

111TH CONGRESS
1ST SESSION

H. R. 2529

IN THE SENATE OF THE UNITED STATES

JULY 30, 2009

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

AN ACT

To amend the Federal Deposit Insurance Act to authorize depository institutions and depository institution holding companies to lease foreclosed property held by such institutions and companies for up to 5 years, and for other purposes.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Neighborhood Preser-
3 vation Act”.

4 **SEC. 2. FINDINGS.**

5 The Congress finds as follows:

6 (1) Depository institutions and affiliates of de-
7 pository institutions currently may control and lease
8 foreclosed property for a limited period of time often
9 subject to safety and soundness considerations,
10 under various Federal laws and the law of some
11 States.

12 (2) Authorizing such institutions and affiliates
13 to enter into a long-term lease with the occupant of
14 the property or any other person would reduce the
15 number of residential properties entering into the
16 housing inventory, which in turn would help to sta-
17 bilize home values and restore confidence in the
18 housing markets.

19 (3) Allowing depository institutions and affili-
20 ates of such institutions to lease foreclosed property
21 will allow the institution or affiliate to dispose of
22 such property into a presumably more stable market
23 at the end of the lease term which would reduce the
24 loss the institution or affiliate may otherwise be re-
25 quired to recognize upon disposition of the property.

1 (4) Providing a means for foreclosed property
2 to remain occupied during the housing downturn will
3 preserve the property itself as well as the aesthetic
4 and economic values of neighboring homes and even
5 whole neighborhoods.

6 (5) Allowing depository institutions to lease
7 foreclosed property gives families the opportunity to
8 remain in the home, causing less disruption to fami-
9 lies, until they have the means to become a home-
10 owner again.

11 **SEC. 3. BANK LEASING OF FORECLOSED PROPERTIES.**

12 (a) IN GENERAL.—Section 18 of the Federal Deposit
13 Insurance Act (12 U.S.C. 1828) is amended by adding at
14 the end the following new subsection:

15 “(y) LEASING OF FORECLOSED PROPERTY.—

16 “(1) LEASING AUTHORIZED.—Notwithstanding
17 any provision of Federal or State law restricting the
18 time during which a depository institution, or any
19 affiliate of a depository institution, may hold or
20 lease property, or any provision of Federal or State
21 law prohibiting a depository institution, or any affil-
22 iate of a depository institution, from leasing prop-
23 erty and subject to this subsection and regulations
24 prescribed under this subsection, any depository in-
25 stitution, and any affiliate of a depository institu-

1 tion, may lease to any individual, including a lease
2 with an option to purchase, for not to exceed 5 years
3 an interest in residential property which—

4 “(A) was or is security for an extension of
5 credit by such depository institution or affiliate;
6 and

7 “(B) came under the ownership or control
8 of the depository institution or affiliate through
9 foreclosure, or a deed in lieu of foreclosure, on
10 the extension of credit.

11 “(2) SAFETY AND SOUNDNESS REGULATIONS.—

12 The Federal banking agencies shall jointly prescribe
13 regulations which—

14 “(A) establish criteria and minimum re-
15 quirements for the leasing activity of any depos-
16 itory institution or affiliate of a depository in-
17 stitution, including minimum capital require-
18 ments, that the agency determines to be appro-
19 priate for the preservation of the safety and
20 soundness of the institution or affiliate;

21 “(B) establish requirements or exceptions
22 that the agency determines are appropriate
23 under this subsection for any such institution
24 or affiliate for any other purpose; and

1 “(C) provide for appropriate actions under
2 section 38 with respect to any such lease if nec-
3 essary to protect the capital or safety and
4 soundness of the institution or affiliate or any
5 other necessary enforcement action.

6 “(3) LENGTH OF LEASE.—If any provision of
7 any Federal or State law, including the Bank Hold-
8 ing Company Act of 1956, governing the permissible
9 activities of depository institutions or affiliates of de-
10 pository institutions permits a depository institution
11 or any such affiliate to hold property as described in
12 paragraph (1) for a period longer than 5 years, any
13 lease under paragraph (1) may be extended to the
14 extent permitted by such provision of law.

15 “(4) SUNSET.—This section shall apply only
16 with respect to leases entered into during the 2-year
17 period beginning on the date of the enactment of the
18 Neighborhood Preservation Act.”.

19 (b) INTENT OF THE CONGRESS.—It is the intent of
20 the Congress that—

21 (1) no permanent change in policy on leasing
22 foreclosed property is being established with respect
23 to depository institutions and depository institution
24 holding companies; and

