
2 cipal residences of owners whose families
3 qualify as low-income families—

4 “**(I)** in the case of a contract to
5 purchase existing housing, at the time
6 of purchase;

7 “**(II)** in the case of a lease-pur-
8 chase agreement for existing housing
9 or for housing to be constructed, at
10 the time the agreement is signed; or

11 “**(III)** in the case of a contract to
12 purchase housing to be constructed, at
13 the time the contract is signed;

14 “(ii) all are principal residences of
15 owners whose families qualify as moderate-
16 income families—

17 “**(I)** in the case of a contract to
18 purchase existing housing, at the time
19 of purchase;

20 “**(II)** in the case of a lease-pur-
21 chase agreement for existing housing
22 or for housing to be constructed, at
23 the time the agreement is signed; or

1 “(III) in the case of a contract to
2 purchase housing to be constructed, at
3 the time the contract is signed; and

4 “(iii) all comply with paragraphs (3)
5 and (4) of subsection (b), except that para-
6 graph (3) shall be applied for purposes of
7 this clause by substituting ‘subsection
8 (c)(2)(B)’ and ‘low- and moderate-income
9 homebuyers’ for ‘paragraph (2)’ and ‘low-
10 income homebuyers’, respectively; and

11 “(B) units made available for purchase
12 only by families who qualify as low-income fam-
13 ilies shall have an initial purchase price that
14 complies with the requirements of subsection
15 (b)(1).

16 “(2) In the case of housing that is for rental,
17 the housing—

18 “(A) complies with subparagraphs (D)
19 through (F) of subsection (a)(1);

20 “(B)(i) has not less than 75 percent of the
21 units occupied by households that qualify as
22 low-income families and is occupied only by
23 households that qualify as moderate-income
24 families; or

1 “(ii) temporarily fails to comply with
2 clause (i) only because of increases in the in-
3 comes of existing tenants and actions satisfac-
4 tory to the Secretary are being taken to ensure
5 that all vacancies in the housing are being filled
6 in accordance with clause (i) until such non-
7 compliance is corrected; and

8 “(C) bears rents, in the case of units made
9 available for occupancy only by households that
10 qualify as low-income families, that comply with
11 the requirements of subsection (a)(1)(A).

12 Paragraphs (4) and (5) of subsection (a) shall apply
13 to housing that is subject to this subsection.”.

14 (2) DEFINITION.—Section 104 of the Cranston-
15 Gonzalez National Affordable Housing Act (42
16 U.S.C. 12704), as amended by section 502 of this
17 Act, is further amended by adding at the end the
18 following new paragraph:

19 “(28) The term ‘moderate income families’
20 means families whose incomes do not exceed the me-
21 dian income for the area, as determined by the Sec-
22 retary with adjustments for smaller and larger fami-
23 lies, except that the Secretary may establish income
24 ceilings higher or lower than the median income for
25 the area on the basis of the Secretary’s findings that

1 such variations are necessary because of prevailing
2 levels of construction costs or fair market rents, or
3 unusually high or low family incomes.”.

4 **SEC. 504. LOAN GUARANTEES.**

5 Subtitle A of title II of the Cranston-Gonzalez Na-
6 tional Affordable Housing Act (42 U.S.C. 12741 et seq.)
7 is amended by adding at the end the following new section:

8 **“SEC. 227. LOAN GUARANTEES.**

9 “(a) **AUTHORITY.**—The Secretary may, upon such
10 terms and conditions as the Secretary may prescribe,
11 guarantee and make commitments to guarantee, only to
12 such extent or in such amounts as provided in appropria-
13 tions Acts, the notes or other obligations issued by eligible
14 participating jurisdictions or by public agencies designated
15 by and acting on behalf of eligible participating jurisdic-
16 tions for purposes of financing (including credit enhance-
17 ments and debt service reserves) the acquisition, new con-
18 struction, reconstruction, or moderate or substantial reha-
19 bilitation of affordable housing (including real property ac-
20 quisition, site improvement, conversion, and demolition),
21 and other related expenses (including financing costs and
22 relocation expenses of any displaced persons, families,
23 businesses, or organizations). Housing funded under this
24 section shall meet the requirements of this subtitle.

1 “(b) REQUIREMENTS.—Notes or other obligations
2 guaranteed under this section shall be in such form and
3 denominations, have such maturities, and be subject to
4 such conditions as may be prescribed by the Secretary.
5 The Secretary may not deny a guarantee under this sec-
6 tion on the basis of the proposed repayment period for
7 the note or other obligation, unless the period is more than
8 20 years or the Secretary determines that the period oth-
9 erwise causes the guarantee to constitute an unacceptable
10 financial risk.

11 “(c) LIMITATION ON TOTAL NOTES AND OBLIGA-
12 TIONS.—The Secretary may not guarantee or make a com-
13 mitment to guarantee any note or other obligation if the
14 total outstanding notes or obligations guaranteed under
15 this section on behalf of the participating jurisdiction
16 issuing the note or obligation (excluding any amount
17 defeased under a contract entered into under subsection
18 (e)(1)) would thereby exceed an amount equal to 5 times
19 the amount of the participating jurisdiction’s latest alloca-
20 tion under section 217.

21 “(d) USE OF PROGRAM FUNDS.—Notwithstanding
22 any other provision of this subtitle, funds allocated to the
23 participating jurisdiction under this subtitle (including
24 program income derived therefrom) are authorized for use
25 in the payment of principal and interest due on the notes

1 or other obligations guaranteed pursuant to this section
2 and the payment of such servicing, underwriting, or other
3 issuance or collection charges as may be specified by the
4 Secretary.

5 “(e) SECURITY.—To assure the full repayment of
6 notes or other obligations guaranteed under this section,
7 and payment of the issuance or collection charges specified
8 by the Secretary under subsection (d), and as a prior con-
9 dition for receiving such guarantees, the Secretary shall
10 require the participating jurisdiction (and its designated
11 public agency issuer, if any) to—

12 “(1) enter into a contract, in a form acceptable
13 to the Secretary, for repayment of such notes or
14 other obligations and the other specified charges;

15 “(2) pledge as security for such repayment any
16 allocation for which the participating jurisdiction
17 may become eligible under this subtitle; and

18 “(3) furnish, at the discretion of the Secretary,
19 such other security as may be deemed appropriate
20 by the Secretary in making such guarantees, which
21 may include increments in local tax receipts gen-
22 erated by the housing assisted under this section or
23 disposition proceeds from the sale of land or hous-
24 ing.

1 “(f) REPAYMENT AUTHORITY.—The Secretary may,
2 notwithstanding any other provision of this subtitle or any
3 other Federal, State, or local law, apply allocations
4 pledged pursuant to subsection (e) to any repayments due
5 the United States as a result of such guarantees.

6 “(g) FULL FAITH AND CREDIT.—The full faith and
7 credit of the United States is pledged to the payment of
8 all guarantees made under this section. Any such guar-
9 antee made by the Secretary shall be conclusive evidence
10 of the eligibility of the notes or other obligations for such
11 guarantee with respect to principal and interest, and the
12 validity of any such guarantee so made shall be incontest-
13 able in the hands of a holder of the guaranteed obligations.

14 “(h) TAX STATUS.—With respect to any obligation
15 guaranteed pursuant to this section, the guarantee and
16 the obligation shall be designed in a manner such that the
17 interest paid on such obligation shall be included in gross
18 income for purposes of the Internal Revenue Code of
19 1986.

20 “(i) MONITORING.—The Secretary shall monitor the
21 use of guarantees under this section by eligible partici-
22 pating jurisdictions. If the Secretary finds that 50 percent
23 of the aggregate guarantee authority for any fiscal year
24 has been committed, the Secretary may impose limitations

1 on the amount of guarantees any 1 participating jurisdic-
2 tion may receive during that fiscal year.

3 “(j) GUARANTEE OF TRUST CERTIFICATES.—

4 “(1) AUTHORITY.—The Secretary may, upon
5 such terms and conditions as the Secretary deems
6 appropriate, guarantee the timely payment of the
7 principal of and interest on such trust certificates or
8 other obligations as may—

9 “(A) be offered by the Secretary or by any
10 other offeror approved for purposes of this sub-
11 section by the Secretary; and

12 “(B) be based on and backed by a trust or
13 pool composed of notes or other obligations
14 guaranteed or eligible for guarantee by the Sec-
15 retary under this section.

16 “(2) FULL FAITH AND CREDIT.—To the same
17 extent as provided in subsection (g), the full faith
18 and credit of the United States is pledged to the
19 payment of all amounts which may be required to be
20 paid under any guarantee by the Secretary under
21 this subsection.

22 “(3) SUBROGATION.—In the event the Sec-
23 retary pays a claim under a guarantee issued under
24 this section, the Secretary shall be subrogated fully
25 to the rights satisfied by such payment.

1 “(4) OTHER POWERS AND RIGHTS.—No State
2 or local law, and no Federal law, shall preclude or
3 limit the exercise by the Secretary of—

4 “(A) the power to contract with respect to
5 public offerings and other sales of notes, trust
6 certificates, and other obligations guaranteed
7 under this section, upon such terms and condi-
8 tions as the Secretary deems appropriate;

9 “(B) the right to enforce, by any means
10 deemed appropriate by the Secretary, any such
11 contract; and

12 “(C) the Secretary’s ownership rights, as
13 applicable, in notes, certificates or other obliga-
14 tions guaranteed under this section, or consti-
15 tuting the trust or pool against which trust cer-
16 tificates or other obligations guaranteed under
17 this section are offered.

18 “(k) AGGREGATE LIMITATION.—The total amount of
19 outstanding obligations guaranteed on a cumulative basis
20 by the Secretary under this section shall not at any time
21 exceed \$2,000,000,000.”.

22 **SEC. 505. HOMEOWNERSHIP FOR MUNICIPAL EMPLOYEES.**

23 (a) ELIGIBLE ACTIVITIES.—Paragraph (2) of section
24 215(b) of the Cranston-Gonzalez National Affordable

1 Housing Act (42 U.S.C. 12745(b)(2)) is amended to read
2 as follows:

3 “(2) is the principal residence of an owner
4 who—

5 “(A) is a member of a family that qualifies
6 as a low-income family—

7 “(i) in the case of a contract to pur-
8 chase existing housing, at the time of pur-
9 chase;

10 “(ii) in the case of a lease-purchase
11 agreement for existing housing or for hous-
12 ing to be constructed, at the time the
13 agreement is signed; or

14 “(iii) in the case of a contract to pur-
15 chase housing to be constructed, at the
16 time the contract is signed; or

17 “(B)(i) is a uniformed employee (which
18 shall include policemen, firemen, and sanitation
19 and other maintenance workers) or a teacher
20 who is an employee, of the participating juris-
21 diction (or an agency or school district serving
22 such jurisdiction) that is investing funds made
23 available under this subtitle to support home-
24 ownership of the residence; and

1 “(ii) is a member of a family whose in-
2 come, at the time referred to in clause (i), (ii),
3 or (iii) of subparagraph (A), as appropriate,
4 and as determined by the Secretary with ad-
5 justments for smaller and larger families, does
6 not exceed 150 percent of the median income of
7 the area;”.

