

106<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 1776

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IN THE SENATE OF THE UNITED STATES

APRIL 7, 2000

Received; read twice and referred to the Committee on Banking, Housing, and  
Urban Affairs

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## AN ACT

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”.

7       (b) **TABLE OF CONTENTS.**—The table of contents for  
8       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. Extension of loan term for manufactured home lots.
- Sec. 202. Downpayment simplification.
- Sec. 203. Reduced downpayment requirements for loans for teachers and uniformed municipal employees.
- Sec. 204. Preventing fraud in rehabilitation loan program.
- Sec. 205. Community partners next door program.
- Sec. 206. Risk-sharing demonstration.
- Sec. 207. Hybrid ARMs.
- Sec. 208. Home equity conversion mortgages.
- Sec. 209. Law enforcement officer homeownership pilot program.
- Sec. 210. Study of mandatory inspection requirement under single family housing mortgage insurance program.
- Sec. 211. Report on title I home improvement loan program.
- Sec. 212. Sense of the Congress regarding making properties available for homeownership programs.
- Sec. 213. Property improvement loan limit for single-family homes.

#### TITLE III—SECTION 8 HOMEOWNERSHIP OPTION

- Sec. 301. Downpayment assistance.
- Sec. 302. Pilot program for homeownership assistance for disabled families.
- Sec. 303. Funding for pilot programs.

#### TITLE IV—COMMUNITY DEVELOPMENT BLOCK GRANTS

- Sec. 401. Reauthorization.
- Sec. 402. Prohibition of set-asides.
- Sec. 403. Public services cap.
- Sec. 404. Homeownership for municipal employees.
- Sec. 405. Technical amendment relating to brownfields.
- Sec. 406. Income eligibility.
- Sec. 407. Housing opportunities for persons with AIDS.
- Sec. 408. Prohibition on use of amounts to acquire church property.
- Sec. 409. CDBG special purpose grants.

#### TITLE V—HOME INVESTMENT PARTNERSHIPS PROGRAM

- Sec. 501. Reauthorization.
- Sec. 502. Eligibility of limited equity cooperatives and mutual housing associations.
- Sec. 503. Administrative costs.
- Sec. 504. Leveraging affordable housing investment through local loan pools.
- Sec. 505. Homeownership for municipal employees.

- Sec. 506. Use of section 8 assistance by “grand-families” to rent dwelling units in assisted projects.
- Sec. 507. Loan guarantees.
- Sec. 508. Downpayment assistance for 2- and 3-family residences.

#### 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.
- Sec. 608. Community lead information centers and lead-safe housing.
- Sec. 609. Grant eligibility of community organizations.

#### TITLE VII—NATIVE AMERICAN HOMEOWNERSHIP

##### Subtitle A—Native American Housing

- Sec. 701. Lands title report commission.
- Sec. 702. Loan guarantees.
- Sec. 703. Native American housing assistance.

##### Subtitle B—Native Hawaiian Housing

- Sec. 721. Short title.
- Sec. 722. Findings.
- Sec. 723. Housing assistance.
- Sec. 724. Loan guarantees.

#### TITLE VIII—TRANSFER OF HUD-HELD HOUSING TO LOCAL GOVERNMENTS AND NONPROFIT ORGANIZATIONS

- Sec. 801. Transfer of unoccupied and substandard HUD-held housing to local governments and community development corporations.
- Sec. 802. Transfer of HUD assets in revitalization areas.

#### 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. Definition of rural area.
- Sec. 1005. Operating assistance for migrant farmworkers projects.
- Sec. 1006. Multifamily rental housing loan guarantee program.

- Sec. 1007. Enforcement provisions.  
 Sec. 1008. Amendments to title 18 of United States Code.

#### TITLE XI—MANUFACTURED HOUSING IMPROVEMENT

- Sec. 1101. Short title and references.  
 Sec. 1102. Findings and purposes.  
 Sec. 1103. Definitions.  
 Sec. 1104. Federal manufactured home construction and safety standards.  
 Sec. 1105. Abolishment of National Manufactured Home Advisory Council;  
     manufactured home installation.  
 Sec. 1106. Public information.  
 Sec. 1107. Research, testing, development, and training.  
 Sec. 1108. Prohibited acts.  
 Sec. 1109. Dispute resolution.  
 Sec. 1110. Elimination of annual report requirement.  
 Sec. 1111. Effective date.  
 Sec. 1112. Savings provision.

#### TITLE XII—PUBLIC AND ASSISTED HOUSING DRUG ELIMINATION PROGRAM

- Sec. 1201. Eligible public housing agencies.

### 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;

7               (2) our Nation has an abundance of conven-  
 8       tional capital sources available for homeownership fi-  
 9       nancing;

10              (3) experience with local homeownership pro-  
 11       grams has shown that if flexible capital sources are  
 12       available, communities possess ample will and cre-  
 13       ativity to provide opportunities uniquely designed to  
 14       assist their citizens in realizing the American dream  
 15       of homeownership; and

1           (4) each consumer should be afforded every rea-  
2           sonable opportunity to access mortgage credit, to ob-  
3           tain the lowest cost mortgages for which the con-  
4           sumer can qualify, to know the true cost of the  
5           mortgage, to be free of regulatory burdens, and to  
6           know what factors underlie a lender's decision re-  
7           garding the consumer's mortgage.

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

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

12          (2) to expand homeownership through policies  
13          that—

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

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

20                (C) facilitate the availability of flexible  
21                capital for homeownership opportunities and  
22                provide local governments with increased flexi-  
23                bility under existing Federal programs to facili-  
24                tate homeownership.

1 **TITLE I—REMOVAL OF BAR-**  
2 **RIERS TO HOUSING AFFORD-**  
3 **ABILITY**

4 **SEC. 101. SHORT TITLE.**

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

7 **SEC. 102. HOUSING IMPACT ANALYSIS.**

8 (a) **APPLICABILITY.**—Except as provided in sub-  
9 section (b), the requirements of this section shall apply  
10 with respect to—

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

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

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

23 (2) any final rule, unless the agency promul-  
24 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) EXCEPTION FOR CERTAIN BANKING RULES.—  
14 The requirements of this section shall not apply to any  
15 proposed or final rule relating to—

16 (1) the operations, safety, or soundness of—

17 (A) federally insured depository institu-  
18 tions or any affiliate of such an institution (as  
19 such term is defined in section 2(k) of the Bank  
20 Holding Company Act of 1956 (12 U.S.C.  
21 1841(k));

22 (B) credit unions;

23 (C) the Federal home loan banks;

24 (D) the enterprises (as such term is de-  
25 fined in section 1303 of the Housing and Com-

1 community Development Act of 1992 (12 U.S.C.  
2 4502);

3 (E) a Farm Credit System institution; or

4 (F) foreign banks or their branches, agen-  
5 cies, commercial lending companies, or rep-  
6 resentative offices that operate in the United  
7 States, or any affiliate of a foreign bank (as  
8 such terms are defined in section 1 of the Inter-  
9 national Banking Act of 1978 (12 U.S.C.  
10 3101); or

11 (2) the payments system or the protection of  
12 deposit insurance funds or the Farm Credit Insur-  
13 ance Fund.

14 (c) STATEMENT OF PROPOSED RULEMAKING.—

15 Whenever an agency publishes general notice of proposed  
16 rulemaking for any proposed rule, unless the agency has  
17 made a certification under subsection (a), the agency  
18 shall—

19 (1) in the notice of proposed rulemaking—

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

22 (B) request any interested persons to sub-  
23 mit to the agency any written analyses, data,  
24 views, and arguments, and any specific alter-  
25 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 (d).

16 (d) 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 (e) 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 (c)(2) to determine whether any al-  
8 ternative 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 (f) 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 (g) AVOIDANCE OF DUPLICATIVE OR UNNECESSARY  
5 ANALYSES.—

6 (1) DUPLICATION.—Any Federal agency may  
7 perform the analyses required by subsections (d) and  
8 (f) 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 (d) and (f).

16 (h) PREPARATION OF ANALYSES.—In complying with  
17 the provisions of subsections (d) and (f), 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 (i) EFFECT ON OTHER LAW.—The requirements of  
23 subsections (d) and (f) do not alter in any manner stand-  
24 ards otherwise applicable by law to agency action.

1 (j) 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 (d) 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 (f). An agency head may delay the comple-  
15 tion of the requirements of subsection (f) 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 (f)  
23 impracticable. If the agency has not prepared a final  
24 housing impact analysis pursuant to subsection (f)  
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 (k) 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 (l) 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 (d).

1 (m) 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 (d) or (f)  
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. EXTENSION OF LOAN TERM FOR MANUFACTURED**  
20 **HOME LOTS.**

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



1 **SEC. 202. DOWNPAYMENT SIMPLIFICATION.**

2 (a) IN GENERAL.—Section 203(b) of the National  
3 Housing Act (12 U.S.C. 1709(b)) is amended—

4 (1) in paragraph (2)—

5 (A) in subparagraph (A), by realigning the  
6 matter that precedes clause (ii) an additional 2  
7 ems from the left margin;

8 (B) in the matter that follows subpara-  
9 graph (B)(iii)—

10 (i) by striking the sixth sentence (re-  
11 lating to the increases for costs of solar en-  
12 ergy systems) and all that follows through  
13 the end of the penultimate undesignated  
14 paragraph; and

15 (ii) by striking the second and third  
16 sentences of such matter; and

17 (C) by striking subparagraph (B);

18 (2) by transferring and inserting subparagraph  
19 (A) of paragraph (10) after subparagraph (A) of  
20 paragraph (2) and amending such subparagraph by  
21 striking all of the matter that precedes clause (i)  
22 and inserting the following:

23 “(B) not to exceed an amount equal to the  
24 sum of—”;

25 (3) by transferring and inserting the last undes-  
26 igned paragraph of paragraph (2) (relating to dis-

1 closure notice) after subsection (e), realigning such  
2 transferred paragraph so as to be flush with the left  
3 margin, and amending such transferred paragraph  
4 by inserting “(f) DISCLOSURE OF OTHER MORT-  
5 GAGE PRODUCTS.—” before “In conjunction”;

6 (4) by transferring and inserting the sentence  
7 that constitutes the text of paragraph (10)(B) after  
8 the period at the end of the first sentence that fol-  
9 lows subparagraph (B) (relating to the definition of  
10 “area”); and

11 (5) by striking paragraph (10) (as amended by  
12 the preceding provisions this section).

13 (b) CONFORMING AMENDMENTS.—Section 245 of the  
14 National Housing Act (12 U.S.C. 1715z–10) is  
15 amended—

16 (1) in subsection (a), by striking “, or if the  
17 mortgagor” and all that follows through “case of  
18 veterans”; and

19 (2) in subsection (b)(3), by striking “, or, if  
20 the” and all that follows through “for veterans,”.

21 **SEC. 203. REDUCED DOWNPAYMENT REQUIREMENTS FOR**  
22 **LOANS FOR TEACHERS AND UNIFORMED MU-**  
23 **NICIPAL EMPLOYEES.**

24 (a) IN GENERAL.—Section 203(b) of the National  
25 Housing Act (12 U.S.C. 1709(b)), as amended by section

1 202 of this Act, is further amended by adding at the end  
2 the following new paragraph:

3 “(10) REDUCED DOWNPAYMENT REQUIRE-  
4 MENTS FOR TEACHERS AND UNIFORMED MUNICIPAL  
5 EMPLOYEES.—

6 “(A) IN GENERAL.—Notwithstanding para-  
7 graph (2), in the case of a mortgage described  
8 in subparagraph (B)—

9 “(i) the mortgage shall involve a prin-  
10 cipal obligation in an amount that does not  
11 exceed the sum of 99 percent of the ap-  
12 praised value of the property and the total  
13 amount of initial service charges, ap-  
14 praisal, inspection, and other fees (as the  
15 Secretary shall approve) paid in connection  
16 with the mortgage;

17 “(ii) no other provision of this sub-  
18 section limiting the principal obligation of  
19 the mortgage based upon a percentage of  
20 the appraised value of the property subject  
21 to the mortgage shall apply; and

22 “(iii) the matter in paragraph (9) that  
23 precedes the first proviso shall not apply  
24 and the mortgage shall be executed by a  
25 mortgagor who shall have paid on account

1 of the property at least 1 percent of the  
2 cost of acquisition (as determined by the  
3 Secretary) in cash or its equivalent.

4 “(B) MORTGAGES COVERED.—A mortgage  
5 described in this subparagraph is a mortgage—

6 “(i) under which the mortgagor is an  
7 individual who—

8 “(I) is employed on a full-time  
9 basis as: (aa) a teacher or adminis-  
10 trator in a public or private school  
11 that provides elementary or secondary  
12 education, as determined under State  
13 law, except that elementary education  
14 shall include pre-Kindergarten edu-  
15 cation, and except that secondary edu-  
16 cation shall not include any education  
17 beyond grade 12; or (bb) a public  
18 safety officer (as such term is defined  
19 in section 1204 of the Omnibus Crime  
20 Control and Safe Streets Act of 1968  
21 (42 U.S.C. 3796b), except that such  
22 term shall not include any officer  
23 serving a public agency of the Federal  
24 Government); and

1           “(II) has not, during the 12-  
2           month period ending upon the insur-  
3           ance of the mortgage, had any present  
4           ownership interest in a principal resi-  
5           dence located in the jurisdiction de-  
6           scribed in clause (ii); and

7           “(ii) made for a property that is lo-  
8           cated within the jurisdiction of—

9           “(I) in the case of a mortgage of  
10          a mortgagor described in clause  
11          (i)(I)(aa), the local educational agency  
12          (as such term is defined in section  
13          14101 of the Elementary and Sec-  
14          ondary Education Act of 1965 (20  
15          U.S.C. 8801)) for the school in which  
16          the mortgagor is employed (or, in the  
17          case of a mortgagor employed in a  
18          private school, the local educational  
19          agency having jurisdiction for the area  
20          in which the private school is located);  
21          or

22          “(II) in the case of a mortgage of  
23          a mortgagor described in clause  
24          (i)(I)(bb), the jurisdiction served by  
25          the public law enforcement agency,

1                   firefighting agency, or rescue or am-  
2                   bulance agency that employs the  
3                   mortgagor.”.

4           (b) DEFERRAL AND REDUCTION OF UP-FRONT PRE-  
5 MIUM.—Section 203(c) of the National Housing Act (12  
6 U.S.C. 1709(c)(2)) is amended—

7           (1) in paragraph (2), in the matter preceding  
8           subparagraph (A), by striking “Notwithstanding”  
9           and inserting “Except as provided in paragraph (3)  
10          and notwithstanding”; and

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

13          “(3) DEFERRAL AND REDUCTION OF UP-FRONT PRE-  
14 MIUM.—In the case of any mortgage described in sub-  
15 section (b)(10)(B):

16           “(A) Paragraph (2)(A) of this subsection (relat-  
17          ing to collection of up-front premium payments)  
18          shall not apply.

19           “(B) If, at any time during the 5-year period  
20          beginning on the date of the insurance of the mort-  
21          gage, the mortgagor ceases to be employed as de-  
22          scribed in subsection (b)(10)(B)(i)(I) or pays the  
23          principal obligation of the mortgage in full, the Sec-  
24          retary shall at such time collect a single premium  
25          payment in an amount equal to the amount of the

1 single premium payment that, but for this para-  
2 graph, would have been required under paragraph  
3 (2)(A) of this subsection with respect to the mort-  
4 gage, as reduced by 20 percent of such amount for  
5 each successive 12-month period completed during  
6 such 5-year period before such cessation or prepay-  
7 ment occurs.”.

8 **SEC. 204. PREVENTING FRAUD IN REHABILITATION LOAN**  
9 **PROGRAM.**

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

13 “(7) PREVENTION OF FRAUD.—To prevent fraud  
14 under the program for loan insurance authorized under  
15 this subsection, the Secretary shall, by regulation, take the  
16 following actions:

17 “(A) PROHIBITION OF IDENTITY OF INTER-  
18 EST.—The Secretary shall prohibit any identity-of-  
19 interest, as such term is defined by the Secretary,  
20 between any of the following parties involved in a  
21 loan insured under this subsection: the borrower (in-  
22 cluding, in the case of a borrower that is a nonprofit  
23 organization, any member of the board of directors  
24 or the staff of the organization), the lender, any con-  
25 sultant, any real estate agent, any property inspec-

1 tor, and any appraiser. Nothing in this subpara-  
2 graph may be construed to prohibit or restrict, or  
3 authorize the Secretary to prohibit or restrict, the  
4 functioning of a affiliated business arrangement that  
5 complies with the requirements under section 8(c)(4)  
6 of the Real Estate Settlement Procedures Act of  
7 1974 (12 U.S.C. 2607(c)(4)).

8 “(B) NONPROFIT PARTICIPATION.—The Sec-  
9 retary shall establish minimum standards for a non-  
10 profit organization to participate in the program,  
11 which shall include—

12 “(i) requiring such an organization to dis-  
13 close to the Secretary its taxpayer identification  
14 number and evidence sufficient to indicate that  
15 the organization is an organization described in  
16 section 501(c) of the Internal Revenue Code of  
17 1986 that is exempt from taxation under sub-  
18 title A of such Code;

19 “(ii) requiring that the board of directors  
20 of such an organization be comprised only of in-  
21 dividuals who do not receive any compensation  
22 or other thing of value by reason of their serv-  
23 ice on the board and who have no personal fi-  
24 nancial interest in the rehabilitation project of



1 the organization that is financed with the loan  
2 insured under this subsection;

3 “(iii) requiring such an organization to  
4 submit to the Secretary financial statements of  
5 the organization for the most recent 2 years,  
6 which have been prepared by a party that is un-  
7 affiliated with the organization and is qualified  
8 to prepare financial statements;

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

16 “(v) requiring such an organization to have  
17 been certified by the Secretary as meeting the  
18 requirements under this subsection and other-  
19 wise eligible to participate in the program not  
20 more than 2 years before obtaining a loan in-  
21 sured under this section.

22 “(C) COMPLETION OF WORK.—The Secretary  
23 shall prohibit any lender making a loan insured  
24 under this subsection from disbursing the final pay-  
25 ment of loan proceeds unless the lender has received

1 affirmation, from the borrower under the loan, both  
2 in writing and pursuant to an interview in person or  
3 over the telephone, that the rehabilitation activities  
4 financed by the loan have been satisfactorily com-  
5 pleted.

6 “(D) CONSULTANT STANDARDS.—The Sec-  
7 retary shall require that any consultant, as such  
8 term is defined by the Secretary, who is involved in  
9 a home inspection, site visit, or preparation of bids  
10 with respect to any loan insured under this section  
11 shall meet such standards established by the Sec-  
12 retary to ensure accurate inspections and prepara-  
13 tion of bids.

14 “(E) CONTRACTOR QUALIFICATION.—The Sec-  
15 retary shall require, in the case of any loan that is  
16 insured under this subsection and involves rehabili-  
17 tation with a cost of \$25,000 or more, that the con-  
18 tractor or other person performing or supervising  
19 the rehabilitation activities financed by the loan  
20 shall—

21 “(i) be certified by a nationally recognized  
22 organization as meeting industry standards for  
23 quality of workmanship, training, and con-  
24 tinuing education, including financial manage-  
25 ment;

1           “(ii) be licensed to conduct such activities  
2           by the State or unit of general local government  
3           in which the rehabilitation activities are being  
4           completed; or

5           “(iii) be bonded or provide such equivalent  
6           protection, as the Secretary may require.”.

7           (b) REPORT ON ACTIVITY OF NONPROFIT ORGANIZA-  
8           TIONS UNDER PROGRAM.—Not later than 60 days after  
9           the date of the enactment of this Act, the Secretary of  
10          Housing and Urban Development shall submit a report  
11          to the Congress regarding the participation of nonprofit  
12          organizations under the rehabilitation loan program under  
13          section 203(k) of the National Housing Act (12 U.S.C.  
14          1709(k)). The report shall—

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

17               (2) identify and compare the default and claim  
18               rates for loans made under the program to nonprofit  
19               organizations and to owner-occupier participants;

20               (3) analyze the impact, on such organizations  
21               and the program, of prohibiting such organizations  
22               from participating in the program; and

23               (4) identify other opportunities for such organi-  
24               zations to acquire financing or credit enhancement  
25               for rehabilitation activities.

1           (c) REGULATIONS.—The Secretary of Housing and  
2 Urban Development shall issue final regulations and any  
3 other administrative orders or notices necessary to carry  
4 out the provisions of this section and the amendments  
5 made by this section not later than 120 days after the  
6 date of the enactment of this Act.

7 **SEC. 205. COMMUNITY PARTNERS NEXT DOOR PROGRAM.**

8           (a) SHORT TITLE.—This section may be cited as the  
9 “Community Partners Next Door Act”.

10          (b) CONGRESSIONAL FINDINGS.—The Congress finds  
11 that—

12               (1) teachers, law enforcement officers, fire  
13 fighters, and rescue personnel help form the back-  
14 bones of communities and are integral components  
15 in the social capital of neighborhoods in the United  
16 States; and

17               (2) providing a discounted purchase price on  
18 HUD-owned properties for teachers, law enforce-  
19 ment officers, fire fighters, and rescue personnel rec-  
20 ognizes the intrinsic value of the services provided by  
21 such employees to their communities and to family  
22 life and encourages and rewards those who are dedi-  
23 cated to providing public service in our most needy  
24 communities.

1           (c) DISCOUNT AND DOWNPAYMENT ASSISTANCE FOR  
2 TEACHERS.—Section 204(h) of the National Housing Act  
3 (12 U.S.C. 1710(h)) is amended—

4           (1) by redesignating paragraphs (7) through  
5 (10) as paragraphs (8) through (11), respectively;  
6 and

7           (2) by inserting after paragraph (6) the fol-  
8 lowing new paragraph:

9           “(7) 50 PERCENT DISCOUNT FOR TEACHERS  
10 AND PUBLIC SAFETY OFFICERS PURCHASING PROP-  
11 erties THAT ARE ELIGIBLE ASSETS.—

12           “(A) DISCOUNT.—A property that is an el-  
13 igible asset and is sold, during fiscal years 2000  
14 through 2004, to a teacher or public safety offi-  
15 cer for use in accordance with subparagraph  
16 (B) shall be sold at a price that is equal to 50  
17 percent of the appraised value of the eligible  
18 property (as determined in accordance with  
19 paragraph (6)(B)). In the case of a property el-  
20 igible for both a discount under this paragraph  
21 and a discount under paragraph (6), the dis-  
22 count under paragraph (6) shall not apply.

23           “(B) PRIMARY RESIDENCE.—An eligible  
24 property sold pursuant to a discount under this  
25 paragraph shall be used, for not less than the

1           3-year period beginning upon such sale, as the  
2           primary residence of a teacher or public safety  
3           officer.

4           “(C) SALE METHODS.—The Secretary may  
5           sell an eligible property pursuant to a discount  
6           under this paragraph—

7                   “(i) to a unit of general local govern-  
8                   ment or nonprofit organization (pursuant  
9                   to paragraph (4) or otherwise), for resale  
10                  or transfer to a teacher or public safety of-  
11                  ficer; or

12                   “(ii) directly to a purchaser who is a  
13                  teacher or public safety officer.

14           “(D) RESALE.—In the case of any pur-  
15           chase by a unit of general local government or  
16           nonprofit organization of an eligible property  
17           sold at a discounted price under this paragraph,  
18           the sale agreement under paragraph (8) shall—

19                   “(i) require the purchasing unit of  
20                   general local government or nonprofit or-  
21                   ganization to provide the full benefit of the  
22                   discount to the teacher or public safety of-  
23                   ficer obtaining the property; and

24                   “(ii) in the case of a purchase involv-  
25                  ing multiple eligible assets, any of which is

1           such an eligible property, designate the  
2           specific eligible property or properties to be  
3           subject to the requirements of subpara-  
4           graph (B).

5           “(E) MORTGAGE DOWNPAYMENT ASSIST-  
6           ANCE.—If a teacher or public safety officer pur-  
7           chases an eligible property pursuant to a dis-  
8           counted sale price under this paragraph and fi-  
9           nances such purchase through a mortgage in-  
10          sured under this title, notwithstanding any pro-  
11          vision of section 203 the downpayment on such  
12          mortgage shall be \$100.

13          “(F) PREVENTION OF UNDUE PROFIT.—  
14          The Secretary shall issue regulations to prevent  
15          undue profit from the resale of eligible prop-  
16          erties in violation of the requirement under sub-  
17          paragraph (B).

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

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

1 purposes of this paragraph, elementary  
2 education (as used in such section) shall  
3 include pre-Kindergarten education.

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

7 “(iii) The term ‘public safety officer’  
8 means an individual who is employed on a  
9 full-time basis as a public safety officer de-  
10 scribed in section 203(b)(10)(B)(i)(I)(bb).

11 “(iv) The term ‘teacher’ means an in-  
12 dividual who is employed on a full-time  
13 basis, in an elementary or secondary  
14 school, as a State-certified or State-li-  
15 censed classroom teacher or as an adminis-  
16 trator.”.

17 (d) CONFORMING AMENDMENTS.—Section 204(h) of  
18 the National Housing Act (12 U.S.C. 1710(h)) is  
19 amended—

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

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

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



1 (e) REGULATIONS.—Not later than 90 days after the  
2 date of the enactment of this Act, the Secretary shall issue  
3 regulations to implement the amendments made by this  
4 section.

5 **SEC. 206. RISK-SHARING DEMONSTRATION.**

6 Section 249 of the National Housing Act (12 U.S.C.  
7 1715z–14) is amended—

8 (1) by striking the section heading and insert-  
9 ing the following:

10 “RISK-SHARING DEMONSTRATION”;

11 (2) by striking “reinsurance” each place such  
12 term appears and insert “risk-sharing”;

13 (3) in subsection (a)—

14 (A) in the first sentence, by inserting “and  
15 insured community development financial insti-  
16 tutions” after “private mortgage insurers”; and

17 (B) in the second sentence—

18 (i) by striking “two” and inserting  
19 “4”; and

20 (ii) by striking “March 15, 1988” and  
21 inserting “the expiration of the 5-year pe-  
22 riod beginning on the date of the enact-  
23 ment of the American Homeownership and  
24 Economic Opportunity Act of 2000”;

25 (4) in subsection (b)—

1 (A) in the first sentence, by inserting “and  
2 with insured community development financial  
3 institutions” before the period at the end;

4 (B) in the first sentence, by striking  
5 “which have been determined to be qualified in-  
6 surers under section 302(b)(2)(C)”;

7 (C) in the second sentence, by inserting  
8 “and insured community development financial  
9 institutions” after “private mortgage insurance  
10 companies”;

11 (D) by striking paragraph (1) and insert-  
12 ing the following new paragraph:

13 “(1) assume the first loss on any mortgage in-  
14 sured pursuant to section 203(b), 234, or 245 that  
15 covers a one- to four-family dwelling and is included  
16 in the program under this section, up to the percent-  
17 age of loss that is set forth in the risk-sharing con-  
18 tract;” and

19 (E) in paragraph (2)—

20 (i) by striking “carry out (under ap-  
21 propriate delegation) such” and inserting  
22 “delegate underwriting;” and

23 (ii) by striking “function” and insert-  
24 ing “functions”;

25 (5) in subsection (c)—

1 (A) in the first sentence—

2 (i) by striking “of” the first place it  
3 appears and insert “for”;

4 (ii) by striking “insurance reserves”  
5 and inserting “loss reserves”; and

6 (iii) by striking “such insurance” and  
7 inserting “such reserves”; and

8 (B) in the second sentence, by inserting  
9 “or insured community development financial  
10 institution” after “private mortgage insurance  
11 company”;

12 (6) in subsection (d), by inserting “or insured  
13 community development financial institution” after  
14 “private mortgage insurance company”; and

15 (7) by adding at the end the following new sub-  
16 section:

17 “(e) INSURED COMMUNITY DEVELOPMENT FINAN-  
18 CIAL INSTITUTIONS.—For purposes of this section, the  
19 term ‘insured community development financial institu-  
20 tion’ means a community development financial institu-  
21 tion, as such term is defined in section 103 of Reigle Com-  
22 munity Development and Regulatory Improvement Act of  
23 1994 (12 U.S.C. 4702) that is an insured depository insti-  
24 tution (as such term is defined in section 3 of the Federal  
25 Deposit Insurance Act (12 U.S.C. 1813)) or an insured

1 credit union (as such term is defined in section 101 of  
2 the Federal Credit Union Act (12 U.S.C. 1752)).”.

3 **SEC. 207. HYBRID ARMS.**

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

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

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

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

20 (3) in subsection (c), by inserting “LIMITATION  
21 ON INSURANCE AUTHORITY.—” after “(c)”;

22 (4) by adding at the end the following new sub-  
23 section:

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

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

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

5           “(B) initially adjusted by the mortgagee  
6       upon the expiration of such period and annually  
7       thereafter; and

8           “(C) in the case of the initial interest rate  
9       adjustment, shall be subject to the limitation  
10      under clause (2) of the last sentence of sub-  
11      section (a) (relating to prohibiting annual in-  
12      creases of more than 1 percent) only if the in-  
13      terest rate remains fixed for 5 or fewer years;  
14      and

15          “(2) otherwise meets the requirements for in-  
16      surance under subsection (a) that are not incon-  
17      sistent with the requirements under paragraph (1)  
18      of this subsection.”.

19          (b) IMPLEMENTATION.—The Secretary of Housing  
20      and Urban Development may implement section 251(d) of  
21      the National Housing Act (12 U.S.C. 1715z–16(d)), as  
22      added by subsection (a) of this section, in advance of rule-  
23      making.

1 **SEC. 208. HOME EQUITY CONVERSION MORTGAGES.**

2 (a) INSURANCE FOR MORTGAGES TO REFINANCE EX-  
3 ISTING HECMs.—

4 (1) IN GENERAL.—Section 255 of the National  
5 Housing Act (12 U.S.C. 1715z–20) is amended—

6 (A) by redesignating subsection (k) as sub-  
7 section (m); and

8 (B) by inserting after subsection (j) the  
9 following new subsection:

10 “(k) INSURANCE AUTHORITY FOR REFINANCINGS.—

11 “(1) IN GENERAL.—The Secretary may, upon  
12 application by a mortgagee, insure under this sub-  
13 section any mortgage given to refinance an existing  
14 home equity conversion mortgage insured under this  
15 section.

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

1 on the home equity conversion mortgage that is  
2 being refinanced and insured under this subsection.

3 “(3) WAIVER OF COUNSELING REQUIRE-  
4 MENT.—The mortgagor under a mortgage insured  
5 under this subsection may waive the applicability,  
6 with respect to such mortgage, of the requirements  
7 under subsection (d)(2)(B) (relating to third party  
8 counseling), but only if—

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

11 “(B) the increase in the principal limit de-  
12 scribed in paragraph (2) exceeds the amount of  
13 the total cost of refinancing (as described in  
14 such paragraph) by an amount to be deter-  
15 mined by the Secretary; and

16 “(C) the time between the closing of the  
17 original home equity conversion mortgage that  
18 is refinanced through the mortgage insured  
19 under this subsection and the application for a  
20 refinancing mortgage insured under this sub-  
21 section does not exceed 5 years.

22 “(4) CREDIT FOR PREMIUMS PAID.—Notwith-  
23 standing section 203(c)(2)(A), the Secretary may re-  
24 duce the amount of the single premium payment  
25 otherwise collected under such section at the time of

1 the insurance of a mortgage refinanced and insured  
2 under this subsection. The amount of the single pre-  
3 mium for mortgages refinanced under this sub-  
4 section shall be determined by the Secretary based  
5 on the actuarial study required under paragraph (5).

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

13 “(A) a reduction in the single premium  
14 payment collected at the time of the insurance  
15 of a mortgage refinanced and insured under  
16 this subsection;

17 “(B) the establishment of a single national  
18 limit on the benefits of insurance under sub-  
19 section (g) (relating to limitation on insurance  
20 authority); and

21 “(C) the combined effect of reduced insur-  
22 ance premiums and a single national limitation  
23 on insurance authority.

24 “(6) FEES.—The Secretary may establish a  
25 limit on the origination fee that may be charged to



1 a mortgagor under a mortgage insured under this  
2 subsection, except that such limitation shall provide  
3 that the origination fee may be fully financed with  
4 the mortgage and shall include any fees paid to cor-  
5 respondent mortgagees approved by the Secretary.  
6 The Secretary shall prohibit the charging of any  
7 broker fees in connection with mortgages insured  
8 under this subsection.”.

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

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

23 (1) in paragraph (2), by striking “‘mortgage’”;  
24 and

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

3           “(4) MORTGAGE.—The term ‘mortgage’ means  
4 a first mortgage or first lien on real estate, in fee  
5 simple, on all stock allocated to a dwelling in a resi-  
6 dential cooperative housing corporation, or on a  
7 leasehold—

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

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

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

22           (c) WAIVER OF UP-FRONT PREMIUMS FOR MORT-  
23 GAGES USED FOR COSTS OF LONG-TERM CARE INSUR-  
24 ANCE OR HEALTH CARE.—Section 255 of the National  
25 Housing Act (12 U.S.C. 1715z–20) is amended by insert-

1 ing after subsection (k) (as added by subsection (a) of this  
2 section) the following new subsection:

3 “(1) WAIVER OF UP-FRONT PREMIUMS.—

4 “(1) MORTGAGES TO FUND LONG-TERM CARE  
5 INSURANCE.—In the case of any mortgage insured  
6 under this section under which the total amount (ex-  
7 cept as provided in paragraph (3)) of all future pay-  
8 ments described in subsection (b)(3) will be used  
9 only for costs of a qualified long-term care insurance  
10 contract (as such term is defined in section 7702B  
11 of the Internal Revenue Code of 1986 (26 U.S.C.  
12 7702B)) that covers the mortgagor or members of  
13 the household residing in the property that is subject  
14 to the mortgage, notwithstanding section 203(c)(2),  
15 the Secretary shall not charge or collect the single  
16 premium payment otherwise required under subpara-  
17 graph (A) of such section to be paid at the time of  
18 insurance.

19 “(2) MORTGAGES TO FUND HEALTH CARE  
20 COSTS.—In the case of any mortgage insured under  
21 this section under which the future payments de-  
22 scribed in subsection (b)(3) will be used only for  
23 costs for health care services (as such term is de-  
24 fined by the Secretary) for the mortgagor or mem-  
25 bers of the household residing in the property that

1 is subject to the mortgage and comply with limita-  
2 tions on such payments, as shall be established by  
3 the Secretary and based upon the purposes of this  
4 subsection and the accumulated equity of the mort-  
5 gator in the property, notwithstanding section  
6 203(c)(2), the Secretary shall not charge or collect  
7 the single premium payment otherwise required  
8 under subparagraph (A) of such section to be paid  
9 at the time of insurance.

10 “(3) AUTHORITY TO REFINANCE EXISTING  
11 MORTGAGE AND FINANCE CLOSING COSTS.—A mort-  
12 gage described in paragraph (1) or (2) may provide  
13 financing of amounts that are used to satisfy out-  
14 standing mortgage obligations (in accordance with  
15 such limitations as the Secretary shall prescribe) any  
16 amounts used for initial service charges, appraisal,  
17 inspection, and other fees (as approved by the Sec-  
18 retary) in connection with such mortgage, and the  
19 amount of future payments described in subsection  
20 (b)(3) under the mortgage shall be reduced accord-  
21 ingly.”.

