

**AMENDMENT IN THE NATURE OF A SUBSTITUTE  
TO H.R. 4100  
OFFERED BY MR. BAKER OF LOUISIANA**

Strike all after the enacting clause and insert the following:

**1 SECTION 1. SHORT TITLE.**

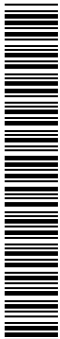
2 This Act may be cited as the “Louisiana Recovery  
3 Corporation Act”.

**4 SEC. 2. ESTABLISHMENT OF CORPORATION.**

5 (a) IN GENERAL.—There is hereby established the  
6 Louisiana Recovery Corporation (hereafter in this Act re-  
7 ferred to as the “Corporation”).

8 (b) STATUS OF CORPORATION.—The Corporation  
9 shall be an independent establishment in the executive  
10 branch and shall be deemed to be an an agency of the  
11 United States for purposes of subchapter II of chapter 5  
12 and chapter 7 of title 5, United States Code.

13 (c) PRINCIPAL OFFICE.—The principal office of the  
14 Corporation shall be located in the State of Louisiana, but  
15 there may be established agencies or branch offices in the  
16 District of Columbia and in any city or parish in Lou-  
17 isiana to the extent provided for in the by-laws of the Cor-  
18 poration.



1 (d) CORPORATE DIVISIONS.—

2 (1) IN GENERAL.—At a minimum, the Corpora-  
3 tion shall establish and maintain separate divisions  
4 for the following subjects:

5 (A) Environment and Land Use Manage-  
6 ment.

7 (B) Economic Development.

8 (C) Property Acquisition.

9 (D) Property Management.

10 (E) Property Disposition.

11 (F) Urban Homesteading and Community  
12 and Faith-Based Organizations.

13 (2) MANAGEMENT OF DIVISIONS.—Management  
14 of each division shall be vested in an executive vice  
15 president who shall be appointed by the Board of  
16 Directors in the manner provided by the Board of  
17 Directors and the by-laws of the Corporation.

18 (e) PROPERTY OWNERS' RIGHTS AND PROTEC-  
19 TIONS.—

20 (1) NO AUTHORITY TO EXERCISE EMINENT DO-  
21 MAIN.—The Corporation shall have no authority to  
22 acquire interests in property by eminent domain.

23 (2) NO COERSION OF PROPERTY OWNERS.—In  
24 making any offer with respect to any interest in  
25 property, the Corporation may take no action that



1 would have the effect of, directly or indirectly, com-  
2 pelling any property owner or homeowner to accept  
3 the offer.

4 (3) PROPERTY OWNER'S RIGHT TO "OPT  
5 OUT".—No provision of this Act shall be construed  
6 as denying any property owner the right to opt out  
7 of any dealings with the Corporation, subject to the  
8 terms of any contract or agreement previously en-  
9 tered into.

10 (4) LOCAL INVITATION.—Notwithstanding any  
11 other provision of this Act, the Corporation may  
12 take no action in any municipality or parish unless  
13 the local government of such municipality or parish  
14 has adopted a resolution of invitation for the Cor-  
15 poration's assistance.

16 **SEC. 3. MANAGEMENT.**

17 (a) BOARD OF DIRECTORS.—

18 (1) IN GENERAL.—The management of the  
19 Corporation shall be vested in a Board of Directors  
20 consisting of 7 individuals appointed by the Presi-  
21 dent as follows from among individuals who are citi-  
22 zens of the United States and who, by virtue of their  
23 education, training or experience in environmental  
24 land reclamation, economic development, housing de-



1       velopment, land use, or urban planning, are espe-  
2       cially qualified to serve on the Board of Directors.

3           (2) NOMINATIONS BY GOVERNOR OF LOU-  
4       ISIANA.—3 of the members of the Board of Direc-  
5       tors shall be appointed under paragraph (1) from  
6       among individuals who are nominated for appoint-  
7       ment by the Governor of Louisiana.

8           (3) POLITICAL AFFILIATION.—Not more than 4  
9       of the members of the Board of Directors may be  
10      members of the same political party.

11      (b) CHAIRPERSON AND VICE CHAIRPERSON.—

12           (1) CHAIRPERSON.—1 of the 4 members of the  
13      Board of Directors who were not nominated by the  
14      Governor of Louisiana shall be designated by the  
15      President, by and with the advice and consent of the  
16      Senate, to serve as Chairperson of the Board of Di-  
17      rectors and the chief executive officer of the Cor-  
18      poration.

19           (2) VICE CHAIRPERSON.—1 of the 3 members  
20      of the Board of Directors who were nominated by  
21      the Governor of Louisiana shall be designated by the  
22      President to serve as Vice Chairperson of the Board  
23      of Directors.

24           (3) ACTING CHAIRPERSON.—In the event of a  
25      vacancy in the position of Chairperson of the Board



1 of Directors or during the absence or disability of  
2 the Chairperson, the Vice Chairperson shall act as  
3 Chairperson.

4 (c) TERMS.—

5 (1) IN GENERAL.—Each member of the Board  
6 of Directors shall be appointed to a term of 5 years.

7 (2) STAGGERED TERMS.—Of the members first  
8 appointed to the Board of Directors after the date  
9 of the enactment of this Act—

10 (A) 2 shall be appointed for a term of 5  
11 years (1 of whom shall be the member des-  
12 ignated as the Chairperson);

13 (B) the 3 members who were nominated by  
14 the Governor of Louisiana shall be appointed  
15 for a term of 3 years; and

16 (C) 2 shall be appointed for a term of 2  
17 years.

18 (3) INTERIM APPOINTMENTS.—Any member ap-  
19 pointed to fill a vacancy occurring before the expira-  
20 tion of the term for which such member's prede-  
21 cessor was appointed shall be appointed only for the  
22 remainder of such term.