8 (b) INCOME TARGETING.—Section 214(2) of the
9 Cranston-Gonzalez National Affordable Housing Act (42
10 U.S.C. 12744(2)) is amended by inserting before the semi-
11 colon the following: “or families described in section
12 215(b)(2)(B)”.

13 (c) ELIGIBLE INVESTMENTS.—Section 212(b) of the
14 Cranston-Gonzalez National Affordable Housing Act (42
15 U.S.C. 12742(b)) is amended by adding at the end the
16 following new sentence: “Notwithstanding the preceding
17 sentence, in the case of homeownership assistance for resi-
18 dences of owners described in section 215(b)(2)(B), funds
19 made available under this subtitle may only be invested
20 (A) to provide amounts for downpayments on mortgages,
21 (B) to pay reasonable closing costs normally associated
22 with the purchase of a residence, (C) to obtain pre- or
23 post-purchase counseling relating to the financial and
24 other obligations of homeownership, or (D) to subsidize
25 mortgage interest rates.”.

1 **SEC. 506. USE OF SECTION 8 ASSISTANCE BY “GRAND-FAMI-**
2 **LIES” TO RENT DWELLING UNITS IN**
3 **PROJECTS ASSISTED UNDER HOME PRO-**
4 **GRAM.**

5 Section 215(a) of the Cranston-Gonzalez National
6 Affordable Housing Act (42 U.S.C. 12745(a)), as amend-
7 ed by the preceding provisions of this Act, is further
8 amended by adding at the end the following new para-
9 graph:

10 “(7) WAIVER OF QUALIFYING RENT.—

11 “(A) IN GENERAL.—For the purpose of
12 providing affordable housing appropriate for
13 families described in subparagraph (B), the
14 Secretary may, upon the application of the
15 project owner, waive the applicability of sub-
16 paragraph (A) of paragraph (1) with respect to
17 a dwelling unit if—

18 “(i) the unit is occupied by such a
19 family, on whose behalf tenant-based as-
20 sistance is provided under section 8 of the
21 United States Housing Act of 1937 (42
22 U.S.C. 1437f);

23 “(ii) the rent for the unit is not great-
24 er than the existing fair market rent for
25 comparable units in the area, as estab-

1 lished by the Secretary under section 8 of
2 the United States Housing Act of 1937;

3 “(iii) the owner makes commitments,
4 satisfactory in the determination of the
5 Secretary, to use any increase in assistance
6 payments for such unit under section 8 of
7 the United States Housing Act of 1937 re-
8 sulting from the waiver under this para-
9 graph only for providing design features to
10 facilitate housing of families described in
11 subparagraph (B); and

12 “(iv) the Secretary determines that
13 the waiver, together with waivers under
14 this paragraph for other dwelling units in
15 the project, will result in the use of
16 amounts described in clause (iii) in an ef-
17 fective manner that will improve the provi-
18 sion of affordable housing for such fami-
19 lies.

20 “(B) ELIGIBLE FAMILIES.—A family de-
21 scribed in this subparagraph is a family that
22 consists of at least one elderly person (who is
23 the head of household) and such person’s
24 grandchild or grandchildren (as defined by the

1 Secretary), but does not include any parent of
2 such grandchildren.”.

3 **TITLE VI—LOCAL**
4 **HOMEOWNERSHIP INITIATIVES**

5 **SEC. 601. REAUTHORIZATION OF NEIGHBORHOOD REIN-**
6 **VESTMENT CORPORATION.**

7 Section 608(a)(1) of the Neighborhood Reinvestment
8 Corporation Act (42 U.S.C. 8107(a)(1)) is amended by
9 striking the first sentence and inserting the following new
10 sentence: “There is authorized to be appropriated to the
11 corporation to carry out this title \$90,000,000 for fiscal
12 year 2001 and such sums as may be necessary for each
13 of fiscal years 2002 through 2005.”.

14 **SEC. 602. HOMEOWNERSHIP ZONES.**

15 Section 186 of the Housing and Community Develop-
16 ment Act of 1992 (42 U.S.C. 12898a) is amended to read
17 as follows:

18 **“SEC. 186. HOMEOWNERSHIP ZONE GRANTS.**

19 “(a) **AUTHORITY.**—The Secretary of Housing and
20 Urban Development may make grants to units of general
21 local government to assist homeownership zones. Home-
22 ownership zones are contiguous, geographically defined
23 areas, primarily residential in nature, in which large-scale
24 development projects are designed to reclaim distressed
25 neighborhoods by creating homeownership opportunities

1 for low- and moderate-income families. Projects in home-
2 ownership zones are intended to serve as a catalyst for
3 private investment, business creation, and neighborhood
4 revitalization.

5 “(b) ELIGIBLE ACTIVITIES.—Amounts made avail-
6 able under this section may be used for projects that in-
7 clude any of the following activities in the homeownership
8 zone:

9 “(1) Acquisition, construction, and rehabilita-
10 tion of housing.

11 “(2) Site acquisition and preparation, including
12 demolition, construction, reconstruction, or installa-
13 tion of public and other site improvements and utili-
14 ties directly related to the homeownership zone.

15 “(3) Direct financial assistance to homebuyers.

16 “(4) Homeownership counseling.

17 “(5) Relocation assistance.

18 “(6) Marketing costs, including affirmative
19 marketing activities.

20 “(7) Other project-related costs.

21 “(8) Reasonable administrative costs (up to 5
22 percent of the grant amount).

23 “(9) Other housing-related activities proposed
24 by the applicant as essential to the success of the
25 homeownership zone and approved by the Secretary.

1 “(c) APPLICATION.—To be eligible for a grant under
2 this section, a unit of general local government shall sub-
3 mit an application for a homeownership zone grant in such
4 form and in accordance with such procedures as the Sec-
5 retary shall establish.

6 “(d) SELECTION CRITERIA.—The Secretary shall se-
7 lect applications for funding under this section through
8 a national competition, using selection criteria established
9 by the Secretary, which shall include—

10 “(1) the degree to which the proposed activities
11 will result in the improvement of the economic, so-
12 cial, and physical aspects of the neighborhood and
13 the lives of its residents through the creation of new
14 homeownership opportunities;

15 “(2) the levels of distress in the homeownership
16 zone as a whole, and in the immediate neighborhood
17 of the project for which assistance is requested;

18 “(3) the financial soundness of the plan for fi-
19 nancing homeownership zone activities;

20 “(4) the leveraging of other resources; and

21 “(5) the capacity to successfully carry out the
22 plan.

23 “(e) GRANT APPROVAL AMOUNTS.—The Secretary
24 may establish a maximum amount for any grant for any
25 funding round under this section. A grant may not be

1 made in an amount that exceeds the amount that the Sec-
2 retary determines is necessary to fund the project for
3 which the application is made.

4 “(f) PROGRAM REQUIREMENTS.—A homeownership
5 zone proposal shall—

6 “(1) provide for a significant number of new
7 homeownership opportunities that will make a visible
8 improvement in an immediate neighborhood;

9 “(2) not be inconsistent with such planning and
10 design principles as may be prescribed by the Sec-
11 retary;

12 “(3) be designed to stimulate additional invest-
13 ment in that area;

14 “(4) provide for partnerships with persons or
15 entities in the private and nonprofit sectors;

16 “(5) incorporate a comprehensive approach to
17 revitalization of the neighborhood;

18 “(6) establish a detailed time-line for com-
19 mencement and completion of construction activities;
20 and

21 “(7) provide for affirmatively furthering fair
22 housing.

23 “(g) INCOME TARGETING.—At least 51 percent of
24 the homebuyers assisted with funds under this section
25 shall have household incomes at or below 80 percent of

1 median income for the area, as determined by the Sec-
2 retary.

3 “(h) ENVIRONMENTAL REVIEW.—For purposes of
4 environmental review, decisionmaking, and action pursu-
5 ant to the National Environmental Policy Act of 1969 and
6 other provisions of law that further the purposes of such
7 Act, a grant under this section shall be treated as assist-
8 ance under the HOME Investment Partnerships Act and
9 shall be subject to the regulations issued by the Secretary
10 to implement section 288 of such Act.

11 “(i) REVIEW, AUDIT, AND REPORTING.—The Sec-
12 retary shall make such reviews and audits and establish
13 such reporting requirements as may be necessary or ap-
14 propriate to determine whether the grantee has carried out
15 its activities in a timely manner and in accordance with
16 the requirements of this section. The Secretary may ad-
17 just, reduce, or withdraw amounts made available, or take
18 other action as appropriate, in accordance with the Sec-
19 retary’s performance reviews and audits under this sec-
20 tion.

21 “(j) AUTHORIZATION.—There is authorized to be ap-
22 propriated to carry out this section \$25,000,000 for fiscal
23 year 2001 and such sums as may be necessary for fiscal
24 year 2002, to remain available until expended.”.

1 **SEC. 603. LEASE-TO-OWN.**

2 (a) SENSE OF CONGRESS.—It is the sense of the Con-
3 gress that residential tenancies under lease-to-own provi-
4 sions can facilitate homeownership by low- and moderate-
5 income families and provide opportunities for homeowner-
6 ship for such families who might not otherwise be able
7 to afford homeownership.

8 (b) REPORT.—Not later than the expiration of the
9 3-month period beginning on the date of the enactment
10 of this Act, the Secretary of Housing and Urban Develop-
11 ment shall submit a report to the Congress—

12 (1) analyzing whether lease-to-own provisions
13 can be effectively incorporated within the HOME in-
14 vestment partnerships program, the public housing
15 program, the tenant-based rental assistance program
16 under section 8 of the United States Housing Act of
17 1937, or any other programs of the Department to
18 facilitate homeownership by low- or moderate-income
19 families; and

20 (2) any legislative or administrative changes
21 necessary to alter or amend such programs to allow
22 the use of lease-to-own options to provide home-
23 ownership opportunities.

24 **SEC. 604. LOCAL CAPACITY BUILDING.**

25 Section 4 of the HUD Demonstration Act of 1993
26 (42 U.S.C. 9816 note) is amended—

1 (1) in subsection (a), by inserting “National
2 Association of Housing Partnerships,” after “Hu-
3 manity,”; and

4 (2) in subsection (e), by striking “\$25,000,000”
5 and all that follows and inserting “, for each fiscal
6 year, such sums as may be necessary to carry out
7 this section.”.

