

AMERICAN HOMEOWNERSHIP AND ECONOMIC
OPPORTUNITY ACT OF 2000

MARCH 29, 2000.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. LEACH, from the Committee on Banking and Financial
Services, submitted the following

R E P O R T

together with

ADDITIONAL VIEWS

[To accompany H.R. 1776]

The Committee on Banking and Financial Services, to whom was referred the bill (H.R. 1776) to expand homeownership in the United States, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

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

(b) **TABLE OF CONTENTS.**—The table of contents for 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. Neighborhood teacher program.
- Sec. 206. Community development financial institution 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.

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.

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.

TITLE VII—NATIVE AMERICAN HOUSING HOMEOWNERSHIP

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

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. Fees.
- Sec. 1109. Dispute resolution.
- Sec. 1110. Elimination of annual report requirement.

Sec. 1111. Effective date.
 Sec. 1112. Savings provision.

SEC. 2. FINDINGS AND PURPOSE.

- (a) **FINDINGS.**—The Congress finds that—
- (1) the priorities of our Nation should include expanding homeownership opportunities by providing access to affordable housing that is safe, clean, and healthy;
 - (2) our Nation has an abundance of conventional capital sources available for homeownership financing;
 - (3) experience with local homeownership programs has shown that if flexible capital sources are available, communities possess ample will and creativity to provide opportunities uniquely designed to assist their citizens in realizing the American dream of homeownership; and
 - (4) each consumer should be afforded every reasonable opportunity to access mortgage credit, to obtain the lowest cost mortgages for which the consumer can qualify, to know the true cost of the mortgage, to be free of regulatory burdens, and to know what factors underlie a lender's decision regarding the consumer's mortgage.
- (b) **PURPOSE.**—It is the purpose of this Act—
- (1) to encourage and facilitate homeownership by families in the United States who are not otherwise able to afford homeownership; and
 - (2) to expand homeownership through policies that—
 - (A) promote the ability of the private sector to produce affordable housing without excessive government regulation;
 - (B) encourage tax incentives, such as the mortgage interest deduction, at all levels of government; and
 - (C) facilitate the availability of flexible capital for homeownership opportunities and provide local governments with increased flexibility under existing Federal programs to facilitate homeownership.

TITLE I—REMOVAL OF BARRIERS TO HOUSING AFFORDABILITY

SEC. 101. SHORT TITLE.

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

SEC. 102. HOUSING IMPACT ANALYSIS.

(a) **APPLICABILITY.**—Except as provided in subsection (b), the requirements of this section shall apply with respect to—

- (1) any proposed rule, unless the agency promulgating the rule—
 - (A) has certified that the proposed rule will not, if given force or effect as a final rule, have a significant deleterious impact on housing affordability; and
 - (B) has caused such certification to be published in the Federal Register at the time of publication of general notice of proposed rulemaking for the rule, together with a statement providing the factual basis for the certification; and
- (2) any final rule, unless the agency promulgating the rule—
 - (A) has certified that the rule will not, if given force or effect, have a significant deleterious impact on housing affordability; and
 - (B) has caused such certification to be published in the Federal Register at the time of publication of the final rule, together with a statement providing the factual basis for the certification.

Any agency making a certification under this subsection shall provide a copy of such certification and the statement providing the factual basis for the certification to the Secretary of Housing and Urban Development.

(b) **EXCEPTION FOR CERTAIN BANKING RULES.**—The requirements of this section shall not apply to any proposed or final rule relating to—

- (1) the operations, safety, or soundness of—
 - (A) federally insured depository institutions or any affiliate of such an institution (as such term is defined in section 2(k) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(k));
 - (B) credit unions;
 - (C) the Federal home loan banks;

(D) the enterprises (as such term is defined in section 1303 of the Housing and Community Development Act of 1992 (12 U.S.C. 4502);

(E) a Farm Credit System institution; or

(F) foreign banks or their branches, agencies, commercial lending companies, or representative offices that operate in the United States, or any affiliate of a foreign bank (as such terms are defined in section 1 of the International Banking Act of 1978 (12 U.S.C. 3101); or

(2) the payments system or the protection of deposit insurance funds or the Farm Credit Insurance Fund.

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

(1) in the notice of proposed rulemaking—

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

(B) request any interested persons to submit to the agency any written analyses, data, views, and arguments, and any specific alternatives to the proposed rule that—

(i) accomplish the stated objectives of the applicable statutes, in a manner comparable to the proposed rule;

(ii) result in costs to the Federal Government equal to or less than the costs resulting from the proposed rule; and

(iii) result in housing affordability greater than the housing affordability resulting from the proposed rule;

(2) provide an opportunity for interested persons to take the actions specified under paragraph (1)(B) before promulgation of the final rule; and

(3) prepare and make available for public comment an initial housing impact analysis in accordance with the requirements of subsection (d).

(d) INITIAL HOUSING IMPACT ANALYSIS.—

(1) REQUIREMENTS.—Each initial housing impact analysis shall describe the impact of the proposed rule on housing affordability. The initial housing impact analysis or a summary shall be published in the Federal Register at the same time as, and together with, the publication of general notice of proposed rulemaking for the rule. The agency shall transmit a copy of the initial housing impact analysis to the Secretary of Housing and Urban Development.

(2) MONTHLY HUD LISTING.—On a monthly basis, the Secretary of Housing and Urban Development shall cause to be published in the Federal Register, and shall make available through a World Wide Web site of the Department, a listing of all proposed rules for which an initial housing impact analysis was prepared during the preceding month.

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

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

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

(C) a description of and, where feasible, an estimate of the extent to which the proposed rule would increase the cost or reduce the supply of housing or land for residential development; and

(D) an identification, to the extent practicable, of all relevant Federal rules which may duplicate, overlap, or conflict with the proposed rule.

(e) PROPOSAL OF LESS DELETERIOUS ALTERNATIVE RULE.—

(1) ANALYSIS.—The agency publishing a general notice of proposed rulemaking shall review any specific analyses and alternatives to the proposed rule which have been submitted to the agency pursuant to subsection (c)(2) to determine whether any alternative to the proposed rule—

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

(B) results in costs to the Federal Government equal to or less than the costs resulting from the proposed rule; and

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

(2) NEW NOTICE OF PROPOSED RULEMAKING.—If the agency determines that an alternative to the proposed rule meets the requirements under subparagraphs (A) through (C) of paragraph (1), unless the agency provides an explanation on the record for the proposed rule as to why the alternative should not be implemented, the agency shall incorporate the alternative into the final rule or, at the agency's discretion, issue a new proposed rule which incorporates the alternative.

(f) FINAL HOUSING IMPACT ANALYSIS.—

(1) REQUIREMENT.—Whenever an agency promulgates a final rule after publication of a general notice of proposed rulemaking, unless the agency has made the certification under subsection (a), the agency shall prepare a final housing impact analysis.

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

- (A) a succinct statement of the need for, and objectives of, the rule;
- (B) a summary of the significant issues raised during the public comment period in response to the initial housing impact analysis, a summary of the assessment of the agency of such issues, and a statement of any changes made in the proposed rule as a result of such comments; and
- (C) a description of and an estimate of the extent to which the rule will impact housing affordability or an explanation of why no such estimate is available.

(3) AVAILABILITY.—The agency shall make copies of the final housing impact analysis available to members of the public and shall publish in the Federal Register such analysis or a summary thereof.

(g) AVOIDANCE OF DUPLICATIVE OR UNNECESSARY ANALYSES.—

(1) DUPLICATION.—Any Federal agency may perform the analyses required by subsections (d) and (f) in conjunction with or as a part of any other agenda or analysis required by any other law, executive order, directive, or rule if such other analysis satisfies the provisions of such subsections.

(2) JOINDER.—In order to avoid duplicative action, an agency may consider a series of closely related rules as one rule for the purposes of subsections (d) and (f).

(h) PREPARATION OF ANALYSES.—In complying with the provisions of subsections (d) and (f), an agency may provide either a quantifiable or numerical description of the effects of a proposed rule or alternatives to the proposed rule, or more general descriptive statements if quantification is not practicable or reliable.

(i) EFFECT ON OTHER LAW.—The requirements of subsections (d) and (f) do not alter in any manner standards otherwise applicable by law to agency action.

(j) PROCEDURE FOR WAIVER OR DELAY OF COMPLETION.—

(1) INITIAL HOUSING IMPACT ANALYSIS.—An agency head may waive or delay the completion of some or all of the requirements of subsection (d) by publishing in the Federal Register, not later than the date of publication of the final rule, a written finding, with reasons therefor, that the final rule is being promulgated in response to an emergency that makes compliance or timely compliance with the provisions of subsection (a) impracticable.

(2) FINAL HOUSING IMPACT ANALYSIS.—An agency head may not waive the requirements of subsection (f). An agency head may delay the completion of the requirements of subsection (f) for a period of not more than 180 days after the date of publication in the Federal Register of a final rule by publishing in the Federal Register, not later than such date of publication, a written finding, with reasons therefor, that the final rule is being promulgated in response to an emergency that makes timely compliance with the provisions of subsection (f) impracticable. If the agency has not prepared a final housing impact analysis pursuant to subsection (f) within 180 days from the date of publication of the final rule, such rule shall lapse and have no force or effect. Such rule shall not be repromulgated until a final housing impact analysis has been completed by the agency.

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

(1) HOUSING AFFORDABILITY.—The term “housing affordability” means the quantity of housing that is affordable to families having incomes that do not exceed 150 percent of the median income of families in the area in which the housing is located, with adjustments for smaller and larger families. For purposes of this paragraph, area, median family income for an area, and adjustments for family size shall be determined in the same manner as such factors are determined for purposes of section 3(b)(2) of the United States Housing Act of 1937.

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

- (A) the Congress;
- (B) the courts of the United States;
- (C) the governments of the territories or possessions of the United States;
- (D) the government of the District of Columbia;

(E) agencies composed of representatives of the parties or of representatives of organizations of the parties to the disputes determined by them;

(F) courts-martial and military commissions;

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

(H) functions conferred by—

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

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

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

(iv) sections 1884, 1891–1902, and former section 1641(b)(2), of title 50, appendix, United States Code.

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

(4) RULE.—The term “rule” means any rule for which the agency publishes a general notice of proposed rulemaking pursuant to section 553(b) of title 5, United States Code, or any other law, including any rule of general applicability governing grants by an agency to State and local governments for which the agency provides an opportunity for notice and public comment; except that such term does not include a rule of particular applicability relating to rates, wages, corporate or financial structures or reorganizations thereof, prices, facilities, appliances, services, or allowances therefor or to valuations, costs or accounting, or practices relating to such rates, wages, structures, prices, appliances, services, or allowances.

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

(l) DEVELOPMENT.—Not later than 1 year after the date of the enactment of this title, the Secretary of Housing and Urban Development shall develop model initial and final housing impact analyses under this section and shall cause such model analyses to be published in the Federal Register. The model analyses shall define the primary elements of a housing impact analysis to instruct other agencies on how to carry out and develop the analyses required under subsections (a) and (d).

(m) JUDICIAL REVIEW.—

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

(2) OTHER ACTIONS BY AGENCY.—Any housing impact analysis prepared under subsection (d) or (f) and the compliance or noncompliance of the agency with the provisions of this title shall not be subject to judicial review. When an action for judicial review of a rule is instituted, any housing impact analysis for such rule shall constitute part of the whole record of agency action in connection with the review.

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

SEC. 103. GRANTS FOR REGULATORY BARRIER REMOVAL STRATEGIES.

(a) AUTHORIZATION OF APPROPRIATIONS.—Subsection (a) of section 1204 of the Housing and Community Development Act of 1992 (42 U.S.C. 12705c(a)) is amended to read as follows:

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

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

(1) in the subsection heading, by striking “STATE GRANTS” and inserting “GRANT AUTHORITY”;

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

(3) in paragraph (3), by striking “a State program to reduce State and local” and inserting “State, local, or regional programs to reduce”;

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

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

(c) **REPEAL OF LOCAL GRANTS PROVISION.**—Section 1204 of the Housing and Community Development Act of 1992 (42 U.S.C. 12705c) is amended by striking subsection (c).

(d) **APPLICATION AND SELECTION.**—The last sentence of section 1204(e) of the Housing and Community Development Act of 1992 (42 U.S.C. 12705c(e)) is amended—

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

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

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

“(f) **SELECTION OF GRANTEES.**—To the extent amounts are made available to carry out this section, the Secretary shall provide grants on a competitive basis to eligible grantees based on the proposed uses of such amounts, as provided in applications under subsection (e).”.

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

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

(2) by striking subparagraph (H); and

(3) by redesignating subparagraph (I) as subparagraph (H).

SEC. 104. ELIGIBILITY FOR COMMUNITY DEVELOPMENT BLOCK GRANTS.

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

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

SEC. 105. REGULATORY BARRIERS CLEARINGHOUSE.

Section 1205 of the Housing and Community Development Act of 1992 (42 U.S.C. 12705d) is amended—

(1) in subsection (a)—

(A) in the matter preceding paragraph (1), by striking “receive, collect, process, and assemble” and inserting “serve as a national repository to receive, collect, process, assemble, and disseminate”;

(B) in paragraph (1)—

(i) by striking “, including” and inserting “(including”; and

(ii) by inserting before the semicolon at the end the following: “, and the prevalence and effects on affordable housing of such laws, regulations, and policies”;

(C) in paragraph (2), by inserting before the semicolon the following: “, including particularly innovative or successful activities, strategies, and plans”; and

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

(2) in subsection (b)—

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

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

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

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

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

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

(3) by adding at the end the following new subsections:

“(c) ORGANIZATION.—The clearinghouse under this section shall be established within the Office of Policy Development of the Department of Housing and Urban Development and shall be under the direction of the Assistant Secretary for Policy Development and Research.

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

TITLE II—HOMEOWNERSHIP THROUGH MORTGAGE INSURANCE AND LOAN GUARANTEES

SEC. 201. EXTENSION OF LOAN TERM FOR MANUFACTURED HOME LOTS.

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

SEC. 202. DOWNPAYMENT SIMPLIFICATION.

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

(1) in paragraph (2)—

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

(B) in the matter that follows subparagraph (B)(iii)—

(i) by striking the 6th sentence (relating to the increases for costs of solar energy systems) and all that follows through the end of the penultimate undesignated paragraph; and

(ii) by striking the 2d and 3rd sentences of such matter; and

(C) by striking subparagraph (B);

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

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

(3) by transferring and inserting the last undesignated paragraph of paragraph (2) (relating to disclosure notice) after subsection (e), realigning such transferred paragraph so as to be flush with the left margin, and amending such transferred paragraph by inserting “(f) DISCLOSURE OF OTHER MORTGAGE PRODUCTS.—” before “In conjunction”;

(4) by transferring and inserting the sentence that constitutes the text of paragraph (10)(B) after the period at the end of the first sentence that follows subparagraph (B) (relating to the definition of “area”); and

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

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

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

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

SEC. 203. REDUCED DOWNPAYMENT REQUIREMENTS FOR LOANS FOR TEACHERS AND UNIFORMED MUNICIPAL EMPLOYEES.

(a) IN GENERAL.—Section 203(b) of the National Housing Act (12 U.S.C. 1709(b)), as amended by section 202 of this Act, is further amended by adding at the end the following new paragraph:

“(10) REDUCED DOWNPAYMENT REQUIREMENTS FOR TEACHERS AND UNIFORMED MUNICIPAL EMPLOYEES.—

“(A) IN GENERAL.—Notwithstanding paragraph (2), in the case of a mortgage described in subparagraph (B)—

“(i) the mortgage shall involve a principal obligation in an amount that does not exceed the sum of 99 percent of the appraised value of the property and the total amount of initial service charges, appraisal,

inspection, and other fees (as the Secretary shall approve) paid in connection with the mortgage;

“(ii) no other provision of this subsection limiting the principal obligation of the mortgage based upon a percentage of the appraised value of the property subject to the mortgage shall apply; and

“(iii) the matter in paragraph (9) that precedes the first proviso shall not apply and the mortgage shall be executed by a mortgagor who shall have paid on account of the property at least 1 percent of the cost of acquisition (as determined by the Secretary) in cash or its equivalent.

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

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

“(I) is employed on a full-time basis as (aa) a teacher or administrator in a public or private school that provides elementary or secondary education, as determined under State law, except that secondary education shall not include any education beyond grade 12, or (bb) a public safety officer (as such term is defined in section 1204 of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3796b), except that such term shall not include any officer serving a public agency of the Federal Government); and

“(II) has not, during the 12-month period ending upon the insurance of the mortgage, had any present ownership interest in a principal residence located in the jurisdiction described in clause (ii); and

“(ii) made for a property that is located within the jurisdiction of—

“(I) in the case of a mortgage of a mortgagor described in clause (i)(I)(aa), the local educational agency (as such term is defined in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801)) for the school in which the mortgagor is employed (or, in the case of a mortgagor employed in a private school, the local educational agency having jurisdiction for the area in which the private school is located); or

“(II) in the case of a mortgage of a mortgagor described in clause (i)(I)(bb), the jurisdiction served by the public law enforcement agency, firefighting agency, or rescue or ambulance agency that employs the mortgagor.”

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

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

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

“(3) DEFERRAL AND REDUCTION OF UP-FRONT PREMIUM.—In the case of any mortgage described in subsection (b)(10)(B):

“(A) Paragraph (2)(A) of this subsection (relating to collection of up-front premium payments) shall not apply.

“(B) If, at any time during the 5-year period beginning on the date of the insurance of the mortgage, the mortgagor ceases to be employed as described in subsection (b)(10)(B)(i)(I) or pays the principal obligation of the mortgage in full, the Secretary shall at such time collect a single premium payment in an amount equal to the amount of the single premium payment that, but for this paragraph, would have been required under paragraph (2)(A) of this subsection with respect to the mortgage, as reduced by 20 percent of such amount for each successive 12-month period completed during such 5-year period before such cessation or prepayment occurs.”

SEC. 204. PREVENTING FRAUD IN REHABILITATION LOAN PROGRAM.

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

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

“(A) PROHIBITION OF IDENTITY OF INTEREST.—The Secretary shall prohibit any identity-of-interest, as such term is defined by the Secretary, between any of the following parties involved in a loan insured under this subsection: the borrower (including, in the case of a borrower that is a nonprofit organization, any member of the board of directors or the staff of the organization), the lender, any consultant, any real estate agent, any property inspector, and any appraiser.

Nothing in this subparagraph may be construed to prohibit or restrict, or authorize the Secretary to prohibit or restrict, the functioning of a affiliated business arrangement that complies with the requirements under section 8(c)(4) of the Real Estate Settlement Procedures Act of 1974 (12 U.S.C. 2607(c)(4)).

“(B) NONPROFIT PARTICIPATION.—The Secretary shall establish minimum standards for a nonprofit organization to participate in the program, which shall include—

“(i) requiring such an organization to disclose to the Secretary its taxpayer identification number and evidence sufficient to indicate that the organization is an organization described in section 501(c) of the Internal Revenue Code of 1986 that is exempt from taxation under subtitle A of such Code;

“(ii) requiring that the board of directors of such an organization be comprised only of individuals who do not receive any compensation or other thing of value by reason of their service on the board and who have no personal financial interest in the rehabilitation project of the organization that is financed with the loan insured under this subsection;

“(iii) requiring such an organization to submit to the Secretary financial statements of the organization for the most recent 2 years, which have been prepared by a party that is unaffiliated with the organization and is qualified to prepare financial statements;

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

“(v) requiring such an organization to have been certified by the Secretary as meeting the requirements under this subsection and otherwise eligible to participate in the program not more than 2 years before obtaining a loan insured under this section.

“(C) COMPLETION OF WORK.—The Secretary shall prohibit any lender making a loan insured under this subsection from disbursing the final payment of loan proceeds unless the lender has received affirmation, from the borrower under the loan, both in writing and pursuant to an interview in person or over the telephone, that the rehabilitation activities financed by the loan have been satisfactorily completed.

“(D) CONSULTANT STANDARDS.—The Secretary shall require that any consultant, as such term is defined by the Secretary, who is involved in a home inspection, site visit, or preparation of bids with respect to any loan insured under this section shall meet such standards established by the Secretary to ensure accurate inspections and preparation of bids.

“(E) CONTRACTOR QUALIFICATION.—The Secretary shall require, in the case of any loan that is insured under this subsection and involves rehabilitation with a cost of \$25,000 or more, that the contractor or other person performing or supervising the rehabilitation activities financed by the loan shall—

“(i) be certified by a nationally recognized organization as meeting industry standards for quality of workmanship, training, and continuing education, including financial management;

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

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

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

(1) determine and describe the extent of participation in the program by such organizations;

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

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

(4) identify other opportunities for such organizations to acquire financing or credit enhancement for rehabilitation activities.

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

SEC. 205. NEIGHBORHOOD TEACHER PROGRAM.

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

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

(1) teachers are an integral part of our communities;

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

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

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

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

(2) by inserting after paragraph (6) the following new paragraph:

“(7) 50 PERCENT DISCOUNT FOR TEACHERS PURCHASING PROPERTIES THAT ARE ELIGIBLE ASSETS.—

“(A) DISCOUNT.—A property that is an eligible asset and is sold, during fiscal years 2000 through 2004, to a teacher for use in accordance with subparagraph (B) shall be sold at a price that is equal to 50 percent of the appraised value of the eligible property (as determined in accordance with paragraph (6)(B)). In the case of a property eligible for both a discount under this paragraph and a discount under paragraph (6), the discount under paragraph (6) shall not apply.

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

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

“(i) to a unit of general local government or nonprofit organization (pursuant to paragraph (4) or otherwise), for resale or transfer to a teacher; or

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

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

“(i) require the purchasing unit of general local government or nonprofit organization to provide the full benefit of the discount to the teacher obtaining the property; and

“(ii) in the case of a purchase involving multiple eligible assets, any of which is such an eligible property, designate the specific eligible property or properties to be subject to the requirements of subparagraph (B).

“(E) MORTGAGE DOWNPAYMENT ASSISTANCE.—If a teacher purchases an eligible property pursuant to a discounted sale price under this paragraph and finances such purchase through a mortgage insured under this title, notwithstanding any provision of section 203 the downpayment on such mortgage shall be \$100.

“(F) PREVENTION OF UNDUE PROFIT.—The Secretary shall issue regulations to prevent undue profit from the resale of eligible properties in violation of the requirement under subparagraph (B).

“(G) AWARENESS PROGRAM.—From funds made available for salaries and expenses for the Office of Policy Support of the Department of Housing and Urban Development, each field office of the Department shall make available to elementary schools and secondary schools within the jurisdiction of the field office and to the public—

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

“(ii) other information designed to make such teachers and the public aware of the discount and downpayment assistance available under this paragraph.

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

“(i) The terms ‘elementary school’ and ‘secondary school’ have the meanings given such terms in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801), except that, for purposes of this paragraph, elementary education (as used in such section) shall include pre-Kindergarten education.

“(ii) The term ‘eligible property’ means an eligible asset described in paragraph (2)(A) of this subsection.

“(iii) The term ‘teacher’ means an individual who is employed on a full-time basis, in an elementary or secondary school, as a State-certified classroom teacher or administrator.”.

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

(1) in paragraph (4)(B)(ii), by striking “paragraph (7)” and inserting “paragraph (8)”;

(2) in paragraph (5)(B)(i), by striking “paragraph (7)” and inserting “paragraph (8)”;

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

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

SEC. 206. COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION RISK-SHARING DEMONSTRATION.

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

(1) by striking the section heading and inserting the following:

“RISK-SHARING DEMONSTRATION”;

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

(3) in subsection (a)—

(A) in the first sentence, by striking “private mortgage insurers” and inserting “insured community development financial institutions”; and

(B) in the second sentence—

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

(ii) by striking “March 15, 1988” and inserting “the expiration of the 5-year period beginning on the date of the enactment of the American Homeownership and Economic Opportunity Act of 2000”;

(4) in subsection (b)—

(A) by striking “private mortgage insurance companies” each place such term appears and inserting “insured community development financial institutions”;

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

(C) by striking paragraph (1) and inserting the following new paragraph:

“(1) assume the first loss on any mortgage insured pursuant to section 203(b), 234, or 245 that covers a one- to four-family dwelling and is included in the program under this section, up to the percentage of loss that is set forth in the risk-sharing contract;”;

(D) in paragraph (2)—

(i) by striking “carry out (under appropriate delegation) such” and inserting “delegate underwriting,”; and

(ii) by striking “function” and inserting “functions”;

(5) in subsection (c)—

(A) in the first sentence—

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

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

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

(B) in the second sentence, by striking “private mortgage insurance company” and inserting “insured community development financial institution”;

(6) in subsection (d), by striking “private mortgage insurance company” and inserting “insured community development financial institution”; and

(7) by adding at the end the following new subsection:

“(e) INSURED COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS.—For purposes of this section, the term ‘insured community development financial institution’ means a community development financial institution, as such term is defined in

section 103 of Reigle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4702) that is an insured depository institution (as such term is defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813)) or an insured credit union (as such term is defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752)).”

SEC. 207. HYBRID ARMS.

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

(1) in subsection (a), by inserting “**IN GENERAL.**—” after “(a)”;

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

“(b) **DISCLOSURE.**—In the case of any loan application for a mortgage to be insured under any provision of this section, the Secretary shall require that the prospective mortgagee for the mortgage shall, at the time of loan application, make available to the prospective mortgagor a written explanation of the features of an adjustable rate mortgage consistent with the disclosure requirements applicable to variable rate mortgages secured by a principal dwelling under the Truth in Lending Act (15 U.S.C. 1601 et seq.).”;

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

(4) by adding at the end the following new subsection:

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

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

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

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

“(C) in the case of the initial interest rate adjustment, shall be subject to the limitation under clause (2) of the last sentence of subsection (a) (relating to prohibiting annual increases of more than 1 percent) only if the interest rate remains fixed for 5 or fewer years; and

“(2) otherwise meets the requirements for insurance under subsection (a) that are not inconsistent with the requirements under paragraph (1) of this subsection.”.

(b) **IMPLEMENTATION.**—The Secretary of Housing and Urban Development may implement section 251(d) of the National Housing Act (12 U.S.C. 1715z–16(d)), as added by subsection (a) of this section, in advance of rulemaking.

SEC. 208. HOME EQUITY CONVERSION MORTGAGES.

(a) **INSURANCE FOR MORTGAGES TO REFINANCE EXISTING HECMS.**—

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

(A) by redesignating subsection (k) as subsection (m); and

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

“(k) **INSURANCE AUTHORITY FOR REFINANCINGS.**—

“(1) **IN GENERAL.**—The Secretary may, upon application by a mortgagee, insure under this subsection any mortgage given to refinance an existing home equity conversion mortgage insured under this section.

“(2) **ANTI-CHURNING DISCLOSURE.**—The Secretary shall, by regulation, require that the mortgagee of a mortgage insured under this subsection, provide to the mortgagor, within an appropriate time period and in a manner established in such regulations, a good faith estimate of: (A) the total cost of the refinancing; and (B) the increase in the mortgagor’s principal limit as measured by the estimated initial principal limit on the mortgage to be insured under this subsection less the current principal limit on the home equity conversion mortgage that is being refinanced and insured under this subsection.

“(3) **WAIVER OF COUNSELING REQUIREMENT.**—The mortgagor under a mortgage insured under this subsection may waive the applicability, with respect to such mortgage, of the requirements under subsection (d)(2)(B) (relating to third party counseling), but only if—

“(A) the mortgagor has received the disclosure required under paragraph (2);

“(B) the increase in the principal limit described in paragraph (2) exceeds the amount of the total cost of refinancing (as described in such paragraph) by an amount to be determined by the Secretary; and

“(C) the time between the closing of the original home equity conversion mortgage that is refinanced through the mortgage insured under this sub-

section and the application for a refinancing mortgage insured under this subsection does not exceed 5 years.

“(4) CREDIT FOR PREMIUMS PAID.—Notwithstanding section 203(c)(2)(A), the Secretary may reduce the amount of the single premium payment otherwise collected under such section at the time of the insurance of a mortgage refinanced and insured under this subsection. The amount of the single premium for mortgages refinanced under this subsection shall be determined by the Secretary based on the actuarial study required under paragraph (5).

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

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

“(B) the establishment of a single national limit on the benefits of insurance under subsection (g) (relating to limitation on insurance authority); and

“(C) the combined effect of reduced insurance premiums and a single national limitation on insurance authority.

“(6) FEES.—The Secretary may establish a limit on the origination fee that may be charged to a mortgagor under a mortgage insured under this subsection, except that such limitation shall provide that the origination fee may be fully financed with the mortgage and shall include any fees paid to correspondent mortgagees approved by the Secretary. The Secretary shall prohibit the charging of any broker fees in connection with mortgages insured under this subsection.”

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

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

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

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

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

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

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

“(5) FIRST MORTGAGE.—The term ‘first mortgage’ means such classes of first liens as are commonly given to secure advances on, or the unpaid purchase price of, real estate or all stock allocated to a dwelling unit in a residential cooperative housing corporation, under the laws of the State in which the real estate or dwelling unit is located, together with the credit instruments, if any, secured thereby.”

(c) WAIVER OF UP-FRONT PREMIUMS FOR MORTGAGES USED FOR COSTS OF LONG-TERM CARE INSURANCE OR HEALTH CARE.—Section 255 of the National Housing Act (12 U.S.C. 1715z–20) is amended by inserting after subsection (k) (as added by subsection (a) of this section) the following new subsection:

“(1) WAIVER OF UP-FRONT PREMIUMS.—

“(1) MORTGAGES TO FUND LONG-TERM CARE INSURANCE.—In the case of any mortgage insured under this section under which the total amount (except as provided in paragraph (3)) of all future payments described in subsection (b)(3) will be used only for costs of a qualified long-term care insurance contract (as such term is defined in section 7702B of the Internal Revenue Code of 1986 (26 U.S.C. 7702B)) that covers the mortgagor or members of the household residing in the property that is subject to the mortgage, notwithstanding section 203(c)(2), the Secretary shall not charge or collect the single premium payment otherwise required under subparagraph (A) of such section to be paid at the time of insurance.

“(2) MORTGAGES TO FUND HEALTH CARE COSTS.—In the case of any mortgage insured under this section under which the future payments described in subsection (b)(3) will be used only for costs for health care services (as such term

is defined by the Secretary) for the mortgagor or members of the household residing in the property that is subject to the mortgage and comply with limitations on such payments, as shall be established by the Secretary and based upon the purposes of this subsection and the accumulated equity of the mortgagor in the property, notwithstanding section 203(c)(2), the Secretary shall not charge or collect the single premium payment otherwise required under subparagraph (A) of such section to be paid at the time of insurance.

“(3) **AUTHORITY TO REFINANCE EXISTING MORTGAGE AND FINANCE CLOSING COSTS.**—A mortgage described in paragraphs (1) or (2) may provide financing of amounts that are used to satisfy outstanding mortgage obligations (in accordance with such limitations as the Secretary shall prescribe) any amounts used for initial service charges, appraisal, inspection, and other fees (as approved by the Secretary) in connection with such mortgage, and the amount of future payments described in subsection (b)(3) under the mortgage shall be reduced accordingly.”

(d) **STUDY OF SINGLE NATIONAL MORTGAGE LIMIT.**—The Secretary of Housing and Urban Development shall conduct an actuarially based study of the effects of establishing, for mortgages insured under section 255 of the National Housing Act (12 U.S.C. 1715z–20), a single maximum mortgage amount limitation in lieu of applicability of section 203(b)(2) of such Act (12 U.S.C. 1709(b)(2)). The study shall—

(1) examine the effects of establishing such limitation at different dollar amounts; and

(2) examine the effects of such various limitations on—

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

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

(C) take into consideration the various approaches to providing credit to borrowers who refinance home equity conversion mortgages insured under section 255 of such Act.

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

SEC. 209. LAW ENFORCEMENT OFFICER HOMEOWNERSHIP PILOT PROGRAM.

(a) **ASSISTANCE FOR LAW ENFORCEMENT OFFICERS.**—The Secretary of Housing and Urban Development shall carry out a pilot program in accordance with this section to assist Federal, State, and local law enforcement officers purchasing homes in locally-designated high-crime areas.

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

(1) have completed not less than 6 months of service as a law enforcement officer as of the date that the law enforcement officer applies for such assistance; and

(2) agree, in writing, to use the residence purchased with such assistance as the primary residence of the law enforcement officer for not less than 3 years after the date of purchase.

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

(1) **DOWNPAYMENT.**—

(A) **IN GENERAL.**—There shall be no downpayment required if the purchase price of the property is not more than the reasonable value of the property, as determined by the Secretary.

(B) **PURCHASE PRICE EXCEEDS VALUE.**—If the purchase price of the property exceeds the reasonable value of the property, as determined by the Secretary, the required downpayment shall be the difference between such reasonable value and the purchase price.

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

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

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

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

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

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

(1) **IN GENERAL.—**Any unit of local government may request that the Secretary designate any area within the jurisdiction of that unit of local government as a locally-designated high-crime area for purposes of this section if the proposed area—

(A) has a crime rate that is significantly higher than the crime rate of the non-designated area that is within the jurisdiction of the unit of local government; and

(B) has a population that is not more than 25 percent of the total population of area within the jurisdiction of the unit of local government.

(2) **DEADLINE FOR CONSIDERATION OF REQUEST.—**Not later than 60 days after receiving a request under paragraph (1), the Secretary shall approve or disapprove the request.

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

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

SEC. 210. STUDY OF MANDATORY INSPECTION REQUIREMENT UNDER SINGLE FAMILY HOUSING MORTGAGE INSURANCE PROGRAM.

The Comptroller General of the United States shall conduct a study regarding the inspection of properties purchased with loans insured under section 203 of the National Housing Act. The study shall evaluate the following issues:

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

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

(3) The potential impact on the process of buying a home if inspections of properties purchased with loans insured under such section are required, including the process of buying a home in underserved areas where losses to the Mutual Mortgage Insurance Fund are greatest.

(4) The difference, if any, in the quality of homes purchased with loans insured under such section that are inspected before purchase and such homes that are not inspected before purchase.

(5) The cost to homebuyers of requiring inspections before purchase of properties with loans insured under such section.

(6) The extent, if any, to which requiring inspections of properties purchased with loans insured under such section will result in adverse selection of loans insured under such section.

(7) The extent of homebuyer knowledge regarding property inspections and the extent to which such knowledge affects the decision of homebuyers to opt for or against having a property inspection before purchasing a home.

(8) The impact of the Homebuyer Protection Plan implemented by the Department of Housing and Urban Development on the number of appraisers authorized to appraise homes with mortgages insured under section 203 of the National Housing Act.

(9) The cost to homebuyers incurred as a result of the Homebuyer Protection plan, taking into consideration, among other factors, an increase in appraisal fees.

(10) The benefit or adverse impact of the Homebuyer Protection Plan on minority homebuyers.

(11) The extent to which the appraisal requirements of the Homebuyer Protection Plan conflict with State laws regarding appraisals and home inspections.

Not later than the expiration of the 1-year period beginning on the date of the enactment of this Act, the Comptroller General shall submit to the Congress a report containing the results of the study and any recommendations with respect to the issues specified under this section.

SEC. 211. REPORT ON TITLE I HOME IMPROVEMENT LOAN PROGRAM.

(a) **IN GENERAL.—**Not later than 1 year after the date of the enactment of this Act, the Secretary of Housing and Urban Development shall submit a report to the

Congress containing recommendations for improvements to the property improvement loan insurance program under title I of the National Housing Act, including improvements designed to address problems relating to home improvement contractors obtaining loans on behalf of homeowners.

(b) CONSULTATION.—In developing and determining recommendations for inclusion in the report under this section and in preparing the report, the Secretary shall consult with interested persons, organizations, and entities, including representatives of the lending industry, the home improvement industry, and consumer organizations.

TITLE III—SECTION 8 HOMEOWNERSHIP OPTION

SEC. 301. DOWNPAYMENT ASSISTANCE.

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

- (1) by redesignating paragraph (7) as paragraph (8); and
- (2) by inserting after paragraph (6) the following new paragraph:

“(7) DOWNPAYMENT ASSISTANCE.—

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

“(B) AMOUNT.—The amount of a downpayment grant on behalf of an assisted family may not exceed the amount that is equal to the sum of the assistance payments that would be made during the first year of assistance on behalf of the family, based upon the income of the family at the time the grant is to be made.”.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect immediately after the amendments made by section 555(c) of the Quality Housing and Work Responsibility Act of 1998 take effect pursuant to such section.

SEC. 302. PILOT PROGRAM FOR HOMEOWNERSHIP ASSISTANCE FOR DISABLED FAMILIES.

(a) IN GENERAL.—A public housing agency providing tenant-based assistance on behalf of an eligible family under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) may provide assistance for a disabled family that purchases a dwelling unit (including a dwelling unit under a lease-purchase agreement) that will be owned by 1 or more members of the disabled family and will be occupied by the disabled family, if the disabled family—

- (1) purchases the dwelling unit before the expiration of the 3-year period beginning on the date that the Secretary first implements the pilot program under this section;
- (2) demonstrates that the disabled family has income from employment or other sources (including public assistance), as determined in accordance with requirements of the Secretary, that is not less than twice the payment standard established by the public housing agency (or such other amount as may be established by the Secretary);
- (3) except as provided by the Secretary, demonstrates at the time the disabled family initially receives tenant-based assistance under this section that one or more adult members of the disabled family have achieved employment for the period as the Secretary shall require;
- (4) participates in a homeownership and housing counseling program provided by the agency; and
- (5) meets any other initial or continuing requirements established by the public housing agency in accordance with requirements established by the Secretary.

(b) DETERMINATION OF AMOUNT OF ASSISTANCE.—

(1) IN GENERAL.—

(A) MONTHLY EXPENSES NOT EXCEEDING PAYMENT STANDARD.—If the monthly homeownership expenses, as determined in accordance with requirements established by the Secretary, do not exceed the payment standard, the monthly assistance payment shall be the amount by which the

homeownership expenses exceed the highest of the following amounts, rounded to the nearest dollar:

- (i) 30 percent of the monthly adjusted income of the disabled family.
- (ii) 10 percent of the monthly income of the disabled family.
- (iii) If the disabled family is receiving payments for welfare assistance from a public agency, and a portion of those payments, adjusted in accordance with the actual housing costs of the disabled family, is specifically designated by that agency to meet the housing costs of the disabled family, the portion of those payments that is so designated.

(B) MONTHLY EXPENSES EXCEED PAYMENT STANDARD.—If the monthly homeownership expenses, as determined in accordance with requirements established by the Secretary, exceed the payment standard, the monthly assistance payment shall be the amount by which the applicable payment standard exceeds the highest of the amounts under clauses (i), (ii), and (iii) of subparagraph (A).

(2) CALCULATION OF AMOUNT.—

(A) LOW-INCOME FAMILIES.—A disabled family that is a low-income family shall be eligible to receive 100 percent of the amount calculated under paragraph (1).

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

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

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

(c) INSPECTIONS AND CONTRACT CONDITIONS.—

(1) IN GENERAL.—Each contract for the purchase of a dwelling unit to be assisted under this section shall—

(A) provide for pre-purchase inspection of the dwelling unit by an independent professional; and

(B) require that any cost of necessary repairs be paid by the seller.

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

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

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

(2) provide assistance for a disabled family for the entire term of a mortgage for a dwelling unit if the disabled family remains eligible for such assistance for such term; and

(3) modify the requirements of this section as the Secretary determines to be necessary to make appropriate adaptations for lease-purchase agreements.

(e) ASSISTANCE PAYMENTS SENT TO LENDER.—The Secretary shall remit assistance payments under this section directly to the mortgagee of the dwelling unit purchased by the disabled family receiving such assistance payments.

(f) INAPPLICABILITY OF CERTAIN PROVISIONS.—Assistance under this section shall not be subject to the requirements of the following provisions:

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

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

(3) Any other provisions of section 8 of the United States Housing Act of 1937 governing maximum amounts payable to owners and amounts payable by assisted families.

(4) Any other provisions of section 8 of the United States Housing Act of 1937 concerning contracts between public housing agencies and owners.

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

(g) REVERSION TO RENTAL STATUS.—

(1) NON-FHA MORTGAGES.—If a disabled family receiving assistance under this section defaults under a mortgage not insured under the National Housing Act, the disabled family may not continue to receive rental assistance under section 8 of the United States Housing Act of 1937 unless it complies with requirements established by the Secretary.

(2) ALL MORTGAGES.—A disabled family receiving assistance under this section that defaults under a mortgage may not receive assistance under this section for occupancy of another dwelling unit owned by 1 or more members of the disabled family.

(3) EXCEPTION.—This subsection shall not apply if the Secretary determines that the disabled family receiving assistance under this section defaulted under a mortgage due to catastrophic medical reasons or due to the impact of a federally declared major disaster or emergency.

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

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

SEC. 303. FUNDING FOR PILOT PROGRAMS.

(a) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated \$2,000,000 for fiscal year 2001 for assistance in connection with the existing homeownership pilot programs carried out under the demonstration program authorized under to section 555(b) of the Quality Housing and Work Responsibility Act of 1998 (Public Law 105–276; 112 Stat. 2613).

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

(c) MATCHING REQUIREMENT.—The amount of assistance made available under this section for any existing homeownership pilot program may not exceed twice the amount donated from sources other than this section for use under the program for assistance described in subsection (b). Amounts donated from other sources may include amounts from State housing finance agencies and Neighborhood Housing Services of America.

TITLE IV—COMMUNITY DEVELOPMENT BLOCK GRANTS

SEC. 401. REAUTHORIZATION.

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

(b) ENTITLEMENT GRANTS.—

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

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

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

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

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

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

“(2) Notwithstanding paragraph (1), a town or township that is classified as a city by reason of subclause (II) of section 102(a)(5)(B)(iii) shall be treated, for purposes of eligibility for a grant under section 106(b)(1) from amounts made available for a fiscal year beginning after the date of the enactment of the American Homeowner-

ship and Economic Opportunity Act of 2000, as an entity separate from the urban county in which it is located.”.

(3) ELIGIBILITY OF CERTAIN URBAN COUNTIES.—Section 102(a)(6) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(6)) is amended—

(1) in subparagraph (D)—

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

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

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

“(vii)(I) has consolidated its government with one or more municipal governments, such that within the county boundaries there are no unincorporated areas, (II) has a population of not less than 650,000, over which the consolidated government has the authority to undertake essential community development and housing assistance activities, (III) for more than 10 years, has been classified as an entitlement area for purposes of allocating and distributing funds under section 106, and (IV) as of the date of the enactment of this clause, has over 90 percent of the county’s population within the jurisdiction of the consolidated government.”; and

(2) by adding at the end the following new subparagraph:

“(F) Notwithstanding any other provision of this paragraph, any county that was classified as an urban county pursuant to subparagraph (A) for fiscal year 1999, includes 10 cities each having a population of less than 50,000, and has a population in its unincorporated areas of 190,000 or more but less than 200,000, shall thereafter remain classified as an urban county.”.

SEC. 402. PROHIBITION OF SET-ASIDES.

Section 103 of the Housing and Community Development Act of 1974 (42 U.S.C. 5303), as amended by section 401 of this Act, is further amended—

(1) by inserting after “SEC. 103.” the following: “(a) IN GENERAL.—”; and

(2) by adding at the end the following new subsection:

“(b) PROHIBITION OF SET-ASIDES.—Except as provided in paragraphs (1) and (2) of section 106(a) and section 107, amounts appropriated pursuant to subsection (a) of this section or otherwise to carry out this title (other than section 108) shall be used only for formula-based grants allocated pursuant to section 106 and may not be otherwise used unless the provision of law providing for such other use specifically refers to this subsection and specifically states that such provision modifies or supersedes the provisions of this subsection.”.

SEC. 403. PUBLIC SERVICES CAP.

Section 105(a)(8) of the Housing and Community Development Act of 1974 (42 U.S.C. 5305(a)(8)) is amended by striking “fiscal years 1993” and all that follows through “unit of general local government” and inserting the following: “fiscal years 1993 through 2006 to the City of Los Angeles, the County of Los Angeles, or any other unit of general local government located in the County of Los Angeles, such city, such county, or each such unit of general local government, respectively.”.

SEC. 404. HOMEOWNERSHIP FOR MUNICIPAL EMPLOYEES.

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

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

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

(3) by inserting after paragraph (23) the following new paragraph:

“(24) provision of direct assistance to facilitate and expand homeownership among uniformed employees (including policemen, firemen, and sanitation and other maintenance workers) of, and teachers who are employees of, the metropolitan city or urban county (or an agency or school district serving such city or county) receiving grant amounts under this title pursuant to section 106(b) or the unit of general local government (or an agency or school district serving such unit) receiving such grant amounts pursuant to section 106(d), except that—

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

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

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

“(ii) with respect only to areas that the Secretary determines have high housing costs, taking into consideration median house prices and median family incomes for the area, 150 percent of the median income of the area involved, as determined by the Secretary with adjustments for smaller and larger families;

“(C) such assistance shall be used only for acquiring principal residences for such employees, in a manner that involves obligating amounts with respect to any particular mortgage over a period of one year or less, by—

“(i) providing amounts for downpayments on mortgages;

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

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

“(iv) subsidizing mortgage interest rates; and

“(D) any residence purchased using assistance provided under this paragraph shall be subject to restrictions on resale that are—

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

“(ii) determined by the Secretary to be appropriate to comply with subparagraphs (A) and (B) of section 215(b)(3) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12745(b)(3)), except that, for purposes of this paragraph, such subparagraphs shall be applied by substituting ‘section 105(a)(24) of the Housing and Community Development Act of 1974’ for ‘this title.’”

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

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

SEC. 405. TECHNICAL AMENDMENT RELATING TO BROWNFIELDS.

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

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

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

“(26) environmental cleanup and economic development activities related to Brownfields projects in conjunction with the appropriate environmental regulatory agencies.”

SEC. 406. INCOME ELIGIBILITY.

(a) IN GENERAL.—In addition to the exceptions granted pursuant to section 590 of the Quality Housing and Work Responsibility Act of 1998 (42 U.S.C. 5301 note), the Secretary of Housing and Urban Development shall, for not less than 10 other jurisdictions that are metropolitan cities or urban counties for purposes of title I of the Housing and Community Development Act of 1974, grant exceptions not later than 90 days after the date of the enactment of this Act for such jurisdictions that provide that—

(1) for purposes of the HOME investment partnerships program under title II of the Cranston-Gonzalez National Affordable Housing Act, the limitation based on percentage of median income that is applicable under section 104(10), 214(1)(A), or 215(a)(1)(A) for any area of the jurisdiction shall be the numerical percentage that is specified in such section; and

(2) for purposes of the community development block grant program under title I of the Housing and Community Development Act of 1974, the limitation based on percentage of median income that is applicable pursuant to section 102(a)(20) for any area within the State or unit of general local government shall be the numerical percentage that is specified in subparagraph (A) of such section.

(b) SELECTION.—In selecting the jurisdictions for which to grant such exceptions, the Secretary shall consider the relative median income of such jurisdictions and shall give preference to jurisdictions with the highest housing costs.

SEC. 407. HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS.

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

“SEC. 863. AUTHORIZATION OF APPROPRIATIONS.

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

TITLE V—HOME INVESTMENT PARTNERSHIPS PROGRAM

SEC. 501. REAUTHORIZATION.

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

“SEC. 205. AUTHORIZATION.

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

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

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

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

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

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

“SEC. 246. PILOT PROGRAM FOR DEVELOPING COMPREHENSIVE REGIONAL HOUSING AFFORDABILITY STRATEGIES.

“(a) AUTHORITY.—The Secretary may, using any amounts made available for grants under this section, make not more than 3 grants for each of fiscal years 2001 and 2002 to consortia of units of general local government described in subsection (b) for costs of developing and implementing comprehensive housing affordability strategies on a regional basis.

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

“(1) is eligible under section 216(2) to be deemed a unit of general local government for purposes of this title; and

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

“(3) contains only units of general local government that are geographically contiguous.

“(c) MULTI-STATE REQUIREMENT.—In each fiscal year in which grants are made under this section, not less than one of the consortia that receives a grant shall be

a consortium described in subsection (b) that includes units of general local government from 2 or more States.”.

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

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

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

(1) by redesignating paragraph (23) as paragraph (22);

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

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

“(26) The term ‘limited equity cooperative’ means a cooperative housing corporation which, in a manner determined by the Secretary to be acceptable, restricts income eligibility of purchasers of membership shares of stock in the cooperative corporation or the initial and resale price of such shares, or both, so that the shares remain available and affordable to low-income families.

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

“(A) is organized under State law;

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

“(C) owns, manages, and continuously develops affordable housing by providing long-term housing for low- and moderate-income families;

“(D) provides that eligible families who purchase membership interests in the association shall have a right to residence in a dwelling unit in the housing during the period that they hold such membership interest; and

“(E) provides for the residents of such housing to participate in the ongoing management of the housing.”.

(c) **ELIGIBILITY.**—Section 215 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12745) is amended—

(1) in subsection (b), by adding after and below paragraph (4) the following: “Housing that is owned by a limited equity cooperative or a mutual housing association may be considered by a participating jurisdiction to be housing for homeownership for purposes of this title to the extent that ownership or membership in such a cooperative or association, respectively, constitutes homeownership under State or local laws.”; and

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

“(6) **LIMITED EQUITY COOPERATIVES AND MUTUAL HOUSING ASSOCIATIONS.**—Housing that is owned by a limited equity cooperative or a mutual housing association may be considered by a participating jurisdiction to be rental housing for purposes of this title to the extent that ownership or membership in such a cooperative or association, respectively, constitutes rental of a dwelling under State or local laws.”.

SEC. 503. ADMINISTRATIVE COSTS.

Section 212(c) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12742(c)) is amended by adding at the end the following new sentence: “A participating jurisdiction may use amounts made available under this subsection for a fiscal year for administrative and planning costs by amortizing the costs of administration and planning activities under this subtitle over the entire duration of such activities.”.

SEC. 504. LEVERAGING AFFORDABLE HOUSING INVESTMENT THROUGH LOCAL LOAN POOLS.

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

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

“(e) **INVESTMENT WITHIN 15 DAYS.**—

“(1) **IN GENERAL.**—The participating jurisdiction shall, not later than 15 days after funds are drawn from the jurisdiction’s HOME Investment Trust Fund, invest such funds, together with any interest earned thereon, in the affordable housing for which the funds were withdrawn.