23 (4) CONTINUATION OF SERVICE.—The Chair-  
24 person, Vice Chairperson, and each appointed mem-  
25 ber may continue to serve after the expiration of the



1 term of office to which such member was appointed  
2 until a successor has been appointed and qualified.

3 (5) REMOVAL FOR CAUSE.—The Chairperson,  
4 Vice Chairperson, and any appointed member may  
5 may be removed by the President for cause.

6 (6) FULL-TIME SERVICE.—The members of the  
7 Board of Directors shall serve on a full-time basis.

8 (d) VACANCY.—Any vacancy on the Board of Direc-  
9 tors shall be filled in the manner in which the original  
10 appointment was made.

11 (e) INELIGIBILITY FOR OTHER OFFICES.—

12 (1) OTHER GOVERNMENT POSITIONS.—No per-  
13 son may serve as a member of the Board of Direc-  
14 tors while holding any position as an officer or em-  
15 ployee of the Federal Government, any State govern-  
16 ment, or any political subdivision of any State.

17 (2) RESTRICTION DURING SERVICE.—No mem-  
18 ber of the Board of Directors may—

19 (A) be an officer or director of any insured  
20 depository institution, insured credit union, de-  
21 pository institution holding company, Federal  
22 reserve bank, Federal home loan bank, invest-  
23 ment bank, mortgage bank, or any other entity  
24 which enters into any contract with the Cor-  
25 poration; or



1 (B) hold stock in any insured depository  
2 institution, depository institution holding com-  
3 pany, investment bank, mortgage bank, or any  
4 other entity which enters into any contract with  
5 the Corporation.

6 (3) CERTIFICATION.—Upon taking office, each  
7 member of the Board of Directors shall certify under  
8 oath that such member has complied with this sub-  
9 section and such certification shall be filed with the  
10 secretary of the Board of Directors.

11 (f) CLARIFICATION OF NONLIABILITY.—

12 (1) IN GENERAL.—A director, member, officer,  
13 or employee of the Corporation has no liability under  
14 the Securities Act of 1933 with respect to any claim  
15 arising out of or resulting from any act or omission  
16 by such person within the scope of such person's em-  
17 ployment in connection with any transaction involv-  
18 ing the disposition of assets (or any interests in any  
19 assets or any obligations backed by any assets) by  
20 the Corporation. This subsection shall not be con-  
21 strued to limit personal liability for criminal acts or  
22 omissions, willful or malicious misconduct, acts or  
23 omissions for private gain, or any other acts or  
24 omissions outside the scope of such person's employ-  
25 ment.



1 (2) EFFECT ON OTHER LAW.— This subsection  
2 shall not be construed as—

3 (A) affecting—

4 (i) any other immunities and protec-  
5 tions that may be available to person to  
6 whom paragraph (1) applies under applica-  
7 ble law with respect to such transactions,  
8 or

9 (ii) any other right or remedy against  
10 the Corporation, against the United States  
11 under applicable law, or against any per-  
12 son other than a person described in para-  
13 graph (1) participating in such trans-  
14 actions; or

15 (B) limiting or altering in any way the im-  
16 munities that are available under applicable law  
17 for Federal officials and employees not de-  
18 scribed in this subsection.

19 (g) LOCAL DEVELOPMENT PLANS; A COMMUNITY-  
20 BASED COLLABORATIVE APPROACH.—

21 (1) ESTABLISHMENT OF LOCAL ADVISORY  
22 COUNCIL.—

23 (A) IN GENERAL.—The Corporation shall  
24 provide for the establishment of a local advisory





1 council in each parish of the State of Louisiana  
2 in which the Corporation operates.

3 (B) MEMBERSHIP.—Each local advisory  
4 council shall consist of such local elected offi-  
5 cials (including municipal officials) community  
6 groups (such as homeowners and community  
7 associations), and other interested, qualified,  
8 groups as the Corporation may determine to be  
9 appropriate.

10 (C) CONSULTATION.—The Corporation  
11 shall consult with each local advisory council  
12 concerning all actions and projects of the Cor-  
13 poration that affect any portion of the parish  
14 for which such council is appointed.

15 (2) LOCAL DEVELOPMENT PLANS.—In exe-  
16 cuting the redevelopment mandate under this Act,  
17 the Corporation—

18 (A) shall take into account and comply  
19 with any redevelopment plan established and  
20 agreed to by State and local government offi-  
21 cials; and

22 (B) may only solicit bids for such redevel-  
23 opment that are based on and comply with a  
24 plan developed by local governments



1 **SEC. 4. CAPITALIZATION OF THE CORPORATION.**

2 (a) IN GENERAL.—The Corporation shall have cap-  
3 ital stock subscribed to by the United States Government  
4 in such amount as the President may determine to be ap-  
5 propriate, to the extent provided in advance in an appro-  
6 priation Act for any fiscal year.

7 (b) CERTIFICATES.—Certificates evidencing shares of  
8 nonvoting capital stock of the Corporation shall be issued  
9 by the Corporation to the President of the United States,  
10 or to such other person or persons as the President may  
11 designate from time to time, to the extent of payments  
12 made for the capital stock of the Corporation.

13 (c) PUBLIC DEBT TRANSACTION.—For the purpose  
14 of purchasing shares of capital stock of the Corporation,  
15 the Secretary of the Treasury may use as a public-debt  
16 transaction the proceeds of any securities issued under  
17 chapter 31 of title 31, United States Code.