22 (d) STUDY OF SINGLE NATIONAL MORTGAGE  
23 LIMIT.—The Secretary of Housing and Urban Develop-  
24 ment shall conduct an actuarially based study of the ef-  
25 fects of establishing, for mortgages insured under section

1 255 of the National Housing Act (12 U.S.C. 1715z–20),  
2 a single maximum mortgage amount limitation in lieu of  
3 applicability of section 203(b)(2) of such Act (12 U.S.C.  
4 1709(b)(2)). The study shall—

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

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

9 (A) the risks to the General Insurance  
10 Fund established under section 519 of such  
11 Act;

12 (B) the mortgage insurance premiums that  
13 would be required to be charged to mortgagors  
14 to ensure actuarial soundness of such Fund;  
15 and

16 (C) take into consideration the various ap-  
17 proaches to providing credit to borrowers who  
18 refinance home equity conversion mortgages in-  
19 sured under section 255 of such Act.

20 Not later than 180 days after the date of the enactment  
21 of this Act, the Secretary shall complete the study under  
22 this subsection and submit a report describing the study  
23 and the results of the study to the Committee on Banking  
24 and Financial Services of the House of Representatives

1 and to the Committee on Banking, Housing, and Urban  
2 Affairs of the Senate.

3 **SEC. 209. LAW ENFORCEMENT OFFICER HOMEOWNERSHIP**  
4 **PILOT PROGRAM.**

5 (a) ASSISTANCE FOR LAW ENFORCEMENT OFFI-  
6 CERS.—The Secretary of Housing and Urban Develop-  
7 ment shall carry out a pilot program in accordance with  
8 this section to assist Federal, State, and local law enforce-  
9 ment officers purchasing homes in locally-designated high-  
10 crime areas.

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

13 (1) have completed not less than 6 months of  
14 service as a law enforcement officer as of the date  
15 that the law enforcement officer applies for such as-  
16 sistance; and

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

21 (c) MORTGAGE ASSISTANCE.—If a law enforcement  
22 officer purchases a home in locally-designated high-crime  
23 area and finances such purchase through a mortgage in-  
24 sured under title II of the National Housing Act (12  
25 U.S.C. 1707 et seq.), notwithstanding any provision of

1 section 203 or any other provision of the National Hous-  
2 ing Act, the following shall apply:

3 (1) DOWNPAYMENT.—

4 (A) IN GENERAL.—There shall be no  
5 downpayment required if the purchase price of  
6 the property is not more than the reasonable  
7 value of the property, as determined by the Sec-  
8 retary.

9 (B) PURCHASE PRICE EXCEEDS VALUE.—

10 If the purchase price of the property exceeds  
11 the reasonable value of the property, as deter-  
12 mined by the Secretary, the required downpay-  
13 ment shall be the difference between such rea-  
14 sonable value and the purchase price.

15 (2) CLOSING COSTS.—The closing costs and  
16 origination fee for such mortgage may be included in  
17 the loan amount.

18 (3) INSURANCE PREMIUM PAYMENT.—There  
19 shall be one insurance premium payment due on the  
20 mortgage. Such insurance premium payment—

21 (A) shall be equal to 1 percent of the loan  
22 amount;

23 (B) shall be due and considered earned by  
24 the Secretary at the time of the loan closing;  
25 and

1 (C) may be included in the loan amount  
2 and paid from the loan proceeds.

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

4 (1) IN GENERAL.—Any unit of local govern-  
5 ment may request that the Secretary designate any  
6 area within the jurisdiction of that unit of local gov-  
7 ernment as a locally-designated high-crime area for  
8 purposes of this section if the proposed area—

9 (A) has a crime rate that is significantly  
10 higher than the crime rate of the non-des-  
11 igned area that is within the jurisdiction of  
12 the unit of local government; and

13 (B) has a population that is not more than  
14 25 percent of the total population of area with-  
15 in the jurisdiction of the unit of local govern-  
16 ment.

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

21 (e) LAW ENFORCEMENT OFFICER.—For purposes of  
22 this section, the term “law enforcement officer” has such  
23 meaning as the Secretary shall provide, except that such  
24 term shall include any individual who is employed as an  
25 officer in a correctional institution.



1 (f) SUNSET.—The Secretary shall not approve any  
2 application for assistance under this section that is re-  
3 ceived by the Secretary after the expiration of the 3-year  
4 period beginning on the date that the Secretary first  
5 makes available assistance under the pilot program under  
6 this section.

7 **SEC. 210. STUDY OF MANDATORY INSPECTION REQUIRE-**  
8 **MENT UNDER SINGLE FAMILY HOUSING**  
9 **MORTGAGE INSURANCE PROGRAM.**

10 (a) STUDY.—The Comptroller General of the United  
11 States shall conduct a study regarding the inspection of  
12 properties purchased with loans insured under section 203  
13 of the National Housing Act. The study shall evaluate the  
14 following issues:

15 (1) The feasibility of requiring inspections of all  
16 properties purchased with loans insured under such  
17 section.

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

22 (3) The potential impact on the process of buy-  
23 ing a home if inspections of properties purchased  
24 with loans insured under such section are required,  
25 including the process of buying a home in under-

1 served areas where losses to the Mutual Mortgage  
2 Insurance Fund are greatest.

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

7 (5) The cost to homebuyers of requiring inspec-  
8 tions before purchase of properties with loans in-  
9 sured under such section.

10 (6) The extent, if any, to which requiring in-  
11 spections of properties purchased with loans insured  
12 under such section will result in adverse selection of  
13 loans insured under such section.

14 (7) The extent of homebuyer knowledge regard-  
15 ing property inspections and the extent to which  
16 such knowledge affects the decision of homebuyers  
17 to opt for or against having a property inspection  
18 before purchasing a home.

19 (8) The impact of the Homebuyer Protection  
20 Plan implemented by the Department of Housing  
21 and Urban Development on the number of apprais-  
22 ers authorized to appraise homes with mortgages in-  
23 sured under section 203 of the National Housing  
24 Act.

1           (9) The cost to homebuyers incurred as a result  
2 of the Homebuyer Protection plan, taking into con-  
3 sideration, among other factors, an increase in ap-  
4 praisal fees.

5           (10) The benefit or adverse impact of the  
6 Homebuyer Protection Plan on minority home-  
7 buyers.

8           (11) The extent to which the appraisal require-  
9 ments of the Homebuyer Protection Plan conflict  
10 with State laws regarding appraisals and home in-  
11 spections.

12       (b) REPORT.—Not later than the expiration of the  
13 1-year period beginning on the date of the enactment of  
14 this Act, the Comptroller General shall submit to the Con-  
15 gress a report containing the results of the study and any  
16 recommendations with respect to the issues specified  
17 under this section.

18 **SEC. 211. REPORT ON TITLE I HOME IMPROVEMENT LOAN**

19 **PROGRAM.**

20       (a) IN GENERAL.—Not later than 3 months after the  
21 date of the enactment of this Act, the Secretary of Hous-  
22 ing and Urban Development shall submit a report to the  
23 Congress containing recommendations for improvements  
24 to the property improvement loan insurance program  
25 under title I of the National Housing Act, including im-

1 improvements designed to address problems relating to home  
2 improvement contractors obtaining loans on behalf of  
3 homeowners.

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

10 **SEC. 212. SENSE OF THE CONGRESS REGARDING MAKING**  
11 **PROPERTIES AVAILABLE FOR HOMEOWNER-**  
12 **SHIP PROGRAMS.**

13 It is the sense of the Congress that the Secretary of  
14 Housing and Urban Development should consult with the  
15 heads of other agencies of the Federal Government that  
16 own or hold properties appropriate for use as housing to  
17 determine the possibility and effectiveness of including  
18 such properties in programs that make housing available  
19 for law enforcement officers, teachers, or fire fighters.

20 **SEC. 213. PROPERTY IMPROVEMENT LOAN LIMIT FOR SIN-**  
21 **GLE-FAMILY HOMES.**

22 Section 2(b)(1)(A)(i) of the National Housing Act  
23 (12 U.S.C. 1703(b)(1)(A)(i)) is amended by striking  
24 “\$25,000” and inserting “\$32,500”.

1                   **TITLE III—SECTION 8**  
2                   **HOMEOWNERSHIP OPTION**

3 **SEC. 301. DOWNPAYMENT ASSISTANCE.**

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

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

9               (2) by inserting after paragraph (6) the fol-  
10 lowing new paragraph:

11               “(7) DOWNPAYMENT ASSISTANCE.—

12                       “(A) AUTHORITY.—A public housing agen-  
13 cy may, in lieu of providing monthly assistance  
14 payments under this subsection on behalf of a  
15 family eligible for such assistance and at the  
16 discretion of the public housing agency, provide  
17 assistance for the family in the form of a single  
18 grant to be used only as a contribution toward  
19 the downpayment required in connection with  
20 the purchase of a dwelling for fiscal year 2000  
21 and each fiscal year thereafter to the extent  
22 provided in advance in appropriations Acts.

23                       “(B) AMOUNT.—The amount of a down-  
24 payment grant on behalf of an assisted family  
25 may not exceed the amount that is equal to the

1           sum of the assistance payments that would be  
2           made during the first year of assistance on be-  
3           half of the family, based upon the income of the  
4           family at the time the grant is to be made.”.

5           (b) **EFFECTIVE DATE.**—The amendments made by  
6 subsection (a) shall take effect immediately after the  
7 amendments made by section 555(c) of the Quality Hous-  
8 ing and Work Responsibility Act of 1998 take effect pur-  
9 suant to such section.

10 **SEC. 302. PILOT PROGRAM FOR HOMEOWNERSHIP ASSIST-**  
11 **ANCE FOR DISABLED FAMILIES.**

12           (a) **IN GENERAL.**—A public housing agency providing  
13 tenant-based assistance on behalf of an eligible family  
14 under section 8 of the United States Housing Act of 1937  
15 (42 U.S.C. 1437f) may provide assistance for a disabled  
16 family that purchases a dwelling unit (including a dwelling  
17 unit under a lease-purchase agreement) that will be owned  
18 by one or more members of the disabled family and will  
19 be occupied by the disabled family, if the disabled family—

20           (1) purchases the dwelling unit before the expi-  
21 ration of the 3-year period beginning on the date  
22 that the Secretary first implements the pilot pro-  
23 gram under this section;

24           (2) demonstrates that the disabled family has  
25 income from employment or other sources (including

1 public assistance), as determined in accordance with  
2 requirements of the Secretary, that is not less than  
3 twice the payment standard established by the public  
4 housing agency (or such other amount as may be es-  
5 tablished by the Secretary);

6 (3) except as provided by the Secretary, dem-  
7 onstrates at the time the disabled family initially re-  
8 ceives tenant-based assistance under this section  
9 that one or more adult members of the disabled fam-  
10 ily have achieved employment for the period as the  
11 Secretary shall require;

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

14 (5) meets any other initial or continuing re-  
15 quirements established by the public housing agency  
16 in accordance with requirements established by the  
17 Secretary.

18 (b) DETERMINATION OF AMOUNT OF ASSISTANCE.—

19 (1) IN GENERAL.—

20 (A) MONTHLY EXPENSES NOT EXCEEDING  
21 PAYMENT STANDARD.—If the monthly home-  
22 ownership expenses, as determined in accord-  
23 ance with requirements established by the Sec-  
24 retary, do not exceed the payment standard, the  
25 monthly assistance payment shall be the

1 amount by which the homeownership expenses  
2 exceed the highest of the following amounts,  
3 rounded to the nearest dollar:

4 (i) 30 percent of the monthly adjusted  
5 income of the disabled family.

6 (ii) 10 percent of the monthly income  
7 of the disabled family.

8 (iii) If the disabled family is receiving  
9 payments for welfare assistance from a  
10 public agency, and a portion of those pay-  
11 ments, adjusted in accordance with the ac-  
12 tual housing costs of the disabled family, is  
13 specifically designated by that agency to  
14 meet the housing costs of the disabled fam-  
15 ily, the portion of those payments that is  
16 so designated.

17 (B) MONTHLY EXPENSES EXCEED PAY-  
18 MENT STANDARD.—If the monthly homeowner-  
19 ship expenses, as determined in accordance with  
20 requirements established by the Secretary, ex-  
21 ceed the payment standard, the monthly assist-  
22 ance payment shall be the amount by which the  
23 applicable payment standard exceeds the high-  
24 est of the amounts under clauses (i), (ii), and  
25 (iii) of subparagraph (A).



1 (2) CALCULATION OF AMOUNT.—

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

6 (B) INCOME BETWEEN 81 AND 89 PERCENT  
7 OF MEDIAN.—A disabled family whose income  
8 is between 81 and 89 percent of the median for  
9 the area shall be eligible to receive 66 percent  
10 of the amount calculated under paragraph (1).

11 (C) INCOME BETWEEN 90 AND 99 PERCENT  
12 OF MEDIAN.—A disabled family whose income  
13 is between 90 and 99 percent of the median for  
14 the area shall be eligible to receive 33 percent  
15 of the amount calculated under paragraph (1).

16 (D) INCOME MORE THAN 99 PERCENT OF  
17 MEDIAN.—A disabled family whose income is  
18 more than 99 percent of the median for the  
19 area shall not be eligible to receive assistance  
20 under this section.

21 (c) INSPECTIONS AND CONTRACT CONDITIONS.—

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

1 (A) provide for pre-purchase inspection of  
2 the dwelling unit by an independent profes-  
3 sional; and

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

6 (2) ANNUAL INSPECTIONS NOT REQUIRED.—  
7 The requirement under subsection (o)(8)(A)(ii) of  
8 section 8 of the United States Housing Act of 1937  
9 for annual inspections shall not apply to dwelling  
10 units assisted under this section.

11 (d) OTHER AUTHORITY OF THE SECRETARY.—The  
12 Secretary may—

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

15 (2) provide assistance for a disabled family for  
16 the entire term of a mortgage for a dwelling unit if  
17 the disabled family remains eligible for such assist-  
18 ance for such term; and

19 (3) modify the requirements of this section as  
20 the Secretary determines to be necessary to make  
21 appropriate adaptations for lease-purchase agree-  
22 ments.

23 (e) ASSISTANCE PAYMENTS SENT TO LENDER.—The  
24 Secretary shall remit assistance payments under this sec-  
25 tion directly to the mortgagee of the dwelling unit pur-

1 chased by the disabled family receiving such assistance  
2 payments.

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

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

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

10 (3) Any other provisions of section 8 of the  
11 United States Housing Act of 1937 governing max-  
12 imum amounts payable to owners and amounts pay-  
13 able by assisted families.

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

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

20 (g) REVERSION TO RENTAL STATUS.—

21 (1) NON-FHA MORTGAGES.—If a disabled fam-  
22 ily receiving assistance under this section defaults  
23 under a mortgage not insured under the National  
24 Housing Act, the disabled family may not continue  
25 to receive rental assistance under section 8 of the

1 United States Housing Act of 1937 unless it com-  
2 plies with requirements established by the Secretary.

3 (2) ALL MORTGAGES.—A disabled family receiv-  
4 ing assistance under this section that defaults under  
5 a mortgage may not receive assistance under this  
6 section for occupancy of another dwelling unit owned  
7 by 1 or more members of the disabled family.

8 (3) EXCEPTION.—This subsection shall not  
9 apply if the Secretary determines that the disabled  
10 family receiving assistance under this section de-  
11 faulted under a mortgage due to catastrophic med-  
12 ical reasons or due to the impact of a federally de-  
13 clared major disaster or emergency.

14 (h) REGULATIONS.—Not later than 90 days after the  
15 date of the enactment of this Act, the Secretary shall issue  
16 regulations to implement this section. Such regulations  
17 may not prohibit any public housing agency providing ten-  
18 ant-based assistance on behalf of an eligible family under  
19 section 8 of the United States Housing Act of 1937 from  
20 participating in the pilot program under this section.

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

1 **SEC. 303. FUNDING FOR PILOT PROGRAMS.**

2 (a) **AUTHORIZATION OF APPROPRIATIONS.**—There is  
3 authorized to be appropriated \$2,000,000 for fiscal year  
4 2001 for assistance in connection with the existing home-  
5 ownership pilot programs carried out under the dem-  
6 onstration program authorized under to section 555(b) of  
7 the Quality Housing and Work Responsibility Act of 1998  
8 (Public Law 105–276; 112 Stat. 2613).

9 (b) **USE.**—Subject to subsection (c), amounts made  
10 available pursuant to this section shall be used only  
11 through such homeownership pilot programs to provide,  
12 on behalf of families participating in such programs,  
13 amounts for downpayments in connection with dwellings  
14 purchased by such families using assistance made avail-  
15 able under section 8(y) of the United States Housing Act  
16 of 1937 (42 U.S.C. 1437f(y)). No such downpayment  
17 grant may exceed 20 percent of the appraised value of the  
18 dwelling purchased with assistance under such section  
19 8(y).

20 (c) **MATCHING REQUIREMENT.**—The amount of as-  
21 sistance made available under this section for any existing  
22 homeownership pilot program may not exceed twice the  
23 amount donated from sources other than this section for  
24 use under the program for assistance described in sub-  
25 section (b). Amounts donated from other sources may in-

1 clude amounts from State housing finance agencies and  
2 Neighborhood Housing Services of America.

3 **TITLE IV—COMMUNITY**  
4 **DEVELOPMENT BLOCK GRANTS**

5 **SEC. 401. REAUTHORIZATION.**

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

14 (b) ENTITLEMENT GRANTS.—

15 (1) IN GENERAL.—Section 102(a)(5)(B) of the  
16 Housing and Community Development Act of 1974  
17 (42 U.S.C. 5302(a)(5)(B)) is amended—

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

19 (B) by inserting before the period at the  
20 end the following: “, or (II) has a population in  
21 its unincorporated areas of not less than  
22 450,000, except that a town or township which  
23 is designated as a city pursuant to this sub-  
24 clause shall have only its unincorporated areas  
25 considered as a city for purposes of this title”.

1           (2) TREATMENT AS SEPARATE FROM URBAN  
2           COUNTIES.—Section 102(d) of the Housing and  
3           Community Development Act of 1974 (42 U.S.C.  
4           5302(d)) is amended—

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

6                     (B) by adding at the end the following new  
7           paragraph:

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

16           (3) ELIGIBILITY OF CERTAIN URBAN COUN-  
17           TIES.—Section 102(a)(6) of the Housing and Com-  
18           munity Development Act of 1974 (42 U.S.C.  
19           5302(a)(6)) is amended—

20                     (1) in subparagraph (D)—

21                             (A) in clause (v), by striking “or” at the  
22                     end;

23                             (B) in clause (vi), by striking the period at  
24                     the end and inserting “; or”; and

1 (C) by adding at the end the following new  
2 clause:

3 “(vii)(I) has consolidated its government  
4 with one or more municipal governments, such  
5 that within the county boundaries there are no  
6 unincorporated areas, (II) has a population of  
7 not less than 650,000, over which the consoli-  
8 dated government has the authority to under-  
9 take essential community development and  
10 housing assistance activities, (III) for more  
11 than 10 years, has been classified as an entitle-  
12 ment area for purposes of allocating and dis-  
13 tributing funds under section 106, and (IV) as  
14 of the date of the enactment of this clause, has  
15 over 90 percent of the county’s population with-  
16 in the jurisdiction of the consolidated govern-  
17 ment.”; and

18 (2) by adding at the end the following new sub-  
19 paragraph:

20 “(F) Notwithstanding any other provision of  
21 this paragraph, any county that was classified as an  
22 urban county pursuant to subparagraph (A) for fis-  
23 cal year 1999, includes 10 cities each having a popu-  
24 lation of less than 50,000, and has a population in  
25 its unincorporated areas of 190,000 or more but less



1 than 200,000, shall thereafter remain classified as  
2 an urban county.”.

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

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

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

9 (2) by adding at the end the following new sub-  
10 section:

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

21 **SEC. 403. PUBLIC SERVICES CAP.**

22 Section 105(a)(8) of the Housing and Community  
23 Development Act of 1974 (42 U.S.C. 5305(a)(8)) is  
24 amended by striking “fiscal years 1993” and all that fol-  
25 lows through “unit of general local government” and in-

1 sserting the following: “fiscal years 1993 through 2006 to  
2 the City of Los Angeles, the County of Los Angeles, or  
3 any other unit of general local government located in the  
4 County of Los Angeles, such city, such county, or each  
5 such unit of general local government, respectively,”.

6 **SEC. 404. HOMEOWNERSHIP FOR MUNICIPAL EMPLOYEES.**

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

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

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

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

16 “(24) provision of direct assistance to facilitate  
17 and expand homeownership among uniformed em-  
18 ployees (including policemen, firemen, and sanitation  
19 and other maintenance workers) of, and teachers  
20 who are employees of, the metropolitan city or urban  
21 county (or an agency or school district serving such  
22 city or county) receiving grant amounts under this  
23 title pursuant to section 106(b) or the unit of gen-  
24 eral local government (or an agency or school dis-

1        trict serving such unit) receiving such grant  
2        amounts pursuant to section 106(d), except that—

3                “(A) such assistance may only be provided  
4                on behalf of such employees who are first-time  
5                homebuyers under the meaning given such term  
6                in section 104(14) of the Cranston-Gonzalez  
7                National Affordable Housing Act (42 U.S.C.  
8                12704(14)), except that, for purposes of this  
9                paragraph, such section shall be applied by sub-  
10              stituting ‘section 105(a)(24) of the Housing  
11              and Community Development Act of 1974’ for  
12              ‘title II’;

13              “(B)            notwithstanding            section  
14              102(a)(20)(B) or any other provision of this  
15              title, such assistance may be provided on behalf  
16              of such employees whose family incomes do not  
17              exceed—

18                      “(i) 115 percent of the median income  
19                      of the area involved, as determined by the  
20                      Secretary with adjustments for smaller and  
21                      larger families; or

22                      “(ii) with respect only to areas that  
23                      the Secretary determines have high hous-  
24                      ing costs, taking into consideration median  
25                      house prices and median family incomes

1           for the area, 150 percent of the median in-  
2           come of the area involved, as determined  
3           by the Secretary with adjustments for  
4           smaller and larger families;

5           “(C) such assistance shall be used only for  
6           acquiring principal residences for such employ-  
7           ees, in a manner that involves obligating  
8           amounts with respect to any particular mort-  
9           gage over a period of 1 year or less, by—

10                   “(i) providing amounts for  
11                   downpayments on mortgages;

12                   “(ii) paying reasonable closing costs  
13                   normally associated with the purchase of a  
14                   residence;

15                   “(iii) obtaining pre- or post-purchase  
16                   counseling relating to the financial and  
17                   other obligations of homeownership; or

18                   “(iv) subsidizing mortgage interest  
19                   rates; and

20           “(D) any residence purchased using assist-  
21           ance provided under this paragraph shall be  
22           subject to restrictions on resale that are—

23                   “(i) established by the metropolitan  
24                   city, urban county, or unit of general local  
25                   government providing such assistance; and

1                   “(ii) determined by the Secretary to  
2                   be appropriate to comply with subpara-  
3                   graphs (A) and (B) of section 215(b)(3) of  
4                   the Cranston-Gonzalez National Affordable  
5                   Housing Act (42 U.S.C. 12745(b)(3)), ex-  
6                   cept that, for purposes of this paragraph,  
7                   such subparagraphs shall be applied by  
8                   substituting ‘section 105(a)(24) of the  
9                   Housing and Community Development Act  
10                  of 1974’ for ‘this title’;”.

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

15           “(5) HOMEOWNERSHIP ASSISTANCE FOR MUNICIPAL  
16           EMPLOYEES.—Notwithstanding any other provision of this  
17           title, any assisted activity described in subsection (a)(24)  
18           of this section shall be considered, for purposes of this  
19           title, to benefit persons of low and moderate income and  
20           to be directed toward the objective under section  
21           101(e)(3).”.

1 **SEC. 405. TECHNICAL AMENDMENT RELATING TO**  
2 **BROWNFIELDS.**

3 Section 105(a) of the Housing and Community De-  
4 velopment Act of 1974 (42 U.S.C. 5305(a)), as amended  
5 by section 404 of this Act, is further amended—

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

8 (2) by adding at the end the following new  
9 paragraph:

10 “(26) environmental cleanup and economic de-  
11 velopment activities related to Brownfields projects  
12 in conjunction with the appropriate environmental  
13 regulatory agencies.”.

14 **SEC. 406. INCOME ELIGIBILITY.**

15 (a) **IN GENERAL.**—In addition to the exceptions  
16 granted pursuant to section 590 of the Quality Housing  
17 and Work Responsibility Act of 1998 (42 U.S.C. 5301  
18 note), the Secretary of Housing and Urban Development  
19 shall, for not less than 10 other jurisdictions that are met-  
20 ropolitan cities or urban counties for purposes of title I  
21 of the Housing and Community Development Act of 1974,  
22 grant exceptions not later than 90 days after the date of  
23 the enactment of this Act for such jurisdictions that pro-  
24 vide that—

25 (1) for purposes of the HOME investment part-  
26 nerships program under title II of the Cranston-



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

2 “There is authorized to be appropriated to carry out  
3 this subtitle \$275,000,000 for fiscal year 2001 and such  
4 sums as may be necessary for each of fiscal years 2002,  
5 2003, 2004, and 2005.”.

6 **SEC. 408. PROHIBITION ON USE OF AMOUNTS TO ACQUIRE**  
7 **CHURCH PROPERTY.**

8 Section 105 of the Housing and Community Develop-  
9 ment Act of 1974 (42 U.S.C. 5305) is amended by adding  
10 at the end the following new subsection:

11 “(i) **PROHIBITION ON USE OF ASSISTANCE TO AC-**  
12 **QUIRE CHURCH PROPERTY.**—Notwithstanding any other  
13 provision of this section, no amount from a grant under  
14 section 106 may be used to carry out or assist any activity  
15 if such activity, or the project for which such activity is  
16 to be conducted, involves acquisition of real property  
17 owned by a church that is exempt from tax under section  
18 501(a) of the Internal Revenue Code of 1986 (26 U.S.C.  
19 501(a)), unless the governing body of the church has pre-  
20 viously consented to such acquisition.”.

21 **SEC. 409. CDBG SPECIAL PURPOSE GRANTS.**

22 Section 107(a)(1) of the Housing and Community  
23 Development Act of 1974 (42 U.S.C. 5307(a)(1)) is  
24 amended—

25 (1) in the matter preceding subparagraph (A)—



1 (A) by striking “\$60,000,000” and insert-  
2 ing “\$95,000,000”; and

3 (B) by striking “subsection (b)” and in-  
4 serting “this section”; and

5 (2) by striking subparagraph (G) and inserting  
6 the following new subparagraph:

7 “(G) \$35,000,000 shall be available in fis-  
8 cal year 2001 for a grant to the City of  
9 Youngstown, Ohio, for the site acquisition,  
10 planning, architectural design, and construction  
11 of a convocation and community center in such  
12 city;”.

13 **TITLE V—HOME INVESTMENT**  
14 **PARTNERSHIPS PROGRAM**

15 **SEC. 501. REAUTHORIZATION.**

16 (a) AUTHORIZATION OF APPROPRIATIONS.—Section  
17 205 of the Cranston-Gonzalez National Affordable Hous-  
18 ing Act (42 U.S.C. 12724) is amended to read as follows:

19 **“SEC. 205. AUTHORIZATION.**

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

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

4           “(2) not more than \$15,000,000 in each such  
5           fiscal year shall be for activities in support of State  
6           and local housing strategies authorized under sub-  
7           title C, of which, in each of fiscal years 2001 and  
8           2002, \$3,000,000 shall be for funding grants under  
9           section 246.

10          “(b) PROHIBITION OF SET-ASIDES.—Except as pro-  
11          vided in subsection (a) of this section and section  
12          217(a)(3), amounts appropriated pursuant to subsection  
13          (a) of this section or otherwise to carry out this title shall  
14          be used only for formula-based grants allocated pursuant  
15          to section 217 and may not be otherwise used unless the  
16          provision of law providing for such other use specifically  
17          refers to this subsection and specifically states that such  
18          provision modifies or supersedes the provisions of this sub-  
19          section.”.

20          (b) ALLOCATIONS OF AMOUNTS.—Section 104(19) of  
21          the Cranston-Gonzalez National Affordable Housing Act  
22          (42 U.S.C. 12704(19)) is amended by adding at the end  
23          the following: “The term ‘city’ shall have the meaning  
24          given such term in section 102(a)(5)(B) of such Act. A  
25          town or township that is classified as a city by reason of

1 subclause (II) of section 102(a)(5)(A)(B)(iii) of such Act  
2 shall be treated, notwithstanding section 102(d)(1) of such  
3 Act, as an entity separate from the urban county in which  
4 it is located for purposes of allocation of amounts under  
5 section 217 of this Act to units of general local govern-  
6 ment from amounts made available for any fiscal year be-  
7 ginning after the date of the enactment of the American  
8 Homeownership and Economic Opportunity Act of  
9 2000.”.

10 (c) PILOT PROGRAM FOR DEVELOPING REGIONAL  
11 HOUSING STRATEGIES.—Subtitle C of title II of the Cran-  
12 ston-Gonzalez National Affordable Housing Act (42  
13 U.S.C. 12781 et seq.) is amended by adding at the end  
14 the following new section:

15 **“SEC. 246. PILOT PROGRAM FOR DEVELOPING COM-**  
16 **PREHENSIVE REGIONAL HOUSING AFFORD-**  
17 **ABILITY STRATEGIES.**

18 “(a) AUTHORITY.—The Secretary may, using any  
19 amounts made available for grants under this section,  
20 make not more than three grants for each of fiscal years  
21 2001 and 2002 to consortia of units of general local gov-  
22 ernment described in subsection (b) for costs of developing  
23 and implementing comprehensive housing affordability  
24 strategies on a regional basis.

1 “(b) ELIGIBLE CONSORTIA.—A consortium of units  
2 of general local government described in this subsection  
3 is a consortium that—

4 “(1) is eligible under section 216(2) to be  
5 deemed a unit of general local government for pur-  
6 poses of this title;

7 “(2) consists of multiple units of general local  
8 government; and

9 “(3) contains only units of general local govern-  
10 ment that are geographically contiguous.

11 “(c) MULTI-STATE REQUIREMENT.—In each fiscal  
12 year in which grants are made under this section, not less  
13 than one of the consortia that receives a grant shall be  
14 a consortium described in subsection (b) that includes  
15 units of general local government from two or more  
16 States.”.

17 **SEC. 502. ELIGIBILITY OF LIMITED EQUITY COOPERATIVES**  
18 **AND MUTUAL HOUSING ASSOCIATIONS.**

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

23 (b) DEFINITIONS.—Section 104 of the Cranston-  
24 Gonzalez National Affordable Housing Act (42 U.S.C.  
25 12704) is amended—

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

3           (2) by redesignating paragraph (24) (relating to  
4 the definition of “insular area”) as paragraph (23);  
5 and

6           (3) by adding at the end the following new  
7 paragraphs:

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

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

18                   “(A) is organized under State law;

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

23                   “(C) owns, manages, and continuously de-  
24 velops affordable housing by providing long-

1 term housing for low- and moderate-income  
2 families;

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

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

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

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

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

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

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

10 **SEC. 503. ADMINISTRATIVE COSTS.**

11           Section 212(c) of the Cranston-Gonzalez National Af-  
12           fordable Housing Act (42 U.S.C. 12742(c)) is amended  
13           by adding at the end the following new sentence: “A par-  
14           ticipating jurisdiction may use amounts made available  
15           under this subsection for a fiscal year for administrative  
16           and planning costs by amortizing the costs of administra-  
17           tion and planning activities under this subtitle over the  
18           entire duration of such activities.”.

19 **SEC. 504. LEVERAGING AFFORDABLE HOUSING INVEST-**  
20 **MENT THROUGH LOCAL LOAN POOLS.**

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

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

5 “(e) INVESTMENT WITHIN 15 DAYS.—

6 “(1) IN GENERAL.—The participating jurisdic-  
7 tion shall, not later than 15 days after funds are  
8 drawn from the jurisdiction’s HOME Investment  
9 Trust Fund, invest such funds, together with any in-  
10 terest earned thereon, in the affordable housing for  
11 which the funds were withdrawn.

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

20 “(A) Control of the amounts is transferred  
21 to the program.

22 “(B) The jurisdiction and the entity oper-  
23 ating the program enter into a written agree-  
24 ment that—



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

3                   “(ii) defines the terms and conditions  
4                   of the loan pool reserve or partial loan  
5                   guarantees; and

6                   “(iii) provides that such entity shall  
7                   ensure that amounts from non-Federal  
8                   sources have been contributed, or are com-  
9                   mitted for contribution, to the pool avail-  
10                  able for loans for affordable housing that  
11                  will be backed by such reserves or loan  
12                  guarantees in an amount equal to 10 times  
13                  the amount invested from Trust Fund  
14                  amounts.”.

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

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

20                         “(1) IN GENERAL.—If any funds becoming  
21                         available to a participating jurisdiction under this  
22                         title are not placed under binding commitment to af-  
23                         fordable housing within 24 months after the last day  
24                         of the month in which such funds are deposited in  
25                         the jurisdiction’s HOME Investment Trust Fund,

1 the jurisdiction’s right to draw such funds from the  
2 HOME Investment Trust Fund shall expire. The  
3 Secretary shall reduce the line of credit in the par-  
4 ticipating jurisdiction’s HOME Investment Trust  
5 Fund by the expiring amount and shall reallocate  
6 the funds by formula in accordance with section  
7 217(d).

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

17 (d) TREATMENT OF MIXED INCOME LOAN POOLS AS  
18 AFFORDABLE HOUSING.—

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

23 “(c) LOAN POOLS.—Notwithstanding subsections (a)  
24 and (b), housing financed using amounts invested as pro-  
25 vided in section 218(e)(2) shall qualify as affordable hous-

1 ing only if the housing complies with the following require-  
2 ments:

3 “(1) In the case of housing that is for  
4 homeownership—

5 “(A) of the units financed with amounts so  
6 invested—

7 “(i) not less than 75 percent are prin-  
8 cipal residences of owners whose families  
9 qualify as low-income families—

10 “(I) in the case of a contract to  
11 purchase existing housing, at the time  
12 of purchase;

13 “(II) in the case of a lease-pur-  
14 chase agreement for existing housing  
15 or for housing to be constructed, at  
16 the time the agreement is signed; or

17 “(III) in the case of a contract to  
18 purchase housing to be constructed, at  
19 the time the contract is signed;

20 “(ii) all are principal residences of  
21 owners whose families qualify as moderate-  
22 income families—

23 “(I) in the case of a contract to  
24 purchase existing housing, at the time  
25 of purchase;

1                   “(II) in the case of a lease-pur-  
2                   chase agreement for existing housing  
3                   or for housing to be constructed, at  
4                   the time the agreement is signed; or

5                   “(III) in the case of a contract to  
6                   purchase housing to be constructed, at  
7                   the time the contract is signed; and

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

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

20                  “(2) In the case of housing that is for rental,  
21                  the housing—

22                         “(A) complies with subparagraphs (D)  
23                         through (F) of subsection (a)(1);

24                         “(B)(i) has not less than 75 percent of the  
25                         units occupied by households that qualify as

1 low-income families and is occupied only by  
2 households that qualify as moderate-income  
3 families; or

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

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

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

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

22 “(28) The term ‘moderate income families’  
23 means families whose incomes do not exceed the me-  
24 dian income for the area, as determined by the Sec-  
25 retary with adjustments for smaller and larger fami-

1 lies, except that the Secretary may establish income  
2 ceilings higher or lower than the median income for  
3 the area on the basis of the Secretary’s findings that  
4 such variations are necessary because of prevailing  
5 levels of construction costs or fair market rents, or  
6 unusually high or low family incomes.”.