“(2) **LOAN POOLS.**—In the case of a participating jurisdiction that withdraws Trust Fund amounts for investment in the form of an advance for reserves or

partial loan guarantees under a program providing such credit enhancement for loans for affordable housing, the amounts shall be considered to be invested for purposes of paragraph (1) upon the completion of both of the following actions:

“(A) Control of the amounts is transferred to the program.
 “(B) The jurisdiction and the entity operating the program enter into a written agreement that—

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

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

“(iii) provides that such entity shall ensure that amounts from non-Federal sources have been contributed, or are committed for contribution, to the pool available for loans for affordable housing that will be backed by such reserves or loan guarantees in an amount equal to 10 times the amount invested from Trust Fund amounts.”

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

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

“(1) IN GENERAL.—If any funds becoming available to a participating jurisdiction under this title are not placed under binding commitment to affordable housing within 24 months after the last day of the month in which such funds are deposited in the jurisdiction’s HOME Investment Trust Fund, the jurisdiction’s right to draw such funds from the HOME Investment Trust Fund shall expire. The Secretary shall reduce the line of credit in the participating jurisdiction’s HOME Investment Trust Fund by the expiring amount and shall reallocate the funds by formula in accordance with section 217(d).

“(2) LOAN POOLS.—In the case of a participating jurisdiction that withdraws Trust Fund amounts for investment in the manner provided under subsection (e)(2), the amounts shall be considered to be placed under binding commitment to affordable housing for purposes of paragraph (1) of this subsection at the time that the amounts are obligated for use under, and are subject to, a written agreement described in subsection (e)(2)(B).”

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

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

“(c) LOAN POOLS.—Notwithstanding subsections (a) and (b), housing financed using amounts invested as provided in section 218(e)(2) shall qualify as affordable housing only if the housing complies with the following requirements:

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

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

“(i) not less than 75 percent are principal residences of owners whose families qualify as low-income families—

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

“(II) in the case of a lease-purchase agreement for existing housing or for housing to be constructed, at the time the agreement is signed; or

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

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

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

“(II) in the case of a lease-purchase agreement for existing housing or for housing to be constructed, at the time the agreement is signed; or

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

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

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

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

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

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

“(ii) temporarily fails to comply with clause (i) only because of increases in the incomes of existing tenants and actions satisfactory to the Secretary are being taken to ensure that all vacancies in the housing are being filled in accordance with clause (i) until such noncompliance is corrected; and

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

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

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

“(28) The term ‘moderate income families’ means families whose incomes do not exceed the median income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than the median income for the area on the basis of the Secretary’s findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low family incomes.”.

SEC. 505. HOMEOWNERSHIP FOR MUNICIPAL EMPLOYEES.

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

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

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

“(i) in the case of a contract to purchase existing housing, at the time of purchase;

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

“(iii) in the case of a contract to purchase housing to be constructed, at the time the contract is signed; or

“(B)(i) is a uniformed employee (which shall include policemen, firemen, and sanitation and other maintenance workers) or a teacher who is an employee, of the participating jurisdiction (or an agency or school district serving such jurisdiction) that is investing funds made available under this subtitle to support homeownership of the residence; and

“(ii) is a member of a family whose income, at the time referred to in clause (i), (ii), or (iii) of subparagraph (A), as appropriate, and as determined by the Secretary with adjustments for smaller and larger families, does not exceed 115 percent of the median income of the area, except that, with respect only to such areas that the Secretary determines have high housing costs, taking into consideration median house prices and median family incomes for the area, such income limitation shall be 150 percent of the median income of the area, as determined by the Secretary with adjustments for smaller and larger families;”.

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

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

SEC. 506. USE OF SECTION 8 ASSISTANCE BY “GRAND-FAMILIES” TO RENT DWELLING UNITS IN ASSISTED PROJECTS.

Section 215(a) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12745(a)), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new paragraph:

“(7) WAIVER OF QUALIFYING RENT.—

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

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

“(ii) the rent for the unit is not greater than the existing fair market rent for comparable units in the area, as established by the Secretary under section 8 of the United States Housing Act of 1937; and

“(iii) the Secretary determines that the waiver, together with waivers under this paragraph for other dwelling units in the project, will result in the use of amounts described in clause (iii) in an effective manner that will improve the provision of affordable housing for such families.

“(B) ELIGIBLE FAMILIES.—A family described in this subparagraph is a family that consists of at least one elderly person (who is the head of household) and one or more of such person’s grandchildren, great grandchildren, great nieces, great nephews, or great great grandchildren (as defined by the Secretary), but does not include any parent of such grandchildren, great grandchildren, great nieces, great nephews, or great great grandchildren. Such term includes any such grandchildren, great grandchildren, great nieces, great nephews, or great great grandchildren who have been legally adopted by such elderly person.”.

SEC. 507. LOAN GUARANTEES.

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

“SEC. 227. LOAN GUARANTEES.

“(a) AUTHORITY.—The Secretary may, upon such terms and conditions as the Secretary may prescribe, guarantee and make commitments to guarantee, only to such extent or in such amounts as provided in appropriations Acts, the notes or other obligations issued by eligible participating jurisdictions or by public agencies designated by and acting on behalf of eligible participating jurisdictions for purposes of financing (including credit enhancements and debt service reserves) the acquisition, new construction, reconstruction, or moderate or substantial rehabilitation of affordable housing (including real property acquisition, site improvement, conversion, and demolition), and other related expenses (including financing costs and relocation expenses of any displaced persons, families, businesses, or organizations). Housing funded under this section shall meet the requirements of this subtitle.

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

“(c) LIMITATION ON TOTAL NOTES AND OBLIGATIONS.—The Secretary may not guarantee or make a commitment to guarantee any note or other obligation if the total outstanding notes or obligations guaranteed under this section on behalf of the participating jurisdiction issuing the note or obligation (excluding any amount defeased under a contract entered into under subsection (e)(1)) would thereby exceed an amount equal to 5 times the amount of the participating jurisdiction’s latest allocation under section 217.

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

“(e) SECURITY.—To assure the full repayment of notes or other obligations guaranteed under this section, and payment of the issuance or collection charges specified by the Secretary under subsection (d), and as a prior condition for receiving such

guarantees, the Secretary shall require the participating jurisdiction (and its designated public agency issuer, if any) to—

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

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

“(3) furnish, at the discretion of the Secretary, such other security as may be deemed appropriate by the Secretary in making such guarantees, which may include increments in local tax receipts generated by the housing assisted under this section or disposition proceeds from the sale of land or housing.

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

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

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

“(i) MONITORING.—The Secretary shall monitor the use of guarantees under this section by eligible participating jurisdictions. If the Secretary finds that 50 percent of the aggregate guarantee authority for any fiscal year has been committed, the Secretary may impose limitations on the amount of guarantees any 1 participating jurisdiction may receive during that fiscal year.

“(j) GUARANTEE OF TRUST CERTIFICATES.—

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

“(A) be offered by the Secretary or by any other offeror approved for purposes of this subsection by the Secretary; and

“(B) be based on and backed by a trust or pool composed of notes or other obligations guaranteed or eligible for guarantee by the Secretary under this section.

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

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

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

“(A) the power to contract with respect to public offerings and other sales of notes, trust certificates, and other obligations guaranteed under this section, upon such terms and conditions as the Secretary deems appropriate;

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

“(C) the Secretary’s ownership rights, as applicable, in notes, certificates or other obligations guaranteed under this section, or constituting the trust or pool against which trust certificates or other obligations guaranteed under this section are offered.

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

SEC. 508. DOWNPAYMENT ASSISTANCE FOR 2- AND 3-FAMILY RESIDENCES.

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

(b) COVERED ASSISTANCE.—Notwithstanding section 105 of the Housing and Community Development Act of 1974 (42 U.S.C. 5305) and section 212 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12742), a covered jurisdiction

may use amounts provided to the jurisdiction pursuant to section 106(b) of the Housing and Community Development Act of 1974 (42 U.S.C. 5406(b)) and amounts in the HOME Investment Trust Fund for the jurisdiction for downpayment loans meeting the requirements of subsection (d) to homebuyers meeting the requirements of subsection (c), but only to the extent such jurisdictions agree to comply with the requirements of this section, as the Secretary may require.

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

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

(2) who has successfully completed a program regarding the responsibilities and financial management involved in homeownership and ownership of rental property that is approved by the Secretary;

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

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

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

(1) the principal obligation of the loan—

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

(B) does not exceed the amount that is equal to the sum of (i) 7 percent of the purchase price of the residence, and (ii) such closing and other costs;

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

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

(4) the loan terms—

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

(B) provide that the proceeds of the loan are available for use (as provided in paragraph (1)) only during the 4-month period beginning upon the making of the loan to the borrower and that such proceeds shall revert to the covered jurisdiction upon the conclusion of such period if the borrower has not entered into a contract for purchase of a residence meeting the requirements of such paragraph before such conclusion, except that the Secretary shall provide that covered jurisdictions may extend such 4-month period under such circumstances as the Secretary shall prescribe;

(5) the loan terms provide for repayment of the principal obligation of the loan, without interest, at such time as the covered jurisdiction may provide, except that the principal obligation shall be immediately repayable at the time that the borrower—

(A) transfers or sells the borrower's ownership interest in such residence or ceases to use the residence purchased with the loan proceeds as his or her principal residence; or

(B) obtains a subsequent loan secured by such residence or any equity of the borrower in such residence, the proceeds of which are not used to pre-pay or pay off the entire balance due on the existing loan secured by such residence; or

(6) the loan terms provide that, upon sale of the residence purchased with the proceeds of the loan, the borrower shall repay to the covered jurisdiction (together with the principal obligation of the loan repayable pursuant to paragraph (5)(A)) an additional amount that bears the same ratio to any increase in the price of the residence upon such sale (compared to the price paid for the residence upon purchase using such loan) as the amount of the loan bears to the purchase price paid for the residence in the purchase using such loan; and

(7) the loan complies with such other requirements as the Secretary may prescribe.

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

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

(1) **COVERED JURISDICTION.**—The term “covered jurisdiction” means, with respect to a fiscal year—

(A) a metropolitan city or urban county that receives a grant for such fiscal year pursuant to section 106(b) of the Housing and Community Development Act of 1974 (42 U.S.C. 5306(b)); or

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

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

TITLE VI—LOCAL HOMEOWNERSHIP INITIATIVES

SEC. 601. REAUTHORIZATION OF NEIGHBORHOOD REINVESTMENT CORPORATION.

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

SEC. 602. HOMEOWNERSHIP ZONES.

Section 186 of the Housing and Community Development Act of 1992 (42 U.S.C. 12898a) is amended to read as follows:

“SEC. 186. HOMEOWNERSHIP ZONE GRANTS.

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

“(b) **ELIGIBLE ACTIVITIES.**—Amounts made available under this section may be used for projects that include any of the following activities in the homeownership zone:

“(1) Acquisition, construction, and rehabilitation of housing.

“(2) Site acquisition and preparation, including demolition, construction, reconstruction, or installation of public and other site improvements and utilities directly related to the homeownership zone.

“(3) Direct financial assistance to homebuyers.

“(4) Homeownership counseling.

“(5) Relocation assistance.

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

“(7) Other project-related costs.

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

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

“(c) APPLICATION.—To be eligible for a grant under this section, a unit of general local government shall submit an application for a homeownership zone grant in such form and in accordance with such procedures as the Secretary shall establish.

“(d) SELECTION CRITERIA.—The Secretary shall select applications for funding under this section through a national competition, using selection criteria established by the Secretary, which shall include—

“(1) the degree to which the proposed activities will result in the improvement of the economic, social, and physical aspects of the neighborhood and the lives of its residents through the creation of new homeownership opportunities;

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

“(3) the financial soundness of the plan for financing homeownership zone activities;

“(4) the leveraging of other resources; and

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

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

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

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

“(2) not be inconsistent with such planning and design principles as may be prescribed by the Secretary;

“(3) be designed to stimulate additional investment in that area;

“(4) provide for partnerships with persons or entities in the private and non-profit sectors;

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

“(6) establish a detailed time-line for commencement and completion of construction activities; and

“(7) provide for affirmatively furthering fair housing.

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

“(h) ENVIRONMENTAL REVIEW.—For purposes of environmental review, decision-making, and action pursuant to the National Environmental Policy Act of 1969 and other provisions of law that further the purposes of such Act, a grant under this section shall be treated as assistance under the HOME Investment Partnerships Act and shall be subject to the regulations issued by the Secretary to implement section 288 of such Act.

“(i) REVIEW, AUDIT, AND REPORTING.—The Secretary shall make such reviews and audits and establish such reporting requirements as may be necessary or appropriate to determine whether the grantee has carried out its activities in a timely manner and in accordance with the requirements of this section. The Secretary may adjust, reduce, or withdraw amounts made available, or take other action as appropriate, in accordance with the Secretary’s performance reviews and audits under this section.

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

SEC. 603. LEASE-TO-OWN.

(a) SENSE OF CONGRESS.—It is the sense of the Congress that residential tenancies under lease-to-own provisions can facilitate homeownership by low- and moderate-income families and provide opportunities for homeownership for such families who might not otherwise be able to afford homeownership.

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

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

(2) any legislative or administrative changes necessary to alter or amend such programs to allow the use of lease-to-own options to provide homeownership opportunities.

SEC. 604. LOCAL CAPACITY BUILDING.

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

- (1) in subsection (a), by inserting “National Association of Housing Partnerships,” after “Humanity,”; and
- (2) in subsection (e), by striking “\$25,000,000” and all that follows and inserting “, for each fiscal year, such sums as may be necessary to carry out this section.”.

SEC. 605. CONSOLIDATED APPLICATION AND PLANNING REQUIREMENT AND SUPER-NOFA.

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

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

“(a) REQUIREMENT.—The Secretary shall, by regulation, provide for jurisdictions to comply with the planning and application requirements under the covered programs under subsection (b) by submitting to the Secretary, for a program year, a single consolidated submission under this section that complies with the requirements for planning and application submissions under the laws relating to the covered programs and shall serve, for the jurisdiction, as the planning document and an application for funding under the covered programs.

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

- “(1) The HOME investment partnerships program under title II of this Act (42 U.S.C. 12721 et seq.).
- “(2) The community development block grant program under title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.).
- “(3) The economic development initiative program under section 108(q) of the Housing and Community Development Act of 1974 (42 U.S.C. 5308(q)).
- “(4) The emergency shelter grants program under subtitle B of title IV of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11371 et seq.).
- “(5) The housing opportunities for persons with AIDS program under subtitle D of title VIII of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12901 et seq.).

“(c) PROGRAM YEAR.—In establishing requirements for a consolidated submission under this section, the Secretary shall provide for a consolidated program year, which shall comply with the various application and review deadlines under the covered programs.

“(d) ADEQUACY OF EXISTING REGULATIONS.—The regulations of the Secretary relating to consolidated submissions for community planning and development programs, part 91 of title 24, Code of Federal Regulations, as in effect on March 1, 1999, shall be considered to be sufficient to comply with this section, except to the extent that the program referred to in paragraph (3) of subsection (b) is not covered by such regulations.

“(e) CONSISTENCY.—The Secretary shall, by regulation or otherwise, as deemed by the Secretary to be appropriate, require any application for housing assistance under title II of this Act, assistance under the Housing and Community Development Act of 1974, or assistance under the Stewart B. McKinney Homeless Assistance Act, to contain or be accompanied by a certification by an appropriate State or local public official that the proposed housing activities are consistent with the housing strategy of the jurisdiction to be served.”.

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

“SEC. 13. NOTICE OF FUNDING AVAILABILITY.

“(a) REQUIREMENT.—In making amounts for a fiscal year under the covered programs under subsection (b) available to applicants, the Secretary shall issue a consolidated notice of funding availability that—

- “(1) applies to as many of the covered programs as the Secretary determines is practicable;
- “(2) simplifies the application process for funding under such programs by providing for application under various covered programs through a single, unified application;
- “(3) promotes comprehensive approaches to housing and community development by providing for applicants to identify coordination of efforts under various covered programs; and
- “(4) clearly informs prospective applicants of the general and specific requirements under law for applying for funding under such programs.

“(b) COVERED PROGRAMS.—The covered programs under this subsection are the programs that are administered by the Secretary and identified by the Secretary for purposes of this section, in the following areas:

- “(1) Housing and community development programs.
- “(2) Economic development and empowerment programs.
- “(3) Targeted housing assistance and homeless assistance programs.”.

SEC. 606. ASSISTANCE FOR SELF-HELP HOUSING PROVIDERS.

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

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

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

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

(1) in subsection (i)(5)—

(A) by striking “if the organization or consortia has not used any grant amounts” and inserting “the Secretary shall recapture any grant amounts provided to the organization or consortia that are not used”;

(B) by striking “(or,” and inserting “, except that such period shall be 36 months”; and

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

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

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

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

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

SEC. 607. HOUSING COUNSELING ORGANIZATIONS.

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

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

(2) in subsection (c)—

(A) in paragraph (1)—

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

(ii) in subparagraph (B), by striking the period at the end and inserting a semicolon; and

(iii) by adding at the end the following new subparagraph:

“(C) to the National Cooperative Bank Development Corporation—

“(i) to provide homeownership counseling to eligible homeowners that is specifically designed to relate to ownership under cooperative housing arrangements; and

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

(B) in paragraph (4)(A), by inserting before the semicolon at the end the following: “or, in the case of a home loan made to finance the purchase of stock or membership in a cooperative ownership housing corporation, by the stock or membership interest”; and

(C) in paragraph (6)(C), by adding before the period at the end the following: “and includes a loan that is secured by a first lien given in accordance with the laws of the State where the property is located and that is made to finance the purchase of stock or membership in a cooperative ownership housing corporation the permanent occupancy of dwelling units of which is restricted to members of such corporation, where the purchase of

such stock or membership will entitle the purchaser to the permanent occupancy of 1 of such units”.

SEC. 608. COMMUNITY LEAD INFORMATION CENTERS AND LEAD-SAFE HOUSING.

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

- (1) in paragraph (7), by inserting “, which may include leasing of lead-safe temporary housing” before the semicolon at the end;
- (2) in paragraph (9), by striking “and” at the end;
- (3) by redesignating paragraph (10) as paragraph (11); and
- (4) by inserting after paragraph (9) the following new paragraph:

“(10) provide accessible information through centralized locations that provide a variety of residential lead-based paint poisoning prevention services to the community that such services are intended to benefit; and”.

TITLE VII—NATIVE AMERICAN HOUSING HOMEOWNERSHIP

SEC. 701. LANDS TITLE REPORT COMMISSION.

(a) **ESTABLISHMENT.**—Subject to sums being provided in advance in appropriations Acts, there is established a Commission to be known as the Lands Title Report Commission (hereafter in this section referred to as the “Commission”) to facilitate home loan mortgages on Indian trust lands. The Commission will be subject to oversight by the Committee on Banking and Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate.

(b) **MEMBERSHIP.**—

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

- (A) 4 members shall be appointed by the President.
- (B) 4 members shall be appointed by the Chairperson of the Committee on Banking and Financial Services of the House of Representatives.
- (C) 4 members shall be appointed by the Chairperson of the Committee on Banking, Housing, and Urban Affairs of the Senate.

(2) **QUALIFICATIONS.**—

(A) **MEMBERS OF TRIBES.**—At all times, not less than 8 of the members of the Commission shall be members of federally recognized Indian tribes.

(B) **EXPERIENCE IN LAND TITLE MATTERS.**—All members of the Commission shall have experience in and knowledge of land title matters relating to Indian trust lands.

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

(4) **VACANCIES.**—Any vacancy on the Commission shall not affect its powers, but shall be filled in the manner in which the original appointment was made.

(5) **TRAVEL EXPENSES.**—Members of the Commission shall serve without pay, but each member shall receive travel expenses, including per diem in lieu of subsistence, in accordance with sections 5702 and 5703 of title 5, United States Code.

(c) **INITIAL MEETING.**—The Chairperson of the Commission shall call the initial meeting of the Commission. Such meeting shall be held within 30 days after the Chairperson of the Commission determines that sums sufficient for the Commission to carry out its duties under this Act have been appropriated for such purpose.

(d) **DUTIES.**—The Commission shall analyze the system of the Bureau of Indian Affairs of the Department of the Interior for maintaining land ownership records and title documents and issuing certified title status reports relating to Indian trust lands and, pursuant to such analysis, determine how best to improve or replace the system—

- (1) to ensure prompt and accurate responses to requests for title status reports;
- (2) to eliminate any backlog of requests for title status reports; and
- (3) to ensure that the administration of the system will not in any way impair or restrict the ability of Native Americans to obtain conventional loans for purchase of residences located on Indian trust lands, including any actions necessary to ensure that the system will promptly be able to meet future demands

for certified title status reports, taking into account the anticipated complexity and volume of such requests.

(e) **REPORT.**—Not later than the date of the termination of the Commission under subsection (h), the Commission shall submit a report to the Committee on Banking and Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate describing the analysis and determinations made pursuant to subsection (d).

(f) **POWERS.**—

(1) **HEARINGS AND SESSIONS.**—The Commission may, for the purpose of carrying out this section, hold hearings, sit and act at times and places, take testimony, and receive evidence as the Commission considers appropriate.

(2) **STAFF OF FEDERAL AGENCIES.**—Upon request of the Commission, the head of any Federal department or agency may detail, on a reimbursable basis, any of the personnel of that department or agency to the Commission to assist it in carrying out its duties under this section.

(3) **OBTAINING OFFICIAL DATA.**—The Commission may secure directly from any department or agency of the United States information necessary to enable it to carry out this section. Upon request of the Chairperson of the Commission, the head of that department or agency shall furnish that information to the Commission.

(4) **MAILS.**—The Commission may use the United States mails in the same manner and under the same conditions as other departments and agencies of the United States.

(5) **ADMINISTRATIVE SUPPORT SERVICES.**—Upon the request of the Commission, the Administrator of General Services shall provide to the Commission, on a reimbursable basis, the administrative support services necessary for the Commission to carry out its duties under this section.

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

(g) **AUTHORIZATION OF APPROPRIATIONS.**—To carry out this section, there is authorized to be appropriated \$500,000. Such sums shall remain available until expended.

(h) **TERMINATION.**—The Commission shall terminate 1 year after the date of the initial meeting of the Commission.

SEC. 702. LOAN GUARANTEES.

Section 184(i) of the Housing and Community Development Act of 1992 (12 U.S.C. 1715z–13a(i)) is amended—

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

“(C) **LIMITATION ON OUTSTANDING AGGREGATE PRINCIPAL AMOUNT.**—Subject to the limitations in subparagraphs (A) and (B), the Secretary may enter into commitments to guarantee loans under this section in each fiscal year with an aggregate outstanding principal amount not exceeding such amount as may be provided in appropriation Acts for such fiscal year.”; and

(2) in paragraph (7), by striking “each of fiscal years 1997, 1998, 1999, 2000, and 2001” and inserting “each fiscal year”.

SEC. 703. NATIVE AMERICAN HOUSING ASSISTANCE.

(a) **RESTRICTION ON WAIVER AUTHORITY.**—

(1) **IN GENERAL.**—Section 101(b)(2) of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4111(b)(2)) is amended by striking “if the Secretary” and all that follows through the period at the end and inserting the following: “for a period of not more than 90 days, if the Secretary determines that an Indian tribe has not complied with, or is unable to comply with, those requirements due to exigent circumstances beyond the control of the Indian tribe.”.

(2) **LOCAL COOPERATION AGREEMENT.**—Section 101(c) of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4111(c)) is amended by adding at the end the following: “The Secretary may waive the requirements of this subsection and subsection (d) if the recipient has made a good faith effort to fulfill the requirements of this subsection and subsection (d) and agrees to make payments in lieu of taxes to the appropriate taxing authority in an amount consistent with the requirements of subsection (d)(2) until such time as the matter of making such payments has been resolved in accordance with subsection (d).”.

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

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

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

(1) by striking subsection (f); and

(2) by redesignating subsection (g) as subsection (f).

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

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

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

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

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

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

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

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

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

(3) by inserting after paragraph (3) the following new paragraph:

“(4) LAW ENFORCEMENT OFFICERS.—A recipient may provide housing or housing assistance provided through affordable housing activities assisted with grant amounts under this Act for a law enforcement officer on an Indian reservation or other Indian area, if—

“(A) the officer—

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

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

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

(f) OVERSIGHT.—

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

“SEC. 209. NONCOMPLIANCE WITH AFFORDABLE HOUSING REQUIREMENT.

“If a recipient uses grant amounts to provide affordable housing under this title, and at any time during the useful life of the housing the recipient does not comply with the requirement under section 205(a)(2), the Secretary shall take appropriate action under section 401(a).”.

(2) AUDITS AND REVIEWS.—Section 405 of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4165) is amended to read as follows:

“SEC. 405. REVIEW AND AUDIT BY SECRETARY.

“(a) REQUIREMENTS UNDER CHAPTER 75 OF TITLE 31, UNITED STATES CODE.—An entity designated by an Indian tribe as a housing entity shall be treated, for purposes of chapter 75 of title 31, United States Code, as a non-Federal entity that is subject to the audit requirements that apply to non-Federal entities under that chapter.

“(b) ADDITIONAL REVIEWS AND AUDITS.—

“(1) IN GENERAL.—In addition to any audit or review under subsection (a), to the extent the Secretary determines such action to be appropriate, the Secretary may conduct an audit or review of a recipient in order to—

- “(A) determine whether the recipient—
- “(i) has carried out—
 - “(I) eligible activities in a timely manner; and
 - “(II) eligible activities and certification in accordance with this Act and other applicable law;
 - “(ii) has a continuing capacity to carry out eligible activities in a timely manner; and
 - “(iii) is in compliance with the Indian housing plan of the recipient; and
- “(B) verify the accuracy of information contained in any performance report submitted by the recipient under section 404.
- “(2) ON-SITE VISITS.—To the extent practicable, the reviews and audits conducted under this subsection shall include on-site visits by the appropriate official of the Department of Housing and Urban Development.
- “(c) REVIEW OF REPORTS.—
- “(1) IN GENERAL.—The Secretary shall provide each recipient that is the subject of a report made by the Secretary under this section notice that the recipient may review and comment on the report during a period of not less than 30 days after the date on which notice is issued under this paragraph.
 - “(2) PUBLIC AVAILABILITY.—After taking into consideration any comments of the recipient under paragraph (1), the Secretary—
 - “(A) may revise the report; and
 - “(B) not later than 30 days after the date on which those comments are received, shall make the comments and the report (with any revisions made under subparagraph (A)) readily available to the public.
- “(d) EFFECT OF REVIEWS.—Subject to section 401(a), after reviewing the reports and audits relating to a recipient that are submitted to the Secretary under this section, the Secretary may adjust the amount of a grant made to a recipient under this Act in accordance with the findings of the Secretary with respect to those reports and audits.”.
- (g) ALLOCATION FORMULA.—Section 302(d)(1) of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4152(d)(1)) is amended—
- (1) by striking “The formula,” and inserting the following:
 - “(A) IN GENERAL.—Except with respect to an Indian tribe described in subparagraph (B), the formula”; and
 - (2) by adding at the end the following:
 - “(B) CERTAIN INDIAN TRIBES.—With respect to fiscal year 2001 and each fiscal year thereafter, for any Indian tribe with an Indian housing authority that owns or operates fewer than 250 public housing units, the formula shall provide that if the amount provided for a fiscal year in which the total amount made available for assistance under this Act is equal to or greater than the amount made available for fiscal year 1996 for assistance for the operation and modernization of the public housing referred to in subparagraph (A), then the amount provided to that Indian tribe as modernization assistance shall be equal to the average annual amount of funds provided to the Indian tribe (other than funds provided as emergency assistance) under the assistance program under section 14 of the United States Housing Act of 1937 (42 U.S.C. 1437l) for the period beginning with fiscal year 1992 and ending with fiscal year 1997.”.
- (h) HEARING REQUIREMENT.—Section 401(a) of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4161(a)) is amended—
- (1) by redesignating paragraphs (1) through (4) as subparagraphs (A) through (D), respectively, and realigning such subparagraphs (as so redesignated) so as to be indented 4 ems from the left margin;
 - (2) by striking “Except as provided” and inserting the following:
 - “(1) IN GENERAL.—Except as provided”;
 - (3) by striking “If the Secretary takes an action under paragraph (1), (2), or (3)” and inserting the following:
 - “(2) CONTINUANCE OF ACTIONS.—If the Secretary takes an action under subparagraph (A), (B), or (C) of paragraph (1)”;
 - (4) by adding at the end the following:
 - “(3) EXCEPTION FOR CERTAIN ACTIONS.—
 - “(A) IN GENERAL.—Notwithstanding any other provision of this subsection, if the Secretary makes a determination that the failure of a recipient of assistance under this Act to comply substantially with any material provision (as that term is defined by the Secretary) of this Act is resulting, and would continue to result, in a continuing expenditure of Federal funds

in a manner that is not authorized by law, the Secretary may take an action described in paragraph (1)(C) before conducting a hearing.

“(B) PROCEDURAL REQUIREMENT.—If the Secretary takes an action described in subparagraph (A), the Secretary shall—

“(i) provide notice to the recipient at the time that the Secretary takes that action; and

“(ii) conduct a hearing not later than 60 days after the date on which the Secretary provides notice under clause (i).

“(C) DETERMINATION.—Upon completion of a hearing under this paragraph, the Secretary shall make a determination regarding whether to continue taking the action that is the subject of the hearing, or take another action under this subsection.”.

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

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

“(1) IN GENERAL.—If the Secretary”;

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

“(A) is not”;

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

“(B) is a result”;

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

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

(B) by inserting before the period at the end the following: “, if the recipient enters into a performance agreement with the Secretary that specifies the compliance objectives that the recipient will be required to achieve by the termination date of the performance agreement”; and

(5) by adding at the end the following:

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

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

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

“(A) has made a good faith effort to meet the compliance objectives specified in the agreement, the Secretary may enter into an additional performance agreement for the period specified in paragraph (2); and

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

(j) REFERENCE.—Section 104(b)(1) of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4114(b)(1)) is amended by striking “Davis-Bacon Act (40 U.S.C. 276a–276a–5)” and inserting “Act of March 3, 1931 (commonly known as the Davis-Bacon Act; chapter 411; 46 Stat. 1494; 40 U.S.C 276a et seq.)”.

(k) TECHNICAL AND CONFORMING AMENDMENTS.—

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

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

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

“209. Noncompliance with affordable housing requirement.”.

(2) CERTIFICATION OF COMPLIANCE WITH SUBSIDY LAYERING REQUIREMENTS.—Section 206 of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4136) is repealed.

(3) TERMINATIONS.—Section 502(a) of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4181(a)) is amended by adding at the end the following: “Any housing that is the subject of a contract for tenant-based assistance between the Secretary and an Indian housing authority that is terminated under this section shall, for the following fiscal year and each fiscal year thereafter, be considered to be a dwelling unit under section 302(b)(1).”.

TITLE VIII—TRANSFER OF HUD-HELD HOUSING TO LOCAL GOVERNMENTS AND NON-PROFIT ORGANIZATIONS

SEC. 801. TRANSFER OF UNOCCUPIED AND SUBSTANDARD HUD-HELD HOUSING TO LOCAL GOVERNMENTS AND COMMUNITY DEVELOPMENT CORPORATIONS.

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

(1) by striking “FLEXIBLE AUTHORITY.—” and inserting “DISPOSITION OF HUD-OWNED PROPERTIES. (a) FLEXIBLE AUTHORITY FOR MULTIFAMILY PROJECTS.—”; and

(2) by adding at the end the following new subsection:

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

“(1) TRANSFER AUTHORITY.—Notwithstanding the authority under subsection (a) and the last sentence of section 204(g) of the National Housing Act (12 U.S.C. 1710(g)), the Secretary of Housing and Urban Development shall transfer ownership of any qualified HUD property, subject to the requirements of this section, to a unit of general local government having jurisdiction for the area in which the property is located or to a community development corporation which operates within such a unit of general local government in accordance with this subsection, but only to the extent that units of general local government and community development corporations consent to transfer and the Secretary determines that such transfer is practicable.

“(2) QUALIFIED HUD PROPERTIES.—For purposes of this subsection, the term ‘qualified HUD property’ means any property for which, as of the date that notification of the property is first made under paragraph (3)(B), not less than 6 months have elapsed since the later of the date that the property was acquired by the Secretary or the date that the property was determined to be unoccupied or substandard, that is owned by the Secretary and is—

“(A) an unoccupied multifamily housing project;
 “(B) a substandard multifamily housing project; or
 “(C) an unoccupied single family property that—

“(i) has been determined by the Secretary not to be an eligible asset under section 204(h) of the National Housing Act (12 U.S.C. 1710(h));

or

“(ii) is an eligible asset under such section 204(h), but—

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

“(II) has been determined by the Secretary to be inappropriate for continued inclusion in the program under such section 204(h) pursuant to paragraph (10) of such section.

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

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

“(B) notification to units of general local government and community development corporations of qualified HUD properties in their jurisdictions;

“(C) such units and corporations to express interest in the transfer under this subsection of such properties;

“(D) a right of first refusal for transfer of qualified HUD properties to units of general local government and community development corporations, under which—

“(i) the Secretary shall establish a period during which the Secretary may not transfer such properties except to such units and corporations;

“(ii) the Secretary shall offer qualified HUD properties that are single family properties for purchase by units of general local government at a cost of \$1 for each property, but only to the extent that the costs to the Federal Government of disposal at such price do not exceed the costs to the Federal Government of disposing of property subject to the procedures for single family property established by the Secretary pursuant to the authority under the last sentence of section 204(g) of the National Housing Act (12 U.S.C. 1710(g));

“(iii) the Secretary may accept an offer to purchase a property made by a community development corporation only if the offer provides for purchase on a cost recovery basis; and

“(iv) the Secretary shall accept an offer to purchase such a property that is made during such period by such a unit or corporation and that complies with the requirements of this paragraph;

“(E) a written explanation, to any unit of general local government or community development corporation making an offer to purchase a qualified HUD property under this subsection that is not accepted, of the reason that such offer was not acceptable.

“(4) OTHER DISPOSITION.—With respect to any qualified HUD property, if the Secretary does not receive an acceptable offer to purchase the property pursuant to the procedure established under paragraph (3), the Secretary shall dispose of the property to the unit of general local government in which property is located or to community development corporations located in such unit of general local government on a negotiated, competitive bid, or other basis, on such terms as the Secretary deems appropriate.

“(5) SATISFACTION OF INDEBTEDNESS.—Before transferring ownership of any qualified HUD property pursuant to this subsection, the Secretary shall satisfy any indebtedness incurred in connection with the property to be transferred, by canceling the indebtedness.

“(6) DETERMINATION OF STATUS OF PROPERTIES.—To ensure compliance with the requirements of this subsection, the Secretary shall take the following actions:

“(A) UPON ENACTMENT.—Upon the enactment of the American Homeownership and Economic Opportunity Act of 2000, the Secretary shall promptly assess each residential property owned by the Secretary to determine whether such property is a qualified HUD property.

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

“(C) UPDATES.—The Secretary shall periodically reassess the residential properties owned by the Secretary to determine whether any such properties have become qualified HUD properties.

“(7) TENANT LEASES.—This subsection shall not affect the terms or the enforceability of any contract or lease entered into with respect to any residential property before the date that such property becomes a qualified HUD property.

“(8) USE OF PROPERTY.—Property transferred under this subsection shall be used only for appropriate neighborhood revitalization efforts, including homeownership, rental units, commercial space, and parks, consistent with local zoning regulations, local building codes, and subdivision regulations and restrictions of record.

“(9) INAPPLICABILITY TO PROPERTIES MADE AVAILABLE FOR HOMELESS.—Notwithstanding any other provision of this subsection, this subsection shall not apply to any properties that the Secretary determines are to be made available for use by the homeless pursuant to subpart E of part 291 of title 24, Code of Federal Regulations, during the period that the properties are so available.

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

“(11) DEFINITIONS.—For purposes of this subsection, the following definitions shall apply:

“(A) COMMUNITY DEVELOPMENT CORPORATION.—The term ‘community development corporation’ means a nonprofit organization whose primary purpose is to promote community development by providing housing opportunities for low-income families.

“(B) COST RECOVERY BASIS.—The term ‘cost recovery basis’ means, with respect to any sale of a residential property by the Secretary, that the purchase price paid by the purchaser is equal to or greater than the sum of (i) the appraised value of the property, as determined in accordance with such requirements as the Secretary shall establish, and (ii) the costs incurred by the Secretary in connection with such property during the period beginning on the date on which the Secretary acquires title to the property and ending on the date on which the sale is consummated.

“(C) MULTIFAMILY HOUSING PROJECT.—The term ‘multifamily housing project’ has the meaning given the term in section 203 of the Housing and Community Development Amendments of 1978.

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

“(E) SECRETARY.—The term ‘Secretary’ means the Secretary of Housing and Urban Development.

“(F) SEVERE PHYSICAL PROBLEMS.—The term ‘severe physical problems’ means, with respect to a dwelling unit, that the unit—

“(i) lacks hot or cold piped water, a flush toilet, or both a bathtub and a shower in the unit, for the exclusive use of that unit;

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

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

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

“(v) has severe maintenance problems, including water leaks involving the roof, windows, doors, basement, or pipes or plumbing fixtures, holes or open cracks in walls or ceilings, severe paint peeling or broken plaster, and signs of rodent infestation.

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

“(H) SUBSTANDARD.—The term ‘substandard’ means, with respect to a multifamily housing project, that 25 percent or more of the dwelling units in the project have severe physical problems.

“(I) UNIT OF GENERAL LOCAL GOVERNMENT.—The term ‘unit of general local government’ has the meaning given such term in section 102(a) of the Housing and Community Development Act of 1974.

“(J) UNOCCUPIED.—The term ‘unoccupied’ means, with respect to a residential property, that the unit of general local government having jurisdiction over the area in which the project is located has certified in writing that the property is not inhabited.

“(12) REGULATIONS.—

“(A) INTERIM.—Not later than 30 days after the date of the enactment of the American Homeownership and Economic Opportunity Act of 2000, the Secretary shall issue such interim regulations as are necessary to carry out this subsection.

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

SEC. 802. TRANSFER OF HUD ASSETS IN REVITALIZATION AREAS.

In carrying out the program under section 204(h) of the National Housing Act (12 U.S.C. 1710(h)), upon the request of the chief executive officer of a county or the government of appropriate jurisdiction and not later than 60 days after such request is made, the Secretary of Housing and Urban Development shall designate as a revitalization area all portions of such county that meet the criteria for such designation under paragraph (3) of such section.

TITLE IX—PRIVATE MORTGAGE INSURANCE CANCELLATION AND TERMINATION

SECTION 901. SHORT TITLE.

This title may be cited as the “Private Mortgage Insurance Technical Corrections and Clarification Act”.

SEC. 902. CHANGES IN AMORTIZATION SCHEDULE.

(a) TREATMENT OF ADJUSTABLE RATE MORTGAGES.—The Homeowners Protection Act of 1998 (12 U.S.C. 4901 et seq.) is amended—

(1) in section 2—

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

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

(C) by redesignating paragraphs (6) through (16) (as amended by the preceding provisions of this paragraph) as paragraphs (8) through (18), respectively; and

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

“(6) AMORTIZATION SCHEDULE THEN IN EFFECT.—The term ‘amortization schedule then in effect’ means, with respect to an adjustable rate mortgage, a schedule established at the time at which the residential mortgage transaction is consummated or, if such schedule has been changed or recalculated, is the most recent schedule under the terms of the note or mortgage, which shows—

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

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

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

(b) TREATMENT OF BALLOON MORTGAGES.—Paragraph (1) of section 2 of the Homeowners Protection Act of 1998 (12 U.S.C. 4901(1)) is amended by adding at the end the following new sentence: “A residential mortgage that (A) does not fully amortize over the term of the obligation, and (B) contains a conditional right to refinance or modify the unamortized principal at the maturity date of the term, shall be considered to be an adjustable rate mortgage for purposes of this Act.”.

(c) TREATMENT OF LOAN MODIFICATIONS.—

(1) IN GENERAL.—Section 3 of the Homeowners Protection Act of 1998 (12 U.S.C. 4902) is amended—

(A) by redesignating subsections (d) through (f) as subsections (e) through (g), respectively; and

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

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

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

(A) in paragraph (1)—

(i) in the matter preceding subparagraph (A), by striking “section 3(f)(1)” and inserting “section 3(g)(1)”;

(ii) in subparagraph (A)(ii)(IV), by striking “section 3(f)” and inserting “section 3(g)”;

(iii) in subparagraph (B)(iii), by striking “section 3(f)” and inserting “section 3(g)”;

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

SEC. 903. DELETION OF AMBIGUOUS REFERENCES TO RESIDENTIAL MORTGAGES.

(a) TERMINATION OF PRIVATE MORTGAGE INSURANCE.—Section 3 of the Homeowners Protection Act of 1998 (12 U.S.C. 4902) is amended—

(1) in subsection (c), by inserting “on residential mortgage transactions” after “imposed”; and

(2) in subsection (g) (as so redesignated by section 902(c)(1)(A) of this title)—

(A) in paragraph (1), in the matter preceding subparagraph (A), by striking “mortgage or”;

(B) in paragraph (2), by striking “mortgage or”; and

(C) in paragraph (3), by striking “mortgage or” and inserting “residential mortgage or residential”.

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

(1) in subsection (a)—

(A) in paragraph (1)—

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

(ii) by striking “mortgage or” the second place it appears and inserting “residential”; and

(B) in paragraph (2), by striking “mortgage or” and inserting “residential”;

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

(3) in subsection (d), by inserting before the period at the end the following: “, which disclosures shall relate to the mortgagor’s rights under this Act”.

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

(1) in subsection (c)—

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

(B) in paragraph (2), by inserting “transaction” after “residential mortgage”; and

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

SEC. 904. CANCELLATION RIGHTS AFTER CANCELLATION DATE.

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

(1) in subsection (a)—

(A) in the matter preceding paragraph (1), by inserting after “cancellation date” the following: “or any later date that the mortgagor fulfills all of the requirements under paragraphs (1) through (4)”;

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

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

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

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

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

SEC. 905. CLARIFICATION OF CANCELLATION AND TERMINATION ISSUES AND LENDER PAID MORTGAGE INSURANCE DISCLOSURE REQUIREMENTS.

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

(1) in subparagraph (A)—

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

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

(B) in subparagraph (B)—

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

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

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

“(2) if the mortgagor is not current on the termination date, on the first day of the first month beginning after the date that the mortgagor becomes current on the payments required by the terms of the residential mortgage transaction.”

(c) PREMIUM PAYMENTS.—Section 3 of the Homeowners Protection Act of 1998 (12 U.S.C. 4902) is amended by adding at the end the following new subsection:

“(h) ACCRUED OBLIGATION FOR PREMIUM PAYMENTS.—The cancellation or termination under this section of the private mortgage insurance of a mortgagor shall not affect the rights of any mortgagee, servicer, or mortgage insurer to enforce any obligation of such mortgagor for premium payments accrued prior to the date on which such cancellation or termination occurred.”

SEC. 906. DEFINITIONS.

(a) REFINANCED.—Section 6(c)(1)(B)(ii) of the Homeowners Protection Act of 1998 (12 U.S.C. 4905(c)(1)(B)(ii)) is amended by inserting after “refinanced” the following: “(under the meaning given such term in the regulations issued by the Board of Governors of the Federal Reserve System to carry out the Truth in Lending Act (15 U.S.C. 1601 et seq.))”.

(b) MIDPOINT OF THE AMORTIZATION PERIOD.—Section 2 of the Homeowners Protection Act of 1998 (12 U.S.C. 4901) is amended by inserting after paragraph (6) (as added by section 902(a)(1)(D) of this Act) the following new paragraph:

“(7) MIDPOINT OF THE AMORTIZATION PERIOD.—The term ‘midpoint of the amortization period’ means, with respect to a residential mortgage transaction, the point in time that is halfway through the period that begins upon the first day of the amortization period established at the time a residential mortgage transaction is consummated and ends upon the completion of the entire period over which the mortgage is scheduled to be amortized.”

(c) ORIGINAL VALUE.—Section 2(12) of the Homeowners Protection Act of 1998 (12 U.S.C. 4901(10)) (as so redesignated by section 902(a)(1)(C) of this Act) is amended—

(1) by inserting “transaction” after “a residential mortgage”; and

(2) by adding at the end the following new sentence: “In the case of a residential mortgage transaction for refinancing the principal residence of the mortgagor, such term means only the appraised value relied upon by the mortgagee to approve the refinance transaction.”.

(d) PRINCIPAL RESIDENCE.—Section 2 of the Homeowners Protection Act of 1998 (12 U.S.C. 4901) is amended—

(1) in paragraph (14) (as so redesignated by section 902(a)(1)(C) of this Act) by striking “primary” and inserting “principal”; and

(2) in paragraph (15) (as so redesignated by section 902(a)(1)(C) of this Act) by striking “primary” and inserting “principal”;

TITLE X—RURAL HOUSING HOMEOWNERSHIP

SEC. 1001. PROMISSORY NOTE REQUIREMENT UNDER HOUSING REPAIR LOAN PROGRAM.

The fourth sentence of section 504(a) of the Housing Act of 1949 (42 U.S.C. 1474(a)) is amended by striking “\$2,500” and inserting “\$7,500”.

SEC. 1002. LIMITED PARTNERSHIP ELIGIBILITY FOR FARM LABOR HOUSING LOANS.

The first sentence of section 514(a) of the Housing Act of 1949 (42 U.S.C. 1484(a)) is amended by striking “nonprofit limited partnership” and inserting “limited partnership”.

SEC. 1003. PROJECT ACCOUNTING RECORDS AND PRACTICES.

Section 515 of the Housing Act of 1949 (42 U.S.C. 1485) is amended by striking subsection (z) and inserting the following new subsections:

“(z) ACCOUNTING AND RECORDKEEPING REQUIREMENTS.—

“(1) ACCOUNTING STANDARDS.—The Secretary shall require that borrowers in programs authorized by this section maintain accounting records in accordance with generally accepted accounting principles for all projects that receive funds from loans made or guaranteed by the Secretary under this section.

“(2) RECORD RETENTION REQUIREMENTS.—The Secretary shall require that borrowers in programs authorized by this section retain for a period of not less than 6 years and make available to the Secretary in a manner determined by the Secretary, all records required to be maintained under this subsection and other records identified by the Secretary in applicable regulations.

“(aa) DOUBLE DAMAGES FOR UNAUTHORIZED USE OF HOUSING PROJECTS ASSETS AND INCOME.—

“(1) ACTION TO RECOVER ASSETS OR INCOME.—

“(A) IN GENERAL.—The Secretary may request the Attorney General to bring an action in a United States district court to recover any assets or income used by any person in violation of the provisions of a loan made or guaranteed by the Secretary under this section or in violation of any applicable statute or regulation.

“(B) IMPROPER DOCUMENTATION.—For purposes of this subsection, a use of assets or income in violation of the applicable loan, loan guarantee, statute, or regulation shall include any use for which the documentation in the books and accounts does not establish that the use was made for a reasonable operating expense or necessary repair of the project or for which the documentation has not been maintained in accordance with the requirements of the Secretary and in reasonable condition for proper audit.

“(C) DEFINITION.—For the purposes of this subsection, the term ‘person’ means—

“(i) any individual or entity that borrows funds in accordance with programs authorized by this section;

“(ii) any individual or entity holding 25 percent or more interest of any entity that borrows funds in accordance with programs authorized by this section; and

“(iii) any officer, director, or partner of an entity that borrows funds in accordance with programs authorized by this section.

“(2) AMOUNT RECOVERABLE.—

“(A) IN GENERAL.—In any judgment favorable to the United States entered under this subsection, the Attorney General may recover double the value of the assets and income of the project that the court determines to

have been used in violation of the provisions of a loan made or guaranteed by the Secretary under this section or any applicable statute or regulation, plus all costs related to the action, including reasonable attorney and auditing fees.

“(B) APPLICATION OF RECOVERED FUNDS.—Notwithstanding any other provision of law, the Secretary may use amounts recovered under this subsection for activities authorized under this section and such funds shall remain available for such use until expended.

“(3) TIME LIMITATION.—Notwithstanding any other provision of law, an action under this subsection may be commenced at any time during the 6-year period beginning on the date that the Secretary discovered or should have discovered the violation of the provisions of this section or any related statutes or regulations.

“(4) CONTINUED AVAILABILITY OF OTHER REMEDIES.—The remedy provided in this subsection is in addition to and not in substitution of any other remedies available to the Secretary or the United States.”.

SEC. 1004. DEFINITION OF RURAL AREA.

The second sentence of section 520 of the Housing Act of 1949 (42 U.S.C. 1490) is amended by striking “year 2000” and inserting “year 2010”.

SEC. 1005. OPERATING ASSISTANCE FOR MIGRANT FARMWORKERS PROJECTS.

The last sentence of section 521(a)(5)(A) of the Housing Act of 1949 (42 U.S.C. 1490a(a)(5)(A)) is amended by striking “project” and inserting “tenant or unit”.

SEC. 1006. MULTIFAMILY RENTAL HOUSING LOAN GUARANTEE PROGRAM.

Section 538 of the Housing Act of 1949 (42 U.S.C. 1490p–2) is amended—

(1) in subsection (c), by inserting “an Indian organization,” after “thereof”;

(2) in subsection (f), by striking paragraph (1) and inserting the following new paragraph:

“(1) be made for a period of not less than 25 nor greater than 40 years from the date the loan was made and may provide for amortization of the loan over a period of not to exceed 40 years with a final payment of the balance due at the end of the loan term.”;

(3) in subsection (i)(2), by striking “(A) conveyance to the Secretary” and all that follows through “(C) assignment” and inserting “(A) submission to the Secretary of a claim for payment under the guarantee, and (B) assignment”;

(4) in subsection (s), by adding at the end the following new subsection:

“(4) INDIAN ORGANIZATION.—The term ‘Indian organization’ means the governing body of an Indian tribe, band, group, pueblo, or community, including native villages or native groups, as defined by the Alaska Claims Settlement Act (43 U.S.C. 1601 et seq.), (including corporations organized by the Kenai, Juneau, Sitka, and Kodiak) which is eligible for services from the Bureau of Indian Affairs or an entity established or recognized by the governing body for the purpose of financing economic development.”;

(5) in subsection (t), by inserting before the period at the end the following: “to provide guarantees under this section for eligible loans having an aggregate principal amount of \$500,000,000”;

(6) by striking subsection (l);

(7) by redesignating subsections (m) through (u) as subsections (l) through (t), respectively;

(8) by adding at the end the following new subsections:

“(u) FEE AUTHORITY.—

“(1) IN GENERAL.—Any amounts collected by the Secretary pursuant to the fees charged to lenders for loan guarantees issued under this section shall be used to offset costs (as defined by section 502 of the Congressional Budget Act of 1974 (2 U.S.C. 661a)) of loan guarantees made under this section.

