

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

# H. R. 3743

To establish a single authority under title IV of the National Housing Act for rental and cooperative housing with five or more units and for health care facilities through consolidation of multifamily programs, authorization of risk sharing programs with private and public entities, and increased flexibility for FHA to establish program operations; to make changes to the multifamily housing programs designed for the elderly and persons with disabilities; to extend certain provisions of existing law; and for other purposes.

---

## IN THE HOUSE OF REPRESENTATIVES

JUNE 27, 1996

Mr. LAZIO of New York (by request) introduced the following bill; which was referred to the Committee on Banking and Financial Services

---

## A BILL

To establish a single authority under title IV of the National Housing Act for rental and cooperative housing with five or more units and for health care facilities through consolidation of multifamily programs, authorization of risk sharing programs with private and public entities, and increased flexibility for FHA to establish program operations; to make changes to the multifamily housing programs designed for the elderly and persons with disabilities; to extend certain provisions of existing law; 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,*

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

4 (a) **SHORT TITLE.**—This Act may be cited as the  
 5 “FHA Multifamily Housing Reform Act of 1996”.

6 (b) **TABLE OF CONTENTS.**—

Sec. 1. Short title and table of contents.

Sec. 2. Implementation.

**TITLE I—FHA MULTIFAMILY HOUSING**

Sec. 10. Basic authority.

Sec. 11. Labor standards amendment.

Sec. 12. Implementation.

**TITLE II—HOUSING FOR SPECIAL POPULATIONS**

Sec. 20. Term of rental assistance contracts for supportive housing for the el-  
 derly and supportive housing for persons with disabilities.

Sec. 21. Tenant-based assistance for persons with disabilities.

Sec. 22. Environmental protection.

**TITLE III—EXTENSIONS OF EXISTING AUTHORITY**

Sec. 30. Extension of the section 221(g)(4) auction provisions.

Sec. 31. Extension of transferring excess receipts to the flexible subsidy pro-  
 gram.

7 **SEC. 2. IMPLEMENTATION.**

8 (a) **ISSUANCE OF NECESSARY REGULATIONS.**—Not-  
 9 withstanding 42 U.S.C. 3535(o) or 24 CFR part 10, the  
 10 Secretary shall issue such regulations as may be necessary  
 11 to implement any provision of this Act, and any amend-  
 12 ment made by this Act, in accordance with section 552  
 13 or 553 of title 5, United States Code, as determined by  
 14 the Secretary.

15 (b) **USE OF EXISTING RULES.**—In implementing any  
 16 provision of this Act, the Secretary may, in the Secretary’s

1 discretion, provide for the use of existing rules to the ex-  
2 tent appropriate, without the need for further rulemaking.

3 **TITLE I—FHA MULTIFAMILY HOUSING**

4 **SEC. 10. BASIC AUTHORITY.**

5 The National Housing Act is amended by inserting  
6 the following new title after title III:

7 **“TITLE IV—CREDIT ENHANCEMENT FOR**  
8 **MULTIFAMILY HOUSING PROJECTS**  
9 **AND HEALTH CARE FACILITIES**

10 **“SEC. 401. PURPOSES.**

11 “The purposes of this title are to—

12 “(1) expand the opportunities for rental hous-  
13 ing and health care facilities through the provision  
14 of credit enhancement and related activities;

15 “(2) address the unmet housing credit needs of  
16 American families and communities;

17 “(3) address the unmet health care facility  
18 credit needs of communities;

19 “(4) supplement and expand private sector ac-  
20 tivity by better serving underserved markets, testing  
21 new products, and filling gaps in the provision and  
22 delivery of mortgage credit;

23 “(5) deliver housing credit enhancement and  
24 provide other services in a non-discriminatory man-

1 ner, and carry out activities under this title in a  
2 manner that affirmatively furthers fair housing;

3 “(6) promote liquidity and provide stability to  
4 the housing finance market by continuing to provide  
5 credit enhancement on a sound basis during times of  
6 regional and national economic downturn;

7 “(7) engage in research, development, and test-  
8 ing of new products designed to expand housing and  
9 health care facility credit;

10 “(8) collect, generate, and make available infor-  
11 mation relevant to the provision of housing and  
12 health care facility credit to American families and  
13 communities; and

14 “(9) increase the capacity of localities, States,  
15 and for-profit and nonprofit entities to expand ac-  
16 cess to decent housing and health care facilities and  
17 to deliver housing credit to American families and  
18 communities.

19 **“SEC. 402. DEFINITIONS.**

20 “As used in this title:

21 “(1) The term ‘credit enhancement’ means to  
22 enhance and make commitments to enhance credit,  
23 including commitments to lend, insure and reinsure  
24 (including insuring and reinsuring pools of mort-

1 gages), make advances, incur liabilities, pool loans,  
2 and risk-share.

3 “(2) The term ‘first mortgage’ means such  
4 classes of first liens as are commonly given to secure  
5 advances (including, but not limited to, advances  
6 during construction) on, or the unpaid purchase  
7 price of, real estate under the laws of the State in  
8 which the real estate is located, together with the  
9 credit instrument or instruments, if any, secured  
10 thereby, and may be in the form of trust mortgages  
11 or mortgage indentures or deeds of trust securing  
12 notes, bonds, or other credit instruments.

13 “(3) The term ‘health care facility’ means—

14 “(A) a facility of integrated health care de-  
15 livery system designed and operated to provide  
16 medical, convalescent, skilled nursing, rehabili-  
17 tation, custodial, personal care services, or any  
18 combination thereof; and

19 “(B) a project designed, in whole or in  
20 part, to provide a continuum of care, as deter-  
21 mined by the Secretary;

22 that meets standards acceptable to the Secretary, in-  
23 cluding standards governing licensure or State or  
24 local approval and regulation of the mortgagor.

1           “(4) The term ‘mortgage’ means a first mort-  
2           gage on real estate in fee simple, or on the interest  
3           of either the lessor or lessee under a lease with a  
4           term at least 20 years longer than the stated matu-  
5           rity of the mortgage indebtedness, and upon which  
6           there is located or will be constructed a multifamily  
7           housing project or a health care facility.

8           “(5) The term ‘mortgagee’ means the original  
9           lender under a mortgage, and its successors and as-  
10          signs, the includes the holders of credit instruments  
11          issued under a trust mortgage or deed of trust pur-  
12          suant to which such holders act by and through a  
13          trustee therein named.

14          “(6) The term ‘mortgagor’ means the original  
15          borrower under a mortgage and its successors and  
16          assigns, which mortgagor shall be regulated by the  
17          Secretary or other entity under this section as re-  
18          quired by the Secretary.