8 **SEC. 605. CONSOLIDATED APPLICATION AND PLANNING**
9 **REQUIREMENT AND SUPER-NOFA.**

10 (a) CONSOLIDATED APPLICATION.—Section 106 of
11 the Cranston-Gonzalez National Affordable Housing Act
12 (42 U.S.C. 12706) is amended to read as follows:

13 **“SEC. 106. CONSOLIDATED APPLICATION FOR COMMUNITY**
14 **PLANNING AND DEVELOPMENT PROGRAMS.**

15 “(a) REQUIREMENT.—The Secretary shall, by regula-
16 tion, provide for jurisdictions to comply with the planning
17 and application requirements under the covered programs
18 under subsection (b) by submitting to the Secretary, for
19 a program year, a single consolidated submission under
20 this section that complies with the requirements for plan-
21 ning and application submissions under the laws relating
22 to the covered programs and shall serve, for the jurisdic-
23 tion, as the planning document and an application for
24 funding under the covered programs.

1 “(b) COVERED PROGRAMS.—The covered programs
2 under this subsection are the following programs:

3 “(1) The HOME investment partnerships pro-
4 gram under title II of this Act (42 U.S.C. 12721 et
5 seq.).

6 “(2) The community development block grant
7 program under title I of the Housing and Commu-
8 nity Development Act of 1974 (42 U.S.C. 5301 et
9 seq.).

10 “(3) The economic development initiative pro-
11 gram under section 108(q) of the Housing and Com-
12 munity Development Act of 1974 (42 U.S.C.
13 5308(q)).

14 “(4) The emergency shelter grants program
15 under subtitle B of title IV of the Stewart B.
16 McKinney Homeless Assistance Act (42 U.S.C.
17 11371 et seq.).

18 “(5) The housing opportunities for persons with
19 AIDS program under subtitle D of title VIII of the
20 Cranston-Gonzalez National Affordable Housing Act
21 (42 U.S.C. 12901 et seq.).

22 “(c) PROGRAM YEAR.—In establishing requirements
23 for a consolidated submission under this section, the Sec-
24 retary shall provide for a consolidated program year,

1 which shall comply with the various application and review
2 deadlines under the covered programs.

3 “(d) ADEQUACY OF EXISTING REGULATIONS.—The
4 regulations of the Secretary relating to consolidated sub-
5 missions for community planning and development pro-
6 grams, part 91 of title 24, Code of Federal Regulations,
7 as in effect on March 1, 1999, shall be considered to be
8 sufficient to comply with this section, except to the extent
9 that the program referred to in paragraph (3) of sub-
10 section (b) is not covered by such regulations.

11 “(e) CONSISTENCY.—The Secretary shall, by regula-
12 tion or otherwise, as deemed by the Secretary to be appro-
13 priate, require any application for housing assistance
14 under title II of this Act, assistance under the Housing
15 and Community Development Act of 1974, or assistance
16 under the Stewart B. McKinney Homeless Assistance Act,
17 to contain or be accompanied by a certification by an ap-
18 propriate State or local public official that the proposed
19 housing activities are consistent with the housing strategy
20 of the jurisdiction to be served.”.

21 (b) SUPER-NOFA.—The Department of Housing
22 and Urban Development Act is amended by inserting after
23 section 12 (42 U.S.C. 3537a) the following new section:

1 **“SEC. 13. NOTICE OF FUNDING AVAILABILITY.**

2 “(a) REQUIREMENT.—In making amounts for a fiscal
3 year under the covered programs under subsection (b)
4 available to applicants, the Secretary shall issue a consoli-
5 dated notice of funding availability that—

6 “(1) applies to as many of the covered pro-
7 grams as the Secretary determines is practicable;

8 “(2) simplifies the application process for fund-
9 ing under such programs by providing for applica-
10 tion under various covered programs through a sin-
11 gle, unified application;

12 “(3) promotes comprehensive approaches to
13 housing and community development by providing
14 for applicants to identify coordination of efforts
15 under various covered programs; and

16 “(4) clearly informs prospective applicants of
17 the general and specific requirements under law for
18 applying for funding under such programs.

19 “(b) COVERED PROGRAMS.—The covered programs
20 under this subsection are the programs that are adminis-
21 tered by the Secretary and identified by the Secretary for
22 purposes of this section, in the following areas:

23 “(1) Housing and community development pro-
24 grams.

25 “(2) Economic development and empowerment
26 programs.

1 “(3) Targeted housing assistance and homeless
2 assistance programs.”.

3 **SEC. 606. ASSISTANCE FOR SELF-HELP HOUSING PRO-**
4 **VIDERS.**

5 (a) REAUTHORIZATION.—Subsection (p) of section
6 11 of the Housing Opportunity Program Extension Act
7 of 1996 (42 U.S.C. 12805 note) is amended to read as
8 follows:

9 “(p) AUTHORIZATION OF APPROPRIATIONS.—There
10 is authorized to be appropriated to carry out this section
11 \$25,000,000 for fiscal year 2001 and such sums as may
12 be necessary for each of fiscal years 2002 and 2003.”.

13 (b) ELIGIBLE EXPENSES.—Section 11(d)(2)(A) of
14 the Housing Opportunity Program Extension Act of 1996
15 (42 U.S.C. 12805 note) is amended by inserting before
16 the period at the end the following: “, which may include
17 reimbursing an organization, consortium, or affiliate, upon
18 approval of any required environmental review, for
19 nongrant amounts of the organization, consortium, or af-
20 filiate advanced before such review to acquire land”.

21 (c) DEADLINE FOR RECAPTURE OF FUNDS.—Section
22 11 of the Housing Opportunity Program Extension Act
23 of 1996 (42 U.S.C. 12805 note) is amended—

24 (1) in subsection (i)(5)—

1 (A) by striking “if the organization or con-
2 sortia has not used any grant amounts” and in-
3 serting “the Secretary shall recapture any grant
4 amounts provided to the organization or con-
5 sortia that are not used”;

6 (B) by striking “(or,” and inserting “, ex-
7 cept that such period shall be 36 months”; and

8 (C) by striking “within 36 months), the
9 Secretary shall recapture such unused
10 amounts” and inserting “and in the case of a
11 grant amounts provided to a local affiliate of
12 the organization or consortia that is developing
13 5 or more dwellings in connection with such
14 grant amounts”; and

15 (2) in subsection (j), by inserting after “carry
16 out this section” the following: “and grant amounts
17 provided to a local affiliate of the organization or
18 consortia that is developing 5 or more dwellings in
19 connection with such grant amounts”.

20 (d) TECHNICAL CORRECTIONS.—Section 11 of the
21 Housing Opportunity Program Extension Act of 1996 (42
22 U.S.C. 12805 note) is amended—

23 (1) in subsection (b)(4), by striking “Habitat
24 for Humanity International, its affiliates, and
25 other”; and

1 (2) in subsection (e)(2), by striking “consoria”
2 and inserting “consortia”.

3 **SEC. 607. HOUSING COUNSELING ORGANIZATIONS.**

4 Section 106 of the Housing and Urban Development
5 Act of 1968 (12 U.S.C. 1701x) is amended—

6 (1) in subsection (a)(1)(ii), by inserting “and
7 cooperative housing” before the semicolon at the
8 end; and

9 (2) in subsection (c)—

10 (A) in paragraph (1)—

11 (i) in subparagraph (A), by striking
12 “and” at the end;

13 (ii) in subparagraph (B), by striking
14 the period at the end and inserting a semi-
15 colon; and

16 (iii) by adding at the end the fol-
17 lowing new subparagraph:

18 “(C) to the National Cooperative Bank De-
19 velopment Corporation—

20 “(i) to provide homeownership coun-
21 seling to eligible homeowners that is spe-
22 cifically designed to relate to ownership
23 under cooperative housing arrangements;
24 and

1 “(ii) to assist in the establishment
2 and operation of well-managed and viable
3 cooperative housing boards.”;

4 (B) in paragraph (4)(A), by inserting be-
5 fore the semicolon at the end the following: “or,
6 in the case of a home loan made to finance the
7 purchase of stock or membership in a coopera-
8 tive ownership housing corporation, by the stock
9 or membership interest”; and

10 (C) in paragraph (6)(C), by adding before
11 the period at the end the following: “and in-
12 cludes a loan that is secured by a first lien
13 given in accordance with the laws of the State
14 where the property is located and that is made
15 to finance the purchase of stock or membership
16 in a cooperative ownership housing corporation
17 the permanent occupancy of dwelling units of
18 which is restricted to members of such corpora-
19 tion, where the purchase of such stock or mem-
20 bership will entitle the purchaser to the perma-
21 nent occupancy of 1 of such units”.

1 **TITLE VII—INDIAN HOUSING**
2 **HOMEOWNERSHIP**

3 **SEC. 701. LANDS TITLE REPORT COMMISSION.**

4 (a) ESTABLISHMENT.—Subject to sums being pro-
5 vided in advance in appropriations Acts, there is estab-
6 lished a Commission to be known as the Lands Title Re-
7 port Commission (hereafter in this section referred to as
8 the “Commission”) to facilitate home loan mortgages on
9 Indian trust lands. The Commission will be subject to
10 oversight by the Committee on Banking and Financial
11 Services of the House of Representatives and the Com-
12 mittee on Banking, Housing, and Urban Affairs of the
13 Senate.

14 (b) MEMBERSHIP.—

15 (1) APPOINTMENT.—The Commission shall be
16 composed of 12 members, appointed not later than
17 90 days after the date of the enactment of this Act
18 as follows:

19 (A) 4 members shall be appointed by the
20 President.

21 (B) 4 members shall be appointed by the
22 Chairperson of the Committee on Banking and
23 Financial Services of the House of Representa-
24 tives.

1 (C) 4 members shall be appointed by the
2 Chairperson of the Committee on Banking,
3 Housing, and Urban Affairs of the Senate.

4 (2) QUALIFICATIONS.—

5 (A) MEMBERS OF TRIBES.—At all times,
6 not less than 8 of the members of the Commis-
7 sion shall be members of federally recognized
8 Indian tribes.

9 (B) EXPERIENCE IN LAND TITLE MAT-
10 TERS.—All members of the Commission shall
11 have experience in and knowledge of land title
12 matters relating to Indian trust lands.

13 (3) CHAIRPERSON.—The Chairperson of the
14 Commission shall be one of the members of the
15 Commission appointed under paragraph (1)(C), as
16 elected by the members of the Commission.

17 (4) VACANCIES.—Any vacancy on the Commis-
18 sion shall not affect its powers, but shall be filled in
19 the manner in which the original appointment was
20 made.