“(2) EXCESS FUNDS.—Any fees described in paragraph (1) collected in excess of the amount required in paragraph (1) during a fiscal year, shall be available to the Secretary, without further appropriation and without fiscal year limitation, for use by the Secretary for costs of administering (including monitoring) program activities authorized pursuant to this section and shall be in addition to other funds made available for this purpose.

“(v) DEFAULTS OF LOANS SECURED BY RESERVATION LANDS.—In the event of a default involving a loan to an Indian tribe or tribal corporation made under this section which is secured by an interest in land within such tribe’s reservation (as determined by the Secretary of the Interior), including a community in Alaska incorporated by the Secretary of the Interior pursuant to the Indian Reorganization Act (25 U.S.C. 461 et seq.), the lender shall only pursue liquidation after offering to

transfer the account to an eligible tribal member, the tribe, or the Indian housing authority serving the tribe. If the lender subsequently proceeds to liquidate the account, the lender shall not sell, transfer, or otherwise dispose of or alienate the property except to one of the entities described in the preceding sentence.”.

SEC. 1007. ENFORCEMENT PROVISIONS.

(a) **IN GENERAL.**—Title V of the Housing Act of 1949 (42 U.S.C. 1471 et seq.) is amended by adding after section 542 the following:

“SEC. 543. ENFORCEMENT PROVISIONS.

“(a) EQUITY SKIMMING.—

“(1) CRIMINAL PENALTY.—Whoever, as an owner, agent, employee, or manager, or is otherwise in custody, control, or possession of property that is security for a loan made or guaranteed under this title, willfully uses, or authorizes the use, of any part of the rents, assets, proceeds, income, or other funds derived from such property, for any purpose other than to meet actual, reasonable, and necessary expenses of the property, or for any other purpose not authorized by this title or the regulations adopted pursuant to this title, shall be fined under title 18, United States Code, or imprisoned not more than 5 years, or both.

“(2) CIVIL SANCTIONS.—An entity or individual who as an owner, operator, employee, or manager, or who acts as an agent for a property that is security for a loan made or guaranteed under this title where any part of the rents, assets, proceeds, income, or other funds derived from such property are used for any purpose other than to meet actual, reasonable, and necessary expenses of the property, or for any other purpose not authorized by this title or the regulations adopted pursuant to this title, shall be subject to a fine of not more than \$25,000 per violation. The sanctions provided in this paragraph may be imposed in addition to any other civil sanctions or civil monetary penalties authorized by law.

“(b) CIVIL MONETARY PENALTIES.—

“(1) IN GENERAL.—The Secretary may, after notice and opportunity for a hearing, impose a civil monetary penalty in accordance with this subsection against any individual or entity, including its owners, officers, directors, general partners, limited partners, or employees, who knowingly and materially violate, or participate in the violation of, the provisions of this title, the regulations issued by the Secretary pursuant to this title, or agreements made in accordance with this title, by—

“(A) submitting information to the Secretary that is false;

“(B) providing the Secretary with false certifications;

“(C) failing to submit information requested by the Secretary in a timely manner;

“(D) failing to maintain the property subject to loans made or guaranteed under this title in good repair and condition, as determined by the Secretary;

“(E) failing to provide management for a project which received a loan made or guaranteed under this title that is acceptable to the Secretary; or

“(F) failing to comply with the provisions of applicable civil rights statutes and regulations.

“(2) CONDITIONS FOR RENEWAL OR EXTENSION.—The Secretary may require that expiring loan or assistance agreements entered into under this title shall not be renewed or extended unless the owner executes an agreement to comply with additional conditions prescribed by the Secretary, or executes a new loan or assistance agreement in the form prescribed by the Secretary.

“(3) AMOUNT.—

“(A) IN GENERAL.—The amount of a civil monetary penalty imposed under this subsection shall not exceed the greater of—

“(i) twice the damages the Department of Agriculture, the guaranteed lender, or the project that is secured for a loan under this section suffered or would have suffered as a result of the violation; or

“(ii) \$50,000 per violation.

“(B) DETERMINATION.—In determining the amount of a civil monetary penalty under this subsection, the Secretary shall take into consideration—

“(i) the gravity of the offense;

“(ii) any history of prior offenses by the violator (including offenses occurring prior to the enactment of this section);

“(iii) the ability of the violator to pay the penalty;

“(iv) any injury to tenants;

“(v) any injury to the public;

“(vi) any benefits received by the violator as a result of the violation;

“(vii) deterrence of future violations; and
 “(viii) such other factors as the Secretary may establish by regulation.

“(4) PAYMENT OF PENALTIES.—No payment of a penalty assessed under this section may be made from funds provided under this title or from funds of a project which serve as security for a loan made or guaranteed under this title.

“(5) REMEDIES FOR NONCOMPLIANCE.—

“(A) JUDICIAL INTERVENTION.—If a person or entity fails to comply with a final determination by the Secretary imposing a civil monetary penalty under this subsection, the Secretary may request the Attorney General of the United States to bring an action in an appropriate United States district court to obtain a monetary judgment against such individual or entity and such other relief as may be available. The monetary judgment may, in the court’s discretion, include the attorney’s fees and other expenses incurred by the United States in connection with the action.

“(B) REVIEWABILITY OF DETERMINATION.—In an action under this paragraph, the validity and appropriateness of a determination by the Secretary imposing the penalty shall not be subject to review.”

(b) CONFORMING AMENDMENT.—Section 514 of the Housing Act of 1949 (42 U.S.C. 1484) is amended by striking subsection (j).

SEC. 1008. AMENDMENTS TO TITLE 18 OF UNITED STATES CODE.

(a) MONEY LAUNDERING.—Section 1956(c)(7)(D) of title 18, United States Code, is amended by inserting “any violation of section 543(a)(1) of the Housing Act of 1949 (relating to equity skimming),” after “coupons having a value of not less than \$5,000.”

(b) OBSTRUCTION OF FEDERAL AUDITS.—Section 1516(a) of title 18, United States Code, is amended by inserting “or relating to any property that is security for a loan that is made or guaranteed under title V of the Housing Act of 1949,” before “shall be fined under this title”.

TITLE XI—MANUFACTURED HOUSING IMPROVEMENT

SEC. 1101. SHORT TITLE AND REFERENCES.

(a) SHORT TITLE.—This title may be cited as the “Manufactured Housing Improvement Act”.

(b) REFERENCES.—Whenever in this title an amendment is expressed in terms of an amendment to, or repeal of, an Act, a section, or any other provision, the reference shall be considered to be made to that section or other provision of the National Manufactured Housing Construction and Safety Standards Act of 1974 (42 U.S.C. 5401 et seq.).

SEC. 1102. FINDINGS AND PURPOSES.

Section 602 (42 U.S.C. 5401) is amended to read as follows:

“FINDINGS AND PURPOSES

“SEC. 602. (a) FINDINGS.—The Congress finds that—

“(1) manufactured housing plays a vital role in meeting the housing needs of the Nation; and

“(2) manufactured homes provide a significant resource for affordable homeownership and rental housing accessible to all Americans.

“(b) PURPOSES.—The purposes of this title are—

“(1) to facilitate the acceptance of the quality, durability, safety, and affordability of manufactured housing within the Department of Housing and Urban Development;

“(2) to facilitate the availability of affordable manufactured homes and to increase homeownership for all Americans;

“(3) to provide for the establishment of practical, uniform, and, to the extent possible, performance-based Federal construction standards;

“(4) to encourage innovative and cost-effective construction techniques;

“(5) to protect owners of manufactured homes from unreasonable risk of personal injury and property damage;

“(6) to establish a balanced consensus process for the development, revision, and interpretation of Federal construction and safety standards for manufactured homes and related regulations for the enforcement of such standards;

“(7) to ensure uniform and effective enforcement of Federal construction and safety standards for manufactured homes; and

“(8) to ensure that the public interest in, and need for, affordable manufactured housing is duly considered in all determinations relating to the Federal standards and their enforcement.”.

SEC. 1103. DEFINITIONS.

(a) IN GENERAL.—Section 603 (42 U.S.C. 5402) is amended—

(1) in paragraph (2), by striking “dealer” and inserting “retailer”;

(2) in paragraph (12), by striking “and” at the end;

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

(4) by adding at the end the following new paragraphs:

“(14) ‘administering organization’ means the recognized, voluntary, private sector, consensus standards body with specific experience in developing model residential building codes and standards involving all disciplines regarding construction and safety that administers the consensus standards development process;

“(15) ‘consensus committee’ means the committee established under section 604(a)(3);

“(16) ‘consensus standards development process’ means the process by which additions, revisions, and interpretations to the Federal manufactured home construction and safety standards and enforcement regulations shall be developed and recommended to the Secretary by the consensus committee;

“(17) ‘primary inspection agency’ means a State agency or private organization that has been approved by the Secretary to act as a design approval primary inspection agency or a production inspection primary inspection agency, or both;

“(18) ‘design approval primary inspection agency’ means a State agency or private organization that has been approved by the Secretary to evaluate and either approve or disapprove manufactured home designs and quality control procedures;

“(19) ‘production inspection primary inspection agency’ means a State agency or private organization that has been approved by the Secretary to evaluate the ability of manufactured home manufacturing plants to comply with approved quality control procedures and with the Federal manufactured home construction and safety standards promulgated hereunder;

“(20) ‘installation standards’ means reasonable specifications for the installation of a manufactured home, at the place of occupancy, to ensure proper siting, the joining of all sections of the home, and the installation of stabilization, support, or anchoring systems; and

“(21) ‘monitoring’—

“(A) means the process of periodic review of the primary inspection agencies, by the Secretary or by a State agency under an approved State plan pursuant to section 623, in accordance with regulations recommended by the consensus committee and promulgated in accordance with section 604(b), which process shall be for the purpose of ensuring that the primary inspection agencies are discharging their duties under this title; and

“(B) may include the periodic inspection of retail locations for transit damage, label tampering, and retailer compliance with this title.”.

(b) CONFORMING AMENDMENTS.—The Act is amended—

(1) in section 613 (42 U.S.C. 5412), by striking “dealer” each place it appears and inserting “retailer”;

(2) in section 614(f) (42 U.S.C. 5413(f)), by striking “dealer” each place it appears and inserting “retailer”;

(3) in section 615 (42 U.S.C. 5414)—

(A) in subsection (b)(1), by striking “dealer” and inserting “retailer”;

(B) in subsection (b)(3), by striking “dealer or dealers” and inserting “retailer or retailers”; and

(C) in subsections (d) and (f), by striking “dealers” each place it appears and inserting “retailers”;

(4) in section 616 (42 U.S.C. 5415), by striking “dealer” and inserting “retailer”; and

(5) in section 623(c)(9), by striking “dealers” and inserting “retailers”.

SEC. 1104. FEDERAL MANUFACTURED HOME CONSTRUCTION AND SAFETY STANDARDS.

Section 604 (42 U.S.C. 5403) is amended—

(1) by striking subsections (a) and (b) and inserting the following new subsections:

“(a) ESTABLISHMENT.—

“(1) AUTHORITY.—The Secretary shall establish, by order, appropriate Federal manufactured home construction and safety standards, each of which—

“(A) shall—

- “(i) be reasonable and practical;
- “(ii) meet high standards of protection consistent with the enumerated purposes of this title; and
- “(iii) where appropriate, be performance-based and objectively stated;

and

“(B) except as provided in subsection (b), shall be established in accordance with the consensus standards development process.

“(2) CONSENSUS STANDARDS AND REGULATORY DEVELOPMENT PROCESS.—

“(A) INITIAL AGREEMENT.—Not later than 180 days after the date of enactment of the Manufactured Housing Improvement Act, the Secretary shall enter into a contract with an administering organization. The contractual agreement shall—

“(i) terminate on the date on which a contract is entered into under subparagraph (B); and

“(ii) require the administering organization to—

“(I) appoint the initial members of the consensus committee under paragraph (3);

“(II) administer the consensus standards development process until the termination of that agreement; and

“(III) administer the consensus development and interpretation process for procedural and enforcement regulations and regulations specifying the permissible scope and conduct of monitoring until the termination of that agreement.

“(B) COMPETITIVELY PROCURED CONTRACT.—Upon the expiration of the 4-year period beginning on the date on which all members of the consensus committee are appointed under paragraph (3), the Secretary shall, using competitive procedures (as such term is defined in section 4 of the Office of Federal Procurement Policy Act), enter into a competitively awarded contract with an administering organization. The administering organization shall administer the consensus process for the development and interpretation of the Federal standards, the procedural and enforcement regulations and regulations specifying the permissible scope and conduct of monitoring in accordance with this title.

“(C) PERFORMANCE REVIEW.—The Secretary—

“(i) shall periodically review the performance of the administering organization; and

“(ii) may replace the administering organization with another qualified technical or building code organization, pursuant to competitive procedures, if the Secretary determines in writing that the administering organization is not fulfilling the terms of the agreement or contract to which the administering organization is subject or upon the expiration of the agreement or contract.

“(3) CONSENSUS COMMITTEE.—

“(A) PURPOSE.—There is established a committee to be known as the ‘consensus committee’, which shall, in accordance with this title—

“(i) provide periodic recommendations to the Secretary to adopt, revise, and interpret the Federal manufactured housing construction and safety standards in accordance with this subsection;

“(ii) provide periodic recommendations to the Secretary to adopt, revise, and interpret the procedural and enforcement regulations, including regulations specifying the permissible scope and conduct of monitoring in accordance with this subsection; and

“(iii) be organized and carry out its business in a manner that guarantees a fair opportunity for the expression and consideration of various positions and for public participation.

“(B) MEMBERSHIP.—The consensus committee shall be composed of—

“(i) 21 voting members appointed, subject to approval by the Secretary, by the administering organization from among individuals who are qualified by background and experience to participate in the work of the consensus committee; and

“(ii) 1 member appointed by the Secretary to represent the Secretary on the consensus committee, who shall be a nonvoting member.

“(C) DISAPPROVAL.—The Secretary may disapprove, in writing with the reasons set forth, the appointment of an individual under subparagraph (B)(i).

“(D) SELECTION PROCEDURES AND REQUIREMENTS.—Each member shall be appointed in accordance with the selection procedures, which shall be established by the Secretary and which shall be based on the procedures for consensus committees promulgated by the American National Standards Institute (or successor organization), to ensure equal representation on the consensus committee of the following interest categories:

“(i) PRODUCERS.—7 producers or retailers of manufactured housing.

“(ii) USERS.—7 persons representing consumer interests, such as consumer organizations, recognized consumer leaders, and owners who are residents of manufactured homes.

“(iii) GENERAL INTEREST AND PUBLIC OFFICIALS.—7 general interest and public official members.

“(E) BALANCING OF INTERESTS.—

“(i) IN GENERAL.—In order to achieve a proper balance of interests on the consensus committee—

“(I) the administering organization in its appointments shall ensure that all directly and materially affected interests have the opportunity for fair and equitable participation without dominance by any single interest; and

“(II) the Secretary may reject the appointment of any 1 or more individuals in order to ensure that there is not dominance by any single interest.

“(ii) DOMINANCE DEFINED.—In this subparagraph, the term ‘dominance’ means a position or exercise of dominant authority, leadership, or influence by reason of superior leverage, strength, or representation.

“(F) ADDITIONAL QUALIFICATIONS.—

“(i) FINANCIAL INDEPENDENCE.—No individual appointed under subparagraph (D)(ii) shall have, and 3 of individuals appointed under subparagraph (D)(iii) shall not have—

“(I) a significant financial interest in any segment of the manufactured housing industry; or

“(II) a significant relationship to any person engaged in the manufactured housing industry.

“(ii) POST-EMPLOYMENT BAN.—An individual appointed under clause (i) or (ii) of subparagraph (D) shall be subject to a ban disallowing compensation from the manufactured housing industry during the period of, and for the 1-year period after, membership of that individual on the consensus committee.

“(G) MEETINGS.—

“(i) NOTICE; OPEN TO PUBLIC.—The consensus committee shall provide advance notice of each meeting of the consensus committee to the Secretary and publish advance notice of each such meeting in the Federal Register. All meetings of the consensus committee shall be open to the public.

“(ii) REIMBURSEMENT.—Members of the consensus committee in attendance at the meetings shall be reimbursed for their actual expenses as authorized by section 5703 of title 5, United States Code, for persons employed intermittently in Government service.

“(H) INAPPLICABILITY OF OTHER LAWS.—

“(i) ADVISORY COMMITTEE ACT.—The consensus committee shall not be considered to be an advisory committee for purposes of the Federal Advisory Committee Act.

“(ii) TITLE 18.—The members of the consensus committee shall not be subject to section 203, 205, 207, or 208 of title 18, United States Code, to the extent of their proper participation as members of the consensus committee.

“(iii) ETHICS IN GOVERNMENT ACT OF 1978.—The Ethics in Government Act of 1978 shall not apply to members of the consensus committee to the extent of their proper participation as members of the consensus committee.

“(I) ADMINISTRATION.—The consensus committee and the administering organization shall—

“(i) operate in conformance with the procedures established by the American National Standards Institute for the development and coordination of American National Standards; and

“(ii) apply to the American National Standards Institute and take such other actions as may be necessary to obtain accreditation from the American National Standards Institute.

“(J) STAFF.—The administering organization shall, upon the request of the consensus committee, provide reasonable staff resources to the consensus committee. Upon a showing of need, the Secretary shall furnish technical support to any of the various interest categories on the consensus committee.

“(K) DATE OF INITIAL APPOINTMENTS.—The initial appointments of all of the members of the consensus committee shall be completed not later than 90 days after the date on which an administration agreement under paragraph (2)(A) is completed with the administering organization.

“(4) REVISIONS OF STANDARDS.—

“(A) IN GENERAL.—Beginning on the date on which all members of the consensus committee are appointed under paragraph (3), the consensus committee shall, not less than once during each 2-year period—

“(i) consider revisions to the Federal manufactured home construction and safety standards; and

“(ii) submit proposed revised standards and regulations, if approved in a vote of the consensus committee by two-thirds of the members, to the Secretary in the form of a proposed rule, including an economic analysis.

“(B) PUBLICATION OF PROPOSED REVISED STANDARDS.—

“(i) PUBLICATION BY SECRETARY.—The consensus committee shall provide a proposed revised standard under subparagraph (A)(ii) to the Secretary who shall, not later than 30 days after receipt, publish such proposed revised standard in the Federal Register for notice and comment. Unless clause (ii) applies, the Secretary shall provide an opportunity for public comment on such proposed revised standard and any such comments shall be submitted directly to the consensus committee without delay.

“(ii) PUBLICATION OF REJECTED PROPOSED REVISED STANDARD.—If the Secretary rejects the proposed revised standard, the Secretary shall publish the rejected proposed revised standard in the Federal Register with the reasons for rejection and any recommended modifications set forth.

“(C) PRESENTATION OF PUBLIC COMMENTS; PUBLICATION OF RECOMMENDED REVISIONS.—

“(i) PRESENTATION.—Any public comments, views, and objections to a proposed revised standard published under subparagraph (B) shall be presented by the Secretary to the consensus committee upon their receipt and in the manner received, in accordance with procedures established by the American National Standards Institute.

“(ii) PUBLICATION BY THE SECRETARY.—The consensus committee shall provide to the Secretary any revisions proposed by the consensus committee, which the Secretary shall, not later than 7 calendar days after receipt, cause to be published in the Federal Register as a notice of the recommended revisions of the consensus committee to the standard, a notice of the submission of the recommended revisions to the Secretary, and a description of the circumstances under which the proposed revised standards could become effective.

“(iii) PUBLICATION OF REJECTED PROPOSED REVISED STANDARD.—If the Secretary rejects the proposed revised standard, the Secretary shall publish the rejected proposed revised standard in the Federal Register with the reasons for rejection and any recommended modifications set forth.

“(5) REVIEW BY THE SECRETARY.—

“(A) IN GENERAL.—The Secretary shall either adopt, modify, or reject a standard, as submitted by the consensus committee under paragraph (4)(A).

“(B) TIMING.—Not later than 12 months after the date on which a standard is submitted to the Secretary by the consensus committee, the Secretary shall take action regarding such standard under subparagraph (C).

“(C) PROCEDURES.—If the Secretary—

“(i) adopts a standard recommended by the consensus committee, the Secretary shall—

“(I) issue a final order without further rulemaking; and

“(II) cause the final order to be published in the Federal Register;

“(ii) determines that any standard should be rejected, the Secretary shall—

“(I) reject the standard; and

“(II) cause to be published in the Federal Register a notice to that effect, together with the reason or reasons for rejecting the proposed standard; or

“(iii) determines that a standard recommended by the consensus committee should be modified, the Secretary shall—

“(I) cause the proposed modified standard to be published in the Federal Register, together with an explanation of the reason or reasons for the determination of the Secretary; and

“(II) provide an opportunity for public comment in accordance with section 553 of title 5, United States Code.

“(D) FINAL ORDER.—Any final standard under this paragraph shall become effective pursuant to subsection (c).

“(6) FAILURE TO ACT.—If the Secretary fails to take final action under paragraph (5) and to publish notice of the action in the Federal Register before the expiration of the 12-month period beginning on the date on which the proposed standard is submitted to the Secretary under paragraph (4)(A)—

“(A) the recommendations of the consensus committee—

“(i) shall be considered to have been adopted by the Secretary; and

“(ii) shall take effect upon the expiration of the 180-day period that begins upon the conclusion of such 12-month period; and

“(B) not later than 10 days after the expiration of such 12-month period, the Secretary shall cause to be published in the Federal Register a notice of the failure of the Secretary to act, the revised standard, and the effective date of the revised standard, which notice shall be deemed to be an order of the Secretary approving the revised standards proposed by the consensus committee.

“(b) OTHER ORDERS.—

“(1) REGULATIONS.—The Secretary may issue procedural and enforcement regulations as necessary to implement the provisions of this title. The consensus committee may submit to the Secretary proposed procedural and enforcement regulations and recommendations for the revision of such regulations.

“(2) INTERPRETATIVE BULLETINS.—The Secretary may issue interpretative bulletins to clarify the meaning of any Federal manufactured home construction and safety standard or procedural and enforcement regulation. The consensus committee may submit to the Secretary proposed interpretative bulletins to clarify the meaning of any Federal manufactured home construction and safety standard or procedural and enforcement regulation.

“(3) REVIEW BY CONSENSUS COMMITTEE.—Before issuing a procedural or enforcement regulation or an interpretative bulletin—

“(A) the Secretary shall—

“(i) submit the proposed procedural or enforcement regulation or interpretative bulletin to the consensus committee; and

“(ii) provide the consensus committee with a period of 120 days to submit written comments to the Secretary on the proposed procedural or enforcement regulation or the interpretative bulletin; and

“(B) if the Secretary rejects any significant comment provided by the consensus committee under subparagraph (A), the Secretary shall provide a written explanation of the reasons for the rejection to the consensus committee; and

“(C) following compliance with subparagraphs (A) and (B), the Secretary shall—

“(i) cause the proposed regulation or interpretative bulletin and the consensus committee’s written comments along with the Secretary’s response thereto to be published in the Federal Register; and

“(ii) provide an opportunity for public comment in accordance with section 553 of title 5, United States Code.

“(4) REQUIRED ACTION.—The Secretary shall act on any proposed regulation or interpretative bulletin submitted by the consensus committee by approving or rejecting the proposal within 120 days from the date the proposal is received by the Secretary. The Secretary shall either—

“(A) approve the proposal and cause the proposed regulation or interpretative bulletin to be published for public comment in accordance with section 553 of title 5, United States Code; or

“(B) reject the proposed regulation or interpretative bulletin and—

“(i) provide a written explanation of the reasons for rejection to the consensus committee; and

“(ii) cause the proposed regulation and the written explanation for the rejection to be published in the Federal Register.

“(5) EMERGENCY ORDERS.—If the Secretary determines, in writing, that such action is necessary in order to respond to an emergency which jeopardizes the public health or safety, or to address an issue on which the Secretary determines that the consensus committee has not made a timely recommendation, following a request by the Secretary, the Secretary may issue an order that is not developed under the procedures set forth in subsection (a) or in this subsection, if the Secretary—

“(A) provides to the consensus committee a written description and sets forth the reasons why emergency action is necessary and all supporting documentation; and

“(B) issues and publishes the order in the Federal Register.

“(6) CHANGES.—Any statement of policies, practices, or procedures relating to construction and safety standards, inspections, monitoring, or other enforcement activities which constitutes a statement of general or particular applicability and future offset and decisions to implement, interpret, or prescribe law of policy by the Secretary is subject to the provisions of subsection (a) or (b) of this subsection. Any change adopted in violation of the provisions of subsection (a) or (b) of this subsection is void.

“(7) TRANSITION.—Until the date that the consensus committee is appointed pursuant to section 1104(a)(3), the Secretary may issue proposed orders that are not developed under the procedures set forth in this section for new and revised standards.”;

(2) in subsection (d), by adding at the end the following: “Federal preemption under this subsection shall be broadly and liberally construed to ensure that disparate State or local requirements or standards do not affect the uniformity and comprehensiveness of the standards promulgated hereunder nor the Federal superintendence of the manufactured housing industry as established by this title. Subject to section 605, there is reserved to each State the right to establish standards for the stabilizing and support systems of manufactured homes sited within that State, and for the foundations on which manufactured homes sited within that State are installed, and the right to enforce compliance with such standards, except that such standards shall be consistent with the purposes of this title and shall be consistent with the design of the manufacturer.”;

(3) by striking subsection (e);

(4) in subsection (f), by striking the subsection designation and all of the matter that precedes paragraph (1) and inserting the following:

“(e) CONSIDERATIONS IN ESTABLISHING AND INTERPRETING STANDARDS AND REGULATIONS.—The consensus committee, in recommending standards, regulations, and interpretations, and the Secretary, in establishing standards or regulations, or issuing interpretations under this section, shall—”;

(5) by striking subsection (g);

(6) in the first sentence of subsection (j), by striking “subsection (f)” and inserting “subsection (e)”; and

(7) by redesignating subsections (h), (i), and (j), as subsections (f), (g), and (h), respectively.

SEC. 1105. ABOLISHMENT OF NATIONAL MANUFACTURED HOME ADVISORY COUNCIL; MANUFACTURED HOME INSTALLATION.

(a) IN GENERAL.—Section 605 (42 U.S.C. 5404) is amended to read as follows:

“SEC. 605. MANUFACTURED HOME INSTALLATION.

“(a) PROVISION OF INSTALLATION DESIGN AND INSTRUCTIONS.—A manufacturer shall provide with each manufactured home, design and instructions for the installation of the manufactured home that have been approved by a design approval primary inspection agency. After establishment of model standards under subsection (b)(2), a design approval primary inspection agency may not give such approval unless a design and instruction provides equal or greater protection than the protection provided under such model standards.

“(b) MODEL MANUFACTURED HOME INSTALLATION STANDARDS.—

“(1) PROPOSED MODEL STANDARDS.—Not later than 18 months after the date on which the initial appointments of all of the members of the consensus committee are completed, the consensus committee shall develop and submit to the Secretary proposed model manufactured home installation standards, which

shall, to the maximum extent possible, taking into account the factors described in section 604(e), be consistent with—

“(A) the home designs that have been approved by a design approval primary inspection agency; and

“(B) the designs and instructions for the installation of manufactured homes provided by manufacturers under subsection (a).

“(2) ESTABLISHMENT OF MODEL STANDARDS.—Not later than 12 months after receiving the proposed model standards submitted under paragraph (1), the Secretary shall develop and establish model manufactured home installation standards, which shall be consistent with—

“(A) the home designs that have been approved by a design approval primary inspection agency; and

“(B) the designs and instructions for the installation of manufactured homes provided by manufacturers under subsection (a).

“(3) FACTORS FOR CONSIDERATION.—

“(A) CONSENSUS COMMITTEE.—In developing the proposed model standards under paragraph (1), the consensus committee shall consider the factors described in section 604(e).

“(B) SECRETARY.—In developing and establishing the model standards under paragraph (2), the Secretary shall consider the factors described in section 604(e).

“(c) MANUFACTURED HOME INSTALLATION PROGRAMS.—

“(1) PROTECTION OF MANUFACTURED HOUSING RESIDENTS DURING INITIAL PERIOD.—During the 5-year period beginning on the date of enactment of the Manufactured Housing Improvement Act, no State or manufacturer may establish or implement any installation standards that, in the determination of the Secretary, provide less protection to the residents of manufactured homes than the protection provided by the installation standards in effect with respect to the State or manufacturer, as applicable, on the date of enactment of the Manufactured Housing Improvement Act.

“(2) INSTALLATION STANDARDS.—

“(A) ESTABLISHMENT OF INSTALLATION PROGRAM.—Not later than the expiration of the 5-year period described in paragraph (1), the Secretary shall establish an installation program that meets the requirements of paragraph (3) for the enforcement of installation standards in each State described in subparagraph (B).

“(B) IMPLEMENTATION OF INSTALLATION PROGRAM.—Beginning on the expiration of the 5-year period described in paragraph (1), the Secretary shall implement the installation program established under subparagraph (A) in each State that does not have an installation program established by State law that meets the requirements of paragraph (3).

“(C) CONTRACTING OUT OF IMPLEMENTATION.—In carrying out subparagraph (B), the Secretary may contract with an appropriate agent to implement the installation program established under that subparagraph, except that such agent shall not be a person or entity other than a government, nor an affiliate or subsidiary of such a person or entity, that has entered into a contract with the Secretary to implement any other regulatory program under this title.

“(3) REQUIREMENTS.—An installation program meets the requirements of this paragraph if it is a program regulating the installation of manufactured homes that includes—

“(A) installation standards that, in the determination of the Secretary, provide protection to the residents of manufactured homes that equals or exceeds the protection provided to those residents by—

“(i) the model manufactured home installation standards established under subsection (b); or

“(ii) the designs and instructions provided by manufacturers under subsection (a), if the Secretary determines that such designs and instructions provide protection to the residents of the manufactured home that equals or exceeds the protection provided by the model manufactured home installation standards established under subsection (b);

“(B) the training and licensing of manufactured home installers; and

“(C) inspection of the installation of manufactured homes.”.

(b) CONFORMING AMENDMENTS.—Section 623(c) (42 U.S.C. 5422(c)) is amended—

- (1) in paragraph (10), by striking “and” at the end;
- (2) by redesignating paragraph (11) as paragraph (13); and
- (3) by inserting after paragraph (10) the following:

“(11) with respect to any State plan submitted on or after the expiration of the 5-year period beginning on the date of enactment of the Manufactured Housing Improvement Act, provides for an installation program established by State law that meets the requirements of section 605(c)(3);”.

SEC. 1106. PUBLIC INFORMATION.

Section 607 (42 U.S.C. 5406) is amended—

- (1) in subsection (a)—
 - (A) by inserting “to the Secretary” after “submit”; and
 - (B) by adding at the end the following: “The Secretary shall submit such cost and other information to the consensus committee for evaluation.”;
- (2) in subsection (d), by inserting “, the consensus committee,” after “public”; and
- (3) by striking subsection (c) and redesignating subsections (d) and (e) as subsections (c) and (d), respectively.

SEC. 1107. RESEARCH, TESTING, DEVELOPMENT, AND TRAINING.

(a) IN GENERAL.—Section 608(a) (42 U.S.C. 5407(a)) is amended—

- (1) in paragraph (2), by striking “and” at the end;
- (2) in paragraph (3), by striking the period at the end and inserting a semicolon; and
- (3) by adding at the end the following new paragraphs:
 - “(4) encouraging the government sponsored housing entities to actively develop and implement secondary market securitization programs for FHA manufactured home loans and those of other loan programs, as appropriate, thereby promoting the availability of affordable manufactured homes to increase homeownership for all people in the United States; and
 - “(5) reviewing the programs for FHA manufactured home loans and developing any changes to such programs to promote the affordability of manufactured homes, including changes in loan terms, amortization periods, regulations, and procedures.”

(b) DEFINITIONS.—Section 608 (42 U.S.C. 5407) is amended by adding at the end the following new subsection:

“(c) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

“(1) GOVERNMENT SPONSORED HOUSING ENTITIES.—The term ‘government sponsored housing entities’ means the Government National Mortgage Association of the Department of Housing and Urban Development, the Federal National Mortgage Association, and the Federal Home Loan Mortgage Corporation.

“(2) FHA MANUFACTURED HOME LOANS.—The term ‘FHA manufactured home loan’ means a loan that—

“(A) is insured under title I of the National Housing Act and is made for the purpose of financing alterations, repairs, or improvements on or in connection with an existing manufactured home, the purchase of a manufactured home, the purchase of a manufactured home and a lot on which to place the home, or the purchase only of a lot on which to place a manufactured home; or

“(B) otherwise insured under the National Housing Act and made for or in connection with a manufactured home.”

SEC. 1108. FEES.

Section 620 (42 U.S.C. 5419) is amended to read as follows:

“AUTHORITY TO ESTABLISH FEES

“SEC. 620. (a) IN GENERAL.—In carrying out inspections under this title, in developing standards and regulations pursuant to section 604, and in facilitating the acceptance of the affordability and availability of manufactured housing within the Department, the Secretary may—

“(1) establish and collect from manufactured home manufacturers such reasonable fees as may be necessary to offset the expenses incurred by the Secretary in connection with carrying out the responsibilities of the Secretary under this title, including—

“(A) conducting inspections and monitoring;

“(B) providing funding to States for the administration and implementation of approved State plans under section 623, including reasonable funding for cooperative educational and training programs designed to facilitate uniform enforcement under this title; these funds may be paid directly to the States or may be paid or provided to any person or entity designated to receive and disburse such funds by cooperative agreements among par-

icipating States, provided that such person or entity is not otherwise an agent of the Secretary under this title;

“(C) providing the funding for a noncareer administrator and Federal staff personnel for the manufactured housing program;

“(D) administering the consensus committee as set forth in section 604; and

“(E) facilitating the acceptance of the quality, durability, safety, and affordability of manufactured housing within the Department; and

“(2) use any fees collected under paragraph (1) to pay expenses referred to in paragraph (1), which shall be exempt and separate from any limitations on the Department of Housing and Urban Development regarding full-time equivalent positions and travel.

“(b) CONTRACTORS.—When using fees under this section, the Secretary shall ensure that separate and independent contractors are retained to carry out monitoring and inspection work and any other work that may be delegated to a contractor under this title.

“(c) PROHIBITED USE.—Fees collected under subsection (a) shall not be used for any purpose or activity not specifically authorized by this title unless such activity was already engaged in by the Secretary prior to the date of enactment of this title.

“(d) MODIFICATION.—Any fee established by the Secretary under this section shall only be modified pursuant to rulemaking in accordance with section 553 of title 5, United States Code.

“(e) APPROPRIATION AND DEPOSIT OF FEES.—

“(1) IN GENERAL.—There is established in the Treasury of the United States a fund to be known as the ‘Manufactured Housing Fees Trust Fund’ for deposit of all fees collected pursuant to subsection (a). These fees shall be held in trust for use only as provided in this title.

“(2) APPROPRIATION.—Such fees shall be available for expenditure only to the extent approved in an annual appropriation Act.”.

SEC. 1109. DISPUTE RESOLUTION.

Section 623(c) (42 U.S.C. 5422(c)), as amended by section 5(b) of this Act, is amended by inserting after paragraph (11) (as added by section 5(b) of this Act) the following:

“(12) with respect to any State plan submitted on or after the expiration of the 5-year period beginning on the date of enactment of the Manufactured Housing Improvement Act, provides for a dispute resolution program for the timely resolution of disputes between manufacturers, retailers, and installers of manufactured homes regarding responsibility, and for the issuance of appropriate orders, for the correction or repair of defects in manufactured homes that are reported during the 1-year period beginning on the date of installation; and”;

(2) by adding at the end the following:

“(g) ENFORCEMENT OF DISPUTE RESOLUTION STANDARDS.—

“(1) ESTABLISHMENT OF DISPUTE RESOLUTION PROGRAM.—Not later than the expiration of the 5-year period beginning on the date of enactment of the Manufactured Housing Improvement Act, the Secretary shall establish a dispute resolution program that meets the requirements of subsection (c)(12) for dispute resolution in each State described in paragraph (2).

“(2) IMPLEMENTATION OF DISPUTE RESOLUTION PROGRAM.—Beginning on the expiration of the 5-year period described in paragraph (1), the Secretary shall implement the dispute resolution program established under paragraph (1) in each State that has not established a dispute resolution program that meets the requirements of subsection (c)(12).

“(3) CONTRACTING OUT OF IMPLEMENTATION.—In carrying out paragraph (2), the Secretary may contract with an appropriate agent to implement the dispute resolution program established under that paragraph, except that such agent shall not be a person or entity other than a government, nor an affiliate or subsidiary of such a person or entity, that has entered into a contract with the Secretary to implement any other regulatory program under this title.”.

SEC. 1110. ELIMINATION OF ANNUAL REPORT REQUIREMENT.

The Act is amended—

(1) by striking section 626 (42 U.S.C. 5425); and

(2) by redesignating sections 627 and 628 (42 U.S.C. 5426, 5401 note) as sections 626 and 627, respectively.

SEC. 1111. EFFECTIVE DATE.

The amendments made by this title shall take effect on the date of enactment of this Act, except that the amendments shall have no effect on any order or interpretative bulletin that is published as a proposed rule pursuant to section 553 of title 5, United States Code, on or before such date.

SEC. 1112. SAVINGS PROVISION.

(a) **STANDARDS AND REGULATIONS.**—The Federal manufactured home construction and safety standards (as such term is defined in section 603 of the National Manufactured Housing Construction and Safety Standards Act of 1974) and all regulations pertaining thereto in effect immediately before the date of the enactment of this Act shall apply until the effective date of a standard or regulation modifying or superseding the existing standard or regulation which is promulgated under subsection (a) or (b) of section 604 of the National Manufactured Housing Construction and Safety Standards Act of 1974, as amended by this title.

(b) **CONTRACTS.**—Any contract awarded pursuant to a Request for Proposal issued before the date of enactment of this Act shall remain in effect for a period of 2 years from the date of enactment of this Act or for the remainder of the contract term, whichever period is shorter.

EXPLANATION OF THE LEGISLATION

H.R. 1776, the “American Homeownership and Economic Opportunity Act of 2000” is comprehensive legislation designed to broaden the pathways to homeownership for our Nation’s citizens, and to help foster the development of healthy, economically vibrant neighborhoods.

The “American Homeownership and Economic Opportunity Act of 2000” encourages the removal of unnecessary regulatory barriers that hinder the production of affordable housing and drive up the costs of homeownership. Under the proposal, a housing impact analysis will be required before the Federal government issues burdensome regulations to determine if a significant negative impact on affordable housing will result. Furthermore, incentives are provided for local governments to better plan and reduce barriers to affordability.

H.R. 1776 will provide localities with added flexibility within existing Federal housing and community development block grant programs to leverage public funds with private sources of capital. The legislation creates a loan guarantee program enabling local communities to tap into future Federal block grant funds for the development of quality, long-term affordable housing. Greater flexibility in the creation of certain “loan pools” consisting of private and public funds, designed to help further homeownership efforts by local officials, is also provided. Giving communities the flexibility to create homeownership programs tailored to their needs will enable local governments to increase the impact of their funding, thereby helping more of their citizens achieve homeownership.

Communities are also provided with tools needed to foster healthy neighborhoods through increased homeownership opportunities for teachers, police officers, fire fighters and other municipal employees—the working middle class families that form the backbone of communities and are an integral component of the social capital of neighborhoods. In addition, the legislation establishes a process to transfer substandard, vacant, HUD (Department of Housing and Urban Development)-foreclosed properties, many of which are located in distressed communities or which contribute to the decline of neighborhoods, to local governments and community

development corporations for use in homeownership programs and neighborhood revitalization efforts.

The legislation enables families that receive rental assistance through HUD's Section 8 program to become homeowners. Public housing authorities (PHAs) are granted flexibility in promoting homeownership for such families by authorizing the creation of programs where assistance is used toward the purchase of a home, rather than subsidizing rent for a unit. A pilot program to help Section 8 recipients with disabilities also is established. Provisions are included to facilitate homeownership for Native Americans on tribal lands by addressing problems arising with the conduct of title searches by the Bureau of Indian Affairs (BIA) in connection with real property transactions. The legislation permanently authorizes the Section 184 Loan Guarantee Program, and amends the "Native American Housing and Self-Determination Act of 1996" to improve the functioning of the program. Provisions facilitating homeownership in rural areas are also included, specifically related to enforcement provisions, adjusting statutory loan requirements under the Rural Housing Service's (RHS) Housing Repair Loan Program from the 1970's, extension of the definition of rural areas through 2010, and flexible use of operating assistance for migrant farm-worker projects. The enforcement provisions will enable the RHS to adequately protect its multi-family housing portfolio from fraud and abuse by negligent or criminal borrowers. These provisions were developed jointly by the Administration and the U.S. Department of Agriculture Office of Inspector General.

Finally, H.R. 1776 modernizes the manufactured housing industry by giving HUD the tools needed to enhance its monitoring of the industry and protection of consumers. The current framework for regulating the manufactured housing industry is severely outdated and ill-suited to address the needs of consumers. The provisions included in H.R. 1776 represent a carefully crafted compromise between HUD, the industry, and consumers to ensure that manufactured housing improves as a viable affordable housing resource.

LEGISLATIVE HISTORY

On May 12, 1999, based on legislation which passed the House by voice vote in the 105th Congress, Representative Lazio (R-NY) joined with Representative Leach (R-IA) to introduce H.R. 1776, the "American Homeownership and Economic Opportunity Act of 1999." Representative Lazio (R-NY) also joined again with Representative Hooley (D-OR), and others to introduce H.R. 710, the "Manufactured Housing Improvement Act of 1999."

The Subcommittee on Housing and Community Opportunity held one hearing on H.R. 1776 (including H.R. 710) on September 15, 1999. On February 15, 2000, H.R. 1776, with the inclusion of H.R. 710, was marked up in Subcommittee and passed by voice vote. H.R. 1776 was marked up by the Committee on Banking and Financial Services and favorably reported to the House by a voice vote on March 14, 2000.

BACKGROUND AND NEED FOR LEGISLATION

The national homeownership rate (the percentage of households who own their own home) is at an all-time peak of almost 67%. Nearly 70 million households own their own homes in America, one-third more than the 53 million who owned homes in 1980. Low interest rates and a growing economy have been the major factors in the increase in the homeownership rate. However, the overall homeownership rate tends to mask the increasing hardship faced by some groups in their quest to buy their first home. An article in the New York Times of May 27, 1999 noted, "America's poorest families have been largely left out of the housing surge. Households with annual incomes under \$25,000—about one third of the total, generally cannot afford monthly mortgage payments on most homes * * *."

Some of the gain in the homeownership rate is due to demographic forces. The aging "baby boomers" have pushed the average homeownership rate to new highs, while rates for individual groups are below former peaks. Statistics show that the only age groups to establish new records for homeownership are households headed by individuals aged 60 and above. Younger households, especially young married couples, remain up to 9 percentage points below their peak rates of homeownership. Simply stated, fewer young Americans are able to afford their own homes than in past years. In 1972, the median new home price was \$27,600. Mortgage interest rates were comparable to today's rates, and with a 10% downpayment nearly two-thirds of young households could purchase a home. In 1999, median new home prices were \$157,000. With a 10% downpayment, less than 40% of young households could purchase a new home.

For millions of families, including younger households and low-income renters, the American dream of homeownership remains frustratingly out of reach. H.R. 1776 is designed to help put homeownership within reach of these households, recognizing the vital role housing plays in binding our society together. The direct link between housing and the positive economic, social and political outcomes that lead to more stable neighborhoods and communities makes increasing homeownership and affordable housing opportunities of primary importance for all Americans.

Reducing the barriers to affordability

Regulation is needed to safeguard the health and safety of the public and to protect the environment, but over-regulation can impose costs on society as well. Federal policy should focus on reducing regulations that are unnecessary or excessive. Because there is no coordinated Federal approach or mechanism to ensure analysis of regulations that could affect the affordability of housing, less costly alternatives are oftentimes overlooked or not seriously considered. The cumulative effect of excessive regulation of the residential development process and of homebuilding inevitably leads to a decline in housing affordability for many would-be homebuyers.

In 1994, the National Association of Home Builders (NAHB) found that development costs and fees added an average of \$21,000

to the cost of a \$200,000 home in highly regulated markets. In moderately regulated markets, the average increase in costs due to regulations were \$10,000 per home. For every \$1,000 increase in the price of a typical new home, one-half million households fail to qualify for a mortgage. These increased costs push many potential homebuyers out of the market. Families are sometimes forced to move farther from their jobs in order to buy a home, which imposes some long-term costs on society in terms of longer commutes, increased transportation needs, and urban sprawl.

H.R. 1776 contains important provisions designed to reduce the regulatory barriers imposed by Federal regulations and to provide incentives to localities to develop barrier removal strategies. The legislation incorporates provisions from legislation introduced in the 105th Congress by Congressman Tom Campbell. The provisions require that all proposed Federal regulations include a housing impact analysis, so that a Federal agency can certify that a proposed regulation would have no significant deleterious impact upon the availability of affordable housing. If a proposed rule would have a negative impact, then an opportunity is given to groups to offer an alternative that achieves the stated objectives with less of an adverse impact upon affordable housing. The legislation directs HUD to create model impact analyses that other agencies can use for these purposes. Agencies responsible for regulating safety and soundness of financial institutions or government sponsored enterprises (GSEs) are exempt.

The legislation authorizes \$15 million for FY 2001 through FY 2005 for grants to States, local governments, and eligible consortia for regulatory barrier removal strategies. This is a reauthorization of the same amount under an already existing Community Development Block Grant (CDBG) set-aside (Section 107(a)(1)(H)). Grants provided for these purposes must be used in coordination with the local comprehensive housing affordability strategy (CHAS). The bill also creates within HUD's Office of Policy Development and Research a "Regulatory Barriers Clearinghouse" to collect and disseminate information on, among other things, the prevalence of regulatory barriers and their effects on availability of affordable housing, and successful barrier removal strategies.

Increasing homeownership opportunities

H.R. 1776 contains several provisions designed to increase the ability of local communities to leverage public funds with private sector funds, thereby increasing homeownership opportunities for all citizens. Section 503 of H.R. 1776 allows HOME (Home Investment Partnership Act) funds to be used as leverage in connection with the creation of larger "loan pools" (ten times the amount of the HOME funds invested in such a pool) without imposing the HOME income restrictions on the entire pool. In essence, this allows for the creation of "mixed-income" loan pools that would benefit many more households than would have been possible under the existing HOME guidelines. In addition, the legislation establishes a HOME Loan Guarantee program, similar to the existing CDBG Loan Guarantee program. The HUD Secretary is authorized to guarantee the obligations of participating jurisdictions made in connection with affordable housing efforts by pledging as security

that jurisdiction's future HOME allocations, in an amount not to exceed five times the most recent allocation.

H.R. 1776 recognizes the importance of increasing the flexibility afforded local government officials within Federal programs so those programs can be tailored to fit local needs. District of Columbia Mayor Anthony Williams has testified before Congress as to the City's difficulties arising from competition with the suburbs for teachers because of salary differentials. Some municipalities have even considered imposing residency requirements for municipal employees. The manifest unfairness of such a requirement, particularly in high cost areas, is indisputable. Such a requirement would make homeownership for some blue-collar employees next to impossible if they wish to retain their municipal employment.

In order to provide more local flexibility, H.R. 1776 contains provisions allowing mayors or local governing officials to use CDBG or HOME funds to assist first-time homebuying municipal employees to purchase homes within their jurisdiction. These employees would be uniformed municipal employees (police, sanitation workers, fire fighters) and teachers. Assistance can take the form of downpayment assistance, help with closing costs, housing counseling, or subsidizing mortgage rates. Eligible employees are those with incomes at or below 115% of area median income, except in high cost areas, as determined by the Secretary, where incomes may be at or below 150% of area median income. Financial assistance is limited to a single year and entitlement communities are not permitted to commit on-going financial obligations. Recapture of homeownership assistance amounts is consistent with the existing recapture provisions of the HOME program.

The provisions of H.R. 1776 granting a mayor or local chief executive the power to help municipal workers, fire fighters, teachers and police officers make their homes within the jurisdiction is not only good for homeownership, but provides more options for wise urban planning by local officials. Instead of moving further away from the cities to find affordable housing, thereby increasing commuting times, urban and suburban sprawl, and potentially undermining the social fabric of central city communities, working-class persons may be given a chance at homeownership in their city with some assistance from the municipality. Instead of creating "smart growth" programs at the Federal level to address what are truly local matters, granting flexibility within existing Federal programs so that communities can be creative in developing solutions is truly the way to encourage better planning.

In keeping with the theme of providing local communities greater flexibility create innovative solutions to encourage homeownership and remove barriers to affordable housing, H.R. 1776 includes provisions to assist those currently receiving rental assistance to move toward homeownership. Flexibility within the Section 8 program is given to PHAs to create homeownership programs for families receiving tenant-based assistance. Such assistance can take the form of lease-purchase arrangements, cooperatives, partnerships with nonprofit groups or other methods that a PHA can develop to accomplish its homeownership goals. PHAs are authorized to provide downpayment assistance in the form of a single grant, in lieu of monthly assistance, which shall not exceed the total amount of

monthly assistance received by the tenant for the first year. The legislation provides that the HUD Secretary may carry out a demonstration program to provide homeownership opportunities for low-income families, and requires the Secretary to report to Congress annually on activities under such a demonstration program.

The Committee commends the work of the Neighborhood Reinvestment Corporation in working with local NeighborWorks® organizations to develop a model for using a Section 8 voucher toward a mortgage. In partnership with the local and state PHAs, local NeighborWorks® organizations are using existing demonstration authority under Section 8(y) of the United States Housing Act of 1937. The Committee is mindful of three local programs, the Community Development Corporation (CDC) of Long Island (New York), Affordable Housing Resources (Nashville), and the Burlington Land Trust (Vermont), which have been approved as demonstrations by HUD.

In recognition of these efforts, Section 303 of the bill authorizes a \$2 million grant program to supplement demonstration programs approved under the Section 8 homeownership demonstration program. The program would have a 50% match requirement. The Committee believes this modest pilot program will be an important component in helping the homeownership demonstration program work in more markets and for more families because rates and terms will be tailored to each buyer's needs.