19          “(7) The term ‘multifamily housing project’  
20          means a rental or cooperative housing project com-  
21          prised of five or more dwelling units, including—

22                  “(A) projects designed for single room oc-  
23                  cupancy; and

24                  “(B) projects designed, in whole or in part,  
25                  for occupancy—

1                   “(i) by elderly persons who are 62  
2                   years of age or older; or

3                   “(ii) by persons with disabilities;  
4                   that meet standards acceptable to the Secretary, in-  
5                   cluding standards governing regulation of the mort-  
6                   gagor and eligibility for occupancy. Occupancy of  
7                   projects under this paragraph shall be under a writ-  
8                   ten lease for a period of at least 30 days, except that  
9                   in the case of projects designed for single room occu-  
10                  pancy, the Secretary may establish shorter rental pe-  
11                  riods for individual projects.

12                  “(8) The term ‘qualified housing finance agen-  
13                  cy’ means any State or local housing finance agency  
14                  that—

15                         “(A) carries the designation of ‘top tier’ or  
16                         its equivalent, as evaluated by Standard and  
17                         Poors or any other nationally recognized rating  
18                         agency;

19                         “(B) receives a rating of ‘A’ or better for  
20                         its general obligation bonds from a nationally  
21                         recognized rating agency; or

22                         “(C) otherwise demonstrates its capacity  
23                         as a sound and experienced agency, based on  
24                         factors such as its experience in financing mul-  
25                         tifamily housing projects or health care facili-

1           ties (as appropriate), fund balances, administra-  
2           tive capabilities, investment policy, internal con-  
3           trols and financial management, portfolio qual-  
4           ity, and State or local support.

5           “(9) The term ‘qualified participating entity’  
6           means the Federal Housing Finance Board, the  
7           Federal National Mortgage Association, the Federal  
8           Home Loan Mortgage Corporation, a qualified fi-  
9           nancial institution, and other State or local mort-  
10          gage insurance companies or bank lending consortia.

11          “(10) The term ‘refinancing’ includes the refi-  
12          nancing of any multifamily housing project or health  
13          care facility mortgage. To the extent such mortgage  
14          refinancings for transactions originally insured  
15          under this title are not in excess of the principal  
16          amount of the original mortgage loan and such other  
17          limitations as may be imposed by the Secretary,  
18          such refinancings shall be subject to the provisions  
19          of section 223(a)(7).

20          “(11) The term ‘reinsurance agreement’ means  
21          a contractual obligation under which the Secretary,  
22          in exchange for appropriate compensation, agrees to  
23          assume a specified portion of the risk of loss that a  
24          lender or other party has previously assumed with

1 respect to a mortgage on a multifamily housing  
2 project or health care facility.

3 “(12) The term ‘State’ includes the several  
4 States and Puerto Rico, the District of Columbia,  
5 Guam, the Northern Mariana Islands, American  
6 Samoa, and the Virgin Islands.

7 **“SEC. 403. DIRECT MORTGAGE INSURANCE PROGRAM.**

8 “(a) BASIC AUTHORITY.—

9 “(1) FIRST MORTGAGES.—The Secretary may  
10 insure first mortgages under this section (including  
11 advances on such mortgages during construction)  
12 which are secured by multifamily housing projects or  
13 health care facilities owned by mortgagors approved  
14 by the Secretary under terms and conditions accept-  
15 able to the Secretary, and may engage in other types  
16 of credit enhancement involving approved mortga-  
17 gees.

18 “(2) SECOND MORTGAGES.—The Secretary is  
19 authorized to insure mortgages in a secondary posi-  
20 tion to a mortgage previously insured under this  
21 Act, where such mortgage is necessary, as defined by  
22 the Secretary, to better protect the interests of the  
23 mortgagee or the Secretary, under terms and condi-  
24 tions approved by the Secretary.

1       “(b) DELEGATION.—The Secretary may permit an  
2 approved mortgagee to carry out (under a delegation or  
3 otherwise, and with or without compensation, but subject  
4 to audit, exception, or review requirements) such credit  
5 approval, appraisal, inspection, issuance of commitments,  
6 approval of insurance of advances, cost certification, en-  
7 dorsement of the mortgage note, servicing, property dis-  
8 position, or other credit enhancement functions as the Sec-  
9 retary shall approve as consistent with the purpose of this  
10 title. All appraisals of property for mortgage insurance  
11 under this section shall be completed by a Certified Gen-  
12 eral Appraiser in accordance with the Uniform Standards  
13 of Professional Appraisal Practice.

14 **“SEC. 404. QUALIFIED PARTICIPATING ENTITY RISK-SHAR-**  
15 **ING PROGRAM.**

16       “(a) BASIC AUTHORITY.—The Secretary may enter  
17 into contractual arrangements (including reinsurance and  
18 risk-sharing agreements) with qualified participating enti-  
19 ties to provide credit enhancement for first mortgage loans  
20 for affordable multifamily housing projects and health  
21 care facilities and other credit enhancement through a sys-  
22 tem of risk-sharing agreements with such entities.

23       “(b) AUTHORITY OF SECRETARY.—The Secretary,  
24 upon request of a qualified participating entity, is author-  
25 ized to permit the qualified participating entity to insure

1 or reinsure (and make commitments to insure or reinsure)  
2 under this section any first mortgage, advance, thereon,  
3 or pool of first mortgages otherwise eligible under this sec-  
4 tion, pursuant to a risk-sharing agreement providing that  
5 the qualified participating entity will carry out (under a  
6 delegation or otherwise, and with or without compensa-  
7 tion, but subject to audit, exception, or review require-  
8 ments) such credit approval, appraisal, inspection, issu-  
9 ance of commitments, approval of insurance of advances,  
10 cost certification, endorsement of the mortgage note, serv-  
11 icing, property disposition, or other functions as the Sec-  
12 retary shall approve as consistent with the purpose of this  
13 section. All appraisals of property for security property for  
14 a loan financed under this section shall be completed by  
15 a Certified General Appraiser in accordance with the Uni-  
16 form Standards of Professional Appraisal Practice.

17 “(c) PROGRAM REQUIREMENTS.—

18 “(1) ELIGIBILITY STANDARDS.—The Secretary  
19 shall establish and enforce standards for eligibility of  
20 qualified participating entities under this section, as  
21 the Secretary determines to be appropriate.

22 “(2) MORTGAGE INSURANCE AND REINSUR-  
23 ANCE.—Agreements under this section may provide  
24 for—

1           “(A) mortgage insurance through the Sec-  
2           retary of first mortgage loans for affordable  
3           multifamily housing projects and health care fa-  
4           cilities originated by or through, or purchased  
5           by, qualified participating entities; and

6           “(B) reinsurance, including reinsurance of  
7           pools of loans, on affordable multifamily hous-  
8           ing projects and health care facilities.