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

8 (a) ELIGIBLE ACTIVITIES.—Paragraph (2) of section  
9 215(b) of the Cranston-Gonzalez National Affordable  
10 Housing Act (42 U.S.C. 12745(b)(2)) is amended to read  
11 as follows:

12 “(2) is the principal residence of an owner  
13 who—

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

16 “(i) in the case of a contract to pur-  
17 chase existing housing, at the time of pur-  
18 chase;

19 “(ii) in the case of a lease-purchase  
20 agreement for existing housing or for hous-  
21 ing to be constructed, at the time the  
22 agreement is signed; or

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

1           “(B)(i) is a uniformed employee (which  
2 shall include policemen, firemen, and sanitation  
3 and other maintenance workers) or a teacher  
4 who is an employee, of the participating juris-  
5 diction (or an agency or school district serving  
6 such jurisdiction) that is investing funds made  
7 available under this subtitle to support home-  
8 ownership of the residence; and

9           “(ii) is a member of a family whose in-  
10 come, at the time referred to in clause (i), (ii),  
11 or (iii) of subparagraph (A), as appropriate,  
12 and as determined by the Secretary with ad-  
13 justments for smaller and larger families, does  
14 not exceed 115 percent of the median income of  
15 the area, except that, with respect only to such  
16 areas that the Secretary determines have high  
17 housing costs, taking into consideration median  
18 house prices and median family incomes for the  
19 area, such income limitation shall be 150 per-  
20 cent of the median income of the area, as deter-  
21 mined by the Secretary with adjustments for  
22 smaller and larger families;”.

23           (b) INCOME TARGETING.—Section 214(2) of the  
24 Cranston-Gonzalez National Affordable Housing Act (42  
25 U.S.C. 12744(2)) is amended by inserting before the semi-

1 colon the following: “or families described in section  
2 215(b)(2)(B)”.

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

16 **SEC. 506. USE OF SECTION 8 ASSISTANCE BY “GRAND-FAMI-**  
17 **LIES” TO RENT DWELLING UNITS IN AS-**  
18 **SISTED PROJECTS.**

19 Section 215(a) of the Cranston-Gonzalez National  
20 Affordable Housing Act (42 U.S.C. 12745(a)), as amend-  
21 ed by the preceding provisions of this Act, is further  
22 amended by adding at the end the following new para-  
23 graph:

24 “(7) WAIVER OF QUALIFYING RENT.—



1           “(A) IN GENERAL.—For the purpose of  
2 providing affordable housing appropriate for  
3 families described in subparagraph (B), the  
4 Secretary may, upon the application of the  
5 project owner, waive the applicability of sub-  
6 paragraph (A) of paragraph (1) with respect to  
7 a dwelling unit if—

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

13           “(ii) the rent for the unit is not great-  
14 er than the existing fair market rent for  
15 comparable units in the area, as estab-  
16 lished by the Secretary under section 8 of  
17 the United States Housing Act of 1937;  
18 and

19           “(iii) the Secretary determines that  
20 the waiver, together with waivers under  
21 this paragraph for other dwelling units in  
22 the project, will result in the use of  
23 amounts described in clause (iii) in an ef-  
24 fective manner that will improve the provi-

1           sion of affordable housing for such fami-  
2           lies.

3           “(B) **ELIGIBLE FAMILIES.**—A family de-  
4           scribed in this subparagraph is a family that  
5           consists of at least one elderly person (who is  
6           the head of household) and one or more of such  
7           person’s grand children, great grandchildren,  
8           great nieces, great nephews, or great great  
9           grandchildren (as defined by the Secretary), but  
10          does not include any parent of such grand-  
11          children, great grandchildren, great nieces,  
12          great nephews, or great great grandchildren.  
13          Such term includes any such grandchildren,  
14          great grandchildren, great nieces, great neph-  
15          ews, or great great grandchildren who have  
16          been legally adopted by such elderly person.”.

17 **SEC. 507. LOAN GUARANTEES.**

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

21 **“SEC. 227. LOAN GUARANTEES.**

22          “(a) **AUTHORITY.**—The Secretary may, upon such  
23          terms and conditions as the Secretary may prescribe,  
24          guarantee and make commitments to guarantee, only to  
25          such extent or in such amounts as provided in appropria-

1 tions Acts, the notes or other obligations issued by eligible  
2 participating jurisdictions or by public agencies designated  
3 by and acting on behalf of eligible participating jurisdic-  
4 tions for purposes of financing (including credit enhance-  
5 ments and debt service reserves) the acquisition, new con-  
6 struction, reconstruction, or moderate or substantial reha-  
7 bilitation of affordable housing (including real property ac-  
8 quisition, site improvement, conversion, and demolition),  
9 and other related expenses (including financing costs and  
10 relocation expenses of any displaced persons, families,  
11 businesses, or organizations). Housing funded under this  
12 section shall meet the requirements of this subtitle.

13       “(b) REQUIREMENTS.—Notes or other obligations  
14 guaranteed under this section shall be in such form and  
15 denominations, have such maturities, and be subject to  
16 such conditions as may be prescribed by the Secretary.  
17 The Secretary may not deny a guarantee under this sec-  
18 tion on the basis of the proposed repayment period for  
19 the note or other obligation, unless the period is more than  
20 20 years or the Secretary determines that the period oth-  
21 erwise causes the guarantee to constitute an unacceptable  
22 financial risk.

23       “(c) LIMITATION ON TOTAL NOTES AND OBLIGA-  
24 TIONS.—The Secretary may not guarantee or make a com-  
25 mitment to guarantee any note or other obligation if the

1 total outstanding notes or obligations guaranteed under  
2 this section on behalf of the participating jurisdiction  
3 issuing the note or obligation (excluding any amount  
4 defeased under a contract entered into under subsection  
5 (e)(1)) would thereby exceed an amount equal to five times  
6 the amount of the participating jurisdiction's latest alloca-  
7 tion under section 217.

8       “(d) USE OF PROGRAM FUNDS.—Notwithstanding  
9 any other provision of this subtitle, funds allocated to the  
10 participating jurisdiction under this subtitle (including  
11 program income derived therefrom) are authorized for use  
12 in the payment of principal and interest due on the notes  
13 or other obligations guaranteed pursuant to this section  
14 and the payment of such servicing, underwriting, or other  
15 issuance or collection charges as may be specified by the  
16 Secretary.

17       “(e) SECURITY.—To assure the full repayment of  
18 notes or other obligations guaranteed under this section,  
19 and payment of the issuance or collection charges specified  
20 by the Secretary under subsection (d), and as a prior con-  
21 dition for receiving such guarantees, the Secretary shall  
22 require the participating jurisdiction (and its designated  
23 public agency issuer, if any) to—

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

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

7           “(3) furnish, at the discretion of the Secretary,  
8           such other security as may be deemed appropriate  
9           by the Secretary in making such guarantees, which  
10          may include increments in local tax receipts gen-  
11          erated by the housing assisted under this section or  
12          disposition proceeds from the sale of land or hous-  
13          ing.

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

19          “(g) FULL FAITH AND CREDIT.—The full faith and  
20          credit of the United States is pledged to the payment of  
21          all guarantees made under this section. Any such guar-  
22          antee made by the Secretary shall be conclusive evidence  
23          of the eligibility of the notes or other obligations for such  
24          guarantee with respect to principal and interest, and the

1 validity of any such guarantee so made shall be incontest-  
2 able in the hands of a holder of the guaranteed obligations.

3       “(h) TAX STATUS.—With respect to any obligation  
4 guaranteed pursuant to this section, the guarantee and  
5 the obligation shall be designed in a manner such that the  
6 interest paid on such obligation shall be included in gross  
7 income for purposes of the Internal Revenue Code of  
8 1986.

9       “(i) MONITORING.—The Secretary shall monitor the  
10 use of guarantees under this section by eligible partici-  
11 pating jurisdictions. If the Secretary finds that 50 percent  
12 of the aggregate guarantee authority for any fiscal year  
13 has been committed, the Secretary may impose limitations  
14 on the amount of guarantees any one participating juris-  
15 diction may receive during that fiscal year.

16       “(j) GUARANTEE OF TRUST CERTIFICATES.—

17               “(1) AUTHORITY.—The Secretary may, upon  
18 such terms and conditions as the Secretary deems  
19 appropriate, guarantee the timely payment of the  
20 principal of and interest on such trust certificates or  
21 other obligations as may—

22                       “(A) be offered by the Secretary or by any  
23 other offeror approved for purposes of this sub-  
24 section by the Secretary; and

1           “(B) be based on and backed by a trust or  
2           pool composed of notes or other obligations  
3           guaranteed or eligible for guarantee by the Sec-  
4           retary under this section.

5           “(2) FULL FAITH AND CREDIT.—To the same  
6           extent as provided in subsection (g), the full faith  
7           and credit of the United States is pledged to the  
8           payment of all amounts which may be required to be  
9           paid under any guarantee by the Secretary under  
10          this subsection.

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

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

18                 “(A) the power to contract with respect to  
19                 public offerings and other sales of notes, trust  
20                 certificates, and other obligations guaranteed  
21                 under this section, upon such terms and condi-  
22                 tions as the Secretary deems appropriate;

23                 “(B) the right to enforce, by any means  
24                 deemed appropriate by the Secretary, any such  
25                 contract; and

1           “(C) the Secretary’s ownership rights, as  
2           applicable, in notes, certificates or other obliga-  
3           tions guaranteed under this section, or consti-  
4           tuting the trust or pool against which trust cer-  
5           tificates or other obligations guaranteed under  
6           this section are offered.

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

11       **SEC. 508. DOWNPAYMENT ASSISTANCE FOR 2- AND 3-FAM-**  
12                               **ILY RESIDENCES.**

13          (a) AUTHORITY.—The Secretary of Housing and  
14          Urban Development shall carry out a pilot program under  
15          this section under which covered jurisdictions may use  
16          amounts described in subsection (b) to make loans to eligi-  
17          ble homebuyers for use as downpayments on 2- and 3-  
18          family residences.

19          (b) COVERED ASSISTANCE.—Notwithstanding sec-  
20          tion 105 of the Housing and Community Development Act  
21          of 1974 (42 U.S.C. 5305) and section 212 of the Cran-  
22          ston-Gonzalez National Affordable Housing Act (42  
23          U.S.C. 12742), a covered jurisdiction may use amounts  
24          provided to the jurisdiction pursuant to section 106(b) of  
25          the Housing and Community Development Act of 1974



1 (42 U.S.C. 5406(b)) and amounts in the HOME Invest-  
2 ment Trust Fund for the jurisdiction for downpayment  
3 loans meeting the requirements of subsection (d) to home-  
4 buyers meeting the requirements of subsection (c), but  
5 only to the extent such jurisdictions agree to comply with  
6 the requirements of this section, as the Secretary may re-  
7 quire.

8 (c) ELIGIBLE HOMEBUYERS.—A homebuyer meets  
9 the requirements of this subsection only if the homebuyer  
10 is an individual or family—

11 (1) whose income does not exceed 80 percent of  
12 the median family income for the area within which  
13 the residence to be purchased with the downpayment  
14 loan under subsection (d) is located; except that the  
15 Secretary may, pursuant to a request by a covered  
16 jurisdiction demonstrating that the jurisdiction has  
17 high housing costs (taking into consideration median  
18 home prices and median family incomes for the  
19 area), increase the percentage limitation under this  
20 paragraph to not more than 110 percent of the me-  
21 dian family income for the area;

22 (2) who has successfully completed a program  
23 regarding the responsibilities and financial manage-  
24 ment involved in homeownership and ownership of  
25 rental property that is approved by the Secretary;

1           (3) has a satisfactory credit history and record  
2 as a tenant of rental housing; and

3           (4) who, if such individual or family has an in-  
4 come that exceeds 80 percent of the median income  
5 for the area, enters into a binding agreement to  
6 comply with the requirements under subsection (e)  
7 (relating to affordability of other dwelling units in  
8 the residence).

9           (d) NO-INTEREST DOWNPAYMENT LOANS.—A loan  
10 meets the requirements of this subsection only if—

11           (1) the principal obligation of the loan—

12                 (A) may be used only for a downpayment  
13 for acquisition of a 2- or 3-family residence and  
14 for closing costs and other costs payable at the  
15 time of closing, as the Secretary shall provide;  
16 and

17                 (B) does not exceed the amount that is  
18 equal to the sum of: (i) 7 percent of the pur-  
19 chase price of the residence; and (ii) such clos-  
20 ing and other costs;

21           (2) the borrower under the loan is paying, for  
22 acquisition of the residence, at least 3 percent of the  
23 cost of acquisition of the residence in cash or its  
24 equivalent;

1           (3) the borrower under the loan will occupy a  
2 dwelling unit in the residence purchased using the  
3 loan as the principal residence of the borrower;

4           (4) the loan terms—

5                 (A) do not require the borrower to be pre-  
6 qualified for a loan that finances the remainder  
7 of the purchase price of a residence described in  
8 paragraph (1)(A); and

9                 (B) provide that the proceeds of the loan  
10 are available for use (as provided in paragraph  
11 (1)) only during the 4-month period beginning  
12 upon the making of the loan to the borrower  
13 and that such proceeds shall revert to the cov-  
14 ered jurisdiction upon the conclusion of such  
15 period if the borrower has not entered into a  
16 contract for purchase of a residence meeting  
17 the requirements of such paragraph before such  
18 conclusion, except that the Secretary shall pro-  
19 vide that covered jurisdictions may extend such  
20 4-month period under such circumstances as  
21 the Secretary shall prescribe;

22           (5) the loan terms provide for repayment of the  
23 principal obligation of the loan, without interest, at  
24 such time as the covered jurisdiction may provide,

1       except that the principal obligation shall be imme-  
2       diately repayable at the time that the borrower—

3               (A) transfers or sells the borrower's owner-  
4               ship interest in such residence or ceases to use  
5               the residence purchased with the loan proceeds  
6               as his or her principal residence; or

7               (B) obtains a subsequent loan secured by  
8               such residence or any equity of the borrower in  
9               such residence, the proceeds of which are not  
10              used to prepay or pay off the entire balance due  
11              on the existing loan secured by such residence;  
12              or

13             (6) the loan terms provide that, upon sale of  
14             the residence purchased with the proceeds of the  
15             loan, the borrower shall repay to the covered juris-  
16             diction (together with the principal obligation of the  
17             loan repayable pursuant to paragraph (5)(A)) an ad-  
18             ditional amount that bears the same ratio to any in-  
19             crease in the price of the residence upon such sale  
20             (compared to the price paid for the residence upon  
21             purchase using such loan) as the amount of the loan  
22             bears to the purchase price paid for the residence in  
23             the purchase using such loan; and

24             (7) the loan complies with such other require-  
25             ments as the Secretary may prescribe.

1           (e) AFFORDABILITY OF RENTAL UNITS.—Any dwell-  
2 ing units in the residence purchased using a loan provided  
3 pursuant to the authority under this section to a borrower  
4 described in subsection (c)(4) of this section shall be used  
5 only as rental dwelling units and shall be made available  
6 for rental only at a monthly rental price that does not  
7 exceed the fair market rent under section 8(c)(2)(A) of  
8 the United States Housing Act of 1937 (42 U.S.C.  
9 1437f(c)(2)(A)), as periodically adjusted, for a unit of the  
10 applicable size located in the area in which the residence  
11 is located. Compliance with this subsection shall be mon-  
12 itored and enforced by the covered jurisdiction providing  
13 the amounts for the downpayment loan under this section  
14 for the purchase of such residence.

15           (f) DEFINITIONS.—For purposes of this section, the  
16 following definitions shall apply:

17           (1) COVERED JURISDICTION.—The term “cov-  
18 ered jurisdiction” means, with respect to a fiscal  
19 year—

20                   (A) a metropolitan city or urban county  
21 that receives a grant for such fiscal year pursu-  
22 ant to section 106(b) of the Housing and Com-  
23 munity Development Act of 1974 (42 U.S.C.  
24 5306(b)); or

1 (B) a jurisdiction that is a participating  
2 jurisdiction for such fiscal year for purposes of  
3 the HOME Investment Partnerships Act (42  
4 U.S.C. 12721 et seq.).

5 (2) SECRETARY.—The term “Secretary” means  
6 the Secretary of Housing and Urban Development.

7 **TITLE VI—LOCAL**  
8 **HOMEOWNERSHIP INITIATIVES**

9 **SEC. 601. REAUTHORIZATION OF NEIGHBORHOOD REIN-**  
10 **VESTMENT CORPORATION.**

11 Section 608(a)(1) of the Neighborhood Reinvestment  
12 Corporation Act (42 U.S.C. 8107(a)(1)) is amended by  
13 striking the first sentence and inserting the following:  
14 “There is authorized to be appropriated to the corporation  
15 to carry out this title \$95,000,000 for fiscal year 2001  
16 and such sums as may be necessary for each of fiscal years  
17 2002 through 2005. Of the amounts appropriated to the  
18 corporation for fiscal year 2001, \$5,000,000 shall be avail-  
19 able only for the corporation to provide assistance under  
20 duplex homeownership programs established before the  
21 date of the enactment of the American Homeownership  
22 and Economic Opportunity Act of 2000 through  
23 Neighborworks Homeownership Center pilot projects es-  
24 tablished before such date of the enactment.”.

1 **SEC. 602. HOMEOWNERSHIP ZONES.**

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

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

6 “(a) **AUTHORITY.**—The Secretary of Housing and  
7 Urban Development may make grants to units of general  
8 local government to assist homeownership zones. Home-  
9 ownership zones are contiguous, geographically defined  
10 areas, primarily residential in nature, in which large-scale  
11 development projects are designed to reclaim distressed  
12 neighborhoods by creating homeownership opportunities  
13 for low- and moderate-income families. Projects in home-  
14 ownership zones are intended to serve as a catalyst for  
15 private investment, business creation, and neighborhood  
16 revitalization.

17 “(b) **ELIGIBLE ACTIVITIES.**—Amounts made avail-  
18 able under this section may be used for projects that in-  
19 clude any of the following activities in the homeownership  
20 zone:

21 “(1) Acquisition, construction, and rehabilita-  
22 tion of housing.

23 “(2) Site acquisition and preparation, including  
24 demolition, construction, reconstruction, or installa-  
25 tion of public and other site improvements and utili-  
26 ties directly related to the homeownership zone.

1           “(3) Direct financial assistance to homebuyers.

2           “(4) Homeownership counseling.

3           “(5) Relocation assistance.

4           “(6) Marketing costs, including affirmative  
5 marketing activities.

6           “(7) Other project-related costs.

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

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

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

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

21               “(1) the degree to which the proposed activities  
22 will result in the improvement of the economic, so-  
23 cial, and physical aspects of the neighborhood and  
24 the lives of its residents through the creation of new  
25 homeownership opportunities;



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

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

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

7           “(5) the capacity to successfully carry out the  
8           plan.

9           The Secretary may not treat any application for a grant  
10          under this section adversely in any manner solely on the  
11          basis that the homeownership zone is located, in whole or  
12          in part, within unincorporated areas.

13          “(e) GRANT APPROVAL AMOUNTS.—The Secretary  
14          may establish a maximum amount for any grant for any  
15          funding round under this section. A grant may not be  
16          made in an amount that exceeds the amount that the Sec-  
17          retary determines is necessary to fund the project for  
18          which the application is made.

19          “(f) PROGRAM REQUIREMENTS.—A homeownership  
20          zone proposal shall—

21                 “(1) provide for a significant number of new  
22                 homeownership opportunities that will make a visible  
23                 improvement in an immediate neighborhood;

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

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

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

8           “(5) incorporate a comprehensive approach to  
9 revitalization of the neighborhood;

10          “(6) establish a detailed time-line for com-  
11 mencement and completion of construction activities;  
12 and

13          “(7) provide for affirmatively furthering fair  
14 housing.

15          “(g) INCOME TARGETING.—At least 51 percent of  
16 the homebuyers assisted with funds under this section  
17 shall have household incomes at or below 80 percent of  
18 median income for the area, as determined by the Sec-  
19 retary.

20          “(h) ENVIRONMENTAL REVIEW.—For purposes of  
21 environmental review, decisionmaking, and action pursu-  
22 ant to the National Environmental Policy Act of 1969 and  
23 other provisions of law that further the purposes of such  
24 Act, a grant under this section shall be treated as assist-  
25 ance under the HOME Investment Partnerships Act and

1 shall be subject to the regulations issued by the Secretary  
2 to implement section 288 of such Act.

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

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

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

18 (a) SENSE OF THE CONGRESS.—It is the sense of the  
19 Congress that residential tenancies under lease-to-own  
20 provisions can facilitate homeownership by low- and mod-  
21 erate-income families and provide opportunities for home-  
22 ownership for such families who might not otherwise be  
23 able to afford homeownership.

24 (b) REPORT.—Not later than the expiration of the  
25 3-month period beginning on the date of the enactment

1 of this Act, the Secretary of Housing and Urban Develop-  
2 ment shall submit a report to the Congress—

3           (1) analyzing whether lease-to-own provisions  
4 can be effectively incorporated within the HOME in-  
5 vestment partnerships program, the public housing  
6 program, the tenant-based rental assistance program  
7 under section 8 of the United States Housing Act of  
8 1937, or any other programs of the Department to  
9 facilitate homeownership by low- or moderate-income  
10 families; and

11           (2) any legislative or administrative changes  
12 necessary to alter or amend such programs to allow  
13 the use of lease-to-own options to provide home-  
14 ownership opportunities.

15 **SEC. 604. LOCAL CAPACITY BUILDING.**

16       Section 4 of the HUD Demonstration Act of 1993  
17 (42 U.S.C. 9816 note) is amended—

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

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

1 **SEC. 605. CONSOLIDATED APPLICATION AND PLANNING**  
2 **REQUIREMENT AND SUPER-NOFA.**

3 (a) CONSOLIDATED APPLICATION.—Section 106 of  
4 the Cranston-Gonzalez National Affordable Housing Act  
5 (42 U.S.C. 12706) is amended to read as follows:

6 **“SEC. 106. CONSOLIDATED APPLICATION FOR COMMUNITY**  
7 **PLANNING AND DEVELOPMENT PROGRAMS.**

8 “(a) REQUIREMENT.—The Secretary shall, by regula-  
9 tion, provide for jurisdictions to comply with the planning  
10 and application requirements under the covered programs  
11 under subsection (b) by submitting to the Secretary, for  
12 a program year, a single consolidated submission under  
13 this section that complies with the requirements for plan-  
14 ning and application submissions under the laws relating  
15 to the covered programs and shall serve, for the jurisdic-  
16 tion, as the planning document and an application for  
17 funding under the covered programs.

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

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

23 “(2) The community development block grant  
24 program under title I of the Housing and Commu-  
25 nity Development Act of 1974 (42 U.S.C. 5301 et  
26 seq.).

1           “(3) The economic development initiative pro-  
2           gram under section 108(q) of the Housing and Com-  
3           munity Development Act of 1974 (42 U.S.C.  
4           5308(q)).

5           “(4) The emergency shelter grants program  
6           under subtitle B of title IV of the Stewart B.  
7           McKinney Homeless Assistance Act (42 U.S.C.  
8           11371 et seq.).

9           “(5) The housing opportunities for persons with  
10          AIDS program under subtitle D of title VIII of the  
11          Cranston-Gonzalez National Affordable Housing Act  
12          (42 U.S.C. 12901 et seq.).

13          “(c) PROGRAM YEAR.—In establishing requirements  
14          for a consolidated submission under this section, the Sec-  
15          retary shall provide for a consolidated program year,  
16          which shall comply with the various application and review  
17          deadlines under the covered programs.

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

1       “(e) CONSISTENCY.—The Secretary shall, by regula-  
2 tion or otherwise, as deemed by the Secretary to be appro-  
3 priate, require any application for housing assistance  
4 under title II of this Act, assistance under the Housing  
5 and Community Development Act of 1974, or assistance  
6 under the Stewart B. McKinney Homeless Assistance Act,  
7 to contain or be accompanied by a certification by an ap-  
8 propriate State or local public official that the proposed  
9 housing activities are consistent with the housing strategy  
10 of the jurisdiction to be served.”.

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

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

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

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

21               “(2) simplifies the application process for fund-  
22 ing under such programs by providing for applica-  
23 tion under various covered programs through a sin-  
24 gle, unified application;

1           “(3) promotes comprehensive approaches to  
2           housing and community development by providing  
3           for applicants to identify coordination of efforts  
4           under various covered programs; and

5           “(4) clearly informs prospective applicants of  
6           the general and specific requirements under law for  
7           applying for funding under such programs.

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

12           “(1) Housing and community development pro-  
13          grams.

14           “(2) Economic development and empowerment  
15          programs.

16           “(3) Targeted housing assistance and homeless  
17          assistance programs.”.

18 **SEC. 606. ASSISTANCE FOR SELF-HELP HOUSING PRO-**  
19 **VIDERS.**

20           (a) REAUTHORIZATION.—Subsection (p) of section  
21          11 of the Housing Opportunity Program Extension Act  
22          of 1996 (42 U.S.C. 12805 note) is amended to read as  
23          follows:

24           “(p) AUTHORIZATION OF APPROPRIATIONS.—There  
25          is authorized to be appropriated to carry out this section



1 \$25,000,000 for fiscal year 2001 and such sums as may  
2 be necessary for each of fiscal years 2002 and 2003.”.

3 (b) ELIGIBLE EXPENSES.—Section 11(d)(2)(A) of  
4 the Housing Opportunity Program Extension Act of 1996  
5 (42 U.S.C. 12805 note) is amended by inserting before  
6 the period at the end the following: “, which may include  
7 reimbursing an organization, consortium, or affiliate, upon  
8 approval of any required environmental review, for  
9 nongrant amounts of the organization, consortium, or af-  
10 filiate advanced before such review to acquire land”.

11 (c) DEADLINE FOR RECAPTURE OF FUNDS.—Section  
12 11 of the Housing Opportunity Program Extension Act  
13 of 1996 (42 U.S.C. 12805 note) is amended—

14 (1) in subsection (i)(5)—

15 (A) by striking “if the organization or con-  
16 sortia has not used any grant amounts” and in-  
17 serting “the Secretary shall recapture any grant  
18 amounts provided to the organization or con-  
19 sortia that are not used”;

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

22 (C) by striking “within 36 months), the  
23 Secretary shall recapture such unused  
24 amounts” and inserting “and in the case of a  
25 grant amounts provided to a local affiliate of

1 the organization or consortia that is developing  
2 five or more dwellings in connection with such  
3 grant amounts”; and

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

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

12 (1) in subsection (b)(4), by striking “Habitat  
13 for Humanity International, its affiliates, and  
14 other”; and

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

17 **SEC. 607. HOUSING COUNSELING ORGANIZATIONS.**

18 (a) **EXTENSION OF PROGRAMS.**—

19 (1) **EMERGENCY HOMEOWNERSHIP COUN-**  
20 **SELING.**—Section 106(c)(9) of the Housing and  
21 Urban Development Act of 1968 (12 U.S.C.  
22 1701x(c)(9)) is amended by striking “September 30,  
23 2000” and inserting “September 30, 2005”.

24 (2) **PREPURCHASE AND FORECLOSURE PREVEN-**  
25 **TION COUNSELING DEMONSTRATION.**—Section

1 106(d)(12) of the Housing and Urban Development  
2 Act of 1968 (12 U.S.C. 1701x(d)(12)) is amended  
3 by striking “fiscal year 1994” and inserting “fiscal  
4 year 2005”.

5 (b) COOPERATIVE OWNERSHIP HOUSING CORPORA-  
6 TIONS.—Section 106 of the Housing and Urban Develop-  
7 ment Act of 1968 (12 U.S.C. 1701x) is amended—

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

11 (2) in subsection (c)—

12 (A) in paragraph (1)—

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

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

18 (iii) by adding at the end the fol-  
19 lowing new subparagraph:

20 “(C) to the National Cooperative Bank De-  
21 velopment Corporation—

22 “(i) to provide homeownership coun-  
23 seling to eligible homeowners that is spe-  
24 cifically designed to relate to ownership

1 under cooperative housing arrangements;  
2 and

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

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

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

1 **SEC. 608. COMMUNITY LEAD INFORMATION CENTERS AND**  
2 **LEAD-SAFE HOUSING.**

3 Section 1011(e) of the Residential Lead-Based Paint  
4 Hazard Reduction Act of 1992 (42 U.S.C. 4852(e)) is  
5 amended—

6 (1) in paragraph (7), by inserting “, which may  
7 include leasing of lead-safe temporary housing” be-  
8 fore the semicolon at the end;

9 (2) in paragraph (9), by striking “and” at the  
10 end;

11 (3) by redesignating paragraph (10) as para-  
12 graph (11); and

13 (4) by inserting after paragraph (9) the fol-  
14 lowing new paragraph:

15 “(10) provide accessible information through  
16 centralized locations that provide a variety of resi-  
17 dential lead-based paint poisoning prevention serv-  
18 ices to the community that such services are in-  
19 tended to benefit; and”.

20 **SEC. 609. GRANT ELIGIBILITY OF COMMUNITY ORGANIZA-**  
21 **TIONS.**

22 (a) **ELIGIBILITY.**—For any program administered by  
23 the Secretary of Housing and Urban Development under  
24 which financial assistance is provided by the Secretary to  
25 nongovernmental organizations or to a State or local gov-  
26 ernment for provision to nongovernmental organizations,

1 religious organizations shall be eligible, on the same basis  
2 as other nongovernmental organizations, to receive the fi-  
3 nancial assistance under the program from the Secretary  
4 or such State and local governments, as the case may be,  
5 as long as the program is implemented in a manner con-  
6 sistent with the Establishment Clause of the Free Exercise  
7 Clause of the first amendment to the Constitution. Neither  
8 the Secretary nor a State or local government to which  
9 such financial assistance is provided shall discriminate  
10 against an organization that receives financial assistance,  
11 or applies to receive assistance, under a program adminis-  
12 tered by the Secretary, on the basis that the organization  
13 has a religious character.

14 (b) RELIGIOUS CHARACTER AND INDEPENDENCE.—

15 (1) IN GENERAL.—A religious organization that  
16 receives assistance under a program described in  
17 subsection (a) shall retain its religious character and  
18 control over the definition, development, practice,  
19 and expression of its religious beliefs.

20 (2) ADDITIONAL SAFEGUARDS.—Neither the  
21 Federal Government nor a State or local government  
22 shall require a religious organization—

23 (A) to alter its form of internal govern-  
24 ance; or

1 (B) to remove religious art, icons, scrip-  
2 ture, or other symbols,  
3 in order to be eligible to provide assistance under a  
4 program described in subsection (a).

5 (3) EMPLOYMENT PRACTICES.—A religious or-  
6 ganization’s exemption provided under section 702  
7 of the Civil Rights Act of 1964 (42 U.S.C. 2000e-  
8 1) regarding employment practices shall not be af-  
9 fected by its participation in, or receipt of funds  
10 from, programs described in subsection (a).

11 (c) LIMITATIONS ON USE OF FUNDS FOR CERTAIN  
12 PURPOSES.—No funds provided directly to a religious or-  
13 ganization to provide assistance under any program de-  
14 scribed in subsection (a) shall be expended for sectarian  
15 worship, instruction, or proselytization.

16 (d) FISCAL ACCOUNTABILITY.—

17 (1) IN GENERAL.—Except as provided in para-  
18 graph (2), any religious organization providing as-  
19 sistance under any program described in subsection  
20 (a) shall be subject to the same regulations as other  
21 nongovernmental organizations to account in accord  
22 with generally accepted accounting principles for the  
23 use of such funds provided under such program.

24 (2) LIMITED AUDIT.—Such organization shall  
25 segregate government funds provided under such

1 program into a separate account. Only the govern-  
2 ment funds shall be subject to audit by the govern-  
3 ment.

4 (e) TREATMENT OF ELIGIBLE ENTITIES AND OTHER  
5 INTERMEDIATE ORGANIZATIONS.—If an eligible entity or  
6 other organization (referred to in this subsection as an  
7 “intermediate organization”), acting under a contract, or  
8 grant or other agreement, with the Federal Government  
9 or a State or local government, is given the authority  
10 under the contract or agreement to select nongovern-  
11 mental organizations to provide assistance under the pro-  
12 grams described in subsection (a), the intermediate orga-  
13 nization shall have the same duties under this section as  
14 the government.

15 (f) DEFINITIONS.—For purposes of this section:

16 (1) FINANCIAL ASSISTANCE.—The term “finan-  
17 cial assistance” means any grant, loan, subsidy,  
18 guarantee, or other financial assistance, except that  
19 such term does not include any mortgage insurance  
20 provided under a program administered by the Sec-  
21 retary.

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



1     **TITLE VII—NATIVE AMERICAN**  
2             **HOMEOWNERSHIP**  
3             **Subtitle A—Native American**  
4             **Housing**

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

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

16            (b) **MEMBERSHIP.**—

17                (1) **APPOINTMENT.**—The Commission shall be  
18     composed of 12 members, appointed not later than  
19     90 days after the date of the enactment of this Act  
20     as follows:

21                    (A) Four members shall be appointed by  
22     the President.

23                    (B) Four members shall be appointed by  
24     the Chairperson of the Committee on Banking

1 and Financial Services of the House of Rep-  
2 resentatives.

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

6 (2) QUALIFICATIONS.—

7 (A) MEMBERS OF TRIBES.—At all times,  
8 not less than eight of the members of the Com-  
9 mission shall be members of federally recog-  
10 nized Indian tribes.

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

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

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

23 (5) TRAVEL EXPENSES.—Members of the Com-  
24 mission shall serve without pay, but each member  
25 shall receive travel expenses, including per diem in

1        lieu of subsistence, in accordance with sections 5702  
2        and 5703 of title 5, United States Code.

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

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

16            (1) to ensure prompt and accurate responses to  
17       requests for title status reports;

18            (2) to eliminate any backlog of requests for title  
19       status reports; and

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

1 for certified title status reports, taking into account  
2 the anticipated complexity and volume of such re-  
3 quests.

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

11 (f) POWERS.—

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

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

23 (3) OBTAINING OFFICIAL DATA.—The Commis-  
24 sion may secure directly from any department or  
25 agency of the United States information necessary

1 to enable it to carry out this section. Upon request  
2 of the Chairperson of the Commission, the head of  
3 that department or agency shall furnish that infor-  
4 mation to the Commission.

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

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

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

23 (g) **AUTHORIZATION OF APPROPRIATIONS.**—To carry  
24 out this section, there is authorized to be appropriated

1 \$500,000. Such sums shall remain available until ex-  
2 pended.

3 (h) TERMINATION.—The Commission shall terminate  
4 1 year after the date of the initial meeting of the Commis-  
5 sion.

6 **SEC. 702. LOAN GUARANTEES.**

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

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

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

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

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

25 (a) RESTRICTION ON WAIVER AUTHORITY.—

1           (1) IN GENERAL.—Section 101(b)(2) of the Na-  
2           tive American Housing Assistance and Self-Deter-  
3           mination Act of 1996 (25 U.S.C. 4111(b)(2)) is  
4           amended by striking “if the Secretary” and all that  
5           follows through the period at the end and inserting  
6           the following: “for a period of not more than 90  
7           days, if the Secretary determines that an Indian  
8           tribe has not complied with, or is unable to comply  
9           with, those requirements due to exigent cir-  
10          cumstances beyond the control of the Indian tribe.”.