There are a variety of provisions in H.R. 1776 designed to help specific populations in their efforts to achieve homeownership, including assistance for disabled families, changes to Native-American housing programs, and technical revisions affecting rural housing programs. For disabled families, H.R. 1776 incorporates legislation introduced by Congressman Mark Green of Wisconsin, which creates a pilot program to demonstrate the use of tenant-based Section 8 assistance for the purchase of a home that will be owned by one or more members of a disabled family. Native American homeownership efforts are furthered by provisions offered by Congressman Doug Bereuter to streamline the title status determination for tribal lands. Currently, receipt of a title certificate from the Bureau of Indian Affairs (BIA) is a prerequisite to any sales transaction on Indian lands. The General Accounting Office has determined that inefficiency in how the BIA conducts title reviews of Indian lands is hindering homeownership efforts. The procedure has proven to be extremely cumbersome, and presents a severe regulatory barrier to increasing homeownership on Indian lands. H.R. 1776 establishes an Indian Lands Title Report Commission that will recommend improvements to BIA title reviews in connection with the sale of Indian lands. In addition to streamlining the title review process, H.R. 1776 incorporates provisions of H.R. 67, the "Indian Housing Loan Guarantee Extension Act of 1999," introduced by Congressman Bereuter, which permanently authorizes the Section 184 Loan Guarantee Program for Indian housing.

Increasing benefits associated with homeownership

In addition to increasing the opportunities for first-time homebuyers through reduction in barriers to affordability and added

flexibility within existing Federal programs, H.R. 1776 contains several measures designed to increase the benefits associated with homeownership for those who have already purchased a home, intend to rehabilitate their dwelling, or who wish to access the equity they have in their home. H.R. 1776 directly benefits senior citizen homeowners by allowing for the refinancing of federally-insured home equity conversion mortgages (HECMs), sometimes known as "reverse mortgages." Reverse mortgages allow seniors aged 62 and older to borrow against the equity in their homes without being required to make monthly interest or principal payments. Therefore, seniors who are "house-rich" but "cash-poor" and tap into the equity invested in their own homes for everyday living expenses such as medication, crucial home repairs, groceries, and other needs. The FHA-insured mortgages are then repaid upon the death of the homeowner through the sale of the home. The arrangement allows seniors to stay in the same house and neighborhoods with family and friends rather than having to sell and move to a nursing home.

The HECM provisions in HR 1776 reduce the single premium payment when refinancing to credit the premium paid on the original loan. The legislation also establishes a limit on origination fees that may be charged and prohibits any broker fees that may be charged. Further, the legislation requires HUD to waive the up-front mortgage insurance premium entirely in qualifying cases where reverse mortgage proceeds are used for health care services, including prescription drug costs, Medigap supplemental insurance, and long-term care insurance contracts.

H.R. 1776 also improves HUD's 203(k) program, mortgages for the purchase and the rehabilitation of a home, by establishing stronger protections against fraud. Provisions are included in the legislation to prohibit identities of interest between a lender, consultant, contractor, non-profit agency, real estate agent, inspector or appraiser involved in a 203(k) loan, except in cases of affiliated business arrangements provided in the Real Estate Settlement Procedures Act. The legislation also establishes stricter, uniform criteria for approving non-profits participating in the program, and requires that lenders ensure the work has been completed to the borrower's satisfaction prior to disbursement of the final loan payment. The borrower must use a certified or bonded general contractor in cases where rehabilitation and improvements total \$25,000 or more. The participating consultant must also meet standards established by the Secretary. In this area, industry standards or practice and professional codes of ethics have already been developed in the home inspection industry and are in wide use today to ensure the quality, integrity and professionalism of participants. The committee would note that the purpose of this provision is to encourage expanded use of such programs, not supplant or replace what has been done before. Adherence to industry standards of practice and professional codes of ethics promulgated by national professional home inspection organization such as the American Society of Home Inspectors, and successful completion of industry standard examinations such as the National Home Inspector Examination, shall be deemed by the Secretary to meet the requirements of this section.

H.R. 1776 also contains provisions to help educate consumers to look for major structural defects when looking for a home before becoming homeowner through the FHA program. Inspections of FHA-financed homes, unlike appraisals, are not mandatory under current law. Appraisals do not address the condition of a house in detail, as would a home inspection. FHA borrowers are often either first-time homebuyers or low-income borrowers, and can be more susceptible to fraud when purchasing a home, particularly if they assume that an appraisal includes a thorough assessment of a property's condition. Last year, FHA paid claims on more than 71,000 FHA-insured defaulted loans. Some of these defaults could have been prevented if the buyer had known the true condition of the house.

H.R. 1776 requires GAO to conduct a study of the inspection process for FHA properties and compare the potential financial losses and savings to the Mortgage Insurance Fund (MMIF) if a mandatory FHA inspection was required. The study would review the potential impact of a mandatory FHA inspection on the homebuying process (including, in particular, undeserved areas where FHA losses are the greatest) and whether there is a housing quality and/or financial difference in inspected homes and those without inspections. The study would review the extent to which the financial, health and safety interests of consumers would be protected by mandatory FHA inspections, with special emphasis on vulnerable populations such as older Americans, parents with young children, under-educated or economically disadvantaged individuals, and the disabled. The study would also assess the consumer's knowledge about FHA-financed independent inspections available under HUD's existing Homebuyer Protection Plan and whether or not it educates consumers about the differences between appraisals and inspections, and whether their choices for an inspection are affected or pressured by market or economic forces. The Comptroller shall consult with leading national trade association and professional societies engaged in real estate sales and finance, home inspection and consumer protection in conducting this study.

Creating Healthier Neighborhoods

H.R. 1776 recognizes the link between policies that promote homeownership and the health of communities by allowing local governments to create homeownership programs to assist individuals of specific professions, such as police officers and teachers, whose presence in communities is especially beneficial.

H.R. 1776 incorporates legislation introduced by Congressman Mark Green, to establish a law enforcement officer homeownership pilot program to help fight crime in distressed communities. The bill requires the HUD Secretary to develop a pilot program designed to assist law enforcement officers, including correctional officers, to purchase homes in locally designated high crime areas. No downpayment is required, and the borrower must have served as a police officer for at least six months. The provision is primarily targeted for high-crime areas. By introducing police officers into certain neighborhoods as homeowners, this provision not only helps

public servants achieve homeownership, but also begins the process of reclaiming distressed neighborhoods from the effects of crime.

Similarly, the bill recognizes the integral part that teachers can play in the lives of children and the benefits that their presence can bring to a community. Teachers are often the most important mentors to many children, providing them with the values and skills for self-fulfillment in adult life. Many teachers, however, face difficulty in becoming homeowners. Section 205 of H.R. 1776 establishes the Neighborhood Teacher program, which is designed to encourage and reward teachers that serve students in our most needy communities. Under the program, designated HUD-owned properties in distressed neighborhoods will be available for purchase at a 50 percent discount. For teachers who use FHA-insured mortgage financing, the downpayment for the home is \$100. If a government entity or nonprofit organization is the purchaser, the expectation is that the full discount will be passed on to the teacher. A teacher must occupy the purchased property as his or her principal residence for at least three years.

The idea enjoys wide, bipartisan support. The Neighborhood Teacher program, originally designed by Congressman Leach and Congressman Lazio in consultation with educators, was included in H.R. 1776 as introduced on May 12, 1999. Subsequently, Congressman Joseph Crowley, along with Congresswoman Barbara Lee and Congressman Gary Ackerman, introduced nearly identical legislation in July of 1999. HUD implemented the Committee proposal through regulation in the Fall of 1999. The program is endorsed by the National Education Association, which noted that the provision would encourage homeownership among young teachers who might not otherwise be able to afford their own homes.

The legislation also includes a provision that builds on the program designed by Congressman Green, to authorize reduced FHA downpayment requirements for teachers and public safety officers. The change, made at the request of a number of Committee Members, including Congressman Leach and Congressman LaFalce, mirrors flexibility the legislation provides to local governments using CDBG and HOME funds for a similar category of home buyers. The provision would allow teachers, law enforcement officers, emergency medical technicians and others, one percent FHA downpayments under certain conditions, reflecting growing community concerns that rising home prices weaken the ability to attract quality public servants.

In light of the legislative changes to programs under FHA, the Committee will continue to review the financial safety and soundness of FHA's Mutual Mortgage Insurance Fund (Fund). In particular, the Committee has requested the General Accounting Office to review the conditions under which the statutorily required capital reserve Fund level of 2 percent by FY2000 would be adequate. The Committee has also requested the Congressional Budget Office to conduct an independent actuarial analysis of the Fund based on concerns that the projections included in the FY1999 MMI Fund Actuarial Review may be based on flawed assumptions. Based on the exposure of the Fund, which currently insures single-family mortgage loans totaling \$380 billion, and the accompanying risk and potential cost to taxpayers, the importance of the financial

integrity of the Fund cannot be overstated. Finally, the Committee would strongly advise HUD that the Department has no ability to transfer Fund capital reserves or resources to areas outside of FHA without Congressional action and enactment of new statutory language.

Improving federal property disposition

Ineffective federal housing policies regarding the disposition of federally-held properties can negatively impact the economic vitality of neighborhoods. HUD's mismanagement of its property disposition program for FHA foreclosed homes has made it difficult for many communities to maintain property values and dedicated homeowners. HUD's foreclosed, vacant and substandard single-family properties are widely perceived as contributing to increased crime, urban blight, and the overall decline of working-class neighborhoods.

In order to address the problem of HUD-foreclosed, vacant and substandard properties, H.R. 1776 incorporates provisions of H.R. 815 the "American Community Renewal Act", introduced by Congressman Jim Talent and Congressman J.C. Watts, as Title VIII of the bill (entitled "Transfer of HUD-Held Housing of Local Governments and Community Development Corporations). The intent of the property disposition provisions of the "American Community Renewal Act" is to get substandard, vacant, HUD-held properties into the possession of local governments and community development corporations for homeownership and community revitalization efforts in distressed communities. In addition to local governments and nonprofit agencies, the Committee believes that there is sufficient history and analysis to demonstrate that private development and management also represent an effective and qualitative use of these resources. Particularly in the area of neighborhoods revitalization, it is the private sector that is leading the way and providing the vast majority of investment into the creation of new neighborhoods. Many times, this is in the form of a partnership with the local government and community development corporations.

The Committee would encourage the Secretary to fully consider the need to be inclusive in recommending strategies and incentives for the preservation of these properties so they may make positive contributions to the communities in which they are located when the transfer of these properties is considered.

Despite protestations from HUD that these measures are no longer necessary, as recently as February of this year, the HUD Office of Inspector General (OIG) raised problems with HUD's property disposition program in testimony before Congress. The OIG stated that

[b]y the end of January 2000, HUD's REO [Real Estate Owned] inventory totaled 47,711 properties, 42% of which had been in the inventory 6 months or more, and 17% of which had been in the inventory 12 months or more. Ten months earlier, when management and marketing contractors started work, the inventory had totaled 43,560 properties, 30% of which had been in the inventory 6 months or more, and 10% of which had been in the inventory 12

months or more. These statistics demonstrate the difficulty of disposing of properties that have been in the inventory for long periods and the tendency of contractors to focus their efforts on disposing recently acquired properties.¹

HUD Secretary William Apgar testified before the Subcommittee on Housing and Community Opportunity on September 15, 1999 that forcing the Department to transfer its foreclosed, vacant, and substandard properties would result in huge costs to the taxpayer, possibly reducing the FHA Single-Family insurance fund by \$3 billion. As a result, clarifications were made to certain definitions in the legislation at Subcommittee markup to ensure that no such cost would be incurred. Shortly thereafter, on March 1, 2000, the HUD Secretary announced, at a press conference, HUD's "Good Neighbor Policy," which would allow sale to local governments of HUD-foreclosed single family properties at a price of \$1.00 each. According to HUD, the "initiative won't cost taxpayers a penny."²

As these actions clearly demonstrate, there is strong bipartisan agreement about the need for HUD to transfer, where practicable, its HUD-foreclosed, vacant and substandard properties into local control. Accordingly, the provisions of Title VIII were further amended to incorporate into law the requirement that HUD transfer such properties for \$1.00, pursuant to the requirements of the legislation, and in accordance with HUD's stated policy.

Section 602 of H.R. 1776 provides grants to cities for use in "Homeownership Zones"—designated areas in which large scale development projects are designed to reclaim distressed neighborhoods by creating homeownership opportunities for low and moderate income families. H.R. 1776 authorizes \$25 million in grants for FY 2001, and such sums as may be necessary for FY 2002, to remain available until expended.

Improving manufactured housing

Manufactured Housing provides many more Americans with the opportunity to become homeowners because of the relative affordability of such housing. New, multi-sectioned manufactured homes cost \$40,000 to \$70,000, compared to \$157,000 for the average conventionally built new home. In 1998, nearly 380,000 manufactured homes were built in the United States, constituting almost a third of all new single-family homes sold that year. Manufactured communities are less mobile now, with more such homes having amenities such as vaulted ceilings, state of the art appliances, in-door garages and decks.

The needs of a changing industry and product have made the "National Manufactured Housing Construction and Safety Standards Act of 1974" all but obsolete. The Act was originally designed to transition manufactured housing from the old trailer-model into a more reliable, alternative source of affordable housing, built at a plant site under a uniform Federal building code. Undeniably, the need to update and restructure the provisions of the Manufactured Housing Act exists. In fact, the HUD Secretary has stated that "the

¹ Testimony of Susan Gaffney, Office of Inspector General, Department of Housing and Urban Development, before the House Budget Committee on February 17, 2000.

² HUD Press Release No. 00-42, dated March 1, 2000, entitled "Cuomo and Kasich Announce new HUD Policy to Sell Homes to Local Governments for \$1.00 Each".

HUD code is frozen in time, and [HUD's] process for changing the code is cumbersome and often ineffective."

As a result, Title XI of H.R. 1776 contains "The Manufactured Housing Improvement Act," which is designed to improve the manufactured housing program while protecting the consumer. Title XI of H.R. 1776 ensures that significant improvements will be made to the quality, safety and affordability of these manufactured homes and the Federal management of the program. The bill establishes an American National Standards Institute (ANSI) certified consensus committee of consumers, industry experts and government officials (the "Consensus Committee") to improve the management of the Federal program by establishing a uniform code. The Consensus Committee is responsible for making timely updates to the HUD code and for developing enforcement standards which must be approved by the Secretary.

From the time of its initial introduction, both Majority and Minority Committee staff, HUD, the manufactured housing industry and consumer groups have worked together to craft an acceptable compromise on the manufactured housing bill to protect both the interests of consumers and the industry. The current version of the legislation incorporates changes negotiated in the 105th Congress that gave the HUD Secretary more authority to reject recommendations made by the Consensus Committee, and to better balance consumer interests with those of the manufactured housing industry in the composition of the Consensus Committee. In the 106th Congress, the bill was amended further to foster the creation of installation and dispute resolution programs at the State level. The current bipartisan support for the bill reflects the results of extensive negotiation efforts to address consumer concerns with the installation of manufactured homes, as well as the lack of consumer recourse when repairs are needed on poorly installed homes.

Specific changes to the bill as reported out of the Committee include: changing the composition of the Consensus Committee from five groups with five members in each group to three groups with seven members in each group: (1) producers, (2) users and (3) general interest and public officials. The change in the Consensus Committee's composition is consistent with ANSI guidelines. In addition, there is language to ensure the Committee is represented by balanced interests and that "all affected interests have the opportunity for fair and equitable participation without dominance by any single interest."

States are given five years to adopt an installation program established by State law that includes installation standards, the training and licensing of installers and the inspection of the installation of manufactured homes. During this five-year period. The HUD Secretary and the Consensus Committee are charged with developing a model manufactured housing installation program. In States that fail to adopt an installation program, HUD may contract with an appropriate agent in those States to implement the model installation program.

In order to address problems that may arise with manufactured homes, changes to the legislation provide that States have five years to adopt a dispute resolution program. Such a program will provide for the timely resolution of disputes between manufactur-

ers, retailers, and installers regarding the responsibility for the correction or repair of defects in manufactured homes that are reported during the one year period beginning on the date of installation. As in the case of installation standards, for States that choose not to adopt their own dispute resolution program, HUD may contract with an appropriate agent in those states to implement a dispute resolution program.

The Committee notes that language in title XI of H.R. 1776 (formerly Title VII) has changed from earlier versions. One notable change is the composition of the manufactured housing Consensus Committee, which is designed to develop and recommend additions, revisions, and interpretations to the Federal Manufactured Home Construction and Safety Standards and enforcement regulations to the Secretary of HUD. It is noteworthy that in making such modifications, for the sake of consistency with the ANSI guidelines, reference to several specific industries, such as the home builders, in the "General Interest" Section has been omitted. Such omission was in no way intended to exclude the homebuilders from participation in the Consensus Committee. It is the Committee's intention that industries involved in the purchase, construction, or site development of manufactured housing, such as the home building industry, be members of the Consensus Committee, to ensure the intent of ANSI's requirements for due process are met.

Additional provisions, background and explanation

There are several additional provisions in H.R. 1776 that affect homeownership interests or make improvements to existing affordable housing programs. Provisions affecting private mortgage insurance (PMI) are included to clarify and streamline requirements in existing law and allow flexibility where needed to ensure that the best interests of the lender and the borrower are achieved. For example, the legislation clarifies situations where there are workout agreements between a lender and a delinquent borrower. When modifying the terms of the original note or mortgage, lenders have the option to reset the cancellation, termination and final termination dates to conform to the modified changes. In addition, balloon payments are treated as adjustable rate mortgages, with the result being that amortization and termination schedules must be provided to the borrower.

H.R. 1776 also incorporates the provisions of S. 400, the "Native American Housing and Self-Determination Act Amendments of 1999," which makes technical and clarifying amendments to the "Native American Housing and Self-Determination Act of 1996" (NAHASDA). Included are provisions which would allow the HUD Secretary to waive the requirement for a local cooperation agreement provided the recipient has made a good faith effort to comply and agrees to make payments in lieu of taxes to the jurisdiction. Also included are provisions setting forth requirements for assistance to Indian families that are not low-income upon a showing of need. In addition, NAHASDA is amended so that the HUD Secretary has the authority to waive the statutory requirements of environmental reviews upon a determination that failure to comply does not undermine goals of the National Environmental Policy Act, will not threaten the health or safety of the community and

is the result of inadvertent error which can be corrected by the recipient of funding. The intent is to allow the Secretary and tribe to address problems resulting from procedural, rather than substantive, noncompliance.

The bill prescribes formula allocation for Indian housing authorities operating fewer than 250 units by requiring the amount of assistance provided to these tribes to be based on an average of their allocations from the prior five (5) fiscal years (fiscal years 1992 through 1997). For Section 8 vouchers currently being used by an Indian tribe, the bill requires counting such vouchers under the NAHASDA block grant allocation formula to ensure that families currently participating in the Section 8 voucher program will continue to be funded.

In addition to the technical amendments incorporated from S. 400, H.R. 1776 also includes a provision allowing tribal housing entities to provide housing on Indian reservations to full-time law enforcement officers, sworn to implement the Federal, State, county, or tribal law.

Creation of the Land Title Status Commission, permanent authorization of the Section 184 Loan Guarantee Program, and amendments to NAHASDA designed to increase the efficiency and impact of that program in terms of homeownership for Native Americans, ensure that enactment of H.R. 1776 will further the goal of increased homeownership on tribal lands.

Finally, the Secretary is directed to report to the House Committee on Banking and Financial Services and the Senate Committee on Banking, Housing, and Urban Affairs regarding efforts to develop a pilot program in Texas regarding the Texas Apartment Association (“TAA”) Section 8 Addendum (the “Addendum”) and to streamline the Section 8 program.

HEARINGS

The Subcommittee on Housing and Community Opportunity held one hearing on the “American Homeownership and Economic Opportunity Act of 1999” in the first session of the 106th Congress.

The hearing was held on Wednesday, September 15, 1999, in Room 2128 Rayburn House Office Building. Testifying before the Subcommittee were: Mr. Antone Giordano, Vice-Chairman of the NAHB Federal Government Affairs Committee, testified on behalf of the National Association of Home Builders (NAHB); Mr. William Apgar, Assistant Secretary for Housing and Federal Housing Commissioner for the U.S. Department of Housing and Urban Development (HUD); Mr. George Knight, Executive Director of the Neighborhood Reinvestment Corporation; Mr. Rutherford “Jack” Brice, a Member of the Board for the American Association of Retired Persons (AARP); and Mr. Edward Hussey, the Chairman of the Government Affairs Committee of the Manufactured Housing Association for Regulatory Reform (MHARR), testifying on behalf of the Coalition to Improve the Manufactured Housing Act.

COMMITTEE CONSIDERATION AND VOTES (RULE XI, CLAUSE 2(1)(2)(B))

The Committee met in open session to markup H.R. 1776, “American Homeownership and Economic Opportunity Act of 2000”

on March 14, 2000. The Committee considered, as original text for purposes of amendments, a Committee Print as reported by the Subcommittee on February 15, 2000, which incorporated H.R. 1776 as introduced.

During the markup, the Committee approved 9 amendments, including a managers amendment in the nature of a substitute, by voice vote. The Committee defeated 2 amendments by recorded vote. Pursuant to the provisions of clause 2(1)(2)(B) of rule XI of the House of Representatives, the results of each roll call vote and the motion to report, together with the names of those voting for and those against are printed below:

ROLLCALL NO. 1

Date: March 14, 2000.

Measure: "American Homeownership and Economic Opportunity Act of 2000".

Motion by: Mr. Frank.

Description of motion: Broadens the definition of "monitoring" to include inspection of manufactured housing at manufacturing locations (in addition to retail locations) and to allow inspectors to inspect the manufactured home in its entirety, in addition to the items currently listed in the definition.

Results: Defeated: Ayes 19, Nays 23.

YEAS	NAYS
Mr. Campbell	Mr. Leach
Mr. LaFalce	Mr. Baker
Mr. Frank	Mr. Lazio
Mr. Kanjorski	Mr. Castle
Mr. Sanders	Mr. King
Ms. Velazquez	Mr. Royce
Mr. Watt	Mr. Lucas
Mr. Bentsen	Mr. Metcalf
Mr. Maloney	Mr. Ney
Ms. Hooley	Mrs. Kelly
Mr. Weygand	Dr. Weldon
Mr. Sherman	Mr. Ryun of Kansas
Mr. Sandlin	Mr. Riley
Mr. Inslee	Mr. Hill
Ms. Schakowsky	Mr. LaTourette
Mr. Moore	Mr. Manzullo
Mrs. Jones	Mr. Jones
Mr. Capuano	Mr. Ryan of Wisconsin
Mr. Forbes	Mr. Ose
	Mr. Sweeney
	Mrs. Biggert
	Mr. Terry
	Mr. Green

ROLLCALL NO. 2

Date: March 14, 2000.

Measure: "American Homeownership and Economic Opportunity Act of 2000".

Motion by: Mr. Frank.

Description of motion: Requires HUD to provide to consumers, within 60 days of request, information regarding defects in manufactured homes and to notify the manufactured housing industry of the request so that the Department can expedite the process.

Results: Defeated: Ayes 11, Nays 28.

YEAS	NAYS
Mr. LaFalce	Mr. Leach
Mr. Frank	Mr. Baker
Mr. Sanders	Mr. Lazio
Ms. Velazquez	Mr. Castle
Mr. Watt	Mr. King
Mr. Inslee	Mr. Royce
Ms. Schakowsky	Mr. Lucas
Mr. Moore	Mr. Metcalf
Mrs. Jones	Mr. Ney
Mr. Capuano	Mrs. Kelly
Mr. Forbes	Dr. Weldon
	Mr. Ryun of Kansas
	Mr. Riley
	Mr. LaTourette
	Mr. Manzullo
	Mr. Jones
	Mr. Ryan of Wisconsin
	Mr. Ose
	Mr. Sweeney
	Mrs. Biggert
	Mr. Terry
	Mr. Green
	Mr. Kanjorski
	Mr. Bentsen
	Mr. Maloney
	Ms. Hooley
	Mr. Sherman
	Mr. Sandlin

After the Committee Print, as amended, was adopted by voice vote, H.R. 1776 was called up for Committee consideration. A motion to strike everything after the enacting clause in H.R. 1776 and insert in lieu thereof the Committee Print was approved by voice vote. A motion to adopt H.R. 1776 and favorably report the bill, as amended, to the House was approved by voice vote.

COMMITTEE OVERSIGHT FINDINGS

In compliance with clause 2(1)(3)(A) of rule XI of the Rules of the House of Representatives, the Committee reports that the findings and recommendations of the Committee, based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives, are incorporated in the descriptive portions of this report.

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT FINDINGS

No findings and recommendations of the Committee on Government Reform and Oversight were received as referred to in clause

2(1)(3)(D) of rule XI (and clause 4(c)(2) of rule X) of the Rules of the House of Representatives.

CONSTITUTIONAL AUTHORITY

In compliance with clause 2(1)(4) of rule XI of the Rules of the House of Representatives, the constitutional authority for Congress to enact this legislation is derived from the general welfare clause (Article I, Sec. 8).

NEW BUDGET AUTHORITY AND TAX EXPENDITURES

Clause 2(1)(3)(B) of rule XI of the Rules of the House of Representatives is inapplicable because this legislation does not provide new budgetary authority for increased tax expenditures.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

The cost estimate pursuant to Clause 2(1)(3)(C) of rule XI, of the Rules of the House of Representatives and Section 403 of the Congressional Budget Act of 1974 has been requested, but had not been prepared as of the filing of Part I of this report. The estimate will be included in Part II of this report to be filed at a future date.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of Section 5(b) of the Federal Advisory Committee Act were created by this legislation.

CONGRESSIONAL ACCOUNTABILITY ACT

The reporting requirement under Section 102(b)(3) of the Congressional Accountability Act (P.L. 104-1) is inapplicable because this legislation does not relate to terms and conditions of employment or access to public services or accommodations.

CONGRESSIONAL BUDGET OFFICE FEDERAL MANDATE COST ESTIMATE

The cost estimate pursuant to Section 424 of the Unfunded Mandates Reform Act (P.L. 104-4) has been requested, but had not been prepared as of the filing of this report. The estimate will be filed at a future date.

SECTION BY SECTION

Section 1. Short Title and Table of Contents. States that the act may be cited as the "American Homeownership and Economic Opportunity Act of 2000."

Section 2. Findings and purpose. Congressional findings are that expanding homeownership opportunities should be a national priority, that there is an abundance of conventional capital available, that communities possess ample will and creativity to provide opportunities uniquely designed to assist their citizens to achieve homeownership, and that consumers should have access to lending opportunities at reasonable costs with knowledge behind lending decisions. Purposes of the act are to encourage homeownership by families not otherwise able to afford homeownership, to promote

the ability of the private sector to produce affordable housing without excessive government regulations, to expand homeownership through tax incentives such as the home mortgage-interest deduction, and to facilitate the availability of capital for homeownership opportunities.

TITLE I—REMOVAL OF BARRIERS TO HOUSING AFFORDABILITY

Section 101. Short title. This title may be referred to as the “Housing Affordability Barrier Removal Act of 2000.”

Section 102. Housing impact analysis. Requires that all proposed federal regulations include a housing impact analysis so that a federal agency can certify that a proposed regulation would have no significant deleterious impact upon housing affordability. If a proposed rule would have a negative impact, then an opportunity is given to groups to offer an alternative that achieves the stated objectives with a less deleterious impact on housing. The Department of Housing and Urban Development (HUD) is directed to create model impact analyses that other agencies can use for these purposes. Agencies responsible for regulating safety and soundness of financial institutions or government sponsored enterprises (GSEs) are exempt.

Section 103. Grants for regulatory barrier removal strategies. Authorizes \$15 million for FY 2001 through FY 2005 for grants to States, local governments, and eligible consortia for regulatory barrier removal strategies. This is a reauthorization of the same amount under an already existing CDBG setaside (Section 107(a)(1)(H)). Grants provided for these purposes must be used in coordination with the local comprehensive housing affordability strategy (“CHAS”).

Section 104. Eligibility for community development block grants. Requires a jurisdiction as a condition of eligibility under the CDBG program to make a good faith effort to reduce barriers to affordable housing identified in the CHAS submitted by the jurisdiction to HUD, without creating any new private right of action.

Section 105. Regulatory barriers clearinghouse. Creates within HUD’s Office of Policy Development and Research a “Regulatory Barriers Clearinghouse” to collect and disseminate information on, among other things, the prevalence of regulatory barriers and their effects on availability of affordable housing, and successful barrier removal strategies.

TITLE II—HOMEOWNERSHIP THROUGH MORTGAGE INSURANCE AND LOAN GUARANTEES

Section 201. Extension of Loan Term for Manufactured Home Lots. Extends the loan terms for manufactured home lots financed by insured financial institutions from 15 years, 32 days to 20 years, 32 days.

Section 202. Downpayment simplification. Permanently authorizes simplified downpayment calculations/requirements for FHA-insured mortgages, originally applicable only to Alaska and Hawaii in the 1998 and 1999 Appropriations Acts. In FY2000, this was broadened to apply nationally.

Section 203. Reduced downpayment requirements for loans for teachers and uniformed municipal employees. Allows reduced downpayment requirements for FHA-insured loans for teachers and uniformed municipal employees.

Section 204. Preventing fraud in rehabilitation loan program. Establishes stronger anti-fraud protections in HUD's 203(k) home acquisition and rehabilitation program. Prohibits any identity of interest between a lender, consultant, contractor, non-profit agency, real estate agent, inspector or appraiser involved in a 203(k) loan, except in cases of affiliated business arrangements provided in the Real Estate Settlement Procedures Act; establishes stricter, uniform criteria for approving non-profits participating in the program; requires lenders to ensure the work has been completed to the borrowers' satisfaction through interview before dispersing the final loan payment; requires that consultants involved in 203(k) loans be certified by HUD; requires in cases of owner/occupied participants with improvements over \$25,000, that the borrower go through a certified or bonded general contractor; and requires HUD to report to Congress the potential impact of eliminating the non-profit component of the program (currently, non-profits comprise three to four percent).

Section 205. Neighborhood Teacher Program. Allows the sale of FHA single-family properties at discounted prices to state-certified teachers or administrators in grades pre-k through 12.

Section 206. Community development financial institution risk-sharing demonstration. Amends section 249 of the National Housing Act (NHA) to allow Community Development Financial Institutions (CDFI) to originate and service section 249 risk-sharing mortgage loans in a demonstration program, limited to four regions as designated by the HUD Secretary.

Section 207. Hybrid ARMs. Adds a Hybrid FHA Adjustable Rate Mortgage (ARMs) to insure mortgages that carry an interest rate for an initial period of at least 3 years before adjusting to a fixed rate.

Section 208. Home equity conversion mortgages. Allows for the refinancing of home equity conversion mortgages (HECMs) for elderly homeowners. Reduces the single premium payment to credit the premium paid on the original loan (subject to an actuarial study); establishes a limit on origination fees that may be charged (which fees may be fully financed) and prohibits the charging of broker fees; waives counseling requirements if the borrower has received counseling in the prior five years and the increase in the principal limit exceeds refinancing costs by an amount set by the Department; and provides a disclosure under a refinanced mortgage of the total cost of refinancing and the principal limit increase.

In cases where the reverse mortgage proceeds are used for long-term care insurance contracts, a portion of those proceeds may be used for up-front costs, such as initial service, appraisal and inspection fees. Requires HUD to waive the up-front mortgage insurance premium in cases where reverse mortgage proceeds are used for costs of a qualified long-term care insurance contract.

Directs the Department to conduct an actuarial study within 180 days of the effect of reducing the refinancing premium collected

under a refinancing and of the effect creating a single national loan limit for HECM reverse mortgages.

Section 209. Law enforcement officer homeownership pilot program. Requires the HUD Secretary to develop a pilot program designed to assist law enforcement officers, including correctional officers, to purchase homes in locally designated high crime areas. No downpayment is required. The borrower must have served as police officer for at least 6 months. The provision is primarily targeted for high-crime areas.

Section 210. Study of mandatory inspection requirement for single family mortgage insurance. Requires a GAO study of the inspection process for Federal Housing Administration (FHA) properties, comparing or estimating the potential financial losses and savings to the Mutual Mortgage Insurance Fund between a system that would require a mandatory FHA inspection and the current optional inspection. The study would also review the potential impact of a mandatory FHA system on the homebuying process, particularly including undeserved areas where FHA losses are the greatest and whether there is a housing quality and/or financial difference in inspected homes and those without inspections. The study would also review the current option practice and FHA's Homebuyer Protection Plan, and report whether consumers understand the availability of independent inspections, financed by FHA and whether their choices for an inspection are affected or pressured by market or economic forces.

Section 211. Report on title I home improvement loan program. Requires HUD within one year of enactment of this act to provide Congress with a report containing recommendations for improvements to the property improvement loan insurance program under title I of the NHA. In determining such recommendations, the Secretary shall consult with interested persons and organizations, including the lending industry and consumer organizations.

TITLE III—SECTION 8 HOMEOWNERSHIP OPTION

Section 301. Downpayment assistance. Public Housing Authorities (PHAs) are authorized to provide down-payment assistance in the form of a single grant, in lieu of monthly assistance. Such down-payment assistance shall not exceed the total amount of monthly assistance received by the tenant for the first year of assistance. For FY 2000 and thereafter, assistance under this section shall be available to the extent that sums are appropriated.

Section 302. Pilot program for homeownership assistance for disabled families. Adds a pilot program to demonstrate the use of tenant-based section 8 assistance (section 8 vouchers) for the purchase of a home that will be owned by 1 or more members of the disabled family and will be occupied by that family and meets certain requirements. Requirements include purchase of the property within three years of enactment of this Act; demonstrated income level from employment or other sources (including public assistance), that is not less than twice the Section 8 payment standard established by the PHA; participation in a housing counseling program provided by the PHA; and other requirements established by the PHA in accordance with requirements established by the Secretary of HUD.

Section 303. Funding for pilot program. Authorizes a \$2 million grant program to supplement demonstration programs approved under the Section 8 homeownership demonstration program. The program has a 50% match requirement.

TITLE IV—COMMUNITY DEVELOPMENT BLOCK GRANTS

Section 401. Reauthorization. Reauthorizes the Community Development Block Grant (CDBG) program at \$4.9 billion for FY 2001 and at such sums as may be appropriated thereafter through 2005 and clarifies urban county designation for purposes of entitlement community status.

Section 402. Prohibition of set-asides. Prohibits set-sides within the CDBG program.

Section 403. Public services cap. Provides for a 6-year extension of the 25% CDBG public services cap for Los Angeles, CA.

Section 404. Homeownership for municipal employees. Provides that a mayor or local governing official may use CDBG funds to assist first-time homebuying municipal employees to purchase homes within their jurisdiction. These employees would be uniformed municipal employees (police, sanitation workers, firemen) and teachers. Assistance can take the form of downpayment assistance, help with closing costs, housing counseling, or subsidizing mortgage rates. Eligible employees are those with incomes at or below 115% of area median income, except in high cost areas, as determined by the Secretary, where incomes may be at or below 150% of area median income. Financial assistance is limited to a single year and entitlement communities are not permitted to commit on-going financial obligations. Recapture of homeownership assistance amounts is consistent with existing recapture provisions in the HOME program.

Section 405. Technical amendment relating to Brownfields. Makes environmental cleanup and economic development activities related to Brownfields a permanent eligible activity under CDBG by amending the Housing and Community Development Act of 1974.

Section 406. Income eligibility. Requires HUD to grant exceptions for at least ten jurisdictions of its income eligibility limits on the use of CDBG and HOME funds. Currently, HOME and CDBG grantees are capped at 80% of the national median income instead of being allowed to serve households with incomes of 80% of the national median income instead of being allowed to serve households with incomes of 80% of median of the local area. For those jurisdictions that HUD selects, based on housing costs and average income, the relevant median income for purposes of the CDBG/HOME limits will be the local median, rather than the national median.

Section 407. Housing opportunities for persons with AIDS. Reauthorizes the Housing Opportunities For Persons with AIDS Program (HOPWA) at \$260 million for FY 2001, and thereafter at such sums as may be appropriated through 2005.

TITLE V—HOME INVESTMENT PARTNERSHIP PROGRAM

Section 501. Reauthorization. Reauthorizes the HOME Investment Partnerships Program through FY 2005, at \$1.65 billion for FY 2001 and at such sums as may be appropriated thereafter through 2005. Also authorizes a set-aside of \$3 million, for each of FY 2001 and FY 2002, of HOME funds to create three pilot programs to provide planning money to regions to coordinate affordable housing.

Section 502. Eligibility of limited equity cooperatives and mutual housing associations. Amends HOME to make eligible mutual housing associations and limited equity cooperatives.

Section 503. Administrative costs. Provides flexibility in the HOME program to allow administrative expenses to be used over a long-term period to accommodate longer-term administration of servicing homeownership initiatives.

Section 504. Leveraging affordable housing investment through local loan pools. Allows HOME funds to be used as leverage in connection with the creation of greater “loan pools” (ten times the amount of the HOME funds invested in such a pool) without imposing the HOME income restrictions on the entire pool (i.e. allows “mixed-income” pools).

Section 505. Homeownership for municipal employees. Provides that a mayor or local governing official may use HOME funds to assist certain municipal employees to purchase homes within their jurisdiction. These employees would be uninformed municipal employees (police, sanitation workers, firemen) and teachers. Assistance can take the form of downpayment assistance, help with closing costs, housing counseling, or subsidizing mortgage rates. Eligible employees are those with incomes at or below 115% of area median income, except in high cost areas, as determined by the Secretary, where incomes may be at or below 150% of area median income.

Section 506. Use of section 8 assistance by “grand-families” to rent dwelling units in assisted projects. Allows HOME funds (in rental units otherwise not eligible for HOME funds) to be used for facilities with units with low-income families having a grandparent residing with a grandchild, or in some cases, where great- and great-great grandchildren are residing in the unit, with neither of the child’s parents residing in the household.

Section 507. Loan guarantees. Creates a HOME Loan Guarantee program by adding a provision allowing the Secretary to guarantee (similar to CDBG loan guarantees) the obligations of participating jurisdictions made in connection with affordable housing efforts by pledging as security a participating jurisdiction’s future HOME allocations (up to five times the latest allocation).

Section 508. Downpayment assistance for 2- and 3-family residences. Creates a pilot program for CDBG entitlement communities and HOME participating jurisdictions to use such grant amounts for downpayment assistance and closing costs to families purchasing a 2–3 family residence with use or resale restrictions. Eligible grant recipients are at or below 80% of area median income (defined as low-income) or in cases of high cost areas, at or below

110% of area median income, provided the locality requests a high-cost designation by the Secretary.

TITLE VI—LOCAL HOMEOWNERSHIP INITIATIVES

Section 601. Reauthorization of Neighborhood Reinvestment Corporation. Reauthorizes the Neighborhood Reinvestment Corporation at \$95 million for FY 2001 and at such sums as may be necessary through FY 2005, including \$5 million to provide up to 20 competitive grants for existing duplex homeownership programs in already established NeighborWorks® Homeownership Centers.

Section 602. Homeownership zones. Provides grants for use in “Homeownership Zones”—designated areas in which large-scale development projects are designed to reclaim distressed neighborhoods by creating homeownership opportunities for low- and moderate-income families. Authorizes \$25 million in grants for FY 2001 and such sums as may be necessary for FY 2002, to remain available until expended.

Section 603. Lease-to-own. Provides for a sense of the Congress that residential tenancies under lease-to-own provisions can facilitate homeownership by low- and moderate-income families. Requires the Secretary to provide a report to Congress within 3 months after enactment of the act, analyzing whether lease-to-own provision can be incorporated within HOME investment partnerships program, the public housing program, and other federally-assisted housing programs.

Section 604. Local capacity building. Amends section 4 of Public Law 103–120 (the “HUD Demonstration Act”), to add the National Association of Housing Partnerships as an intermediary organization eligible for federal grants to develop the capacity and ability of community development corporations and community housing development organizations to undertake community development and affordable housing projects.

Section 605. Consolidated application and planning requirement and super-NOFA. Establishes a statutory basis for consolidating several Notices of Funding Availability (NOFAs) for various HUD programs into one “SuperNOFA,” thereby streamlining the process.

Section 606. Assistance for self-help housing providers. Reauthorizes the self-help housing providers through FY 2003, at \$25 million for FY 2001 and such sums as may be necessary for each of FY 2002 and 2003. Allows projects with 5 or more units to use their funds over a 3-year period. Allows entities to advance themselves funds prior to completion of environmental reviews for purposes of land acquisition.

Section 607. Housing counseling organizations. Adds “cooperative housing” as a form of homeownership eligible for housing counseling funds.

Section 608. Community lead information centers and lead-safe housing. Provides as an eligible activity the use of grant funds from the existing HUD Lead Hazard Control Grant program to provide access to residential lead-based paint poisoning prevention services at centralized locations; funds may be used to provide temporary lead-safe housing.

TITLE VII—NATIVE AMERICAN HOUSING HOMEOWNERSHIP

Section 701. Lands Title Report Commission. Subject to amounts appropriated, creates an Indian Lands Title Report Commission to develop recommended approaches to improving how the Bureau of Indian Affairs (BIA) conducts title reviews in connection with the sales of Indian lands. Receipt of a certificate from BIA is a prerequisite to any sales transaction on Indian lands, and the current procedure is overly burdensome and presents a regulatory barrier to increasing homeownership on Indian lands.

The Commission is composed of 12 members with knowledge of Indian land title issues (4 appointed by the President, 4 by the President from recommendations made by the Chairman of the Senate Committee on Banking, Housing and Urban Affairs Committee, and 4 by the President from recommendations made by the Chairman of the House Committee on Banking and Financial Services). Authorized at \$500,000.

Section 702. Loan guarantees. Permanently authorizes the section 184 Loan Guarantee Program for Indian housing.

Section 703. Native American housing assistance. Makes the following amendments to the Native American Housing and Self-Determination Act of 1996 (NAHASDA):

Restricts Secretary's authority to grant waiver of Indian housing plan requirements, upon noncompliance due to circumstances beyond the control of the Indian tribe, to a period of 90 days. Allows Secretary to waive requirement for a local cooperation agreement provided the recipient has made a good faith effort to comply and agrees to make payments in lieu of taxes to the jurisdiction.

Sets forth requirement for assistance to Indian families that are not low-income upon a showing of need. Eliminates separate Indian housing plan requirements for small Indian tribes.

Provides Secretary with authority to waive statutory requirements of environmental reviews upon a determination that failure to comply does not undermine goals of the National Environmental Policy Act, will not threaten the health or safety of the community, is the result of inadvertent error and can be corrected by the recipient of funding. The intent is to address problems resulting from procedural, rather than substantive, noncompliance.

Authorizes tribal housing entities to provide housing on Indian reservations to full-time law enforcement officers, sworn to implement the Federal, state, county, or tribal law.

Revises provisions regarding audits and reviews by the Secretary by making applicable the requirements of the Single Audit Act to tribal housing entities; allowing these housing entities to be treated as non-Federal entities; and, permitting the Secretary to conduct audits. The audits will determine whether the grant recipient has carried out eligible activities in a timely manner; has met certification requirements; has an on going capacity to carry out eligible activities in a timely manner; and, has complied with the proposed housing plan.

Prescribes formula allocation for Indian housing authorities operating fewer than 250 units by requiring the amount of assistance provided to these tribes to be based on an average of their alloca-

tions from the prior five (5) fiscal years (fiscal years 1992 through 1997).

Amends hearing requirements to allow the Secretary to take immediate remedial action if the Secretary determines that the recipient has failed to comply substantially with any material provision of NAHASDA resulting in continued federal expenditures not authorized by law.

Upon noncompliance with the law due to technical incapacity, requires a recipient to enter into a “performance agreement” with the Secretary before the Secretary can provide technical assistance.

For section 8 vouchers currently being used by an Indian tribe, requires counting such vouchers under the NAHASDA block grant allocation formula to ensure that families currently participating in the Section 8 voucher program will continue to be funded.

Repeals requirement regarding the certification of compliance with subsidy layering requirements with respect to housing assisted with grant amounts provided under the Act.

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

Section 801. Transfer of unoccupied and substandard HUD-Held housing to local governments and community development corporations. Amends Section 204 of the VA, HUD and Independent Agencies Act of 1997, which sets forth the authority of the HUD Secretary to engage in property disposition activities. Requires the HUD Secretary to transfer, to the maximum extent practicable, ownership of eligible properties (HUD-owned substandard multifamily, unoccupied multifamily, or unoccupied single-family properties) to a unit of local government having jurisdiction for the area where the property is located, or to a community development corporation within such jurisdiction, on certain terms and conditions. Eligible properties do not include any property subject to a specific sale agreement under section 204(h) of the National Housing Act, as amended by Section 602 of the FY 1999 VA, HUD and Independent Agencies Appropriations Act. Requires the HUD Secretary to issue a report within 6 months of enactment of the Act identifying any communities designated as “revitalization communities” pursuant to section 204(h) of the National Housing Act, as amended.

Adds provision requiring that properties eligible are those which have been HUD-held for at least six months, and changes to definition of “cost-recovery basis” to incorporate appraised cost of property plus carrying costs. In cases where single-family property is transferred to a local unit of government, this section requires a \$1 purchase program, consistent with current HUD policy.

Section 802. Transfer of HUD assets in revitalization areas. Amends Section 204 of the National Housing Act, to require the HUD Secretary, within 60 days after a request by the Chief Executive of a jurisdiction, to designate such jurisdiction as a “revitalization area” for purposes of the property disposition program in section 204(h) of the NHA.

TITLE IX—PRIVATE MORTGAGE INSURANCE
CANCELLATION AND TERMINATION

Section 901. Short title. Provides that this title may be cited as the “Private Mortgage Insurance Technical Corrections and Clarification Act”.

Section 902. Changes in amortization schedule. Clarifies that private mortgage insurance (PMI) termination/cancellation rights for adjustable rate mortgages (ARMs) are based on the amortization schedule then in effect (the most recent calculation); treats a balloon mortgage like an ARM (uses most recent amortization schedule); bases cancellation/termination rights on modified terms if loan modification occurs.

Section 903. Deletion of ambiguous references to residential mortgages. Clarifies that borrowers’ PMI cancellation and termination rights apply only to mortgages created after the effective date of the legislation (one-year after the date of enactment).

Section 904. Cancellation rights after cancellation date. Clarifies that the good payment history requirement in the bill is calculated as of the later of the cancellation date or, the date on which a borrower requests cancellation. Provides that if a borrower is not current on payments as of the termination date, but later becomes current, termination shall not take place until the first day of the following month (eliminates lender need to check and cancel PMI every day of the month). Clarifies that PMI cancellation or termination does not eliminate requirement to make PMI payments legitimately accrued prior to any cancellation or termination of PMI.

Section 905. Clarification of cancellation and termination issues and lender paid mortgage insurance disclosure requirements. Adds provision clarifying cancellation and termination issues related to terms ambiguous in law, including “good payment history”, “automatic termination” and “accrued obligation for premium payments”. Clarifies that PMI cancellation rights exist on the cancellation date, or any later date, as long as the borrower complies with all cancellation requirements. Clarifies that borrower must be current on loan payments to exercise cancellation.

Section 906. Definitions. Sets forth definitions of: (a) refinanced; (b) midpoint of the amortization period; (d) original value; and (e) principal residence.

TITLE X—RURAL HOUSING HOMEOWNERSHIP

Section 1001. Promissory note requirement under housing repair loan program. Increases amount of promissory note (instead of use of liens on property) amounts from \$2,500 to \$7,500 (adjusted from late 1970’s amount to account for home repairs, e.g. roofing, heating systems, windows, etc.) without going through the formal loan process.

Section 1002. Limited partnership eligibility for farm labor housing loans. Technical amendment that clarifies that limited partnerships are eligible for loans under Sec. 514 (Farm Labor Housing) in cases where the general partner is a nonprofit entity.

Section 1003. Project accounting records and practices. Sets forth accounting and recordkeeping requirements, including maintaining accounting records in accordance with generally accepted account-

ing principles for all projects that receive funds under this program; retaining records available for inspection by the USDA Secretary for not less than six years, and other requirements.

Section 1004. Definition of rural area. Extends designation of rural areas, for purposes of the Rural Housing Service housing programs, for a narrow category of communities until the 2010 census.

Section 1005. Operating assistance for migrant farmworkers projects. Allows Sec. 521 operating assistance for farm labor housing complexes where “mixed” migrant and annual workers will live.

Section 1006. Multifamily rental housing loan guarantee program. Allows Native Americans to become eligible borrowers under the multifamily loan guarantee program; authorizes a “balloon payment” as a financing option; allow fees from lenders to be used to help offset program costs; and repeals existing prohibition against the transfer of property title from the lender to the Federal Government as well as the prohibition against the transfer of liability from one borrower to another.

Section 1007. Enforcement provisions. Provides criminal penalties and civil sanctions for violations of program requirements.

Section 1008. Amendments to title 18 of the United States Code. Amends Title 18 of the U.S. Code—Money Laundering—to strengthen enforcement and prosecution of program fraud and abuse.

TITLE XI—MANUFACTURED HOUSING IMPROVEMENT

Section 1101. Short title and references. States that this title may be cited as the “Manufactured Housing Improvement Act.”

Section 1102. Findings and purposes. Current law (P.L. 93–383) provisions are replaced with a more positive, detailed statement of the original intent of Congress when it enacted the Federal Manufactured Home Construction and Safety Standards Act. Adds a consensus standards development process to the purpose of the act. Expresses the continuing need to facilitate the availability of affordable manufactured homes as well as the need for objective, performance-based standards and enhanced consumer protection.

Section 1103. Definitions. Adds several definitions to Section 603 of current law (P.L. 93–383) concerning the consensus committee and the consensus standards development process (Section 1104). Adds a definition for the monitoring function and related definitions for Production Inplant Primary Inspection Agency (IPIA) and Design Approval Primary Inspection Agency (DAPIA) duties, which had not been previously defined. Consensus committee recommends specific regulations regarding these functions to the Secretary of HUD. The term “dealer” has been replaced throughout with the term “retailer.”

Section 1104. Federal manufactured home construction and safety standards. Section 604 of current law (P.L. 93–383) is revised to establish a consensus committee that would submit recommendations to the Secretary of HUD for developing, amending and revising both the Federal Manufactured Home Construction and Safety Standards and the enforcement regulations. These recommendations would be published in the Federal Register for notice and comment prior to final adoption by the Secretary. The committee will be appointed by a recognized, voluntary, private consensus

standards body chosen by the Secretary. The committee shall be composed of 21 qualified individuals (7 producers of manufactured housing, 7 users of manufactured housing, and 7 general interest groups and/or public officials). The committee would function in accordance with the American National Standards Institute (ANSI) procedures for the development and coordination of American National Standards.

The revisions to section 604 would also clarify the scope of federal preemption to ensure that disparate state or local requirements do not affect the uniformity and comprehensive nature of the federal standards.