18 (d) REPORTS.—

19 (1) IN GENERAL.—The Board of Directors shall  
20 submit to the Director of the Office of Management  
21 and Budget and to the Secretary of the Treasury  
22 quarterly reports and an annual report on the ex-  
23 penses of the Corporation during the period covered  
24 by the report, the financial condition of the Corpora-  
25 tion as of the end of such period, the results of the  
26 Corporation's operations during such period, and the



1 progress made during such period in fulfilling the  
2 mission and purposes of the Corporation, together  
3 with a copy of the Corporation's financial operating  
4 plans and forecasts for the annual or quarterly pe-  
5 riod (as the case may be) succeeding the period cov-  
6 ered by the report.

7 (2) PUBLIC AVAILABILITY.—Each report sub-  
8 mitted to the Director of the Office of Management  
9 and Budget and to the Secretary of the Treasury  
10 under paragraph (1) shall be made available to the  
11 public.

12 (e) TERMINATION OF AUTHORITY TO ISSUE  
13 STOCK.—No shares of capital stock of the Corporation  
14 may be issued after the end of the 10-year period begin-  
15 ning on the date of the enactment of this Act.

16 (f) REVENUE USED TO RETIRE STOCK.—Any net  
17 revenue of the Corporation in excess of amounts required  
18 to meet on-going expenses and investments shall be paid  
19 to the Secretary of the Treasury to redeem the capital  
20 stock of the Corporation and shall be deposited in the gen-  
21 eral fund of the Treasury.

22 (g) AUTHORIZATION OF APPROPRIATIONS.—There  
23 are authorized to be appropriated \$100,000,000 to the  
24 Corporation for fiscal year 2006 as start-up funding for  
25 the Corporation.



1 **SEC. 5. MISSION, PURPOSE, AND DUTIES OF THE CORPORA-**  
2 **TION.**

3 (a) **MISSION.**—The primary mission and purpose of  
4 the Corporation shall be the economic stabilization and re-  
5 development of areas within Louisiana that were dev-  
6 astated or significantly distressed by Hurricane Katrina  
7 or Hurricane Rita.

8 (b) **ECONOMIC STABILIZATION.**—In executing its eco-  
9 nomic stabilization mandate, the Corporation shall, after  
10 consultation with State and local officials and pursuant  
11 to agreement that eligible properties are not likely to be  
12 redeveloped without Corporation assistance, locate and ac-  
13 quire real property (commercial and residential) in such  
14 a manner and subject to such conditions that, upon the  
15 consummation of any acquisition of real property securing  
16 a mortgage loan—

17 (1) the mortgagee's debt shall be considered  
18 paid in full by the mortgagor; and

19 (2) all title and interest in the real property se-  
20 curing such mortgage loan passes to the Corpora-  
21 tion.

22 (c) **REDEVELOPMENT.**—In executing its redevelop-  
23 ment mandate, the Corporation shall, after consultation  
24 with State and local officials, carry out the following ac-  
25 tivities:



1           (1) Package for sale acquired real property in  
2           substantial tracts of land.

3           (2) Make improvements to such tracts of land  
4           so as to make the land suitable for sale and develop-  
5           ment, including such basic improvements as the fol-  
6           lowing:

7                   (A) Construction and reconstruction of  
8                   neighborhood roads.

9                   (B) Repair or replacement of water and  
10                  wastewater infrastructure.

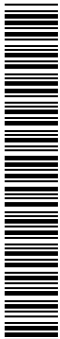
11                  (C) Similar activities necessary to maxi-  
12                  mize the return on acquired real property.

13           (3) Through a competitive bidding process, dis-  
14           pose of such acquired properties in a profitable man-  
15           ner.

16           (4) In consultation with State and local offi-  
17           cials, provide for the protection and preservation of  
18           historical and other sites of cultural significance in  
19           such a manner that promotes local heritage and in-  
20           terest.

21           (d) OFFICE OF INTERNAL AUDIT.—

22                   (1) ESTABLISHMENT.—The Board of Directors  
23           shall establish an audit committee, to be known as  
24           the Office of Internal Audit.



1 (2) REPORTS.—The Office of Internal Audit  
2 shall report to the Board of Directors no less than  
3 4 times a year on the Office’s reviews of the activi-  
4 ties, contracts, and financial statements of the Cor-  
5 poration.

6 (3) EMPLOYEES.—The Office of Internal Audit  
7 shall set the compensation and benefits for the em-  
8 ployees of the Office.

9 (4) RELATIONSHIP TO INSPECTOR GENERAL.—  
10 Notwithstanding any provision of the Inspector Gen-  
11 eral Act of 1978, the Board of Directors shall pro-  
12 vide for the Inspector General to report to the Office  
13 of Internal Audit and to the Board of Directors.

14 (e) INSPECTOR GENERAL.—For purposes of the In-  
15 spector General Act of 1978—

16 (1) the Board of Directors shall be treated as  
17 the head of the establishment; and

18 (2) the Corporation shall be treated as the es-  
19 tablishment.

20 **SEC. 6. PROPERTY ACQUISITION AUTHORITY AND METHOD-**  
21 **LOGY.**

22 (a) IN GENERAL.—Pursuant to section 5(b), the Cor-  
23 poration shall negotiate to acquire title to real property  
24 and compensate any property owner, mortgagee or pri-  
25 mary lien holder with an interest in such real property.



1 (b) PURCHASE OFFER FOR REAL PROPERTY SE-  
2 CURED BY A LIEN.—The Corporation shall take into con-  
3 sideration the following in constructing offers of com-  
4 pensation for the acquisition of real property secured by  
5 a lien:

6 (1) The Corporation's expenses to improve the  
7 property for sale and development.

8 (2) The Corporation's anticipated return upon  
9 the property's disposition.

10 (3) The remaining principle balance of any out-  
11 standing mortgage.