9           In entering into risk-sharing agreements under this  
10          section covering first mortgages, the Secretary may  
11          give preference to first mortgages that are not al-  
12          ready in the portfolios of qualified participating enti-  
13          ties.

14          “(3) RISK APPORTIONMENT.—Agreements en-  
15          tered into under this section between the Secretary  
16          and a qualified participating entity shall specify the  
17          percentage of loss that each of the parties to the  
18          agreement will assume in the event of default of the  
19          insured or reinsured affordable multifamily housing  
20          project or health care facility first mortgage. Such  
21          agreements shall specify that the qualified partici-  
22          pating entity and the Secretary shall share any loss  
23          in accordance with the risk-sharing agreement.

24          “(4) REIMBURSEMENT CAPACITY.—Agreements  
25          entered into under this section between the Sec-

1       retary and a qualified participating entity shall pro-  
2       vide evidence acceptable to the Secretary of the ca-  
3       pacity of such entity to fulfill any reimbursement ob-  
4       ligations made pursuant to this section. Evidence of  
5       such capacity may include—

6               “(A) a pledge of the full faith and credit  
7               of a qualified participating entity to fulfill any  
8               obligations entered into by the entity;

9               “(B) reserves pledged or otherwise re-  
10              stricted by the qualified participating entity in  
11              an amount equal to an agreed upon percentage  
12              of the loss assumed by the entity under para-  
13              graph (3);

14              “(C) funds pledged through a State or  
15              local guarantee fund; or

16              “(D) any other form of evidence mutually  
17              agreed upon by the Secretary and the qualified  
18              participating entity.

19       “(5) UNDERWRITING STANDARDS.—

20              “(A) USE OF ENTITY’S UNDERWRITING  
21              STANDARDS.—Except as provided by subpara-  
22              graph (B), the Secretary may permit any quali-  
23              fied participating entity to use its own under-  
24              writing standards and loan terms and condi-  
25              tions for purposes of underwriting first mort-

1           gage loans to be insured under this section,  
2           without further review by the Secretary: *Pro-*  
3           *vided*, That the qualified participating entity  
4           shall certify that it has complied with all appli-  
5           cable statutes and requirements of the Sec-  
6           retary.

7           “(B) FEDERAL UNDERWRITING STAND-  
8           ARDS.—The Secretary may impose additional or  
9           different underwriting criteria and loan terms  
10          and conditions for contractual agreements for  
11          risk-sharing where the Secretary retains more  
12          than 50 percent of the risk of loss. Any other  
13          financing permitted on security property for a  
14          loan financed under this section shall be ex-  
15          pressly subordinate to the first mortgage cover-  
16          ing the security property.

17          “(d) RISK-SHARING ALTERNATIVES.—

18                 “(1) DEVELOPMENT OF ALTERNATIVES.—The  
19          Secretary may develop a variety of risk-sharing al-  
20          ternatives, including arrangements under which the  
21          Secretary assumes an appropriate share of the risk  
22          related to long-term first mortgage loans on newly  
23          constructed or acquired multifamily rental housing  
24          projects and health care facilities, first mortgage  
25          refinancings, bridge financing for construction under

1 a first mortgage loan, and other forms of multifam-  
2 ily housing project and health care facility first  
3 mortgage lending and other credit enhancement that  
4 the Secretary deems appropriate to carry out the  
5 purposes of this section.

6 “(2) NATURE OF ALTERNATIVES.—Alternatives  
7 under paragraph (1) shall be designed—

8 “(A) to ensure that other parties bear a  
9 share of the risk, in percentage amount and in  
10 position of exposure, that is sufficient to create  
11 strong market-oriented incentives for other par-  
12 ticipating parties to maintain sound underwrit-  
13 ing and loan management practices;

14 “(B) to develop credit mechanisms, includ-  
15 ing sound underwriting criteria, processing  
16 methods, and credit enhancements, through  
17 which the Secretary can assist in increasing  
18 multifamily housing project and health care fa-  
19 cility first mortgage lending as needed to meet  
20 the expected need in the United States;

21 “(C) to provide a more adequate supply of  
22 first mortgage credit for sound multifamily  
23 rental housing and health care facility projects  
24 in underserved urban and rural markets;

1           “(D) to increase the efficiency, and lower  
2           the costs to the Federal Government, of proc-  
3           essing and servicing multifamily housing project  
4           and health care facility first mortgage loans in-  
5           sured by the Secretary; and

6           “(E) to improve the quality and expertise  
7           of staff and of the Department of Housing and  
8           Urban Development and other resources, as re-  
9           quired for sound management of reinsurance  
10          and other market-oriented forms of credit en-  
11          hancement.

12          “(e) NON-FEDERAL PARTICIPATION.—The Secretary  
13          shall carry out this section, to the maximum extent prac-  
14          ticable, with the participation of well-established residen-  
15          tial mortgage originators, financial institutions that invest  
16          in multifamily housing project and health care facility  
17          mortgages, multifamily housing project and health care fa-  
18          cility sponsors, and such other private sector experts in  
19          multifamily housing project and health care facility financ-  
20          ing as the Secretary determines to be appropriate.

21          “(f) QUALIFICATION AS AFFORDABLE HOUSING.—  
22          Multifamily housing projects securing loans insured or re-  
23          insured under this section shall qualify as affordable, only  
24          if the housing is occupied by families, elderly persons, or  
25          persons with disabilities, and bears rents not greater than

1 the gross rent for rent-restricted residential units, as de-  
2 termined under section 42(g) of the Internal Revenue  
3 Code of 1986.

4 **“SEC. 405. HOUSING FINANCE AGENCY PROGRAM.**

5       “(a) BASIC AUTHORITY.—The Secretary may enter  
6 into contractual arrangements (including risk-sharing  
7 agreements with partnerships) with qualified housing fi-  
8 nance agencies (including entities established by States  
9 that provide mortgage insurance) to provide Federal credit  
10 enhancement for first mortgage loans for affordable multi-  
11 family housing projects and health care facilities through  
12 a system of risk-sharing agreements with such agencies.

13       “(b) AUTHORITY OF THE SECRETARY.—The Sec-  
14 retary, upon request of a qualified housing finance agency,  
15 may insure on a risk-sharing basis, and make commit-  
16 ments to insure on a risk-sharing basis, under this section  
17 any first mortgage, or advance thereon, pursuant to a  
18 risk-sharing agreement providing that the qualified hous-  
19 ing finance agency will carry out (under a delegation or  
20 otherwise and with or without compensation, but subject  
21 to audit, exception or review requirements) such credit ap-  
22 proval, appraisal, inspection, issuance of commitments,  
23 approval of insurance of advances, cost certification, en-  
24 dorsement of the mortgage, servicing, property disposition,  
25 or other functions as the Secretary shall approve as con-

1 sistent with the purpose of this section. All appraisals of  
2 property for first mortgage insurance under this section  
3 shall be completed by a Certified General Appraiser in ac-  
4 cordance with the Uniform standards of Professional Ap-  
5 praisal Practice.