Section 1105. Abolishment of National Manufactured Home Advisory Council; manufactured home installation. Section 605 of existing law (P.L. 93-383) would be repealed, abolishing the national Manufactured Home Advisory Council, which is replaced by the consensus committee formed under Section 1104. A new section 605 is added, entitled "Sec. 605. Manufactured Home Installations," which give states five years to adopt an installation program "established by state law" that includes: (1) installation standards, (2) the training and licensing of installers and (3) the inspection of the installation of manufactured homes. During this five-year period, the Secretary of the Department of Housing and Urban Development (HUD) and the Consensus Committee are charged with constructing a "model" manufactured housing installation program. In states that choose not to adopt an installation program, HUD may contract with an appropriate agent in those states to implement the "model" installation program.

Section 1106. Public information. Amends current requirements governing cost information of any new standards submitted by manufacturers to the Secretary by requiring the Secretary to submit such cost information to the consensus committee for evaluation.

Section 1107. Research, testing, development, and training. Requires HUD Secretary to conduct research, testing, development and training necessary to carry out the purposes of facilitating manufactured housing, including encouraging GSE's to develop and implement secondary market securitization programs for FHA manufactured home loans, and reviewing the programs for FHA manufactured home loans and developing any changes to such programs to promote the affordability of manufactured homes.

Section 1108. Fees. Amends current section 620 (P.L. 93-383) by allowing the Secretary to use industry label fees for the administration of the consensus committee, hiring additional program staff, for additional travel funding, funding of a non-career administrator to oversee the program, and for HUD's efforts to promote the availability and affordability of manufactured housing. Prohibits the use of label fees to fund any activity not expressly authorized by the act, makes expenditure of label fees subject to annual Congressional appropriations review, and eliminates HUD's annual report requirement. Requires HUD to be accountable for any fee increase by requiring notice and comment rulemaking.

Section 1109. Dispute Resolution. In order to address problems that may arise with manufactured homes, Sec. 1109 gives the states five years to adopt a dispute resolution program for the

timely resolution of disputes between manufacturers, retailers, and installers regarding the responsibility for the correction or repair of defects in manufactured homes that are reported during the one year period beginning on the date of installation. This also requires state issuance of appropriate orders for the correction or repair of defects in the manufactured homes that are reported during the 1-year period beginning on the date of installation under the dispute resolution program. In states that choose not to adopt their own dispute resolution program, HUD may contract with an appropriate agent in those states to implement a dispute resolution program.

Section 1110. Elimination of annual report requirement. Eliminates existing annual reporting by the Secretary to Congress on manufactured housing standards.

Section 1111. Effective date. Effective date of the legislation is the date of enactment, except that interpretive bulletins or orders published as a proposed rule prior to the date of enactment shall be unaffected.

Section 1112. Savings provision. Existing manufactured housing standards are maintained in effect until the effective date of the Federal manufactured home construction and safety standards pursuant to the amendments made by this act.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1992

* * * * *

TITLE I—HOUSING ASSISTANCE

* * * * *

Subtitle E—Homeownership Programs

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SEC. 184.

(a) * * *

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(i) INDIAN HOUSING LOAN GUARANTEE FUND.—

(1) * * *

* * * * *

(5) LIMITATION ON COMMITMENTS TO GUARANTEE LOANS AND MORTGAGES.—

(A) * * *

* * * * *

[(C) LIMITATION ON OUTSTANDING AGGREGATE PRINCIPAL AMOUNT.—Subject to the limitations in subparagraphs (A) and (B), the Secretary may enter into commitments to guarantee loans under this section in each of fiscal years 1997, 1998, 1999, 2000, and 2001 with an aggregate outstanding principal amount not exceeding \$400,000,000 for each such fiscal year.]

(C) LIMITATION ON OUTSTANDING AGGREGATE PRINCIPAL AMOUNT.—Subject to the limitations in subparagraphs (A) and (B), the Secretary may enter into commitments to guarantee loans under this section in each fiscal year with an aggregate outstanding principal amount not exceeding such amount as may be provided in appropriation Acts for such fiscal year.

* * * * *

(7) **AUTHORIZATION OF APPROPRIATIONS.—**There are authorized to be appropriated to the Guarantee Fund to carry out this section such sums as may be necessary for [each of fiscal years 1997, 1998, 1999, 2000, and 2001] *each fiscal year.*

* * * * *

[SEC. 186. ENTERPRISE ZONE HOMEOWNERSHIP OPPORTUNITY GRANTS.

- [(a) STATEMENT OF PURPOSE.—**It is the purpose of this section—
[(1) to encourage homeownership by families in the United States who are not otherwise able to afford homeownership;
[(2) to encourage the redevelopment of economically depressed areas; and
[(3) to provide better housing opportunities in federally approved and equivalent State-approved enterprise zones.

[(b) DEFINITIONS.—For purposes of this section the following definitions shall apply:

[(1) HOME.—The term “home” means any 1- to 4-family dwelling. Such term includes any dwelling unit in a condominium project or cooperative project consisting of not more than 4 dwelling units, any town house, and any manufactured home.

[(2) METROPOLITAN STATISTICAL AREA.—The term “metropolitan statistical area” means a metropolitan statistical area as established by the Office of Management and Budget.

[(3) NONPROFIT ORGANIZATION.—The term “nonprofit organization” means a private nonprofit corporation, or other private nonprofit legal entity, that is approved by the Secretary as to financial responsibility.

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

[(5) STATE.—The term “State” means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and any other territory or possession of the United States.

[(6) UNIT OF GENERAL LOCAL GOVERNMENT.—The term “unit of general local government” means any borough, city, county,

parish, town, township, village, or other general purpose political subdivision of a State.

[(c) ASSISTANCE TO NONPROFIT ORGANIZATIONS.—

[(1) IN GENERAL.—The Secretary may provide assistance to nonprofit organizations to carry out enterprise zone homeownership opportunity programs to promote homeownership in federally approved and equivalent State-approved enterprise zones in accordance with the provisions of this section. Such assistance shall be made in the form of grants.

[(2) APPLICATIONS.—Applications for assistance under this section shall be made in such form, and in accordance with such procedures, as the Secretary may prescribe.

[(d) ELIGIBLE USES OF ASSISTANCE.—

[(1) IN GENERAL.—Any nonprofit organization receiving assistance under this section shall use such assistance to provide loans to families purchasing homes constructed or rehabilitated in accordance with an enterprise zone homeownership opportunity program approved under this section.

[(2) SPECIFIC REQUIREMENTS.—Each loan made to a family under this subsection shall—

[(A) be secured by a second mortgage held by the Secretary on the property involved;

[(B) be in an amount not exceeding \$15,000;

[(C) bear no interest; and

[(D) be repayable to the Secretary upon the sales, lease, or other transfer of such property.

[(e) PROGRAM REQUIREMENTS.—

[(1) IN GENERAL.—Assistance provided under this section may be used only in connection with an enterprise zone homeownership opportunity program of construction or rehabilitation of homes.

[(2) FAMILY NEED.—Each family purchasing a home under this section shall—

[(A) have a family income on the date of such purchase that is not more than the median income for a family of 4 persons (adjusted for family size) in the metropolitan statistical area in which a federally approved or equivalent State-approved enterprise zone is located; and

[(B) not have owned a home during the 3-year period preceding such purchase.

[(3) DOWNPAYMENT.—Each family purchasing a home under this section shall make a downpayment of not less than 5 percent of the sale price of such home.

[(4) LEASING PROHIBITION.—No family purchasing a home under this section may lease such home.

[(f) TERMS AND CONDITIONS OF ASSISTANCE.—

[(1) LOCAL CONSULTATION.—No proposed enterprise zone homeownership opportunity program may be approved by the Secretary under this section unless the applicant involved demonstrates to the satisfaction of the Secretary that—

[(A) it has consulted with and received the support of residents of the neighborhood in which such program is to be located; and

[(B) it has the approval of each unit of general local government in which such program is to be located.

[(2) PROGRAM SCHEDULE.—Each applicant for assistance under this section shall submit to the Secretary an estimated schedule for completion of its proposed enterprise zone homeownership opportunity program, which schedule shall have been agreed to by each unit of general local government in which such program is to be located.

[(3) LOCATION.—All homes constructed or rehabilitated under such program will be located in federally approved or equivalent State-approved enterprise zones.

[(4) SALES CONTRACTS.—Sales contracts entered into under such program will contain provisions requiring repayment of any loan made under this section upon the sale or other transfer of the home involved, unless the Secretary approves a transfer of such home without repayment (in which case the second mortgage held by the Secretary on such home shall remain in force until such loan is fully repaid).

[(g) PROGRAM SELECTION CRITERIA.—

[(1) IN GENERAL.—In selecting enterprise zone homeownership opportunity programs for assistance under this section from among eligible programs, the Secretary shall make such selection on the basis of the extent to which—

[(A) non-Federal public or private entities will contribute land necessary to make each program feasible;

[(B) non-Federal public and private financial or other contributions (including tax abatements, waivers of fees related to development, waivers of construction, development, or zoning requirements, and direct financial contributions) will reduce the cost of home constructed or rehabilitated under each program;

[(C) each program will produce the greatest number of units for the least amount of assistance provided under this section, taking into consideration the cost differences among different market areas; and

[(D) each program provides for the involvement of local residents in the planning, and construction or rehabilitation, of homes.

[(2) EXCEPTION.—To the extent that non-Federal public entities are prohibited by the law of any State from making any form of contribution described in subparagraph (A) or (B) of paragraph (1), the Secretary shall not consider such form of contribution in evaluating such program.

[(h) REGULATIONS.—Not later than 180 days after the date of enactment of this section, the Secretary shall issue final regulations to carry out the provisions of this title. Any such regulations shall be issued in accordance with section 553 of title 5, United States Code, notwithstanding the provisions of subsection (a)(2) of such section.

[(i) FUNDING.—There are authorized to be appropriated to carry out this section \$30,000,000 in each of fiscal years 1993 and 1994.]

SEC. 186. HOMEOWNERSHIP ZONE GRANTS.

(a) *AUTHORITY.—The Secretary of Housing and Urban Development may make grants to units of general local government to assist*

homeownership zones. Homeownership zones are contiguous, geographically defined areas, primarily residential in nature, in which large-scale development projects are designed to reclaim distressed neighborhoods by creating homeownership opportunities for low- and moderate-income families. Projects in homeownership zones are intended to serve as a catalyst for private investment, business creation, and neighborhood revitalization.

(b) *ELIGIBLE ACTIVITIES.*—Amounts made available under this section may be used for projects that include any of the following activities in the homeownership zone:

- (1) Acquisition, construction, and rehabilitation of housing.
- (2) Site acquisition and preparation, including demolition, construction, reconstruction, or installation of public and other site improvements and utilities directly related to the homeownership zone.
- (3) Direct financial assistance to homebuyers.
- (4) Homeownership counseling.
- (5) Relocation assistance.
- (6) Marketing costs, including affirmative marketing activities.
- (7) Other project-related costs.
- (8) Reasonable administrative costs (up to 5 percent of the grant amount).
- (9) Other housing-related activities proposed by the applicant as essential to the success of the homeownership zone and approved by the Secretary.

(c) *APPLICATION.*—To be eligible for a grant under this section, a unit of general local government shall submit an application for a homeownership zone grant in such form and in accordance with such procedures as the Secretary shall establish.

(d) *SELECTION CRITERIA.*—The Secretary shall select applications for funding under this section through a national competition, using selection criteria established by the Secretary, which shall include—

- (1) the degree to which the proposed activities will result in the improvement of the economic, social, and physical aspects of the neighborhood and the lives of its residents through the creation of new homeownership opportunities;
- (2) the levels of distress in the homeownership zone as a whole, and in the immediate neighborhood of the project for which assistance is requested;
- (3) the financial soundness of the plan for financing homeownership zone activities;
- (4) the leveraging of other resources; and
- (5) the capacity to successfully carry out the plan.

(e) *GRANT APPROVAL AMOUNTS.*—The Secretary may establish a maximum amount for any grant for any funding round under this section. A grant may not be made in an amount that exceeds the amount that the Secretary determines is necessary to fund the project for which the application is made.

(f) *PROGRAM REQUIREMENTS.*—A homeownership zone proposal shall—

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

(2) not be inconsistent with such planning and design principles as may be prescribed by the Secretary;

(3) be designed to stimulate additional investment in that area;

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

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

(6) establish a detailed time-line for commencement and completion of construction activities; and

(7) provide for affirmatively furthering fair housing.

(g) *INCOME TARGETING.*—At least 51 percent of the homebuyers assisted with funds under this section shall have household incomes at or below 80 percent of median income for the area, as determined by the Secretary.

(h) *ENVIRONMENTAL REVIEW.*—For purposes of environmental review, decisionmaking, and action pursuant to the National Environmental Policy Act of 1969 and other provisions of law that further the purposes of such Act, a grant under this section shall be treated as assistance under the HOME Investment Partnerships Act and shall be subject to the regulations issued by the Secretary to implement section 288 of such Act.

(i) *REVIEW, AUDIT, AND REPORTING.*—The Secretary shall make such reviews and audits and establish such reporting requirements as may be necessary or appropriate to determine whether the grantee has carried out its activities in a timely manner and in accordance with the requirements of this section. The Secretary may adjust, reduce, or withdraw amounts made available, or take other action as appropriate, in accordance with the Secretary’s performance reviews and audits under this section.

(j) *AUTHORIZATION.*—There is authorized to be appropriated to carry out this section \$25,000,000 for fiscal year 2001 and such sums as may be necessary for fiscal year 2002, to remain available until expended.

* * * * *

TITLE XII—REMOVAL OF REGULATORY BARRIERS TO AFFORDABLE HOUSING

* * * * *

SEC. 1204. GRANTS FOR REGULATORY BARRIER REMOVAL STRATEGIES AND IMPLEMENTATION.

[(a) *IN GENERAL.*—The amounts set aside under section 107 of the Housing and Community Development Act of 1974 for the purpose of this subsection shall be available for grants under subsection (b) and (c).]

(a) *FUNDING.*—There is authorized to be appropriated for grants under subsections (b) and (c) \$15,000,000 for fiscal year 2001 and such sums as may be necessary for each of fiscal years 2002, 2003, 2004, and 2005.

(b) **[STATE GRANTS] GRANT AUTHORITY.**—The Secretary may make grants to States and units of general local government (in-

cluding consortia of such governments) for the costs of developing and implementing strategies to remove regulatory barriers to affordable housing, including the costs of—

(1) * * *

* * * * *

(3) developing legislation to provide [a State program to reduce State and local] *State, local, or regional programs to reduce* regulatory barriers and developing a strategy for adoption of such legislation;

(4) developing model *State or local* standards and ordinances to reduce regulatory barriers and assisting in the adoption and use of the standards and ordinances;

(5) carrying out the simplification and consolidation of [State] administrative procedures and processes constituting regulatory barriers to affordable housing, including the issuance of permits; and

* * * * *

[(c) LOCAL GRANTS.—The Secretary may make grants to units of general local government for the costs of developing and implementing strategies to remove regulatory barriers to affordable housing, including the costs of—

[(1) identifying, assessing, and monitoring local regulatory barriers;

[(2) identifying local policies (including laws and regulations) that permit or encourage regulatory barriers;

[(3) developing legislation to provide a local program to reduce local regulatory barriers and developing a strategy for adoption of such legislation;

[(4) developing model local standards and ordinances to reduce regulatory barriers and assisting in the adoption and use of the standards and ordinances; and

[(5) carrying out the simplification and consolidation of local administrative procedures and processes constituting regulatory barriers to affordable housing, including the issuance of permits.]

* * * * *

(e) APPLICATION AND SELECTION.—The Secretary shall provide for the form and manner of applications for grants under this section, which shall describe how grant amounts will assist the State or unit of general local government in developing and implementing strategies to remove regulatory barriers to affordable housing. The Secretary shall establish criteria for approval of applications under this subsection [and for the selection of units of general local government to receive grants under subsection (f)(2)] *and such criteria shall require that grant amounts be used in a manner consistent with the strategy contained in the comprehensive housing affordability strategy for the jurisdiction pursuant to section 105(b)(4) of the Cranston-Gonzalez National Affordable Housing Act.*

[(f) ALLOCATION OF AMOUNTS.—

[(1) STATE GRANTS.—

[(A) IN GENERAL.—Of the total amount appropriated for each fiscal year to carry out this subsection, the Secretary

shall use two-thirds of such amount to provide grants under subsection (b) to each State submitting an application that is approved by the Secretary. Such amounts shall be allocated among the States based upon the measure of need (for the whole State) of each State, as determined under section 217(b)(1)(A) (excluding adjustments under section 217(b)(1)(D)) of the Cranston-Gonzalez National Affordable Housing Act, except that the minimum grant amount for each fiscal year grant shall be \$100,000 (to the extent sufficient amounts are made available).

【(B) PRO RATA DISTRIBUTION.—If insufficient amounts are made available for grants in the amount under subparagraph (A) to each State submitting an approved application, each such State shall receive a pro rata portion of such amount based on the ratio of the population of such State to the population of all States.

【(2) LOCAL GRANTS.—Of the total amount appropriated for each fiscal year to carry out this section, the Secretary shall use one-third of such amount to provide grants on a competitive basis to units of general local government based on the proposed uses of such amounts, as provided in the application. Each grant made with such amounts shall be in an amount not less than \$10,000.】

(f) *SELECTION OF GRANTEEES.*—*To the extent amounts are made available to carry out this section, the Secretary shall provide grants on a competitive basis to eligible grantees based on the proposed uses of such amounts, as provided in applications under subsection (e).*

* * * * *

SEC. 1205. REGULATORY BARRIERS CLEARINGHOUSE.

(a) *ESTABLISHMENT.*—The Secretary of Housing and Urban Development shall establish a clearinghouse to [receive, collect, process, and assemble] *serve as a national repository to receive, collect, process, assemble, and disseminate* information regarding—

(1) State and local laws, regulations, and policies affecting the development, maintenance, improvement, availability, or cost of affordable housing[, including] (*including* tax policies affecting land and other property, land use controls, zoning ordinances, building codes, fees and charges, growth limits, and policies that affect the return on investment in residential property), *and the prevalence and effects on affordable housing of such laws, regulations, and policies;*

(2) State and local activities, strategies, and plans to remove or ameliorate the negative effects, if any, of such laws, regulations, and policies, *including particularly innovative or successful activities, strategies, and plans;* and

(3) State and local strategies, activities and plans that promote affordable housing and housing desegregation, *including particularly innovative or successful strategies, activities, and plans.*

(b) *FUNCTIONS.*—The clearinghouse established under subsection (a) shall—

(1) respond to inquiries from State and local governments, other organizations, and individuals requesting information regarding State and local laws, regulations, policies, activities, strategies, and plans described in subsection (a); **[and]**

(2) provide assistance in identifying, examining, and understanding such laws, regulations, policies, activities, strategies, and plans**[.]**; and

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

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

(B) shall, not later than 30 days after submission to the clearinghouse of any new strategy or plan, be updated to include the new strategy or plan submitted.

(c) **ORGANIZATION.**—The clearinghouse under this section shall be established within the Office of Policy Development of the Department of Housing and Urban Development and shall be under the direction of the Assistant Secretary for Policy Development and Research.

(d) **TIMING.**—The clearinghouse under this section (as amended by section 105 of the Housing Affordability Barrier Removal Act of 2000) shall be established and commence carrying out the functions of the clearinghouse under this section not later than 1 year after the date of the enactment of such Act. The Secretary of Housing and Urban Development may comply with the requirements under this section by reestablishing the clearinghouse that was originally established to comply with this section and updating and improving such clearinghouse to the extent necessary to comply with the requirements of this section as in effect pursuant to the enactment of such Act.

HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974

* * * * *

TITLE I—COMMUNITY DEVELOPMENT

* * * * *

DEFINITIONS

SEC. 102. (a) As used in this title—

(1) * * *

* * * * *

(5) The term “city” means (A) any unit of general local government which is classified as a municipality by the United States Bureau of the Census or (B) any other unit of general local government which is a town or township and which, in the determination of the Secretary, (i) possesses powers and performs functions comparable to those associated with munic-

palities, (ii) is closely settled, and (iii)(I) contains within its boundaries no incorporated places as defined by the United States Bureau of the Census which have not entered into cooperation agreements with such town or township to undertake or to assist in the undertaking of essential community development and housing assistance activities, or (II) has a population in its unincorporated areas of not less than 450,000, except that a town or township which is designated as a city pursuant to this subclause shall have only its unincorporated areas considered as a city for purposes of this title.

(6)(A) * * *

* * * * *

(D) Such term also includes a county that—

(i) * * *

* * * * *

(v)(I) has a population of 175,000 or more (including the population of metropolitan cities therein), (II) before January 1, 1975, was designated by the Secretary of Defense pursuant to section 608 of the Military Construction Authorization Act, 1975 (Public Law 93-552; 88 Stat. 1763), as a Trident Defense Impact Area, and (III) has located therein not less than 1 unit of general local government that was classified as a metropolitan city and (a) for which county each such unit of general local government therein has relinquished its classification as a metropolitan city under the 6th sentence of paragraph (4), or (b) that has entered into cooperative agreements with each metropolitan city therein to undertake or to assist in the undertaking of essential community development and housing assistance activities; **[or]**

(vi) has entered into a local cooperation agreement with a metropolitan city that received assistance under section 106 because of such classification, and has elected under paragraph (4) to have its population included with the population of the county for the purposes of qualifying as an urban county, except that to qualify as an urban county under this clause, the county must—

(I) * * *

* * * * *

(III) have had a Federal naval installation that was more than 100 years old closed by action of the Base Closure and Realignment Commission appointed for 1993 under the Base Closure and Realignment Act of 1990, directly resulting in a loss of employment by more than 7,000 Federal Government civilian employees and more than 15,000 active duty military personnel, which naval installation was located within one mile of an enterprise community designated by the Secretary pursuant to section 1391 of the Internal Revenue Code of 1986, which enterprise community has a population of not less than 20,000, according to

the 1990 decennial census of the Bureau of the Census of the Department of Commerce[.]; or

(vii)(I) has consolidated its government with one or more municipal governments, such that within the county boundaries there are no unincorporated areas, (II) has a population of not less than 650,000, over which the consolidated government has the authority to undertake essential community development and housing assistance activities, (III) for more than 10 years, has been classified as an entitlement area for purposes of allocating and distributing funds under section 106, and (IV) as of the date of the enactment of this clause, has over 90 percent of the county's population within the jurisdiction of the consolidated government.

* * * * *

(F) Notwithstanding any other provision of this paragraph, any county that was classified as an urban county pursuant to subparagraph (A) for fiscal year 1999, includes 10 cities each having a population of less than 50,000, and has a population in its unincorporated areas of 190,000 or more but less than 200,000, shall thereafter remain classified as an urban county.

(d)(1) With respect to program years beginning with the program year for which grants are made available from amounts appropriated for fiscal year 1982 under section 103, the population of any unit of general local government which is included in that of an urban county as provided in subparagraph (A)(ii) or (D) of subsection (a)(6) shall be included in the population of such urban county for three program years beginning with the program year in which its population was first so included and shall not otherwise be eligible for a grant under section 106 as a separate entity, unless the urban county does not receive a grant for any year during such three-year period.

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

* * * * *

AUTHORIZATIONS

SEC. 103. (a) *IN GENERAL.*—The Secretary is authorized to make grants to States, units of general local government, and Indian tribes to carry out activities in accordance with the provisions of this title. [For purposes of assistance under section 106, there are authorized to be appropriated \$4,000,000,000 for fiscal year 1993 and \$4,168,000,000 for fiscal year 1994.] *For purposes of assistance under section 106, there is authorized to be appropriated \$4,900,000,000 for fiscal year 2001 and such sums as may be necessary for each of fiscal years 2002, 2003, 2004, and 2005.*

(b) *PROHIBITION OF SET-ASIDES.*—*Except as provided in paragraphs (1) and (2) of section 106(a) and section 107, amounts appro-*

priated pursuant to subsection (a) of this section or otherwise to carry out this title (other than section 108) shall be used only for formula-based grants allocated pursuant to section 106 and may not be otherwise used unless the provision of law providing for such other use specifically refers to this subsection and specifically states that such provision modifies or supersedes the provisions of this subsection.

STATEMENT OF ACTIVITIES AND REVIEW

SEC. 104. (a)(1) * * *

* * * * *

(c) A grant may be made under section 106(b) only if the unit of general local government certifies that it is following—

(1) a current housing affordability strategy which has been approved by the Secretary in accordance with section 105 of the Cranston-Gonzalez National Affordable Housing Act, *which shall include making a good faith effort to carry out the strategy established under section 105(b)(4) of such Act by the unit of general local government to remove barriers to affordable housing, or*

* * * * *

ELIGIBLE ACTIVITIES

SEC. 105. (a) Activities assisted under this title may include only—

(1) * * *

* * * * *

(8) provision of public services, including but not limited to those concerned with employment, crime prevention, child care, health, drug abuse, education, energy conservation, welfare or recreation needs, if such services have not been provided by the unit of general local government (through funds raised by such unit, or received by such unit from the State in which it is located) during any part of the twelve-month period immediately preceding the date of submission of the statement with respect to which funds are to be made available under this title, and which are to be used for such services, unless the Secretary finds that the discontinuation of such services was the result of events not within the control of the unit of general local government, except that not more than 15 per centum of the amount of any assistance to a unit of general local government (or in the case of nonentitled communities not more than 15 per centum statewide) under this title including program income may be used for activities under this paragraph unless such unit of general local government used more than 15 percent of the assistance received under this title for fiscal year 1982 or fiscal year 1983 for such activities (excluding any assistance received pursuant to Public Law 98-8), in which case such unit of general local government may use not more than the percentage or amount of such assistance used for such activities for such fiscal year, whichever method of calculation yields the higher amount, except that of any amount

of assistance under this title (including program income) in each of **[fiscal years 1993 through 1999 to the City of Los Angeles and County of Los Angeles, each such unit of general government]** *fiscal years 1993 through 2006 to the City of Los Angeles, the County of Los Angeles, or any other unit of general local government located in the County of Los Angeles, such city, such county, or each such unit of general local government, respectively*, may use not more than 25 percent in each such fiscal year for activities under this paragraph, and except that of any amount of assistance under this title (including program income) in each of fiscal years 1999, 2000, and 2001, to the City of Miami, such city may use not more than 25 percent in each fiscal year for activities under this paragraph;

* * * * *

(22) provision of assistance to public and private organizations, agencies, and other entities (including nonprofit and for-profit entities) to enable such entities to facilitate economic development by—

(A) * * *

* * * * *

(C) providing general support (such as peer support programs and counseling) to owners of microenterprises and persons developing microenterprises; **[and]**

(23) activities necessary to make essential repairs and to pay operating expenses necessary to maintain the habitability of housing units acquired through tax foreclosure proceedings in order to prevent abandonment and deterioration of such housing in primarily low- and moderate-income neighborhoods~~...~~;

(24) *provision of direct assistance to facilitate and expand homeownership among uniformed employees (including policemen, firemen, and sanitation and other maintenance workers) of, and teachers who are employees of, the metropolitan city or urban county (or an agency or school district serving such city or county) receiving grant amounts under this title pursuant to section 106(b) or the unit of general local government (or an agency or school district serving such unit) receiving such grant amounts pursuant to section 106(d), except that—*

(A) *such assistance may only be provided on behalf of such employees who are first-time homebuyers under the meaning given such term in section 104(14) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12704(14)), except that, for purposes of this paragraph, such section shall be applied by substituting “section 105(a)(24) of the Housing and Community Development Act of 1974” for “title II”;*

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

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

(ii) with respect only to areas that the Secretary determines have high housing costs, taking into consideration median house prices and median family incomes for the area, 150 percent of the median income of the area involved, as determined by the Secretary with adjustments for smaller and larger families;

(C) such assistance shall be used only for acquiring principal residences for such employees, in a manner that involves obligating amounts with respect to any particular mortgage over a period of one year or less, by—

- (i) providing amounts for downpayments on mortgages;
- (ii) paying reasonable closing costs normally associated with the purchase of a residence;
- (iii) obtaining pre- or post-purchase counseling relating to the financial and other obligations of homeownership; or
- (iv) subsidizing mortgage interest rates; and

(D) any residence purchased using assistance provided under this paragraph shall be subject to restrictions on resale that are—

- (i) established by the metropolitan city, urban county, or unit of general local government providing such assistance; and
- (ii) determined by the Secretary to be appropriate to comply with subparagraphs (A) and (B) of section 215(b)(3) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12745(b)(3)), except that, for purposes of this paragraph, such subparagraphs shall be applied by substituting “section 105(a)(24) of the Housing and Community Development Act of 1974” for “this title”;

(25) lead-based paint hazard evaluation and reduction, as defined in section 1004 of the Residential Lead-Based Paint Hazard Reduction Act of 1992[.]; and

(26) environmental cleanup and economic development activities related to Brownfields projects in conjunction with the appropriate environmental regulatory agencies.

* * * * *

(c)(1) * * *

* * * * *

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

* * * * *

SPECIAL PURPOSE GRANTS

SEC. 107. (a) SET-ASIDE.—

(1) IN GENERAL.—For each fiscal year (except as otherwise provided in this paragraph), of the total amount provided in

appropriation Acts under section 103 for the fiscal year, \$60,000,000 shall be set aside for grants under subsection (b) for such year for the following purposes:

(A) * * *

* * * * *

(G) \$2,000,000 shall be available in fiscal year 1993 for a grant to the City of Bridgeport, Connecticut, subject to the approval of sufficient amounts in an appropriation Act and to binding commitments made by the City of Bridgeport and the State of Connecticut that the city and State, respectively, will supplement such amount with \$2,000,000 of additional funds; and

[(H) \$15,000,000 shall be available for grants under the Removal of Regulatory Barriers to Affordable Housing Act of 1992; and]

[(I) (H) \$7,500,000 shall be available to carry out the Community Outreach Partnership Act of 1992.

(2) TREATMENT OF GRANTS.—Any grants made under this section shall be in addition to any other grants that may be made under this title to the same entities for the same purposes.

* * * * *

NATIONAL HOUSING ACT

* * * * *

TITLE I—HOUSING RENOVATION AND MODERNIZATION

* * * * *

INSURANCE OF FINANCIAL INSTITUTIONS

SEC. 2. (a) * * *

* * * * *

(b)(1) * * *

* * * * *

(3) No insurance shall be granted under this section to any such financial institution with respect to any obligation representing any such loan, advance of credit, or purchase by it if the term to maturity of such loan, advance of credit or purchase exceeds—

(A) * * *

* * * * *

(E) [fifteen] *twenty* years and thirty-two days if made for the purpose of financing the purchase, by the owner of a manufactured home which is the principal residence of that owner, of a suitably developed lot on which to place that manufactured home;

* * * * *

TITLE II—MORTGAGE INSURANCE

* * * * *

INSURANCE OF MORTGAGES

SEC. 203. (a) * * *

(b) To be eligible for insurance under this section a mortgage shall—

(1) * * *

(2) Involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Secretary shall approve) in an amount—

(A) not to exceed the lesser of—

(i) in the case of a 1-family residence, 95 percent of the median 1-family house price in the area, as determined by the Secretary; in the case of a 2-family residence, 107 percent of such median price; in the case of a 3-family residence, 130 percent of such median price; or in the case of a 4-family residence, 150 percent of such median price; or

* * * * *

(B) except as otherwise provided in this paragraph (2), not to exceed an amount equal to the sum of—

[(i) 97 percent of \$25,000 of the appraised value of the property, as of the date the mortgage is accepted for insurance;

[(ii) 95 percent of such value in excess of \$25,000 but not in excess of \$125,000; and

[(iii) 90 percent of such value in excess of \$125,000.]

(B) not to exceed an amount equal to the sum of—

(i) the amount of the mortgage insurance premium paid at the time the mortgage is insured; and

(ii)(I) in the case of a mortgage for a property with an appraised value equal to or less than \$50,000, 98.75 percent of the appraised value of the property;

(II) in the case of a mortgage for a property with an appraised value in excess of \$50,000 but not in excess of \$125,000, 97.65 percent of the appraised value of the property;

(III) in the case of a mortgage for a property with an appraised value in excess of \$125,000, 97.15 percent of the appraised value of the property; or

(IV) notwithstanding subclauses (II) and (III), in the case of a mortgage for a property with an appraised value in excess of \$50,000 that is located in an area of the State for which the average closing cost exceeds 2.10 percent of the average, for the State, of the sale price of properties located in the State for which mortgages have been executed, 97.75 percent of the appraised value of the property.

For purposes of the preceding sentence, the term “area” means a metropolitan statistical area as established by the Office of Management and Budget; and the median 1-family house price for an area shall be equal to the median 1-family house price

of the county within the area that has the highest such median price. *For purposes of this paragraph, the term "average closing cost" means, with respect to a State, the average, for mortgages executed for properties that are located within the State, of the total amounts (as determined by the Secretary) of initial service charges, appraisal, inspection, and other fees (as the Secretary shall approve) that are paid in connection with such mortgages.*

¶ If the mortgage to be insured under this section covers property on which there is located a one- to four-family residence, and the appraised value of the property, as of the date the mortgage is accepted for insurance, does not exceed \$50,000, the principal obligation may be in an amount not to exceed 97 percent of such appraised value. If the mortgagor is a veteran and the mortgage to be insured under this section covers property upon which there is located a dwelling designed principally for a one-family residence, the principal obligation may be in an amount equal to the sum of (i) 100 per centum of \$25,000 of the appraised value of the property as of the date the mortgage is accepted for insurance, and (ii) 95 per centum of such value in excess of \$25,000. ¶ Notwithstanding any other provision of this section, in any case where the dwelling is not approved for mortgage insurance prior to the beginning of construction, such mortgage shall not exceed 90 per centum of the entire appraised value of the property as of the date the mortgage is accepted for insurance, unless (i) the dwelling was completed more than one year prior to the application for mortgage insurance, or (ii) the dwelling was approved for guaranty, insurance, or a direct loan under chapter 37 of title 38, United States Code, prior to the beginning of construction, or (iii) the dwelling is covered by a consumer protection or warranty plan acceptable to the Secretary and satisfies all requirements which would have been applicable if such dwelling had been approved for mortgage insurance prior to the beginning of construction. As used herein, the term "veteran" means any person who served on active duty in the armed forces of the United States for a period of not less than 90 days (or as certified by the Secretary of Defense as having performed extra-hazardous service), and who was discharged or released therefrom under conditions other than dishonorable, except that persons enlisting in the armed forces after September 7, 1980, or entering active duty after October 16, 1981, shall have their eligibility determined in accordance with section 3103A(d) of title 38, United States Code.

¶ Notwithstanding any other provision of this paragraph, the amount which may be insured under this section may be increased by up to 20 percent if such increase is necessary to account for the increased cost of the residence due to the installation of a solar energy system (as defined in subparagraph (3) of the last paragraph of section 2(a) of this Act) therein.

¶ Except with respect to mortgages executed by mortgagors who are veterans, a mortgage may not involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Secretary shall approve) in excess of 98.75 percent of the appraised value of the property (97.75

percent, in the case of a mortgage with an appraised value in excess of \$50,000), plus the amount of the mortgage insurance premium paid at the time the mortgage is insured. For purposes of the preceding sentence, the term “appraised value” means the amount set forth in the written statement required under section 226, or a similar amount determined by the Secretary if section 226 does not apply. Notwithstanding the authority of the Secretary to establish the terms of insurance under this section and approve the initial service charges, appraisal, inspection, and other fees (and subject to any other limitations under this section on the amount of a principal obligation), the Secretary may not (by regulation or otherwise) limit the percentage or amount of any such approved charges and fees that may be included in the principal obligation of a mortgage.

【Notwithstanding any other provision of this paragraph, the Secretary may not insure, or enter into a commitment to insure, a mortgage under this section that is executed by a first-time homebuyer and that involves a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Secretary shall approve) in excess of 97 percent of the appraised value of the property unless the mortgagor has completed a program of counseling with respect to the responsibilities and financial management involved in homeownership that is approved by the Secretary; except that the Secretary may, in the discretion of the Secretary, waive the applicability of this requirement.

【In conjunction with any loan insured under this section, an original lender shall provide to each prospective borrower a disclosure notice that provides a one page analysis of mortgage products offered by that lender and for which the borrower would qualify. This notice shall include: (i) a generic analysis comparing the note rate (and associated interest payments), insurance premiums, and other costs and fees that would be due over the life of the loan for a loan insured by the Secretary under this subsection with the note rates, insurance premiums (if applicable), and other costs and fees that would be expected to be due if the mortgagor obtained instead other mortgage products offered by the lender and for which the borrower would qualify with a similar loan-to-value ratio in connection with a conventional mortgage (as that term is used in section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)) or section 302(b)(2) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1717(b)(2)), as applicable), assuming prevailing interest rates; and (ii) a statement regarding when the mortgagor’s requirement to pay the mortgage insurance premiums for a mortgage insured under this section would terminate or a statement that the requirement will terminate only if the mortgage is refinanced, paid off, or otherwise terminated.】

* * * * *

【(10) CALCULATION OF DOWNPAYMENT.—

【(A) IN GENERAL.—Notwithstanding any other provision of this subsection, with respect to a mortgage executed for

insurance in fiscal years 1998, 1999, and 2000, involving a principal obligation not in excess of the sum of—

[(i) the amount of the mortgage insurance premium paid at the time the mortgage is insured; and

[(ii)(I) in the case of a mortgage for a property with an appraised value equal to or less than \$50,000, 98.75 percent of the appraised value of the property;

[(II) in the case of a mortgage for a property with an appraised value in excess of \$50,000 but not in excess of \$125,000, 97.65 percent of the appraised value of the property;

[(III) in the case of a mortgage for a property with an appraised value in excess of \$125,000, 97.15 percent of the appraised value of the property; or

[(IV) notwithstanding subclauses (II) and (III), in the case of a mortgage for a property with an appraised value in excess of \$50,000 that is located in an area of the State for which the average closing cost exceeds 2.10 percent of the average, for the State, of the sale price of properties located in the State for which mortgages have been executed, 97.75 percent of the appraised value of the property.]

[(B) AVERAGE CLOSING COST.—For purposes of this paragraph, the term “average closing cost” means, with respect to a State, the average, for mortgages executed for properties that are located within the State, of the total amounts (as determined by the Secretary) of initial service charges, appraisal, inspection, and other fees (as the Secretary shall approve) that are paid in connection with such mortgages.]

(10) *REDUCED DOWNPAYMENT REQUIREMENTS FOR TEACHERS AND UNIFORMED MUNICIPAL EMPLOYEES.*—

(A) *IN GENERAL.*—Notwithstanding paragraph (2), in the case of a mortgage described in subparagraph (B)—

(i) *the mortgage shall involve a principal obligation in an amount that does not exceed the sum of 99 percent of the appraised value of the property and the total amount of initial service charges, appraisal, inspection, and other fees (as the Secretary shall approve) paid in connection with the mortgage;*

(ii) *no other provision of this subsection limiting the principal obligation of the mortgage based upon a percentage of the appraised value of the property subject to the mortgage shall apply; and*

(iii) *the matter in paragraph (9) that precedes the first proviso shall not apply and the mortgage shall be executed by a mortgagor who shall have paid on account of the property at least 1 percent of the cost of acquisition (as determined by the Secretary) in cash or its equivalent.*

(B) *MORTGAGES COVERED.*—A mortgage described in this subparagraph is a mortgage—

(i) *under which the mortgagor is an individual who—*

(I) is employed on a full-time basis as (aa) a teacher or administrator in a public or private school that provides elementary or secondary education, as determined under State law, except that secondary education shall not include any education beyond grade 12, or (bb) a public safety officer (as such term is defined in section 1204 of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3796b), except that such term shall not include any officer serving a public agency of the Federal Government); and

(II) has not, during the 12-month period ending upon the insurance of the mortgage, had any present ownership interest in a principal residence located in the jurisdiction described in clause (i); and

(ii) made for a property that is located within the jurisdiction of—

(I) in the case of a mortgage of a mortgagor described in clause (i)(I)(aa), the local educational agency (as such term is defined in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801)) for the school in which the mortgagor is employed (or, in the case of a mortgagor employed in a private school, the local educational agency having jurisdiction for the area in which the private school is located); or

(II) in the case of a mortgage of a mortgagor described in clause (i)(I)(bb), the jurisdiction served by the public law enforcement agency, firefighting agency, or rescue or ambulance agency that employs the mortgagor.

(c)(1) * * *

(2) **[Notwithstanding]** Except as provided in paragraph (3) and notwithstanding any other provision of this section, each mortgage secured by a 1- to 4-family dwelling and executed on or after October 1, 1994, that is an obligation of the Mutual Mortgage Insurance Fund or of the General Insurance Fund pursuant to subsection (v), shall be subject to the following requirements:

(A) * * *

* * * * *

(3) **DEFERRAL AND REDUCTION OF UP-FRONT PREMIUM.**—In the case of any mortgage described in subsection (b)(10)(B):

(A) Paragraph (2)(A) of this subsection (relating to collection of up-front premium payments) shall not apply.

(B) If, at any time during the 5-year period beginning on the date of the insurance of the mortgage, the mortgagor ceases to be employed as described in subsection (b)(10)(B)(i)(I) or pays the principal obligation of the mortgage in full, the Secretary shall at such time collect a single premium payment in an amount equal to the amount of the single premium payment that, but for this paragraph, would have been required under paragraph (2)(A) of this subsection with respect to the mortgage, as reduced by 20 percent of such amount for each succes-

sive 12-month period completed during such 5-year period before such cessation or prepayment occurs.

* * * * *

(f) *DISCLOSURE OF OTHER MORTGAGE PRODUCTS.*—*In conjunction with any loan insured under this section, an original lender shall provide to each prospective borrower a disclosure notice that provides a one page analysis of mortgage products offered by that lender and for which the borrower would qualify. This notice shall include: (i) a generic analysis comparing the note rate (and associated interest payments), insurance premiums, and other costs and fees that would be due over the life of the loan for a loan insured by the Secretary under this subsection with the note rates, insurance premiums (if applicable), and other costs and fees that would be expected to be due if the mortgagor obtained instead other mortgage products offered by the lender and for which the borrower would qualify with a similar loan-to-value ratio in connection with a conventional mortgage (as that term is used in section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)) or section 302(b)(2) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1717(b)(2)), as applicable, assuming prevailing interest rates; and (ii) a statement regarding when the mortgagor’s requirement to pay the mortgage insurance premiums for a mortgage insured under this section would terminate or a statement that the requirement will terminate only if the mortgage is refinanced, paid off, or otherwise terminated.*

* * * * *

(k)(1) * * *

* * * * *

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

(A) *PROHIBITION OF IDENTITY OF INTEREST.*—*The Secretary shall prohibit any identity-of-interest, as such term is defined by the Secretary, between any of the following parties involved in a loan insured under this subsection: the borrower (including, in the case of a borrower that is a nonprofit organization, any member of the board of directors or the staff of the organization), the lender, any consultant, any real estate agent, any property inspector, and any appraiser. Nothing in this subparagraph may be construed to prohibit or restrict, or authorize the Secretary to prohibit or restrict, the functioning of a affiliated business arrangement that complies with the requirements under section 8(c)(4) of the Real Estate Settlement Procedures Act of 1974 (12 U.S.C. 2607(c)(4)).*

(B) *NONPROFIT PARTICIPATION.*—*The Secretary shall establish minimum standards for a nonprofit organization to participate in the program, which shall include—*

(i) requiring such an organization to disclose to the Secretary its taxpayer identification number and evidence sufficient to indicate that the organization is an organization described in section 501(c) of the Internal Revenue Code of

1986 that is exempt from taxation under subtitle A of such Code;

(ii) requiring that the board of directors of such an organization be comprised only of individuals who do not receive any compensation or other thing of value by reason of their service on the board and who have no personal financial interest in the rehabilitation project of the organization that is financed with the loan insured under this subsection;

(iii) requiring such an organization to submit to the Secretary financial statements of the organization for the most recent 2 years, which have been prepared by a party that is unaffiliated with the organization and is qualified to prepare financial statements;

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

(v) requiring such an organization to have been certified by the Secretary as meeting the requirements under this subsection and otherwise eligible to participate in the program not more than 2 years before obtaining a loan insured under this section.

(C) **COMPLETION OF WORK.**—The Secretary shall prohibit any lender making a loan insured under this subsection from disbursing the final payment of loan proceeds unless the lender has received affirmation, from the borrower under the loan, both in writing and pursuant to an interview in person or over the telephone, that the rehabilitation activities financed by the loan have been satisfactorily completed.

(D) **CONSULTANT STANDARDS.**—The Secretary shall require that any consultant, as such term is defined by the Secretary, who is involved in a home inspection, site visit, or preparation of bids with respect to any loan insured under this section shall meet such standards established by the Secretary to ensure accurate inspections and preparation of bids.

(E) **CONTRACTOR QUALIFICATION.**—The Secretary shall require, in the case of any loan that is insured under this subsection and involves rehabilitation with a cost of \$25,000 or more, that the contractor or other person performing or supervising the rehabilitation activities financed by the loan shall—

(i) be certified by a nationally recognized organization as meeting industry standards for quality of workmanship, training, and continuing education, including financial management;

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

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

* * * * *

PAYMENT OF INSURANCE

SEC. 204. (a) * * *

* * * * *

(h) DISPOSITION OF ASSETS IN REVITALIZATION AREAS.—

(1) * * *

* * * * *

(4) PREFERENCE FOR SALE TO PREFERRED PURCHASERS.—The Secretary shall provide a preference, among prospective purchasers of eligible assets, for sale of such assets to any purchaser who—

(A) * * *

* * * * *

(B) in making a purchase under the program under this subsection—

(i) * * *

(ii) purchases all interests of the Secretary in all assets of the Secretary that, at any time during the period which shall be set forth in the sale agreement required under paragraph [(7)] (8)—

* * * * *

(5) AGREEMENTS REQUIRED FOR PURCHASE.—

(A) * * *

* * * * *

(B) NON-PREFERRED PURCHASERS.—Under the program under this subsection, the Secretary may sell an eligible asset to a purchaser who is not a preferred purchaser only pursuant to a binding agreement by the purchaser that complies with the following requirements:

(i) The purchaser has agreed to meet specific performance goals established by the Secretary for home ownership of the asset properties for the eligible assets purchased by the purchaser, except that the Secretary may, by including a provision in the sale agreement required under paragraph [(7)] (8), provide for a lower rate of home ownership in sales involving exceptional circumstances.

* * * * *

(6) DISCOUNT FOR PREFERRED PURCHASERS.—

(A) IN GENERAL.—For the purpose of providing a public purpose discount for the bulk sales of eligible assets made under the program under this subsection by preferred purchasers, each eligible asset sold through the program under this subsection to a preferred purchaser shall be sold at a price that is discounted from the value of the asset, as based on the appraised value of the asset property (as such term is defined in paragraph [(8)] (9)).

* * * * *

(7) 50 PERCENT DISCOUNT FOR TEACHERS PURCHASING PROPERTIES THAT ARE ELIGIBLE ASSETS.—

(A) *DISCOUNT.*—A property that is an eligible asset and is sold, during fiscal years 2000 through 2004, to a teacher for use in accordance with subparagraph (B) shall be sold at a price that is equal to 50 percent of the appraised value of the eligible property (as determined in accordance with paragraph (6)(B)). In the case of a property eligible for both a discount under this paragraph and a discount under paragraph (6), the discount under paragraph (6) shall not apply.

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

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

(i) to a unit of general local government or nonprofit organization (pursuant to paragraph (4) or otherwise), for resale or transfer to a teacher; or

(ii) directly to a purchaser who is a teacher.

(D) *RESALE.*—In the case of any purchase by a unit of general local government or nonprofit organization of an eligible property sold at a discounted price under this paragraph, the sale agreement under paragraph (8) shall—

(i) require the purchasing unit of general local government or nonprofit organization to provide the full benefit of the discount to the teacher obtaining the property; and

(ii) in the case of a purchase involving multiple eligible assets, any of which is such an eligible property, designate the specific eligible property or properties to be subject to the requirements of subparagraph (B).

(E) *MORTGAGE DOWNPAYMENT ASSISTANCE.*—If a teacher purchases an eligible property pursuant to a discounted sale price under this paragraph and finances such purchase through a mortgage insured under this title, notwithstanding any provision of section 203 the downpayment on such mortgage shall be \$100.

(F) *PREVENTION OF UNDUE PROFIT.*—The Secretary shall issue regulations to prevent undue profit from the resale of eligible properties in violation of the requirement under subparagraph (B).

(G) *AWARENESS PROGRAM.*—From funds made available for salaries and expenses for the Office of Policy Support of the Department of Housing and Urban Development, each field office of the Department shall make available to elementary schools and secondary schools within the jurisdiction of the field office and to the public—

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

(ii) other information designed to make such teachers and the public aware of the discount and downpayment assistance available under this paragraph.

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

“(i) The terms ‘elementary school’ and ‘secondary school’ have the meanings given such terms in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801), except that, for purposes of this paragraph, elementary education (as used in such section) shall include pre-Kindergarten education.

“(ii) The term ‘eligible property’ means an eligible asset described in paragraph (2)(A) of this subsection.

“(iii) The term ‘teacher’ means an individual who is employed on a full-time basis, in an elementary or secondary school, as a State-certified classroom teacher or administrator.”

[(7)] (8) SALE AGREEMENT.—The Secretary may sell an eligible asset under this subsection only pursuant to a sale agreement entered into under this paragraph with the purchaser, which shall include the following provisions:

(A) * * *

* * * * *

[(8)] (9) DEFINITIONS.—For purposes of this subsection, the following definitions shall apply:

(A) * * *

* * * * *

[(9)] (10) SECRETARY’S DISCRETION.—The Secretary shall have the authority to implement and administer the program under this subsection in such manner as the Secretary may determine. The Secretary may, in the sole discretion of the Secretary, enter into contracts to provide for the proper administration of the program with such public or nonprofit entities as the Secretary determines are qualified.

[(10)] (11) REGULATIONS.—The Secretary shall issue regulations to implement the program under this subsection through rulemaking in accordance with the procedures established under section 553 of title 5, United States Code, regarding substantive rules. Such regulations shall take effect not later than the expiration of the 2-year period beginning on the date of the enactment of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1999.