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

24          (b) ASSISTANCE TO FAMILIES THAT ARE NOT LOW-  
25          INCOME.—Section 102(c) of the Native American Housing

1 Assistance and Self-Determination Act of 1996 (25 U.S.C.  
2 4112(c)) is amended by adding at the end the following:

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

9           (c) ELIMINATION OF WAIVER AUTHORITY FOR  
10 SMALL TRIBES.—Section 102 of the Native American  
11 Housing Assistance and Self-Determination Act of 1996  
12 (25 U.S.C. 4112) is amended—

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

14           (2) by redesignating subsection (g) as sub-  
15 section (f).

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

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

24           “(1) will not frustrate the goals of the National  
25 Environmental Policy Act of 1969 (42 U.S.C. 4331



1 et seq.) or any other provision of law that furthers  
2 the goals of that Act;

3 “(2) does not threaten the health or safety of  
4 the community involved by posing an immediate or  
5 long-term hazard to residents of that community;

6 “(3) is a result of inadvertent error, including  
7 an incorrect or incomplete certification provided  
8 under subsection (c)(1); and

9 “(4) may be corrected through the sole action  
10 of the recipient.”.

11 (e) ELIGIBILITY OF LAW ENFORCEMENT OFFICERS  
12 FOR HOUSING ASSISTANCE.—Section 201(b) of the Na-  
13 tive American Housing Assistance and Self-Determination  
14 Act of 1996 (25 U.S.C. 4131(b)) is amended—

15 (1) in paragraph (1), by striking “paragraph  
16 (2)” and inserting “paragraphs (2) and (4)”;

17 (2) by redesignating paragraphs (4) and (5) as  
18 paragraphs (5) and (6), respectively; and

19 (3) by inserting after paragraph (3) the fol-  
20 lowing new paragraph:

21 “(4) LAW ENFORCEMENT OFFICERS.—A recipi-  
22 ent may provide housing or housing assistance pro-  
23 vided through affordable housing activities assisted  
24 with grant amounts under this Act for a law en-

1 enforcement officer on an Indian reservation or other  
2 Indian area, if—

3 “(A) the officer—

4 “(i) is employed on a full-time basis  
5 by the Federal Government or a State,  
6 county, or tribal government; and

7 “(ii) in implementing such full-time  
8 employment, is sworn to uphold, and make  
9 arrests for, violations of Federal, State,  
10 county, or tribal law; and

11 “(B) the recipient determines that the  
12 presence of the law enforcement officer on the  
13 Indian reservation or other Indian area may  
14 deter crime.”.

15 (f) OVERSIGHT.—

16 (1) REPAYMENT.—Section 209 of the Native  
17 American Housing Assistance and Self-Determina-  
18 tion Act of 1996 (25 U.S.C. 4139) is amended to  
19 read as follows:

20 **“SEC. 209. NONCOMPLIANCE WITH AFFORDABLE HOUSING**  
21 **REQUIREMENT.**

22 “If a recipient uses grant amounts to provide afford-  
23 able housing under this title, and at any time during the  
24 useful life of the housing the recipient does not comply  
25 with the requirement under section 205(a)(2), the Sec-

1 retary shall take appropriate action under section  
2 401(a).”.

3           (2) AUDITS AND REVIEWS.—Section 405 of the  
4       Native American Housing Assistance and Self-De-  
5       termination Act of 1996 (25 U.S.C. 4165) is amend-  
6       ed to read as follows:

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

8           “(a) REQUIREMENTS UNDER CHAPTER 75 OF TITLE  
9       31, UNITED STATES CODE.—An entity designated by an  
10      Indian tribe as a housing entity shall be treated, for pur-  
11      poses of chapter 75 of title 31, United States Code, as  
12      a non-Federal entity that is subject to the audit require-  
13      ments that apply to non-Federal entities under that chap-  
14      ter.

15          “(b) ADDITIONAL REVIEWS AND AUDITS.—

16               “(1) IN GENERAL.—In addition to any audit or  
17      review under subsection (a), to the extent the Sec-  
18      retary determines such action to be appropriate, the  
19      Secretary may conduct an audit or review of a re-  
20      cipient in order to—

21                       “(A) determine whether the recipient—

22                               “(i) has carried out—

23                                       “(I) eligible activities in a timely  
24                                       manner; and

1                   “(II) eligible activities and cer-  
2                   tification in accordance with this Act  
3                   and other applicable law;

4                   “(ii) has a continuing capacity to  
5                   carry out eligible activities in a timely  
6                   manner; and

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

9                   “(B) verify the accuracy of information  
10                  contained in any performance report submitted  
11                  by the recipient under section 404.

12                  “(2) ON-SITE VISITS.—To the extent prac-  
13                  ticable, the reviews and audits conducted under this  
14                  subsection shall include on-site visits by the appro-  
15                  priate official of the Department of Housing and  
16                  Urban Development.

17                  “(c) REVIEW OF REPORTS.—

18                  “(1) IN GENERAL.—The Secretary shall provide  
19                  each recipient that is the subject of a report made  
20                  by the Secretary under this section notice that the  
21                  recipient may review and comment on the report  
22                  during a period of not less than 30 days after the  
23                  date on which notice is issued under this paragraph.

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

4                   “(A) may revise the report; and

5                   “(B) not later than 30 days after the date  
6           on which those comments are received, shall  
7           make the comments and the report (with any  
8           revisions made under subparagraph (A)) readily  
9           available to the public.

10          “(d) EFFECT OF REVIEWS.—Subject to section  
11 401(a), after reviewing the reports and audits relating to  
12 a recipient that are submitted to the Secretary under this  
13 section, the Secretary may adjust the amount of a grant  
14 made to a recipient under this Act in accordance with the  
15 findings of the Secretary with respect to those reports and  
16 audits.”.

17          (g) ALLOCATION FORMULA.—Section 302(d)(1) of  
18 the Native American Housing Assistance and Self-Deter-  
19 mination Act of 1996 (25 U.S.C. 4152(d)(1)) is  
20 amended—

21           (1) by striking “The formula,” and inserting  
22           the following:

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

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

2 “(B) CERTAIN INDIAN TRIBES.—With re-  
3 spect to fiscal year 2001 and each fiscal year  
4 thereafter, for any Indian tribe with an Indian  
5 housing authority that owns or operates fewer  
6 than 250 public housing units, the formula  
7 shall provide that if the amount provided for a  
8 fiscal year in which the total amount made  
9 available for assistance under this Act is equal  
10 to or greater than the amount made available  
11 for fiscal year 1996 for assistance for the oper-  
12 ation and modernization of the public housing  
13 referred to in subparagraph (A), then the  
14 amount provided to that Indian tribe as mod-  
15 ernization assistance shall be equal to the aver-  
16 age annual amount of funds provided to the In-  
17 dian tribe (other than funds provided as emer-  
18 gency assistance) under the assistance program  
19 under section 14 of the United States Housing  
20 Act of 1937 (42 U.S.C. 1437*l*) for the period  
21 beginning with fiscal year 1992 and ending  
22 with fiscal year 1997.”.

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

1           (1) by redesignating paragraphs (1) through  
2           (4) as subparagraphs (A) through (D), respectively,  
3           and realigning such subparagraphs (as so redesign-  
4           ated) so as to be indented 4 ems from the left mar-  
5           gin;

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

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

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

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

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

16          “(3) EXCEPTION FOR CERTAIN ACTIONS.—

17                 “(A) IN GENERAL.—Notwithstanding any  
18                 other provision of this subsection, if the Sec-  
19                 retary makes a determination that the failure of  
20                 a recipient of assistance under this Act to com-  
21                 ply substantially with any material provision (as  
22                 that term is defined by the Secretary) of this  
23                 Act is resulting, and would continue to result,  
24                 in a continuing expenditure of Federal funds in  
25                 a manner that is not authorized by law, the

1 Secretary may take an action described in para-  
2 graph (1)(C) before conducting a hearing.

3 “(B) PROCEDURAL REQUIREMENT.—If the  
4 Secretary takes an action described in subpara-  
5 graph (A), the Secretary shall—

6 “(i) provide notice to the recipient at  
7 the time that the Secretary takes that ac-  
8 tion; and

9 “(ii) conduct a hearing not later than  
10 60 days after the date on which the Sec-  
11 retary provides notice under clause (i).

12 “(C) DETERMINATION.—Upon completion  
13 of a hearing under this paragraph, the Sec-  
14 retary shall make a determination regarding  
15 whether to continue taking the action that is  
16 the subject of the hearing, or take another ac-  
17 tion under this subsection.”.

18 (i) PERFORMANCE AGREEMENT TIME LIMIT.—Sec-  
19 tion 401(b) of the Native American Housing Assistance  
20 and Self-Determination Act of 1996 (25 U.S.C. 4161(b))  
21 is amended—

22 (1) by striking “If the Secretary” and inserting  
23 the following:

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



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

3                   “(A) is not”;

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

6                   “(B) is a result”;

7           (4) in the flush material following paragraph  
8 (1)(B), as redesignated by paragraph (3) of this  
9 subsection—

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

12                   (B) by inserting before the period at the  
13 end the following: “, if the recipient enters into  
14 a performance agreement with the Secretary  
15 that specifies the compliance objectives that the  
16 recipient will be required to achieve by the ter-  
17 mination date of the performance agreement”;  
18 and

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

20                   “(2) PERFORMANCE AGREEMENT.—The period  
21 of a performance agreement described in paragraph  
22 (1) shall be for 1 year.

23                   “(3) REVIEW.—Upon the termination of a per-  
24 formance agreement entered into under paragraph

1 (1), the Secretary shall review the performance of  
2 the recipient that is a party to the agreement.

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

6 “(A) has made a good faith effort to meet  
7 the compliance objectives specified in the agree-  
8 ment, the Secretary may enter into an addi-  
9 tional performance agreement for the period  
10 specified in paragraph (2); and

11 “(B) has failed to make a good faith effort  
12 to meet applicable compliance objectives, the  
13 Secretary shall determine the recipient to have  
14 failed to comply substantially with this Act, and  
15 the recipient shall be subject to an action under  
16 subsection (a).”.

17 (j) LABOR STANDARDS.—Section 104(b) of the Na-  
18 tive American Housing Assistance and Self-Determination  
19 Act of 1996 (25 U.S.C. 4114(b) is amended—

20 (1) in paragraph (1), by striking “Davis-Bacon  
21 Act (40 U.S.C. 276a–276a–5)” and inserting “Act  
22 of March 3, 1931 (commonly known as the Davis-  
23 Bacon Act; chapter 411; 46 Stat. 1494; 40 U.S.C  
24 276a et seq.)”; and

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

3           “(3) APPLICATION OF TRIBAL LAWS.—Para-  
4 graph (1) shall not apply to any contract or agree-  
5 ment for assistance, sale, or lease pursuant to this  
6 Act, if such contract or agreement is otherwise cov-  
7 ered by one or more laws or regulations adopted by  
8 an Indian tribe that requires the payment of not less  
9 than prevailing wages, as determined by the Indian  
10 tribe.”.

11       (k) TECHNICAL AND CONFORMING AMENDMENTS.—

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

16           (A) by striking the item relating to section  
17 206; and

18           (B) by striking the item relating to section  
19 209 and inserting the following:

“209. Noncompliance with affordable housing requirement.”.

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



1 (B) developing effective partnerships with  
2 governmental and private entities to accomplish  
3 the objectives referred to in subparagraph (A);

4 (2) the United States has a special responsi-  
5 bility for the welfare of the Native peoples of the  
6 United States, including Native Hawaiians;

7 (3) pursuant to the provisions of the Hawaiian  
8 Homes Commission Act, 1920 (42 Stat. 108 et  
9 seq.), the United States set aside 200,000 acres of  
10 land in the Federal territory that later became the  
11 State of Hawaii in order to establish a homeland for  
12 the native people of Hawaii—Native Hawaiians;

13 (4) despite the intent of Congress in 1920 to  
14 address the housing needs of Native Hawaiians  
15 through the enactment of the Hawaiian Homes  
16 Commission Act, 1920 (42 Stat. 108 et seq.), Native  
17 Hawaiians eligible to reside on the Hawaiian home  
18 lands have been foreclosed from participating in  
19 Federal housing assistance programs available to all  
20 other eligible families in the United States;

21 (5) although Federal housing assistance pro-  
22 grams have been administered on a racially neutral  
23 basis in the State of Hawaii, Native Hawaiians con-  
24 tinue to have the greatest unmet need for housing

1 and the highest rates of overcrowding in the United  
2 States;

3 (6) among the Native American population of  
4 the United States, Native Hawaiians experience the  
5 highest percentage of housing problems in the  
6 United States, as the percentage—

7 (A) of housing problems in the Native Ha-  
8 waiian population is 49 percent, as compared  
9 to—

10 (i) 44 percent for American Indian  
11 and Alaska Native households in Indian  
12 country; and

13 (ii) 27 percent for all other house-  
14 holds in the United States; and

15 (B) overcrowding in the Native Hawaiian  
16 population is 36 percent as compared to 3 per-  
17 cent for all other households in the United  
18 States;

19 (7) among the Native Hawaiian population, the  
20 needs of Native Hawaiians, as that term is defined  
21 in section 801 of the Native American Housing As-  
22 sistance and Self-Determination Act of 1996, as  
23 added by section 723 of this subtitle, eligible to re-  
24 side on the Hawaiian Home Lands are the most se-  
25 vere, as—

1 (A) the percentage of overcrowding in Na-  
2 tive Hawaiian households on the Hawaiian  
3 Home Lands is 36 percent; and

4 (B) approximately 13,000 Native Hawai-  
5 ians, which constitute 95 percent of the Native  
6 Hawaiians who are eligible to reside on the Ha-  
7 waiian Home Lands, are in need of housing;

8 (8) applying the Department of Housing and  
9 Urban Development guidelines—

10 (A) 70.8 percent of Native Hawaiians who  
11 either reside or who are eligible to reside on the  
12 Hawaiian Home Lands have incomes that fall  
13 below the median family income; and

14 (B) 50 percent of Native Hawaiians who  
15 either reside or who are eligible to reside on the  
16 Hawaiian Home Lands have incomes below 30  
17 percent of the median family income;

18 (9)  $\frac{1}{3}$  of those Native Hawaiians who are eligi-  
19 ble to reside on the Hawaiian Home Lands pay  
20 more than 30 percent of their income for shelter,  
21 and  $\frac{1}{2}$  of those Native Hawaiians face overcrowding;

22 (10) the extraordinarily severe housing needs of  
23 Native Hawaiians demonstrate that Native Hawai-  
24 ians who either reside on, or are eligible to reside on,  
25 Hawaiian Home Lands have been denied equal ac-

1       cess to Federal low-income housing assistance pro-  
2       grams available to other qualified residents of the  
3       United States, and that a more effective means of  
4       addressing their housing needs must be authorized;

5           (11) consistent with the recommendations of  
6       the National Commission on American Indian, Alas-  
7       ka Native, and Native Hawaiian Housing, and in  
8       order to address the continuing prevalence of ex-  
9       traordinarily severe housing needs among Native  
10       Hawaiians who either reside or are eligible to reside  
11       on the Hawaiian Home Lands, Congress finds it  
12       necessary to extend the Federal low-income housing  
13       assistance available to American Indians and Alaska  
14       Natives under the Native American Housing Assist-  
15       ance and Self-Determination Act of 1996 (25 U.S.C.  
16       4101 et seq.) to those Native Hawaiians;

17           (12) under the treaty-making power of the  
18       United States, Congress had the constitutional au-  
19       thority to confirm a treaty between the United  
20       States and the government that represented the Ha-  
21       waiian people, and from 1826 until 1893, the United  
22       States recognized the independence of the Kingdom  
23       of Hawaii, extended full diplomatic recognition to  
24       the Hawaiian Government, and entered into treaties  
25       and conventions with the Hawaiian monarchs to gov-



1 ern commerce and navigation in 1826, 1842, 1849,  
2 1875, and 1887;

3 (13) the United States has recognized and re-  
4 affirmed that—

5 (A) Native Hawaiians have a cultural, his-  
6 toric, and land-based link to the indigenous peo-  
7 ple who exercised sovereignty over the Hawaiian  
8 Islands, and that group has never relinquished  
9 its claims to sovereignty or its sovereign lands;

10 (B) Congress does not extend services to  
11 Native Hawaiians because of their race, but be-  
12 cause of their unique status as the indigenous  
13 people of a once sovereign nation as to whom  
14 the United States has established a trust rela-  
15 tionship;

16 (C) Congress has also delegated broad au-  
17 thority to administer a portion of the Federal  
18 trust responsibility to the State of Hawaii;

19 (D) the political status of Native Hawai-  
20 ians is comparable to that of American Indians  
21 and Alaska Natives; and

22 (E) the aboriginal, indigenous people of  
23 the United States have—

24 (i) a continuing right to autonomy in  
25 their internal affairs; and

1                   (ii) an ongoing right of self-deter-  
2                   mination and self-governance that has  
3                   never been extinguished;

4           (14) the political relationship between the  
5           United States and the Native Hawaiian people has  
6           been recognized and reaffirmed by the United States  
7           as evidenced by the inclusion of Native Hawaiians  
8           in—

9                   (A) the Native American Programs Act of  
10                   1974 (42 U.S.C. 2291 et seq.);

11                   (B) the American Indian Religious Free-  
12                   dom Act (42 U.S.C. 1996 et seq.);

13                   (C) the National Museum of the American  
14                   Indian Act (20 U.S.C. 80q et seq.);

15                   (D) the Native American Graves Protec-  
16                   tion and Repatriation Act (25 U.S.C. 3001 et  
17                   seq.);

18                   (E) the National Historic Preservation Act  
19                   (16 U.S.C. 470 et seq.);

20                   (F) the Native American Languages Act of  
21                   1992 (106 Stat. 3434);

22                   (G) the American Indian, Alaska Native  
23                   and Native Hawaiian Culture and Arts Devel-  
24                   opment Act (20 U.S.C. 4401 et seq.);

1 (H) the Job Training Partnership Act (29  
2 U.S.C. 1501 et seq.); and

3 (I) the Older Americans Act of 1965 (42  
4 U.S.C. 3001 et seq.); and

5 (15) in the area of housing, the United States  
6 has recognized and reaffirmed the political relation-  
7 ship with the Native Hawaiian people through—

8 (A) the enactment of the Hawaiian Homes  
9 Commission Act, 1920 (42 Stat. 108 et seq.),  
10 which set aside approximately 200,000 acres of  
11 public lands that became known as Hawaiian  
12 Home Lands in the Territory of Hawaii that  
13 had been ceded to the United States for home-  
14 steading by Native Hawaiians in order to reha-  
15 bilitate a landless and dying people;

16 (B) the enactment of the Act entitled “An  
17 Act to provide for the admission of the State of  
18 Hawaii into the Union”, approved March 18,  
19 1959 (73 Stat. 4)—

20 (i) by ceding to the State of Hawaii  
21 title to the public lands formerly held by  
22 the United States, and mandating that  
23 those lands be held in public trust, for the  
24 betterment of the conditions of Native Ha-  
25 waiians, as that term is defined in section

1           201 of the Hawaiian Homes Commission  
2           Act, 1920 (42 Stat. 108 et seq.); and

3           (ii) by transferring the United States  
4           responsibility for the administration of Ha-  
5           waiian Home Lands to the State of Ha-  
6           waii, but retaining the authority to enforce  
7           the trust, including the exclusive right of  
8           the United States to consent to any actions  
9           affecting the lands which comprise the cor-  
10          pus of the trust and any amendments to  
11          the Hawaiian Homes Commission Act,  
12          1920 (42 Stat. 108 et seq.), enacted by the  
13          legislature of the State of Hawaii affecting  
14          the rights of beneficiaries under the Act;

15          (C) the authorization of mortgage loans in-  
16          sured by the Federal Housing Administration  
17          for the purchase, construction, or refinancing of  
18          homes on Hawaiian Home Lands under the Na-  
19          tional Housing Act (Public Law 479; 73d Con-  
20          gress; 12 U.S.C. 1701 et seq.);

21          (D) authorizing Native Hawaiian represen-  
22          tation on the National Commission on Amer-  
23          ican Indian, Alaska Native, and Native Hawai-  
24          ian Housing under Public Law 101-235;

1 (E) the inclusion of Native Hawaiians in  
 2 the definition under section 3764 of title 38,  
 3 United States Code, applicable to subchapter V  
 4 of chapter 37 of title 38, United States Code  
 5 (relating to a housing loan program for Native  
 6 American veterans); and

7 (F) the enactment of the Hawaiian Home  
 8 Lands Recovery Act (109 Stat. 357; 48 U.S.C.  
 9 491, note prec.) which establishes a process for  
 10 the conveyance of Federal lands to the Depart-  
 11 ment of Hawaiian Homes Lands that are equiv-  
 12 alent in value to lands acquired by the United  
 13 States from the Hawaiian Home Lands inven-  
 14 tory.

15 **SEC. 723. HOUSING ASSISTANCE.**

16 The Native American Housing Assistance and Self-  
 17 Determination Act of 1996 (25 U.S.C. 4101 et seq.) is  
 18 amended by adding at the end the following:

19 **“TITLE VIII—HOUSING ASSIST-**  
 20 **ANCE FOR NATIVE HAWAI-**  
 21 **IANS**

22 **“SEC. 801. DEFINITIONS.**

23 “In this title:

24 “(1) DEPARTMENT OF HAWAIIAN HOME LANDS;  
 25 DEPARTMENT.—The term ‘Department of Hawaiian

1 Home Lands' or 'Department' means the agency or  
2 department of the government of the State of Ha-  
3 waii that is responsible for the administration of the  
4 Hawaiian Homes Commission Act, 1920 (42 Stat.  
5 108 et seq.).

6 “(2) DIRECTOR.—The term ‘Director’ means  
7 the Director of the Department of Hawaiian Home  
8 Lands.

9 “(3) ELDERLY FAMILIES; NEAR-ELDERLY FAMI-  
10 LIES.—

11 “(A) IN GENERAL.—The term ‘elderly  
12 family’ or ‘near-elderly family’ means a family  
13 whose head (or his or her spouse), or whose sole  
14 member, is—

15 “(i) for an elderly family, an elderly  
16 person; or

17 “(ii) for a near-elderly family, a near-  
18 elderly person.

19 “(B) CERTAIN FAMILIES INCLUDED.—The  
20 term ‘elderly family’ or ‘near-elderly family’  
21 includes—

22 “(i) two or more elderly persons or  
23 near-elderly persons, as the case may be,  
24 living together; and

1                   “(ii) one or more persons described in  
2                   clause (i) living with one or more persons  
3                   determined under the housing plan to be  
4                   essential to their care or well-being.

5                   “(4) HAWAIIAN HOME LANDS.—The term ‘Ha-  
6                   waiian Home Lands’ means lands that—

7                   “(A) have the status as Hawaiian home  
8                   lands under section 204 of the Hawaiian  
9                   Homes Commission Act, 1920(42 Stat. 110); or

10                  “(B) are acquired pursuant to that Act.

11                  “(5) HOUSING AREA.—The term ‘housing area’  
12                  means an area of Hawaiian Home Lands with re-  
13                  spect to which the Department of Hawaiian Home  
14                  Lands is authorized to provide assistance for afford-  
15                  able housing under this Act.

16                  “(6) HOUSING ENTITY.—The term ‘housing en-  
17                  tity’ means the Department of Hawaiian Home  
18                  Lands.

19                  “(7) HOUSING PLAN.—The term ‘housing plan’  
20                  means a plan developed by the Department of Ha-  
21                  waiian Home Lands.

22                  “(8) MEDIAN INCOME.—The term ‘median in-  
23                  come’ means, with respect to an area that is a Ha-  
24                  waiian housing area, the greater of—

1           “(A) the median income for the Hawaiian  
2           housing area, which shall be determined by the  
3           Secretary; or

4           “(B) the median income for the State of  
5           Hawaii.

6           “(9) NATIVE HAWAIIAN.—The term ‘Native  
7           Hawaiian’ means any individual who is—

8           “(A) a citizen of the United States; and

9           “(B) a descendant of the aboriginal people,  
10          who, prior to 1778, occupied and exercised sov-  
11          ereignty in the area that currently constitutes  
12          the State of Hawaii, as evidenced by—

13                  “(i) genealogical records;

14                  “(ii) verification by kupuna (elders) or  
15                  kama’aina (long-term community resi-  
16                  dents); or

17                  “(iii) birth records of the State of Ha-  
18                  waii.

19   **“SEC. 802. BLOCK GRANTS FOR AFFORDABLE HOUSING**  
20                                   **ACTIVITIES.**

21           “(a) GRANT AUTHORITY.—For each fiscal year, the  
22   Secretary shall (to the extent amounts are made available  
23   to carry out this title) make a grant under this title to  
24   the Department of Hawaiian Home Lands to carry out



1 affordable housing activities for Native Hawaiian families  
2 who are eligible to reside on the Hawaiian Home Lands.

3 “(b) PLAN REQUIREMENT.—

4 “(1) IN GENERAL.—The Secretary may make a  
5 grant under this title to the Department of Hawai-  
6 ian Home Lands for a fiscal year only if—

7 “(A) the Director has submitted to the  
8 Secretary a housing plan for that fiscal year;  
9 and

10 “(B) the Secretary has determined under  
11 section 804 that the housing plan complies with  
12 the requirements of section 803.

13 “(2) WAIVER.—The Secretary may waive the  
14 applicability of the requirements under paragraph  
15 (1), in part, if the Secretary finds that the Depart-  
16 ment of Hawaiian Home Lands has not complied or  
17 cannot comply with those requirements due to cir-  
18 cumstances beyond the control of the Department of  
19 Hawaiian Home Lands.

20 “(c) USE OF AFFORDABLE HOUSING ACTIVITIES  
21 UNDER PLAN.—Except as provided in subsection (e),  
22 amounts provided under a grant under this section may  
23 be used only for affordable housing activities under this  
24 title that are consistent with a housing plan approved  
25 under section 804.

1 “(d) ADMINISTRATIVE EXPENSES.—

2 “(1) IN GENERAL.—The Secretary shall, by  
3 regulation, authorize the Department of Hawaiian  
4 Home Lands to use a percentage of any grant  
5 amounts received under this title for any reasonable  
6 administrative and planning expenses of the Depart-  
7 ment relating to carrying out this title and activities  
8 assisted with those amounts.

9 “(2) ADMINISTRATIVE AND PLANNING EX-  
10 PENSES.—The administrative and planning expenses  
11 referred to in paragraph (1) include—

12 “(A) costs for salaries of individuals en-  
13 gaged in administering and managing afford-  
14 able housing activities assisted with grant  
15 amounts provided under this title; and

16 “(B) expenses incurred in preparing a  
17 housing plan under section 803.

18 “(e) PUBLIC-PRIVATE PARTNERSHIPS.—The Direc-  
19 tor shall make all reasonable efforts, consistent with the  
20 purposes of this title, to maximize participation by the pri-  
21 vate sector, including nonprofit organizations and for-  
22 profit entities, in implementing a housing plan that has  
23 been approved by the Secretary under section 803.

24 **“SEC. 803. HOUSING PLAN.**

25 “(a) PLAN SUBMISSION.—The Secretary shall—

1           “(1) require the Director to submit a housing  
2 plan under this section for each fiscal year; and

3           “(2) provide for the review of each plan sub-  
4 mitted under paragraph (1).

5           “(b) FIVE-YEAR PLAN.—Each housing plan under  
6 this section shall—

7           “(1) be in a form prescribed by the Secretary;  
8 and

9           “(2) contain, with respect to the 5-year period  
10 beginning with the fiscal year for which the plan is  
11 submitted, the following information:

12           “(A) MISSION STATEMENT.—A general  
13 statement of the mission of the Department of  
14 Hawaiian Home Lands to serve the needs of  
15 the low-income families to be served by the De-  
16 partment.

17           “(B) GOAL AND OBJECTIVES.—A state-  
18 ment of the goals and objectives of the Depart-  
19 ment of Hawaiian Home Lands to enable the  
20 Department to serve the needs identified in  
21 subparagraph (A) during the period.

22           “(C) ACTIVITIES PLANS.—An overview of  
23 the activities planned during the period includ-  
24 ing an analysis of the manner in which the ac-

1           tivities will enable the Department to meet its  
2           mission, goals, and objectives.

3           “(c) ONE-YEAR PLAN.—A housing plan under this  
4 section shall—

5           “(1) be in a form prescribed by the Secretary;  
6           and

7           “(2) contain the following information relating  
8           to the fiscal year for which the assistance under this  
9           title is to be made available:

10           “(A) GOALS AND OBJECTIVES.—A state-  
11           ment of the goals and objectives to be accom-  
12           plished during the period covered by the plan.

13           “(B) STATEMENT OF NEEDS.—A state-  
14           ment of the housing needs of the low-income  
15           families served by the Department and the  
16           means by which those needs will be addressed  
17           during the period covered by the plan,  
18           including—

19           “(i) a description of the estimated  
20           housing needs and the need for assistance  
21           for the low-income families to be served by  
22           the Department, including a description of  
23           the manner in which the geographical dis-  
24           tribution of assistance is consistent with—

1                   “(I) the geographical needs of  
2                   those families; and

3                   “(II) needs for various categories  
4                   of housing assistance; and

5                   “(ii) a description of the estimated  
6                   housing needs for all families to be served  
7                   by the Department.

8                   “(C) FINANCIAL RESOURCES.—An oper-  
9                   ating budget for the Department of Hawaiian  
10                  Home Lands, in a form prescribed by the Sec-  
11                  retary, that includes—

12                  “(i) an identification and a descrip-  
13                  tion of the financial resources reasonably  
14                  available to the Department to carry out  
15                  the purposes of this title, including an ex-  
16                  planation of the manner in which amounts  
17                  made available will be used to leverage ad-  
18                  ditional resources; and

19                  “(ii) the uses to which the resources  
20                  described in clause (i) will be committed,  
21                  including—

22                         “(I) eligible and required afford-  
23                         able housing activities; and

24                         “(II) administrative expenses.

1           “(D) AFFORDABLE HOUSING RE-  
2 SOURCES.—A statement of the affordable hous-  
3 ing resources currently available at the time of  
4 the submittal of the plan and to be made avail-  
5 able during the period covered by the plan,  
6 including—

7           “(i) a description of the significant  
8 characteristics of the housing market in  
9 the State of Hawaii, including the avail-  
10 ability of housing from other public  
11 sources, private market housing;

12           “(ii) the manner in which the charac-  
13 teristics referred to in clause (i) influence  
14 the decision of the Department of Hawai-  
15 ian Home Lands to use grant amounts to  
16 be provided under this title for—

17           “(I) rental assistance;

18           “(II) the production of new units;

19           “(III) the acquisition of existing  
20 units; or

21           “(IV) the rehabilitation of units;

22           “(iii) a description of the structure,  
23 coordination, and means of cooperation be-  
24 tween the Department of Hawaiian Home  
25 Lands and any other governmental entities

1 in the development, submission, or imple-  
2 mentation of housing plans, including a de-  
3 scription of—

4 “(I) the involvement of private,  
5 public, and nonprofit organizations  
6 and institutions;

7 “(II) the use of loan guarantees  
8 under section 184A of the Housing  
9 and Community Development Act of  
10 1992; and

11 “(III) other housing assistance  
12 provided by the United States, includ-  
13 ing loans, grants, and mortgage insur-  
14 ance;

15 “(iv) a description of the manner in  
16 which the plan will address the needs iden-  
17 tified pursuant to subparagraph (C);

18 “(v) a description of—

19 “(I) any existing or anticipated  
20 homeownership programs and rental  
21 programs to be carried out during the  
22 period covered by the plan; and

23 “(II) the requirements and as-  
24 sistance available under the programs  
25 referred to in subclause (I);

1 “(vi) a description of—

2 “(I) any existing or anticipated  
3 housing rehabilitation programs nec-  
4 essary to ensure the long-term viabil-  
5 ity of the housing to be carried out  
6 during the period covered by the plan;  
7 and

8 “(II) the requirements and as-  
9 sistance available under the programs  
10 referred to in subclause (I);

11 “(vii) a description of—

12 “(I) all other existing or antici-  
13 pated housing assistance provided by  
14 the Department of Hawaiian Home  
15 Lands during the period covered by  
16 the plan, including—

17 “(aa) transitional housing;

18 “(bb) homeless housing;

19 “(cc) college housing; and

20 “(dd) supportive services  
21 housing; and

22 “(II) the requirements and as-  
23 sistance available under such pro-  
24 grams;



1           “(viii)(I) a description of any housing  
2 to be demolished or disposed of;

3           “(II) a timetable for that demolition  
4 or disposition; and

5           “(III) any other information required  
6 by the Secretary with respect to that dem-  
7 olition or disposition;

8           “(ix) a description of the manner in  
9 which the Department of Hawaiian Home  
10 Lands will coordinate with welfare agencies  
11 in the State of Hawaii to ensure that resi-  
12 dents of the affordable housing will be pro-  
13 vided with access to resources to assist in  
14 obtaining employment and achieving self-  
15 sufficiency;

16           “(x) a description of the requirements  
17 established by the Department of Hawai-  
18 ian Home Lands to—

19           “(I) promote the safety of resi-  
20 dents of the affordable housing;

21           “(II) facilitate the undertaking of  
22 crime prevention measures;

23           “(III) allow resident input and  
24 involvement, including the establish-  
25 ment of resident organizations; and

1                   “(IV) allow for the coordination  
2                   of crime prevention activities between  
3                   the Department and local law enforce-  
4                   ment officials; and

5                   “(xi) a description of the entities that  
6                   will carry out the activities under the plan,  
7                   including the organizational capacity and  
8                   key personnel of the entities.

9                   “(E) CERTIFICATION OF COMPLIANCE.—  
10                  Evidence of compliance that shall include, as  
11                  appropriate—

12                   “(i) a certification that the Depart-  
13                   ment of Hawaiian Home Lands will com-  
14                   ply with—

15                   “(I) title VI of the Civil Rights  
16                   Act of 1964 (42 U.S.C. 2000d et seq.)  
17                   or with the Fair Housing Act (42  
18                   U.S.C. 3601 et seq.) in carrying out  
19                   this title, to the extent that such title  
20                   is applicable; and

21                   “(II) other applicable Federal  
22                   statutes;

23                   “(ii) a certification that the Depart-  
24                   ment will require adequate insurance cov-  
25                   erage for housing units that are owned and

1 operated or assisted with grant amounts  
2 provided under this title, in compliance  
3 with such requirements as may be estab-  
4 lished by the Secretary;

5 “(iii) a certification that policies are  
6 in effect and are available for review by the  
7 Secretary and the public governing the eli-  
8 gibility, admission, and occupancy of fami-  
9 lies for housing assisted with grant  
10 amounts provided under this title;

11 “(iv) a certification that policies are  
12 in effect and are available for review by the  
13 Secretary and the public governing rents  
14 charged, including the methods by which  
15 such rents or homebuyer payments are de-  
16 termined, for housing assisted with grant  
17 amounts provided under this title; and

18 “(v) a certification that policies are in  
19 effect and are available for review by the  
20 Secretary and the public governing the  
21 management and maintenance of housing  
22 assisted with grant amounts provided  
23 under this title.