6 “(c) MORTGAGE INSURANCE PREMIUMS.—The Sec-  
7 retary shall establish a schedule of insurance premium  
8 payments for first mortgages insured under this section  
9 based on the percentage of loss the Secretary may assume.  
10 Such schedule shall reflect a greater portion of the pre-  
11 mium inuring to qualified housing finance agencies that  
12 assume a greater share of the risk apportioned according  
13 to subsection (d)(2).

14 “(d) PROGRAM REQUIREMENTS.—

15 “(1) MORTGAGE INSURANCE.—Agreements  
16 under subsection (a) shall provide for full first mort-  
17 gage insurance through the Secretary of the loans  
18 for affordable multifamily housing projects and  
19 health care facilities originated by or through quali-  
20 fied housing finance agencies and for reimbursement  
21 to the Secretary by such agencies for all or a portion  
22 of the losses incurred on the first mortgage loans in-  
23 sured.

24 “(2) RISK APPORTIONMENT.—Agreements en-  
25 tered into under this section between the Secretary

1 and a qualified housing finance agency shall specify  
2 the percentage of loss that each of the parties to the  
3 agreement will assume in the event of default of the  
4 insured first mortgage on the affordable multifamily  
5 project or health care facility. Such agreements shall  
6 specify that the qualified housing finance agency and  
7 the Secretary shall share any loss in accordance with  
8 the risk-sharing agreement.

9 “(3) REIMBURSEMENT CAPACITY.—Agreements  
10 entered into under this section between the Sec-  
11 retary and a qualified housing finance agency shall  
12 provide evidence of the capacity of such agency to  
13 fulfill any reimbursement obligations made pursuant  
14 to this section. Evidence of such capacity may in-  
15 clude—

16 “(A) a pledge of the full faith and credit  
17 of a qualified State or local agency to fulfill any  
18 obligations entered into by the qualified housing  
19 finance agency;

20 “(B) reserves pledged or otherwise re-  
21 stricted by the qualified housing finance agency  
22 in an amount equal to an agreed upon percent-  
23 age of the loss assumed by the housing finance  
24 agency under paragraph (2);

1           “(C) funds pledged through a State or  
2           local guarantee fund; or

3           “(D) any other form of evidence mutually  
4           agreed upon by the Secretary and the qualified  
5           housing finance agency.

6           “(e) UNDERWRITING STANDARDS.—

7           “(1) USE OF HFA UNDERWRITING STAND-  
8           ARDS.—The Secretary may permit a qualified hous-  
9           ing finance agency to use its own underwriting  
10          standards and loan terms and conditions for pur-  
11          poses of underwriting first mortgage loans to be in-  
12          sured under this section without further review by  
13          the Secretary: *Provided*, That the qualified housing  
14          agency certifies that it has complied with all applica-  
15          ble statutes and requirements of the Secretary.

16          “(2) USE OF FEDERAL UNDERWRITING STAND-  
17          ARDS.—The Secretary may impose additional or dif-  
18          ferent underwriting criteria and loan terms and con-  
19          ditions for contractual agreements where the Sec-  
20          retary retains more than 50 percent of the risk of  
21          loss.

22          “(f) IDENTITY OF INTEREST.—Notwithstanding any  
23          other provision of law, the Secretary may not apply iden-  
24          tity of interest provisions to agreements entered into with

1 qualified State housing finance agencies under this sec-  
2 tion.

3 “(g) **QUALIFICATION AS AFFORDABLE HOUSING.**—  
4 Multifamily housing projects securing loans insured under  
5 this section shall qualify as affordable only if the housing  
6 is occupied by families, elderly persons, or persons with  
7 disabilities, and bears rents not greater than the gross  
8 rent for rent-restricted residential projects, as determined  
9 under section 42(g) of the Internal Revenue Code of 1986.

10 **“SEC. 406. PREMIUMS AND FEES.**

11 “The Secretary shall establish and collect such pre-  
12 miums and fees under this title as the Secretary deter-  
13 mines appropriate to compensate for the risks assumed  
14 and related administrative costs of providing insurance,  
15 reinsurance, or other credit enhancement under this title.

16 **“SEC. 407. CONTRACT OF MORTGAGE INSURANCE.**

17 “(a) **IN GENERAL.**—All contracts of mortgage insur-  
18 ance under this title shall—

19 “(1) be evidenced by the endorsement of the  
20 mortgage note for insurance or reinsurance, and  
21 shall be incontestable when held by an approved  
22 mortgagee to the extent provided in section 203(e);  
23 and

24 “(2) be subject to, and obligations of, the Gen-  
25 eral Insurance Fund established under section 519.

1 “(b) UNIFORM CLAIMS SETTLEMENT.—

2 “(1) IN GENERAL.—The Secretary shall have  
3 the discretion to establish uniform systems and to  
4 settle claims for benefits under the contract of mort-  
5 gage insurance thereunder in any manner consistent  
6 with, and not exceeding, the current statutory au-  
7 thority of sections 207 (g) through (j), 520, and  
8 541.

9 “(2) PARTIAL PAYMENT OF CLAIMS.—For par-  
10 tial payments of claims under this title pursuant to  
11 section 541, the Secretary may require a mortga-  
12 gee—

13 “(A) to accept a partial payment of claim  
14 for all such claims; and

15 “(B) to accept a partial payment of insur-  
16 ance benefits in order to avert a claim where  
17 such claim is inevitable, regardless of whether a  
18 monetary default has occurred.

19 **“SEC. 408. DEFAULT AND CLAIMS UNDER CONTRACT OF**  
20 **MORTGAGE INSURANCE.**

21 “(a) IN GENERAL.—If a mortgagor fails to make any  
22 payment due, or provided to be paid by the terms of a  
23 mortgage insured, under this section, such failure shall be  
24 a default under the mortgage. If the default continues for  
25 a period of 30 days, the mortgagee shall be entitled to

1 receive the benefits of the insurance provided by the Sec-  
2 retary under this section.