* * * * *

GRADUATED PAYMENT AND INDEXED MORTGAGES

SEC. 245. (a) The Secretary may insure under any provision of this title mortgages and loans with provisions of varying rates of amortization corresponding to anticipated variations in family income or with monthly payments and outstanding balances adjusted by a percentage change in a selected price index to the extent he determines such mortgages or loans (1) have promise for expanding housing opportunities or meet special needs, (2) can be developed to include any safeguards for mortgagors or purchasers that may be necessary to offset special risks of such mortgages, and (3) have

a potential for acceptance in the private market. Notwithstanding any other provision of this title, except as provided in subsections (b) and (c) of this section, the principal obligation (including all interest to be deferred and added to principal) of a mortgage insured pursuant to this section may not exceed 97 per centum of the appraised value of the property covered by the mortgage as of the date the mortgage is accepted for insurance[, or if the mortgagor is a veteran and the mortgage is to be insured in accordance with the provisions of section 203 of this title, such higher percentage of appraised value as is provided for purposes of determining the maximum mortgage amount eligible for insurance under section 203(b)(2) in the case of veterans].

(b) Notwithstanding the provisions of subsection (a), the Secretary may insure under any provision of this title a mortgage or loan which meets the requirements of the first sentence of subsection (a) and which has provisions for varying rates of amortization if the Secretary determines—

(1) * * *

* * * * *

(3) the principal obligation of the mortgage or loan thereafter (including all interest to be deferred and added to principal) will not at any time be scheduled to exceed 97 per centum[, or, if the mortgagor is a veteran, such higher percentage as is provided under section 203(b)(2) for veterans], of the projected value of the property; and

* * * * *

[REINSURANCE CONTRACTS]

RISK-SHARING DEMONSTRATION

SEC. 249. (a) The purpose of this section is to authorize a demonstration mortgage [reinsurance] *risk-sharing* program designed to test the feasibility of entering into [reinsurance] *risk-sharing* contracts with [private mortgage insurers] *insured community development financial institutions* in order to reduce Government risk and administrative costs, and to speed mortgage processing. The Secretary shall limit the demonstration under this section to not more than [two] 4 administrative regions of the Department of Housing and Urban Development, and shall assure that the program is in the financial interest of the Government and will not result in loss of employment by any employees of the Department of Housing and Urban Development before [March 15, 1988] *the expiration of the 5-year period beginning on the date of the enactment of the American Homeownership and Economic Opportunity Act of 2000*. The aggregate number of mortgages insured under this section in any administrative region of the Department of Housing and Urban Development in any fiscal year may not exceed 10 per cent of the aggregate number of mortgages and loans insured by the Secretary under this title in such region during the preceding fiscal year.

(b) Notwithstanding any other provision of this Act inconsistent with this section, the Secretary is authorized to provide mortgage insurance with respect to one- to four-family dwellings under sec-

tions 203(b), 234, and 245 through [reinsurance] *risk-sharing* contracts with [private mortgage insurance companies which have been determined to be qualified insurers under section 302(b)(2)(C)] *insured community development financial institutions*. Such contracts shall require [private mortgage insurance companies] *insured community development financial institutions* to—

[(1) assume a percentage of loss on any mortgage insured pursuant to section 203(b), 234, or 245 covering a one- to four-family dwelling, which percentage of loss shall be set forth in the reinsurance contract; and]

(1) *assume the first loss on any mortgage insured pursuant to section 203(b), 234, or 245 that covers a one- to four-family dwelling and is included in the program under this section, up to the percentage of loss that is set forth in the risk-sharing contract;*

(2) [carry out (under appropriate delegation) such] *delegate underwriting*, credit approval, appraisal, inspection, commitment, claims processing, property disposition, or other [function] *functions* as the Secretary pursuant to regulations, shall approve as consistent with the purposes of this section.

(c) Any contract [of reinsurance] *for risk-sharing* under this section shall contain such provisions relating to the sharing of premiums on a sound actuarial basis, establishment of [insurance reserves] *loss reserves*, manner of calculating claims on [such insurance] *such reserves*, conditions with respect to foreclosure, handling and disposition of property prior to claim or settlement, right of assignees, and other similar matters as the Secretary may prescribe pursuant to regulations. Pursuant to a contract under this section, a [private mortgage insurance company] *insured community development financial institution* shall endorse loans for insurance and take such other actions on behalf of the Secretary and in the Secretary's name as the Secretary may authorize.

(d) The Secretary shall require any [private mortgage insurance company] *insured community development financial institution* participating in the program under this section to provide [reinsurance] *risk-sharing* for those mortgages offered by the Secretary for inclusion in the program.

(e) *INSURED COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS.—For purposes of this section, the term “insured community development financial institution” means a community development financial institution, as such term is defined in section 103 of Reigle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4702) that is an insured depository institution (as such term is defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813)) or an insured credit union (as such term is defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752)).*

* * * * *

ADJUSTABLE RATE SINGLE FAMILY MORTGAGES

SEC. 251. (a) *IN GENERAL.*—The Secretary may insure under any provision of this title a mortgage involving property upon which there is located a dwelling designed principally for occupancy by one to four families, where the mortgage provides for periodic ad-

justments by the mortgagee in the effective rate of interest charged. Such interest rate adjustments may be accomplished through adjustments in the monthly payment amount, the outstanding principal balance, or the mortgage term, or a combination of these factors, except that in no case may any extension of a mortgage term result in a total term in excess of 40 years. Adjustments in the effective rate of interest shall correspond to a specified national interest rate index approved in regulations by the Secretary, information on which is readily accessible to the mortgagors from generally available published sources. Adjustments in the effective rate of interest shall (1) be made on an annual basis; (2) be limited, with respect to any single interest rate increase, to no more than 1 percent on the outstanding loan balance; and (3) be limited to a maximum increase of 5 percentage points above the initial contract interest rate over the term of the mortgage.

[(b) The Secretary shall issue regulations requiring that the mortgagee make available to the mortgagor, at the time of loan application, a written explanation of the features of the adjustable rate mortgage, including a hypothetical payment schedule that displays the maximum potential increases in monthly payments to the mortgagor over the first 5 years of the mortgage term.]

(b) *DISCLOSURE.*—*In the case of any loan application for a mortgage to be insured under any provision of this section, the Secretary shall require that the prospective mortgagee for the mortgage shall, at the time of loan application, make available to the prospective mortgagor a written explanation of the features of an adjustable rate mortgage consistent with the disclosure requirements applicable to variable rate mortgages secured by a principal dwelling under the Truth in Lending Act (15 U.S.C. 1601 et seq.).*

(c) *LIMITATION ON INSURANCE AUTHORITY.*—The aggregate number of mortgages and loans insured under this section in any fiscal year may not exceed 30 percent of the aggregate number of mortgages and loans insured by the Secretary under this title during the preceding fiscal year.

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

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

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

(B) *initially adjusted by the mortgagee upon the expiration of such period and annually thereafter; and*

(C) *in the case of the initial interest rate adjustment, shall be subject to the limitation under clause (2) of the last sentence of subsection (a) (relating to prohibiting annual increases of more than 1 percent) only if the interest rate remains fixed for 5 or fewer years; and*

(2) *otherwise meets the requirements for insurance under subsection (a) that are not inconsistent with the requirements under paragraph (1) of this subsection.*

* * * * *

INSURANCE OF HOME EQUITY CONVERSION MORTGAGES FOR ELDERLY HOMEOWNERS

SEC. 255. (a) * * *

* * * * *

(b) DEFINITIONS.—For purposes of this section:

(1) * * *

(2) The terms [“mortgage”,] “mortgagee”, “mortgagor”, and “State” have the meanings given such terms in section 201.

* * * * *

(4) MORTGAGE.—The term “mortgage” means a first mortgage or first lien on real estate, in fee simple, on all stock allocated to a dwelling in a residential cooperative housing corporation, or on a leasehold—

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

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

(5) FIRST MORTGAGE.—The term “first mortgage” means such classes of first liens as are commonly given to secure advances on, or the unpaid purchase price of, real estate or all stock allocated to a dwelling unit in a residential cooperative housing corporation, under the laws of the State in which the real estate or dwelling unit is located, together with the credit instruments, if any, secured thereby.

* * * * *

(k) INSURANCE AUTHORITY FOR REFINANCINGS.—

(1) IN GENERAL.—The Secretary may, upon application by a mortgagee, insure under this subsection any mortgage given to refinance an existing home equity conversion mortgage insured under this section.

(2) ANTI-CHURNING DISCLOSURE.—The Secretary shall, by regulation, require that the mortgagee of a mortgage insured under this subsection, provide to the mortgagor, within an appropriate time period and in a manner established in such regulations, a good faith estimate of: (A) the total cost of the refinancing; and (B) the increase in the mortgagor’s principal limit as measured by the estimated initial principal limit on the mortgage to be insured under this subsection less the current principal limit on the home equity conversion mortgage that is being refinanced and insured under this subsection.

(3) WAIVER OF COUNSELING REQUIREMENT.—The mortgagor under a mortgage insured under this subsection may waive the applicability, with respect to such mortgage, of the requirements under subsection (d)(2)(B) (relating to third party counseling), but only if—

(A) the mortgagor has received the disclosure required under paragraph (2);

(B) the increase in the principal limit described in paragraph (2) exceeds the amount of the total cost of refinancing (as described in such paragraph) by an amount to be determined by the Secretary; and

(C) the time between the closing of the original home equity conversion mortgage that is refinanced through the mortgage insured under this subsection and the application for a refinancing mortgage insured under this subsection does not exceed 5 years.

(4) CREDIT FOR PREMIUMS PAID.—Notwithstanding section 203(c)(2)(A), the Secretary may reduce the amount of the single premium payment otherwise collected under such section at the time of the insurance of a mortgage refinanced and insured under this subsection. The amount of the single premium for mortgages refinanced under this subsection shall be determined by the Secretary based on the actuarial study required under paragraph (5).

(5) ACTUARIAL STUDY.—Not later than 180 days after the date of the enactment of the American Homeownership and Economic Opportunity Act of 2000, the Secretary shall conduct an actuarial analysis to determine the adequacy of the insurance premiums collected under the program under this subsection with respect to—

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

(B) the establishment of a single national limit on the benefits of insurance under subsection (g) (relating to limitation on insurance authority); and

(C) the combined effect of reduced insurance premiums and a single national limitation on insurance authority.

(6) FEES.—The Secretary may establish a limit on the origination fee that may be charged to a mortgagor under a mortgage insured under this subsection, except that such limitation shall provide that the origination fee may be fully financed with the mortgage and shall include any fees paid to correspondent mortgagees approved by the Secretary. The Secretary shall prohibit the charging of any broker fees in connection with mortgages insured under this subsection.

(l) WAIVER OF UP-FRONT PREMIUMS.—

(1) MORTGAGES TO FUND LONG-TERM CARE INSURANCE.—In the case of any mortgage insured under this section under which the total amount (except as provided in paragraph (3)) of all future payments described in subsection (b)(3) will be used only for costs of a qualified long-term care insurance contract (as such term is defined in section 7702B of the Internal Revenue Code of 1986 (26 U.S.C. 7702B)) that covers the mortgagor or members of the household residing in the property that is subject to the mortgage, notwithstanding section 203(c)(2), the Secretary shall not charge or collect the single premium payment otherwise required under subparagraph (A) of such section to be paid at the time of insurance.

(2) MORTGAGES TO FUND HEALTH CARE COSTS.—In the case of any mortgage insured under this section under which the future payments described in subsection (b)(3) will be used only for costs for health care services (as such term is defined by the Secretary) for the mortgagor or members of the household residing in the property that is subject to the mortgage and comply

with limitations on such payments, as shall be established by the Secretary and based upon the purposes of this subsection and the accumulated equity of the mortgagor in the property, notwithstanding section 203(c)(2), the Secretary shall not charge or collect the single premium payment otherwise required under subparagraph (A) of such section to be paid at the time of insurance.

(3) *AUTHORITY TO REFINANCE EXISTING MORTGAGE AND FINANCE CLOSING COSTS.—A mortgage described in paragraphs (1) or (2) may provide financing of amounts that are used to satisfy outstanding mortgage obligations (in accordance with such limitations as the Secretary shall prescribe) any amounts used for initial service charges, appraisal, inspection, and other fees (as approved by the Secretary) in connection with such mortgage, and the amount of future payments described in subsection (b)(3) under the mortgage shall be reduced accordingly.*

[(k)] (m) **FUNDING FOR COUNSELING AND CONSUMER EDUCATION AND OUTREACH.**—Of any amounts made available for any of fiscal years 2000 through 2003 for housing counseling under section 106 of the Housing and Urban Development Act of 1968, up to a total of \$1,000,000 shall be available to the Secretary in each such fiscal year, in such amounts as the Secretary determines appropriate, for the following purposes in connection with home equity conversion mortgages insured under this section:

(1) **COUNSELING.**—For housing counseling authorized by section 106 of the Housing and Urban Development Act of 1968.

(2) **CONSUMER EDUCATION.**—For transfer to the departmental salaries and expenses account for consumer education and outreach activities.

* * * * *

SECTION 8 OF THE UNITED STATES HOUSING ACT OF 1937

LOWER INCOME HOUSING ASSISTANCE

SEC. 8. (a) * * *

* * * * *

(y) **HOMEOWNERSHIP OPTION.**—

(1) * * *

* * * * *

(7) **DOWNPAYMENT ASSISTANCE.**—

(A) AUTHORITY.—A public housing agency may, in lieu of providing monthly assistance payments under this subsection on behalf of a family eligible for such assistance and at the discretion of the public housing agency, provide assistance for the family in the form of a single grant to be used only as a contribution toward the downpayment required in connection with the purchase of a dwelling for fiscal year 2000 and each fiscal year thereafter to the extent provided in advance in appropriations Acts.

(B) AMOUNT.—*The amount of a downpayment grant on behalf of an assisted family may not exceed the amount that is equal to the sum of the assistance payments that would be made during the first year of assistance on behalf of the family, based upon the income of the family at the time the grant is to be made.*

[(7)] (8) DEFINITION OF FIRST-TIME HOMEOWNER.—For purposes of this subsection, the term “first-time homeowner” means—

(A) a family, no member of which has had a present ownership interest in a principal residence during the 3 years preceding the date on which the family initially receives assistance for homeownership under this subsection; and

(B) any other family, as the Secretary may prescribe.

* * * * *

CRANSTON-GONZALEZ NATIONAL AFFORDABLE HOUSING ACT

* * * * *

SEC. 104. DEFINITIONS.

As used in this title and in title II:

(1) * * *

* * * * *

(19) The term “metropolitan city” has the meaning given the term in section 102(a)(4) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(4)). *The term “city” shall have the meaning given such term in section 102(a)(5)(B) of such Act. A town or township that is classified as a city by reason of subclause (II) of section 102(a)(5)(A)(B)(iii) of such Act shall be treated, notwithstanding section 102(d)(1) of such Act, as an entity separate from the urban county in which it is located for purposes of allocation of amounts under section 217 of this Act to units of general local government from amounts made available for any fiscal year beginning after the date of the enactment of the American Homeownership and Economic Opportunity Act of 2000.*

* * * * *

[(23)] (22) The term “to demonstrate to the Secretary” means to submit to the Secretary a written assertion together with supporting evidence that, in the determination of the Secretary, supports the accuracy of the assertion.

[(24)] (23) The term “insular area” means any of the following: Guam, the Northern Mariana Islands, the Virgin Islands, and American Samoa.

* * * * *

(26) *The term “limited equity cooperative” means a cooperative housing corporation which, in a manner determined by the Secretary to be acceptable, restricts income eligibility of purchasers of membership shares of stock in the cooperative cor-*

poration or the initial and resale price of such shares, or both, so that the shares remain available and affordable to low-income families.

(27) The term “mutual housing association” means a private entity that—

(A) is organized under State law;

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

(C) owns, manages, and continuously develops affordable housing by providing long-term housing for low- and moderate-income families;

(D) provides that eligible families who purchase membership interests in the association shall have a right to residence in a dwelling unit in the housing during the period that they hold such membership interest; and

(E) provides for the residents of such housing to participate in the ongoing management of the housing.

(28) The term “moderate income families” means families whose incomes do not exceed the median income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than the median income for the area on the basis of the Secretary’s findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low family incomes.

* * * * *

[SEC. 106. CERTIFICATION.

[The Secretary shall, by regulation or otherwise, as deemed by the Secretary to be appropriate, require any application for housing assistance under title II of this Act, assistance under the Housing and Community Development Act of 1974, or assistance under the Stewart B. McKinney Homeless Assistance Act, to contain or be accompanied by a certification by an appropriate State or local public official that the proposed housing activities are consistent with the housing strategy of the jurisdiction to be served.]

SEC. 106. CONSOLIDATED APPLICATION FOR COMMUNITY PLANNING AND DEVELOPMENT PROGRAMS.

(a) **REQUIREMENT.**—*The Secretary shall, by regulation, provide for jurisdictions to comply with the planning and application requirements under the covered programs under subsection (b) by submitting to the Secretary, for a program year, a single consolidated submission under this section that complies with the requirements for planning and application submissions under the laws relating to the covered programs and shall serve, for the jurisdiction, as the planning document and an application for funding under the covered programs.*

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

(1) *The HOME investment partnerships program under title II of this Act (42 U.S.C. 12721 et seq.).*

(2) *The community development block grant program under title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.).*

(3) *The economic development initiative program under section 108(q) of the Housing and Community Development Act of 1974 (42 U.S.C. 5308(q)).*

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

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

(c) *PROGRAM YEAR.—In establishing requirements for a consolidated submission under this section, the Secretary shall provide for a consolidated program year, which shall comply with the various application and review deadlines under the covered programs.*

(d) *ADEQUACY OF EXISTING REGULATIONS.—The regulations of the Secretary relating to consolidated submissions for community planning and development programs, part 91 of title 24, Code of Federal Regulations, as in effect on March 1, 1999, shall be considered to be sufficient to comply with this section, except to the extent that the program referred to in paragraph (3) of subsection (b) is not covered by such regulations.*

(e) *CONSISTENCY.—The Secretary shall, by regulation or otherwise, as deemed by the Secretary to be appropriate, require any application for housing assistance under title II of this Act, assistance under the Housing and Community Development Act of 1974, or assistance under the Stewart B. McKinney Homeless Assistance Act, to contain or be accompanied by a certification by an appropriate State or local public official that the proposed housing activities are consistent with the housing strategy of the jurisdiction to be served.*

* * * * *

TITLE II—INVESTMENT IN AFFORDABLE HOUSING

* * * * *

SEC. 202. FINDINGS.

The Congress finds that—

(1) * * *

* * * * *

(10) an increasing number of States and local governments have been successful in producing cost-effective low-income and moderate-income housing by working in partnership with the private sector, including nonprofit community development corporations, community action agencies, neighborhood housing services corporations, trade unions, groups sponsored by religious organizations, limited equity cooperatives, *mutual housing associations*, and other tenant organizations;

* * * * *

[SEC. 205. AUTHORIZATION.

[There are authorized to be appropriated to carry out this title \$2,086,000,000 for fiscal year 1993, and \$2,173,612,000 for fiscal year 1994, of which—

[(1) not more than \$14,000,000 for fiscal year 1993, and \$25,000,000 for fiscal year 1994, shall be for community housing partnership activities authorized under section 233; and

[(2) not more than \$11,000,000 for fiscal year 1993, and \$22,000,000 for fiscal year 1994, shall be for activities in support of State and local housing strategies authorized under subtitle C.**]**

SEC. 205. AUTHORIZATION.

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

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

(2) not more than \$15,000,000 in each such fiscal year shall be for activities in support of State and local housing strategies authorized under subtitle C, of which, in each of fiscal years 2001 and 2002, \$3,000,000 shall be for funding grants under section 246.

(b) *PROHIBITION OF SET-ASIDES.*—*Except as provided in subsection (a) of this section and section 217(a)(3), amounts appropriated pursuant to subsection (a) of this section or otherwise allocated pursuant to section 217 and may not be otherwise used unless the provision of law providing for such other use specifically refers to this subsection and specifically states that such provision modifies or supersedes the provisions of this subsection.*

* * * * *

SEC. 212. ELIGIBLE USES OF INVESTMENT.

(a) * * *

* * * * *

(b) *INVESTMENTS.*—*Participating jurisdictions shall have discretion to invest funds made available under this subtitle as equity investments, interest-bearing loans or advances, noninterest-bearing loans or advances, interest subsidies, advances to provide reserves for loan pools or to provide partial loan guarantees, or other forms of assistance that the Secretary has determined to be consistent with the purposes of this title. Each participating jurisdiction shall have the right to establish the terms of assistance. Notwithstanding the preceding sentence, in the case of homeownership assistance for residences of owners described in section 215(b)(2)(B), funds made available under this subtitle may only be invested (A) to provide amounts for downpayments on mortgages, (B) to pay reasonable closing costs normally associated with the purchase of a residence, (C) to obtain pre- or post-purchase counseling relating to the financial and other obligations of homeownership, or (D) to subsidize mortgage interest rates.*

(c) ADMINISTRATIVE COSTS.—In each fiscal year, each participating jurisdiction may use not more than 10 percent of the funds made available under this subtitle to the jurisdiction for such year for any administrative and planning costs of the jurisdiction in carrying out this subtitle, including the costs of the salaries of persons engaged in administering and managing activities assisted with funds made available under this subtitle. *A participating jurisdiction may use amounts made available under this subsection for a fiscal year for administrative and planning costs by amortizing the costs of administration and planning activities under this subtitle over the entire duration of such activities.*

* * * * *

SEC. 214. INCOME TARGETING.

Each participating jurisdiction shall invest funds made available under this subtitle within each fiscal year so that—

(1) * * *

* * * * *

(2) with respect to homeownership assistance, 100 percent of such funds are invested with respect to dwelling units that are occupied by households that qualify as low-income families or families described in section 215(b)(2)(B); and

* * * * *

SEC. 215. QUALIFICATION AS AFFORDABLE HOUSING.

(a) RENTAL HOUSING.—

(1) * * *

* * * * *

(6) LIMITED EQUITY COOPERATIVES AND MUTUAL HOUSING ASSOCIATIONS.—*Housing that is owned by a limited equity cooperative or a mutual housing association may be considered by a participating jurisdiction to be rental housing for purposes of this title to the extent that ownership or membership in such a cooperative or association, respectively, constitutes rental of a dwelling under State or local laws.*

(7) WAIVER OF QUALIFYING RENT.—

(A) IN GENERAL.—*For the purpose of providing affordable housing appropriate for families described in subparagraph (B), the Secretary may, upon the application of the project owner, waive the applicability of subparagraph (A) of paragraph (1) with respect to a dwelling unit if—*

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

(ii) *the rent for the unit is not greater than the existing fair market rent for comparable units in the area, as established by the Secretary under section 8 of the United States Housing Act of 1937; and*

(iii) *the Secretary determines that the waiver, together with waivers under this paragraph for other dwelling units in the project, will result in the use of amounts described in clause (iii) in an effective manner*

that will improve the provision of affordable housing for such families.

(B) ELIGIBLE FAMILIES.—A family described in this subparagraph is a family that consists of at least one elderly person (who is the head of household) and one or more of such person’s grand children, great grandchildren, great nieces, great nephews, or great great grandchildren (as defined by the Secretary), but does not include any parent of such grandchildren, great grandchildren, great nieces, great nephews, or great great grandchildren. Such term includes any such grandchildren, great grandchildren, great nieces, great nephews, or great great grandchildren who have been legally adopted by such elderly person.

(b) HOMEOWNERSHIP.—Housing that is for homeownership shall qualify as affordable housing under this title only if the housing—

(1) * * *

[(2) is the principal residence of an owner whose family qualifies as a low-income family—

[(A) in the case of a contract to purchase existing housing, at the time of purchase;

[(B) in the case of a lease-purchase agreement for existing housing or for housing to be constructed, at the time the agreement is signed; or

[(C) in the case of a contract to purchase housing to be constructed, at the time the contract is signed;]

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

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

(i) in the case of a contract to purchase existing housing, at the time of purchase;

(ii) in the case of a lease-purchase agreement for existing housing or for housing to be constructed, at the time the agreement is signed; or

(iii) in the case of a contract to purchase housing to be constructed, at the time the contract is signed; or

(B)(i) is a uniformed employee (which shall include policemen, firemen, and sanitation and other maintenance workers) or a teacher who is an employee, of the participating jurisdiction (or an agency or school district serving such jurisdiction) that is investing funds made available under this subtitle to support homeownership of the residence; and

(ii) is a member of a family whose income, at the time referred to in clause (i), (ii), or (iii) of subparagraph (A), as appropriate, and as determined by the Secretary with adjustments for smaller and larger families, does not exceed 115 percent of the median income of the area, except that, with respect only to such areas that the Secretary determines have high housing costs, taking into consideration median house prices and median family incomes for the area, such income limitation shall be 150 percent of the median income of the area, as determined by the Secretary with adjustments for smaller and larger families;

* * * * *

(4) if newly constructed, meets the energy efficiency standards promulgated by the Secretary in accordance with section 109 of this Act. *Housing that is owned by a limited equity cooperative or a mutual housing association may be considered by a participating jurisdiction to be housing for homeownership for purposes of this title to the extent that ownership or membership in such a cooperative or association, respectively, constitutes homeownership under State or local laws.*

(c) *LOAN POOLS.*—Notwithstanding subsections (a) and (b), housing financed using amounts invested as provided in section 218(e)(2) shall qualify as affordable housing only if the housing complies with the following requirements:

(1) *In the case of housing that is for homeownership—*

(A) *of the units financed with amounts so invested—*

(i) *not less than 75 percent are principal residences of owners whose families qualify as low-income families—*

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

(II) *in the case of a lease-purchase agreement for existing housing or for housing to be constructed, at the time the agreement is signed; or*

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

(ii) *all are principal residences of owners whose families qualify as moderate-income families—*

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

(II) *in the case of a lease-purchase agreement for existing housing or for housing to be constructed, at the time the agreement is signed; or*

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

(iii) *all comply with paragraphs (3) and (4) of subsection (b), except that paragraph (3) shall be applied for purposes of this clause by substituting “subsection (c)(2)(B)” and “low- and moderate-income homebuyers” for “paragraph (2)” and “low-income homebuyers”, respectively; and*

(B) *units made available for purchase only by families who qualify as low-income families shall have an initial purchase price that complies with the requirements of subsection (b)(1).*

(2) *In the case of housing that is for rental, the housing—*

(A) *complies with subparagraphs (D) through (F) of subsection (a)(1);*

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

(ii) *temporarily fails to comply with clause (i) only because of increases in the incomes of existing tenants and ac-*

tions satisfactory to the Secretary are being taken to ensure that all vacancies in the housing are being filled in accordance with clause (i) until such noncompliance is corrected; and

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

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

* * * * *

SEC. 218. HOME INVESTMENT TRUST FUNDS.

(a) * * *

* * * * *

[(e) INVESTMENT WITHIN 15 DAYS.—The participating jurisdiction shall, not later than 15 days after funds are drawn from the jurisdiction’s HOME Investment Trust Fund, invest such funds, together with any interest earned thereon, in the affordable housing for which the funds were withdrawn.]

(e) INVESTMENT WITHIN 15 DAYS.—

(1) IN GENERAL.—The participating jurisdiction shall, not later than 15 days after funds are drawn from the jurisdiction’s HOME Investment Trust Fund, invest such funds, together with any interest earned thereon, in the affordable housing for which the funds were withdrawn.

(2) LOAN POOLS.—In the case of a participating jurisdiction that withdraws Trust Fund amounts for investment in the form of an advance for reserves or partial loan guarantees under a program providing such credit enhancement for loans for affordable housing, the amounts shall be considered to be invested for purposes of paragraph (1) upon the completion of both of the following actions:

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

(B) The jurisdiction and the entity operating the program enter into a written agreement that—

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

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

(iii) provides that such entity shall ensure that amounts from non-Federal sources have been contributed, or are committed for contribution, to the pool available for loans for affordable housing that will be backed by such reserves or loan guarantees in an amount equal to 10 times the amount invested from Trust Fund amounts.

* * * * *

[(g) EXPIRATION OF RIGHT TO DRAW FUNDS.—If any funds becoming available to a participating jurisdiction under this title are not placed under binding commitment to affordable housing within 24 months after the last day of the month in which such funds are deposited in the jurisdiction’s HOME Investment Trust Fund, the

jurisdiction's right to draw such funds from the HOME Investment Trust Fund shall expire. The Secretary shall reduce the line of credit in the participating jurisdiction's HOME Investment Trust Fund by the expiring amount and shall reallocate the funds by formula in accordance with section 217(d).】

(g) *EXPIRATION OF RIGHT TO DRAW FUNDS.*—

(1) *IN GENERAL.*—*If any funds becoming available to a participating jurisdiction under this title are not placed under binding commitment to affordable housing within 24 months after the last day of the month in which such funds are deposited in the jurisdiction's HOME Investment Trust Fund, the jurisdiction's right to draw such funds from the HOME Investment Trust Fund shall expire. The Secretary shall reduce the line of credit in the participating jurisdiction's HOME Investment Trust Fund by the expiring amount and shall reallocate the funds by formula in accordance with section 217(d).*

(2) *LOAN POOLS.*—*In the case of a participating jurisdiction that withdraws Trust Fund amounts for investment in the manner provided under subsection (e)(2), the amounts shall be considered to be placed under binding commitment to affordable housing for purposes of paragraph (1) of this subsection at the time that the amounts are obligated for use under, and are subject to, a written agreement described in subsection (e)(2)(B).*

* * * * *

SEC. 227. LOAN GUARANTEES.

(a) *AUTHORITY.*—*The Secretary may, upon such terms and conditions as the Secretary may prescribe, guarantee and make commitments to guarantee, only to such extent or in such amounts as provided in appropriations Acts, the notes or other obligations issued by eligible participating jurisdictions or by public agencies designated by and acting on behalf of eligible participating jurisdictions for purposes of financing (including credit enhancements and debt service reserves) the acquisition, new construction, reconstruction, or moderate or substantial rehabilitation of affordable housing (including real property acquisition, site improvement, conversion, and demolition), and other related expenses (including financing costs and relocation expenses of any displaced persons, families, businesses, or organizations). Housing funded under this section shall meet the requirements of this subtitle.*

(b) *REQUIREMENTS.*—*Notes or other obligations guaranteed under this section shall be in such form and denominations, have such maturities, and be subject to such conditions as may be prescribed by the Secretary. The Secretary may not deny a guarantee under this section on the basis of the proposed repayment period for the note or other obligation, unless the period is more than 20 years or the Secretary determines that the period otherwise causes the guarantee to constitute an unacceptable financial risk.*

(c) *LIMITATION ON TOTAL NOTES AND OBLIGATIONS.*—*The Secretary may not guarantee or make a commitment to guarantee any note or other obligation if the total outstanding notes or obligations guaranteed under this section on behalf of the participating jurisdiction issuing the note or obligation (excluding any amount defeased under a contract entered into under subsection (e)(1))*

would thereby exceed an amount equal to 5 times the amount of the participating jurisdiction's latest allocation under section 217.

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

(e) *SECURITY.*—To assure the full repayment of notes or other obligations guaranteed under this section, and payment of the issuance or collection charges specified by the Secretary under subsection (d), and as a prior condition for receiving such guarantees, the Secretary shall require the participating jurisdiction (and its designated public agency issuer, if any) to—

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

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

(3) furnish, at the discretion of the Secretary, such other security as may be deemed appropriate by the Secretary in making such guarantees, which may include increments in local tax receipts generated by the housing assisted under this section or disposition proceeds from the sale of land or housing.

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

(g) *FULL FAITH AND CREDIT.*—The full faith and credit of the United States is pledged to the payment of all guarantees made under this section. Any such guarantee made by the Secretary shall be conclusive evidence of the eligibility of the notes or other obligations for such guarantee with respect to principal and interest, and the validity of any such guarantee so made shall be incontestable in the hands of a holder of the guaranteed obligations.

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

(i) *MONITORING.*—The Secretary shall monitor the use of guarantees under this section by eligible participating jurisdictions. If the Secretary finds that 50 percent of the aggregate guarantee authority for any fiscal year has been committed, the Secretary may impose limitations on the amount of guarantees any 1 participating jurisdiction may receive during that fiscal year.

(j) *GUARANTEE OF TRUST CERTIFICATES.*—

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

(A) be offered by the Secretary or by any other offeror approved for purposes of this subsection by the Secretary; and
 (B) be based on and backed by a trust or pool composed of notes or other obligations guaranteed or eligible for guarantee by the Secretary under this section.

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

(3) *SUBROGATION.*—In the event the Secretary pays a claim under a guarantee issued under this section, the Secretary shall be subrogated fully to the rights satisfied by such payment.

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

(A) the power to contract with respect to public offerings and other sales of notes, trust certificates, and other obligations guaranteed under this section, upon such terms and conditions as the Secretary deems appropriate;

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

(C) the Secretary's ownership rights, as applicable, in notes, certificates or other obligations guaranteed under this section, or constituting the trust or pool against which trust certificates or other obligations guaranteed under this section are offered.

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

* * * * *

SEC. 246. PILOT PROGRAM FOR DEVELOPING COMPREHENSIVE REGIONAL HOUSING AFFORDABILITY STRATEGIES.

(a) *AUTHORITY.*—The Secretary may, using any amounts made available for grants under this section, make not more than 3 grants for each of fiscal years 2001 and 2002 to consortia of units of general local government described in subsection (b) for costs of developing and implementing comprehensive housing affordability strategies on a regional basis.

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

(1) is eligible under section 216(2) to be deemed a unit of general local government for purposes of this title; and

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

(3) contains only units of general local government that are geographically contiguous.

(c) *MULTI-STATE REQUIREMENT.*—In each fiscal year in which grants are made under this section, not less than one of the consortia that receives a grant shall be a consortium described in subsection (b) that includes units of general local government from 2 or more States.

* * * * *

**TITLE VIII—HOUSING FOR PERSONS WITH
SPECIAL NEEDS**

* * * * *

**Subtitle D—Housing Opportunities for Persons
With AIDS**

[SEC. 863. AUTHORIZATION OF APPROPRIATIONS.

【There are authorized to be appropriated to carry out this subtitle \$150,000,000 for fiscal year 1993 and \$156,300,000 for fiscal year 1994.】

SEC. 863. AUTHORIZATION OF APPROPRIATIONS.

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

* * * * *

**SECTION 608 OF THE NEIGHBORHOOD REINVESTMENT
CORPORATION ACT**

AUTHORIZATION

SEC. 608. (a)(1) 【There are authorized to be appropriated to the corporation to carry out this title \$29,476,000 for fiscal year 1993 and \$30,713,992 for fiscal year 1994.】 *There is authorized to be appropriated to the corporation to carry out this title \$95,000,000 for fiscal year 2001 and such sums as may be necessary for each of fiscal years 2002 through 2005. Of the amounts appropriated to the corporation for fiscal year 2001, \$5,000,000 shall be available only for the corporation to provide assistance under duplex homeowner-ship programs established before the date of the enactment of the American Homeownership and Economic Opportunity Act of 2000 through Neighborworks Homeownership Center pilot projects established before such date of enactment. Not more than 15 percent of any amount appropriated under this paragraph for any fiscal year may be used for administrative expenses.*

* * * * *

**SECTION 4 OF THE HOUSING AND URBAN
DEVELOPMENT DEMONSTRATION ACT OF 1993**

SEC. 4. CAPACITY BUILDING FOR COMMUNITY DEVELOPMENT AND AFFORDABLE HOUSING.

(a) IN GENERAL.—The Secretary is authorized to provide assistance through the National Community Development Initiative, Local Initiatives Support Corporation, The Enterprise Foundation, Habitat for Humanity, *National Association of Housing Partnerships*, and Youthbuild USA to develop the capacity and ability of community development corporations and community housing de-

velopment organizations to undertake community development and affordable housing projects and programs.

* * * * *

(e) AUTHORIZATION.—There are authorized to be appropriated ~~【\$25,000,000 for fiscal year 1994 to carry out this section.】~~, for each fiscal year, such sums as may be necessary to carry out this section.

SECTION 13 OF THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT ACT

SEC. 13. NOTICE OF FUNDING AVAILABILITY.

(a) REQUIREMENT.—In making amounts for a fiscal year under the covered programs under subsection (b) available to applicants, the Secretary shall issue a consolidated notice of funding availability that—

- (1) applies to as many of the covered programs as the Secretary determines is practicable;
- (2) simplifies the application process for funding under such programs by providing for application under various covered programs through a single, unified application;
- (3) promotes comprehensive approaches to housing and community development by providing for applicants to identify coordination of efforts under various covered programs; and
- (4) clearly informs prospective applicants of the general and specific requirements under law for applying for funding under such programs.

(b) COVERED PROGRAMS.—The covered programs under this subsection are the programs that are administered by the Secretary and identified by the Secretary for purposes of this section, in the following areas:

- (1) Housing and community development programs.
- (2) Economic development and empowerment programs.
- (3) Targeted housing assistance and homeless assistance programs.

SECTION 11 OF THE HOUSING OPPORTUNITY PROGRAM EXTENSION ACT OF 1996

SEC. 11. ASSISTANCE FOR SELF-HELP HOUSING PROVIDERS.

(a) * * *

* * * * *

(b) GOALS AND ACCOUNTABILITY.—In making grants under this section, the Secretary shall take such actions as may be necessary to ensure that—

(1) * * *

* * * * *

- (4) the provision of assistance under this section establishes and fosters a partnership between the Federal Government and ~~【Habitat for Humanity International, its affiliates, and other】~~ organizations and consortia, resulting in efficient development of affordable housing with minimal governmental

intervention, limited governmental regulation, and significant involvement by private entities;

* * * * *

(d) USE.—

(1) * * *

(2) ELIGIBLE EXPENSES.—For purposes of paragraph (1), the term “eligible expenses” means costs only for the following activities:

(A) LAND ACQUISITION.—Acquiring land (including financing and closing costs), *which may include reimbursing an organization, consortium, or affiliate, upon approval of any required environmental review, for nongrant amounts of the organization, consortium, or affiliate advanced before such review to acquire land.*

* * * * *

(e) ESTABLISHMENT OF GRANT FUND.—

(1) * * *

(2) ASSISTANCE TO AFFILIATES.—Any organization or consortia that receives a grant under this section may use amounts in the fund established for such organization or consortia pursuant to paragraph (1) for the purposes under subsection (d) by providing assistance from the fund to local affiliates of such organization or **[consortia]** *consortia*.

* * * * *

(i) GRANT AGREEMENT.—A grant under this section shall be made only pursuant to a grant agreement entered into by the Secretary and the organization or consortia receiving the grant, which shall—

(1) * * *

* * * * *

(5) provide that **[if the organization or consortia has not used any grant amounts]** *the Secretary shall recapture any grant amounts provided to the organization or consortia that are not used within 24 months after such amounts are first disbursed to the organization or consortia [(or,] except that such period shall be 36 months in the case of grant amounts from amounts made available for fiscal year 1996 to carry out this section, [within 36 months), the Secretary shall recapture such unused amounts] and in the case of a grant amounts provided to a local affiliate of the organization or consortia that is developing 5 or more dwellings in connection with such grant amounts; and*

* * * * *

(j) FULFILLMENT OF GRANT AGREEMENT.—If the Secretary determines that an organization or consortia awarded a grant under this section has not, within 24 months after grant amounts are first made available to the organization or consortia (or, in the case of grant amounts from amounts made available for fiscal year 1996 to carry out this section *and grant amounts provided to a local affiliate of the organization or consortia that is developing 5 or more dwellings in connection with such grant amounts*, within 36 months), substantially fulfilled the obligations under the grant

agreement, including development of the appropriate number of dwellings under the agreement, the Secretary shall use any such undisbursed amounts remaining from such grant for other grants in accordance with this section.

* * * * *

[(p) AUTHORIZATION OF APPROPRIATIONS.—To carry out this section, there are authorized to be appropriated for fiscal years 1999 and 2000 such sums as may be necessary.]

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

* * * * *

SECTION 106 OF THE HOUSING AND URBAN DEVELOPMENT ACT OF 1968

TECHNICAL ASSISTANCE, COUNSELING TO TENANTS AND HOMEOWNERS, AND LOANS TO SPONSORS OF LOW- AND MODERATE-INCOME HOUSING

SEC. 106. (a)(1) The Secretary is authorized to provide, or contract with public or private organizations to provide, information, advice, and technical assistance, including but not limited to—

(i) * * *

(ii) the provision of advice and technical assistance to public bodies or to nonprofit or cooperative organizations with respect to the construction, rehabilitation, and operation of low- and moderate-income housing, including assistance with respect to self-help and mutual self-help programs *and cooperative housing*;

* * * * *

(c) GRANTS FOR HOMEOWNERSHIP COUNSELING ORGANIZATIONS.—

(1) IN GENERAL.—The Secretary of Housing and Urban Development may make grants—

(A) to nonprofit organizations experienced in the provision of homeownership counseling to enable the organizations to provide homeownership counseling to eligible homeowners; **[and]**

(B) to assist in the establishment of nonprofit homeownership counseling organizations**[.];**

(C) *to the National Cooperative Bank Development Corporation—*

(i) to provide homeownership counseling to eligible homeowners that is specifically designed to relate to ownership under cooperative housing arrangements; and

(ii) to assist in the establishment and operation of well-managed and viable cooperative housing boards.

* * * * *

(4) ELIGIBILITY FOR COUNSELING.—A homeowner shall be eligible for homeownership counseling under this subsection if—

(A) the home loan is secured by property that is the principal residence (as defined by the Secretary) of the homeowner or, in the case of a home loan made to finance the purchase of stock or membership in a cooperative ownership housing corporation, by the stock or membership interest;

* * * * *

(6) DEFINITIONS.—For purposes of this subsection:

(A) The term “creditor” means a person or entity that is servicing a home loan on behalf of itself or another person or entity and includes a loan that is secured by a first lien given in accordance with the laws of the State where the property is located and that is made to finance the purchase of stock or membership in a cooperative ownership housing corporation the permanent occupancy of dwelling units of which is restricted to members of such corporation, where the purchase of such stock or membership will entitle the purchaser to the permanent occupancy of 1 of such units.

* * * * *

SECTION 1101 OF THE RESIDENTIAL LEAD-BASED PAINT HAZARD REDUCTION ACT OF 1992

SEC. 1011. GRANTS FOR LEAD-BASED PAINT HAZARD REDUCTION IN TARGET HOUSING.

(a) * * *

* * * * *

(e) ELIGIBLE ACTIVITIES.—A grant under this section may be used to—

(1) * * *

* * * * *

(7) assist in the temporary relocation of families forced to vacate housing while lead hazard reduction measures are being conducted, which may include leasing of lead-safe temporary housing;

* * * * *

(9) test soil, interior surface dust, and the blood-lead levels of children under the age of 6 residing in housing after lead-based paint hazard reduction activity has been conducted, to assure that such activity does not cause excessive exposures to lead; [and]

(10) provide accessible information through centralized locations that provide a variety of residential lead-based paint poisoning prevention services to the community that such services are intended to benefit; and

[(10)] (11) carry out such other activities that the Secretary determines appropriate to promote the purposes of this Act.

* * * * *

**NATIVE AMERICAN HOUSING ASSISTANCE AND SELF-
DETERMINATION ACT OF 1996**

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) * * *

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

Sec. 1. Short title.

* * * * *

TITLE II—AFFORDABLE HOUSING ACTIVITIES

Sec. 201. National objectives and eligible families.

[Sec. 206. Certification of compliance with subsidy layering requirements.]

* * * * *

[Sec. 209. Repayment.]

Sec. 209. Noncompliance with affordable housing requirement.

* * * * *

**TITLE I—BLOCK GRANTS AND GRANT
REQUIREMENTS**

SEC. 101. BLOCK GRANTS.

(a) * * *

(b) PLAN REQUIREMENT.—

(1) * * *

* * * * *

(2) WAIVER.—The Secretary may waive the applicability of the requirements under paragraph (1), in whole or in part, **[if the Secretary finds that an Indian tribe has not complied or cannot comply with such requirements due to circumstances beyond the control of the tribe.]** *for a period of not more than 90 days, if the Secretary determines that an Indian tribe has not complied with, or is unable to comply with, those requirements due to exigent circumstances beyond the control of the Indian tribe.*

(c) LOCAL COOPERATION AGREEMENT.—Notwithstanding any other provision of this Act, grant amounts provided under this Act on behalf of an Indian tribe may not be used for rental or lease-purchase homeownership units that are owned by the recipient for the tribe unless the governing body of the locality within which the property subject to the development activities to be assisted with the grant amounts is or will be situated has entered into an agreement with the recipient for the tribe providing for local cooperation required by the Secretary pursuant to this Act. *The Secretary may waive the requirements of this subsection and subsection (d) if the recipient has made a good faith effort to fulfill the requirements of this subsection and subsection (d) and agrees to make payments in lieu of taxes to the appropriate taxing authority in an amount consistent with the requirements of subsection (d)(2) until such time as the matter of making such payments has been resolved in accordance with subsection (d).*

* * * * *

SEC. 102. INDIAN HOUSING PLANS.

(a) * * *

* * * * *

(c) 1-YEAR PLAN.—A housing plan under this section for an Indian tribe shall be in a form prescribed by the Secretary and contain the following information relating to the upcoming fiscal year for which the assistance under this Act is to be made available:

(1) * * *

* * * * *

(6) CERTAIN FAMILIES.—*With respect to assistance provided under section 201(b)(2) by a recipient to Indian families that are not low-income families, evidence that there is a need for housing for each such family during that period that cannot reasonably be met without such assistance.*

* * * * *

[(f) PLANS FOR SMALL TRIBES.—

[(1) SEPARATE REQUIREMENTS.—The Secretary may—

[(A) establish requirements for submission of plans under this section and the information to be included in such plans applicable to small Indian tribes and small tribally designated housing entities; and

[(B) waive any requirements under this section that the Secretary determines are burdensome or unnecessary for such tribes and housing entities.

[(2) SMALL TRIBES.—The Secretary may define small Indian tribes and small tribally designated housing entities based on the number of dwelling units assisted under this title by the tribe or housing entity or owned or operated pursuant to a contract under the United States Housing Act of 1937 between the Secretary and the Indian housing authority for the tribe.]

[(g)] (f) REGULATIONS.—The requirements relating to the contents of plans under this section shall be established by regulation, pursuant to section 106.

* * * * *

SEC. 104. TREATMENT OF PROGRAM INCOME AND LABOR STANDARDS.

(a) * * *

* * * * *

(b) LABOR STANDARDS.—

(1) IN GENERAL.—Any contract or agreement for assistance, sale, or lease pursuant to this Act shall contain a provision requiring that not less than the wages prevailing in the locality, as determined or adopted (subsequent to a determination under applicable State, tribal, or local law) by the Secretary, shall be paid to all architects, technical engineers, draftsmen, and technicians employed in the development, and all maintenance laborers and mechanics employed in the operation, of the affordable housing project involved; and shall also contain a provision that not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the [Davis-Bacon Act (40 U.S.C. 276a–276a–5)] *Act of March 3, 1931 (commonly known as the Davis-Bacon Act; chapter 411;*

46 Stat. 1494; 40 U.S.C 276a et seq.), shall be paid to all laborers and mechanics employed in the development of the affordable housing involved, and the Secretary shall require certification as to compliance with the provisions of this paragraph before making any payment under such contract or agreement.

* * * * *

SEC. 105. ENVIRONMENTAL REVIEW.

(a) * * *

* * * * *

(d) *ENVIRONMENTAL COMPLIANCE.*—The Secretary may waive the requirements under this section if the Secretary determines that a failure on the part of a recipient to comply with provisions of this section—

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

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

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

(4) may be corrected through the sole action of the recipient.

* * * * *

TITLE II—AFFORDABLE HOUSING ACTIVITIES

SEC. 201. NATIONAL OBJECTIVES AND ELIGIBLE FAMILIES.

(a) * * *

* * * * *

(b) **ELIGIBLE FAMILIES.**—

(1) **IN GENERAL.**—Except as provided under [paragraph (2)] paragraphs (2) and (4), assistance under eligible housing activities under this Act shall be limited to low-income Indian families on Indian reservations and other Indian areas.

* * * * *

(4) **LAW ENFORCEMENT OFFICERS.**—A recipient may provide housing or housing assistance provided through affordable housing activities assisted with grant amounts under this Act for a law enforcement officer on an Indian reservation or other Indian area, if—

(A) the officer—

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

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

(B) the recipient determines that the presence of the law enforcement officer on the Indian reservation or other Indian area may deter crime.

[(4)] (5) PREFERENCE FOR TRIBAL MEMBERS AND OTHER INDIAN FAMILIES.—The Indian housing plan for an Indian tribe may require preference, for housing or housing assistance provided through affordable housing activities assisted with grant amounts provided under this Act on behalf of such tribe, to be given (to the extent practicable) to Indian families who are members of such tribe, or to other Indian families. In any case in which the applicable Indian housing plan for an Indian tribe provides for preference under this paragraph, the recipient for the tribe shall ensure that housing activities that are assisted with grant amounts under this Act for such tribe are subject to such preference.

[(5)] (6) EXEMPTION.—Title VI of the Civil Rights Act of 1964 and title VIII of the Civil Rights Act of 1968 shall not apply to actions by federally recognized tribes and the tribally designated housing entities of those tribes under this Act.

* * * * *

[SEC. 206. CERTIFICATION OF COMPLIANCE WITH SUBSIDY LAYERING REQUIREMENTS.

[With respect to housing assisted with grant amounts provided under this Act, the requirements of section 102(d) of the Department of Housing and Urban Development Reform Act of 1989 shall be considered to be satisfied upon certification by a recipient to the Secretary that the combination of Federal assistance provided to the housing project involved is not any more than is necessary to provide affordable housing.]

* * * * *

[SEC. 209. REPAYMENT.

[If a recipient uses grant amounts to provide affordable housing under activities under this title and, at any time during the useful life of the housing the housing does not comply with the requirement under section 205(a)(2), the Secretary shall reduce future grant payments on behalf of the grant beneficiary by an amount equal to the grant amounts used for such housing (under the authority under section 401(a)(2)) or require repayment to the Secretary of an amount equal to such grant amounts.]

SEC. 209. NONCOMPLIANCE WITH AFFORDABLE HOUSING REQUIREMENT.

If a recipient uses grant amounts to provide affordable housing under this title, and at any time during the useful life of the housing the recipient does not comply with the requirement under section 205(a)(2), the Secretary shall take appropriate action under section 401(a).

* * * * *

TITLE III—ALLOCATION OF GRANT AMOUNTS

* * * * *

SEC. 302. ALLOCATION FORMULA.