21 (5) TRAVEL EXPENSES.—Members of the Com-
22 mission shall serve without pay, but each member
23 shall receive travel expenses, including per diem in
24 lieu of subsistence, in accordance with sections 5702
25 and 5703 of title 5, United States Code.

1 (c) INITIAL MEETING.—The Chairperson of the Com-
2 mission shall call the initial meeting of the Commission.
3 Such meeting shall be held within 30 days after the Chair-
4 person of the Commission determines that sums sufficient
5 for the Commission to carry out its duties under this Act
6 have been appropriated for such purpose.

7 (d) DUTIES.—The Commission shall analyze the sys-
8 tem of the Bureau of Indian Affairs of the Department
9 of the Interior for maintaining land ownership records and
10 title documents and issuing certified title status reports
11 relating to Indian trust lands and, pursuant to such anal-
12 ysis, determine how best to improve or replace the
13 system—

14 (1) to ensure prompt and accurate responses to
15 requests for title status reports;

16 (2) to eliminate any backlog of requests for title
17 status reports; and

18 (3) to ensure that the administration of the sys-
19 tem will not in any way impair or restrict the ability
20 of Native Americans to obtain conventional loans for
21 purchase of residences located on Indian trust lands,
22 including any actions necessary to ensure that the
23 system will promptly be able to meet future demands
24 for certified title status reports, taking into account

1 the anticipated complexity and volume of such re-
2 quests.

3 (e) REPORT.—Not later than the date of the termi-
4 nation of the Commission under subsection (h), the Com-
5 mission shall submit a report to the Committee on Bank-
6 ing and Financial Services of the House of Representa-
7 tives and the Committee on Banking, Housing, and Urban
8 Affairs of the Senate describing the analysis and deter-
9 minations made pursuant to subsection (d).

10 (f) POWERS.—

11 (1) HEARINGS AND SESSIONS.—The Commis-
12 sion may, for the purpose of carrying out this sec-
13 tion, hold hearings, sit and act at times and places,
14 take testimony, and receive evidence as the Commis-
15 sion considers appropriate.

16 (2) STAFF OF FEDERAL AGENCIES.—Upon re-
17 quest of the Commission, the head of any Federal
18 department or agency may detail, on a reimbursable
19 basis, any of the personnel of that department or
20 agency to the Commission to assist it in carrying out
21 its duties under this section.

22 (3) OBTAINING OFFICIAL DATA.—The Commis-
23 sion may secure directly from any department or
24 agency of the United States information necessary
25 to enable it to carry out this section. Upon request

1 of the Chairperson of the Commission, the head of
2 that department or agency shall furnish that infor-
3 mation to the Commission.

4 (4) **MAILS.**—The Commission may use the
5 United States mails in the same manner and under
6 the same conditions as other departments and agen-
7 cies of the United States.

8 (5) **ADMINISTRATIVE SUPPORT SERVICES.**—
9 Upon the request of the Commission, the Adminis-
10 trator of General Services shall provide to the Com-
11 mission, on a reimbursable basis, the administrative
12 support services necessary for the Commission to
13 carry out its duties under this section.

14 (6) **STAFF.**—The Commission may appoint per-
15 sonnel as it considers appropriate, subject to the
16 provisions of title 5, United States Code, governing
17 appointments in the competitive service, and shall
18 pay such personnel in accordance with the provisions
19 of chapter 51 and subchapter III of chapter 53 of
20 that title relating to classification and General
21 Schedule pay rates.

22 (g) **AUTHORIZATION OF APPROPRIATIONS.**—To carry
23 out this section, there is authorized to be appropriated
24 \$500,000. Such sums shall remain available until ex-
25 pended.

1 (h) TERMINATION.—The Commission shall terminate
2 1 year after the date of the initial meeting of the Commis-
3 sion.

4 **SEC. 702. LOAN GUARANTEES FOR INDIAN HOUSING.**

5 Section 184(i) of the Housing and Community Devel-
6 opment Act of 1992 (12 U.S.C. 1715z-13a(i)) is
7 amended—

8 (1) in paragraph (5), by striking subparagraph
9 (C) and inserting the following new subparagraph:

10 “(C) LIMITATION ON OUTSTANDING AG-
11 GREGATE PRINCIPAL AMOUNT.—Subject to the
12 limitations in subparagraphs (A) and (B), the
13 Secretary may enter into commitments to guar-
14 antee loans under this section in each fiscal
15 year with an aggregate outstanding principal
16 amount not exceeding such amount as may be
17 provided in appropriation Acts for such fiscal
18 year.”; and

19 (2) in paragraph (7), by striking “each of fiscal
20 years 1997, 1998, 1999, 2000, and 2001” and in-
21 serting “each fiscal year”.

22 **SEC. 703. NATIVE AMERICAN HOUSING ASSISTANCE.**

23 (a) RESTRICTION ON WAIVER AUTHORITY.—

24 (1) IN GENERAL.—Section 101(b)(2) of the Na-
25 tive American Housing Assistance and Self-Deter-

1 mination Act of 1996 (25 U.S.C. 4111(b)(2)) is
2 amended by striking “if the Secretary” and all that
3 follows through the period at the end and inserting
4 the following: “for a period of not more than 90
5 days, if the Secretary determines that an Indian
6 tribe has not complied with, or is unable to comply
7 with, those requirements due to exigent cir-
8 cumstances beyond the control of the Indian tribe.”.

9 (2) LOCAL COOPERATION AGREEMENT.—Sec-
10 tion 101(c) of the Native American Housing Assist-
11 ance and Self-Determination Act of 1996 (25 U.S.C.
12 4111(c)) is amended by adding at the end the fol-
13 lowing: “The Secretary may waive the requirements
14 of this subsection and subsection (d) if the recipient
15 has made a good faith effort to fulfill the require-
16 ments of this subsection and subsection (d) and
17 agrees to make payments in lieu of taxes to the ap-
18 propriate taxing authority in an amount consistent
19 with the requirements of subsection (d)(2) until such
20 time as the matter of making such payments has
21 been resolved in accordance with subsection (d).”.

22 (b) ASSISTANCE TO FAMILIES THAT ARE NOT LOW-
23 INCOME.—Section 102(c) of the Native American Housing
24 Assistance and Self-Determination Act of 1996 (25 U.S.C.
25 4112(c)) is amended by adding at the end the following:

1 “(6) CERTAIN FAMILIES.—With respect to as-
2 sistance provided under section 201(b)(2) by a re-
3 cipient to Indian families that are not low-income
4 families, evidence that there is a need for housing
5 for each such family during that period that cannot
6 reasonably be met without such assistance.”.

7 (c) ELIMINATION OF WAIVER AUTHORITY FOR
8 SMALL TRIBES.—Section 102 of the Native American
9 Housing Assistance and Self-Determination Act of 1996
10 (25 U.S.C. 4112) is amended—

11 (1) by striking subsection (f); and

12 (2) by redesignating subsection (g) as sub-
13 section (f).

14 (d) ENVIRONMENTAL COMPLIANCE.—Section 105 of
15 the Native American Housing Assistance and Self-Deter-
16 mination Act of 1996 (25 U.S.C. 4115) is amended by
17 adding at the end the following:

18 “(d) ENVIRONMENTAL COMPLIANCE.—The Secretary
19 may waive the requirements under this section if the Sec-
20 retary determines that a failure on the part of a recipient
21 to comply with provisions of this section—

22 “(1) will not frustrate the goals of the National
23 Environmental Policy Act of 1969 (42 U.S.C. 4331
24 et seq.) or any other provision of law that furthers
25 the goals of that Act;

1 **“SEC. 405. REVIEW AND AUDIT BY SECRETARY.**

2 “(a) REQUIREMENTS UNDER CHAPTER 75 OF TITLE
3 31, UNITED STATES CODE.—An entity designated by an
4 Indian tribe as a housing entity shall be treated, for pur-
5 poses of chapter 75 of title 31, United States Code, as
6 a non-Federal entity that is subject to the audit require-
7 ments that apply to non-Federal entities under that chap-
8 ter.

9 “(b) ADDITIONAL REVIEWS AND AUDITS.—

10 “(1) IN GENERAL.—In addition to any audit or
11 review under subsection (a), to the extent the Sec-
12 retary determines such action to be appropriate, the
13 Secretary may conduct an audit or review of a re-
14 cipient in order to—

15 “(A) determine whether the recipient—

16 “(i) has carried out—

17 “(I) eligible activities in a timely
18 manner; and

19 “(II) eligible activities and cer-
20 tification in accordance with this Act
21 and other applicable law;

22 “(ii) has a continuing capacity to
23 carry out eligible activities in a timely
24 manner; and

25 “(iii) is in compliance with the Indian
26 housing plan of the recipient; and

1 “(B) verify the accuracy of information
2 contained in any performance report submitted
3 by the recipient under section 404.

4 “(2) ON-SITE VISITS.—To the extent prac-
5 ticable, the reviews and audits conducted under this
6 subsection shall include on-site visits by the appro-
7 priate official of the Department of Housing and
8 Urban Development.

9 “(c) REVIEW OF REPORTS.—

10 “(1) IN GENERAL.—The Secretary shall provide
11 each recipient that is the subject of a report made
12 by the Secretary under this section notice that the
13 recipient may review and comment on the report
14 during a period of not less than 30 days after the
15 date on which notice is issued under this paragraph.

16 “(2) PUBLIC AVAILABILITY.—After taking into
17 consideration any comments of the recipient under
18 paragraph (1), the Secretary—

19 “(A) may revise the report; and

20 “(B) not later than 30 days after the date
21 on which those comments are received, shall
22 make the comments and the report (with any
23 revisions made under subparagraph (A)) readily
24 available to the public.

1 “(d) EFFECT OF REVIEWS.—Subject to section
2 401(a), after reviewing the reports and audits relating to
3 a recipient that are submitted to the Secretary under this
4 section, the Secretary may adjust the amount of a grant
5 made to a recipient under this Act in accordance with the
6 findings of the Secretary with respect to those reports and
7 audits.”.

8 (f) ALLOCATION FORMULA.—Section 302(d)(1) of
9 the Native American Housing Assistance and Self-Deter-
10 mination Act of 1996 (25 U.S.C. 4152(d)(1)) is
11 amended—

12 (1) by striking “The formula,” and inserting
13 the following:

14 “(A) IN GENERAL.—Except with respect to
15 an Indian tribe described in subparagraph (B),
16 the formula”; and

17 (2) by adding at the end the following:

18 “(B) CERTAIN INDIAN TRIBES.—With re-
19 spect to fiscal year 2001 and each fiscal year
20 thereafter, for any Indian tribe with an Indian
21 housing authority that owns or operates fewer
22 than 250 public housing units, the formula
23 shall provide that if the amount provided for a
24 fiscal year in which the total amount made
25 available for assistance under this Act is equal

1 to or greater than the amount made available
2 for fiscal year 1996 for assistance for the oper-
3 ation and modernization of the public housing
4 referred to in subparagraph (A), then the
5 amount provided to that Indian tribe as mod-
6 ernization assistance shall be equal to the aver-
7 age annual amount of funds provided to the In-
8 dian tribe (other than funds provided as emer-
9 gency assistance) under the assistance program
10 under section 14 of the United States Housing
11 Act of 1937 (42 U.S.C. 1437*l*) for the period
12 beginning with fiscal year 1992 and ending
13 with fiscal year 1997.”.