3 “(b) CLAIMS REQUIREMENTS.—

4 “(1) IN GENERAL.—The Secretary shall issue  
5 requirements under subsection (a). These require-  
6 ments may be changed from time to time to accom-  
7 modate advances in technology, including those re-  
8 lated to electronic transfers and filings. The require-  
9 ments shall establish procedures under which the  
10 mortgagee shall be required to assign, transfer, and  
11 deliver to the Secretary—

12 “(A) the mortgage so in default and all  
13 rights and interests arising thereunder;

14 “(B) all claims of the mortgagee against  
15 the mortgagor or others, arising out of the  
16 mortgage transactions;

17 “(C) all policies of title or other insurance  
18 or surety bonds or other guaranties and any  
19 and all claims thereunder;

20 “(D) any balance of the mortgage loan not  
21 advanced to the mortgagor;

22 “(E) any cash, property, or other assets  
23 (such as receivables) held by the mortgagee, or  
24 to which the mortgagee is entitled to hold or re-  
25 ceive for the account of the mortgagor or as ex-

1           cess proceeds arising out of the mortgage or  
2           underlying bond transaction and which have not  
3           been applied in reduction of the principal  
4           amount of the mortgage indebtedness; and

5                   “(F) all records, documents, books, papers,  
6           and accounts relating to the mortgage trans-  
7           action.

8           “(2) OPTIONAL PROCEDURE.—If a mortgagor  
9           defaults under a mortgage insured under section  
10          403, the Secretary may permit the mortgagee to ex-  
11          ercise the option, pursuant to procedures established  
12          by the Secretary, of foreclosing upon the security  
13          property and obtaining title, or obtaining title  
14          through deed-in-lieu of foreclosure, or otherwise, and  
15          conveying title to the Secretary. A mortgagee exer-  
16          cising the option under this paragraph shall comply  
17          with the requirements of paragraph (1), except sub-  
18          paragraphs (A) and (D).

19          “(c) TERMINATION OF MIP OBLIGATION.—After re-  
20          ceipt of an application for insurance benefits under this  
21          title, the Secretary is authorized to terminate the obliga-  
22          tion of the mortgagee to pay mortgage insurance premium  
23          charges.

24          “(d) AMOUNT OF CLAIM.—The total amount of any  
25          payout under an insurance claim under this title may not

1 exceed the amount which the mortgagee would have re-  
2 ceived if the mortgage indebtedness and any other fiscal  
3 obligations under the mortgage had been fully satisfied on  
4 the date of the assignment of the claim or the conveyance  
5 of title, plus interest and necessary expenses incurred by  
6 the mortgagee in connection with the claim and preserva-  
7 tion of the project, if applicable, as determined by the Sec-  
8 retary, and in accordance with any contract involving risk-  
9 sharing.

10       “(e) ACQUISITION OF POSSESSION OR TITLE.—The  
11 Secretary may, through foreclosure or otherwise, acquire  
12 possession of, or title to, any property covered by a mort-  
13 gage assigned to the Secretary under this title.

14       “(f) POWERS OF SECRETARY.—

15               “(1) WITH RESPECT TO PROPERTY.—Notwith-  
16 standing any other provisions of law relating to the  
17 acquisition, handling, or disposal of real and other  
18 property by the United States, the Secretary, in the  
19 Secretary’s discretion and for the protection of the  
20 General Insurance Fund, may—

21                       “(A) pay out of such Fund any expenses  
22                       or charges in connection with the preservation  
23                       of any security property under this title;

24                       “(B) deal with, complete, reconstruct, rent,  
25                       renovate, modernize, insure, make contracts for

1 the management of any property acquired  
2 under this title;

3 “(C) establish suitable agencies for the  
4 management or lease of any property acquired  
5 under this title; and

6 “(D) sell or lease any real or personal  
7 property (including mortgages) acquired under  
8 this title.

9 “(2) WITH RESPECT TO MORTGAGES.—Not-  
10 withstanding any other provision of law, the Sec-  
11 retary may pursue to final collection, by way of com-  
12 promise or otherwise, obligations under mortgages  
13 assigned under this title and all claims in connection  
14 with any other transactions, under this title.

15 **“SEC. 409. ADJUSTED PREMIUM CHARGE UPON PREPAY-**  
16 **MENT.**

17 “If the principal obligation of any mortgage accepted  
18 for insurance or reinsurance under this title is paid in full  
19 before the maturity date, the Secretary may require the  
20 mortgagee to pay an adjusted premium charge in such  
21 amount as the Secretary determines to be equitable, but  
22 not in excess of the aggregate amount of the premium  
23 charges that the mortgagee would otherwise have been re-  
24 quired to pay if the mortgage had continued to be insured  
25 until such maturity date.

1 **“SEC. 410. ENVIRONMENTAL REVIEW.**

2       “(a) IN GENERAL.—In order to assure that the poli-  
3 cies of the National Environmental Policy Act of 1969 and  
4 other provisions of law which further the purposes of such  
5 Act (as specified in regulations issued by the Secretary)  
6 are most effectively implemented in connection with credit  
7 enhancement under this title, and to assure to the public  
8 undiminished protection of the environment, the Secretary  
9 may, under such regulations, in lieu of the environmental  
10 protection procedures otherwise applicable, provide for  
11 agreements to endorse for insurance mortgages under this  
12 title upon the request of the mortgagee, qualified entity,  
13 or qualified housing finance agency, if the State or unit  
14 of general local government, as designated by the Sec-  
15 retary in accordance with regulations, assumes all of the  
16 responsibilities for environmental review, decision making,  
17 and action pursuant to such Act, and such other provi-  
18 sions of law as the regulations of the Secretary may speci-  
19 fy, that would otherwise apply to the Secretary with re-  
20 spect to the insurance of mortgages on particular prop-  
21 erties. For purposes of this subsection, the terms ‘unit of  
22 general local government’ and ‘State’ have the same mean-  
23 ings as in section 102(a) of the Housing and Community  
24 Development Act of 1974.

25       “(b) IMPLEMENTATION.—The Secretary shall issue  
26 regulations to carry out this section only after consultation

1 with the Council on Environmental Quality. Such regula-  
2 tions shall, among other matters, provide—

3 “(1) for the monitoring of the performance of  
4 environmental reviews under this subparagraph;

5 “(2) subject to the discretion of the Secretary,  
6 for the provision or facilitation of training for such  
7 performance; and

8 “(3) subject to the discretion of the Secretary,  
9 for the suspension or termination by the Secretary  
10 of the State or unit of general local government’s re-  
11 sponsibilities under subsection (a).

12 “(c) SAVINGS.—The Secretary’s duty under sub-  
13 section (b) shall not be construed to limit any responsibil-  
14 ity assumed by a State or unit of general local government  
15 with respect to any particular property under subsection  
16 (a).