(a) * * *

* * * * *

(d) **FUNDING FOR PUBLIC HOUSING OPERATION AND MODERNIZATION.—**

(1) **FULL FUNDING.—**[The formula,]

(A) IN GENERAL.—Except with respect to an Indian tribe described in subparagraph (B), the formula shall provide that, if, in any fiscal year, the total amount made available for assistance under this Act is equal to or greater than the total amount made available for fiscal year 1996 for assistance for the operation and modernization of public housing developed or operated pursuant to a contract between the Secretary and an Indian housing authority pursuant to the United States Housing Act of 1937, the amount provided for such fiscal year for each Indian tribe for which such operating or modernization assistance was provided for fiscal year 1996 shall not be less than the total amount of such operating and modernization assistance provided for fiscal year 1996 for such tribe.

(B) CERTAIN INDIAN TRIBES.—With respect to fiscal year 2001 and each fiscal year thereafter, for any Indian tribe with an Indian housing authority that owns or operates fewer than 250 public housing units, the formula shall provide that if the amount provided for a fiscal year in which the total amount made available for assistance under this Act is equal to or greater than the amount made available for fiscal year 1996 for assistance for the operation and modernization of the public housing referred to in subparagraph (A), then the amount provided to that Indian tribe as modernization assistance shall be equal to the average annual amount of funds provided to the Indian tribe (other than funds provided as emergency assistance) under the assistance program under section 14 of the United States Housing Act of 1937 (42 U.S.C. 1437l) for the period beginning with fiscal year 1992 and ending with fiscal year 1997.

* * * * *

TITLE IV—COMPLIANCE, AUDITS, AND REPORTS

SEC. 401. REMEDIES FOR NONCOMPLIANCE.

(a) **ACTIONS BY SECRETARY AFFECTING GRANT AMOUNTS.—**[Except as provided]

(1) *IN GENERAL.*—*Except as provided in subsection (b), if the Secretary finds after reasonable notice and opportunity for hearing that a recipient of assistance under this Act has failed to comply substantially with any provision of this Act, the Secretary shall—*

【(1)】 (A) terminate payments under this Act to the recipient;

【(2)】 (B) reduce payments under this Act to the recipient by an amount equal to the amount of such payments that were not expended in accordance with this Act;

【(3)】 (C) limit the availability of payments under this Act to programs, projects, or activities not affected by such failure to comply; or

【(4)】 (D) in the case of noncompliance described in section 402(b), provide a replacement tribally designated housing entity for the recipient, under section 402.

【If the Secretary takes an action under paragraph (1), (2), or (3)】

(2) *CONTINUANCE OF ACTIONS.*—*If the Secretary takes an action under subparagraph (A), (B), or (C) of paragraph (1), the Secretary shall continue such action until the Secretary determines that the failure to comply has ceased.*

(3) *EXCEPTION FOR CERTAIN ACTIONS.*—

(A) *IN GENERAL.*—*Notwithstanding any other provision of this subsection, if the Secretary makes a determination that the failure of a recipient of assistance under this Act to comply substantially with any material provision (as that term is defined by the Secretary) of this Act is resulting, and would continue to result, in a continuing expenditure of Federal funds in a manner that is not authorized by law, the Secretary may take an action described in paragraph (1)(C) before conducting a hearing.*

(B) *PROCEDURAL REQUIREMENT.*—*If the Secretary takes an action described in subparagraph (A), the Secretary shall—*

(i) *provide notice to the recipient at the time that the Secretary takes that action; and*

(ii) *conduct a hearing not later than 60 days after the date on which the Secretary provides notice under clause (i).*

(C) *DETERMINATION.*—*Upon completion of a hearing under this paragraph, the Secretary shall make a determination regarding whether to continue taking the action that is the subject of the hearing, or take another action under this subsection.*

(b) *NONCOMPLIANCE BECAUSE OF TECHNICAL INCAPACITY.*—【If the Secretary】

(1) *IN GENERAL.*—*If the Secretary makes a finding under subsection (a), but determines that the failure to comply substantially with the provisions of this Act—*

【(1)】 (A) is not a pattern or practice of activities constituting willful noncompliance, and

【(2)】 (B) is a result of the limited capability or capacity of the recipient,

the Secretary may provide technical assistance for the recipient (directly or indirectly) that is designed to increase the capability and capacity of the recipient to administer assistance provided under this Act in compliance with the requirements under this Act, *if the recipient enters into a performance agreement with the Secretary that specifies the compliance objectives that the recipient will be required to achieve by the termination date of the performance agreement.*

* * * * *

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

(3) *REVIEW.*—*Upon the termination of a performance agreement entered into under paragraph (1), the Secretary shall review the performance of the recipient that is a party to the agreement.*

(4) *EFFECT OF REVIEW.*—*If, on the basis of a review under paragraph (3), the Secretary determines that the recipient—*

(A) has made a good faith effort to meet the compliance objectives specified in the agreement, the Secretary may enter into an additional performance agreement for the period specified in paragraph (2); and

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

* * * * *

[SEC. 405. REVIEW AND AUDIT BY SECRETARY.

[(a) ANNUAL REVIEW.—The Secretary shall, not less than on an annual basis, make such reviews and audits as may be necessary or appropriate to determine—

[(1) whether the recipient has carried out its eligible activities in a timely manner, has carried out its eligible activities and certifications in accordance with the requirements and the primary objectives of this Act and with other applicable laws, and has a continuing capacity to carry out those activities in a timely manner;

[(2) whether the recipient has complied with the Indian housing plan of the grant beneficiary; and

[(3) whether the performance reports under section 404 of the recipient are accurate.

Reviews under this section shall include, insofar as practicable, on-site visits by employees of the Department of Housing and Urban Development.

[(b) REPORT BY SECRETARY.—The Secretary shall give a recipient not less than 30 days to review and comment on a report under this subsection. After taking into consideration the comments of the recipient, the Secretary may revise the report and shall make the comments of the recipient and the report, with any revisions, readily available to the public not later than 30 days after receipt of the comments of the recipient.

[(c) EFFECT OF REVIEWS.—The Secretary may make appropriate adjustments in the amount of the annual grants under this Act in

accordance with the findings of the Secretary pursuant to reviews and audits under this section. The Secretary may adjust, reduce, or withdraw grant amounts, or take other action as appropriate in accordance with the reviews and audits of the Secretary under this section, except that grant amounts already expended on affordable housing activities may not be recaptured or deducted from future assistance provided on behalf of an Indian tribe.】

SEC. 405. REVIEW AND AUDIT BY SECRETARY.

(a) *REQUIREMENTS UNDER CHAPTER 75 OF TITLE 31, UNITED STATES CODE.*—An entity designated by an Indian tribe as a housing entity shall be treated, for purposes of chapter 75 of title 31, United States Code, as a non-Federal entity that is subject to the audit requirements that apply to non-Federal entities under that chapter.

(b) *ADDITIONAL REVIEWS AND AUDITS.*—

(1) *IN GENERAL.*—In addition to any audit or review under subsection (a), to the extent the Secretary determines such action to be appropriate, the Secretary may conduct an audit or review of a recipient in order to—

(A) determine whether the recipient—

(i) has carried out—

(I) eligible activities in a timely manner; and

(II) eligible activities and certification in accordance with this Act and other applicable law;

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

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

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

(2) *ON-SITE VISITS.*—To the extent practicable, the reviews and audits conducted under this subsection shall include on-site visits by the appropriate official of the Department of Housing and Urban Development.

(c) *REVIEW OF REPORTS.*—

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

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

(A) may revise the report; and

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

(d) *EFFECT OF REVIEWS.*—Subject to section 401(a), after reviewing the reports and audits relating to a recipient that are submitted to the Secretary under this section, the Secretary may adjust the amount of a grant made to a recipient under this Act in accordance

with the findings of the Secretary with respect to those reports and audits.

* * * * *

TITLE V—TERMINATION OF ASSISTANCE FOR INDIAN TRIBES UNDER INCORPORATED PROGRAMS

* * * * *

SEC. 502. TERMINATION OF INDIAN HOUSING ASSISTANCE UNDER UNITED STATES HOUSING ACT OF 1937.

(a) **TERMINATION OF ASSISTANCE.**—After September 30, 1997, financial assistance may not be provided under the United States Housing Act of 1937 or pursuant to any commitment entered into under such Act, for Indian housing developed or operated pursuant to a contract between the Secretary and an Indian housing authority, unless such assistance is provided from amounts made available for fiscal year 1997 and pursuant to a commitment entered into before September 30, 1997. *Any housing that is the subject of a contract for tenant-based assistance between the Secretary and an Indian housing authority that is terminated under this section shall, for the following fiscal year and each fiscal year thereafter, be considered to be a dwelling unit under section 302(b)(1).*

* * * * *

SECTION 204 OF THE DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS ACT, 1997

SEC. 204. [FLEXIBLE AUTHORITY] DISPOSITION OF HUD-OWNED PROPERTIES. (a) **FLEXIBLE AUTHORITY FOR MULTIFAMILY PROJECTS.**—During fiscal year 1997 and fiscal years thereafter, the Secretary may manage and dispose of multifamily properties owned by the Secretary, including, for fiscal years 1997, 1998, 1999, and 2000, the provision of grants and loans from the General Insurance Fund (12 U.S.C. 1735(c)) for the necessary costs of rehabilitation, demolition, or construction on the properties (which shall be eligible whether vacant or occupied) and multifamily mortgages held by the Secretary on such terms and conditions as the Secretary may determine, notwithstanding any other provision of law.

(b) **TRANSFER OF UNOCCUPIED AND SUBSTANDARD HOUSING TO LOCAL GOVERNMENTS AND COMMUNITY DEVELOPMENT CORPORATIONS.**—

(1) **TRANSFER AUTHORITY.**—*Notwithstanding the authority under subsection (a) and the last sentence of section 204(g) of the National Housing Act (12 U.S.C. 1710(g)), the Secretary of Housing and Urban Development shall transfer ownership of any qualified HUD property, subject to the requirements of this section, to a unit of general local government having jurisdiction for the area in which the property is located or to a com-*

community development corporation which operates within such a unit of general local government in accordance with this subsection, but only to the extent that units of general local government and community development corporations consent to transfer and the Secretary determines that such transfer is practicable.

(2) **QUALIFIED HUD PROPERTIES.**—For purposes of this subsection, the term “qualified HUD property” means any property for which, as of the date that notification of the property is first made under paragraph (3)(B), not less than 6 months have elapsed since the later of the date that the property was acquired by the Secretary or the date that the property was determined to be unoccupied or substandard, that is owned by the Secretary and is—

- (A) an unoccupied multifamily housing project;
- (B) a substandard multifamily housing project; or
- (C) an unoccupied single family property that—
 - (i) has been determined by the Secretary not to be an eligible property under section 204(h) of the National Housing Act (12 U.S.C. 1710(h)); or
 - (ii) is an eligible property under such section 204(h), but—
 - (I) is not subject to a specific sale agreement under such section; and
 - (II) has been determined by the Secretary to be inappropriate for continued inclusion in the program under such section 204(h) pursuant to paragraph (10) of such section.

(3) **TIMING.**—The Secretary shall establish procedures that provide for—

- (A) time deadlines for transfers under this subsection;
- (B) notification to units of general local government and community development corporations of qualified HUD properties in their jurisdictions;
- (C) such units and corporations to express interest in the transfer under this subsection of such properties;
- (D) a right of first refusal for transfer of qualified HUD properties to units of general local government and community development corporations, under which—
 - (i) the Secretary shall establish a period during which the Secretary may not transfer such properties except to such units and corporations;
 - (ii) the Secretary shall offer qualified HUD properties that are single family properties for purchase by units of general local government at a cost of \$1 for each property, but only to the extent that the costs to the Federal Government of disposal at such price do not exceed the costs to the Federal Government of disposing of property subject to the procedures for single family property established by the Secretary pursuant to the authority under the last sentence of section 204(g) of the National Housing Act (12 U.S.C. 1710(g));
 - (iii) the Secretary may accept an offer to purchase a property made by a community development corpora-

tion only if the offer provides for purchase on a cost recovery basis; and

(iv) the Secretary shall accept an offer to purchase such a property that is made during such period by such a unit or corporation and that complies with the requirements of this paragraph;

(E) a written explanation, to any unit of general local government or community development corporation making an offer to purchase a qualified HUD property under this subsection that is not accepted, of the reason that such offer was not acceptable.

(4) *OTHER DISPOSITION.*—With respect to any qualified HUD property, if the Secretary does not receive an acceptable offer to purchase the property pursuant to the procedure established under paragraph (3), the Secretary shall dispose of the property to the unit of general local government in which property is located or to community development corporations located in such unit of general local government on a negotiated, competitive bid, or other basis, on such terms as the Secretary deems appropriate.

(5) *SATISFACTION OF INDEBTEDNESS.*—Before transferring ownership of any qualified HUD property pursuant to this subsection, the Secretary shall satisfy any indebtedness incurred in connection with the property to be transferred, by canceling the indebtedness.

(6) *DETERMINATION OF STATUS OF PROPERTIES.*—To ensure compliance with the requirements of this subsection, the Secretary shall take the following actions:

(A) *UPON ENACTMENT.*—Upon the enactment of the American Homeownership and Economic Opportunity Act of 2000, the Secretary shall promptly assess each residential property owned by the Secretary to determine whether such property is a qualified HUD property.

(B) *UPON ACQUISITION.*—Upon acquiring any residential property, the Secretary shall promptly determine whether the property is a qualified HUD property.

(C) *UPDATES.*—The Secretary shall periodically reassess the residential properties owned by the Secretary to determine whether any such properties have become qualified HUD properties.

(7) *TENANT LEASES.*—This subsection shall not affect the terms or the enforceability of any contract or lease entered into with respect to any residential property before the date that such property becomes a qualified HUD property.

(8) *USE OF PROPERTY.*—Property transferred under this subsection shall be used only for appropriate neighborhood revitalization efforts, including homeownership, rental units, commercial space, and parks, consistent with local zoning regulations, local building codes, and subdivision regulations and restrictions of record.

(9) *INAPPLICABILITY TO PROPERTIES MADE AVAILABLE FOR HOMELESS.*—Notwithstanding any other provision of this subsection, this subsection shall not apply to any properties that the Secretary determines are to be made available for use by the

homeless pursuant to subpart E of part 291 of title 24, Code of Federal Regulations, during the period that the properties are so available.

(10) *PROTECTION OF EXISTING CONTRACTS.*—This subsection may not be construed to alter, affect, or annul any legally binding obligations entered into with respect to a qualified HUD property before the property becomes a qualified HUD property.

(11) *DEFINITIONS.*—For purposes of this subsection, the following definitions shall apply:

(A) *COMMUNITY DEVELOPMENT CORPORATION.*—The term “community development corporation” means a nonprofit organization whose primary purpose is to promote community development by providing housing opportunities for low-income families.

(B) *COST RECOVERY BASIS.*—The term “cost recovery basis” means, with respect to any sale of a residential property by the Secretary, that the purchase price paid by the purchaser is equal to or greater than the sum of (i) the appraised value of the property, as determined in accordance with such requirements as the Secretary shall establish, and (ii) the costs incurred by the Secretary in connection with such property during the period beginning on the date on which the Secretary acquires title to the property and ending on the date on which the sale is consummated.

(C) *MULTIFAMILY HOUSING PROJECT.*—The term “multifamily housing project” has the meaning given the term in section 203 of the Housing and Community Development Amendments of 1978.

(D) *RESIDENTIAL PROPERTY.*—The term “residential property” means a property that is a multifamily housing project or a single family property.

(E) *SECRETARY.*—The term “Secretary” means the Secretary of Housing and Urban Development.

(F) *SEVERE PHYSICAL PROBLEMS.*—The term “severe physical problems” means, with respect to a dwelling unit, that the unit—

(i) lacks hot or cold piped water, a flush toilet, or both a bathtub and a shower in the unit, for the exclusive use of that unit;

(ii) on not less than 3 separate occasions during the preceding winter months, was uncomfortably cold for a period of more than 6 consecutive hours due to a malfunction of the heating system for the unit;

(iii) has no functioning electrical service, exposed wiring, any room in which there is not a functioning electrical outlet, or has experienced 3 or more blown fuses or tripped circuit breakers during the preceding 90-day period;

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

(v) has severe maintenance problems, including water leaks involving the roof, windows, doors, basement, or pipes or plumbing fixtures, holes or open

cracks in walls or ceilings, severe paint peeling or broken plaster, and signs of rodent infestation.

(G) *SINGLE FAMILY PROPERTY.*—The term “single family property” means a 1- to 4-family residence.

(H) *SUBSTANDARD.*—The term “substandard” means, with respect to a multifamily housing project, that 25 percent or more of the dwelling units in the project have severe physical problems.

(I) *UNIT OF GENERAL LOCAL GOVERNMENT.*—The term “unit of general local government” has the meaning given such term in section 102(a) of the Housing and Community Development Act of 1974.

(J) *UNOCCUPIED.*—The term “unoccupied” means, with respect to a residential property, that the unit of general local government having jurisdiction over the area in which the project is located has certified in writing that the property is not inhabited.

(12) *REGULATIONS.*—

(A) *INTERIM.*—Not later than 30 days after the date of the enactment of the American Homeownership and Economic Opportunity Act of 2000, the Secretary shall issue such interim regulations as are necessary to carry out this subsection.

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

HOMEOWNERS PROTECTION ACT OF 1998

* * * * *

SEC. 2. DEFINITIONS.

In this Act, the following definitions shall apply:

(1) *ADJUSTABLE RATE MORTGAGE.*—The term “adjustable rate mortgage” means a residential mortgage that has an interest rate that is subject to change. *A residential mortgage that (A) does not fully amortize over the term of the obligation, and (B) contains a conditional right to refinance or modify the unamortized principal at the maturity date of the term, shall be considered to be an adjustable rate mortgage for purposes of this Act.*

(2) *CANCELLATION DATE.*—The term “cancellation date” means—

(A) * * *

(B) with respect to an adjustable rate mortgage, at the option of the mortgagor, the date on which the principal balance of the mortgage—

(i) based solely on [amortization schedules] *the amortization schedule then in effect* for that mortgage, and irrespective of the outstanding balance for that mortgage on that date, is first scheduled to reach 80 percent of the original value of the property securing the loan; or

(ii) based solely on actual payments, first reaches 80 percent of the original value of the property securing the loan.

* * * * *

(4) GOOD PAYMENT HISTORY.—The term “good payment history” means, with respect to a mortgagor, that the mortgagor has not—

(A) made a mortgage payment that was 60 days or longer past due during the 12-month period beginning 24 months before the date *the later of (i)* on which the mortgage reaches the cancellation date, or *(ii) the date that the mortgagor submits a request for cancellation under section 3(a)(1)*; or

(B) made a mortgage payment that was 30 days or longer past due during the 12-month period preceding *the later of (i)* the date on which the mortgage reaches the cancellation date, or *(ii) the date that the mortgagor submits a request for cancellation under section 3(a)(1)*.

* * * * *

(6) AMORTIZATION SCHEDULE THEN IN EFFECT.—The term “amortization schedule then in effect” means, with respect to an adjustable rate mortgage, a schedule established at the time at which the residential mortgage transaction is consummated or, if such schedule has been changed or recalculated, is the most recent schedule under the terms of the note or mortgage, which shows—

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

(B) the unpaid balance of the loan after each such scheduled payment is made.

(7) MIDPOINT OF THE AMORTIZATION PERIOD.—The term “midpoint of the amortization period” means, with respect to a residential mortgage transaction, the point in time that is halfway through the period that begins upon the first day of the amortization period established at the time a residential mortgage transaction is consummated and ends upon the completion of the entire period over which the mortgage is scheduled to be amortized.

[(6)] (8) MORTGAGE INSURANCE.—The term “mortgage insurance” means insurance, including any mortgage guaranty insurance, against the nonpayment of, or default on, an individual mortgage or loan involved in a residential mortgage transaction.

[(7)] (9) MORTGAGE INSURER.—The term “mortgage insurer” means a provider of private mortgage insurance, as described in this Act, that is authorized to transact such business in the State in which the provider is transacting such business.

[(8)] (10) MORTGAGEE.—The term “mortgagee” means the holder of a residential mortgage at the time at which that mortgage transaction is consummated.

[(9)] (11) MORTGAGOR.—The term “mortgagor” means the original borrower under a residential mortgage or his or her successors or assignees.

[(10)] (12) ORIGINAL VALUE.—The term “original value”, with respect to a residential mortgage *transaction*, means the lesser of the sales price of the property securing the mortgage, as reflected in the contract, or the appraised value at the time at which the subject residential mortgage transaction was consummated. *In the case of a residential mortgage transaction for refinancing the principal residence of the mortgagor, such term means only the appraised value relied upon by the mortgagee to approve the refinance transaction.*

[(11)] (13) PRIVATE MORTGAGE INSURANCE.—The term “private mortgage insurance” means mortgage insurance other than mortgage insurance made available under the National Housing Act, title 38 of the United States Code, or title V of the Housing Act of 1949.

[(12)] (14) RESIDENTIAL MORTGAGE.—The term “residential mortgage” means a mortgage, loan, or other evidence of a security interest created with respect to a single-family dwelling that is the [primary] *principal* residence of the mortgagor.

[(13)] (15) RESIDENTIAL MORTGAGE TRANSACTION.—The term “residential mortgage transaction” means a transaction consummated on or after the date that is 1 year after the date of enactment of this Act, in which a mortgage, deed of trust, purchase money security interest arising under an installment sales contract, or equivalent consensual security interest is created or retained against a single-family dwelling that is the [primary] *principal* residence of the mortgagor to finance the acquisition, initial construction, or refinancing of that dwelling.

[(14)] (16) SERVICER.—The term “servicer” has the same meaning as in section 6(i)(2) of the Real Estate Settlement Procedures Act of 1974, with respect to a residential mortgage.

[(15)] (17) SINGLE-FAMILY DWELLING.—The term “single-family dwelling” means a residence consisting of 1 family dwelling unit.

[(16)] (18) TERMINATION DATE.—The term “termination date” means—

(A) with respect to a fixed rate mortgage, the date on which the principal balance of the mortgage, based solely on the initial amortization schedule for that mortgage, and irrespective of the outstanding balance for that mortgage on that date, is first scheduled to reach 78 percent of the original value of the property securing the loan; and

(B) with respect to an adjustable rate mortgage, the date on which the principal balance of the mortgage, based solely on [amortization schedules] *the amortization schedule then in effect* for that mortgage, and irrespective of the outstanding balance for that mortgage on that date, is first scheduled to reach 78 percent of the original value of the property securing the loan.

SEC. 3. TERMINATION OF PRIVATE MORTGAGE INSURANCE.

(a) BORROWER CANCELLATION.—A requirement for private mortgage insurance in connection with a residential mortgage trans-

action shall be canceled on the cancellation date or any later date that the mortgagor fulfills all of the requirements under paragraphs (1) through (4), if the mortgagor—

(1) submits a request in writing to the servicer that cancellation be initiated;

(2) has a good payment history with respect to the residential mortgage; **[and]**

(3) is current on the payments required by the terms of the residential mortgage transaction; and

[(3)] (4) has satisfied any requirement of the holder of the mortgage (as of the date of a request under paragraph (1)) for—

(A) evidence (of a type established in advance and made known to the mortgagor by the servicer promptly upon receipt of a request under paragraph (1)) that the value of the property securing the mortgage has not declined below the original value of the property; and

(B) certification that the equity of the mortgagor in the residence securing the mortgage is unencumbered by a subordinate lien.

(b) **AUTOMATIC TERMINATION.**—A requirement for private mortgage insurance in connection with a residential mortgage transaction shall terminate with respect to payments for that mortgage insurance made by the mortgagor—

(1) * * *

[(2)] (2) on the date after the termination date on which the mortgagor becomes current on the payments required by the terms of the residential mortgage transaction. **]**

(2) if the mortgagor is not current on the termination date, on the first day of the first month beginning after the date that the mortgagor becomes current on the payments required by the terms of the residential mortgage transaction.

(c) **FINAL TERMINATION.**—If a requirement for private mortgage insurance is not otherwise canceled or terminated in accordance with subsection (a) or (b), in no case may such a requirement be imposed on residential mortgage transactions beyond the first day of the month immediately following the date that is the midpoint of the amortization period of the loan if the mortgagor is current on the payments required by the terms of the mortgage.

(d) **TREATMENT OF LOAN MODIFICATIONS.**—If a mortgagor and mortgagee (or holder of the mortgage) agree to a modification of the terms or conditions of a loan pursuant to a residential mortgage transaction, the cancellation date, termination date, or final termination shall be recalculated to reflect the modified terms and conditions of such loan.

[(d)] (e) **NO FURTHER PAYMENTS.**—No payments or premiums may be required from the mortgagor in connection with a private mortgage insurance requirement terminated or canceled under this section—

(1) in the case of cancellation under subsection (a), more than 30 days after the later of—

(A) the date on which a request under subsection (a)(1) is received; or

- (B) the date on which the mortgagor satisfies any evidence and certification requirements under subsection **[(a)(3)] (a)(4)**;
- (2) in the case of termination under subsection (b), more than 30 days after the termination date or the date referred to in subsection (b)(2), as applicable; and
- (3) in the case of termination under subsection (c), more than 30 days after the final termination date established under that subsection.
- [(e)] (f) RETURN OF UNEARNED PREMIUMS.—**
- (1) **IN GENERAL.—**Not later than 45 days after the termination or cancellation of a private mortgage insurance requirement under this section, all unearned premiums for private mortgage insurance shall be returned to the mortgagor by the servicer.
- (2) **TRANSFER OF FUNDS TO SERVICER.—**Not later than 30 days after notification by the servicer of termination or cancellation of private mortgage insurance under this Act with respect to a mortgagor, a mortgage insurer that is in possession of any unearned premiums of that mortgagor shall transfer to the servicer of the subject mortgage an amount equal to the amount of the unearned premiums for repayment in accordance with paragraph (1).
- [(f)] (g) EXCEPTIONS FOR HIGH RISK LOANS.—**
- (1) **IN GENERAL.—**The termination and cancellation provisions in subsections (a) and (b) do not apply to any residential **[mortgage or]** mortgage transaction that, at the time at which the residential mortgage transaction is consummated, has high risks associated with the extension of the loan—
- (A) as determined in accordance with guidelines published by the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation, in the case of a mortgage loan with an original principal balance that does not exceed the applicable annual conforming loan limit for the secondary market established pursuant to section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act, so as to require the imposition or continuation of a private mortgage insurance requirement beyond the terms specified in subsection (a) or (b) of section 3; or
- (B) as determined by the mortgagee in the case of any other mortgage, except that termination shall occur—
- (i) with respect to a fixed rate mortgage, on the date on which the principal balance of the mortgage, based solely on the initial amortization schedule for that mortgage, and irrespective of the outstanding balance for that mortgage on that date, is first scheduled to reach 77 percent of the original value of the property securing the loan; and
- (ii) with respect to an adjustable rate mortgage, on the date on which the principal balance of the mortgage, based solely on **[amortization schedules]** *the amortization schedule then in effect* for that mortgage, and irrespective of the outstanding balance for that mortgage on that date, is first scheduled to reach 77

percent of the original value of the property securing the loan.

(2) **TERMINATION AT MIDPOINT.**—A private mortgage insurance requirement in connection with a residential **[mortgage or]** mortgage transaction described in paragraph (1) shall terminate in accordance with subsection (c).

(3) **RULE OF CONSTRUCTION.**—Nothing in this subsection may be construed to require a **[mortgage or]** residential mortgage or residential mortgage transaction described in paragraph (1)(A) to be purchased by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation.

* * * * *

(h) **ACCRUED OBLIGATION FOR PREMIUM PAYMENTS.**—*The cancellation or termination under this section of the private mortgage insurance of a mortgagor shall not affect the rights of any mortgagee, servicer, or mortgage insurer to enforce any obligation of such mortgagor for premium payments accrued prior to the date on which such cancellation or termination occurred.*

SEC. 4. DISCLOSURE REQUIREMENTS.

(a) **DISCLOSURES FOR NEW MORTGAGES AT TIME OF TRANSACTION.**—

(1) **DISCLOSURES FOR NON-EXEMPTED TRANSACTIONS.**—In any case in which private mortgage insurance is required in connection with a residential **[mortgage or]** mortgage transaction (other than a **[mortgage or]** residential mortgage transaction described in section **[3(f)(1)] 3(g)(1)**), at the time at which the transaction is consummated, the mortgagee shall provide to the mortgagor—

- (A) if the transaction relates to a fixed rate mortgage—
 - (i) a written initial amortization schedule; and
 - (ii) written notice—
 - (I) * * *

* * * * *

(IV) that there are exemptions to the right to cancellation and automatic termination of a requirement for private mortgage insurance in accordance with section **[3(f)] 3(g)** of this Act, and whether such an exemption applies at that time to that transaction; and

- (B) if the transaction relates to an adjustable rate mortgage, a written notice that—
 - (i) * * *

* * * * *

(iii) there are exemptions to the right of cancellation and automatic termination of a requirement for private mortgage insurance in accordance with section **[3(f)] 3(g)** of this Act, and whether such an exemption applies at that time to that transaction.

(2) **DISCLOSURES FOR EXCEPTED TRANSACTIONS.**—In the case of a **[mortgage or]** residential mortgage transaction described in section **[3(f)(1)] 3(g)(1)**, at the time at which the transaction is consummated, the mortgagee shall provide written notice to

the mortgagor that in no case may private mortgage insurance be required beyond the date that is the midpoint of the amortization period of the loan, if the mortgagor is current on payments required by the terms of the residential mortgage.

* * * * *

(c) INCLUSION IN OTHER ANNUAL NOTICES.—The information and disclosures required under subsection (b) and [paragraphs (1)(B) and (3) of subsection (a)] *subsection (a)(3)* may be provided on the annual disclosure relating to the escrow account made as required under the Real Estate Settlement Procedures Act of 1974, or as part of the annual disclosure of interest payments made pursuant to Internal Revenue Service regulations, and on a form promulgated by the Internal Revenue Service for that purpose.

(d) STANDARDIZED FORMS.—The mortgagee or servicer may use standardized forms for the provision of disclosures required under this section, *which disclosures shall relate to the mortgagor's rights under this Act.*

* * * * *

SEC. 6. DISCLOSURE REQUIREMENTS FOR LENDER PAID MORTGAGE INSURANCE.

(a) * * *

* * * * *

(c) NOTICES TO MORTGAGOR.—In the case of lender paid mortgage insurance that is required in connection with [a residential mortgage or] a residential mortgage transaction—

(1) not later than the date on which a loan commitment is made for the residential mortgage transaction, the prospective mortgagee shall provide to the prospective mortgagor a written notice—

(A) * * *

(B) that lender paid mortgage insurance—

(i) usually results in a residential mortgage having a higher interest rate than it would in the case of borrower paid mortgage insurance; and

(ii) terminates only when the residential mortgage is refinanced (*under the meaning given such term in the regulations issued by the Board of Governors of the Federal Reserve System to carry out the Truth in Lending Act (15 U.S.C. 1601 et seq.)*), paid off, or otherwise terminated; and

(2) not later than 30 days after the termination date that would apply in the case of borrower paid mortgage insurance, the servicer shall provide to the mortgagor a written notice indicating that the mortgagor may wish to review financing options that could eliminate the requirement for private mortgage insurance in connection with the residential mortgage *transaction.*

(d) STANDARD FORMS.—The servicer of a residential mortgage *transaction* may develop and use a standardized form or forms for

the provision of notices to the mortgagor, as required under subsection (c).

* * * * *

HOUSING ACT OF 1949

* * * * *

TITLE V—FARM HOUSING

* * * * *

OTHER SPECIAL LOANS AND GRANTS FOR MINOR IMPROVEMENTS TO FARM HOUSING AND BUILDINGS

SEC. 504. (a) The Secretary may make a loan, grant, or combined loan and grant to an eligible very low-income applicant in order to improve or modernize a rural dwelling, to make the dwelling safer or more sanitary, or to remove hazards. The Secretary may make a loan or grant under this subsection to the applicant to cover the cost of any or all repairs, improvements, or additions such as repairing roofs, providing sanitary waste facilities, providing a convenient and sanitary water supply, repairing or providing structural supports, or making similar repairs, additions, improvements, including all preliminary and installation costs in obtaining central water and sewer service. The maximum amount of a grant, a loan, or a loan and grant shall not exceed such limitations as the Secretary determines to be appropriate. Any portion of the sums advanced to the borrower treated as a loan shall be secured and be repayable within twenty years in accordance with the principles and conditions set forth in this title, except that a loan for less than ~~[\$2,500]~~ \$7,500 need be evidenced only by a promissory note. Sums made available by grant may be made subject to the conditions set forth in this title for the protection of the Government with respect to contributions made on loans made by the Secretary.

* * * * *

INSURANCE OF LOANS FOR THE PROVISION OF HOUSING AND RELATED FACILITIES FOR DOMESTIC FARM LABOR

SEC. 514. (a) The Secretary is authorized to insure and make commitments to insure loans made by lenders other than the United States to the owner of any farm or any association of farmers for the purpose of providing housing and related facilities for domestic farm labor, or to any Indian tribe for such purpose, or to any State (or political subdivision thereof), or any broad-based public or private nonprofit organization, or any ~~[nonprofit limited partnership]~~ *limited partnership* in which the general partner is a nonprofit entity, or any nonprofit organization of farm workers incorporated within the State for the purpose of providing housing and related facilities for domestic farm labor any place within the State where a need exists. All such loans shall be made in accordance with terms and conditions substantially identical with those specified in section 502, except that—

(1) * * *

* * * * *

[(j) EQUITY SKIMMING PENALTY.—Whoever, as an owner, agent, or manger, or who is otherwise in custody, control, or possession of property that is security for a loan made or insured under this section willfully uses, or authorizes the use, of any part of the rents, assets, proceeds, income, or other funds derived from such property, for any purpose other than to meet actual or necessary expenses of the property, or for any other purpose not authorized by this title or the regulations adopted pursuant to this title, shall be fined not more than \$250,000 or imprisoned not more than 5 years, or both.]

DIRECT AND INSURED LOANS TO PROVIDE HOUSING AND RELATED FACILITIES FOR ELDERLY PERSONS AND FAMILIES IN RURAL AREAS

SEC. 515. (a) * * *

* * * * *

[(z) EQUITY SKIMMING PENALTY.—Whoever, as an owner, agent, or manager, or who is otherwise in custody, control, or possession of property that is security for a loan made or insured under this section willfully uses, or authorizes the use, of any part of the rents, assets, proceeds, income, or other fund derived from such property, for any purpose other than to meet actual or necessary expenses of the property, or for any other purpose not authorized by this title or the regulations adopted pursuant to this title, shall be fined not more than \$250,000 or imprisoned not more than 5 years, or both.]

(z) ACCOUNTING AND RECORDKEEPING REQUIREMENTS.—

(1) ACCOUNTING STANDARDS.—*The Secretary shall require that borrowers in programs authorized by this section maintain accounting records in accordance with generally accepted accounting principles for all projects that receive funds from loans made or guaranteed by the Secretary under this section.*

(2) RECORD RETENTION REQUIREMENTS.—*The Secretary shall require that borrowers in programs authorized by this section retain for a period of not less than 6 years and make available to the Secretary in a manner determined by the Secretary, all records required to be maintained under this subsection and other records identified by the Secretary in applicable regulations.*

(aa) DOUBLE DAMAGES FOR UNAUTHORIZED USE OF HOUSING PROJECTS ASSETS AND INCOME.—

(1) ACTION TO RECOVER ASSETS OR INCOME.—

(A) IN GENERAL.—*The Secretary may request the Attorney General to bring an action in a United States district court to recover any assets or income used by any person in violation of the provisions of a loan made or guaranteed by the Secretary under this section or in violation of any applicable statute or regulation.*

(B) IMPROPER DOCUMENTATION.—*For purposes of this subsection, a use of assets or income in violation of the applicable loan, loan guarantee, statute, or regulation shall include any use for which the documentation in the books*

and accounts does not establish that the use was made for a reasonable operating expense or necessary repair of the project or for which the documentation has not been maintained in accordance with the requirements of the Secretary and in reasonable condition for proper audit.

(C) *DEFINITION.*—For the purposes of this subsection, the term “person” means—

(i) any individual or entity that borrows funds in accordance with programs authorized by this section;

(ii) any individual or entity holding 25 percent or more interest of any entity that borrows funds in accordance with programs authorized by this section; and

(iii) any officer, director, or partner of an entity that borrows funds in accordance with programs authorized by this section.

(2) *AMOUNT RECOVERABLE.*—

(A) *IN GENERAL.*—In any judgment favorable to the United States entered under this subsection, the Attorney General may recover double the value of the assets and income of the project that the court determines to have been used in violation of the provisions of a loan made or guaranteed by the Secretary under this section or any applicable statute or regulation, plus all costs related to the action, including reasonable attorney and auditing fees.

(B) *APPLICATION OF RECOVERED FUNDS.*—Notwithstanding any other provision of law, the Secretary may use amounts recovered under this subsection for activities authorized under this section and such funds shall remain available for such use until expended.

(3) *TIME LIMITATION.*—Notwithstanding any other provision of law, an action under this subsection may be commenced at any time during the 6-year period beginning on the date that the Secretary discovered or should have discovered the violation of the provisions of this section or any related statutes or regulations.

(4) *CONTINUED AVAILABILITY OF OTHER REMEDIES.*—The remedy provided in this subsection is in addition to and not in substitution of any other remedies available to the Secretary or the United States.

* * * * *

DEFINITION OF RURAL AREA

SEC. 520. As used in this title, the terms “rural” and “rural area” mean any open country, or any place, town, village, or city which is not (except in the cases of Pajaro, in the State of California, and Guadalupe, in the State of Arizona) part of or associated with an urban area and which (1) has a population not in excess of 2,500 inhabitants, or (2) has a population in excess of 2,500 but not in excess of 10,000 if it is rural in character, or (3) has a population in excess of 10,000 but not in excess of 20,000, and (A) is not contained within a standard metropolitan statistical area, and (B) has a serious lack of mortgage credit for lower and moderate-income

families, as determined by the Secretary and the Secretary of Housing and Urban Development. For purposes of this title, any area classified as “rural” or a “rural area” prior to October 1, 1990, and determined not to be “rural” or a “rural area” as a result of data received from or after the 1990 decennial census shall continue to be so classified until the receipt of data from the decennial census in the year **[2000]** 2010, if such area has a population in excess of 10,000 but not in excess of 25,000, is rural in character, and has a serious lack of mortgage credit for lower and moderate-income families. Notwithstanding any other provision of this section, the city of Plainview, Texas, shall be considered a rural area for purposes of this title, and the city of Altus, Oklahoma, shall be considered a rural area for purposes of this title until the receipt of data from the decennial census in the year 2000.

LOANS TO PROVIDE OCCUPANT-OWNED, RENTAL, AND COOPERATIVE HOUSING FOR LOW- AND MODERATE-INCOME PERSONS AND FAMILIES

SEC. 521. (a)(1) * * *

* * * * *

(5) OPERATING ASSISTANCE FOR MIGRANT FARMWORKER PROJECTS.—

(A) AUTHORITY.—In the case of housing (and related facilities) for migrant farmworkers provided or assisted with a loan under section 514 or a grant under section 516, the Secretary may, at the request of the owner of the **[project]** *tenant or unit*, use amounts provided for rental assistance payments under paragraph (2) to provide assistance for the costs of operating the project. Any project assisted under this paragraph may not receive rental assistance under paragraph (2).

* * * * *

SEC. 538. LOAN GUARANTEES FOR MULTIFAMILY RENTAL HOUSING IN RURAL AREAS.

(a) * * *

* * * * *

(c) ELIGIBLE BORROWERS.—A loan guaranteed under this section may be made to a nonprofit organization, an agency or body of any State government or political subdivision thereof, *an Indian organization*, or a private entity.

(f) LOAN TERMS.—Each loan guaranteed pursuant to this section shall—

[(1) provide for complete amortization by periodic payments to be made for a term not to exceed 40 years;]

(1) be made for a period of not less than 25 nor greater than 40 years from the date the loan was made and may provide for amortization of the loan over a period of not to exceed 40 years with a final payment of the balance due at the end of the loan term;

* * * * *

(i) PAYMENT UNDER GUARANTEE.—

(1) * * *

(2) FORECLOSURE.—After receiving notice under paragraph (1) and providing written notice of action under this paragraph to the Secretary, the holder of the guarantee certificate for the loan may initiate foreclosure proceedings for the loan in a court of competent jurisdiction, in accordance with regulations issued by the Secretary, to obtain possession of the security property. After the court issues a final order authorizing foreclosure on the property, the holder of the certificate shall be entitled to payment by the Secretary under the guarantee (in the amount provided under subsection (b)) upon [(A) conveyance to the Secretary of title to the security property, (B) submission to the Secretary of a claim for payment under the guarantee, and (C) assignment] (A) *submission to the Secretary of a claim for payment under the guarantee, and (B) assignment to the Secretary of all the claims of the holder of the guarantee against the borrower or others arising out of the loan transaction or foreclosure proceedings, except claims released with the consent of the Secretary.*

* * * * *

[(1) NONASSUMPTION.—The borrower under a loan that is guaranteed under this section and under which any portion of the principal obligation or interest remains outstanding may not be relieved of liability with respect to the loan, notwithstanding the transfer of property for which the loan was made.]

[(m)] (l) GEOGRAPHICAL TARGETING.—

(1) STUDY.—The Secretary shall provide for an independent entity to conduct a study to determine the extent to which borrowers in the United States will utilize loan guarantees under this section, the rural areas in the United States in which borrowers can best utilize and most need loans guaranteed under this section, and the rural areas in the United States in which housing of the type eligible for a loan guarantee under this section is most needed by low- and moderate-income families. The Secretary shall require the independent entity conducting the study to submit a report to the Secretary and to the Congress describing the results of the study not later than the expiration of the 90-day period beginning on the date of the enactment of the Homesteading and Housing Opportunity Program Extension Act of 1996.

(2) TARGETING.—In providing loan guarantees under this section, the Secretary shall establish standards to target and give priority to rural areas in which borrowers can best utilize and most need loans guaranteed under this section, as determined by the Secretary based on the results of the study under paragraph (1) and any other information the Secretary considers appropriate.

[(n)] (m) INAPPLICABILITY OF CREDIT-ELSEWHERE TEST.—Section 501(c) shall not apply to guarantees, or loans guaranteed, under this section.

[(o)] (n) TENANT PROTECTIONS.—The Secretary shall establish standards for the treatment of tenants of housing developed using amounts from a loan guaranteed under this section, which shall incorporate, to the extent applicable, existing standards applicable to tenants of housing developed with loans made under section 515.

Such standards shall include standards for fair housing and equal opportunity, lease and grievance procedures, and tenant appeals of adverse actions.

[(p)] *(o)* HOUSING STANDARDS.—The standards established under section 515(m) for housing and related facilities assisted under section 515 shall apply to housing and related facilities the development costs of which are financed in whole or in part with a loan guaranteed under this section.

[(q)] *(p)* LIMITATION ON COMMITMENTS TO GUARANTEE LOANS.—

(1) REQUIREMENT OF APPROPRIATIONS FOR COST SUBSIDY.—

The authority of the Secretary to enter into commitments to guarantee loans under this section, and to guarantee loans, shall be effective for each fiscal year only to the extent that appropriations of budget authority to cover the costs (as such term is defined in section 502 of the Congressional Budget Act of 1974) of the guarantees are made in advance for such fiscal year.

(2) ANNUAL LIMITATION ON AMOUNT OF LOAN GUARANTEE.—

In each fiscal year, the Secretary may enter into commitments to guarantee loans under this section only to the extent that the costs of the guarantees entered into in such fiscal year do not exceed such amount as may be provided in appropriation Acts for such fiscal year.

[(r)] *(q)* REPORT.—

(1) IN GENERAL.—The Secretary shall submit a report to the Congress, not later than the expiration of the 2-year period beginning on the date of the enactment of the Housing Opportunity Program Extension Act of 1996, describing the program under this section for guaranteeing loans.

(2) CONTENTS.—The report shall—

(A) describe the types of borrowers providing housing with loans guaranteed under this section, the areas served by the housing provided and the geographical distribution of the housing, the levels of income of the residents of the housing, the number of dwelling units provided, the extent to which borrowers under such loans have obtained other financial assistance for development costs of housing provided with the loans, and the extent to which borrowers under such loans have used low-income housing tax credits provided under section 42 of the Internal Revenue Code of 1986 in connection with the housing provided with the loans;

(B) analyze the financial viability of the housing provided with loans guaranteed under this section and the need for project-based rental assistance for such housing;

(C) include any recommendations of the Secretary for expanding or improving the program under this section for guaranteeing loans; and

(D) include any other information regarding the program for guaranteeing loans under this section that the Secretary considers appropriate.

[(s)] *(r)* DEFINITIONS.—For purposes of this section, the following definitions shall apply:

(1) The term “development cost” has the meaning given the term in section 515(e).

(2) The term “eligible lender” means a lender determined by the Secretary to meet the requirements of subparagraph (A), (B), (C), or (D) of subsection (e)(1).

(3) The terms “housing” and “related facilities” have the meanings given such terms in section 515(e).

(4) *INDIAN ORGANIZATION.*—The term “Indian organization” means the governing body of an Indian tribe, band, group, pueblo, or community, including native villages or native groups, as defined by the Alaska Claims Settlement Act (43 U.S.C. 1601 et seq.), (including corporations organized by the Kenai, Juneau, Sitka, and Kodiak) which is eligible for services from the Bureau of Indian Affairs or an entity established or recognized by the governing body for the purpose of financing economic development.

[(t)](s) *AUTHORIZATION OF APPROPRIATIONS.*—There are authorized to be appropriated for each fiscal year for costs (as such term is defined in section 502 of the Congressional Budget Act of 1974) of loan guarantees made under this section such sums as may be necessary for such fiscal year to provide guarantees under this section for eligible loans having an aggregate principal amount of \$500,000,000.

[(u)](t) *TAX-EXEMPT FINANCING.*—The Secretary may not deny a guarantee under this section on the basis that the interest on the loan or on an obligation supporting the loan for which a guarantee is sought is exempt from inclusion in gross income for purposes of chapter I of the Internal Revenue Code of 1986.

(u) *FEE AUTHORITY.*—

(1) *IN GENERAL.*—Any amounts collected by the Secretary pursuant to the fees charged to lenders for loan guarantees issued under this section shall be used to offset costs (as defined by section 502 of the Congressional Budget Act of 1974 (2 U.S.C. 661a)) of loan guarantees made under this section.

(2) *EXCESS FUNDS.*—Any fees described in paragraph (1) collected in excess of the amount required in paragraph (1) during a fiscal year, shall be available to the Secretary, without further appropriation and without fiscal year limitation, for use by the Secretary for costs of administering (including monitoring) program activities authorized pursuant to this section and shall be in addition to other funds made available for this purpose.

(v) *DEFAULTS OF LOANS SECURED BY RESERVATION LANDS.*—In the event of a default involving a loan to an Indian tribe or tribal corporation made under this section which is secured by an interest in land within such tribe’s reservation (as determined by the Secretary of the Interior), including a community in Alaska incorporated by the Secretary of the Interior pursuant to the Indian Reorganization Act (25 U.S.C. 461 et seq.), the lender shall only pursue liquidation after offering to transfer the account to an eligible tribal member, the tribe, or the Indian housing authority serving the tribe. If the lender subsequently proceeds to liquidate the account, the lender shall not sell, transfer, or otherwise dispose of or alienate the

property except to one of the entities described in the preceding sentence.

* * * * *

SEC. 543. ENFORCEMENT PROVISIONS.

(a) **EQUITY SKIMMING.**—

(1) **CRIMINAL PENALTY.**—Whoever, as an owner, agent, employee, or manager, or is otherwise in custody, control, or possession of property that is security for a loan made or guaranteed under this title, willfully uses, or authorizes the use, of any part of the rents, assets, proceeds, income, or other funds derived from such property, for any purpose other than to meet actual, reasonable, and necessary expenses of the property, or for any other purpose not authorized by this title or the regulations adopted pursuant to this title, shall be fined under title 18, United States Code, or imprisoned not more than 5 years, or both.

(2) **CIVIL SANCTIONS.**—An entity or individual who as an owner, operator, employee, or manager, or who acts as an agent for a property that is security for a loan made or guaranteed under this title where any part of the rents, assets, proceeds, income, or other funds derived from such property are used for any purpose other than to meet actual, reasonable, and necessary expenses of the property, or for any other purpose not authorized by this title or the regulations adopted pursuant to this title, shall be subject to a fine of not more than \$25,000 per violation. The sanctions provided in this paragraph may be imposed in addition to any other civil sanctions or civil monetary penalties authorized by law.

(b) **CIVIL MONETARY PENALTIES.**—

(1) **IN GENERAL.**—The Secretary may, after notice and opportunity for a hearing, impose a civil monetary penalty in accordance with this subsection against any individual or entity, including its owners, officers, directors, general partners, limited partners, or employees, who knowingly and materially violate, or participate in the violation of, the provisions of this title, the regulations issued by the Secretary pursuant to this title, or agreements made in accordance with this title, by—

(A) submitting information to the Secretary that is false;

(B) providing the Secretary with false certifications;

(C) failing to submit information requested by the Secretary in a timely manner;

(D) failing to maintain the property subject to loans made or guaranteed under this title in good repair and condition, as determined by the Secretary;

(E) failing to provide management for a project which received a loan made or guaranteed under this title that is acceptable to the Secretary; or

(F) failing to comply with the provisions of applicable civil rights statutes and regulations.

(2) **CONDITIONS FOR RENEWAL OR EXTENSION.**—The Secretary may require that expiring loan or assistance agreements entered into under this title shall not be renewed or extended unless the owner executes an agreement to comply with additional condi-

tions prescribed by the Secretary, or executes a new loan or assistance agreement in the form prescribed by the Secretary.

(3) AMOUNT.—

(A) IN GENERAL.—The amount of a civil monetary penalty imposed under this subsection shall not exceed the greater of—

- (i) twice the damages the Department of Agriculture, the guaranteed lender, or the project that is secured for a loan under this section suffered or would have suffered as a result of the violation; or
- (ii) \$50,000 per violation.

(B) DETERMINATION.—In determining the amount of a civil monetary penalty under this subsection, the Secretary shall take into consideration—

- (i) the gravity of the offense;
- (ii) any history of prior offenses by the violator (including offenses occurring prior to the enactment of this section);
- (iii) the ability of the violator to pay the penalty;
- (iv) any injury to tenants;
- (v) any injury to the public;
- (vi) any benefits received by the violator as a result of the violation;
- (vii) deterrence of future violations; and
- (viii) such other factors as the Secretary may establish by regulation.

(4) PAYMENT OF PENALTIES.—No payment of a penalty assessed under this section may be made from funds provided under this title or from funds of a project which serve as security for a loan made or guaranteed under this title.