12 (4) In accordance with subsection (h), the eq-  
13 uity position of the owner in the property imme-  
14 diately before the area in which such property is lo-  
15 cated was devastated or significantly distressed by  
16 Hurricane Katrina or Hurricane Rita and the appro-  
17 priate loss share factor for such property (as deter-  
18 mined under subsection (g)(2)).

19 (5) Any potential net loss to the Corporation,  
20 and indirectly to the taxpayers, upon final disposi-  
21 tion of the property.

22 (c) PURCHASE FROM OWNER.—The Corporation  
23 shall take into consideration the following in constructing  
24 offers of compensation for any real property where no lien  
25 secures such real property:



1 (1) The Corporation's expenses to improve the  
2 property for sale and development.

3 (2) The Corporation's anticipated return upon  
4 the property's disposition.

5 (3) In accordance with subsection (h), the eq-  
6 uity position of the owner in the property imme-  
7 diately before the area in which such property is lo-  
8 cated was devastated or significantly distressed by  
9 Hurricane Katrina or Hurricane Rita and the appro-  
10 priate loss share factor for such property (as deter-  
11 mined under subsection (g)(2)).

12 (4) Any potential net loss to the Corporation,  
13 and indirectly to the taxpayers, upon final disposi-  
14 tion of the property.

15 (d) RIGHT OF FIRST REFUSAL AND OPTION TO RE-  
16 PURCHASE REAL PROPERTY.—

17 (1) IN GENERAL.—Subject to paragraph (2),  
18 the Corporation shall ensure that any entity awarded  
19 a contract under Section 7 shall grant a right of  
20 first refusal and option to obtain an interest in real  
21 property of comparable size and location in redev-  
22 oped areas to any party previously holding title.

23 (2) GUIDELINES FOR EXERCISE.—The Corpora-  
24 tion shall—





1 (A) ensure that the right of first refusal  
2 and option to obtain an interest in real property  
3 that are granted pursuant to paragraph (1) are  
4 granted before the real property is listed for  
5 public sale; and

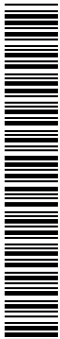
6 (B) shall establish guidelines to provide  
7 that any party receiving the option to obtain an  
8 interest in real property is given adequate time  
9 to consider and exercise such option.

10 (e) RIGHT TO RETAIN AN INTEREST IN REAL PROP-  
11 ERTY.—

12 (1) PROPERTY OWNER OR MORTGAGEE RIGHT  
13 TO RETAIN INTEREST.—The Corporation shall offer  
14 any property owner or mortgagee an option to retain  
15 an interest in real property of comparable size and  
16 location, subject to the following conditions:

17 (A) The Corporation shall pay no com-  
18 pensation to the property owner or mortgagee.

19 (B) The property owner or mortgagee shall  
20 compensate the Corporation for expenses to im-  
21 prove the property for sale and development  
22 when such property owner or mortgagee obtains  
23 construction financing for development of the  
24 property.



1           (2) REQUIREMENT TO DEVELOP PROPERTY.—

2           Any property owner or mortgagee exercising a right  
3           to retain interest in a property shall—

4                   (A) obtain construction financing within  
5                   90 days of notification by the Corporation that  
6                   the area in which the property owner or mort-  
7                   gagee retains an interest is available for devel-  
8                   opment; and

9                   (B) complete construction of a replacement  
10                  residential or commercial structure, as applica-  
11                  ble, within 2 years of a notification pursuant to  
12                  subparagraph (A).

13           (3) CONTRACT TERMS AND ENFORCEMENT.—

14                   (A) CONTRACT REQUIRED.—In any case in  
15                   which a property owner or mortgagee exercises  
16                   a right to retain interest in a property, the  
17                   rights and responsibilities of the Corporation  
18                   and the property owner or mortgagee shall be  
19                   fully detailed in a contract.

20                   (B) TERMS TO BE INCLUDED.—Among  
21                   such other terms as may be agreed upon by the  
22                   parties, any contract described in subparagraph  
23                   (A) shall include the following provisions:

24                           (i) A mechanism that allows the Cor-  
25                           poration to take control of the property for



1 a set price and to receive compensation for  
2 any expenses incurred by the Corporation  
3 if a breach of contract by the property  
4 owner or mortgagee occurs.

5 (ii) A requirement that—

6 (I) the property owner or mort-  
7 gagee reimburse the Corporation for  
8 such owner's or mortgagee's pro rata  
9 share of the costs associated with  
10 making the property suitable for de-  
11 velopment; and

12 (II) such reimbursement be made  
13 within 90 days of the property owner  
14 or mortgagee having been notified by  
15 a developer that the property is now  
16 available for redevelopment.

17 (iii) A requirement that the develop-  
18 ment of the property be completed by the  
19 property owner or mortgagee within at  
20 least 2 years from the time such owner or  
21 mortgagee is notified by the developer that  
22 the property is now available for redevelop-  
23 ment.



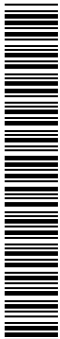
1 (iv) A mitigation notice and review  
2 procedure that meets the requirement of  
3 subparagraph (C).

4 (C) MITIGATION NOTICE AND REVIEW PRO-  
5 CEDURE.—

6 (i) NOTICE.—If the Corporation cer-  
7 tifies in writing that a property owner or  
8 mortgagee has failed to comply with the  
9 requirements of paragraph (2), the Cor-  
10 poration shall provide an opportunity for  
11 such owner or mortgagee to inform the  
12 Corporation of mitigating circumstances to  
13 provide a justification for such failure.

14 (ii) REVIEW AND RELIEF.—The Cor-  
15 poration may modify the terms of the con-  
16 tract to provide relief for the property  
17 owner or mortgagee if the Corporation, in  
18 the sole discretion of the Corporation and  
19 after review of the mitigating cir-  
20 cumstances provided under clause (i) de-  
21 termines that such relief is warranted.