17 “(d) PROCEDURE.—The Secretary shall approve a  
18 mortgage for the provision of mortgage insurance subject  
19 to the procedures authorized by this section only if, not  
20 less than 30 days before such approval, before any ap-  
21 proval, commitment, or endorsement of mortgage insur-  
22 ance on the property by or on behalf of the Secretary, and  
23 before any agreement by a qualified entity or a qualified  
24 housing finance agency to provide financing under a risk-  
25 sharing agreement with respect to the property, the mort-

1 gagee or the qualified participating entity or the qualified  
2 housing finance agency submits to the Secretary a request  
3 for such approval, accompanied by a certification of the  
4 State or unit of general local government that meets the  
5 requirements of subsection (e). The Secretary's approval  
6 of any such certification shall be deemed to satisfy the  
7 Secretary's responsibilities under the National Environ-  
8 mental Policy Act of 1969 and such other provisions of  
9 law as the regulations of the Secretary specify insofar as  
10 those responsibilities relate to the provision of mortgage  
11 insurance on the property that is covered by such certifi-  
12 cation.

13       “(e) CERTIFICATION.—A certification under the pro-  
14 cedures authorized by this subsection shall—

15               “(1) be in a form acceptable to the Secretary;

16               “(2) be executed by the chief executive officer  
17 or other officer of the State or unit of general local  
18 government who qualifies under regulations of the  
19 Secretary;

20               “(3) specify that the State or unit of general  
21 local government under this section has fully carried  
22 out its responsibilities as described under subsection  
23 (a); and

24               “(4) specify that the certifying officer consents  
25 to assume the status of a responsible Federal official

1 under the National Environmental Policy Act of  
2 1969 and under each provision of law specified in  
3 regulations issued by the Secretary insofar as the  
4 provisions of such Act or such other provisions of  
5 law apply pursuant to subsection (a), and is author-  
6 ized and consents on behalf of the State or unit of  
7 general local government and himself or herself to  
8 accept the jurisdiction of the Federal courts for the  
9 purpose of enforcement of the responsibilities as  
10 such an official.

11 “(f) APPROVAL BY STATES.—If a unit of general  
12 local government carries out the responsibilities described  
13 in subsection (a), the Secretary may permit the State to  
14 perform those actions of the Secretary described in sub-  
15 section (a) and the performance of such actions by the  
16 State, where permitted by the Secretary, shall be deemed  
17 to satisfy the Secretary’s responsibilities referred to in the  
18 second sentence of clause (ii).

19 **“SEC. 411. LEAD-BASED PAINT POISONING PREVENTION.**

20 “In carrying out the requirements of section 302 of  
21 the Lead-Based Paint Poisoning Prevention Act, the Sec-  
22 retary may provide in regulations for the assumption of  
23 all or part of the Secretary’s duties under such Act by  
24 a State or unit of general local government for purposes  
25 of this title.

1 **“SEC. 412. SUBSIDY LAYERING.**

2 “Section 102 of the Department of Housing and  
3 Urban Development Reform Act of 1989 shall not apply  
4 to any type of insurance, reinsurance, or other credit en-  
5 hancement under this title.

6 **“SEC. 413. LABOR STANDARDS AND COST CERTIFICATION.**

7 “This title shall be subject to the labor standards set  
8 forth in section 212 and the cost certification standards  
9 set forth in section 227.

10 **“SEC. 414. DISCLOSURE OF RECORDS.**

11 “Mortgagees under section 403, qualified participat-  
12 ing entities under section 404, and qualified housing fi-  
13 nance agencies under section 405 shall make available to  
14 the Secretary or the Secretary’s designee, at the Sec-  
15 retary’s request, such financial and other records as the  
16 Secretary deems necessary for purposes of review and  
17 monitoring under this title.”.

18 **SEC. 11. LABOR STANDARDS AMENDMENT.**

19 Section 212(a) of the National Housing Act is  
20 amended—

21 (1) by striking “or section 210” in the first  
22 sentence; and

23 (2) by inserting after the first sentence the fol-  
24 lowing new sentence: “The provisions of this section  
25 shall also apply to the insurance of any mortgage

1 under title IV, except that the provisions of this sec-  
2 tion shall not apply to—

3 “(1) the insurance of any mortgage that would  
4 have been eligible for insurance under regulations of  
5 the Secretary implementing section 223(f) of this  
6 Act, as that section and those regulations existed  
7 immediately before the enactment of the FHA Multi-  
8 family Housing Reform Act of 1996; and

9 “(2) work performed by any individual who—

10 “(A) volunteers—

11 “(i) to perform a service for civic,  
12 charitable, or humanitarian reasons, with-  
13 out promise, expectation, or receipt of com-  
14 pensation for services rendered, but solely  
15 for the personal purpose or pleasure of the  
16 individual; and

17 “(ii) to provide such services freely  
18 and without pressure or coercion, direct or  
19 implied, from any employer; and

20 “(B) is not otherwise employed at any time  
21 in the construction work.”.

22 **SEC. 12. IMPLEMENTATION.**

23 (a) **EFFECTIVE DATE.**—The provisions of, and the  
24 amendments made by, this part shall become effective

1 upon implementation by the Secretary in accordance with  
2 this section.

3 (b) ADMINISTRATIVE IMPLEMENTATION.—Except as  
4 otherwise specifically provided by title IV of the National  
5 Housing Act (as added by section 10), the Secretary shall  
6 take any administrative actions necessary to implement  
7 the provisions of, and the amendments made by, this part.  
8 The Secretary shall complete the initial implementation of  
9 such provisions and amendments within 180 days of the  
10 date of enactment of this Act.

11 (c) TERMINATION OF INSURING AUTHORITY.—

12 (1) IN GENERAL.—Effective on the date of im-  
13 plementation of this part, the Secretary may not ac-  
14 cept applications or issue firm commitments under  
15 any authority of title II of the National Housing Act  
16 providing for the insurance of mortgages covering  
17 multifamily rental housing or health care facilities  
18 (as determined by the Secretary).

19 (2) EXCEPTIONS.—Paragraph (1) shall not  
20 apply to—

21 (A) refinancings pursuant to section  
22 223(a)(7) of the National Housing Act;

23 (B) extension of firm commitments entered  
24 into before such date of implementation, but

1           only if the Secretary determines there is good  
2           cause for an extension; or

3                   (C) outstanding applications not having re-  
4           ceived a firm commitment if unusual equitable  
5           considerations are present.

6                   **TITLE II—HOUSING FOR SPECIAL**  
7                   **POPULATIONS**

8   **SEC. 20. TERM OF RENTAL ASSISTANCE CONTRACTS FOR**  
9                   **SUPPORTIVE HOUSING FOR THE ELDERLY**  
10                  **AND SUPPORTIVE HOUSING FOR PERSONS**  
11                  **WITH DISABILITIES.**

12           (a) **SUPPORTIVE HOUSING FOR THE ELDERLY.**—The  
13 first sentence of section 202(d)(2) of the Housing Act of  
14 1959 is amended by striking “240” and inserting “60”.