24 “(d) APPLICABILITY OF CIVIL RIGHTS STATUTES.—

1           “(1) IN GENERAL.—To the extent that the re-  
2           quirements of title VI of the Civil Rights Act of  
3           1964 (42 U.S.C. 2000d et seq.) or of the Fair Hous-  
4           ing Act (42 U.S.C. 3601 et seq.) apply to assistance  
5           provided under this title, nothing in the require-  
6           ments concerning discrimination on the basis of race  
7           shall be construed to prevent the provision of assist-  
8           ance under this title—

9                   “(A) to the Department of Hawaiian  
10           Home Lands on the basis that the Department  
11           served Native Hawaiians; or

12                   “(B) to an eligible family on the basis that  
13           the family is a Native Hawaiian family.

14           “(2) CIVIL RIGHTS.—Program eligibility under  
15           this title may be restricted to Native Hawaiians.  
16           Subject to the preceding sentence, no person may be  
17           discriminated against on the basis of race, color, na-  
18           tional origin, religion, sex, familial status, or dis-  
19           ability.

20           “(e) USE OF NONPROFIT ORGANIZATIONS.—As a  
21           condition of receiving grant amounts under this title, the  
22           Department of Hawaiian Home Lands shall, to the extent  
23           practicable, provide for private nonprofit organizations ex-  
24           perienced in the planning and development of affordable

1 housing for Native Hawaiians to carry out affordable  
2 housing activities with those grant amounts.

3 **“SEC. 804. REVIEW OF PLANS.**

4 “(a) REVIEW AND NOTICE.—

5 “(1) REVIEW.—

6 “(A) IN GENERAL.—The Secretary shall  
7 conduct a review of a housing plan submitted to  
8 the Secretary under section 803 to ensure that  
9 the plan complies with the requirements of that  
10 section.

11 “(B) LIMITATION.—The Secretary shall  
12 have the discretion to review a plan referred to  
13 in subparagraph (A) only to the extent that the  
14 Secretary considers that the review is necessary.

15 “(2) NOTICE.—

16 “(A) IN GENERAL.—Not later than 60  
17 days after receiving a plan under section 803,  
18 the Secretary shall notify the Director of the  
19 Department of Hawaiian Home Lands whether  
20 the plan complies with the requirements under  
21 that section.

22 “(B) EFFECT OF FAILURE OF SECRETARY  
23 TO TAKE ACTION.—For purposes of this title, if  
24 the Secretary does not notify the Director, as  
25 required under this subsection and subsection

1 (b), upon the expiration of the 60-day period  
2 described in subparagraph (A)—

3 “(i) the plan shall be considered to  
4 have been determined to comply with the  
5 requirements under section 803; and

6 “(ii) the Director shall be considered  
7 to have been notified of compliance.

8 “(b) NOTICE OF REASONS FOR DETERMINATION OF  
9 NONCOMPLIANCE.—If the Secretary determines that a  
10 plan submitted under section 803 does not comply with  
11 the requirements of that section, the Secretary shall speci-  
12 fy in the notice under subsection (a)—

13 “(1) the reasons for noncompliance; and

14 “(2) any modifications necessary for the plan to  
15 meet the requirements of section 803.

16 “(c) REVIEW.—

17 “(1) IN GENERAL.—After the Director of the  
18 Department of Hawaiian Home Lands submits a  
19 housing plan under section 803, or any amendment  
20 or modification to the plan to the Secretary, to the  
21 extent that the Secretary considers such action to be  
22 necessary to make a determination under this sub-  
23 section, the Secretary shall review the plan (includ-  
24 ing any amendments or modifications thereto) to de-  
25 termine whether the contents of the plan—

1           “(A) set forth the information required by  
2           section 803 to be contained in the housing plan;

3           “(B) are consistent with information and  
4           data available to the Secretary; and

5           “(C) are not prohibited by or inconsistent  
6           with any provision of this Act or any other ap-  
7           plicable law.

8           “(2) INCOMPLETE PLANS.—If the Secretary de-  
9           termines under this subsection that any of the ap-  
10          propriate certifications required under section  
11          803(c)(2)(E) are not included in a plan, the plan  
12          shall be considered to be incomplete.

13          “(d) UPDATES TO PLAN.—

14                 “(1) IN GENERAL.—Subject to paragraph (2),  
15                 after a plan under section 803 has been submitted  
16                 for a fiscal year, the Director of the Department of  
17                 Hawaiian Home Lands may comply with the provi-  
18                 sions of that section for any succeeding fiscal year  
19                 (with respect to information included for the 5-year  
20                 period under section 803(b) or for the 1-year period  
21                 under section 803(c)) by submitting only such infor-  
22                 mation regarding such changes as may be necessary  
23                 to update the plan previously submitted.

24                 “(2) COMPLETE PLANS.—The Director shall  
25                 submit a complete plan under section 803 not later

1 than 4 years after submitting an initial plan under  
2 that section, and not less frequently than every 4  
3 years thereafter.

4 “(e) EFFECTIVE DATE.—This section and section  
5 803 shall take effect on the date provided by the Secretary  
6 pursuant to section 807(a) to provide for timely submis-  
7 sion and review of the housing plan as necessary for the  
8 provision of assistance under this title for fiscal year 2001.

9 **“SEC. 805. TREATMENT OF PROGRAM INCOME AND LABOR**  
10 **STANDARDS.**

11 “(a) PROGRAM INCOME.—

12 “(1) AUTHORITY TO RETAIN.—The Department  
13 of Hawaiian Home Lands may retain any program  
14 income that is realized from any grant amounts re-  
15 ceived by the Department under this title if—

16 “(A) that income was realized after the ini-  
17 tial disbursement of the grant amounts received  
18 by the Department; and

19 “(B) the Director agrees to use the pro-  
20 gram income for affordable housing activities in  
21 accordance with the provisions of this title.

22 “(2) PROHIBITION OF REDUCTION OF GRANT.—  
23 The Secretary may not reduce the grant amount for  
24 the Department of Hawaiian Home Lands based  
25 solely on—



1           “(A) whether the Department retains pro-  
2           gram income under paragraph (1); or

3           “(B) the amount of any such program in-  
4           come retained.

5           “(3) EXCLUSION OF AMOUNTS.—The Secretary  
6           may, by regulation, exclude from consideration as  
7           program income any amounts determined to be so  
8           small that compliance with the requirements of this  
9           subsection would create an unreasonable administra-  
10          tive burden on the Department.

11          “(b) LABOR STANDARDS.—

12           “(1) IN GENERAL.—Any contract or agreement  
13           for assistance, sale, or lease pursuant to this title  
14           shall contain—

15           “(A) a provision requiring that an amount  
16           not less than the wages prevailing in the local-  
17           ity, as determined or adopted (subsequent to a  
18           determination under applicable State or local  
19           law) by the Secretary, shall be paid to all archi-  
20           tects, technical engineers, draftsmen, techni-  
21           cians employed in the development and all  
22           maintenance, and laborers and mechanics em-  
23           ployed in the operation, of the affordable hous-  
24           ing project involved; and

1           “(B) a provision that an amount not less  
2           than the wages prevailing in the locality, as pre-  
3           determined by the Secretary of Labor pursuant  
4           to the Act commonly known as the ‘Davis-  
5           Bacon Act’ (46 Stat. 1494; chapter 411; 40  
6           U.S.C. 276a et seq.) shall be paid to all labor-  
7           ers and mechanics employed in the development  
8           of the affordable housing involved.

9           “(2) EXCEPTIONS.—Paragraph (1) and provi-  
10          sions relating to wages required under paragraph (1)  
11          in any contract or agreement for assistance, sale, or  
12          lease under this title, shall not apply to any indi-  
13          vidual who performs the services for which the indi-  
14          vidual volunteered and who is not otherwise em-  
15          ployed at any time in the construction work and re-  
16          ceived no compensation or is paid expenses, reason-  
17          able benefits, or a nominal fee for those services.

18 **“SEC. 806. ENVIRONMENTAL REVIEW.**

19          “(a) IN GENERAL.—

20                 “(1) RELEASE OF FUNDS.—

21                         “(A) IN GENERAL.—The Secretary may  
22                         carry out the alternative environmental protec-  
23                         tion procedures described in subparagraph (B)  
24                         in order to ensure—

1           “(i) that the policies of the National  
2           Environmental Policy Act of 1969 (42  
3           U.S.C. 4321 et seq.) and other provisions  
4           of law that further the purposes of such  
5           Act (as specified in regulations issued by  
6           the Secretary) are most effectively imple-  
7           mented in connection with the expenditure  
8           of grant amounts provided under this title;  
9           and

10           “(ii) to the public undiminished pro-  
11           tection of the environment.

12           “(B) ALTERNATIVE ENVIRONMENTAL PRO-  
13           TECTION PROCEDURE.—In lieu of applying en-  
14           vironmental protection procedures otherwise ap-  
15           plicable, the Secretary may by regulation pro-  
16           vide for the release of funds for specific projects  
17           to the Department of Hawaiian Home Lands if  
18           the Director of the Department assumes all of  
19           the responsibilities for environmental review,  
20           decisionmaking, and action under the National  
21           Environmental Policy Act of 1969 (42 U.S.C.  
22           4321 et seq.), and such other provisions of law  
23           as the regulations of the Secretary specify, that  
24           would apply to the Secretary were the Secretary  
25           to undertake those projects as Federal projects.

1           “(2) REGULATIONS.—

2                   “(A) IN GENERAL.—The Secretary shall  
3 issue regulations to carry out this section only  
4 after consultation with the Council on Environ-  
5 mental Quality.

6                   “(B) CONTENTS.—The regulations issued  
7 under this paragraph shall—

8                           “(i) provide for the monitoring of the  
9 environmental reviews performed under  
10 this section;

11                           “(ii) in the discretion of the Secretary,  
12 facilitate training for the performance of  
13 such reviews; and

14                           “(iii) provide for the suspension or  
15 termination of the assumption of respon-  
16 sibilities under this section.

17           “(3) EFFECT ON ASSUMED RESPONSIBILITY.—

18 The duty of the Secretary under paragraph (2)(B)  
19 shall not be construed to limit or reduce any respon-  
20 sibility assumed by the Department of Hawaiian  
21 Home Lands for grant amounts with respect to any  
22 specific release of funds.

23           “(b) PROCEDURE.—

24                   “(1) IN GENERAL.—The Secretary shall author-  
25 ize the release of funds subject to the procedures

1 under this section only if, not less than 15 days be-  
2 fore that approval and before any commitment of  
3 funds to such projects, the Director of the Depart-  
4 ment of Hawaiian Home Lands submits to the Sec-  
5 retary a request for such release accompanied by a  
6 certification that meets the requirements of sub-  
7 section (c).

8 “(2) EFFECT OF APPROVAL.—The approval of  
9 the Secretary of a certification described in para-  
10 graph (1) shall be deemed to satisfy the responsibil-  
11 ities of the Secretary under the National Environ-  
12 mental Policy Act of 1969 (42 U.S.C. 4321 et seq.)  
13 and such other provisions of law as the regulations  
14 of the Secretary specify to the extent that those re-  
15 sponsibilities relate to the releases of funds for  
16 projects that are covered by that certification.

17 “(c) CERTIFICATION.—A certification under the pro-  
18 cedures under this section shall—

19 “(1) be in a form acceptable to the Secretary;

20 “(2) be executed by the Director of the Depart-  
21 ment of Hawaiian Home Lands;

22 “(3) specify that the Department of Hawaiian  
23 Home Lands has fully carried out its responsibilities  
24 as described under subsection (a); and

25 “(4) specify that the Director—

1           “(A) consents to assume the status of a re-  
2           sponsible Federal official under the National  
3           Environmental Policy Act of 1969 (42 U.S.C.  
4           4321 et seq.) and each provision of law speci-  
5           fied in regulations issued by the Secretary to  
6           the extent that those laws apply by reason of  
7           subsection (a); and

8           “(B) is authorized and consents on behalf  
9           of the Department of Hawaiian Home Lands  
10          and the Director to accept the jurisdiction of  
11          the Federal courts for the purpose of enforce-  
12          ment of the responsibilities of the Director of  
13          the Department of Hawaiian Home Lands as  
14          such an official.

15 **“SEC. 807. REGULATIONS.**

16          “The Secretary shall issue final regulations necessary  
17          to carry out this title not later than October 1, 2001.

18 **“SEC. 808. EFFECTIVE DATE.**

19          “Except as otherwise expressly provided in this title,  
20          this title shall take effect on the date of the enactment  
21          of the American Homeownership and Economic Oppor-  
22          tunity Act of 2000.

23 **“SEC. 809. AFFORDABLE HOUSING ACTIVITIES.**

24          “(a) NATIONAL OBJECTIVES AND ELIGIBLE FAMI-  
25          LIES.—

1           “(1) PRIMARY OBJECTIVE.—The national objec-  
2 tives of this title are—

3           “(A) to assist and promote affordable  
4 housing activities to develop, maintain, and op-  
5 erate affordable housing in safe and healthy en-  
6 vironments for occupancy by low-income Native  
7 Hawaiian families;

8           “(B) to ensure better access to private  
9 mortgage markets and to promote self-suffi-  
10 ciency of low-income Native Hawaiian families;

11           “(C) to coordinate activities to provide  
12 housing for low-income Native Hawaiian fami-  
13 lies with Federal, State and local activities to  
14 further economic and community development;

15           “(D) to plan for and integrate infrastruc-  
16 ture resources on the Hawaiian Home Lands  
17 with housing development; and

18           “(E) to—

19           “(i) promote the development of pri-  
20 vate capital markets; and

21           “(ii) allow the markets referred to in  
22 clause (i) to operate and grow, thereby  
23 benefiting Native Hawaiian communities.

24           “(2) ELIGIBLE FAMILIES.—

1           “(A) IN GENERAL.—Except as provided  
2           under subparagraph (B), assistance for eligible  
3           housing activities under this title shall be lim-  
4           ited to low-income Native Hawaiian families.

5           “(B) EXCEPTION TO LOW-INCOME RE-  
6           QUIREMENT.—

7           “(i) IN GENERAL.—The Director may  
8           provide assistance for homeownership ac-  
9           tivities under—

10                   “(I) section 810(b);

11                   “(II) model activities under sec-  
12                   tion 810(f); or

13                   “(III) loan guarantee activities  
14                   under section 184A of the Housing  
15                   and Community Development Act of  
16                   1992 to Native Hawaiian families who  
17                   are not low-income families, to the ex-  
18                   tent that the Secretary approves the  
19                   activities under that section to ad-  
20                   dress a need for housing for those  
21                   families that cannot be reasonably  
22                   met without that assistance.

23           “(ii) LIMITATIONS.—The Secretary  
24           shall establish limitations on the amount of  
25           assistance that may be provided under this



1 title for activities for families that are not  
2 low-income families.

3 “(C) OTHER FAMILIES.—Notwithstanding  
4 paragraph (1), the Director may provide hous-  
5 ing or housing assistance provided through af-  
6 fordable housing activities assisted with grant  
7 amounts under this title to a family that is not  
8 composed of Native Hawaiians if—

9 “(i) the Department determines that  
10 the presence of the family in the housing  
11 involved is essential to the well-being of  
12 Native Hawaiian families; and

13 “(ii) the need for housing for the fam-  
14 ily cannot be reasonably met without the  
15 assistance.

16 “(D) PREFERENCE.—

17 “(i) IN GENERAL.—A housing plan  
18 submitted under section 803 may authorize  
19 a preference, for housing or housing assist-  
20 ance provided through affordable housing  
21 activities assisted with grant amounts pro-  
22 vided under this title to be provided, to the  
23 extent practicable, to families that are eli-  
24 gible to reside on the Hawaiian Home  
25 Lands.

1           “(ii) APPLICATION.—In any case in  
2           which a housing plan provides for pref-  
3           erence described in clause (i), the Director  
4           shall ensure that housing activities that are  
5           assisted with grant amounts under this  
6           title are subject to that preference.

7           “(E) USE OF NONPROFIT ORGANIZA-  
8           TIONS.—As a condition of receiving grant  
9           amounts under this title, the Department of  
10          Hawaiian Home Lands, shall to the extent  
11          practicable, provide for private nonprofit orga-  
12          nizations experienced in the planning and devel-  
13          opment of affordable housing for Native Hawai-  
14          ians to carry out affordable housing activities  
15          with those grant amounts.

16 **“SEC. 810. ELIGIBLE AFFORDABLE HOUSING ACTIVITIES.**

17          “(a) IN GENERAL.—Affordable housing activities  
18          under this section are activities conducted in accordance  
19          with the requirements of section 811 to—

20               “(1) develop or to support affordable housing  
21               for rental or homeownership; or

22               “(2) provide housing services with respect to af-  
23               fordable housing, through the activities described in  
24               subsection (b).

1       “(b) ACTIVITIES.—The activities described in this  
2 subsection are the following:

3           “(1) DEVELOPMENT.—The acquisition, new  
4 construction, reconstruction, or moderate or sub-  
5 stantial rehabilitation of affordable housing, which  
6 may include—

7                   “(A) real property acquisition;

8                   “(B) site improvement;

9                   “(C) the development of utilities and util-  
10 ity services;

11                   “(D) conversion;

12                   “(E) demolition;

13                   “(F) financing;

14                   “(G) administration and planning; and

15                   “(H) other related activities.

16           “(2) HOUSING SERVICES.—The provision of  
17 housing-related services for affordable housing,  
18 including—

19                   “(A) housing counseling in connection with  
20 rental or homeownership assistance;

21                   “(B) the establishment and support of  
22 resident organizations and resident manage-  
23 ment corporations;

24                   “(C) energy auditing;

1           “(D) activities related to the provisions of  
2 self-sufficiency and other services; and

3           “(E) other services related to assisting  
4 owners, tenants, contractors, and other entities  
5 participating or seeking to participate in other  
6 housing activities assisted pursuant to this sec-  
7 tion.

8           “(3) HOUSING MANAGEMENT SERVICES.—The  
9 provision of management services for affordable  
10 housing, including—

11           “(A) the preparation of work specifica-  
12 tions;

13           “(B) loan processing;

14           “(C) inspections;

15           “(D) tenant selection;

16           “(E) management of tenant-based rental  
17 assistance; and

18           “(F) management of affordable housing  
19 projects.

20           “(4) CRIME PREVENTION AND SAFETY ACTIVI-  
21 TIES.—The provision of safety, security, and law en-  
22 forcement measures and activities appropriate to  
23 protect residents of affordable housing from crime.

24           “(5) MODEL ACTIVITIES.—Housing activities  
25 under model programs that are—

1           “(A) designed to carry out the purposes of  
2           this title; and

3           “(B) specifically approved by the Secretary  
4           as appropriate for the purpose referred to in  
5           subparagraph (A).

6 **“SEC. 811. PROGRAM REQUIREMENTS.**

7           “(a) RENTS.—

8           “(1) ESTABLISHMENT.—Subject to paragraph  
9           (2), as a condition to receiving grant amounts under  
10          this title, the Director shall develop written policies  
11          governing rents and homebuyer payments charged  
12          for dwelling units assisted under this title, including  
13          methods by which such rents and homebuyer pay-  
14          ments are determined.

15          “(2) MAXIMUM RENT.—In the case of any low-  
16          income family residing in a dwelling unit assisted  
17          with grant amounts under this title, the monthly  
18          rent or homebuyer payment (as applicable) for that  
19          dwelling unit may not exceed 30 percent of the  
20          monthly adjusted income of that family.

21          “(b) MAINTENANCE AND EFFICIENT OPERATION.—

22          “(1) IN GENERAL.—The Director shall, using  
23          amounts of any grants received under this title, re-  
24          serve and use for operating under section 810 such  
25          amounts as may be necessary to provide for the con-

1       tinued maintenance and efficient operation of such  
2       housing.

3           “(2) DISPOSAL OF CERTAIN HOUSING.—This  
4       subsection may not be construed to prevent the Di-  
5       rector, or any entity funded by the Department,  
6       from demolishing or disposing of housing, pursuant  
7       to regulations established by the Secretary.

8           “(c) INSURANCE COVERAGE.—As a condition to re-  
9       ceiving grant amounts under this title, the Director shall  
10      require adequate insurance coverage for housing units that  
11      are owned or operated or assisted with grant amounts pro-  
12      vided under this title.

13          “(d) ELIGIBILITY FOR ADMISSION.—As a condition  
14      to receiving grant amounts under this title, the Director  
15      shall develop written policies governing the eligibility, ad-  
16      mission, and occupancy of families for housing assisted  
17      with grant amounts provided under this title.

18          “(e) MANAGEMENT AND MAINTENANCE.—As a con-  
19      dition to receiving grant amounts under this title, the Di-  
20      rector shall develop policies governing the management  
21      and maintenance of housing assisted with grant amounts  
22      under this title.

1 **“SEC. 812. TYPES OF INVESTMENTS.**

2       “(a) IN GENERAL.—Subject to section 811 and an  
3 applicable housing plan approved under section 803, the  
4 Director shall have—

5               “(1) the discretion to use grant amounts for af-  
6 fordable housing activities through the use of—

7                       “(A) equity investments;

8                       “(B) interest-bearing loans or advances;

9                       “(C) noninterest-bearing loans or ad-  
10 vances;

11                      “(D) interest subsidies;

12                      “(E) the leveraging of private investments;

13                      or

14                      “(F) any other form of assistance that the  
15 Secretary determines to be consistent with the  
16 purposes of this title; and

17               “(2) the right to establish the terms of assist-  
18 ance provided with funds referred to in paragraph  
19 (1).

20       “(b) INVESTMENTS.—The Director may invest grant  
21 amounts for the purposes of carrying out affordable hous-  
22 ing activities in investment securities and other obliga-  
23 tions, as approved by the Secretary.

1 **“SEC. 813. LOW-INCOME REQUIREMENT AND INCOME TAR-**  
2 **GETING.**

3 “(a) IN GENERAL.—Housing shall qualify for afford-  
4 able housing for purposes of this title only if—

5 “(1) each dwelling unit in the housing—

6 “(A) in the case of rental housing, is made  
7 available for occupancy only by a family that is  
8 a low-income family at the time of the initial  
9 occupancy of that family of that unit; and

10 “(B) in the case of housing for home-  
11 ownership, is made available for purchase only  
12 by a family that is a low-income family at the  
13 time of purchase; and

14 “(2) each dwelling unit in the housing will re-  
15 main affordable, according to binding commitments  
16 satisfactory to the Secretary, for—

17 “(A) the remaining useful life of the prop-  
18 erty (as determined by the Secretary) without  
19 regard to the term of the mortgage or to trans-  
20 fer of ownership; or

21 “(B) such other period as the Secretary  
22 determines is the longest feasible period of time  
23 consistent with sound economics and the pur-  
24 poses of this title, except upon a foreclosure by  
25 a lender (or upon other transfer in lieu of fore-  
26 closure) if that action—





1           “(2) require the Director, owner, or manager to  
2 maintain the housing in compliance with applicable  
3 housing codes and quality standards;

4           “(3) require the Director, owner, or manager to  
5 give adequate written notice of termination of the  
6 lease, which shall be the period of time required  
7 under applicable State or local law;

8           “(4) specify that, with respect to any notice of  
9 eviction or termination, notwithstanding any State  
10 or local law, a resident shall be informed of the op-  
11 portunity, before any hearing or trial, to examine  
12 any relevant documents, record, or regulations di-  
13 rectly related to the eviction or termination;

14           “(5) require that the Director, owner, or man-  
15 ager may not terminate the tenancy, during the  
16 term of the lease, except for serious or repeated vio-  
17 lation of the terms and conditions of the lease, viola-  
18 tion of applicable Federal, State, or local law, or for  
19 other good cause; and

20           “(6) provide that the Director, owner, or man-  
21 ager may terminate the tenancy of a resident for  
22 any activity, engaged in by the resident, any member  
23 of the household of the resident, or any guest or  
24 other person under the control of the resident,  
25 that—

1           “(A) threatens the health or safety of, or  
2           right to peaceful enjoyment of the premises by,  
3           other residents or employees of the Department,  
4           owner, or manager;

5           “(B) threatens the health or safety of, or  
6           right to peaceful enjoyment of their premises  
7           by, persons residing in the immediate vicinity of  
8           the premises; or

9           “(C) is criminal activity (including drug-re-  
10          lated criminal activity) on or off the premises.

11          “(b) TENANT OR HOMEBUYER SELECTION.—As a  
12          condition to receiving grant amounts under this title, the  
13          Director shall adopt and use written tenant and home-  
14          buyer selection policies and criteria that—

15                 “(1) are consistent with the purpose of pro-  
16                 viding housing for low-income families;

17                 “(2) are reasonably related to program eligi-  
18                 bility and the ability of the applicant to perform the  
19                 obligations of the lease; and

20                 “(3) provide for—

21                         “(A) the selection of tenants and home-  
22                         buyers from a written waiting list in accordance  
23                         with the policies and goals set forth in an appli-  
24                         cable housing plan approved under section 803;  
25                         and

1                   “(B) the prompt notification in writing of  
2                   any rejected applicant of the grounds for that  
3                   rejection.

4 **“SEC. 815. REPAYMENT.**

5                   “If the Department of Hawaiian Home Lands uses  
6 grant amounts to provide affordable housing under activi-  
7 ties under this title and, at any time during the useful  
8 life of the housing, the housing does not comply with the  
9 requirement under section 813(a)(2), the Secretary  
10 shall—

11                   “(1) reduce future grant payments on behalf of  
12 the Department by an amount equal to the grant  
13 amounts used for that housing (under the authority  
14 of section 819(a)(2)); or

15                   “(2) require repayment to the Secretary of any  
16 amount equal to those grant amounts.

17 **“SEC. 816. ANNUAL ALLOCATION.**

18                   “For each fiscal year, the Secretary shall allocate any  
19 amounts made available for assistance under this title for  
20 the fiscal year, in accordance with the formula established  
21 pursuant to section 817 to the Department of Hawaiian  
22 Home Lands if the Department complies with the require-  
23 ments under this title for a grant under this title.

1 **“SEC. 817. ALLOCATION FORMULA.**

2       “(a) ESTABLISHMENT.—The Secretary shall, by reg-  
3 ulation issued not later than the expiration of the 6-month  
4 period beginning on the date of the enactment of the  
5 American Homeownership and Economic Opportunity Act  
6 of 2000, in the manner provided under section 807, estab-  
7 lish a formula to provide for the allocation of amounts  
8 available for a fiscal year for block grants under this title  
9 in accordance with the requirements of this section.

10       “(b) FACTORS FOR DETERMINATION OF NEED.—  
11 The formula under subsection (a) shall be based on factors  
12 that reflect the needs for assistance for affordable housing  
13 activities, including—

14               “(1) the number of low-income dwelling units  
15 owned or operated at the time pursuant to a con-  
16 tract between the Director and the Secretary;

17               “(2) the extent of poverty and economic distress  
18 and the number of Native Hawaiian families eligible  
19 to reside on the Hawaiian Home Lands; and

20               “(3) any other objectively measurable condi-  
21 tions that the Secretary and the Director may speci-  
22 fy.

23       “(c) OTHER FACTORS FOR CONSIDERATION.—In es-  
24 tablishing the formula under subsection (a), the Secretary  
25 shall consider the relative administrative capacities of the

1 Department of Hawaiian Home Lands and other chal-  
2 lenges faced by the Department, including—

3 “(1) geographic distribution within Hawaiian  
4 Home Lands; and

5 “(2) technical capacity.

6 “(d) EFFECTIVE DATE.—This section shall take ef-  
7 fect on the date of the enactment of the American Home-  
8 ownership and Economic Opportunity Act of 2000.

9 **“SEC. 818. REMEDIES FOR NONCOMPLIANCE.**

10 “(a) ACTIONS BY SECRETARY AFFECTING GRANT  
11 AMOUNTS.—

12 “(1) IN GENERAL.—Except as provided in sub-  
13 section (b), if the Secretary finds after reasonable  
14 notice and opportunity for a hearing that the De-  
15 partment of Hawaiian Home Lands has failed to  
16 comply substantially with any provision of this title,  
17 the Secretary shall—

18 “(A) terminate payments under this title  
19 to the Department;

20 “(B) reduce payments under this title to  
21 the Department by an amount equal to the  
22 amount of such payments that were not ex-  
23 pended in accordance with this title; or

1           “(C) limit the availability of payments  
2           under this title to programs, projects, or activi-  
3           ties not affected by such failure to comply.

4           “(2) ACTIONS.—If the Secretary takes an ac-  
5           tion under subparagraph (A), (B), or (C) of para-  
6           graph (1), the Secretary shall continue that action  
7           until the Secretary determines that the failure by  
8           the Department to comply with the provision has  
9           been remedied by the Department and the Depart-  
10          ment is in compliance with that provision.

11          “(b) NONCOMPLIANCE BECAUSE OF A TECHNICAL  
12          INCAPACITY.—The Secretary may provide technical assist-  
13          ance for the Department, either directly or indirectly, that  
14          is designed to increase the capability and capacity of the  
15          Director of the Department to administer assistance pro-  
16          vided under this title in compliance with the requirements  
17          under this title if the Secretary makes a finding under  
18          subsection (a), but determines that the failure of the De-  
19          partment to comply substantially with the provisions of  
20          this title—

21                 “(1) is not a pattern or practice of activities  
22                 constituting willful noncompliance; and

23                 “(2) is a result of the limited capability or ca-  
24                 pacity of the Department of Hawaiian Home Lands.

25          “(c) REFERRAL FOR CIVIL ACTION.—

1           “(1) AUTHORITY.—In lieu of, or in addition to,  
2           any action that the Secretary may take under sub-  
3           section (a), if the Secretary has reason to believe  
4           that the Department of Hawaiian Home Lands has  
5           failed to comply substantially with any provision of  
6           this title, the Secretary may refer the matter to the  
7           Attorney General of the United States with a rec-  
8           ommendation that an appropriate civil action be in-  
9           stituted.

10           “(2) CIVIL ACTION.—Upon receiving a referral  
11           under paragraph (1), the Attorney General may  
12           bring a civil action in any United States district  
13           court of appropriate jurisdiction for such relief as  
14           may be appropriate, including an action—

15                   “(A) to recover the amount of the assist-  
16                   ance furnished under this title that was not ex-  
17                   pended in accordance with this title; or

18                   “(B) for mandatory or injunctive relief.

19           “(d) REVIEW.—

20           “(1) IN GENERAL.—If the Director receives no-  
21           tice under subsection (a) of the termination, reduc-  
22           tion, or limitation of payments under this Act, the  
23           Director—

24                   “(A) may, not later than 60 days after re-  
25                   ceiving such notice, file with the United States



1 Court of Appeals for the Ninth Circuit, or in  
2 the United States Court of Appeals for the Dis-  
3 trict of Columbia, a petition for review of the  
4 action of the Secretary; and

5 “(B) upon the filing of any petition under  
6 subparagraph (A), shall forthwith transmit cop-  
7 ies of the petition to the Secretary and the At-  
8 torney General of the United States, who shall  
9 represent the Secretary in the litigation.

10 “(2) PROCEDURE.—

11 “(A) IN GENERAL.—The Secretary shall  
12 file in the court a record of the proceeding on  
13 which the Secretary based the action, as pro-  
14 vided in section 2112 of title 28, United States  
15 Code.

16 “(B) OBJECTIONS.—No objection to the  
17 action of the Secretary shall be considered by  
18 the court unless the Department has registered  
19 the objection before the Secretary.

20 “(3) DISPOSITION.—

21 “(A) COURT PROCEEDINGS.—

22 “(i) JURISDICTION OF COURT.—The  
23 court shall have jurisdiction to affirm or  
24 modify the action of the Secretary or to set  
25 the action aside in whole or in part.

1           “(ii) FINDINGS OF FACT.—If sup-  
2           ported by substantial evidence on the  
3           record considered as a whole, the findings  
4           of fact by the Secretary shall be conclusive.

5           “(iii) ADDITION.—The court may  
6           order evidence, in addition to the evidence  
7           submitted for review under this subsection,  
8           to be taken by the Secretary, and to be  
9           made part of the record.

10          “(B) SECRETARY.—

11           “(i) IN GENERAL.—The Secretary, by  
12           reason of the additional evidence referred  
13           to in subparagraph (A) and filed with the  
14           court—

15                   “(I) may—

16                           “(aa) modify the findings of  
17                           fact of the Secretary; or

18                           “(bb) make new findings;  
19                           and

20                   “(II) shall file—

21                           “(aa) such modified or new  
22                           findings; and

23                           “(bb) the recommendation  
24                           of the Secretary, if any, for the  
25                           modification or setting aside of

1 the original action of the Sec-  
2 retary.

3 “(ii) FINDINGS.—The findings re-  
4 ferred to in clause (i)(II)(bb) shall, with  
5 respect to a question of fact, be considered  
6 to be conclusive if those findings are—

7 “(I) supported by substantial evi-  
8 dence on the record; and

9 “(II) considered as a whole.

10 “(4) FINALITY.—

11 “(A) IN GENERAL.—Except as provided in  
12 subparagraph (B), upon the filing of the record  
13 under this subsection with the court—

14 “(i) the jurisdiction of the court shall  
15 be exclusive; and

16 “(ii) the judgment of the court shall  
17 be final.

18 “(B) REVIEW BY SUPREME COURT.—A  
19 judgment under subparagraph (A) shall be sub-  
20 ject to review by the Supreme Court of the  
21 United States upon writ of certiorari or certifi-  
22 cation, as provided in section 1254 of title 28,  
23 United States Code.

24 **“SEC. 819. MONITORING OF COMPLIANCE.**

25 “(a) ENFORCEABLE AGREEMENTS.—

1           “(1) IN GENERAL.—The Director, through  
2 binding contractual agreements with owners or other  
3 authorized entities, shall ensure long-term compli-  
4 ance with the provisions of this title.

5           “(2) MEASURES.—The measures referred to in  
6 paragraph (1) shall provide for—

7                   “(A) to the extent allowable by Federal  
8 and State law, the enforcement of the provi-  
9 sions of this title by the Department and the  
10 Secretary; and

11                   “(B) remedies for breach of the provisions  
12 referred to in paragraph (1).

13           “(b) PERIODIC MONITORING.—

14                   “(1) IN GENERAL.—Not less frequently than  
15 annually, the Director shall review the activities con-  
16 ducted and housing assisted under this title to as-  
17 sess compliance with the requirements of this title.

18                   “(2) REVIEW.—Each review under paragraph  
19 (1) shall include onsite inspection of housing to de-  
20 termine compliance with applicable requirements.

21                   “(3) RESULTS.—The results of each review  
22 under paragraph (1) shall be—

23                           “(A) included in a performance report of  
24 the Director submitted to the Secretary under  
25 section 820; and

1 “(B) made available to the public.

2 “(c) PERFORMANCE MEASURES.—The Secretary  
3 shall establish such performance measures as may be nec-  
4 essary to assess compliance with the requirements of this  
5 title.

6 **“SEC. 820. PERFORMANCE REPORTS.**

7 “(a) REQUIREMENT.—For each fiscal year, the Di-  
8 rector shall—

9 “(1) review the progress the Department has  
10 made during that fiscal year in carrying out the  
11 housing plan submitted by the Department under  
12 section 803; and

13 “(2) submit a report to the Secretary (in a  
14 form acceptable to the Secretary) describing the con-  
15 clusions of the review.