22 (4) OBLIGATION OF SUBSEQUENT OWNERS  
23 UPON SALE BY OWNER.—If a property owner enters  
24 into a contract with the Corporation under this sub-  
25 section with respect to an interest of such owner in



1 property and subsequently alienates or disposes of  
2 such interest, or any portion of such interest, in  
3 property, any continuing obligation of the property  
4 owner under the contract runs with the interest in  
5 property to the successor owner or holder of such in-  
6 terest or portion of an interest in the property.

7 (f) ARBITRATION.—

8 (1) IN GENERAL.—If a property owner has any  
9 dispute with regard to the amount and terms of an  
10 offer for the property of such owner by the Corpora-  
11 tion or the valuation of the property, an arbitration  
12 process established in accordance with paragraph (2)  
13 may be invoked by the property owner.

14 (2) ARBITRATION PROCESS.—The arbitration  
15 process established under this subsection shall pro-  
16 vide for—

17 (A) the selection of a neutral arbitrator se-  
18 lected by both parties from among individual  
19 appraisers who, by virtue of their education,  
20 training, and experience, are specially qualified  
21 with regard to arbitration and appraisals of  
22 Louisiana real estate values prior to August 28,  
23 2005;

24 (B) the use by the arbitrator of the same  
25 criteria as the Corporation under this Act; and



1 (C) the payment of the costs of the process  
2 by the Corporation.

3 (3) CORPORATION.—For a period of 60 days  
4 after the determination of the arbitrator, the Cor-  
5 poration shall honor the terms of the determination  
6 of the arbitrator.

7 (4) PROPERTY OWNER.—The property owner  
8 may reject the offer of the Corporation and the de-  
9 termination of the arbitrator, without penalty, at  
10 any time before a binding contract is entered into.

11 (g) LIMITATIONS ON PAYMENT; PROHIBITION  
12 AGAINST WINDFALL; LOSS SHARING.—

13 (1) IN GENERAL.—In constructing and extend-  
14 ing offers to acquire real property, or any mortgage  
15 on such property, under this section, the Corpora-  
16 tion shall ensure that—

17 (A) in no case may the cumulative pay-  
18 ment by the Corporation to any individual for  
19 the purposes of acquiring real property exceed  
20 \$500,000; and

21 (B) in no case may any person be the ben-  
22 efiary of a windfall gain as a result of any  
23 purchase offer extended by the Corporation.

24 (2) LOSS SHARING.—In order to limit the losses  
25 and expenses of the Corporation and any potential



1 cost to the taxpayers, any offer made by the Cor-  
2 poration under this section to any property owner or  
3 mortgagee with respect to any interest in property  
4 or any mortgage shall include an appropriate reduc-  
5 tion such that an equitable and negotiable portion of  
6 any loss with respect to such property or mortgage  
7 is shared by the owner and any mortgagee.

8 (h) FACTORS TO BE CONSIDERED IN DETERMINING  
9 EQUITY POSITION OF THE OWNER.—In making any de-  
10 termination concerning the equity position of an owner of  
11 property immediately before the area in which such prop-  
12 erty is located was devastated or significantly distressed  
13 by Hurricane Katrina or Hurricane Rita for purposes of  
14 subsections (b) and (c), the Corporation shall consider all  
15 of the following:

16 (1) A pre-event appraisal in a verifiable loan  
17 record held by a federally insured depository institu-  
18 tion, federally insured credit union, or housing-re-  
19 lated Government-sponsored enterprise.

20 (2) The pre-event assessed value on record by  
21 a unit of local government that serves as the basis  
22 for determining property taxes.

23 (3) The pre-event fair market value as would be  
24 determined under existing federal hazard mitigation  
25 programs as authorized under the Robert T. Staf-



1       ford Disaster Relief and Emergency Assistance Act  
2       and the National Flood Insurance Act (such as the  
3       Hazard Mitigation Program, Pre-Disaster Mitigation  
4       Program, and the Flood Mitigation Assistance Pro-  
5       gram).

6               (4) Any other valuation of the property under  
7       a methodology that the Corporation finds is statis-  
8       tically valid and in broad use.

9       **SEC. 7. ASSET DISPOSITION AUTHORITY AND METHOD-**  
10               **LOGY.**

11       (a) DISPOSITION OF PROPERTY.—Pursuant to sec-  
12       tion 5(c), the Corporation shall dispose of property  
13       through a competitive bidding process under which pur-  
14       chasers are selected based on an ability to meet select cri-  
15       teria established by the Corporation, which shall include  
16       the following:

17               (1) Capacity to oversee major development  
18       projects through a community-based collaborative  
19       process.

20               (2) Commitment of private capital.

21               (3) Effective deployment of Federal National  
22       Mortgage Association, Federal Home Loan Mort-  
23       gage Corporation, Federal home loan bank, and  
24       other Federal or State resources (such as low-income  
25       housing tax credits, new markets tax credits, enter-





1       prise zones, and the Historically Underutilized Busi-  
2       ness Zones Program of the Small Business Adminis-  
3       tration) to ensure construction of affordable housing.

4           (4) Use of private contractors and subcontractors.  
5

6           (5) Use of local corporations and local employ-  
7       ees.

8           (6) Scale of development and job creation.

9       (b) URBAN HOMESTEAD PROGRAM.—The Corpora-  
10      tion shall assist in the implementation of an urban home-  
11      stead program by providing the following:

12           (1) Land to the Federal Government for devel-  
13      opment as urban homesteads.

14           (2) Down payment assistance and other seed  
15      money to enable homestead construction.

16           (3) Coordination with not-for-profit and faith-  
17      based organizations in the construction and develop-  
18      ment of urban homesteads.