15           (b) **SUPPORTIVE HOUSING FOR PERSONS WITH DIS-**  
16 **ABILITIES.**—The first sentence of section 811(e)(2) of the  
17 Cranston-Gonzalez National Affordable Housing Act is  
18 amended by striking “240” and inserting “60”.

19   **SEC. 21. TENANT-BASED ASSISTANCE FOR PERSONS WITH**  
20                  **DISABILITIES.**

21           (a) **ELIGIBLE ENTITIES.**—Section 811(d)(4) of the  
22 Cranston-Gonzalez National Affordable Housing Act is  
23 amended—

24                   (1) by striking the first sentence and inserting  
25           the following: “Tenant-based rental assistance pro-

1 vided under subsection (b)(1) may be provided  
2 through private nonprofit organizations and public  
3 housing agencies. A public housing agency shall be  
4 eligible to apply under this section only for the pur-  
5 poses of providing such assistance.”; and

6 (2) by striking the last sentence.

7 (b) DEFINITION OF PRIVATE NONPROFIT ORGANIZA-  
8 TION.—Section 811(k)(6)(A) of such Act is amended to  
9 read as follows:

10 “(A) that has received tax-exempt status  
11 under paragraph (3) or (4) of section 501(c) of  
12 the Internal Revenue Code of 1986;”.

13 (c) FUNDING SET-ASIDE.—Section 811(l)(1) of such  
14 Act is amended to read as follows:

15 “(1) ALLOCATION OF FUNDS FOR TENANT-  
16 BASED ASSISTANCE.—Of any amount made available  
17 for assistance under this section in any fiscal year,  
18 the Secretary may use up to 25 percent for tenant-  
19 based assistance under subsection (b)(1).”.

20 **SEC. 22. ENVIRONMENTAL PROTECTION.**

21 (a) SUPPORTIVE HOUSING FOR THE ELDERLY.—Sec-  
22 tion 202 of the Housing Act of 1959 is amended by adding  
23 at the end the following new subsection:

24 “(k) ENVIRONMENTAL PROTECTION.—

1           “(1) PURPOSE.—The purpose of this subsection  
2 is to authorize a procedure for the assumption of en-  
3 vironmental review responsibilities of the Secretary  
4 by States and units of general local government in  
5 connection with capital advances provided under this  
6 section. This procedure shall be designed to en-  
7 sure—

8           “(A) that the policies of the National Envi-  
9 ronmental Policy Act of 1969 and other provi-  
10 sions of law which further the purposes of such  
11 Act (as specified by the Secretary) are most ef-  
12 fectively implemented in connection with the  
13 provision of such assistance; and

14           “(B) undiminished protection of the envi-  
15 ronment to the public.

16           “(2) BASIC AUTHORITY.—The Secretary may,  
17 in lieu of the environmental protection procedures  
18 otherwise applicable and in accordance with the pro-  
19 visions of this subsection, provide for the release of  
20 funds for particular projects or activities upon the  
21 request of a recipient of the assistance, if the State  
22 or unit of general local government, as designated by  
23 the Secretary, assumes all of the responsibilities for  
24 environmental review, decisionmaking, and action  
25 pursuant to the Act and the other provisions of law

1 referred to in paragraph (1) that would otherwise  
2 apply to the Secretary in connection with the provi-  
3 sion of capital grant assistance to such projects or  
4 activities.

5 “(3) PROCEDURE.—The Secretary shall ap-  
6 prove the release of funds for projects or activities  
7 subject to the procedures authorized by this sub-  
8 section only if the recipient submits to the Secretary  
9 a request for such release—

10 “(A) not less than 15 days before such re-  
11 lease, except that this paragraph shall not apply  
12 in the case of a project or activity proposed in  
13 an area covered by a declaration by the Presi-  
14 dent of a major disaster or emergency under  
15 the Robert T. Stafford Disaster Relief and  
16 Emergency Assistance Act; and

17 “(B) before any commitment of funds or  
18 other assistance for such projects (other than  
19 for environmental studies and such other pur-  
20 poses as the Secretary shall specify, consistent  
21 with the Act and the other provisions of law re-  
22 ferred to in paragraph (1)).

23 The request for release shall be accompanied by a  
24 certification by the State or unit of general local  
25 government which meets the requirements of para-

1 graph (5). The Secretary’s approval of any such cer-  
2 tification shall be deemed to satisfy the Secretary’s  
3 responsibilities under the Act and the other provi-  
4 sions of law referred to in paragraph (1), insofar as  
5 those responsibilities relate to the provision of cap-  
6 ital grant assistance for projects to be carried out  
7 pursuant thereto which are covered by the certifi-  
8 cation.

9 “(4) CERTIFICATION.—A certification under the  
10 procedures authorized by this subsection shall—

11 “(A) be in a form acceptable to the Sec-  
12 retary;

13 “(B) be executed by the chief executive of-  
14 ficer or other officer of the State or unit of gen-  
15 eral local government who qualifies as the cer-  
16 tifying officer as determined by the Secretary;

17 “(C) specify that the State or unit of gen-  
18 eral local government has fully carried out its  
19 responsibilities, as described in paragraph (2);  
20 and

21 “(D) specify that the certifying officer—

22 “(i) consents to assume the status of  
23 a responsible Federal official under the Act  
24 and the other provisions of law referred to  
25 in paragraph (1), insofar as the provisions

1 of the Act or the other provisions of law  
2 apply pursuant to paragraph (1); and

3 “(ii) is authorized and consents on be-  
4 half of the State or unit of general local  
5 government himself or herself to accept the  
6 jurisdiction of the Federal courts for the  
7 purpose of enforcement of the responsibil-  
8 ities as such an official.

9 “(5) APPROVAL BY STATES.—If a unit of gen-  
10 eral local government carries out the responsibilities  
11 described in paragraph (4), the Secretary may per-  
12 mit the State to perform those actions of the Sec-  
13 retary described in paragraph (3). The performance  
14 of such actions by the State shall be deemed to sat-  
15 isfy the Secretary’s responsibilities referred to in the  
16 last sentence of paragraph (3).

17 “(6) IMPLEMENTATION.—

18 “(A) The Secretary shall implement this  
19 subsection after consultation with the Council  
20 on Environmental Quality. The implementation  
21 shall include provision—

22 “(i) for monitoring of the performance  
23 of environmental reviews under this sub-  
24 section;

1           “(ii) in the discretion of the Secretary,  
2           for the provision or facilitation of training  
3           for such performance;

4           “(iii) in the discretion of the Sec-  
5           retary, for suspension or termination by  
6           the Secretary of the assumption under  
7           paragraph (1); and

8           “(iv) in the discretion of the Sec-  
9           retary, for the imposition of appropriate  
10          sanctions for failure to comply with re-  
11          sponsibilities assumed under this sub-  
12          section, including the denial, withdrawal,  
13          reduction, or abatement of assistance.