16 “(b) CONTENT.—Each report submitted under this  
17 section for a fiscal year shall—

18 “(1) describe the use of grant amounts provided  
19 to the Department of Hawaiian Home Lands for  
20 that fiscal year;

21 “(2) assess the relationship of the use referred  
22 to in paragraph (1) to the goals identified in the  
23 housing plan;

24 “(3) indicate the programmatic accomplish-  
25 ments of the Department; and

1           “(4) describe the manner in which the Depart-  
2           ment would change its housing plan submitted under  
3           section 803 as a result of its experiences.

4           “(c) SUBMISSIONS.—The Secretary shall—

5           “(1) establish a date for submission of each re-  
6           port under this section;

7           “(2) review each such report; and

8           “(3) with respect to each such report, make rec-  
9           ommendations as the Secretary considers appro-  
10          prium to carry out the purposes of this title.

11          “(d) PUBLIC AVAILABILITY.—

12          “(1) COMMENTS BY BENEFICIARIES.—In pre-  
13          paring a report under this section, the Director shall  
14          make the report publicly available to the bene-  
15          ficiaries of the Hawaiian Homes Commission Act,  
16          1920 (42 Stat. 108 et seq.) and give a sufficient  
17          amount of time to permit those beneficiaries to com-  
18          ment on that report before it is submitted to the  
19          Secretary (in such manner and at such time as the  
20          Director may determine).

21          “(2) SUMMARY OF COMMENTS.—The report  
22          shall include a summary of any comments received  
23          by the Director from beneficiaries under paragraph  
24          (1) regarding the program to carry out the housing  
25          plan.

1 **“SEC. 821. REVIEW AND AUDIT BY SECRETARY.**

2 “(a) ANNUAL REVIEW.—

3 “(1) IN GENERAL.—The Secretary shall, not  
4 less frequently than on an annual basis, make such  
5 reviews and audits as may be necessary or appro-  
6 priate to determine whether—

7 “(A) the Director has—

8 “(i) carried out eligible activities  
9 under this title in a timely manner;

10 “(ii) carried out and made certifi-  
11 cations in accordance with the require-  
12 ments and the primary objectives of this  
13 title and with other applicable laws; and

14 “(iii) a continuing capacity to carry  
15 out the eligible activities in a timely man-  
16 ner;

17 “(B) the Director has complied with the  
18 housing plan submitted by the Director under  
19 section 803; and

20 “(C) the performance reports of the De-  
21 partment under section 821 are accurate.

22 “(2) ONSITE VISITS.—Each review conducted  
23 under this section shall, to the extent practicable, in-  
24 clude onsite visits by employees of the Department  
25 of Housing and Urban Development.

1       “(b) REPORT BY SECRETARY.—The Secretary shall  
2 give the Department of Hawaiian Home Lands not less  
3 than 30 days to review and comment on a report under  
4 this subsection. After taking into consideration the com-  
5 ments of the Department, the Secretary may revise the  
6 report and shall make the comments of the Department  
7 and the report with any revisions, readily available to the  
8 public not later than 30 days after receipt of the com-  
9 ments of the Department.

10       “(c) EFFECT OF REVIEWS.—The Secretary may  
11 make appropriate adjustments in the amount of annual  
12 grants under this title in accordance with the findings of  
13 the Secretary pursuant to reviews and audits under this  
14 section. The Secretary may adjust, reduce, or withdraw  
15 grant amounts, or take other action as appropriate in ac-  
16 cordance with the reviews and audits of the Secretary  
17 under this section, except that grant amounts already ex-  
18 pended on affordable housing activities may not be recap-  
19 tured or deducted from future assistance provided to the  
20 Department of Hawaiian Home Lands.

21 **“SEC. 822. GENERAL ACCOUNTING OFFICE AUDITS.**

22       “To the extent that the financial transactions of the  
23 Department of Hawaiian Home Lands involving grant  
24 amounts under this title relate to amounts provided under  
25 this title, those transactions may be audited by the Comp-



1 troller General of the United States under such regula-  
2 tions as may be prescribed by the Comptroller General.  
3 The Comptroller General of the United States shall have  
4 access to all books, accounts, records, reports, files, and  
5 other papers, things, or property belonging to or in use  
6 by the Department of Hawaiian Home Lands pertaining  
7 to such financial transactions and necessary to facilitate  
8 the audit.

9 **“SEC. 823. REPORTS TO CONGRESS.**

10 “(a) IN GENERAL.—Not later than 90 days after the  
11 conclusion of each fiscal year in which assistance under  
12 this title is made available, the Secretary shall submit to  
13 Congress a report that contains—

14 “(1) a description of the progress made in ac-  
15 complishing the objectives of this title;

16 “(2) a summary of the use of funds available  
17 under this title during the preceding fiscal year; and

18 “(3) a description of the aggregate outstanding  
19 loan guarantees under section 184A of the Housing  
20 and Community Development Act of 1992.

21 “(b) RELATED REPORTS.—The Secretary may re-  
22 quire the Director to submit to the Secretary such reports  
23 and other information as may be necessary in order for  
24 the Secretary to prepare the report required under sub-  
25 section (a).

1 **“SEC. 824. AUTHORIZATION OF APPROPRIATIONS.**

2 “There are authorized to be appropriated to the De-  
3 partment of Housing and Urban Development for grants  
4 under this title such sums as may be necessary for each  
5 of fiscal years 2001, 2002, 2003, 2004, and 2005.”.

6 **SEC. 724. LOAN GUARANTEES.**

7 Subtitle E of title I of the Housing and Community  
8 Development Act of 1992 is amended by inserting after  
9 section 184 (12 U.S.C. 1715z–13a) the following:

10 **“SEC. 184A. LOAN GUARANTEES FOR NATIVE HAWAIIAN**  
11 **HOUSING.**

12 “(a) **DEFINITIONS.**—In this section:

13 “(1) **DEPARTMENT OF HAWAIIAN HOME**  
14 **LANDS.**—The term ‘Department of Hawaiian Home  
15 Lands’ means the agency or department of the gov-  
16 ernment of the State of Hawaii that is responsible  
17 for the administration of the Hawaiian Homes Com-  
18 mission Act, 1920 (42 Stat. 108 et seq.).

19 “(2) **ELIGIBLE ENTITY.**—The term ‘eligible en-  
20 tity’ means a Native Hawaiian family, the Depart-  
21 ment of Hawaiian Home Lands, the Office of Ha-  
22 waiian Affairs, and private nonprofit or private for-  
23 profit organizations experienced in the planning and  
24 development of affordable housing for Native Hawai-  
25 ians.

1           “(3) FAMILY.—The term ‘family’ means one or  
2 more persons maintaining a household, as the Sec-  
3 retary shall by regulation provide.

4           “(4) GUARANTEE FUND.—The term ‘Guarantee  
5 Fund’ means the Native Hawaiian Housing Loan  
6 Guarantee Fund established under subsection (i).

7           “(5) HAWAIIAN HOME LANDS.—The term ‘Ha-  
8 waiian Home Lands’ means lands that—

9                   “(A) have the status of Hawaiian Home  
10 Lands under section 204 of the Hawaiian  
11 Homes Commission Act (42 Stat. 110); or

12                   “(B) are acquired pursuant to that Act.

13           “(6) NATIVE HAWAIIAN.—The term ‘Native  
14 Hawaiian’ means any individual who is—

15                   “(A) a citizen of the United States; and

16                   “(B) a descendant of the aboriginal people,  
17 who, prior to 1778, occupied and exercised sov-  
18 ereignty in the area that currently constitutes  
19 the State of Hawaii, as evidenced by—

20                           “(i) genealogical records;

21                           “(ii) verification by kupuna (elders) or  
22 kama’aina (long-term community resi-  
23 dents); or

24                           “(iii) birth records of the State of Ha-  
25 waii.

1           “(7) OFFICE OF HAWAIIAN AFFAIRS.—The  
2 term ‘Office of Hawaiian Affairs’ means the entity  
3 of that name established under the constitution of  
4 the State of Hawaii.

5           “(b) AUTHORITY.—To provide access to sources of  
6 private financing to Native Hawaiian families who other-  
7 wise could not acquire housing financing because of the  
8 unique legal status of the Hawaiian Home Lands or as  
9 a result of a lack of access to private financial markets,  
10 the Secretary may guarantee an amount not to exceed 100  
11 percent of the unpaid principal and interest that is due  
12 on an eligible loan under subsection (b).

13           “(c) ELIGIBLE LOANS.—Under this section, a loan  
14 is an eligible loan if that loan meets the following require-  
15 ments:

16           “(1) ELIGIBLE BORROWERS.—The loan is made  
17 only to a borrower who is—

18                   “(A) a Native Hawaiian family;

19                   “(B) the Department of Hawaiian Home  
20 Lands;

21                   “(C) the Office of Hawaiian Affairs; or

22                   “(D) a private nonprofit organization expe-  
23 rienced in the planning and development of af-  
24 fordable housing for Native Hawaiians.

25           “(2) ELIGIBLE HOUSING.—

1           “(A) IN GENERAL.—The loan will be used  
2           to construct, acquire, or rehabilitate not more  
3           than 4-family dwellings that are standard hous-  
4           ing and are located on Hawaiian Home Lands  
5           for which a housing plan described in subpara-  
6           graph (B) applies.

7           “(B) HOUSING PLAN.—A housing plan de-  
8           scribed in this subparagraph is a housing plan  
9           that—

10                   “(i) has been submitted and approved  
11                   by the Secretary under section 803 of the  
12                   Native American Housing Assistance and  
13                   Self-Determination Act of 1996; and

14                   “(ii) provides for the use of loan guar-  
15                   antees under this section to provide afford-  
16                   able homeownership housing on Hawaiian  
17                   Home Lands.

18           “(3) SECURITY.—The loan may be secured by  
19           any collateral authorized under applicable Federal or  
20           State law.

21           “(4) LENDERS.—

22                   “(A) IN GENERAL.—The loan shall be  
23                   made only by a lender approved by, and meet-  
24                   ing qualifications established by, the Secretary,  
25                   including any lender described in subparagraph

1 (B), except that a loan otherwise insured or  
2 guaranteed by an agency of the Federal Gov-  
3 ernment or made by the Department of Hawai-  
4 ian Home Lands from amounts borrowed from  
5 the United States shall not be eligible for a  
6 guarantee under this section.

7 “(B) APPROVAL.—The following lenders  
8 shall be considered to be lenders that have been  
9 approved by the Secretary:

10 “(i) Any mortgagee approved by the  
11 Secretary for participation in the single  
12 family mortgage insurance program under  
13 title II of the National Housing Act (12  
14 U.S.C.A. 1707 et seq.).

15 “(ii) Any lender that makes housing  
16 loans under chapter 37 of title 38, United  
17 States Code, that are automatically guar-  
18 anteed under section 3702(d) of title 38,  
19 United States Code.

20 “(iii) Any lender approved by the Sec-  
21 retary of Agriculture to make guaranteed  
22 loans for single family housing under the  
23 Housing Act of 1949 (42 U.S.C.A. 1441 et  
24 seq.).

1                   “(iv) Any other lender that is super-  
2                   vised, approved, regulated, or insured by  
3                   any agency of the Federal Government.

4                   “(5) TERMS.—The loan shall—

5                   “(A) be made for a term not exceeding 30  
6                   years;

7                   “(B) bear interest (exclusive of the guar-  
8                   antee fee under subsection (d) and service  
9                   charges, if any) at a rate agreed upon by the  
10                  borrower and the lender and determined by the  
11                  Secretary to be reasonable, but not to exceed  
12                  the rate generally charged in the area (as deter-  
13                  mined by the Secretary) for home mortgage  
14                  loans not guaranteed or insured by any agency  
15                  or instrumentality of the Federal Government;

16                  “(C) involve a principal obligation not  
17                  exceeding—

18                  “(i) 97.75 percent of the appraised  
19                  value of the property as of the date the  
20                  loan is accepted for guarantee (or 98.75  
21                  percent if the value of the property is  
22                  \$50,000 or less); or

23                  “(ii) the amount approved by the Sec-  
24                  retary under this section; and

1           “(D) involve a payment on account of the  
2           property—

3                   “(i) in cash or its equivalent; or

4                   “(ii) through the value of any im-  
5                   provements to the property made through  
6                   the skilled or unskilled labor of the bor-  
7                   rower, as the Secretary shall provide.

8           “(d) CERTIFICATE OF GUARANTEE.—

9                   “(1) APPROVAL PROCESS.—

10                   “(A) IN GENERAL.—Before the Secretary  
11                   approves any loan for guarantee under this sec-  
12                   tion, the lender shall submit the application for  
13                   the loan to the Secretary for examination.

14                   “(B) APPROVAL.—If the Secretary ap-  
15                   proves the application submitted under sub-  
16                   paragraph (A), the Secretary shall issue a cer-  
17                   tificate under this subsection as evidence of the  
18                   loan guarantee approved.

19                   “(2) STANDARD FOR APPROVAL.—The Sec-  
20                   retary may approve a loan for guarantee under this  
21                   section and issue a certificate under this subsection  
22                   only if the Secretary determines that there is a rea-  
23                   sonable prospect of repayment of the loan.

24                   “(3) EFFECT.—



1           “(A) IN GENERAL.—A certificate of guar-  
2           antee issued under this subsection by the Sec-  
3           retary shall be conclusive evidence of the eligi-  
4           bility of the loan for guarantee under this sec-  
5           tion and the amount of that guarantee.

6           “(B) EVIDENCE.—The evidence referred to  
7           in subparagraph (A) shall be incontestable in  
8           the hands of the bearer.

9           “(C) FULL FAITH AND CREDIT.—The full  
10          faith and credit of the United States is pledged  
11          to the payment of all amounts agreed to be paid  
12          by the Secretary as security for the obligations  
13          made by the Secretary under this section.

14          “(4) FRAUD AND MISREPRESENTATION.—This  
15          subsection may not be construed—

16                 “(A) to preclude the Secretary from estab-  
17                 lishing defenses against the original lender  
18                 based on fraud or material misrepresentation;  
19                 or

20                 “(B) to bar the Secretary from estab-  
21                 lishing by regulations that are on the date of  
22                 issuance or disbursement, whichever is earlier,  
23                 partial defenses to the amount payable on the  
24                 guarantee.

25          “(e) GUARANTEE FEE.—

1           “(1) IN GENERAL.—The Secretary shall fix and  
2           collect a guarantee fee for the guarantee of a loan  
3           under this section, which may not exceed the amount  
4           equal to 1 percent of the principal obligation of the  
5           loan.

6           “(2) PAYMENT.—The fee under this subsection  
7           shall—

8                   “(A) be paid by the lender at time of  
9                   issuance of the guarantee; and

10                   “(B) be adequate, in the determination of  
11                   the Secretary, to cover expenses and probable  
12                   losses.

13           “(3) DEPOSIT.—The Secretary shall deposit  
14           any fees collected under this subsection in the Na-  
15           tive Hawaiian Housing Loan Guarantee Fund estab-  
16           lished under subsection (j).

17           “(f) LIABILITY UNDER GUARANTEE.—The liability  
18           under a guarantee provided under this section shall de-  
19           crease or increase on a pro rata basis according to any  
20           decrease or increase in the amount of the unpaid obliga-  
21           tion under the provisions of the loan agreement involved.

22           “(g) TRANSFER AND ASSUMPTION.—Notwith-  
23           standing any other provision of law, any loan guaranteed  
24           under this section, including the security given for the  
25           loan, may be sold or assigned by the lender to any finan-

1 cial institution subject to examination and supervision by  
2 an agency of the Federal Government or of any State or  
3 the District of Columbia.

4 “(h) DISQUALIFICATION OF LENDERS AND CIVIL  
5 MONEY PENALTIES.—

6 “(1) IN GENERAL.—

7 “(A) GROUNDS FOR ACTION.—The Sec-  
8 retary may take action under subparagraph (B)  
9 if the Secretary determines that any lender or  
10 holder of a guarantee certificate under sub-  
11 section (c)—

12 “(i) has failed—

13 “(I) to maintain adequate ac-  
14 counting records;

15 “(II) to service adequately loans  
16 guaranteed under this section; or

17 “(III) to exercise proper credit or  
18 underwriting judgment; or

19 “(ii) has engaged in practices other-  
20 wise detrimental to the interest of a bor-  
21 rower or the United States.

22 “(B) ACTIONS.—Upon a determination by  
23 the Secretary that a holder of a guarantee cer-  
24 tificate under subsection (c) has failed to carry  
25 out an activity described in subparagraph (A)(i)

1 or has engaged in practices described in sub-  
2 paragraph (A)(ii), the Secretary may—

3 “(i) refuse, either temporarily or per-  
4 manently, to guarantee any further loans  
5 made by such lender or holder;

6 “(ii) bar such lender or holder from  
7 acquiring additional loans guaranteed  
8 under this section; and

9 “(iii) require that such lender or hold-  
10 er assume not less than 10 percent of any  
11 loss on further loans made or held by the  
12 lender or holder that are guaranteed under  
13 this section.

14 “(2) CIVIL MONEY PENALTIES FOR INTEN-  
15 TIONAL VIOLATIONS.—

16 “(A) IN GENERAL.—The Secretary may  
17 impose a civil monetary penalty on a lender or  
18 holder of a guarantee certificate under sub-  
19 section (d) if the Secretary determines that the  
20 holder or lender has intentionally failed—

21 “(i) to maintain adequate accounting  
22 records;

23 “(ii) to adequately service loans guar-  
24 anteed under this section; or

1                   “(iii) to exercise proper credit or un-  
2                   derwriting judgment.

3                   “(B) PENALTIES.—A civil monetary pen-  
4                   alty imposed under this paragraph shall be im-  
5                   posed in the manner and be in an amount pro-  
6                   vided under section 536 of the National Hous-  
7                   ing Act (12 U.S.C.A. 1735f–1) with respect to  
8                   mortgagees and lenders under that Act.

9                   “(3) PAYMENT ON LOANS MADE IN GOOD  
10                  FAITH.—Notwithstanding paragraphs (1) and (2), if  
11                  a loan was made in good faith, the Secretary may  
12                  not refuse to pay a lender or holder of a valid guar-  
13                  antee on that loan, without regard to whether the  
14                  lender or holder is barred under this subsection.

15                 “(i) PAYMENT UNDER GUARANTEE.—

16                         “(1) LENDER OPTIONS.—

17                                 “(A) IN GENERAL.—

18   “(i) NOTIFICATION.—If a borrower on  
19   a loan guaranteed under this section de-  
20   faults on the loan, the holder of the guar-  
21   antee certificate shall provide written no-  
22   tice of the default to the Secretary.

23   “(ii) PAYMENT.—Upon providing the  
24   notice required under clause (i), the holder  
25   of the guarantee certificate shall be enti-

1           tled to payment under the guarantee (sub-  
2           ject to the provisions of this section) and  
3           may proceed to obtain payment in one of  
4           the following manners:

5                   “(I) FORECLOSURE.—

6                           “(aa) IN GENERAL.—The  
7                           holder of the certificate may ini-  
8                           tiate foreclosure proceedings  
9                           (after providing written notice of  
10                          that action to the Secretary).

11                          “(bb) PAYMENT.—Upon a  
12                          final order by the court author-  
13                          izing foreclosure and submission  
14                          to the Secretary of a claim for  
15                          payment under the guarantee,  
16                          the Secretary shall pay to the  
17                          holder of the certificate the pro  
18                          rata portion of the amount guar-  
19                          anteed (as determined pursuant  
20                          to subsection (f)) plus reasonable  
21                          fees and expenses as approved by  
22                          the Secretary.

23                          “(cc) SUBROGATION.—The  
24                          rights of the Secretary shall be  
25                          subrogated to the rights of the

1 holder of the guarantee. The  
2 holder shall assign the obligation  
3 and security to the Secretary.

4 “(II) NO FORECLOSURE.—

5 “(aa) IN GENERAL.—With-  
6 out seeking foreclosure (or in any  
7 case in which a foreclosure pro-  
8 ceeding initiated under clause (i)  
9 continues for a period in excess  
10 of 1 year), the holder of the  
11 guarantee may submit to the  
12 Secretary a request to assign the  
13 obligation and security interest to  
14 the Secretary in return for pay-  
15 ment of the claim under the  
16 guarantee. The Secretary may  
17 accept assignment of the loan if  
18 the Secretary determines that the  
19 assignment is in the best interest  
20 of the United States.

21 “(bb) PAYMENT.—Upon as-  
22 signment, the Secretary shall pay  
23 to the holder of the guarantee  
24 the pro rata portion of the

1 amount guaranteed (as deter-  
2 mined under subsection (f)).

3 “(cc) SUBROGATION.—The  
4 rights of the Secretary shall be  
5 subrogated to the rights of the  
6 holder of the guarantee. The  
7 holder shall assign the obligation  
8 and security to the Secretary.

9 “(B) REQUIREMENTS.—Before any pay-  
10 ment under a guarantee is made under sub-  
11 paragraph (A), the holder of the guarantee  
12 shall exhaust all reasonable possibilities of col-  
13 lection. Upon payment, in whole or in part, to  
14 the holder, the note or judgment evidencing the  
15 debt shall be assigned to the United States and  
16 the holder shall have no further claim against  
17 the borrower or the United States. The Sec-  
18 retary shall then take such action to collect as  
19 the Secretary determines to be appropriate.

20 “(2) LIMITATIONS ON LIQUIDATION.—

21 “(A) IN GENERAL.—If a borrower defaults  
22 on a loan guaranteed under this section that in-  
23 volves a security interest in restricted Hawaiian  
24 Home Land property, the mortgagee or the  
25 Secretary shall only pursue liquidation after of-



1           fering to transfer the account to another eligi-  
2           ble Hawaiian family or the Department of Ha-  
3           waiian Home Lands.

4           “(B) LIMITATION.—If, after action is  
5           taken under subparagraph (A), the mortgagee  
6           or the Secretary subsequently proceeds to liq-  
7           uidate the account, the mortgagee or the Sec-  
8           retary shall not sell, transfer, or otherwise dis-  
9           pose of or alienate the property described in  
10          subparagraph (A) except to another eligible Ha-  
11         waiian family or to the Department of Hawai-  
12         ian Home Lands.

13         “(j) HAWAIIAN HOUSING LOAN GUARANTEE  
14         FUND.—

15                 “(1) ESTABLISHMENT.—There is established in  
16                 the Treasury of the United States the Hawaiian  
17                 Housing Loan Guarantee Fund for the purpose of  
18                 providing loan guarantees under this section.

19                 “(2) CREDITS.—The Guarantee Fund shall be  
20                 credited with—

21                         “(A) any amount, claims, notes, mort-  
22                         gages, contracts, and property acquired by the  
23                         Secretary under this section, and any collections  
24                         and proceeds therefrom;

1           “(B) any amounts appropriated pursuant  
2 to paragraph (7);

3           “(C) any guarantee fees collected under  
4 subsection (d); and

5           “(D) any interest or earnings on amounts  
6 invested under paragraph (4).

7           “(3) USE.—Amounts in the Guarantee Fund  
8 shall be available, to the extent provided in appro-  
9 priations Acts, for—

10           “(A) fulfilling any obligations of the Sec-  
11 retary with respect to loans guaranteed under  
12 this section, including the costs (as that term is  
13 defined in section 502 of the Federal Credit Re-  
14 form Act of 1990 (2 U.S.C. 661a)) of such  
15 loans;

16           “(B) paying taxes, insurance, prior liens,  
17 expenses necessary to make fiscal adjustment in  
18 connection with the application and transmittal  
19 of collections, and other expenses and advances  
20 to protect the Secretary for loans which are  
21 guaranteed under this section or held by the  
22 Secretary;

23           “(C) acquiring such security property at  
24 foreclosure sales or otherwise;

1           “(D) paying administrative expenses in  
2 connection with this section; and

3           “(E) reasonable and necessary costs of re-  
4 habilitation and repair to properties that the  
5 Secretary holds or owns pursuant to this sec-  
6 tion.

7           “(4) INVESTMENT.—Any amounts in the Guar-  
8 antee Fund determined by the Secretary to be in ex-  
9 cess of amounts currently required at the time of the  
10 determination to carry out this section may be in-  
11 vested in obligations of the United States.

12           “(5) LIMITATION ON COMMITMENTS TO GUAR-  
13 ANTEE LOANS AND MORTGAGES.—

14           “(A) REQUIREMENT OF APPROPRIA-  
15 TIONS.—The authority of the Secretary to enter  
16 into commitments to guarantee loans under this  
17 section shall be effective for any fiscal year to  
18 the extent, or in such amounts as are, or have  
19 been, provided in appropriations Acts, without  
20 regard to the fiscal year for which such  
21 amounts were appropriated.

22           “(B) LIMITATIONS ON COSTS OF GUARAN-  
23 TEES.—The authority of the Secretary to enter  
24 into commitments to guarantee loans under this  
25 section shall be effective for any fiscal year only

1 to the extent that amounts in the Guarantee  
2 Fund are or have been made available in appro-  
3 priations Acts to cover the costs (as that term  
4 is defined in section 502 of the Federal Credit  
5 Reform Act of 1990 (2 U.S.C. 661a)) of such  
6 loan guarantees for such fiscal year. Any  
7 amounts appropriated pursuant to this subpara-  
8 graph shall remain available until expended.

9 “(C) LIMITATION ON OUTSTANDING AG-  
10 GREGATE PRINCIPAL AMOUNT.—Subject to the  
11 limitations in subparagraphs (A) and (B), the  
12 Secretary may enter into commitments to guar-  
13 antee loans under this section for each of fiscal  
14 years 2001, 2002, 2003, 2004, and 2005 with  
15 an aggregate outstanding principal amount not  
16 exceeding \$100,000,000 for each such fiscal  
17 year.

18 “(6) LIABILITIES.—All liabilities and obliga-  
19 tions of the assets credited to the Guarantee Fund  
20 under paragraph (2)(A) shall be liabilities and obli-  
21 gations of the Guarantee Fund.

22 “(7) AUTHORIZATION OF APPROPRIATIONS.—  
23 There are authorized to be appropriated to the  
24 Guarantee Fund to carry out this section such sums

1 as may be necessary for each of fiscal years 2001,  
2 2002, 2003, 2004, and 2005.

3 “(k) REQUIREMENTS FOR STANDARD HOUSING.—

4 “(1) IN GENERAL.—The Secretary shall, by  
5 regulation, establish housing safety and quality  
6 standards to be applied for use under this section.

7 “(2) STANDARDS.—The standards referred to  
8 in paragraph (1) shall—

9 “(A) provide sufficient flexibility to permit  
10 the use of various designs and materials in  
11 housing acquired with loans guaranteed under  
12 this section; and

13 “(B) require each dwelling unit in any  
14 housing acquired in the manner described in  
15 subparagraph (A) to—

16 “(i) be decent, safe, sanitary, and  
17 modest in size and design;

18 “(ii) conform with applicable general  
19 construction standards for the region in  
20 which the housing is located;

21 “(iii) contain a plumbing system  
22 that—

23 “(I) uses a properly installed sys-  
24 tem of piping;

1                   “(II) includes a kitchen sink and  
2                   a partitional bathroom with lavatory,  
3                   toilet, and bath or shower; and

4                   “(III) uses water supply, plumb-  
5                   ing, and sewage disposal systems that  
6                   conform to any minimum standards  
7                   established by the applicable county or  
8                   State;

9                   “(iv) contain an electrical system  
10                  using wiring and equipment properly in-  
11                  stalled to safely supply electrical energy for  
12                  adequate lighting and for operation of ap-  
13                  pliances that conforms to any appropriate  
14                  county, State, or national code;

15                  “(v) be not less than the size provided  
16                  under the applicable locally adopted stand-  
17                  ards for size of dwelling units, except that  
18                  the Secretary, upon request of the Depart-  
19                  ment of Hawaiian Home Lands may waive  
20                  the size requirements under this para-  
21                  graph; and

22                  “(vi) conform with the energy per-  
23                  formance requirements for new construc-  
24                  tion established by the Secretary under  
25                  section 526(a) of the National Housing

1 Act (12 U.S.C.A. 1735f-4), unless the Sec-  
2 retary determines that the requirements  
3 are not applicable.

4 “(l) APPLICABILITY OF CIVIL RIGHTS STATUTES.—  
5 To the extent that the requirements of title VI of the Civil  
6 Rights Act of 1964 (42 U.S.C. 2000d et seq.) or of the  
7 Fair Housing Act (42 U.S.C.A. 3601 et seq.) apply to a  
8 guarantee provided under this subsection, nothing in the  
9 requirements concerning discrimination on the basis of  
10 race shall be construed to prevent the provision of the  
11 guarantee to an eligible entity on the basis that the entity  
12 serves Native Hawaiian families or is a Native Hawaiian  
13 family.”.

14 **TITLE VIII—TRANSFER OF HUD-**  
15 **HELD HOUSING TO LOCAL**  
16 **GOVERNMENTS AND NON-**  
17 **PROFIT ORGANIZATIONS**

18 **SEC. 801. TRANSFER OF UNOCCUPIED AND SUBSTANDARD**  
19 **HUD-HELD HOUSING TO LOCAL GOVERN-**  
20 **MENTS AND COMMUNITY DEVELOPMENT**  
21 **CORPORATIONS.**

22 Section 204 of the Departments of Veterans Affairs  
23 and Housing and Urban Development, and Independent  
24 Agencies Appropriations Act, 1997 (12 U.S.C. 1715z-  
25 11a) is amended—

1           (1) by striking “FLEXIBLE AUTHORITY.—” and  
2           inserting “DISPOSITION OF HUD-OWNED PROP-  
3           ERTIES. (a) FLEXIBLE AUTHORITY FOR MULTI-  
4           FAMILY PROJECTS.—”; and

5           (2) by adding at the end the following new sub-  
6           section:

7           “(b) TRANSFER OF UNOCCUPIED AND SUBSTANDARD  
8           HOUSING TO LOCAL GOVERNMENTS AND COMMUNITY  
9           DEVELOPMENT CORPORATIONS.—

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



1           “(2) QUALIFIED HUD PROPERTIES.—For pur-  
2           poses of this subsection, the term ‘qualified HUD  
3           property’ means any property for which, as of the  
4           date that notification of the property is first made  
5           under paragraph (3)(B), not less than 6 months  
6           have elapsed since the later of the date that the  
7           property was acquired by the Secretary or the date  
8           that the property was determined to be unoccupied  
9           or substandard, that is owned by the Secretary and  
10          is—

11                   “(A) an unoccupied multifamily housing  
12           project;

13                   “(B) a substandard multifamily housing  
14           project; or

15                   “(C) an unoccupied single family property  
16           that—

17                           “(i) has been determined by the Sec-  
18                           retary not to be an eligible asset under sec-  
19                           tion 204(h) of the National Housing Act  
20                           (12 U.S.C. 1710(h)); or

21                           “(ii) is an eligible asset under such  
22                           section 204(h), but—

23                                   “(I) is not subject to a specific  
24                                   sale agreement under such section;  
25                                   and

1                   “(II) has been determined by the  
2                   Secretary to be inappropriate for con-  
3                   tinued inclusion in the program under  
4                   such section 204(h) pursuant to para-  
5                   graph (10) of such section.

6                   “(3) TIMING.—The Secretary shall establish  
7                   procedures that provide for—

8                   “(A) time deadlines for transfers under  
9                   this subsection;

10                   “(B) notification to units of general local  
11                   government and community development cor-  
12                   porations of qualified HUD properties in their  
13                   jurisdictions;

14                   “(C) such units and corporations to ex-  
15                   press interest in the transfer under this sub-  
16                   section of such properties;

17                   “(D) a right of first refusal for transfer of  
18                   qualified HUD properties to units of general  
19                   local government and community development  
20                   corporations, under which—

21                   “(i) the Secretary shall establish a pe-  
22                   riod during which the Secretary may not  
23                   transfer such properties except to such  
24                   units and corporations;

1           “(ii) the Secretary shall offer qualified  
2 HUD properties that are single family  
3 properties for purchase by units of general  
4 local government at a cost of \$1 for each  
5 property, but only to the extent that the  
6 costs to the Federal Government of dis-  
7 posal at such price do not exceed the costs  
8 to the Federal Government of disposing of  
9 property subject to the procedures for sin-  
10 gle family property established by the Sec-  
11 retary pursuant to the authority under the  
12 last sentence of section 204(g) of the Na-  
13 tional Housing Act (12 U.S.C. 1710(g));

14           “(iii) the Secretary may accept an  
15 offer to purchase a property made by a  
16 community development corporation only if  
17 the offer provides for purchase on a cost  
18 recovery basis; and

19           “(iv) the Secretary shall accept an  
20 offer to purchase such a property that is  
21 made during such period by such a unit or  
22 corporation and that complies with the re-  
23 quirements of this paragraph;

24           “(E) a written explanation, to any unit of  
25 general local government or community develop-

1           ment corporation making an offer to purchase  
2           a qualified HUD property under this subsection  
3           that is not accepted, of the reason that such  
4           offer was not acceptable.

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

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

22          “(6) DETERMINATION OF STATUS OF PROP-  
23          ERTIES.—To ensure compliance with the require-  
24          ments of this subsection, the Secretary shall take the  
25          following actions:

1           “(A) UPON ENACTMENT.—Upon the enact-  
2           ment of the American Homeownership and Eco-  
3           nomic Opportunity Act of 2000, the Secretary  
4           shall promptly assess each residential property  
5           owned by the Secretary to determine whether  
6           such property is a qualified HUD property.

7           “(B) UPON ACQUISITION.—Upon acquiring  
8           any residential property, the Secretary shall  
9           promptly determine whether the property is a  
10          qualified HUD property.

11          “(C) UPDATES.—The Secretary shall peri-  
12          odically reassess the residential properties  
13          owned by the Secretary to determine whether  
14          any such properties have become qualified  
15          HUD properties.

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

21          “(8) USE OF PROPERTY.—Property transferred  
22          under this subsection shall be used only for appro-  
23          priate neighborhood revitalization efforts, including  
24          homeownership, rental units, commercial space, and  
25          parks, consistent with local zoning regulations, local

1 building codes, and subdivision regulations and re-  
2 strictions of record.

3 “(9) INAPPLICABILITY TO PROPERTIES MADE  
4 AVAILABLE FOR HOMELESS.—Notwithstanding any  
5 other provision of this subsection, this subsection  
6 shall not apply to any properties that the Secretary  
7 determines are to be made available for use by the  
8 homeless pursuant to subpart E of part 291 of title  
9 24, Code of Federal Regulations, during the period  
10 that the properties are so available.

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

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

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

24 “(B) COST RECOVERY BASIS.—The term  
25 ‘cost recovery basis’ means, with respect to any

1 sale of a residential property by the Secretary,  
2 that the purchase price paid by the purchaser  
3 is equal to or greater than the sum of (i) the  
4 appraised value of the property, as determined  
5 in accordance with such requirements as the  
6 Secretary shall establish, and (ii) the costs in-  
7 curred by the Secretary in connection with such  
8 property during the period beginning on the  
9 date on which the Secretary acquires title to the  
10 property and ending on the date on which the  
11 sale is consummated.

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

17 “(D) RESIDENTIAL PROPERTY.—The term  
18 ‘residential property’ means a property that is  
19 a multifamily housing project or a single family  
20 property.

21 “(E) SECRETARY.—The term ‘Secretary’  
22 means the Secretary of Housing and Urban De-  
23 velopment.