19       (c) OTHER DISPOSITION.—The Corporation shall en-  
20      sure that acquired property not made available for an  
21      urban homestead shall be disposed of in a manner that  
22      maximizes the return on the sale of acquired property to  
23      retire debt attributable to the Corporation.

24       (d) ACCOUNTING REQUIREMENTS.—



1           (1) ACCOUNTING FOR HOLDING AND MANAGING  
2           ASSETS AND LIABILITIES.—The Corporation shall  
3           keep a full and complete accounting of all costs and  
4           expenses associated with the holding and manage-  
5           ment of any asset or liability acquired by the Cor-  
6           poration in carrying out the duties of the Corpora-  
7           tion under this Act.

8           (2) ACCOUNTING FOR DISPOSITION OF ASSETS  
9           AND LIABILITIES.—The Corporation shall keep a full  
10          and complete accounting of all expenses and receipts  
11          associated with the disposition of any asset or liabil-  
12          ity acquired by the Corporation in carrying out the  
13          duties of the Corporation under this Act.

14          (e) UTILIZATION OF PRIVATE SECTOR.—In carrying  
15          out its responsibilities in the management and disposition  
16          of assets under this Act, the Corporation shall utilize the  
17          services of private persons, including real estate and loan  
18          portfolio asset management, property management, auc-  
19          tion marketing, legal, and brokerage services, only if such  
20          services are available in the private sector and the Cor-  
21          poration determines utilization of such services is the most  
22          practicable, efficient, and cost effective.

23          **SEC. 8. POWERS OF THE CORPORATION.**

24          (a) POWERS.—The Corporation shall be a body cor-  
25          porate that shall have the power to—



1 (1) adopt, alter, and use a corporate seal;

2 (2) provide for such other officers and employ-  
3 ees as may be necessary to perform the functions of  
4 the Corporation, define their duties, and require sur-  
5 ety bonds or make other provisions against losses oc-  
6 casioned by acts of such persons;

7 (3) fix the compensation and number of, and  
8 appoint, employees for any position established by  
9 the Corporation, without regard to the provisions of  
10 chapter 51 or subchapter III of chapter 53 of title  
11 5;

12 (4) sue and be sued, and complain and defend,  
13 by and through its own attorneys, in any court of  
14 law or equity, State or Federal;

15 (5) with the consent of any executive agency,  
16 department, or independent agency utilize the infor-  
17 mation, services, staff, and facilities of such depart-  
18 ment or agency, on a reimbursable (or other) basis,  
19 in carrying out this section;

20 (6) prescribe, by the Board of Directors, bylaws  
21 that are consistent with law to provide for—

22 (A) the management and operational struc-  
23 ture of the Corporation, subject to sections 2(d)  
24 and 3;



1 (B) the manner in which general oper-  
2 ations are to be conducted; and

3 (C) such other matters as the Board of Di-  
4 rectors determines to be appropriate;

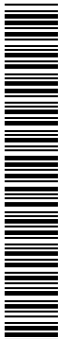
5 (7) enter into contracts and modify or consent  
6 to the modification of any contract or agreement;

7 (8) use the United States mails in the same  
8 manner and subject to the same conditions as other  
9 departments or agencies of the United States; and

10 (9) exercise, by the Board of Directors, or duly  
11 authorized officers or agents, any and all powers es-  
12 tablished under this section and such incidental pow-  
13 ers as are necessary to carry out the powers, duties,  
14 and functions of the Corporation and the Board of  
15 Directors under this Act.

16 (b) TERMINATION OF CONTRACT FOR CAUSE.—In  
17 the case of any service contract between the Corporation  
18 and any other person, the Corporation may terminate such  
19 contract for cause, whether by reason of breach of con-  
20 tract, violation of regulations or guidelines of the Corpora-  
21 tion, or otherwise, or bar any such person from entering  
22 into any other contract, after notice and an opportunity  
23 for an agency hearing on the record.

24 (c) HEARINGS AND SESSIONS.—



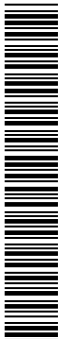
1           (1) IN GENERAL.—The Corporation may, for  
2           the purposes of carrying out this Act, hold hearings,  
3           sit and act at times and places, take testimony, and  
4           receive evidence as the Corporation determines to be  
5           appropriate.

6           (2) SUMMONS.—In the course of or in connec-  
7           tion with any proceeding under this Act or in con-  
8           nection with any claim, the Corporation, or any des-  
9           ignated representative of the Corporation, including  
10          any person designated to conduct any hearing under  
11          this section, shall have the power to administer  
12          oaths and affirmations, to take or cause to be taken  
13          depositions, and to issue, revoke, quash, or modify  
14          subpenas and subpenas duces tecum; and the Cor-  
15          poration is empowered to make rules and regulations  
16          with respect to any such proceedings, claims, exami-  
17          nations, or investigations.

18          (3) ADMINISTRATIVE ASPECTS OF SUMMONS.—

19                 (A) PRODUCTION AT DESIGNATED SITE.—

20                 A summons issued pursuant to this section may  
21                 require that books, papers, records, or other  
22                 data stored or maintained at any place be pro-  
23                 duced at any designated location in any State  
24                 or in any territory or other place subject to the  
25                 jurisdiction of the United States not more than



1           500 miles distant from any place where the per-  
2           son resides or operates or conducts business in  
3           the United States.

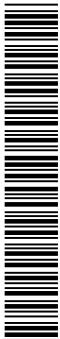
4           (B) FEES AND TRAVEL EXPENSES.—Per-  
5           sons summoned under this section shall be paid  
6           the same fees and mileage for travel in the  
7           United States that are paid witnesses in the  
8           courts of the United States.