14          “(B) The Secretary’s duty under subpara-  
15          graph (A) shall not be construed to limit or re-  
16          duce any responsibility assumed by a State or  
17          unit of general local government with respect to  
18          any particular project under this subsection.”.

19          (b) SUPPORTIVE HOUSING FOR PERSONS WITH DIS-  
20          ABILITIES.—Section 811 of the Cranston-Gonzalez Na-  
21          tional Affordable Housing Act is amended by adding at  
22          the end the following new subsection:

23          “(n) ENVIRONMENTAL PROTECTION.—

24                  “(1) PURPOSE.—The purpose of this subsection  
25          is to authorize a procedure for the assumption of en-

1 vironmental review responsibilities of the Secretary  
2 by States and units of general local government in  
3 connection with assistance provided under subsection  
4 (b)(2). This procedure shall be designed to ensure—

5 “(A) that the policies of the National Envi-  
6 ronmental Policy Act of 1969 and other provi-  
7 sions of law which further the purposes of such  
8 Act (as specified by the Secretary) are most ef-  
9 fectively implemented in connection with the  
10 provision of such assistance; and

11 “(B) undiminished protection of the envi-  
12 ronment to the public.

13 “(2) BASIC AUTHORITY.—The Secretary may,  
14 in lieu of the environmental protection procedures  
15 otherwise applicable and in accordance with the pro-  
16 visions of this subsection, provide for the release of  
17 funds for particular projects or activities upon the  
18 request of a recipient of the assistance, if the State  
19 or unit of general local government, as designated by  
20 the Secretary, assumes all of the responsibilities for  
21 environmental review, decisionmaking, and action  
22 pursuant to the Act and the other provisions of law  
23 referred to in paragraph (1) that would otherwise  
24 apply to the Secretary in connection with the provi-  
25 sion of assistance to such projects or activities.

1           “(3) PROCEDURE.—The Secretary shall approve  
2 the release of funds for projects or activities subject  
3 to the procedures authorized by this subsection only  
4 if the recipient submits to the Secretary a request  
5 for such release—

6                   “(A) not less than 15 days before such re-  
7 lease, except that this paragraph shall not apply  
8 in the case of a project or activity proposed in  
9 an area covered by a declaration by the Presi-  
10 dent of a major disaster or emergency under  
11 the Robert T. Stafford Disaster Relief and  
12 Emergency Assistance Act; and

13                   “(B) before any commitment of funds or  
14 other assistance for such projects (other than  
15 for environmental studies and such other pur-  
16 poses as the Secretary shall specify, consistent  
17 with the Act and the other provisions of law re-  
18 ferred to in paragraph (1)).

19           The request for release shall be accompanied by a  
20 certification by the State or unit of general local  
21 government which meets the requirements of para-  
22 graph (5). The Secretary’s approval of any such cer-  
23 tification shall be deemed to satisfy the Secretary’s  
24 responsibilities under the Act and the other provi-  
25 sions of law referred to in paragraph (1), insofar as

1 those responsibilities relate to the provision of assist-  
2 ance for projects to be carried out pursuant thereto  
3 which are covered by the certification.

4 “(4) CERTIFICATION.—A certification under the  
5 procedures authorized by this subsection shall—

6 “(A) be in a form acceptable to the Sec-  
7 retary;

8 “(B) be executed by the chief executive of-  
9 ficer or other officer of the State or unit of gen-  
10 eral local government who qualifies as the cer-  
11 tifying officer as determined by the Secretary;

12 “(C) specify that the State or unit of gen-  
13 eral local government has fully carried out its  
14 responsibilities, as described in paragraph (2);  
15 and

16 “(D) specify that the certifying officer—

17 “(i) consents to assume the status of  
18 a responsible Federal official under the Act  
19 and the other provisions of law referred to  
20 in paragraph (1), insofar as the provisions  
21 of the Act or the other provisions of law  
22 apply pursuant to paragraph (1); and

23 “(ii) is authorized and consents on be-  
24 half of the State or unit of general local  
25 government himself or herself to accept the

1 jurisdiction of the Federal courts for the  
2 purpose of enforcement of the responsibil-  
3 ities as such an official.

4 “(5) APPROVAL BY STATES.—If a unit of gen-  
5 eral local government carries out the responsibilities  
6 described in paragraph (4), the Secretary may per-  
7 mit the State to perform those actions of the Sec-  
8 retary described in paragraph (3). The performance  
9 of such actions by the State shall be deemed to sat-  
10 isfy the Secretary’s responsibilities referred to in the  
11 last sentence of paragraph (3).

12 “(6) IMPLEMENTATION.—

13 “(A) The Secretary shall implement this  
14 subsection after consultation with the Council  
15 on Environmental Quality. The implementation  
16 shall include provision—

17 “(i) for monitoring of the performance  
18 of environmental reviews under this sub-  
19 section;

20 “(ii) in the discretion of the Secretary,  
21 for the provision or facilitation of training  
22 for such performance;

23 “(iii) in the discretion of the Sec-  
24 retary, for suspension or termination by

1 the Secretary of the assumption under  
2 paragraph (1); and

3 “(iv) in the discretion of the Sec-  
4 retary, for the imposition of appropriate  
5 sanctions for failure to comply with re-  
6 sponsibilities assumed under this sub-  
7 section, including the denial, withdrawal,  
8 reduction, or abatement of assistance.

9 “(B) The Secretary’s duty under subpara-  
10 graph (A) shall not be construed to limit or re-  
11 duce any responsibility assumed by a State or  
12 unit of general local government with respect to  
13 any particular project under this subsection.”.

14 **TITLE III—EXTENSIONS OF EXISTING**  
15 **AUTHORITY**

16 **SEC. 30. EXTENSION OF THE SECTION 211(g)(4) AUCTION**  
17 **PROVISIONS.**

18 The first sentence of section 221(g)(4)(C)(viii) of the  
19 National Housing Act is amended by striking “September  
20 30, 1996” and inserting “December 31, 2005, except that  
21 the authority to apply this subparagraph in any fiscal year  
22 shall be subject to appropriations for that year”.

1 **SEC. 31. EXTENSION OF TRANSFERRING EXCESS RECEIPTS**  
2 **TO THE FLEXIBLE SUBSIDY PROGRAM.**

3 Section 236(f)(3) of the National Housing Act is  
4 amended by striking “1994” and inserting “2000”.

○