14 (g) HEARING REQUIREMENT.—Section 401(a) of the
15 Native American Housing Assistance and Self-Determina-
16 tion Act of 1996 (25 U.S.C. 4161(a)) is amended—

17 (1) by redesignating paragraphs (1) through
18 (4) as subparagraphs (A) through (D), respectively,
19 and realigning such subparagraphs (as so redesign-
20 ated) so as to be indented 4 ems from the left mar-
21 gin;

22 (2) by striking “Except as provided” and in-
23 serting the following:

24 “(1) IN GENERAL.—Except as provided”;

1 (3) by striking “If the Secretary takes an ac-
2 tion under paragraph (1), (2), or (3)” and inserting
3 the following:

4 “(2) CONTINUANCE OF ACTIONS.—If the Sec-
5 retary takes an action under subparagraph (A), (B),
6 or (C) of paragraph (1)”;

7 (4) by adding at the end the following:

8 “(3) EXCEPTION FOR CERTAIN ACTIONS.—

9 “(A) IN GENERAL.—Notwithstanding any
10 other provision of this subsection, if the Sec-
11 retary makes a determination that the failure of
12 a recipient of assistance under this Act to com-
13 ply substantially with any material provision (as
14 that term is defined by the Secretary) of this
15 Act is resulting, and would continue to result,
16 in a continuing expenditure of Federal funds in
17 a manner that is not authorized by law, the
18 Secretary may take an action described in para-
19 graph (1)(C) before conducting a hearing.

20 “(B) PROCEDURAL REQUIREMENT.—If the
21 Secretary takes an action described in subpara-
22 graph (A), the Secretary shall—

23 “(i) provide notice to the recipient at
24 the time that the Secretary takes that ac-
25 tion; and

1 “(ii) conduct a hearing not later than
2 60 days after the date on which the Sec-
3 retary provides notice under clause (i).

4 “(C) DETERMINATION.—Upon completion
5 of a hearing under this paragraph, the Sec-
6 retary shall make a determination regarding
7 whether to continue taking the action that is
8 the subject of the hearing, or take another ac-
9 tion under this subsection.”.

10 (h) PERFORMANCE AGREEMENT TIME LIMIT.—Sec-
11 tion 401(b) of the Native American Housing Assistance
12 and Self-Determination Act of 1996 (25 U.S.C. 4161(b))
13 is amended—

14 (1) by striking “If the Secretary” and inserting
15 the following:

16 “(1) IN GENERAL.—If the Secretary”;

17 (2) by striking “(1) is not” and inserting the
18 following:

19 “(A) is not”;

20 (3) by striking “(2) is a result” and inserting
21 the following:

22 “(B) is a result”;

23 (4) in the flush material following paragraph
24 (1)(B), as redesignated by paragraph (3) of this
25 subsection—

1 (A) by realigning such material so as to be
2 indented 2 ems from the left margin; and

3 (B) by inserting before the period at the
4 end the following: “, if the recipient enters into
5 a performance agreement with the Secretary
6 that specifies the compliance objectives that the
7 recipient will be required to achieve by the ter-
8 mination date of the performance agreement”;
9 and

10 (5) by adding at the end the following:

11 “(2) PERFORMANCE AGREEMENT.—The period
12 of a performance agreement described in paragraph
13 (1) shall be for 1 year.

14 “(3) REVIEW.—Upon the termination of a per-
15 formance agreement entered into under paragraph
16 (1), the Secretary shall review the performance of
17 the recipient that is a party to the agreement.

18 “(4) EFFECT OF REVIEW.—If, on the basis of
19 a review under paragraph (3), the Secretary deter-
20 mines that the recipient—

21 “(A) has made a good faith effort to meet
22 the compliance objectives specified in the agree-
23 ment, the Secretary may enter into an addi-
24 tional performance agreement for the period
25 specified in paragraph (2); and

1 “(B) has failed to make a good faith effort
2 to meet applicable compliance objectives, the
3 Secretary shall determine the recipient to have
4 failed to comply substantially with this Act, and
5 the recipient shall be subject to an action under
6 subsection (a).”.

7 (i) TECHNICAL AND CONFORMING AMENDMENTS.—

8 (1) TABLE OF CONTENTS.—Section 1(b) of the
9 Native American Housing Assistance and Self-De-
10 termination Act of 1996 (25 U.S.C. 4101 note) is
11 amended in the table of contents—

12 (A) by striking the item relating to section
13 206; and

14 (B) by striking the item relating to section
15 209 and inserting the following:

 “209. Noncompliance with affordable housing requirement.”.

16 (2) CERTIFICATION OF COMPLIANCE WITH SUB-
17 SIDY LAYERING REQUIREMENTS.—Section 206 of
18 the Native American Housing Assistance and Self-
19 Determination Act of 1996 (25 U.S.C. 4136) is re-
20 pealed.

21 (3) TERMINATIONS.—Section 502(a) of the Na-
22 tive American Housing Assistance and Self-Deter-
23 mination Act of 1996 (25 U.S.C. 4181(a)) is amend-
24 ed by adding at the end the following: “Any housing
25 that is the subject of a contract for tenant-based as-

1 sistance between the Secretary and an Indian hous-
2 ing authority that is terminated under this section
3 shall, for the following fiscal year and each fiscal
4 year thereafter, be considered to be a dwelling unit
5 under section 302(b)(1).”.

6 **TITLE VIII—TRANSFER OF UN-**
7 **OCCUPIED AND SUB-**
8 **STANDARD HUD-HELD HOUS-**
9 **ING TO LOCAL GOVERN-**
10 **MENTS AND COMMUNITY DE-**
11 **VELOPMENT CORPORATIONS**

12 **SEC. 801. TRANSFER OF UNOCCUPIED AND SUBSTANDARD**
13 **HUD-HELD HOUSING TO LOCAL GOVERN-**
14 **MENTS AND COMMUNITY DEVELOPMENT**
15 **CORPORATIONS.**

16 Section 204 of the Departments of Veterans Affairs
17 and Housing and Urban Development, and Independent
18 Agencies Appropriations Act, 1997 (12 U.S.C. 1715z-
19 11a) is amended—

20 (1) by striking “FLEXIBLE AUTHORITY” and
21 inserting “DISPOSITION OF HUD-OWNED PROP-
22 ERTIES. (a) FLEXIBLE AUTHORITY FOR MULTI-
23 FAMILY PROJECTS.—”; and

24 (2) by adding at the end the following new sub-
25 section:

1 “(b) TRANSFER OF UNOCCUPIED AND SUBSTANDARD
2 HOUSING TO LOCAL GOVERNMENTS AND COMMUNITY
3 DEVELOPMENT CORPORATIONS.—

4 “(1) TRANSFER AUTHORITY.—Notwithstanding
5 the authority under subsection (a) and the last sen-
6 tence of section 204(g) of the National Housing Act
7 (12 U.S.C. 1710(g)), the Secretary of Housing and
8 Urban Development shall transfer ownership of any
9 qualified HUD property, subject to the requirements
10 of this section, to a unit of general local government
11 having jurisdiction for the area in which the prop-
12 erty is located or to a community development cor-
13 poration which operates within such a unit of gen-
14 eral local government in accordance with this sub-
15 section, but only to the extent that units of general
16 local government and community development cor-
17 porations consent to transfer and the Secretary de-
18 termines that such transfer is practicable.

19 “(2) QUALIFIED HUD PROPERTIES.—For pur-
20 poses of this subsection, the term ‘qualified HUD
21 property’ means any property for which, as of the
22 date that notification of the property is first made
23 under paragraph (3)(B), not less than 6 months
24 have elapsed since the later of the date that the
25 property was acquired by the Secretary or the date

1 that the property was determined to be unoccupied
2 or substandard, that is owned by the Secretary and
3 is—

4 “(A) an unoccupied multifamily housing
5 project;

6 “(B) a substandard multifamily housing
7 project; or

8 “(C) an unoccupied single family property
9 that—

10 “(i) has been determined by the Sec-
11 retary not to be an eligible property under
12 section 204(h) of the National Housing
13 Act (12 U.S.C. 1710(h)); or

14 “(ii) is an eligible property under such
15 section 204(h), but—

16 “(I) is not subject to a specific
17 sale agreement under such section;
18 and

19 “(II) has been determined by the
20 Secretary to be inappropriate for con-
21 tinued inclusion in the program under
22 such section 204(h) pursuant to para-
23 graph (10) of such section.

24 “(3) TIMING.—The Secretary shall establish
25 procedures that provide for—

1 “(A) time deadlines for transfers under
2 this subsection;

3 “(B) notification to units of general local
4 government and community development cor-
5 porations of qualified HUD properties in their
6 jurisdictions;

7 “(C) such units and corporations to ex-
8 press interest in the transfer under this sub-
9 section of such properties;

10 “(D) a right of first refusal for transfer of
11 qualified HUD properties to such units and cor-
12 porations, under which the Secretary shall ac-
13 cept an offer to purchase such a property made
14 by such a unit or corporation during a period
15 established by the Secretary, but in the case of
16 an offer made by a community development cor-
17 poration only if the offer provides for purchase
18 on a cost recovery basis; and

19 “(E) a written explanation, to any unit of
20 general local government or community develop-
21 ment corporation making an offer to purchase
22 a qualified HUD property under this subsection
23 that is not accepted, of the reason that such
24 offer was not acceptable.

1 “(4) OTHER DISPOSITION.—With respect to
2 any qualified HUD property, if the Secretary does
3 not receive an acceptable offer to purchase the prop-
4 erty pursuant to the procedure established under
5 paragraph (3), the Secretary shall dispose of the
6 property to the unit of general local government in
7 which property is located or to community develop-
8 ment corporations located in such unit of general
9 local government on a negotiated, competitive bid, or
10 other basis, on such terms as the Secretary deems
11 appropriate.

12 “(5) SATISFACTION OF INDEBTEDNESS.—Be-
13 fore transferring ownership of any qualified HUD
14 property pursuant to this subsection, the Secretary
15 shall satisfy any indebtedness incurred in connection
16 with the property to be transferred, by canceling the
17 indebtedness.