9           (C) NO LIABILITY FOR EXPENSES.—The  
10          United States shall not be liable for any ex-  
11          pense, other than an expense described in sub-  
12          paragraph (B), incurred in connection with the  
13          production of books, papers, records, or other  
14          data under this section.

15          (D) SERVICE OF SUMMONS.—Service of a  
16          summons issued under this subsection may be  
17          by registered mail or in such other manner cal-  
18          culated to give actual notice as the Corporation  
19          may prescribe by regulation.

20          (4) CONTUMACY OR REFUSAL.—

21                 (A) IN GENERAL.—In case of contumacy  
22          by a person issued a summons under this sub-  
23          section or a refusal by such person to obey such  
24          summons, the Corporation may invoke the aid



1 of any court of the United States within the ju-  
2 risdiction of which—

3 (i) the investigation which gave rise to  
4 the summons is being or has been carried  
5 on;

6 (ii) the person summoned is an inhab-  
7 itant; or

8 (iii) the person summoned carries on  
9 business or may be found, to compel com-  
10 pliance with the summons.

11 (B) COURT ORDER.—The court may issue  
12 an order requiring the person summoned to ap-  
13 pear before the Corporation or a delegate of the  
14 Corporation to produce books, papers, records,  
15 and other data, to give testimony as may be  
16 necessary to explain how such material was  
17 compiled and maintained, and to pay the costs  
18 of the proceeding.

19 (C) FAILURE TO COMPLY WITH ORDER.—  
20 Any failure to obey the order of the court may  
21 be punished by the court as a contempt thereof.

22 (D) SERVICE OF PROCESS.—All process in  
23 any case under this paragraph may be served in  
24 any judicial district in which such person may  
25 be found.



1 (d) AGENCY AUTHORITY.—

2 (1) STATUS.—The Corporation, in any capacity,  
3 shall be an agency of the United States for purposes  
4 of section 1345 of title 28 without regard to whether  
5 the Corporation commenced the action.

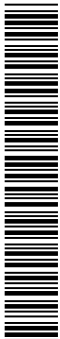
6 (2) FEDERAL COURT JURISDICTION.—

7 (A) IN GENERAL.—All suits of a civil na-  
8 ture at common law or in equity to which the  
9 Corporation, in any capacity, is a party shall be  
10 deemed to arise under the laws of the United  
11 States.

12 (B) REMOVAL.—The Corporation may,  
13 without bond or security, remove any action,  
14 suit, or proceeding from a State court to the  
15 appropriate United States district court before  
16 the end of the 90-day period beginning on the  
17 date the action, suit, or proceeding is filed  
18 against the Corporation or the Corporation is  
19 substituted as a party.

20 (C) APPEAL OF REMAND.—The Corpora-  
21 tion may appeal any order of remand entered  
22 by any United States district court.

23 (3) SERVICE OF PROCESS.—The Board of Di-  
24 rectors shall designate agents upon whom service of





1 process may be made in Louisiana and the District  
2 of Columbia.

3 (4) BONDS OR FEES.—The Corporation shall  
4 not be required to post any bond to pursue any ap-  
5 peal and shall not be subject to payments of any fil-  
6 ing fees in United States district courts or courts of  
7 appeal.

8 **SEC. 9. TERMINATION OF CORPORATION.**

9 (a) IN GENERAL.—The Corporation shall terminate  
10 at the end of the 10-year period beginning on the date  
11 of the enactment of this Act.

12 (b) WINDING UP THE AFFAIRS OF THE CORPORA-  
13 TION.—Any right, title, interest, or obligation of the Cor-  
14 poration with respect to liabilities or assets of the Cor-  
15 poration which have not been fully disposed of by the end  
16 of the 10-year period referred to in paragraph (1) shall  
17 transfer, as of the end of such period, to the Director of  
18 the Office of Management and Budget who shall promptly  
19 wind up the affairs of the Corporation and dispose of such  
20 assets and liabilities.

21 **SEC. 10. CDBG GRANTS PROGRAM TO STATES FOR RECOV-  
22 ERY ACTIVITIES.**

23 (a) IN GENERAL.—In addition to amounts otherwise  
24 made available under the community development block  
25 grant program title I of the Housing and Community De-



1 velopment Act of 1974, the Secretary of Housing and  
2 Urban Development may make grants under this section  
3 to affected States, and to Indian tribes in such States,  
4 for carrying out eligible activities in affected areas. To the  
5 extent amounts are made available for such grants, grants  
6 shall be made periodically, over time, to ensure appro-  
7 priate, considered, and timely administration, use, and  
8 oversight of the use of such amounts.

9 (b) ADMINISTRATION THROUGH STATE CDBG GRANT  
10 PROGRAM.—Any amounts from a grant under this section  
11 shall be administered—

12 (1) in the case of a grant to an affected State,  
13 by the affected State in conjunction and accordance  
14 with community development block grants program  
15 administered by the State under section 106(d) of  
16 the Housing and Community Development Act of  
17 1974 (42 U.S.C. 5306(d)), except as provided in this  
18 section and except that notwithstanding paragraph  
19 (2) of such section a State may distribute amounts  
20 from a grant under this section to entitlement com-  
21 munities in affected areas of such State; and

22 (2) in the case of a grant to an Indian tribe,  
23 by the tribe in conjunction with its community devel-  
24 opment block grants program pursuant to section



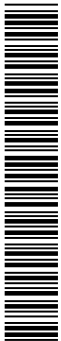
1 106(a)(1) of the Housing and Community Develop-  
2 ment Act of 1974 (42 U.S.C. 5306(a)(1)).

3 (c) USE.—

4 (1) PLAN.—Any amounts made available pursu-  
5 ant to this section may be used only in accordance  
6 with a plan for such use submitted by the chief exec-  
7 utive officer of the State or Indian tribe (or other  
8 governing body) receiving such grant amounts.