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

4           “(i) lacks hot or cold piped water, a  
5 flush toilet, or both a bathtub and a show-  
6 er in the unit, for the exclusive use of that  
7 unit;

8           “(ii) on not less than three separate  
9 occasions during the preceding winter  
10 months, was uncomfortably cold for a pe-  
11 riod of more than 6 consecutive hours due  
12 to a malfunction of the heating system for  
13 the unit;

14           “(iii) has no functioning electrical  
15 service, exposed wiring, any room in which  
16 there is not a functioning electrical outlet,  
17 or has experienced three or more blown  
18 fuses or tripped circuit breakers during the  
19 preceding 90-day period;

20           “(iv) is accessible through a public  
21 hallway in which there are no working  
22 light fixtures, loose or missing steps or  
23 railings, and no elevator; or

24           “(v) has severe maintenance problems,  
25 including water leaks involving the roof,



1 windows, doors, basement, or pipes or  
2 plumbing fixtures, holes or open cracks in  
3 walls or ceilings, severe paint peeling or  
4 broken plaster, and signs of rodent infesta-  
5 tion.

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

9 “(H) SUBSTANDARD.—The term ‘sub-  
10 standard’ means, with respect to a multifamily  
11 housing project, that 25 percent or more of the  
12 dwelling units in the project have severe phys-  
13 ical problems.

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

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

25 “(12) REGULATIONS.—



1 **TITLE IX—PRIVATE MORTGAGE**  
2 **INSURANCE CANCELLATION**  
3 **AND TERMINATION**

4 **SEC. 901. SHORT TITLE.**

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

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

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

11 (1) in section 2—

12 (A) in paragraph (2)(B)(i), by striking  
13 “amortization schedules” and inserting “the  
14 amortization schedule then in effect”;

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

18 (C) by redesignating paragraphs (6)  
19 through (16) (as amended by the preceding pro-  
20 visions of this paragraph) as paragraphs (8)  
21 through (18), respectively; and

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

24 “(6) AMORTIZATION SCHEDULE THEN IN EF-  
25 FECT.—The term ‘amortization schedule then in ef-

1       fect’ means, with respect to an adjustable rate mort-  
2       gage, a schedule established at the time at which the  
3       residential mortgage transaction is consummated or,  
4       if such schedule has been changed or recalculated, is  
5       the most recent schedule under the terms of the note  
6       or mortgage, which shows—

7               “(A) the amount of principal and interest  
8               that is due at regular intervals to retire the  
9               principal balance and accrued interest over the  
10              remaining amortization period of the loan; and

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

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

16       (b) TREATMENT OF BALLOON MORTGAGES.—Para-  
17       graph (1) of section 2 of the Homeowners Protection Act  
18       of 1998 (12 U.S.C. 4901(1)) is amended by adding at the  
19       end the following new sentence: “A residential mortgage  
20       that (A) does not fully amortize over the term of the obli-  
21       gation, and (B) contains a conditional right to refinance  
22       or modify the unamortized principal at the maturity date  
23       of the term, shall be considered to be an adjustable rate  
24       mortgage for purposes of this Act.”.

25       (c) TREATMENT OF LOAN MODIFICATIONS.—

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

4           (A) by redesignating subsections (d)  
5 through (f) as subsections (e) through (g), re-  
6 spectively; and

7           (B) by inserting after subsection (c) the  
8 following new subsection:

9           “(d) TREATMENT OF LOAN MODIFICATIONS.—If a  
10 mortgagor and mortgagee (or holder of the mortgage)  
11 agree to a modification of the terms or conditions of a  
12 loan pursuant to a residential mortgage transaction, the  
13 cancellation date, termination date, or final termination  
14 shall be recalculated to reflect the modified terms and con-  
15 ditions of such loan.”.

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

19           (A) in paragraph (1)—

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

23           (ii) in subparagraph (A)(ii)(IV), by  
24 striking “section 3(f)” and inserting “sec-  
25 tion 3(g)”;

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

4 (B) in paragraph (2), by striking “section  
5 3(f)(1)” and inserting “section 3(g)(1)”.

6 **SEC. 903. DELETION OF AMBIGUOUS REFERENCES TO RESI-**  
7 **DENTIAL MORTGAGES.**

8 (a) **TERMINATION OF PRIVATE MORTGAGE INSUR-**  
9 **ANCE.**—Section 3 of the Homeowners Protection Act of  
10 1998 (12 U.S.C. 4902) is amended—

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

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

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

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

20 (C) in paragraph (3), by striking “mort-  
21 gage or” and inserting “residential mortgage or  
22 residential”.

23 (b) **DISCLOSURE REQUIREMENTS.**—Section 4 of the  
24 Homeowners Protection Act of 1998 (12 U.S.C. 4903(a))  
25 is amended—

1 (1) in subsection (a)—

2 (A) in paragraph (1)—

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

5 (ii) by striking “mortgage or” the sec-  
6 ond place it appears and inserting “resi-  
7 dential”; and

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

10 (2) in subsection (c), by striking “paragraphs  
11 (1)(B) and (3) of subsection (a)” and inserting  
12 “subsection (a)(3)”; and

13 (3) in subsection (d), by inserting before the pe-  
14 riod at the end the following: “, which disclosures  
15 shall relate to the mortgagor’s rights under this  
16 Act”.

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

20 (1) in subsection (c)—

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

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

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

3 **SEC. 904. CANCELLATION RIGHTS AFTER CANCELLATION**

4                           **DATE.**

5           Section 3 of the Homeowners Protection Act of 1998  
6 (12 U.S.C. 4902) is amended—

7           (1) in subsection (a)—

8                           (A) in the matter preceding paragraph (1),  
9                           by inserting after “cancellation date” the fol-  
10                           lowing: “or any later date that the mortgagor  
11                           fulfills all of the requirements under paragraphs  
12                           (1) through (4)”;

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

15                           (C) by redesignating paragraph (3) as  
16                           paragraph (4); and

17                           (D) by inserting after paragraph (2) the  
18                           following new paragraph:

19                           “(3) is current on the payments required by the  
20                           terms of the residential mortgage transaction; and”;  
21                           and

22                           (2) in subsection (e)(1)(B) (as so redesignated  
23                           by section 902(c)(1)(A) of this title), by striking  
24                           “subsection (a)(3)” and inserting “subsection  
25                           (a)(4)”.



1 **SEC. 905. CLARIFICATION OF CANCELLATION AND TERMI-**  
2 **NATION ISSUES AND LENDER PAID MORT-**  
3 **GAGE INSURANCE DISCLOSURE REQUIRE-**  
4 **MENTS.**

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

8 (1) in subparagraph (A)—

9 (A) by inserting “the later of (i)” before  
10 “the date”; and

11 (B) by inserting “, or (ii) the date that the  
12 mortgagor submits a request for cancellation  
13 under section 3(a)(1)” before the semicolon;  
14 and

15 (2) in subparagraph (B)—

16 (A) by inserting “the later of (i)” before  
17 “the date”; and

18 (B) by inserting “, or (ii) the date that the  
19 mortgagor submits a request for cancellation  
20 under section 3(a)(1)” before the period at the  
21 end.

22 (b) AUTOMATIC TERMINATION.—Paragraph (2) of  
23 section 3(b) of the Homeowners Protection Act of 1998  
24 (12 U.S.C. 4902(b)(2)) is amended to read as follows:

25 “(2) if the mortgagor is not current on the ter-  
26 mination date, on the first day of the first month be-

1       ginning after the date that the mortgagor becomes  
2       current on the payments required by the terms of  
3       the residential mortgage transaction.”

4       (c) PREMIUM PAYMENTS.—Section 3 of the Home-  
5       owners Protection Act of 1998 (12 U.S.C. 4902) is  
6       amended by adding at the end the following new sub-  
7       section:

8       “(h) ACCRUED OBLIGATION FOR PREMIUM PAY-  
9       MENTS.—The cancellation or termination under this sec-  
10      tion of the private mortgage insurance of a mortgagor  
11      shall not affect the rights of any mortgagee, servicer, or  
12      mortgage insurer to enforce any obligation of such mort-  
13      gagor for premium payments accrued prior to the date on  
14      which such cancellation or termination occurred.”.

15      **SEC. 906. DEFINITIONS.**

16      (a) REFINANCED.—Section 6(c)(1)(B)(ii) of the  
17      Homeowners Protection Act of 1998 (12 U.S.C.  
18      4905(c)(1)(B)(ii)) is amended by inserting after “refi-  
19      nanced” the following: “(under the meaning given such  
20      term in the regulations issued by the Board of Governors  
21      of the Federal Reserve System to carry out the Truth in  
22      Lending Act (15 U.S.C. 1601 et seq.))”.

23      (b) MIDPOINT OF THE AMORTIZATION PERIOD.—  
24      Section 2 of the Homeowners Protection Act of 1998 (12  
25      U.S.C. 4901) is amended by inserting after paragraph (6)

1 (as added by section 902(a)(1)(D) of this Act) the fol-  
2 lowing new paragraph:

3           “(7) MIDPOINT OF THE AMORTIZATION PE-  
4           RIOD.—The term ‘midpoint of the amortization pe-  
5           riod’ means, with respect to a residential mortgage  
6           transaction, the point in time that is halfway  
7           through the period that begins upon the first day of  
8           the amortization period established at the time a  
9           residential mortgage transaction is consummated  
10          and ends upon the completion of the entire period  
11          over which the mortgage is scheduled to be amor-  
12          tized.”.

13          (c) ORIGINAL VALUE.—Section 2(12) of the Home-  
14          owners Protection Act of 1998 (12 U.S.C. 4901(10)) (as  
15          so redesignated by section 902(a)(1)(C) of this Act) is  
16          amended—

17                 (1) by inserting “transaction” after “a residen-  
18                 tial mortgage”; and

19                 (2) by adding at the end the following new sen-  
20                 tence: “In the case of a residential mortgage trans-  
21                 action for refinancing the principal residence of the  
22                 mortgagor, such term means only the appraised  
23                 value relied upon by the mortgagee to approve the  
24                 refinance transaction.”.

1 (d) PRINCIPAL RESIDENCE.—Section 2 of the Home-  
2 owners Protection Act of 1998 (12 U.S.C. 4901) is  
3 amended—

4 (1) in paragraph (14) (as so redesignated by  
5 section 902(a)(1)(C) of this Act) by striking “pri-  
6 mary” and inserting “principal”; and

7 (2) in paragraph (15) (as so redesignated by  
8 section 902(a)(1)(C) of this Act) by striking “pri-  
9 mary” and inserting “principal”;

10 **TITLE X—RURAL HOUSING**  
11 **HOMEOWNERSHIP**

12 **SEC. 1001. PROMISSORY NOTE REQUIREMENT UNDER**  
13 **HOUSING REPAIR LOAN PROGRAM.**

14 The fourth sentence of section 504(a) of the Housing  
15 Act of 1949 (42 U.S.C. 1474(a)) is amended by striking  
16 “\$2,500” and inserting “\$7,500”.

17 **SEC. 1002. LIMITED PARTNERSHIP ELIGIBILITY FOR FARM**  
18 **LABOR HOUSING LOANS.**

19 The first sentence of section 514(a) of the Housing  
20 Act of 1949 (42 U.S.C. 1484(a)) is amended by striking  
21 “nonprofit limited partnership” and inserting “limited  
22 partnership”.

1 **SEC. 1003. PROJECT ACCOUNTING RECORDS AND PRAC-**  
2 **TICES.**

3 Section 515 of the Housing Act of 1949 (42 U.S.C.  
4 1485) is amended by striking subsection (z) and inserting  
5 the following new subsections:

6 “(z) ACCOUNTING AND RECORDKEEPING REQUIRE-  
7 MENTS.—

8 “(1) ACCOUNTING STANDARDS.—The Secretary  
9 shall require that borrowers in programs authorized  
10 by this section maintain accounting records in ac-  
11 cordance with generally accepted accounting prin-  
12 ciples for all projects that receive funds from loans  
13 made or guaranteed by the Secretary under this sec-  
14 tion.

15 “(2) RECORD RETENTION REQUIREMENTS.—  
16 The Secretary shall require that borrowers in pro-  
17 grams authorized by this section retain for a period  
18 of not less than 6 years and make available to the  
19 Secretary in a manner determined by the Secretary,  
20 all records required to be maintained under this sub-  
21 section and other records identified by the Secretary  
22 in applicable regulations.

23 “(aa) DOUBLE DAMAGES FOR UNAUTHORIZED USE  
24 OF HOUSING PROJECTS ASSETS AND INCOME.—

25 “(1) ACTION TO RECOVER ASSETS OR IN-  
26 COME.—

1           “(A) IN GENERAL.—The Secretary may re-  
2           quest the Attorney General to bring an action  
3           in a United States district court to recover any  
4           assets or income used by any person in violation  
5           of the provisions of a loan made or guaranteed  
6           by the Secretary under this section or in viola-  
7           tion of any applicable statute or regulation.

8           “(B) IMPROPER DOCUMENTATION.—For  
9           purposes of this subsection, a use of assets or  
10          income in violation of the applicable loan, loan  
11          guarantee, statute, or regulation shall include  
12          any use for which the documentation in the  
13          books and accounts does not establish that the  
14          use was made for a reasonable operating ex-  
15          pense or necessary repair of the project or for  
16          which the documentation has not been main-  
17          tained in accordance with the requirements of  
18          the Secretary and in reasonable condition for  
19          proper audit.

20          “(C) DEFINITION.—For the purposes of  
21          this subsection, the term ‘person’ means—

22                  “(i) any individual or entity that bor-  
23                  rows funds in accordance with programs  
24                  authorized by this section;

1           “(ii) any individual or entity holding  
2           25 percent or more interest of any entity  
3           that borrows funds in accordance with pro-  
4           grams authorized by this section; and

5           “(iii) any officer, director, or partner  
6           of an entity that borrows funds in accord-  
7           ance with programs authorized by this sec-  
8           tion.

9           “(2) AMOUNT RECOVERABLE.—

10           “(A) IN GENERAL.—In any judgment fa-  
11           vorable to the United States entered under this  
12           subsection, the Attorney General may recover  
13           double the value of the assets and income of the  
14           project that the court determines to have been  
15           used in violation of the provisions of a loan  
16           made or guaranteed by the Secretary under this  
17           section or any applicable statute or regulation,  
18           plus all costs related to the action, including  
19           reasonable attorney and auditing fees.

20           “(B) APPLICATION OF RECOVERED  
21           FUNDS.—Notwithstanding any other provision  
22           of law, the Secretary may use amounts recov-  
23           ered under this subsection for activities author-  
24           ized under this section and such funds shall re-  
25           main available for such use until expended.

1           “(3) TIME LIMITATION.—Notwithstanding any  
2 other provision of law, an action under this sub-  
3 section may be commenced at any time during the  
4 6-year period beginning on the date that the Sec-  
5 retary discovered or should have discovered the vio-  
6 lation of the provisions of this section or any related  
7 statutes or regulations.

8           “(4) CONTINUED AVAILABILITY OF OTHER  
9 REMEDIES.—The remedy provided in this subsection  
10 is in addition to and not in substitution of any other  
11 remedies available to the Secretary or the United  
12 States.”.

13 **SEC. 1004. DEFINITION OF RURAL AREA.**

14           The second sentence of section 520 of the Housing  
15 Act of 1949 (42 U.S.C. 1490) is amended by striking  
16 “year 2000” and inserting “year 2010”.

17 **SEC. 1005. OPERATING ASSISTANCE FOR MIGRANT FARM-**  
18 **WORKERS PROJECTS.**

19           The last sentence of section 521(a)(5)(A) of the  
20 Housing Act of 1949 (42 U.S.C. 1490a(a)(5)(A)) is  
21 amended by striking “project” and inserting “tenant or  
22 unit”.



1 **SEC. 1006. MULTIFAMILY RENTAL HOUSING LOAN GUAR-**  
2 **ANTEE PROGRAM.**

3 Section 538 of the Housing Act of 1949 (42 U.S.C.  
4 1490p-2) is amended—

5 (1) in subsection (c), by inserting “an Indian  
6 organization,” after “thereof,”;

7 (2) in subsection (f), by striking paragraph (1)  
8 and inserting the following new paragraph:

9 “(1) be made for a period of not less than 25  
10 nor greater than 40 years from the date the loan  
11 was made and may provide for amortization of the  
12 loan over a period of not to exceed 40 years with a  
13 final payment of the balance due at the end of the  
14 loan term;”;

15 (3) in subsection (i)(2), by striking “(A) con-  
16 veyance to the Secretary” and all that follows  
17 through “(C) assignment” and inserting “(A) sub-  
18 mission to the Secretary of a claim for payment  
19 under the guarantee, and (B) assignment”;

20 (4) in subsection (s), by adding at the end the  
21 following new subsection:

22 “(4) INDIAN ORGANIZATION.—The term ‘Indian  
23 organization’ means the governing body of an Indian  
24 tribe, band, group, pueblo, or community, including  
25 native villages or native groups, as defined by the  
26 Alaska Claims Settlement Act (43 U.S.C. 1601 et

1 seq.), (including corporations organized by the  
2 Kenai, Juneau, Sitka, and Kodiak) which is eligible  
3 for services from the Bureau of Indian Affairs or an  
4 entity established or recognized by the governing  
5 body for the purpose of financing economic develop-  
6 ment.”;

7 (5) in subsection (t), by inserting before the pe-  
8 riod at the end the following: “to provide guarantees  
9 under this section for eligible loans having an aggre-  
10 gate principal amount of \$500,000,000”;

11 (6) by striking subsection (l);

12 (7) by redesignating subsections (m) through  
13 (u) as subsections (l) through (t), respectively;

14 (8) by adding at the end the following new sub-  
15 sections:

16 “(u) FEE AUTHORITY.—Any amounts collected by  
17 the Secretary pursuant to the fees charged to lenders for  
18 loan guarantees issued under this section shall be used  
19 to offset costs (as defined by section 502 of the Congres-  
20 sional Budget Act of 1974 (2 U.S.C. 661a)) of loan guar-  
21 antees made under this section.

22 “(v) DEFAULTS OF LOANS SECURED BY RESERVA-  
23 TION LANDS.—In the event of a default involving a loan  
24 to an Indian tribe or tribal corporation made under this  
25 section which is secured by an interest in land within such

1 tribe’s reservation (as determined by the Secretary of the  
2 Interior), including a community in Alaska incorporated  
3 by the Secretary of the Interior pursuant to the Indian  
4 Reorganization Act (25 U.S.C. 461 et seq.), the lender  
5 shall only pursue liquidation after offering to transfer the  
6 account to an eligible tribal member, the tribe, or the In-  
7 dian housing authority serving the tribe. If the lender sub-  
8 sequently proceeds to liquidate the account, the lender  
9 shall not sell, transfer, or otherwise dispose of or alienate  
10 the property except to one of the entities described in the  
11 preceding sentence.”.

12 **SEC. 1007. ENFORCEMENT PROVISIONS.**

13 (a) IN GENERAL.—Title V of the Housing Act of  
14 1949 (42 U.S.C. 1471 et seq.) is amended by adding after  
15 section 542 the following:

16 **“SEC. 543. ENFORCEMENT PROVISIONS.**

17 “(a) EQUITY SKIMMING.—

18 “(1) CRIMINAL PENALTY.—Whoever, as an  
19 owner, agent, employee, or manager, or is otherwise  
20 in custody, control, or possession of property that is  
21 security for a loan made or guaranteed under this  
22 title, willfully uses, or authorizes the use, of any part  
23 of the rents, assets, proceeds, income, or other funds  
24 derived from such property, for any purpose other  
25 than to meet actual, reasonable, and necessary ex-

1       penses of the property, or for any other purpose not  
2       authorized by this title or the regulations adopted  
3       pursuant to this title, shall be fined under title 18,  
4       United States Code, or imprisoned not more than 5  
5       years, or both.

6               “(2) CIVIL SANCTIONS.—An entity or individual  
7       who as an owner, operator, employee, or manager, or  
8       who acts as an agent for a property that is security  
9       for a loan made or guaranteed under this title where  
10       any part of the rents, assets, proceeds, income, or  
11       other funds derived from such property are used for  
12       any purpose other than to meet actual, reasonable,  
13       and necessary expenses of the property, or for any  
14       other purpose not authorized by this title or the reg-  
15       ulations adopted pursuant to this title, shall be sub-  
16       ject to a fine of not more than \$25,000 per viola-  
17       tion. The sanctions provided in this paragraph may  
18       be imposed in addition to any other civil sanctions  
19       or civil monetary penalties authorized by law.

20               “(b) CIVIL MONETARY PENALTIES.—

21               “(1) IN GENERAL.—The Secretary may, after  
22       notice and opportunity for a hearing, impose a civil  
23       monetary penalty in accordance with this subsection  
24       against any individual or entity, including its own-  
25       ers, officers, directors, general partners, limited

1 partners, or employees, who knowingly and materi-  
2 ally violate, or participate in the violation of, the  
3 provisions of this title, the regulations issued by the  
4 Secretary pursuant to this title, or agreements made  
5 in accordance with this title, by—

6 “(A) submitting information to the Sec-  
7 retary that is false;

8 “(B) providing the Secretary with false  
9 certifications;

10 “(C) failing to submit information re-  
11 quested by the Secretary in a timely manner;

12 “(D) failing to maintain the property sub-  
13 ject to loans made or guaranteed under this  
14 title in good repair and condition, as deter-  
15 mined by the Secretary;

16 “(E) failing to provide management for a  
17 project which received a loan made or guaran-  
18 teed under this title that is acceptable to the  
19 Secretary; or

20 “(F) failing to comply with the provisions  
21 of applicable civil rights statutes and regula-  
22 tions.

23 “(2) CONDITIONS FOR RENEWAL OR EXTEN-  
24 SION.—The Secretary may require that expiring loan  
25 or assistance agreements entered into under this

1 title shall not be renewed or extended unless the  
2 owner executes an agreement to comply with addi-  
3 tional conditions prescribed by the Secretary, or exe-  
4 cutes a new loan or assistance agreement in the  
5 form prescribed by the Secretary.

6 “(3) AMOUNT.—

7 “(A) IN GENERAL.—The amount of a civil  
8 monetary penalty imposed under this subsection  
9 shall not exceed the greater of—

10 “(i) twice the damages the Depart-  
11 ment of Agriculture, the guaranteed lend-  
12 er, or the project that is secured for a loan  
13 under this section suffered or would have  
14 suffered as a result of the violation; or

15 “(ii) \$50,000 per violation.

16 “(B) DETERMINATION.—In determining  
17 the amount of a civil monetary penalty under  
18 this subsection, the Secretary shall take into  
19 consideration—

20 “(i) the gravity of the offense;

21 “(ii) any history of prior offenses by  
22 the violator (including offenses occurring  
23 prior to the enactment of this section);

24 “(iii) the ability of the violator to pay  
25 the penalty;

- 1                   “(iv) any injury to tenants;  
2                   “(v) any injury to the public;  
3                   “(vi) any benefits received by the vio-  
4                   lator as a result of the violation;  
5                   “(vii) deterrence of future violations;  
6                   and  
7                   “(viii) such other factors as the Sec-  
8                   retary may establish by regulation.

9                   “(4) PAYMENT OF PENALTIES.—No payment of  
10                  a penalty assessed under this section may be made  
11                  from funds provided under this title or from funds  
12                  of a project which serve as security for a loan made  
13                  or guaranteed under this title.

14                  “(5) REMEDIES FOR NONCOMPLIANCE.—

15                  “(A) JUDICIAL INTERVENTION.—If a per-  
16                  son or entity fails to comply with a final deter-  
17                  mination by the Secretary imposing a civil mon-  
18                  etary penalty under this subsection, the Sec-  
19                  retary may request the Attorney General of the  
20                  United States to bring an action in an appro-  
21                  priate United States district court to obtain a  
22                  monetary judgment against such individual or  
23                  entity and such other relief as may be available.  
24                  The monetary judgment may, in the court’s dis-  
25                  cretion, include the attorney’s fees and other

1 expenses incurred by the United States in con-  
2 nection with the action.

3 “(B) REVIEWABILITY OF DETERMINA-  
4 TION.—In an action under this paragraph, the  
5 validity and appropriateness of a determination  
6 by the Secretary imposing the penalty shall not  
7 be subject to review.”.

8 (b) CONFORMING AMENDMENT.—Section 514 of the  
9 Housing Act of 1949 (42 U.S.C. 1484) is amended by  
10 striking subsection (j).

11 **SEC. 1008. AMENDMENTS TO TITLE 18 OF UNITED STATES**  
12 **CODE.**

13 (a) MONEY LAUNDERING.—Section 1956(e)(7)(D) of  
14 title 18, United States Code, is amended by inserting “any  
15 violation of section 543(a)(1) of the Housing Act of 1949  
16 (relating to equity skimming),” after “coupons having a  
17 value of not less than \$5,000,”.

18 (b) OBSTRUCTION OF FEDERAL AUDITS.—Section  
19 1516(a) of title 18, United States Code, is amended by  
20 inserting “or relating to any property that is security for  
21 a loan that is made or guaranteed under title V of the  
22 Housing Act of 1949,” before “shall be fined under this  
23 title”.



1       **TITLE XI—MANUFACTURED**  
2       **HOUSING IMPROVEMENT**

3       **SEC. 1101. SHORT TITLE AND REFERENCES.**

4       (a) **SHORT TITLE.**—This title may be cited as the  
5 “Manufactured Housing Improvement Act”.

6       (b) **REFERENCES.**—Whenever in this title an amend-  
7 ment is expressed in terms of an amendment to, or repeal  
8 of, an Act, a section, or any other provision, the reference  
9 shall be considered to be made to that section or other  
10 provision of the National Manufactured Housing Con-  
11 struction and Safety Standards Act of 1974 (42 U.S.C.  
12 5401 et seq.).

13       **SEC. 1102. FINDINGS AND PURPOSES.**

14       Section 602 (42 U.S.C. 5401) is amended to read as  
15 follows:

16                       “FINDINGS AND PURPOSES

17       “SEC. 602. (a) **FINDINGS.**—The Congress finds  
18 that—

19               “(1) manufactured housing plays a vital role in  
20 meeting the housing needs of the Nation; and

21               “(2) manufactured homes provide a significant  
22 resource for affordable homeownership and rental  
23 housing accessible to all Americans.

24       “(b) **PURPOSES.**—The purposes of this title are—

1           “(1) to protect the quality, durability, safety,  
2           and affordability of manufactured homes;

3           “(2) to facilitate the availability of affordable  
4           manufactured homes and to increase homeownership  
5           for all Americans;

6           “(3) to provide for the establishment of prac-  
7           tical, uniform, and, to the extent possible, perform-  
8           ance-based Federal construction standards;

9           “(4) to encourage innovative and cost-effective  
10          construction techniques;

11          “(5) to protect residents of manufactured  
12          homes with respect to personal injuries and the  
13          amount of insurance costs and property damages in  
14          manufactured housing, consistent with the other  
15          purposes of this section;

16          “(6) to establish a balanced consensus process  
17          for the development, revision, and interpretation of  
18          Federal construction and safety standards for manu-  
19          factured homes and related regulations for the en-  
20          forcement of such standards;

21          “(7) to ensure uniform and effective enforce-  
22          ment of Federal construction and safety standards  
23          for manufactured homes; and

24          “(8) to ensure that the public interest in, and  
25          need for, affordable manufactured housing is duly

1 considered in all determinations relating to the Fed-  
2 eral standards and their enforcement.”.

3 **SEC. 1103. DEFINITIONS.**

4 (a) IN GENERAL.—Section 603 (42 U.S.C. 5402) is  
5 amended—

6 (1) in paragraph (2), by striking “dealer” and  
7 inserting “retailer”;

8 (2) in paragraph (12), by striking “and” at the  
9 end;

10 (3) in paragraph (13), by striking the period at  
11 the end and inserting a semicolon; and

12 (4) by adding at the end the following new  
13 paragraphs:

14 “(14) ‘administering organization’ means the  
15 recognized, voluntary, private sector, consensus  
16 standards body with specific experience in developing  
17 model residential building codes and standards in-  
18 volving all disciplines regarding construction and  
19 safety that administers the consensus standards de-  
20 velopment process;

21 “(15) ‘consensus committee’ means the com-  
22 mittee established under section 604(a)(3);

23 “(16) ‘consensus standards development proc-  
24 ess’ means the process by which additions, revisions,  
25 and interpretations to the Federal manufactured

1 home construction and safety standards and enforce-  
2 ment regulations shall be developed and rec-  
3 ommended to the Secretary by the consensus com-  
4 mittee;

5 “(17) ‘primary inspection agency’ means a  
6 State agency or private organization that has been  
7 approved by the Secretary to act as a design ap-  
8 proval primary inspection agency or a production in-  
9 spection primary inspection agency, or both;

10 “(18) ‘design approval primary inspection agen-  
11 cy’ means a State agency or private organization  
12 that has been approved by the Secretary to evaluate  
13 and either approve or disapprove manufactured  
14 home designs and quality control procedures;

15 “(19) ‘production inspection primary inspection  
16 agency’ means a State agency or private organiza-  
17 tion that has been approved by the Secretary to  
18 evaluate the ability of manufactured home manufac-  
19 turing plants to comply with approved quality con-  
20 trol procedures and with the Federal manufactured  
21 home construction and safety standards promulgated  
22 hereunder, including the inspection of homes in the  
23 plant;

24 “(20) ‘installation standards’ means reasonable  
25 specifications for the installation of a manufactured

1 home at the place of occupancy to ensure proper  
2 siting, the joining of all sections of the home, and  
3 the installation of stabilization, support, or anchor-  
4 ing systems; and

5 “(21) ‘monitoring’ means the process of peri-  
6 odic review of the primary inspection agencies, by  
7 the Secretary or by a State agency under an ap-  
8 proved State plan pursuant to section 623, in ac-  
9 cordance with regulations promulgated under this  
10 title, giving due consideration to the recommenda-  
11 tions of the consensus committee as provided in sec-  
12 tion 604(b), which process shall be for the purpose  
13 of ensuring that the primary inspection agencies are  
14 discharging their duties under this title.”.

15 (b) CONFORMING AMENDMENTS.—The Act is  
16 amended—

17 (1) in section 613 (42 U.S.C. 5412), by striking  
18 “dealer” each place it appears and inserting “re-  
19 tailer”;

20 (2) in section 614(f) (42 U.S.C. 5413(f)), by  
21 striking “dealer” each place it appears and inserting  
22 “retailer”;

23 (3) in section 615 (42 U.S.C. 5414)—

24 (A) in subsection (b)(1), by striking “deal-  
25 er” and inserting “retailer”;

1 (B) in subsection (b)(3), by striking “deal-  
2 er or dealers” and inserting “retailer or retail-  
3 ers”; and

4 (C) in subsections (d) and (f), by striking  
5 “dealers” each place it appears and inserting  
6 “retailers”;

7 (4) in section 616 (42 U.S.C. 5415), by striking  
8 “dealer” and inserting “retailer”; and

9 (5) in section 623(c)(9), by striking “dealers”  
10 and inserting “retailers”.

11 **SEC. 1104. FEDERAL MANUFACTURED HOME CONSTRUC-**  
12 **TION AND SAFETY STANDARDS.**

13 Section 604 (42 U.S.C. 5403) is amended—

14 (1) by striking subsections (a) and (b) and in-  
15 serting the following new subsections:

16 “(a) ESTABLISHMENT.—

17 “(1) AUTHORITY.—The Secretary shall estab-  
18 lish, by order, appropriate Federal manufactured  
19 home construction and safety standards, each of  
20 which—

21 “(A) shall—

22 “(i) be reasonable and practical;

23 “(ii) meet high standards of protec-  
24 tion consistent with the enumerated pur-  
25 poses of this title; and

1                   “(iii) where appropriate, be perform-  
2                   ance-based and objectively stated; and

3                   “(B) except as provided in subsection (b),  
4                   shall be established in accordance with the con-  
5                   sensus standards development process.

6                   “(2) CONSENSUS STANDARDS AND REGU-  
7                   LATORY DEVELOPMENT PROCESS.—

8                   “(A) INITIAL AGREEMENT.—Not later  
9                   than 180 days after the date of the enactment  
10                  of the Manufactured Housing Improvement  
11                  Act, the Secretary shall enter into a contract  
12                  with an administering organization. The con-  
13                  tractual agreement shall—

14                  “(i) terminate on the date on which a  
15                  contract is entered into under subpara-  
16                  graph (B); and

17                  “(ii) require the administering organi-  
18                  zation to—

19                          “(I) recommend the initial mem-  
20                          bers of the consensus committee  
21                          under paragraph (3);

22                          “(II) administer the consensus  
23                          standards development process until  
24                          the termination of that agreement;  
25                          and

1                   “(III) administer the consensus  
2                   development and interpretation proc-  
3                   ess for procedural and enforcement  
4                   regulations and regulations specifying  
5                   the permissible scope and conduct of  
6                   monitoring until the termination of  
7                   that agreement.

8                   “(B) COMPETITIVELY PROCURED CON-  
9                   TRACT.—Upon the expiration of the 4-year pe-  
10                  riod beginning on the date on which all mem-  
11                  bers of the consensus committee are appointed  
12                  under paragraph (3), the Secretary shall, using  
13                  competitive procedures (as such term is defined  
14                  in section 4 of the Office of Federal Procure-  
15                  ment Policy Act), enter into a competitively  
16                  awarded contract with an administering organi-  
17                  zation. The administering organization shall ad-  
18                  minister the consensus process for the develop-  
19                  ment and interpretation of the Federal stand-  
20                  ards, the procedural and enforcement regula-  
21                  tions and regulations specifying the permissible  
22                  scope and conduct of monitoring in accordance  
23                  with this title.

24                  “(C) PERFORMANCE REVIEW.—The  
25                  Secretary—



1           “(i) shall periodically review the per-  
2           formance of the administering organiza-  
3           tion; and

4           “(ii) may replace the administering  
5           organization with another qualified tech-  
6           nical or building code organization, pursu-  
7           ant to competitive procedures, if the Sec-  
8           retary determines in writing that the ad-  
9           ministering organization is not fulfilling  
10          the terms of the agreement or contract to  
11          which the administering organization is  
12          subject or upon the expiration of the  
13          agreement or contract.

14          “(3) CONSENSUS COMMITTEE.—

15                 “(A) PURPOSE.—There is established a  
16                 committee to be known as the ‘consensus com-  
17                 mittee’, which shall, in accordance with this  
18                 title—

19                         “(i) provide periodic recommendations  
20                         to the Secretary to adopt, revise, and inter-  
21                         pret the Federal manufactured housing  
22                         construction and safety standards in ac-  
23                         cordance with this subsection;

24                         “(ii) provide periodic recommenda-  
25                         tions to the Secretary to adopt, revise, and

1 interpret the procedural and enforcement  
2 regulations, including regulations speci-  
3 fying the permissible scope and conduct of  
4 monitoring in accordance with this sub-  
5 section; and

6 “(iii) be organized and carry out its  
7 business in a manner that guarantees a  
8 fair opportunity for the expression and  
9 consideration of various positions and for  
10 public participation.

11 “(B) MEMBERSHIP.—The consensus com-  
12 mittee shall be composed of—

13 “(i) 21 voting members appointed by  
14 the Secretary, after consideration of the  
15 recommendations made by the admin-  
16 istering organization, from among individ-  
17 uals who are qualified by background and  
18 experience to participate in the work of the  
19 consensus committee; and

20 “(ii) one member appointed by the  
21 Secretary to represent the Secretary on the  
22 consensus committee, who shall be a non-  
23 voting member.

24 “(C) DISAPPROVAL.—The Secretary shall  
25 state, in writing, the reasons for failing to ap-

1 point any individual recommended under para-  
2 graph (2)(A)(ii)(I).