18 “(6) DETERMINATION OF STATUS OF PROP-
19 ERTIES.—To ensure compliance with the require-
20 ments of this subsection, the Secretary shall take the
21 following actions:

22 “(A) UPON ENACTMENT.—Upon the enact-
23 ment of the American Homeownership and Eco-
24 nomic Opportunity Act of 2000, the Secretary
25 shall promptly assess each residential property

1 owned by the Secretary to determine whether
2 such property is a qualified HUD property.

3 “(B) UPON ACQUISITION.—Upon acquiring
4 any residential property, the Secretary shall
5 promptly determine whether the property is a
6 qualified HUD property.

7 “(C) UPDATES.—The Secretary shall peri-
8 odically reassess the residential properties
9 owned by the Secretary to determine whether
10 any such properties have become qualified
11 HUD properties.

12 “(7) TENANT LEASES.—This subsection shall
13 not affect the terms or the enforceability of any con-
14 tract or lease entered into with respect to any resi-
15 dential property before the date that such property
16 becomes a qualified HUD property.

17 “(8) USE OF PROPERTY.—Property transferred
18 under this subsection shall be used only for appro-
19 priate neighborhood revitalization efforts, including
20 homeownership, rental units, commercial space, and
21 parks, consistent with local zoning regulations, local
22 building codes, and subdivision regulations and re-
23 strictions of record.

24 “(9) INAPPLICABILITY TO PROPERTIES MADE
25 AVAILABLE FOR HOMELESS.—Notwithstanding any

1 other provision of this subsection, this subsection
2 shall not apply to any properties that the Secretary
3 determines are to be made available for use by the
4 homeless pursuant to subpart E of part 291 of title
5 24, Code of Federal Regulations, during the period
6 that the properties are so available.

7 “(10) PROTECTION OF EXISTING CONTRACTS.—
8 This subsection may not be construed to alter, af-
9 fect, or annul any legally binding obligations entered
10 into with respect to a qualified HUD property before
11 the property becomes a qualified HUD property.

12 “(11) DEFINITIONS.—For purposes of this sub-
13 section, the following definitions shall apply:

14 “(A) COMMUNITY DEVELOPMENT COR-
15 PORATION.—The term ‘community development
16 corporation’ means a nonprofit organization
17 whose primary purpose is to promote commu-
18 nity development by providing housing opportu-
19 nities for low-income families.

20 “(B) COST RECOVERY BASIS.—The term
21 ‘cost recovery basis’ means, with respect to any
22 sale of a residential property by the Secretary,
23 that the purchase price paid by the purchaser
24 is equal to or greater than the sum of (i) the
25 appraised value of the property, as determined

1 in accordance with such requirements as the
2 Secretary shall establish, and (ii) the costs in-
3 curred by the Secretary in connection with such
4 property during the period beginning on the
5 date on which the Secretary acquires title to the
6 property and ending on the date on which the
7 sale is consummated.

8 “(C) MULTIFAMILY HOUSING PROJECT.—
9 The term ‘multifamily housing project’ has the
10 meaning given the term in section 203 of the
11 Housing and Community Development Amend-
12 ments of 1978.

13 “(D) RESIDENTIAL PROPERTY.—The term
14 ‘residential property’ means a property that is
15 a multifamily housing project or a single family
16 property.

17 “(E) SECRETARY.—The term ‘Secretary’
18 means the Secretary of Housing and Urban De-
19 velopment.

20 “(F) SEVERE PHYSICAL PROBLEMS.—The
21 term ‘severe physical problems’ means, with re-
22 spect to a dwelling unit, that the unit—

23 “(i) lacks hot or cold piped water, a
24 flush toilet, or both a bathtub and a show-

1 er in the unit, for the exclusive use of that
2 unit;

3 “(ii) on not less than 3 separate occa-
4 sions during the preceding winter months,
5 was uncomfortably cold for a period of
6 more than 6 consecutive hours due to a
7 malfunction of the heating system for the
8 unit;

9 “(iii) has no functioning electrical
10 service, exposed wiring, any room in which
11 there is not a functioning electrical outlet,
12 or has experienced 3 or more blown fuses
13 or tripped circuit breakers during the pre-
14 ceding 90-day period;

15 “(iv) is accessible through a public
16 hallway in which there are no working
17 light fixtures, loose or missing steps or
18 railings, and no elevator; or

19 “(v) has severe maintenance problems,
20 including water leaks involving the roof,
21 windows, doors, basement, or pipes or
22 plumbing fixtures, holes or open cracks in
23 walls or ceilings, severe paint peeling or
24 broken plaster, and signs of rodent infesta-
25 tion.

1 “(G) SINGLE FAMILY PROPERTY.—The
2 term ‘single family property’ means a 1- to 4-
3 family residence.

4 “(H) SUBSTANDARD.—The term ‘sub-
5 standard’ means, with respect to a multifamily
6 housing project, that 25 percent or more of the
7 dwelling units in the project have severe phys-
8 ical problems.

9 “(I) UNIT OF GENERAL LOCAL GOVERN-
10 MENT.—The term ‘unit of general local govern-
11 ment’ has the meaning given such term in sec-
12 tion 102(a) of the Housing and Community De-
13 velopment Act of 1974.

14 “(J) UNOCCUPIED.—The term ‘unoccu-
15 pied’ means, with respect to a residential prop-
16 erty, that the unit of general local government
17 having jurisdiction over the area in which the
18 project is located has certified in writing that
19 the property is not inhabited.

20 “(12) REGULATIONS.—

21 “(A) INTERIM.—Not later than 30 days
22 after the date of the enactment of the American
23 Homeownership and Economic Opportunity Act
24 of 2000, the Secretary shall issue such interim

1 regulations as are necessary to carry out this
2 subsection.

3 “(B) FINAL.—Not later than 60 days after
4 the date of the enactment of the American
5 Homeownership and Economic Opportunity Act
6 of 2000, the Secretary shall issue such final
7 regulations as are necessary to carry out this
8 subsection.”.

9 **TITLE IX—PRIVATE MORTGAGE**
10 **INSURANCE CANCELLATION**
11 **AND TERMINATION**

12 **SECTION 901. SHORT TITLE.**

13 This title may be cited as the “Private Mortgage In-
14 surance Technical Corrections and Clarification Act”.

15 **SEC. 902. CHANGES IN AMORTIZATION SCHEDULE.**

16 (a) TREATMENT OF ADJUSTABLE RATE MORT-
17 GAGES.—The Homeowners Protection Act of 1998 (12
18 U.S.C. 4901 et seq.) is amended—

19 (1) in section 2—

20 (A) in paragraph (2)(B)(i), by striking
21 “amortization schedules” and inserting “the
22 amortization schedule then in effect”;

23 (B) in paragraph (16)(B), by striking
24 “amortization schedules” and inserting “the
25 amortization schedule then in effect”;

1 (C) by redesignating paragraphs (6)
2 through (16) (as amended by the preceding pro-
3 visions of this paragraph) as paragraphs (8)
4 through (18), respectively; and

5 (D) by inserting after paragraph (5) the
6 following new paragraph:

7 “(6) AMORTIZATION SCHEDULE THEN IN EF-
8 FECT.—The term ‘amortization schedule then in ef-
9 fect’ means, with respect to an adjustable rate mort-
10 gage, a schedule established at the time at which the
11 residential mortgage transaction is consummated or,
12 if such schedule has been changed or recalculated, is
13 the most recent schedule under the terms of the note
14 or mortgage, which shows—

15 “(A) the amount of principal and interest
16 that is due at regular intervals to retire the
17 principal balance and accrued interest over the
18 remaining amortization period of the loan; and

19 “(B) the unpaid balance of the loan after
20 each such scheduled payment is made.”; and

21 (2) in section 3(f)(1)(B)(ii), by striking “amor-
22 tization schedules” and inserting “the amortization
23 schedule then in effect”.

24 (b) TREATMENT OF BALLOON MORTGAGES.—Para-
25 graph (1) of section 2 of the Homeowners Protection Act

1 of 1998 (12 U.S.C. 4901(1)) is amended by adding at the
2 end the following new sentence: “A residential mortgage
3 that (A) does not fully amortize over the term of the obli-
4 gation, and (B) contains a conditional right to refinance
5 or modify the unamortized principal at the maturity date
6 of the term, shall be considered to be an adjustable rate
7 mortgage for purposes of this Act.”.

8 (c) TREATMENT OF LOAN MODIFICATIONS.—

9 (1) IN GENERAL.—Section 3 of the Home-
10 owners Protection Act of 1998 (12 U.S.C. 4902) is
11 amended—

12 (A) by redesignating subsections (d)
13 through (f) as subsections (e) through (g), re-
14 spectively; and

15 (B) by inserting after subsection (c) the
16 following new subsection:

17 “(d) TREATMENT OF LOAN MODIFICATIONS.—If a
18 mortgagor and mortgagee (or holder of the mortgage)
19 agree to a modification of the terms or conditions of a
20 loan pursuant to a residential mortgage transaction, the
21 cancellation date, termination date, or final termination
22 shall be recalculated to reflect the modified terms and con-
23 ditions of such loan.”.

1 (2) CONFORMING AMENDMENTS.—Section 4(a)
2 of the Homeowners Protection Act of 1998 (12
3 U.S.C. 4903(a)) is amended—

4 (A) in paragraph (1)—

5 (i) in the matter preceding subpara-
6 graph (A), by striking “section 3(f)(1)”
7 and inserting “section 3(g)(1)”;

8 (ii) in subparagraph (A)(ii)(IV), by
9 striking “section 3(f)” and inserting “sec-
10 tion 3(g)”;

11 (iii) in subparagraph (B)(iii), by strik-
12 ing “section 3(f)” and inserting “section
13 3(g)”;

14 (B) in paragraph (2), by striking “section
15 3(f)(1)” and inserting “section 3(g)(1)”.

16 **SEC. 903. DELETION OF AMBIGUOUS REFERENCES TO RESI-**
17 **DENTIAL MORTGAGES.**

18 (a) TERMINATION OF PRIVATE MORTGAGE INSUR-
19 ANCE.—Section 3 of the Homeowners Protection Act of
20 1998 (12 U.S.C. 4902) is amended—

21 (1) in subsection (c), by inserting “on residen-
22 tial mortgage transactions” after “imposed”; and

23 (2) in subsection (g) (as so redesignated by sec-
24 tion 902(c)(1)(A) of this title)—

1 (A) in paragraph (1), in the matter pre-
2 ceding subparagraph (A), by striking “mort-
3 gage or”;

4 (B) in paragraph (2), by striking “mort-
5 gage or”; and

6 (C) in paragraph (3), by striking “mort-
7 gage or” and inserting “residential mortgage or
8 residential”.