9 (2) CORPORATION.—In the case of the State of  
10 Louisiana, the chief executive officer of such State  
11 may provide for the Corporation to assume the re-  
12 sponsibilities of such chief executive officer in car-  
13 rying out this section and administering grants  
14 under this section.

15 (3) ELIGIBLE ACTIVITIES IN AFFECTED  
16 AREAS.—Any amounts made available pursuant to  
17 this section may be used only for eligible activities  
18 carried out in affected areas. In the case of amounts  
19 made available for the State of Louisiana, the plan  
20 under paragraph (1) shall provide that sufficient  
21 amounts be used for such activities in affected areas  
22 that were damaged by Hurricane Katrina or Rita,  
23 but not devastated or significantly distressed to the  
24 extent that the area is receiving assistance from the  
25 Corporation.



1           (4) PROJECTS IN PROGRESS.—In the case of  
2           any project or activity in any affected area that was  
3           underway before the Presidential declaration with  
4           respect to such area, the project or activity may not  
5           be provided any amounts from a grant under this  
6           section unless the hurricane for which such declara-  
7           tion was made directly impacted the project.

8           (d) WAIVER.—

9           (1) AUTHORITY.—In administering any grant  
10          amounts under this section, except as provided in  
11          paragraph (2), the Secretary may waive, or specify  
12          alternative requirements for, any provision of any  
13          statute or regulation that the Secretary administers  
14          in connection with the obligation by the Secretary or  
15          the use by the recipient of such amounts upon a  
16          finding that such waiver is required to facilitate the  
17          use of such amounts and would not be inconsistent  
18          with the overall purpose of title I of the Housing  
19          and Community Development Act of 1974.

20          (2) LIMITATIONS.—

21                 (A) EXCEPTIONS.—The Secretary may not  
22                 waive, under this subsection, any requirements  
23                 related to fair housing, nondiscrimination, labor  
24                 standards, or the environment.



1 (B) LOW- AND MODERATE-INCOME BEN-  
2 EFIT.—The Secretary may waive the require-  
3 ments regarding use of Federal assistance for  
4 support of activities that benefit persons of low  
5 and moderate income, except that at least 50  
6 percent of the amounts from grants under this  
7 section shall be used for support of activities  
8 that benefit primarily persons of low and mod-  
9 erate income unless the Secretary makes a find-  
10 ing of compelling need.

11 (3) PUBLICATION.—The waiver of any statute  
12 or regulation authorized under this subsection shall  
13 not take effect before the expiration of the 5-day pe-  
14 riod that begins upon publication of such waiver in  
15 the Federal Register.

16 (e) ALLOCATION.—The Secretary shall allocate  
17 amounts made available to carry out this section among  
18 affected States and Indian tribes based on the need for  
19 such assistance, as demonstrated by factors including the  
20 relative extents of housing and community infrastructure  
21 devastation occurring within such jurisdictions, the rel-  
22 ative extents of the populations of such jurisdictions that  
23 are persons of low and moderate income, and such other  
24 factors as the Secretary considers appropriate to dem-  
25 onstrate such need.



1 (f) ACCOUNTABILITY.—

2 (1) SEMIANNUAL REVIEW OF PROGRAM.—Not  
3 later than the expiration of the six-month period be-  
4 ginning on the date of the enactment of this Act and  
5 every six months thereafter, the Inspector General of  
6 the Department of Housing and Urban Development  
7 shall conduct a review of the grant program under  
8 this section, including the expenditure by States and  
9 Indian tribes of amounts made available under such  
10 grants and submit a report to the Secretary and the  
11 Congress on the findings of such review.

12 (2) MISUSE OF FUNDS.—If the Secretary deter-  
13 mines (pursuant to a review under paragraph (1) or  
14 otherwise) that amounts from a grant under this  
15 section to a State or Indian tribe have been used in  
16 a manner not authorized under this section, the Sec-  
17 retary shall recapture any such misused amounts, to  
18 the extent such amounts remain available.

19 (g) DEFINITIONS.—For purposes of this section, the  
20 following definitions shall apply:

21 (1) AFFECTED AREA.—The term “affected  
22 area” means any area that is or was subject to a  
23 declaration by the President of a major disaster or  
24 emergency under title IV of the Robert T. Stafford  
25 Disaster Relief and Emergency Assistance Act (42



1 U.S.C. 5121 et seq.) in connection with Hurricane  
2 Katrina or Hurricane Rita.

3 (2) AFFECTED STATES.—The term “affected  
4 States” means the States of Alabama, Florida, Lou-  
5 isiana, or Mississippi.

6 (3) ELIGIBLE ACTIVITIES.—The term “eligible  
7 activities” means the activities described in section  
8 105(a) of the Housing and Community Development  
9 Act of 1974 (42 U.S.C. 5305(a)), except that—

10 (A) such term does not include the activity  
11 described in paragraphs (8) of such section (re-  
12 lating to the provision of public services);

13 (B) not more than 15 percent of the  
14 amount of any assistance provided under this  
15 section to a State or Indian tribe (including  
16 program income) may be used for activities  
17 under paragraph (19) of such section; and

18 (C) such term does not include any activity  
19 that is reimbursable by the Federal Emergency  
20 Management Agency or is available through the  
21 Small Business Administration

22 (4) SECRETARY.—The term “Secretary” means  
23 the Secretary of Housing and Urban Development.

24 (h) AUTHORIZATION OF APPROPRIATIONS.—For  
25 grants under this section, there are authorized to be ap-



1 appropriated for each of fiscal years 2006 through 2015

2 such sums as may be necessary.

3 (i) SUNSET.—No grant may be made under this sec-

4 tion after September 30, 2015.