3 “(D) SELECTION PROCEDURES AND RE-  
4 QUIREMENTS.—Each member shall be ap-  
5 pointed in accordance with the selection proce-  
6 dures, which shall be established by the Sec-  
7 retary and which shall be based on the proce-  
8 dures for consensus committees promulgated by  
9 the American National Standards Institute (or  
10 successor organization), to ensure equal rep-  
11 resentation on the consensus committee of the  
12 following interest categories:

13 “(i) PRODUCERS.—Seven producers or  
14 retailers of manufactured housing.

15 “(ii) USERS.—Seven persons rep-  
16 resenting consumer interests, such as con-  
17 sumer organizations, recognized consumer  
18 leaders, and owners who are residents of  
19 manufactured homes.

20 “(iii) GENERAL INTEREST AND PUB-  
21 LIC OFFICIALS.—Seven general interest  
22 and public official members.

23 “(E) BALANCING OF INTERESTS.—

1           “(i) IN GENERAL.—In order to  
2 achieve a proper balance of interests on  
3 the consensus committee—

4           “(I) the Secretary shall ensure  
5 that all directly and materially af-  
6 fected interests have the opportunity  
7 for fair and equitable participation  
8 without dominance by any single in-  
9 terest; and

10          “(II) the Secretary may reject  
11 the appointment of any one or more  
12 individuals in order to ensure that  
13 there is not dominance by any single  
14 interest.

15          “(ii) DOMINANCE DEFINED.—In this  
16 subparagraph, the term ‘dominance’ means  
17 a position or exercise of dominant author-  
18 ity, leadership, or influence by reason of  
19 superior leverage, strength, or representa-  
20 tion.

21          “(F) ADDITIONAL QUALIFICATIONS.—

22          “(i) FINANCIAL INDEPENDENCE.—No  
23 individual appointed under subparagraph  
24 (D)(ii) shall have, and three of individuals

1 appointed under subparagraph (D)(iii)  
2 shall not have—

3 “(I) a significant financial inter-  
4 est in any segment of the manufac-  
5 tured housing industry; or

6 “(II) a significant relationship to  
7 any person engaged in the manufac-  
8 tured housing industry.

9 “(ii) POST-EMPLOYMENT BAN.—An  
10 individual appointed under clause (ii) or  
11 (iii) of subparagraph (D) shall be subject  
12 to a ban disallowing compensation from  
13 the manufactured housing industry during  
14 the period of, and for the 1-year period  
15 after, membership of that individual on the  
16 consensus committee.

17 “(G) MEETINGS.—

18 “(i) NOTICE; OPEN TO PUBLIC.—The  
19 consensus committee shall provide advance  
20 notice of each meeting of the consensus  
21 committee to the Secretary and publish ad-  
22 vance notice of each such meeting in the  
23 Federal Register. All meetings of the con-  
24 sensus committee shall be open to the pub-  
25 lic.

1           “(ii) REIMBURSEMENT.—Members of  
2           the consensus committee in attendance at  
3           the meetings shall be reimbursed for their  
4           actual expenses as authorized by section  
5           5703 of title 5, United States Code, for  
6           persons employed intermittently in Govern-  
7           ment service.

8           “(H) INAPPLICABILITY OF OTHER LAWS.—

9           “(i) ADVISORY COMMITTEE ACT.—The  
10          consensus committee shall not be consid-  
11          ered to be an advisory committee for pur-  
12          poses of the Federal Advisory Committee  
13          Act.

14          “(ii) TITLE 18.—The members of the  
15          consensus committee shall not be subject  
16          to section 203, 205, 207, or 208 of title  
17          18, United States Code, to the extent of  
18          their proper participation as members of  
19          the consensus committee.

20          “(iii) ETHICS IN GOVERNMENT ACT  
21          OF 1978.—The Ethics in Government Act  
22          of 1978 shall not apply to members of the  
23          consensus committee to the extent of their  
24          proper participation as members of the  
25          consensus committee.

1           “(I) ADMINISTRATION.—The consensus  
2 committee and the administering organization  
3 shall—

4           “(i) operate in conformance with the  
5 procedures established by the American  
6 National Standards Institute for the devel-  
7 opment and coordination of American Na-  
8 tional Standards; and

9           “(ii) apply to the American National  
10 Standards Institute and take such other  
11 actions as may be necessary to obtain ac-  
12 creditation from the American National  
13 Standards Institute.

14           “(J) STAFF.—The administering organiza-  
15 tion shall, upon the request of the consensus  
16 committee, provide reasonable staff resources to  
17 the consensus committee. Upon a showing of  
18 need, the Secretary shall furnish technical sup-  
19 port to any of the various interest categories on  
20 the consensus committee.

21           “(K) DATE OF INITIAL APPOINTMENTS.—  
22 The initial appointments of all of the members  
23 of the consensus committee shall be completed  
24 not later than 90 days after the date on which  
25 an administration agreement under paragraph

1 (2)(A) is completed with the administering or-  
2 ganization.

3 “(4) REVISIONS OF STANDARDS.—

4 “(A) IN GENERAL.—Beginning on the date  
5 on which all members of the consensus com-  
6 mittee are appointed under paragraph (3), the  
7 consensus committee shall, not less than once  
8 during each 2-year period—

9 “(i) consider revisions to the Federal  
10 manufactured home construction and safe-  
11 ty standards; and

12 “(ii) submit proposed revised stand-  
13 ards and regulations, if approved in a vote  
14 of the consensus committee by two-thirds  
15 of the members, to the Secretary in the  
16 form of a proposed rule, including an eco-  
17 nomic analysis.

18 “(B) PUBLICATION OF PROPOSED REVISED  
19 STANDARDS.—

20 “(i) PUBLICATION BY SECRETARY.—

21 The consensus committee shall provide a  
22 proposed revised standard under subpara-  
23 graph (A)(ii) to the Secretary who shall,  
24 not later than 30 days after receipt, pub-  
25 lish such proposed revised standard in the



1 Federal Register for notice and comment  
2 in accordance with section 553 of title 5,  
3 United States Code. Unless clause (ii) ap-  
4 plies, the Secretary shall provide an oppor-  
5 tunity for public comment on such pro-  
6 posed revised standard in accordance with  
7 such section 553 and any such comments  
8 shall be submitted directly to the con-  
9 sensus committee without delay.

10 “(ii) PUBLICATION OF REJECTED  
11 PROPOSED REVISED STANDARD.—If the  
12 Secretary rejects the proposed revised  
13 standard, the Secretary shall publish the  
14 rejected proposed revised standard in the  
15 Federal Register with the reasons for re-  
16 jection and any recommended modifica-  
17 tions set forth.

18 “(C) PRESENTATION OF PUBLIC COM-  
19 MENTS; PUBLICATION OF RECOMMENDED REVI-  
20 SIONS.—

21 “(i) PRESENTATION.—Any public  
22 comments, views, and objections to a pro-  
23 posed revised standard published under  
24 subparagraph (B) shall be presented by  
25 the Secretary to the consensus committee

1 upon their receipt and in the manner re-  
2 ceived, in accordance with procedures es-  
3 tablished by the American National Stand-  
4 ards Institute.

5 “(ii) PUBLICATION BY THE SEC-  
6 RETARY.—The consensus committee shall  
7 provide to the Secretary any revisions pro-  
8 posed by the consensus committee, which  
9 the Secretary shall, not later than 30 cal-  
10 endar days after receipt, cause to be pub-  
11 lished in the Federal Register as a notice  
12 of the recommended revisions of the con-  
13 sensus committee to the standard, a notice  
14 of the submission of the recommended re-  
15 visions to the Secretary, and a description  
16 of the circumstances under which the pro-  
17 posed revised standards could become ef-  
18 fective.

19 “(iii) PUBLICATION OF REJECTED  
20 PROPOSED REVISED STANDARD.—If the  
21 Secretary rejects the proposed revised  
22 standard, the Secretary shall publish the  
23 rejected proposed revised standard in the  
24 Federal Register with the reasons for re-

1           jection and any recommended modifica-  
2           tions set forth.

3           “(5) REVIEW BY THE SECRETARY.—

4           “(A) IN GENERAL.—The Secretary shall  
5           either adopt, modify, or reject a standard, as  
6           submitted by the consensus committee under  
7           paragraph (4)(A).

8           “(B) TIMING.—Not later than 12 months  
9           after the date on which a standard is submitted  
10          to the Secretary by the consensus committee,  
11          the Secretary shall take action regarding such  
12          standard under subparagraph (C).

13          “(C) PROCEDURES.—If the Secretary—

14               “(i) adopts a standard recommended  
15               by the consensus committee, the Secretary  
16               shall—

17                       “(I) issue a final order without  
18                       further rulemaking; and

19                       “(II) cause the final order to be  
20                       published in the Federal Register;

21               “(ii) determines that any standard  
22               should be rejected, the Secretary shall—

23                       “(I) reject the standard; and

24                       “(II) cause to be published in the  
25                       Federal Register a notice to that ef-

1                   fect, together with the reason or rea-  
2                   sons for rejecting the proposed stand-  
3                   ard; or

4                   “(iii) determines that a standard rec-  
5                   ommended by the consensus committee  
6                   should be modified, the Secretary shall—

7                   “(I) cause the proposed modified  
8                   standard to be published in the Fed-  
9                   eral Register, together with an expla-  
10                  nation of the reason or reasons for the  
11                  determination of the Secretary; and

12                  “(II) provide an opportunity for  
13                  public comment in accordance with  
14                  section 553 of title 5, United States  
15                  Code.

16                  “(D) FINAL ORDER.—Any final standard  
17                  under this paragraph shall become effective  
18                  pursuant to subsection (c).

19                  “(6) FAILURE TO ACT.—If the Secretary fails  
20                  to take final action under paragraph (5) and to pub-  
21                  lish notice of the action in the Federal Register be-  
22                  fore the expiration of the 12-month period beginning  
23                  on the date on which the proposed standard is sub-  
24                  mitted to the Secretary under paragraph (4)(A)—

1           “(A) the recommendations of the con-  
2           sensus committee—

3                   “(i) shall be considered to have been  
4                   adopted by the Secretary; and

5                   “(ii) shall take effect upon the expira-  
6                   tion of the 180-day period that begins  
7                   upon the conclusion of such 12-month pe-  
8                   riod; and

9           “(B) not later than 10 days after the expi-  
10           ration of such 12-month period, the Secretary  
11           shall cause to be published in the Federal Reg-  
12           ister a notice of the failure of the Secretary to  
13           act, the revised standard, and the effective date  
14           of the revised standard, which notice shall be  
15           deemed to be an order of the Secretary approv-  
16           ing the revised standards proposed by the con-  
17           sensus committee.

18           “(b) OTHER ORDERS.—

19                   “(1) REGULATIONS.—The Secretary may issue  
20                   procedural and enforcement regulations and revision  
21                   to existing regulations as necessary to implement the  
22                   provisions of this title. The consensus committee  
23                   may submit to the Secretary proposed procedural  
24                   and enforcement regulations and recommendations  
25                   for the revision of such regulations.

1           “(2) INTERPRETATIVE BULLETINS.—The Sec-  
2           retary may issue interpretative bulletins to clarify  
3           the meaning of any Federal manufactured home  
4           construction and safety standard or procedural and  
5           enforcement regulation. The consensus committee  
6           may submit to the Secretary proposed interpretative  
7           bulletins to clarify the meaning of any Federal man-  
8           ufactured home construction and safety standard or  
9           procedural and enforcement regulation.

10           “(3) REVIEW BY CONSENSUS COMMITTEE.—Be-  
11           fore issuing a procedural or enforcement regulation  
12           or an interpretative bulletin—

13                   “(A) the Secretary shall—

14                           “(i) submit the proposed procedural  
15                           or enforcement regulation or interpretative  
16                           bulletin to the consensus committee; and

17                           “(ii) provide the consensus committee  
18                           with a period of 120 days to submit writ-  
19                           ten comments to the Secretary on the pro-  
20                           posed procedural or enforcement regulation  
21                           or the interpretative bulletin; and

22                   “(B) if the Secretary rejects any signifi-  
23                   cant comment provided by the consensus com-  
24                   mittee under subparagraph (A), the Secretary  
25                   shall provide a written explanation of the rea-

1           sons for the rejection to the consensus com-  
2           mittee; and

3           “(C) following compliance with subpara-  
4           graphs (A) and (B), the Secretary shall—

5           “(i) cause the proposed regulation or  
6           interpretative bulletin and the consensus  
7           committee’s written comments along with  
8           the Secretary’s response thereto to be pub-  
9           lished in the Federal Register; and

10           “(ii) provide an opportunity for public  
11           comment in accordance with section 553 of  
12           title 5, United States Code.

13           “(4) REQUIRED ACTION.—The Secretary shall  
14           act on any proposed regulation or interpretative bul-  
15           letin submitted by the consensus committee by ap-  
16           proving or rejecting the proposal within 120 days  
17           from the date the proposal is received by the Sec-  
18           retary. The Secretary shall either—

19           “(A) approve the proposal and cause the  
20           proposed regulation or interpretative bulletin to  
21           be published for public comment in accordance  
22           with section 553 of title 5, United States Code;  
23           or

24           “(B) reject the proposed regulation or in-  
25           terpretative bulletin and—

1           “(i) provide a written explanation of  
2           the reasons for rejection to the consensus  
3           committee; and

4           “(ii) cause the proposed regulation  
5           and the written explanation for the rejec-  
6           tion to be published in the Federal Reg-  
7           ister.

8           “(5) AUTHORITY TO ACT AND EMERGENCY.—If  
9           the Secretary determines, in writing, that such ac-  
10          tion is necessary to address an issue on which the  
11          Secretary determines that the consensus committee  
12          has not made a timely recommendation following a  
13          request by the Secretary, or in order to respond to  
14          an emergency which jeopardizes the public health or  
15          safety, the Secretary may issue an order that is not  
16          developed under the procedures set forth in sub-  
17          section (a) or in this subsection, if the Secretary—

18               “(A) provides to the consensus committee  
19               a written description and sets forth the reasons  
20               why action is necessary and all supporting doc-  
21               umentation; and

22               “(B) issues the order after notice and an  
23               opportunity for public comment in accordance  
24               with section 553 of title 5, United States Code,  
25               and publishes the order in the Federal Register.



1           “(6) CHANGES.—Any statement of policies,  
2 practices, or procedures relating to construction and  
3 safety standards, inspections, monitoring, or other  
4 enforcement activities which constitutes a statement  
5 of general or particular applicability and future off-  
6 set and decisions to implement, interpret, or pre-  
7 scribe law or policy by the Secretary is subject to the  
8 provisions of subsection (a) or (b) of this subsection.  
9 Any change adopted in violation of the provisions of  
10 subsection (a) or (b) of this subsection is void.

11           “(7) TRANSITION.—Until the date that the con-  
12 sensus committee is appointed pursuant to section  
13 604(a)(3), the Secretary may issue proposed orders  
14 that are not developed under the procedures set  
15 forth in this section for new and revised standards.”;

16           (2) in subsection (d), by adding at the end the  
17 following: “Federal preemption under this subsection  
18 shall be broadly and liberally construed to ensure  
19 that disparate State or local requirements or stand-  
20 ards do not affect the uniformity and comprehen-  
21 siveness of the standards promulgated hereunder nor  
22 the Federal superintendence of the manufactured  
23 housing industry as established by this title. Subject  
24 to section 605, there is reserved to each State the  
25 right to establish standards for the stabilizing and

1 support systems of manufactured homes sited within  
2 that State, and for the foundations on which manu-  
3 factured homes sited within that State are installed,  
4 and the right to enforce compliance with such stand-  
5 ards, except that such standards shall be consistent  
6 with the purposes of this title and shall be consistent  
7 with the design of the manufacturer.”;

8 (3) by striking subsection (e);

9 (4) in subsection (f), by striking the subsection  
10 designation and all of the matter that precedes para-  
11 graph (1) and inserting the following:

12 “(e) CONSIDERATIONS IN ESTABLISHING AND IN-  
13 TERPRETING STANDARDS AND REGULATIONS.—The con-  
14 sensus committee, in recommending standards, regula-  
15 tions, and interpretations, and the Secretary, in estab-  
16 lishing standards or regulations, or issuing interpretations  
17 under this section, shall—”;

18 (5) by striking subsection (g);

19 (6) in the first sentence of subsection (j), by  
20 striking “subsection (f)” and inserting “subsection  
21 (e)”; and

22 (7) by redesignating subsections (h), (i), and  
23 (j), as subsections (f), (g), and (h), respectively.

1 **SEC. 1105. ABOLISHMENT OF NATIONAL MANUFACTURED**  
2 **HOME ADVISORY COUNCIL; MANUFACTURED**  
3 **HOME INSTALLATION.**

4 (a) IN GENERAL.—Section 605 (42 U.S.C. 5404) is  
5 amended to read as follows:

6 **“SEC. 605. MANUFACTURED HOME INSTALLATION.**

7 “(a) PROVISION OF INSTALLATION DESIGN AND IN-  
8 STRUCTIONS.—A manufacturer shall provide with each  
9 manufactured home, design and instructions for the in-  
10 stallation of the manufactured home that have been ap-  
11 proved by a design approval primary inspection agency.  
12 After establishment of model standards under subsection  
13 (b)(2), a design approval primary inspection agency may  
14 not give such approval unless a design and instruction pro-  
15 vides equal or greater protection than the protection pro-  
16 vided under such model standards.

17 “(b) MODEL MANUFACTURED HOME INSTALLATION  
18 STANDARDS.—

19 “(1) PROPOSED MODEL STANDARDS.—Not later  
20 than 18 months after the date on which the initial  
21 appointments of all of the members of the consensus  
22 committee are completed, the consensus committee  
23 shall develop and submit to the Secretary proposed  
24 model manufactured home installation standards,  
25 which shall, to the maximum extent possible, taking

1 into account the factors described in section 604(e),  
2 be consistent with—

3 “(A) the home designs that have been ap-  
4 proved by a design approval primary inspection  
5 agency; and

6 “(B) the designs and instructions for the  
7 installation of manufactured homes provided by  
8 manufacturers under subsection (a).

9 “(2) ESTABLISHMENT OF MODEL STAND-  
10 ARDS.—Not later than 12 months after receiving the  
11 proposed model standards submitted under para-  
12 graph (1), the Secretary shall develop and establish  
13 model manufactured home installation standards,  
14 which shall to the maximum extent possible, taking  
15 into account the factors described in section 604(e),  
16 be consistent with—

17 “(A) the home designs that have been ap-  
18 proved by a design approval primary inspection  
19 agency; and

20 “(B) the designs and instructions for the  
21 installation of manufactured homes provided by  
22 manufacturers under subsection (a).

23 “(3) FACTORS FOR CONSIDERATION.—

24 “(A) CONSENSUS COMMITTEE.—In devel-  
25 oping the proposed model standards under

1 paragraph (1), the consensus committee shall  
2 consider the factors described in section 604(e).

3 “(B) SECRETARY.—In developing and es-  
4 tablishing the model standards under paragraph  
5 (2), the Secretary shall consider the factors de-  
6 scribed in section 604(e).

7 “(4) ISSUANCE.—The model manufactured  
8 home installation standards shall be issued after no-  
9 tice and an opportunity for public comment in ac-  
10 cordance with section 553 of title 5, United States  
11 Code.

12 “(c) MANUFACTURED HOME INSTALLATION PRO-  
13 GRAMS.—

14 “(1) PROTECTION OF MANUFACTURED HOUS-  
15 ING RESIDENTS DURING INITIAL PERIOD.—During  
16 the 5-year period beginning on the date of the enact-  
17 ment of the Manufactured Housing Improvement  
18 Act, no State or manufacturer may establish or im-  
19 plement any installation standards that, in the de-  
20 termination of the Secretary, provide less protection  
21 to the residents of manufactured homes than the  
22 protection provided by the installation standards in  
23 effect with respect to the State or manufacturer, as  
24 applicable, on the date of the enactment of the Man-  
25 ufactured Housing Improvement Act.

1           “(2) INSTALLATION STANDARDS.—

2                   “(A) ESTABLISHMENT OF INSTALLATION  
3 PROGRAM.—Not later than the expiration of the  
4 5-year period described in paragraph (1), the  
5 Secretary shall establish an installation pro-  
6 gram that meets the requirements of paragraph  
7 (3) for the enforcement of installation stand-  
8 ards in each State described in subparagraph  
9 (B).

10                   “(B) IMPLEMENTATION OF INSTALLATION  
11 PROGRAM.—Beginning on the expiration of the  
12 5-year period described in paragraph (1), the  
13 Secretary shall implement the installation pro-  
14 gram established under subparagraph (A) in  
15 each State that does not have an installation  
16 program established by State law that meets  
17 the requirements of paragraph (3).

18                   “(C) CONTRACTING OUT OF IMPLEMENTA-  
19 TION.—In carrying out subparagraph (B), the  
20 Secretary may contract with an appropriate  
21 agent to implement the installation program es-  
22 tablished under that subparagraph.

23           “(3) REQUIREMENTS.—An installation program  
24 meets the requirements of this paragraph if it is a

1 program regulating the installation of manufactured  
2 homes that includes—

3 “(A) installation standards that, in the de-  
4 termination of the Secretary, provide protection  
5 to the residents of manufactured homes that  
6 equals or exceeds the protection provided to  
7 those residents by—

8 “(i) the model manufactured home in-  
9 stallation standards established under sub-  
10 section (b); or

11 “(ii) the designs and instructions pro-  
12 vided by manufacturers under subsection  
13 (a), if the Secretary determines that such  
14 designs and instructions provide protection  
15 to the residents of the manufactured home  
16 that equals or exceeds the protection pro-  
17 vided by the model manufactured home in-  
18 stallation standards established under sub-  
19 section (b);

20 “(B) the training and licensing of manu-  
21 factured home installers; and

22 “(C) inspection of the installation of manu-  
23 factured homes.”.

24 (b) CONFORMING AMENDMENTS.—Section 623(c)  
25 (42 U.S.C. 5422(c)) is amended—

1 (1) in paragraph (10), by striking “and” at the  
2 end;

3 (2) by redesignating paragraph (11) as para-  
4 graph (13); and

5 (3) by inserting after paragraph (10) the fol-  
6 lowing:

7 “(11) with respect to any State plan submitted  
8 on or after the expiration of the 5-year period begin-  
9 ning on the date of the enactment of the Manufac-  
10 tured Housing Improvement Act, provides for an in-  
11 stallation program established by State law that  
12 meets the requirements of section 605(c)(3);”.

13 **SEC. 1106. PUBLIC INFORMATION.**

14 Section 607 (42 U.S.C. 5406) is amended—

15 (1) in subsection (a)—

16 (A) by inserting “to the Secretary” after  
17 “submit”; and

18 (B) by adding at the end the following:

19 “The Secretary shall submit such cost and  
20 other information to the consensus committee  
21 for evaluation.”;

22 (2) in subsection (d), by inserting “, the con-  
23 sensus committee,” after “public”; and



1           (3) by striking subsection (c) and redesignating  
2           subsections (d) and (e) as subsections (c) and (d),  
3           respectively.

4 **SEC. 1107. RESEARCH, TESTING, DEVELOPMENT, AND**  
5 **TRAINING.**

6           (a) IN GENERAL.—Section 608(a) (42 U.S.C.  
7 5407(a)) is amended—

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

10           (2) in paragraph (3), by striking the period at  
11           the end and inserting a semicolon; and

12           (3) by adding at the end the following new  
13           paragraphs:

14           “(4) encouraging the government sponsored  
15           housing entities to actively develop and implement  
16           secondary market securitization programs for FHA  
17           manufactured home loans and those of other loan  
18           programs, as appropriate, thereby promoting the  
19           availability of affordable manufactured homes to in-  
20           crease homeownership for all people in the United  
21           States; and

22           “(5) reviewing the programs for FHA manufac-  
23           tured home loans and developing any changes to  
24           such programs to promote the affordability of manu-

1 factured homes, including changes in loan terms,  
2 amortization periods, regulations, and procedures.”.

3 (b) DEFINITIONS.—Section 608 (42 U.S.C. 5407) is  
4 amended by adding at the end the following new sub-  
5 section:

6 “(c) DEFINITIONS.—For purposes of this section, the  
7 following definitions shall apply:

8 “(1) GOVERNMENT SPONSORED HOUSING ENTI-  
9 TIES.—The term ‘government sponsored housing en-  
10 tities’ means the Government National Mortgage As-  
11 sociation of the Department of Housing and Urban  
12 Development, the Federal National Mortgage Asso-  
13 ciation, and the Federal Home Loan Mortgage Cor-  
14 poration.

15 “(2) FHA MANUFACTURED HOME LOANS.—The  
16 term ‘FHA manufactured home loan’ means a loan  
17 that—

18 “(A) is insured under title I of the Na-  
19 tional Housing Act and is made for the purpose  
20 of financing alterations, repairs, or improve-  
21 ments on or in connection with an existing  
22 manufactured home, the purchase of a manu-  
23 factured home, the purchase of a manufactured  
24 home and a lot on which to place the home, or

1 the purchase only of a lot on which to place a  
2 manufactured home; or

3 “(B) otherwise insured under the National  
4 Housing Act and made for or in connection  
5 with a manufactured home.”.

6 **SEC. 1108. PROHIBITED ACTS.**

7 Section 610(a) (42 U.S.C. 5409(a)) is amended—

8 (1) in paragraph (5), by striking “or” at the  
9 end;

10 (2) in paragraph (6), by striking the period at  
11 the end and inserting “; or”; and

12 (3) by adding at the end the following new  
13 paragraph:

14 “(7) after the expiration of the period specified  
15 in section 605(c)(2)(B), fail to comply with the re-  
16 quirements for the installation program required by  
17 section 605 in any State that has not adopted and  
18 implemented a State installation program.”.

19 **SEC. 1109. FEES.**

20 Section 620 (42 U.S.C. 5419) is amended to read as  
21 follows:

22 “AUTHORITY TO ESTABLISH FEES

23 “SEC. 620. (a) IN GENERAL.—In carrying out in-  
24 spections under this title, in developing standards and reg-  
25 ulations pursuant to section 604, and in facilitating the  
26 acceptance of the affordability and availability of manufac-

1 tured housing within the Department, the Secretary  
2 may—

3           “(1) establish and collect from manufactured  
4 home manufacturers such reasonable fees as may be  
5 necessary to offset the expenses incurred by the Sec-  
6 retary in connection with carrying out the respon-  
7 sibilities of the Secretary under this title,  
8 including—

9           “(A) conducting inspections and moni-  
10 toring;

11           “(B) providing funding to States for the  
12 administration and implementation of approved  
13 State plans under section 623, including rea-  
14 sonable funding for cooperative educational and  
15 training programs designed to facilitate uniform  
16 enforcement under this title; these funds may  
17 be paid directly to the States or may be paid  
18 or provided to any person or entity designated  
19 to receive and disburse such funds by coopera-  
20 tive agreements among participating States,  
21 provided that such person or entity is not other-  
22 wise an agent of the Secretary under this title;

1           “(C) providing the funding for a noncareer  
2 administrator and Federal staff personnel for  
3 the manufactured housing program;

4           “(D) administering the consensus com-  
5 mittee as set forth in section 604;

6           “(E) facilitating the acceptance of the  
7 quality, durability, safety, and affordability of  
8 manufactured housing within the Department;  
9 and

10           “(F) implementing sections 605 and 623;  
11 and

12           “(2) use any fees collected under paragraph (1)  
13 to pay expenses referred to in paragraph (1), which  
14 shall be exempt and separate from any limitations  
15 on the Department of Housing and Urban Develop-  
16 ment regarding full-time equivalent positions and  
17 travel.

18           “(b) CONTRACTORS.—When using fees under this  
19 section, the Secretary shall ensure that no fewer than  
20 three separate contracts and three separate and inde-  
21 pendent contractors are retained to carry out monitoring  
22 and inspection work and any other work that may be dele-  
23 gated to a contractor under this title; except that the re-  
24 quired minimum number of separate contracts and sepa-

1 rate and independent contractors shall increase to four si-  
2 multaneous with the latter of—

3 “(1) the issuance by the Secretary of a request  
4 for proposals for the implementation of installation  
5 programs; and

6 “(2) the issuance by the Secretary of a request  
7 for proposals for the implementation of dispute reso-  
8 lution program,

9 as provided in this title. The Secretary shall also ensure  
10 that no conflict of interest arises from the award of any  
11 such contracts.

12 “(c) PROHIBITED USE.—Fees collected under sub-  
13 section (a) shall not be used for any purpose or activity  
14 not specifically authorized by this title unless such activity  
15 was already engaged in by the Secretary prior to the date  
16 of the enactment of this title.

17 “(d) MODIFICATION.—Any fee established by the  
18 Secretary under this section shall only be modified pursu-  
19 ant to rulemaking in accordance with section 553 of title  
20 5, United States Code.

1 “(e) APPROPRIATION AND DEPOSIT OF FEES.—

2 “(1) IN GENERAL.—There is established in the  
3 Treasury of the United States a fund to be known  
4 as the ‘Manufactured Housing Fees Trust Fund’ for  
5 deposit of all fees collected pursuant to subsection  
6 (a). These fees shall be held in trust for use only as  
7 provided in this title.

8 “(2) APPROPRIATION.—Such fees shall be avail-  
9 able for expenditure only to the extent approved in  
10 an annual appropriation Act.

11 “(3) PAYMENTS TO STATES.—On and after the  
12 effective date of the Manufactured Housing Im-  
13 provement Act, the Secretary shall continue to fund  
14 the States having approved State plans in amounts  
15 which are not less than the allocated amounts based  
16 on the fee distribution system in effect on the day  
17 before the effective date of such Act.”.

18 **SEC. 1110. DISPUTE RESOLUTION.**

19 Section 623(c) (42 U.S.C. 5422(c)), as amended by  
20 section 1105(b) of this Act, is amended by inserting after  
21 paragraph (11) (as added by section 1105(b) of this Act)  
22 the following:

23 “(12) with respect to any State plan submitted  
24 on or after the expiration of the 5-year period begin-  
25 ning on the date of the enactment of the Manufac-

1       tured Housing Improvement Act, provides for a dis-  
2       pute resolution program for the timely resolution of  
3       disputes between manufacturers, retailers, and in-  
4       stallers of manufactured homes regarding responsi-  
5       bility, and for the issuance of appropriate orders, for  
6       the correction or repair of defects in manufactured  
7       homes that are reported during the 1-year period be-  
8       ginning on the date of installation; and”; and by  
9       adding at the end the following:

10       “(g) ENFORCEMENT OF DISPUTE RESOLUTION  
11 STANDARDS.—

12               “(1) ESTABLISHMENT OF DISPUTE RESOLU-  
13       TION PROGRAM.—Not later than the expiration of  
14       the 5-year period beginning on the date of the enact-  
15       ment of the Manufactured Housing Improvement  
16       Act, the Secretary shall establish a dispute resolu-  
17       tion program that meets the requirements of sub-  
18       section (c)(12) for dispute resolution in each State  
19       described in paragraph (2). The order establishing  
20       the dispute resolution program shall be issued after  
21       notice and an opportunity for public comment in ac-  
22       cordance with section 553 of title 5, United States  
23       Code.

24               “(2) IMPLEMENTATION OF DISPUTE RESOLU-  
25       TION PROGRAM.—Beginning on the expiration of the



1 5-year period described in paragraph (1), the Sec-  
2 retary shall implement the dispute resolution pro-  
3 gram established under paragraph (1) in each State  
4 that has not established a dispute resolution pro-  
5 gram that meets the requirements of subsection  
6 (c)(12).

7 “(3) CONTRACTING OUT OF IMPLEMENTA-  
8 TION.—In carrying out paragraph (2), the Secretary  
9 may contract with an appropriate agent to imple-  
10 ment the dispute resolution program established  
11 under that paragraph.

12 **SEC. 1111. ELIMINATION OF ANNUAL REPORT REQUIRE-**  
13 **MENT.**

14 The Act is amended—

15 (1) by striking section 626 (42 U.S.C. 5425);

16 and

17 (2) by redesignating sections 627 and 628 (42  
18 U.S.C. 5426, 5401 note) as sections 626 and 627,  
19 respectively.

20 **SEC. 1112. EFFECTIVE DATE.**

21 The amendments made by this title shall take effect  
22 on the date of the enactment of this Act, except that the  
23 amendments shall have no effect on any order or interpre-  
24 tative bulletin that is published as a proposed rule pursu-

1 ant to section 553 of title 5, United States Code, on or  
2 before such date.

3 **SEC. 1113. SAVINGS PROVISION.**

4 (a) STANDARDS AND REGULATIONS.—The Federal  
5 manufactured home construction and safety standards (as  
6 such term is defined in section 603 of the National Manu-  
7 factured Housing Construction and Safety Standards Act  
8 of 1974) and all regulations pertaining thereto in effect  
9 immediately before the date of the enactment of this Act  
10 shall apply until the effective date of a standard or regula-  
11 tion modifying or superseding the existing standard or  
12 regulation which is promulgated under subsection (a) or  
13 (b) of section 604 of the National Manufactured Housing  
14 Construction and Safety Standards Act of 1974, as  
15 amended by this title.

16 (b) CONTRACTS.—Any contract awarded after April  
17 6, 2000, pursuant to a Request for Proposal issued before  
18 the date of the enactment of this Act shall remain in effect  
19 for a period of 2 years from the date of the enactment  
20 of this Act or for the remainder of the contract term,  
21 whichever period is shorter.

1 **TITLE XII—PUBLIC AND AS-**  
2 **SISTED HOUSING DRUG**  
3 **ELIMINATION PROGRAM**

4 **SEC. 1201. ELIGIBLE PUBLIC HOUSING AGENCIES.**

5 Section 5125 of the Anti-Drug Abuse Act of 1988  
6 (42 U.S.C. 11904) is amended—

7 (1) in subsection (b)—

8 (A) in paragraph (2)(B), by inserting “or  
9 (4)” before the period at the end;

10 (B) by redesignating paragraph (4) as  
11 paragraph (5); and

12 (C) by inserting after paragraph (3) the  
13 following new paragraph:

14 “(4) EFFECTIVE PHA’S.—The class established  
15 under this paragraph is the class of public housing  
16 agencies that demonstrate, to the satisfaction of the  
17 Secretary, that—

18 “(A) the agency received grants under this  
19 chapter to carry out eligible activities under this  
20 chapter, as in effect immediately before the ef-  
21 fective date under section 503(a) of the Quality  
22 Housing and Work Responsibility Act of 1998;

23 “(B) the agency, in cooperation with local  
24 law enforcement agencies, has largely elimi-  
25 nated drug and crime problems in the public

1 housing project or projects for which the assist-  
2 ance will be used;

3 “(C) the agency needs to maintain or ex-  
4 pand police services in and around such public  
5 housing to sustain the low incidence of crime  
6 and drug problems in and around such public  
7 housing; and

8 “(D) the agency needs, and will use, assist-  
9 ance under this chapter to maintain or expand  
10 such police services,

11 except that such agencies shall be eligible under this  
12 paragraph only during the 5-year period beginning  
13 upon initial eligibility under this paragraph.”; and

14 (2) in subsection (c)(1), by inserting before the  
15 semicolon the following: “except that this paragraph  
16 shall not apply in the case of agencies eligible for as-  
17 sistance under this chapter pursuant to subsection  
18 (b)(4)”.

Passed the House of Representatives April 6, 2000.

Attest:

JEFF TRANDAHL,

*Clerk.*