9 (b) DISCLOSURE REQUIREMENTS.—Section 4 of the
10 Homeowners Protection Act of 1998 (12 U.S.C. 4903(a))
11 is amended—

12 (1) in subsection (a)—

13 (A) in paragraph (1)—

14 (i) by striking “mortgage or” the first
15 place it appears; and

16 (ii) by striking “mortgage or” the sec-
17 ond place it appears and inserting “resi-
18 dential”; and

19 (B) in paragraph (2), by striking “mort-
20 gage or” and inserting “residential”;

21 (2) in subsection (c), by striking “paragraphs
22 (1)(B) and (3) of subsection (a)” and inserting
23 “subsection (a)(3)”; and

24 (3) in subsection (d), by inserting before the pe-
25 riod at the end the following: “, which disclosures

1 shall relate to the mortgagor's rights under this
2 Act”.

3 (c) DISCLOSURE REQUIREMENTS FOR LENDER-PAID
4 MORTGAGE INSURANCE.—Section 6 of the Homeowners
5 Protection Act of 1998 (12 U.S.C. 4905) is amended—

6 (1) in subsection (c)—

7 (A) in the matter preceding paragraph (1),
8 by striking “a residential mortgage or”; and

9 (B) in paragraph (2), by inserting “trans-
10 action” after “residential mortgage”; and

11 (2) in subsection (d), by inserting “transaction”
12 after “residential mortgage”.

13 **SEC. 904. CANCELLATION RIGHTS AFTER CANCELLATION**
14 **DATE.**

15 Section 3 of the Homeowners Protection Act of 1998
16 (12 U.S.C. 4902) is amended—

17 (1) in subsection (a)—

18 (A) in the matter preceding paragraph (1),
19 by inserting after “cancellation date” the fol-
20 lowing: “or any later date that the mortgagor
21 fulfills all of the requirements under paragraphs
22 (1) through (4)”;

23 (B) in paragraph (2), by striking “and” at
24 the end;

1 (C) by redesignating paragraph (3) as
2 paragraph (4); and

3 (D) by inserting after paragraph (2) the
4 following new paragraph:

5 “(3) is current on the payments required by the
6 terms of the residential mortgage transaction; and”;
7 and

8 (2) in subsection (e)(1)(B) (as so redesignated
9 by section 902(c)(1)(A) of this title), by striking
10 “subsection “(a)(3)” and inserting “subsection
11 (a)(4)”.

12 **SEC. 905. CLARIFICATION OF CANCELLATION AND TERMI-**
13 **NATION ISSUES AND LENDER PAID MORT-**
14 **GAGE INSURANCE DISCLOSURE REQUIRE-**
15 **MENTS.**

16 (a) GOOD PAYMENT HISTORY.—Section 2(4) of the
17 Homeowners Protection Act of 1998 (12 U.S.C. 4901(4))
18 is amended—

19 (1) in subparagraph (A)—

20 (A) by inserting “the later of (i)” before
21 “the date”; and

22 (ii) by inserting “, or (ii) the date
23 that the mortgagor submits a request for
24 cancellation under section 3(a)(1)” before
25 the semicolon; and

1 (B) in subparagraph (B)—

2 (i) by inserting “the later of (i)” be-
3 fore “the date”; and

4 (ii) by inserting “, or (ii) the date
5 that the mortgagor submits a request for
6 cancellation under section 3(a)(1)” before
7 the period at the end.

8 (b) AUTOMATIC TERMINATION.—Paragraph (2) of
9 section 3(b) of the Homeowners Protection Act of 1998
10 (12 U.S.C. 4902(b)(2)) is amended to read as follows:

11 “(2) if the mortgagor is not current on the ter-
12 mination date, on the first day of the first month be-
13 ginning after the date that the mortgagor becomes
14 current on the payments required by the terms of
15 the residential mortgage transaction.”

16 (c) PREMIUM PAYMENTS.—Section 3 of the Home-
17 owners Protection Act of 1998 (12 U.S.C. 4902) is
18 amended by adding at the end the following new sub-
19 section:

20 “(h) ACCRUED OBLIGATION FOR PREMIUM PAY-
21 MENTS.—The cancellation or termination under this sec-
22 tion of the private mortgage insurance of a mortgagor
23 shall not affect the rights of any mortgagee, servicer, or
24 mortgage insurer to enforce any obligation of such mort-

1 gagor for premium payments accrued prior to the date on
2 which such cancellation or termination occurred.”.

3 **SEC. 906. DEFINITIONS.**

4 (a) REFINANCED.—Section 6(c)(1)(B)(ii) of the
5 Homeowners Protection Act of 1998 (12 U.S.C.
6 4905(c)(1)(B)(ii)) is amended by inserting after “refi-
7 nanced” the following: “(under the meaning given such
8 term in the regulations issued by the Board of Governors
9 of the Federal Reserve System to carry out the Truth in
10 Lending Act (15 U.S.C. 1601 et seq.))”.

11 (b) MIDPOINT OF THE AMORTIZATION PERIOD.—
12 Section 2 of the Homeowners Protection Act of 1998 (12
13 U.S.C. 4901) is amended by inserting after paragraph (6)
14 (as added by section 2(a)(1)(D) of this Act) the following
15 new paragraph:

16 “(7) MIDPOINT OF THE AMORTIZATION PE-
17 RIOD.—The term “midpoint of the amortization pe-
18 riod” means, with respect to a residential mortgage
19 transaction, the point in time that is halfway
20 through the period that begins upon the first day of
21 the amortization period established at the time a
22 residential mortgage transaction is consummated
23 and ends upon the completion of the entire period
24 over which the mortgage is scheduled to be amor-
25 tized.”.

1 (c) ORIGINAL VALUE.—Section 2(12) of the Home-
2 owners Protection Act of 1998 (12 U.S.C. 4901(10)) (as
3 so redesignated by section 902(a)(1)(C) of this Act) is
4 amended—

5 (1) by inserting “transaction” after “a residen-
6 tial mortgage”; and

7 (2) by adding at the end the following new sen-
8 tence: “In the case of a residential mortgage trans-
9 action for refinancing the principal residence of the
10 mortgagor, such term means only the appraised
11 value relied upon by the mortgagee to approve the
12 refinance transaction.”.

13 (d) PRINCIPAL RESIDENCE.—Section 2 of the Home-
14 owners Protection Act of 1998 (12 U.S.C. 4901) is
15 amended—

16 (1) in paragraph (14) (as so redesignated by
17 section 902(a)(1)(C) of this Act) by striking “pri-
18 mary” and inserting “principal”; and

19 (2) in paragraph (15) (as so redesignated by
20 section 902(a)(1)(C) of this Act) by striking “pri-
21 mary” and inserting “principal”;

1 **TITLE X—RURAL HOUSING**
2 **HOMEOWNERSHIP**

3 **SEC. 1001. PROMISSORY NOTE REQUIREMENT UNDER**
4 **HOUSING REPAIR LOAN PROGRAM.**

5 The fourth sentence of section 504(a) of the Housing
6 Act of 1949 (42 U.S.C. 1474(a)) is amended by striking
7 “\$2,500” and inserting “\$7,500”.

8 **SEC. 1002. LIMITED PARTNERSHIP ELIGIBILITY FOR FARM**
9 **LABOR HOUSING LOANS.**

10 The first sentence of section 514(a) of the Housing
11 Act of 1949 (42 U.S.C. 1484(a)) is amended by striking
12 “nonprofit limited partnership” and inserting “limited
13 partnership”.

14 **SEC. 1003. PROJECT ACCOUNTING RECORDS AND PRAC-**
15 **TICES.**

16 Section 515 of the Housing Act of 1949 (42 U.S.C.
17 1485) is amended by striking subsection (z) and inserting
18 the following new subsections:

19 “(z) ACCOUNTING AND RECORDKEEPING REQUIRE-
20 MENTS.—

21 “(1) ACCOUNTING STANDARDS.—The Secretary
22 shall require that borrowers in programs authorized
23 by this section maintain accounting records in ac-
24 cordance with generally accepted accounting prin-
25 ciples for all projects that receive funds from loans

1 made or guaranteed by the Secretary under this sec-
2 tion.

3 “(2) RECORD RETENTION REQUIREMENTS.—

4 The Secretary shall require that borrowers in pro-
5 grams authorized by this section retain for a period
6 of not less than 6 years and make available to the
7 Secretary in a manner determined by the Secretary,
8 all records required to be maintained under this sub-
9 section and other records identified by the Secretary
10 in applicable regulations.

11 “(aa) DOUBLE DAMAGES FOR UNAUTHORIZED USE
12 OF HOUSING PROJECTS ASSETS AND INCOME.—

13 “(1) ACTION TO RECOVER ASSETS OR IN-
14 COME.—

15 “(A) IN GENERAL.—The Secretary may re-
16 quest the Attorney General to bring an action
17 in a United States district court to recover any
18 assets or income used by any person in violation
19 of the provisions of a loan made or guaranteed
20 by the Secretary under this section or in viola-
21 tion of any applicable statute or regulation.

22 “(B) IMPROPER DOCUMENTATION.—For
23 purposes of this subsection, a use of assets or
24 income in violation of the applicable loan, loan
25 guarantee, statute, or regulation shall include

1 any use for which the documentation in the
2 books and accounts does not establish that the
3 use was made for a reasonable operating ex-
4 pense or necessary repair of the project or for
5 which the documentation has not been main-
6 tained in accordance with the requirements of
7 the Secretary and in reasonable condition for
8 proper audit.

9 “(C) DEFINITION.—For the purposes of
10 this subsection, the term ‘person’ means—

11 “(i) any individual or entity that bor-
12 rows funds in accordance with programs
13 authorized by this section;

14 “(ii) any individual or entity holding
15 25 percent or more interest of any entity
16 that borrows funds in accordance with pro-
17 grams authorized by this section; and

18 “(iii) any officer, director, or partner
19 of an entity that borrows funds in accord-
20 ance with programs authorized by this sec-
21 tion.

22 “(2) AMOUNT RECOVERABLE.—

23 “(A) IN GENERAL.—In any judgment fa-
24 vorable to the United States entered under this
25 subsection, the Attorney General may recover

1 double the value of the assets and income of the
2 project that the court determines to have been
3 used in violation of the provisions of a loan
4 made or guaranteed by the Secretary under this
5 section or any applicable statute or regulation,
6 plus all costs related to the action, including
7 reasonable attorney and auditing fees.

8 “(B) APPLICATION OF RECOVERED
9 FUNDS.—Notwithstanding any other provision
10 of law, the Secretary use amounts recovered
11 under this subsection for activities authorized
12 under this section and such funds shall remain
13 available for such use until expended.

14 “(3) TIME LIMITATION.—Notwithstanding any
15 other provision of law, an action under this sub-
16 section may be commenced at any time during the
17 6-year period beginning on the date that the Sec-
18 retary discovered or should have discovered the vio-
19 lation of the provisions of this section or any related
20 statutes or regulations.

21 “(4) CONTINUED AVAILABILITY OF OTHER
22 REMEDIES.—The remedy provided in this subsection
23 is in addition to and not in substitution of any other
24 remedies available to the Secretary or the United
25 States.”.

1 **SEC. 1004. OPERATING ASSISTANCE FOR MIGRANT FARM-**
2 **WORKERS PROJECTS.**

3 The last sentence of section 521(a)(5)(A) of the
4 Housing Act of 1949 (42 U.S.C. 1490a(a)(5)(A)) is
5 amended by striking “project” and inserting “tenant or
6 unit”.

7 **SEC. 1005. MULTIFAMILY RENTAL HOUSING LOAN GUAR-**
8 **ANTEE PROGRAM.**

9 Section 538 of the Housing Act of 1949 (42 U.S.C.
10 1490p-2) is amended—

11 (1) in subsection (c), by inserting “an Indian
12 organization,” after “thereof,”;

13 (2) in subsection (f)—

14 (A) by striking paragraph (1) and insert-
15 ing the following new paragraph:

16 “(1) be made for a period of not less than 25
17 nor greater than 40 years from the date the loan
18 was made and may provide for amortization of the
19 loan over a period of not to exceed 40 years with a
20 final payment of the balance due at the end of the
21 loan term;”;

22 (B) in paragraph (3), by inserting “and”
23 after the semicolon at the end;

24 (C) in paragraph (4), by striking “; and”
25 and inserting a period; and

26 (D) by striking paragraph (5);

1 (3) in subsection (i)(2), by striking “(A) con-
2 veyance to the Secretary” and all that follows
3 through “(C) assignment” and inserting “(A) sub-
4 mission to the Secretary of a claim for payment
5 under the guarantee, and (B) assignment”;

6 (4) in subsection (s), by adding at the end the
7 following new subsection:

8 “(4) INDIAN ORGANIZATION.—The term ‘Indian
9 organization’ means the governing body of an Indian
10 tribe, band, group, pueblo, or community, including
11 native villages or native groups, as defined by the
12 Alaska Claims Settlement Act (43 U.S.C. 1601 et
13 seq.), (including corporations organized by the
14 Kenai, Juneau, Sitka, and Kodiak) which is eligible
15 for services from the Bureau of Indian Affairs or an
16 entity established or recognized by the governing
17 body for the purpose of financing economic develop-
18 ment.”;

19 (5) in subsection (t), by inserting before the pe-
20 riod at the end the following: “to provide guarantees
21 under this section for eligible loans having an aggre-
22 gate principal amount of \$500,000,000”;

23 (6) by striking subsection (l);

24 (7) by redesignating subsections (m) through
25 (u) as subsections (l) through (t), respectively;

1 (8) by adding at the end the following new sub-
2 sections:

3 “(u) FREE AUTHORITY.—

4 “(1) IN GENERAL.—Any amounts collected by
5 the Secretary pursuant to the fees charged to lend-
6 ers for loan guarantees issued under this section
7 shall be used to offset costs (as defined by section
8 502 of the Congressional Budget Act of 1974 (2
9 U.S.C. 661a)) of loan guarantees made under this
10 section.

11 “(2) EXCESS FUNDS.—Any fees described in
12 paragraph (1) collected in excess of the amount re-
13 quired in paragraph (1) during a fiscal year, shall
14 be available to the Secretary, without further appro-
15 priation and without fiscal year limitation, for use
16 by the Secretary for costs of administering (includ-
17 ing monitoring) program activities authorized pursu-
18 ant to this section and shall be in addition to other
19 funds made available for this purpose.

20 “(v) DEFAULTS OF LOANS SECURED BY RESERVA-
21 TION LANDS.—In the event of a default involving a loan
22 to an Indian tribe or tribal corporation made under this
23 section which is secured by an interest in land within such
24 tribe’s reservation (as determined by the Secretary of the
25 Interior), including a community in Alaska incorporated

1 by the Secretary of the Interior pursuant to the Indian
2 Reorganization Act (25 U.S.C. 461 et seq.), the lender
3 shall only pursue liquidation after offering to transfer the
4 account to an eligible tribal member, the tribe, the Indian
5 housing authority serving the tribe. If the lender subse-
6 quently proceeds to liquidate the account, the lender shall
7 not sell, transfer, or otherwise dispose of or alienate the
8 property except to one of the entities described in the pre-
9 ceding sentence.”.

10 **SEC. 1006. ENFORCEMENT PROVISIONS.**

11 (a) IN GENERAL.—Title V of the Housing Act of
12 1949 (42 U.S.C. 1471 et seq.) is amended by adding after
13 section 542 the following:

14 **“SEC. 543. ENFORCEMENT PROVISIONS.**

15 “(a) EQUITY SKIMMING.—

16 “(1) CRIMINAL PENALTY.—Whoever, as an
17 owner, agent, employee, or manager, or is otherwise
18 in custody, control, or possession of property that is
19 security for a loan made or guaranteed under this
20 title, willfully uses, or authorizes the use, of any part
21 of the rents, assets, proceeds, income, or other funds
22 derived from such property, for any purpose other
23 than to meet actual, reasonable, and necessary ex-
24 penses of the property, or for any other purpose not
25 authorized by this title or the regulations adopted

1 pursuant to this title, shall be fined under title 18,
2 United States Code, or imprisoned not more than 5
3 years, or both.

4 “(2) CIVIL SANCTIONS.—An entity or individual
5 who as an owner, operator, employee, or manager, or
6 who acts as an agent for a property that is security
7 for a loan made or guaranteed under this title where
8 any part of the rents, assets, proceeds, income, or
9 other funds derived from such property are used for
10 any purpose other than to meet actual, reasonable,
11 and necessary expenses of the property, or for any
12 other purpose not authorized by this title or the reg-
13 ulations adopted pursuant to this title, shall be sub-
14 ject to a fine of not more than \$25,000 per viola-
15 tion. The sanctions provided in this paragraph may
16 be imposed in addition to any other civil sanctions
17 or civil monetary penalties authorized by law.

18 “(b) CIVIL MONETARY PENALTIES.—

19 “(1) IN GENERAL.—The Secretary may, after
20 notice and opportunity for a hearing, impose a civil
21 monetary penalty in accordance with this subsection
22 against any individual or entity, including its own-
23 ers, officers, directors, general partners, limited
24 partners, or employees, who knowingly and materi-
25 ally violate, or participate in the violation of, the

1 provisions of this title, the regulations issued by the
2 Secretary pursuant to this title, or agreements made
3 in accordance with this title, by—

4 “(A) submitting information to the Sec-
5 retary that is false;

6 “(B) providing the Secretary with false
7 certifications;

8 “(C) failing to submit information re-
9 quested by the Secretary in a timely manner;

10 “(D) failing to maintain the property sub-
11 ject to loans made or guaranteed under this
12 title in good repair and condition, as deter-
13 mined by the Secretary;

14 “(E) failing to provide management for a
15 project which received a loan made or guaran-
16 teed under this title that is acceptable to the
17 Secretary; or

18 “(F) failing to comply with the provisions
19 of applicable civil rights statutes and regula-
20 tions.

21 “(2) CONDITIONS FOR RENEWAL OR EXTEN-
22 SION.—The Secretary may require that expiring loan
23 or assistance agreements entered into under this
24 title shall not be renewed or extended unless the
25 owner executes an agreement to comply with addi-

1 tional conditions prescribed by the Secretary, or exe-
2 cutes a new loan or assistance agreement in the
3 form prescribed by the Secretary.

4 “(3) AMOUNT.—

5 “(A) IN GENERAL.—The amount of a civil
6 monetary penalty imposed under this subsection
7 shall not exceed the greater of—

8 “(i) twice the damages the Depart-
9 ment of Agriculture, the guaranteed lend-
10 er, or the project that is secured for a loan
11 under this section suffered or would have
12 suffered as a result of the violation; or

13 “(ii) \$50,000 per violation.

14 “(B) DETERMINATION.—In determining
15 the amount of a civil monetary penalty under
16 this subsection, the Secretary shall take into
17 consideration—

18 “(i) the gravity of the offense;

19 “(ii) any history of prior offenses by
20 the violator (including offenses occurring
21 prior to the enactment of this section);

22 “(iii) the ability of the violator to pay
23 the penalty;

24 “(iv) any injury to tenants;

25 “(v) any injury to the public;

1 “(vi) any benefits received by the vio-
2 lator as a result of the violation;

3 “(vii) deterrence of future violations;
4 and

5 “(viii) such other factors as the Sec-
6 retary may establish by regulation.

7 “(4) PAYMENT OF PENALTIES.—No payment of
8 a penalty assessed under this section may be made
9 from funds provided under this title or from funds
10 of a project which serve as security for a loan made
11 or guaranteed under this title.

12 “(5) REMEDIES FOR NONCOMPLIANCE.—

13 “(A) JUDICIAL INTERVENTION.—If a per-
14 son or entity fails to comply with a final deter-
15 mination by the Secretary imposing a civil mon-
16 etary penalty under this subsection, the Sec-
17 retary may request the Attorney General of the
18 United States to bring an action in an appro-
19 priate United States district court to obtain a
20 monetary judgment against such individual or
21 entity and such other relief as may be available.
22 The monetary judgment may, in the court’s dis-
23 cretion, include the attorney’s fees and other
24 expenses incurred by the United States in con-
25 nection with the action.

1 “(B) REVIEWABILITY OF DETERMINA-
2 TION.—In an action under this paragraph, the
3 validity and appropriateness of a determination
4 by the Secretary imposing the penalty shall not
5 be subject to review.”.

6 (b) CONFORMING AMENDMENT.—Section 514 of the
7 Housing Act of 1949 (42 U.S.C. 1484) is amended by
8 striking subsection (j).

9 **SEC. 1007. AMENDMENTS TO TITLE 18 OF THE UNITED**
10 **STATES CODE.**

11 (a) MONEY LAUNDERING.—Section 1956(e)(7)(D) of
12 title 18, United States Code, is amended by inserting “any
13 violation of section 543(a)(1) of the Housing Act of 1949
14 (relating to equity skimming),” after “coupons having a
15 value of not less than \$5,000,”.

16 (b) OBSTRUCTION OF FEDERAL AUDITS.—Section
17 1516(a) of title 18, United States Code, is amended by
18 inserting “or relating to any property that is security for
19 a loan that is made or guaranteed under title V of the
20 Housing Act of 1949,” before “shall be fined under this
21 title”.