(5) REMEDIES FOR NONCOMPLIANCE.—

(A) JUDICIAL INTERVENTION.—If a person or entity fails to comply with a final determination by the Secretary imposing a civil monetary penalty under this subsection, the Secretary may request the Attorney General of the United States to bring an action in an appropriate United States district court to obtain a monetary judgment against such individual or entity and such other relief as may be available. The monetary judgment may, in the court's discretion, include the attorney's fees and other expenses incurred by the United States in connection with the action.

(B) REVIEWABILITY OF DETERMINATION.—In an action under this paragraph, the validity and appropriateness of a determination by the Secretary imposing the penalty shall not be subject to review.

TITLE 18, UNITED STATES CODE

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PART I—CRIMES

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CHAPTER 73—OBSTRUCTION OF JUSTICE

* * * * *

§ 1516. Obstruction of Federal audit

(a) Whoever, with intent to deceive or defraud the United States, endeavors to influence, obstruct, or impede a Federal auditor in the performance of official duties relating to a person receiving in excess of \$100,000, directly or indirectly, from the United States in any 1 year period under a contract or subcontract, or relating to any property that is security for a mortgage note that is insured, guaranteed, acquired, or held by the Secretary of Housing and Urban Development pursuant to any Act administered by the Secretary, or relating to any property that is security for a loan that is made or guaranteed under title V of the Housing Act of 1949, shall be fined under this title, or imprisoned not more than 5 years, or both.

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CHAPTER 95—RACKETEERING

* * * * *

§ 1956. Laundering of monetary instruments

(a) * * *

* * * * *

(c) As used in this section—

(1) * * *

* * * * *

(7) the term “specified unlawful activity” means—

(A) * * *

* * * * *

(D) an offense under section 32 (relating to the destruction of aircraft), section 37 (relating to violence at international airports), section 115 (relating to influencing, impeding, or retaliating against a Federal official by threatening or injuring a family member), section 152 (relating to concealment of assets; false oaths and claims; bribery), section 215 (relating to commissions or gifts for procuring loans), section 351 (relating to congressional or Cabinet officer assassination), any of sections 500 through 503 (relating to certain counterfeiting offenses), section 513 (relating to securities of States and private entities), section 542 (relating to entry of goods by means of false statements), section 545 (relating to smuggling goods into the United States), section 549 (relating to removing goods from Customs custody), section 641 (relating to public money, property, or records), section 656 (relating to theft, embezzlement, or misapplication by bank officer or employee), section 657 (relating to lending, credit, and insurance institutions), section 658 (relating to property mortgaged or pledged to farm credit agencies), section 666 (relating to theft or bribery concerning programs receiving Federal

funds), section 793, 794, or 798 (relating to espionage), section 831 (relating to prohibited transactions involving nuclear materials), section 844 (f) or (i) (relating to destruction by explosives or fire of Government property or property affecting interstate or foreign commerce), section 875 (relating to interstate communications), section 956 (relating to conspiracy to kill, kidnap, maim, or injure certain property in a foreign country), section 1005 (relating to fraudulent bank entries), 1006 (relating to fraudulent Federal credit institution entries), 1007 (relating to Federal Deposit Insurance transactions), 1014 (relating to fraudulent loan or credit applications), 1032 (relating to concealment of assets from conservator, receiver, or liquidating agent of financial institution), section 1111 (relating to murder), section 1114 (relating to murder of United States law enforcement officials), section 1116 (relating to murder of foreign officials, official guests, or internationally protected persons), section 1201 (relating to kidnapping), section 1203 (relating to hostage taking), section 1361 (relating to willful injury of Government property), section 1363 (relating to destruction of property within the special maritime and territorial jurisdiction), section 1708 (theft from the mail), section 1751 (relating to Presidential assassination), section 2113 or 2114 (relating to bank and postal robbery and theft), section 2280 (relating to violence against maritime navigation), section 2281 (relating to violence against maritime fixed platforms), or section 2319 (relating to copyright infringement), section 2320 (relating to trafficking in counterfeit goods and services), section 2332 (relating to terrorist acts abroad against United States nationals), section 2332a (relating to use of weapons of mass destruction), section 2332b (relating to international terrorist acts transcending national boundaries), or section 2339A (relating to providing material support to terrorists) of this title, section 46502 of title 49, United States Code, a felony violation of the Chemical Diversion and Trafficking Act of 1988 (relating to precursor and essential chemicals), section 590 of the Tariff Act of 1930 (19 U.S.C. 1590) (relating to aviation smuggling), section 422 of the Controlled Substances Act (relating to transportation of drug paraphernalia), section 38(c) (relating to criminal violations) of the Arms Export Control Act, section 11 (relating to violations) of the Export Administration Act of 1979, section 206 (relating to penalties) of the International Emergency Economic Powers Act, section 16 (relating to offenses and punishment) of the Trading with the Enemy Act, any felony violation of section 15 of the Food Stamp Act of 1977 (relating to food stamp fraud) involving a quantity of coupons having a value of not less than \$5,000, *any violation of section 543(a)(1) of the Housing Act of 1949 (relating to equity skimming)*, or any felony violation of the Foreign Corrupt Practices Act; or

**NATIONAL MANUFACTURED HOUSING CONSTRUCTION
AND SAFETY STANDARDS ACT OF 1974**

**TITLE VI—MANUFACTURED HOME CONSTRUCTION AND
SAFETY STANDARDS**

SHORT TITLE

SEC. 601. This title may be cited as the “National Manufactured Housing Construction and Safety Standards Act of 1974”.

【STATEMENT OF PURPOSE

【SEC. 602. The Congress declares that the purposes of this title are to reduce the number of personal injuries and deaths and the amount of insurance costs and property damage resulting from manufactured home accidents and to improve the quality and durability of manufactured homes. Therefore, the Congress determines that it is necessary to establish Federal construction and safety standards for manufactured homes and to authorize manufactured home safety research and development.】

FINDINGS AND PURPOSES

SEC. 602. (a) *FINDINGS.*—*The Congress finds that—*

(1) *manufactured housing plays a vital role in meeting the housing needs of the Nation; and*

(2) *manufactured homes provide a significant resource for affordable homeownership and rental housing accessible to all Americans.*

(b) *PURPOSES.*—*The purposes of this title are—*

(1) *to facilitate the acceptance of the quality, durability, safety, and affordability of manufactured housing within the Department of Housing and Urban Development;*

(2) *to facilitate the availability of affordable manufactured homes and to increase homeownership for all Americans;*

(3) *to provide for the establishment of practical, uniform, and, to the extent possible, performance-based Federal construction standards;*

(4) *to encourage innovative and cost-effective construction techniques;*

(5) *to protect owners of manufactured homes from unreasonable risk of personal injury and property damage;*

(6) *to establish a balanced consensus process for the development, revision, and interpretation of Federal construction and safety standards for manufactured homes and related regulations for the enforcement of such standards;*

(7) *to ensure uniform and effective enforcement of Federal construction and safety standards for manufactured homes; and*

(8) *to ensure that the public interest in, and need for, affordable manufactured housing is duly considered in all determinations relating to the Federal standards and their enforcement.*

DEFINITIONS

SEC. 603. As used in this title, the term—

(1) * * *

(2) “[dealer] *retailer*” means any person engaged in the sale, leasing, or distribution of new manufactured homes primarily to persons who in good faith purchase or lease a manufactured home for purposes other than resale;

* * * * *

(12) “State” includes each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands, the Canal Zone, and American Samoa; [and]

(13) “United States district courts” means the Federal district courts of the United States and the United States courts of the Commonwealth of Puerto Rico, Guam, the Virgin Islands, the Canal Zone, and American Samoa[.]; and

(14) “*administering organization*” means the recognized, voluntary, private sector, consensus standards body with specific experience in developing model residential building codes and standards involving all disciplines regarding construction and safety that administers the consensus standards development process;

(15) “*consensus committee*” means the committee established under section 604(a)(3);

(16) “*consensus standards development process*” means the process by which additions, revisions, and interpretations to the Federal manufactured home construction and safety standards and enforcement regulations shall be developed and recommended to the Secretary by the consensus committee;

(17) “*primary inspection agency*” means a State agency or private organization that has been approved by the Secretary to act as a design approval primary inspection agency or a production inspection primary inspection agency, or both;

(18) “*design approval primary inspection agency*” means a State agency or private organization that has been approved by the Secretary to evaluate and either approve or disapprove manufactured home designs and quality control procedures;

(19) “*production inspection primary inspection agency*” means a State agency or private organization that has been approved by the Secretary to evaluate the ability of manufactured home manufacturing plants to comply with approved quality control procedures and with the Federal manufactured home construction and safety standards promulgated hereunder;

(20) “*installation standards*” means reasonable specifications for the installation of a manufactured home, at the place of occupancy, to ensure proper siting, the joining of all sections of the home, and the installation of stabilization, support, or anchoring systems; and

(21) “*monitoring*”—

(A) means the process of periodic review of the primary inspection agencies, by the Secretary or by a State agency under an approved State plan pursuant to section 623, in accordance with regulations recommended by the consensus committee and promulgated in accordance with section 604(b), which process shall be for the purpose of ensuring that the primary inspection agencies are discharging their duties under this title; and

(B) may include the periodic inspection of retail locations for transit damage, label tampering, and retailer compliance with this title.

FEDERAL MANUFACTURED HOME CONSTRUCTION AND SAFETY
STANDARDS

SEC. 604. [(a) The Secretary, after consultation with the Consumer Product Safety Commission, shall establish by order appropriate Federal manufactured home construction and safety standards. Each such Federal manufactured home standard shall be reasonable and shall meet the highest standards of protection, taking into account existing State and local laws relating to manufactured home safety and construction.

[(b) All orders issued under this section shall be issued after notice and an opportunity for interested persons to participate are provided in accordance with the provisions of section 553 of title 5, United States Code.]

(a) *ESTABLISHMENT.*—

(1) *AUTHORITY.*—*The Secretary shall establish, by order, appropriate Federal manufactured home construction and safety standards, each of which—*

(A) shall—

- (i) be reasonable and practical;*
- (ii) meet high standards of protection consistent with the enumerated purposes of this title; and*
- (iii) where appropriate, be performance-based and objectively stated; and*

(B) except as provided in subsection (b), shall be established in accordance with the consensus standards development process.

(2) *CONSENSUS STANDARDS AND REGULATORY DEVELOPMENT PROCESS.*—

(A) INITIAL AGREEMENT.—*Not later than 180 days after the date of enactment of the Manufactured Housing Improvement Act, the Secretary shall enter into a contract with an administering organization. The contractual agreement shall—*

(i) terminate on the date on which a contract is entered into under subparagraph (B); and

(ii) require the administering organization to—

(I) appoint the initial members of the consensus committee under paragraph (3);

(II) administer the consensus standards development process until the termination of that agreement; and

(III) administer the consensus development and interpretation process for procedural and enforcement regulations and regulations specifying the permissible scope and conduct of monitoring until the termination of that agreement.

(B) COMPETITIVELY PROCURED CONTRACT.—*Upon the expiration of the 4-year period beginning on the date on which all members of the consensus committee are appointed under paragraph (3), the Secretary shall, using*

competitive procedures (as such term is defined in section 4 of the Office of Federal Procurement Policy Act), enter into a competitively awarded contract with an administering organization. The administering organization shall administer the consensus process for the development and interpretation of the Federal standards, the procedural and enforcement regulations and regulations specifying the permissible scope and conduct of monitoring in accordance with this title.

(C) **PERFORMANCE REVIEW.**—The Secretary—

(i) shall periodically review the performance of the administering organization; and

(ii) may replace the administering organization with another qualified technical or building code organization, pursuant to competitive procedures, if the Secretary determines in writing that the administering organization is not fulfilling the terms of the agreement or contract to which the administering organization is subject or upon the expiration of the agreement or contract.

(3) **CONSENSUS COMMITTEE.**—

(A) **PURPOSE.**—There is established a committee to be known as the “consensus committee”, which shall, in accordance with this title—

(i) provide periodic recommendations to the Secretary to adopt, revise, and interpret the Federal manufactured housing construction and safety standards in accordance with this subsection;

(ii) provide periodic recommendations to the Secretary to adopt, revise, and interpret the procedural and enforcement regulations, including regulations specifying the permissible scope and conduct of monitoring in accordance with this subsection; and

(iii) be organized and carry out its business in a manner that guarantees a fair opportunity for the expression and consideration of various positions and for public participation.

(B) **MEMBERSHIP.**—The consensus committee shall be composed of—

(i) 21 voting members appointed, subject to approval by the Secretary, by the administering organization from among individuals who are qualified by background and experience to participate in the work of the consensus committee; and

(ii) 1 member appointed by the Secretary to represent the Secretary on the consensus committee, who shall be a nonvoting member.

(C) **DISAPPROVAL.**—The Secretary may disapprove, in writing with the reasons set forth, the appointment of an individual under subparagraph (B)(i).

(D) **SELECTION PROCEDURES AND REQUIREMENTS.**—Each member shall be appointed in accordance with the selection procedures, which shall be established by the Secretary and which shall be based on the procedures for consensus com-

mittees promulgated by the American National Standards Institute (or successor organization), to ensure equal representation on the consensus committee of the following interest categories:

(i) *PRODUCERS*.—7 producers or retailers of manufactured housing.

(ii) *USERS*.—7 persons representing consumer interests, such as consumer organizations, recognized consumer leaders, and owners who are residents of manufactured homes.

(iii) *GENERAL INTEREST AND PUBLIC OFFICIALS*.—7 general interest and public official members.

(E) *BALANCING OF INTERESTS*.—

(i) *IN GENERAL*.—In order to achieve a proper balance of interests on the consensus committee—

(I) the administering organization in its appointments shall ensure that all directly and materially affected interests have the opportunity for fair and equitable participation without dominance by any single interest; and

(II) the Secretary may reject the appointment of any 1 or more individuals in order to ensure that there is not dominance by any single interest.

(ii) *DOMINANCE DEFINED*.—In this subparagraph, the term “dominance” means a position or exercise of dominant authority, leadership, or influence by reason of superior leverage, strength, or representation.

(F) *ADDITIONAL QUALIFICATIONS*.—

(i) *FINANCIAL INDEPENDENCE*.—No individual appointed under subparagraph (D)(ii) shall have, and 3 of individuals appointed under subparagraph (D)(iii) shall not have—

(I) a significant financial interest in any segment of the manufactured housing industry; or

(II) a significant relationship to any person engaged in the manufactured housing industry.

(ii) *POST-EMPLOYMENT BAN*.—An individual appointed under clause (ii) or (iii) of subparagraph (D) shall be subject to a ban disallowing compensation from the manufactured housing industry during the period of, and for the 1-year period after, membership of that individual on the consensus committee.

(G) *MEETINGS*.—

(i) *NOTICE; OPEN TO PUBLIC*.—The consensus committee shall provide advance notice of each meeting of the consensus committee to the Secretary and publish advance notice of each such meeting in the Federal Register. All meetings of the consensus committee shall be open to the public.

(ii) *REIMBURSEMENT*.—Members of the consensus committee in attendance at the meetings shall be reimbursed for their actual expenses as authorized by section 5703 of title 5, United States Code, for persons employed intermittently in Government service.

(H) INAPPLICABILITY OF OTHER LAWS.—

(i) **ADVISORY COMMITTEE ACT.**—*The consensus committee shall not be considered to be an advisory committee for purposes of the Federal Advisory Committee Act.*

(ii) **TITLE 18.**—*The members of the consensus committee shall not be subject to section 203, 205, 207, or 208 of title 18, United States Code, to the extent of their proper participation as members of the consensus committee.*

(iii) **ETHICS IN GOVERNMENT ACT OF 1978.**—*The Ethics in Government Act of 1978 shall not apply to members of the consensus committee to the extent of their proper participation as members of the consensus committee.*

(I) ADMINISTRATION.—*The consensus committee and the administering organization shall—*

(i) *operate in conformance with the procedures established by the American National Standards Institute for the development and coordination of American National Standards; and*

(ii) *apply to the American National Standards Institute and take such other actions as may be necessary to obtain accreditation from the American National Standards Institute.*

(J) STAFF.—*The administering organization shall, upon the request of the consensus committee, provide reasonable staff resources to the consensus committee. Upon a showing of need, the Secretary shall furnish technical support to any of the various interest categories on the consensus committee.*

(K) DATE OF INITIAL APPOINTMENTS.—*The initial appointments of all of the members of the consensus committee shall be completed not later than 90 days after the date on which an administration agreement under paragraph (2)(A) is completed with the administering organization.*

(4) REVISIONS OF STANDARDS.—

(A) IN GENERAL.—*Beginning on the date on which all members of the consensus committee are appointed under paragraph (3), the consensus committee shall, not less than once during each 2-year period—*

(i) *consider revisions to the Federal manufactured home construction and safety standards; and*

(ii) *submit proposed revised standards and regulations, if approved in a vote of the consensus committee by two-thirds of the members, to the Secretary in the form of a proposed rule, including an economic analysis.*

(B) PUBLICATION OF PROPOSED REVISED STANDARDS.—

(i) **PUBLICATION BY SECRETARY.**—*The consensus committee shall provide a proposed revised standard under subparagraph (A)(ii) to the Secretary who shall, not later than 30 days after receipt, publish such proposed*

revised standard in the Federal Register for notice and comment. Unless clause (ii) applies, the Secretary shall provide an opportunity for public comment on such proposed revised standard and any such comments shall be submitted directly to the consensus committee without delay.

(ii) *PUBLICATION OF REJECTED PROPOSED REVISED STANDARD.*—If the Secretary rejects the proposed revised standard, the Secretary shall publish the rejected proposed revised standard in the Federal Register with the reasons for rejection and any recommended modifications set forth.

(C) *PRESENTATION OF PUBLIC COMMENTS; PUBLICATION OF RECOMMENDED REVISIONS.*—

(i) *PRESENTATION.*—Any public comments, views, and objections to a proposed revised standard published under subparagraph (B) shall be presented by the Secretary to the consensus committee upon their receipt and in the manner received, in accordance with procedures established by the American National Standards Institute.

(ii) *PUBLICATION BY THE SECRETARY.*—The consensus committee shall provide to the Secretary any revisions proposed by the consensus committee, which the Secretary shall, not later than 7 calendar days after receipt, cause to be published in the Federal Register as a notice of the recommended revisions of the consensus committee to the standard, a notice of the submission of the recommended revisions to the Secretary, and a description of the circumstances under which the proposed revised standards could become effective.

(iii) *PUBLICATION OF REJECTED PROPOSED REVISED STANDARD.*—If the Secretary rejects the proposed revised standard, the Secretary shall publish the rejected proposed revised standard in the Federal Register with the reasons for rejection and any recommended modifications set forth.

(5) *REVIEW BY THE SECRETARY.*—

(A) *IN GENERAL.*—The Secretary shall either adopt, modify, or reject a standard, as submitted by the consensus committee under paragraph (4)(A).

(B) *TIMING.*—Not later than 12 months after the date on which a standard is submitted to the Secretary by the consensus committee, the Secretary shall take action regarding such standard under subparagraph (C).

(C) *PROCEDURES.*—If the Secretary—

(i) adopts a standard recommended by the consensus committee, the Secretary shall—

(I) issue a final order without further rule-making; and

(II) cause the final order to be published in the Federal Register;

(ii) determines that any standard should be rejected, the Secretary shall—

(I) reject the standard; and
 (II) cause to be published in the Federal Register a notice to that effect, together with the reason or reasons for rejecting the proposed standard; or
 (iii) determines that a standard recommended by the consensus committee should be modified, the Secretary shall—

(I) cause the proposed modified standard to be published in the Federal Register, together with an explanation of the reason or reasons for the determination of the Secretary; and

(II) provide an opportunity for public comment in accordance with section 553 of title 5, United States Code.

(D) FINAL ORDER.—Any final standard under this paragraph shall become effective pursuant to subsection (c).

(6) FAILURE TO ACT.—If the Secretary fails to take final action under paragraph (5) and to publish notice of the action in the Federal Register before the expiration of the 12-month period beginning on the date on which the proposed standard is submitted to the Secretary under paragraph (4)(A)—

(A) the recommendations of the consensus committee—

(i) shall be considered to have been adopted by the Secretary; and

(ii) shall take effect upon the expiration of the 180-day period that begins upon the conclusion of such 12-month period; and

(B) not later than 10 days after the expiration of such 12-month period, the Secretary shall cause to be published in the Federal Register a notice of the failure of the Secretary to act, the revised standard, and the effective date of the revised standard, which notice shall be deemed to be an order of the Secretary approving the revised standards proposed by the consensus committee.

(b) OTHER ORDERS.—

(1) REGULATIONS.—The Secretary may issue procedural and enforcement regulations as necessary to implement the provisions of this title. The consensus committee may submit to the Secretary proposed procedural and enforcement regulations and recommendations for the revision of such regulations.

(2) INTERPRETATIVE BULLETINS.—The Secretary may issue interpretative bulletins to clarify the meaning of any Federal manufactured home construction and safety standard or procedural and enforcement regulation. The consensus committee may submit to the Secretary proposed interpretative bulletins to clarify the meaning of any Federal manufactured home construction and safety standard or procedural and enforcement regulation.

(3) REVIEW BY CONSENSUS COMMITTEE.—Before issuing a procedural or enforcement regulation or an interpretative bulletin—

(A) the Secretary shall—

(i) submit the proposed procedural or enforcement regulation or interpretative bulletin to the consensus committee; and

(ii) provide the consensus committee with a period of 120 days to submit written comments to the Secretary on the proposed procedural or enforcement regulation or the interpretative bulletin; and

(B) if the Secretary rejects any significant comment provided by the consensus committee under subparagraph (A), the Secretary shall provide a written explanation of the reasons for the rejection to the consensus committee; and

(C) following compliance with subparagraphs (A) and (B), the Secretary shall—

(i) cause the proposed regulation or interpretative bulletin and the consensus committee's written comments along with the Secretary's response thereto to be published in the Federal Register; and

(ii) provide an opportunity for public comment in accordance with section 553 of title 5, United States Code.

(4) **REQUIRED ACTION.**—The Secretary shall act on any proposed regulation or interpretative bulletin submitted by the consensus committee by approving or rejecting the proposal within 120 days from the date the proposal is received by the Secretary. The Secretary shall either—

(A) approve the proposal and cause the proposed regulation or interpretative bulletin to be published for public comment in accordance with section 553 of title 5, United States Code; or

(B) reject the proposed regulation or interpretative bulletin and—

(i) provide a written explanation of the reasons for rejection to the consensus committee; and

(ii) cause the proposed regulation and the written explanation for the rejection to be published in the Federal Register.

(5) **EMERGENCY ORDERS.**—If the Secretary determines, in writing, that such action is necessary in order to respond to an emergency which jeopardizes the public health or safety, or to address an issue on which the Secretary determines that the consensus committee has not made a timely recommendation, following a request by the Secretary, the Secretary may issue an order that is not developed under the procedures set forth in subsection (a) or in this subsection, if the Secretary—

(A) provides to the consensus committee a written description and sets forth the reasons why emergency action is necessary and all supporting documentation; and

(B) issues and publishes the order in the Federal Register.

(6) **CHANGES.**—Any statement of policies, practices, or procedures relating to construction and safety standards, inspections, monitoring, or other enforcement activities which constitutes a statement of general or particular applicability and future offset and decisions to implement, interpret, or prescribe law of policy

by the Secretary is subject to the provisions of subsection (a) or (b) of this subsection. Any change adopted in violation of the provisions of subsection (a) or (b) of this subsection is void.

(7) TRANSITION.—Until the date that the consensus committee is appointed pursuant to section 1104(a)(3), the Secretary may issue proposed orders that are not developed under the procedures set forth in this section for new and revised standards.

* * * * *

(d) Whenever a Federal manufactured home construction and safety standard established under this title is in effect, no State or political subdivision of a State shall have any authority either to establish, or to continue in effect, with respect to any manufactured home covered, any standard regarding construction or safety applicable to the same aspect of performance of such manufactured home which is not identical to the Federal manufactured home construction and safety standard. *Federal preemption under this subsection shall be broadly and liberally construed to ensure that disparate State or local requirements or standards do not affect the uniformity and comprehensiveness of the standards promulgated hereunder nor the Federal superintendence of the manufactured housing industry as established by this title. Subject to section 605, there is reserved to each State the right to establish standards for the stabilizing and support systems of manufactured homes sited within that State, and for the foundations on which manufactured homes sited within that State are installed, and the right to enforce compliance with such standards, except that such standards shall be consistent with the purposes of this title and shall be consistent with the design of the manufacturer.*

[(e) The Secretary may by order amend or revoke any Federal manufactured home construction or safety standard established under this section. Such order shall specify the date on which such amendment or revocation is to take effect, which shall not be sooner than one hundred and eighty days or later than one year from the date the order is issued, unless the Secretary finds, for good cause shown, that an earlier or later date is in the public interest, and publishes his reasons for such findings.

[(f) In establishing standards under this section, the Secretary shall—]

(e) CONSIDERATIONS IN ESTABLISHING AND INTERPRETING STANDARDS AND REGULATIONS.—The consensus committee, in recommending standards, regulations, and interpretations, and the Secretary, in establishing standards or regulations, or issuing interpretations under this section, shall—

(1) consider relevant available manufactured home construction and safety data, including the results of the research, development, testing, and evaluation activities conducted pursuant to this title, and those activities conducted by private organizations and other governmental agencies to determine how to best protect the public;

* * * * *

[(g) The Secretary shall issue an order establishing initial Federal manufactured home construction and safety standards not later than one year after the date of enactment of this Act.]

[(h)] *(f)* The Secretary shall exclude from the coverage of this title any structure which the manufacturer certifies, in a form prescribed by the Secretary, to be:

(1) * * *

* * * * *

[(i)] *(g)*(1) The Federal manufactured home construction and safety standards established by the Secretary under this section shall include preemptive energy conservation standards in accordance with this subsection.

* * * * *

[(j)] *(h)* The Secretary shall develop a new standard for hardboard panel siding on manufactured housing taking into account durability, longevity, consumer's costs for maintenance and any other relevant information pursuant to subsection **[(f)]** *(e)*. The Secretary shall consult with the National Manufactured Home Advisory Council and the National Commission on Manufactured Housing in establishing the new standard. The new performance standard developed shall ensure the durability of hardboard sidings for at least a normal life of a mortgage with minimum maintenance required. Not later than 180 days from the date of enactment of this subsection, the Secretary shall update the standards for hardboard siding.

[NATIONAL MANUFACTURED HOME ADVISORY COUNCIL

[SEC. 605. (a) The Secretary shall appoint a National Manufactured Home Advisory Council with the following composition: eight members selected from among consumer organizations, community organizations, and recognized consumer leaders; eight members from the manufactured home industry and related groups including at least one representative of small business; and eight members selected from government agencies including Federal, State, and local governments. Appointments under this subsection shall be made without regard to the provisions of title 5, United States Code, relating to appointments in the competitive service, classification, and General Schedule pay rates. The Secretary shall publish the names of the members of the Council annually and shall designate which members represent the general public.

[(b)] The Secretary shall, to the extent feasible, consult with the Advisory Council prior to establishing, amending, or revoking any manufactured home construction or safety standard pursuant to the provisions of this title.

[(c)] Any member of the National Manufactured Home Advisory Council who is appointed from outside the Federal Government may be compensated at a rate not to exceed \$100 per diem (including traveltime) when engaged in the actual duties of the Advisory Council. Such members, while away from their homes or regular places of business, may be allowed travel expenses, including per diem in lieu of subsistence as authorized by section 5703(b) of title 5, United States Code, for persons in the Government service employed intermittently.]

SEC. 605. MANUFACTURED HOME INSTALLATION.

(a) **PROVISION OF INSTALLATION DESIGN AND INSTRUCTIONS.**—A manufacturer shall provide with each manufactured home, design and instructions for the installation of the manufactured home that have been approved by a design approval primary inspection agency. After establishment of model standards under subsection (b)(2), a design approval primary inspection agency may not give such approval unless a design and instruction provides equal or greater protection than the protection provided under such model standards.

(b) **MODEL MANUFACTURED HOME INSTALLATION STANDARDS.**—

(1) **PROPOSED MODEL STANDARDS.**—Not later than 18 months after the date on which the initial appointments of all of the members of the consensus committee are completed, the consensus committee shall develop and submit to the Secretary proposed model manufactured home installation standards, which shall, to the maximum extent possible, taking into account the factors described in section 604(e), be consistent with—

(A) the home designs that have been approved by a design approval primary inspection agency; and

(B) the designs and instructions for the installation of manufactured homes provided by manufacturers under subsection (a).

(2) **ESTABLISHMENT OF MODEL STANDARDS.**—Not later than 12 months after receiving the proposed model standards submitted under paragraph (1), the Secretary shall develop and establish model manufactured home installation standards, which shall be consistent with—

(A) the home designs that have been approved by a design approval primary inspection agency; and

(B) the designs and instructions for the installation of manufactured homes provided by manufacturers under subsection (a).

(3) **FACTORS FOR CONSIDERATION.**—

(A) **CONSENSUS COMMITTEE.**—In developing the proposed model standards under paragraph (1), the consensus committee shall consider the factors described in section 604(e).

(B) **SECRETARY.**—In developing and establishing the model standards under paragraph (2), the Secretary shall consider the factors described in section 604(e).

(c) **MANUFACTURED HOME INSTALLATION PROGRAMS.**—

(1) **PROTECTION OF MANUFACTURED HOUSING RESIDENTS DURING INITIAL PERIOD.**—During the 5-year period beginning on the date of enactment of the Manufactured Housing Improvement Act, no State or manufacturer may establish or implement any installation standards that, in the determination of the Secretary, provide less protection to the residents of manufactured homes than the protection provided by the installation standards in effect with respect to the State or manufacturer, as applicable, on the date of enactment of the Manufactured Housing Improvement Act.

(2) **INSTALLATION STANDARDS.**—

(A) **ESTABLISHMENT OF INSTALLATION PROGRAM.**—Not later than the expiration of the 5-year period described in

paragraph (1), the Secretary shall establish an installation program that meets the requirements of paragraph (3) for the enforcement of installation standards in each State described in subparagraph (B).

(B) IMPLEMENTATION OF INSTALLATION PROGRAM.—Beginning on the expiration of the 5-year period described in paragraph (1), the Secretary shall implement the installation program established under subparagraph (A) in each State that does not have an installation program established by State law that meets the requirements of paragraph (3).

(C) CONTRACTING OUT OF IMPLEMENTATION.—In carrying out subparagraph (B), the Secretary may contract with an appropriate agent to implement the installation program established under that subparagraph, except that such agent shall not be a person or entity other than a government, nor an affiliate or subsidiary of such a person or entity, that has entered into a contract with the Secretary to implement any other regulatory program under this title.

(3) REQUIREMENTS.—An installation program meets the requirements of this paragraph if it is a program regulating the installation of manufactured homes that includes—

(A) installation standards that, in the determination of the Secretary, provide protection to the residents of manufactured homes that equals or exceeds the protection provided to those residents by—

(i) the model manufactured home installation standards established under subsection (b); or

(ii) the designs and instructions provided by manufacturers under subsection (a), if the Secretary determines that such designs and instructions provide protection to the residents of the manufactured home that equals or exceeds the protection provided by the model manufactured home installation standards established under subsection (b);

(B) the training and licensing of manufactured home installers; and

(C) inspection of the installation of manufactured homes.

* * * * *

PUBLIC INFORMATION

SEC. 607. (a) Whenever any manufacturer is opposed to any action of the Secretary under section 604 or under any other provision of this title on the grounds of increased cost or for other reasons, the manufacturer shall submit to the Secretary such cost and other information (in such detail as the Secretary may by rule or order prescribe) as may be necessary in order to properly evaluate the manufacturer's statement. The Secretary shall submit such cost and other information to the consensus committee for evaluation.

[(c) If the Secretary proposes to establish, amend, or revoke a Federal manufactured home construction and safety standard under section 604 on the basis of information submitted pursuant to subsection (a), he shall publish a notice of such proposed action,

together with the reasons therefor, in the Federal Register at least thirty days in advance of making a final determination, in order to allow interested parties an opportunity to comment.】

【(d)】 (c) For purposes of this section, “cost information” means information with respect to alleged cost increases resulting from action by the Secretary, in such a form as to permit the public, *the consensus committee*, and the Secretary to make an informed judgment on the validity of the manufacturer’s statements. Such term includes both the manufacturer’s statements. Such term includes both the manufacturer’s cost and the cost to retail purchasers.

【(e)】 (d) Nothing in this section shall be construed to restrict the authority of the Secretary to obtain or require submission of information under any other provision of this title.

RESEARCH, TESTING, DEVELOPMENT, AND TRAINING

SEC. 608. (a) The Secretary shall conduct research, testing, development, and training necessary to carry out the purposes of this title, including, but not limited to—

(1) * * *

(2) procuring (by negotiation or otherwise) experimental and other manufactured homes for research and testing purposes; 【and】

(3) selling or otherwise disposing of test manufactured homes and reimbursing the proceeds of such sale or disposal into the current appropriation available for the purpose of carrying out this title【.】;

(4) *encouraging the government sponsored housing entities to actively develop and implement secondary market securitization programs for FHA manufactured home loans and those of other loan programs, as appropriate, thereby promoting the availability of affordable manufactured homes to increase homeownership for all people in the United States; and*

(5) *reviewing the programs for FHA manufactured home loans and developing any changes to such programs to promote the affordability of manufactured homes, including changes in loan terms, amortization periods, regulations, and procedures.*

* * * * *

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

(1) GOVERNMENT SPONSORED HOUSING ENTITIES.—The term “government sponsored housing entities” means the Government National Mortgage Association of the Department of Housing and Urban Development, the Federal National Mortgage Association, and the Federal Home Loan Mortgage Corporation.

(2) FHA MANUFACTURED HOME LOANS.—The term “FHA manufactured home loan” means a loan that—

(A) *is insured under title I of the National Housing Act and is made for the purpose of financing alterations, repairs, or improvements on or in connection with an existing manufactured home, the purchase of a manufactured home, the purchase of a manufactured home and a lot on which to place the home, or the purchase only of a lot on which to place a manufactured home; or*

(B) otherwise insured under the National Housing Act and made for or in connection with a manufactured home.

* * * * *

NONCOMPLIANCE WITH STANDARDS

SEC. 613. (a) If the Secretary or a court of appropriate jurisdiction determines that any manufactured home does not conform to applicable Federal manufactured home construction and safety standards, or that it contains a defect which constitutes an imminent safety hazard, after the sale of such manufactured home by a manufacturer to a distributor or a [dealer] *retailer* and prior to the sale of such manufactured home by such distributor or [dealer] *retailer* to a purchaser—

(1) the manufacturer shall immediately repurchase such manufactured home from such distributor or [dealer] *retailer* at the price paid by such distributor or [dealer] *retailer*, plus all transportation charges involved and a reasonable reimbursement of not less than 1 per centum per month of such price paid prorated from the date of receipt by certified mail of notice of such nonconformance to the date of repurchase by the manufacturer; or

(2) the manufacturer, at his own expense, shall immediately furnish the purchasing distributor or [dealer] *retailer* the required conforming part or parts or equipment for installation by the distributor or [dealer] *retailer* on or in such manufactured home, and for the installation involved the manufacturer shall reimburse such distributor or [dealer] *retailer* for the reasonable value of such installation plus a reasonable reimbursement of not less than 1 per centum per month of the manufacturer's or distributor's selling price prorated from the date of receipt by certified mail of notice of such nonconformance to the date such vehicle is brought into conformance with applicable Federal standards, so long as the distributor or [dealer] *retailer* proceeds with reasonable diligence with the installation after the required part or equipment is received.

The value of such reasonable reimbursements as specified in paragraphs (1) and (2) of this subsection shall be fixed by mutual agreement of the parties, or, failing such agreement, by the court pursuant to the provisions of subsection (b).

(b) If any manufacturer fails to comply with the requirements of subsection (a), then the distributor or [dealer] *retailer*, as the case may be, to whom such manufactured home has been sold may bring an action seeking a court injunction compelling compliance with such requirements on the part of such manufacturer. Such action may be brought in any district court in the United States in the district in which such manufacturer resides, or is found, or has an agent, without regard to the amount in controversy, and the person bringing the action shall also be entitled to recover any damage sustained by him, as well as all court costs plus reasonable attorneys' fees. Any action brought pursuant to this section shall be forever barred unless commenced within three years after the cause of action shall have accrued.

INSPECTION OF MANUFACTURED HOMES AND RECORDS

SEC. 614. (a) * * *

* * * * *

(f) Each manufacturer, distributor, and **[dealer]** *retailer* of manufactured homes shall establish and maintain such records, make such reports, and provide such information as the Secretary may reasonably require to enable him to determine whether such manufacturer, distributor, or **[dealer]** *retailer* has acted or is acting in compliance with this title and Federal manufactured home construction and safety standards prescribed pursuant to this title and shall, upon request of a person duly designated by the Secretary, permit such person to inspect appropriate books, papers, records, and documents relevant to determining whether such manufacturer, distributor, or **[dealer]** *retailer* has acted or is acting in compliance with this title and manufactured home construction and safety standards prescribed pursuant to this title.

* * * * *

NOTIFICATION AND CORRECTION OF DEFECTS

SEC. 615. (a) * * *

(b) The notification required by subsection (a) shall be accomplished—

(1) by mail to the first purchaser (not including any **[dealer]** *retailer* or distributor of such manufacturer) of the manufactured home containing the defect, and to any subsequent purchaser to whom any warranty on such manufactured home has been transferred;

(2) by mail to any other person who is a registered owner of such manufactured home and whose name and address has been ascertained pursuant to procedures established under subsection (f); and

(3) by mail or other more expeditious means to the **[dealer or dealers]** *retailer or retailers* of such manufacturer to whom such manufactured home was delivered.

* * * * *

(d) Every manufacturer of manufactured homes shall furnish to the Secretary a true or representative copy of all notices, bulletins, and other communications to the **[dealers]** *retailers* of such manufacturer or purchasers of manufactured homes of such manufacturer regarding any defect in any such manufactured home produced by such manufacturer. The Secretary shall disclose to the public so much of the information contained in such notices or other information obtained under section 614 as he deems will assist in carrying out the purposes of this title, but he shall not disclose any information which contains or relates to a trade secret, or which, if disclosed would put such manufacturer at a substantial competitive disadvantage, unless he determines that it is necessary to carry out the purposes of this title.

(f) Every manufacturer of manufactured homes shall maintain a record of the name and address of the first purchaser of each manufactured home (for purposes other than resale), and, to the max-

imum extent feasible, shall maintain procedures for ascertaining the name and address of any subsequent purchaser thereof and shall maintain a record of names and addresses so ascertained. Such records shall be kept for each home produced by a manufacturer. The Secretary may establish by order procedures to be followed by manufacturers in establishing and maintaining such records, including procedures to be followed by distributors and **[dealers]** *retailers* to assist manufacturers to secure the information required by this subsection. Such procedures shall be reasonable for the particular type of manufactured home for which they are prescribed.

CERTIFICATION OF CONFORMITY WITH CONSTRUCTION AND SAFETY
STANDARDS

SEC. 616. Every manufacturer of manufactured homes shall furnish to the distributor or **[dealer]** *retailer* at the time of delivery of each such manufactured home produced by such manufacturer certification that such manufactured home conforms to all applicable Federal construction and safety standards. Such certification shall be in the form of a label or tag permanently affixed to each such manufactured home.

* * * * *

[INSPECTION FEES

[SEC. 620. In carrying out the inspections required under this title, the Secretary may establish and impose on manufactured home manufacturers, distributors, and dealers such reasonable fees as may be necessary to offset the expenses incurred by him in conducting such inspections, and the Secretary may use any fees so collected to pay expenses incurred in connection with such inspections except that this section shall not apply in any State which has in effect a State plan under section 623.]

AUTHORITY TO ESTABLISH FEES

SEC. 620. (a) IN GENERAL.—In carrying out inspections under this title, in developing standards and regulations pursuant to section 604, and in facilitating the acceptance of the affordability and availability of manufactured housing within the Department, the Secretary may—

(1) establish and collect from manufactured home manufacturers such reasonable fees as may be necessary to offset the expenses incurred by the Secretary in connection with carrying out the responsibilities of the Secretary under this title, including—

(A) conducting inspections and monitoring;

(B) providing funding to States for the administration and implementation of approved State plans under section 623, including reasonable funding for cooperative educational and training programs designed to facilitate uniform enforcement under this title; these funds may be paid directly to the States or may be paid or provided to any person or entity designated to receive and disburse such

funds by cooperative agreements among participating States, provided that such person or entity is not otherwise an agent of the Secretary under this title;

(C) providing the funding for a noncareer administrator and Federal staff personnel for the manufactured housing program;

(D) administering the consensus committee as set forth in section 604; and

(E) facilitating the acceptance of the quality, durability, safety, and affordability of manufactured housing within the Department; and

(2) use any fees collected under paragraph (1) to pay expenses referred to in paragraph (1), which shall be exempt and separate from any limitations on the Department of Housing and Urban Development regarding full-time equivalent positions and travel.

(b) CONTRACTORS.—When using fees under this section, the Secretary shall ensure that separate and independent contractors are retained to carry out monitoring and inspection work and any other work that may be delegated to a contractor under this title.

(c) PROHIBITED USE.—Fees collected under subsection (a) shall not be used for any purpose or activity not specifically authorized by this title unless such activity was already engaged in by the Secretary prior to the date of enactment of this title.

(d) MODIFICATION.—Any fee established by the Secretary under this section shall only be modified pursuant to rulemaking in accordance with section 553 of title 5, United States Code.

(e) APPROPRIATION AND DEPOSIT OF FEES.—

(1) IN GENERAL.—There is established in the Treasury of the United States a fund to be known as the “Manufactured Housing Fees Trust Fund” for deposit of all fees collected pursuant to subsection (a). These fees shall be held in trust for use only as provided in this title.

(2) APPROPRIATION.—Such fees shall be available for expenditure only to the extent approved in an annual appropriation Act.

* * * * *

STATE JURISDICTION; STATE PLANS

SEC. 623. (a) * * *

* * * * *

(c) The Secretary shall approve the plan submitted by a State under subsection (b), or any modification thereof, if such plan in his judgment—

*(1) * * **

* * * * *

(9) requires manufacturers, distributors, and [dealers] retailers in such State to make reports to the Secretary in the same manner and to the same extent as if the State plan were not in effect;

(10) provides that the State agency or agencies will make such reports to the Secretary in such form and containing such

information as the Secretary shall from time to time require; **[and]**

(11) *with respect to any State plan submitted on or after the expiration of the 5-year period beginning on the date of enactment of the Manufactured Housing Improvement Act, provides for an installation program established by State law that meets the requirements of section 605(c)(3);*

(12) *with respect to any State plan submitted on or after the expiration of the 5-year period beginning on the date of enactment of the Manufactured Housing Improvement Act, provides for a dispute resolution program for the timely resolution of disputes between manufacturers, retailers, and installers of manufactured homes regarding responsibility, and for the issuance of appropriate orders, for the correction or repair of defects in manufactured homes that are reported during the 1-year period beginning on the date of installation; and*

[(11)] (13) *complies with such other requirements as the Secretary may by regulation prescribe for the enforcement of this title.*

* * * * *

(g) **ENFORCEMENT OF DISPUTE RESOLUTION STANDARDS.—**

(1) **ESTABLISHMENT OF DISPUTE RESOLUTION PROGRAM.—***Not later than the expiration of the 5-year period beginning on the date of enactment of the Manufactured Housing Improvement Act, the Secretary shall establish a dispute resolution program that meets the requirements of subsection (c)(12) for dispute resolution in each State described in paragraph (2).*

(2) **IMPLEMENTATION OF DISPUTE RESOLUTION PROGRAM.—***Beginning on the expiration of the 5-year period described in paragraph (1), the Secretary shall implement the dispute resolution program established under paragraph (1) in each State that has not established a dispute resolution program that meets the requirements of subsection (c)(12).*

(3) **CONTRACTING OUT OF IMPLEMENTATION.—***In carrying out paragraph (2), the Secretary may contract with an appropriate agent to implement the dispute resolution program established under that paragraph, except that such agent shall not be a person or entity other than a government, nor an affiliate or subsidiary of such a person or entity, that has entered into a contract with the Secretary to implement any other regulatory program under this title.*

[ANNUAL REPORT TO CONGRESS

[SEC. 626. (a) The Secretary shall prepare and submit to the President for transmittal to the Congress on July 1 of every other year beginning with calendar year 1978 a comprehensive report on the administration of this title for the two preceding calendar years. Such report shall include but not be restricted to (1) a thorough statistical compilation of the accidents, injuries, deaths, and property losses occurring in or involving manufactured homes in such years; (2) a list of Federal manufactured home construction and safety standards prescribed or in effect in such years; (3) the level of compliance with all applicable Federal manufactured home

standards; (4) a summary of all current research grants and contracts together with a description of the problems to be studied in such research; (5) an analysis and evaluation, including relevant policy recommendations, of research activities completed and technological progress achieved during such years; (6) a statement of enforcement actions including judicial decisions, settlements, defect notifications, and pending litigation commenced during such years; and (7) the extent to which technical information was disseminated to the scientific community and consumer-oriented information was made available to manufactured home owners and prospective buyers.

[(b) The report required by subsection (a) of this section shall contain such recommendations for additional or revised legislation as the Secretary deems necessary to promote the improvement of manufactured home construction and safety and to strengthen the national manufactured home program.]

[(c) In order to assure a continuing and effective national manufactured home construction and safety program, it is the policy of Congress to encourage the adoption of State inspection of used manufactured homes. Therefore, to that end the Secretary shall conduct a thorough study and investigation to determine the adequacy of manufactured home construction and safety standards and manufactured home inspection requirements and procedures applicable to used manufactured homes in each State, and the effect of programs authorized by this title upon such standards, requirements, and procedures for used manufactured homes, and report to Congress as soon as practicable, but not later than one year after the date of enactment of this Act, the results of such study, and recommendations for such additional legislation as he deems necessary to carry out the purposes of this title. Such report shall also include recommendations by the Secretary relating to the problems of disposal of used manufactured homes.]

AUTHORIZATION OF APPROPRIATIONS

SEC. [627.] 626. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this title.

EFFECTIVE DATE

SEC. [628.] 627. The provisions of this title shall take effect upon the expiration of 180 days following the date of enactment of this title.

ADDITIONAL VIEWS OF REPRESENTATIVE JOHN J. LAFALCE

As Congress debates this homeownership and community development bill, it is instructive to reflect on our recent record in these two important areas.

This nation is currently enjoying its highest homeownership rate—66.8%. A significant cause of this achievement is the Budget Act—policies which have created record budget surpluses, lower interest and mortgage rates, seven years of robust economic growth, and record levels of consumer confidence.

Our record homeownership rate has also come about through pro-active housing policies—including last year's fight to preserve CRA during consideration of the financial modernization bill, a continued commitment to Fair Housing enforcement, a reduction in mortgage costs for 1st-time home-buyers as a result of HUD administrative action to reduce FHA premiums, and the virtual elimination of capital gains taxes on principal home sales.

Nevertheless, there is more we can do to make homeownership more affordable, and H.R. 1776 includes a number of provisions to this end. Debate and consideration of this bill has unfolded in a bipartisan manner, allowing the inclusion through amendment or negotiation of a number of provisions put forward by the Administration and by members on our side of the aisle.

For example, with regard to the FHA single family housing program, I am pleased that the committee adopted the provisions of H.R. 3884, a bill offered by myself and a number of other members of the committee. H.R. 3884, the Homeownership Opportunities for Uniformed Services and Educators Act," also known as the HOUSE Act, provides for one percent cash down payment mortgages for teachers, policemen, and firemen buying a home in the school district or jurisdiction that employs them. The purpose of this provision is to help school districts and localities with the recruitment and retention of these public servants, and to help the latter overcome the down payment mortgages for teachers, policemen, and firemen buying a home in the school district or jurisdiction that employs them. The purpose of this provision is to help school districts and localities with the recruitment and retention of these public servants, and to help the latter overcome the down payment barrier to buying a home.

The bill also includes two important provisions put forward by HUD—the hybrid ARM proposal included in this year's budget submission and the codification of HUD's Teacher Next Door program. As with other changes made to FHA in recent years, authority to guarantee hybrid loans provides FHA with the same loan flexibility offered by private sector lenders. The Teacher Next Door program, an extension of an existing HUD program for policemen, provides for discounted sale of HUD-foreclosed homes. And, I am pleased to see the inclusion of my legislation to lower the cost of FHA reverse

mortgage when used in conjunction with the purchase of long-term care insurance, by waiving the up-front premium for such use. Some 13 million senior citizens living in this country own their home free and clear, and this provision will make it easier for these seniors to provide financial and emotional security, at no out of pocket cost. I was pleased to work with the majority to expand this provision to potentially lower costs for reverse mortgages used for other health care expenditures.

Finally, this bill makes major changes to the federal regulation of manufactured housing. Over the last few years, this section of the bill has undergone a significant transformation, through the incorporation of a number of changes offered by Democrats to add new consumer protections and to restore regulatory authority to federal government. In particular, for the first time, we will be setting a national minimum installation standard, and establishing a requirement that every state operate a dispute resolution process to determine responsibility for defects and to order their repair in the first year after installation.

On another positive note, the bill includes a provision authorized by Rep. Frank to extend the maximum loan repayment period for federally insured loans used to finance manufactured housing lots.

Finally, with respect to economic development, this bill includes a reauthorization of the CDBG program at the level recommended by the Administration's FY 2001 budget, as well as some other miscellaneous provisions. While these are positive provisions, they are limited.

As noted during full committee debate, this committee has the opportunity to act on a major community development initiative designed to expand economic opportunities for individuals and communities being left behind our strong economic expansion. That opportunity is the enactment of the America's Private Investment Companies Act, also known as APIC. Though the committee elected not to include APIC in this bill, I am pleased that the majority has publicly committed to act on APIC under a separate committee markup.

JOHN J. LAFALCE.

ADDITIONAL VIEWS OF REPRESENTATIVE BARNEY FRANK

I write separately to discuss remaining concerns with Title XI (the “Manufactured Housing Improvement Act”) of the American Homeownership Act [“Title XI” or “MHIA”]. While significant improvements have been made in the MHIA even since negotiations resumed at the beginning of this year, further changes are called for to ensure that consumers are adequately protected.

Our progress on this bill is the result of a bipartisan process. Both sides of the aisle in the House and Senate participated in the rewriting of the consensus committee sections to ensure that manufactured housing residents will be adequately represented. We appreciate the majority’s willingness to work with us in the development of provisions establishing model installation standards, which will take effect if states do not pass their own, and in the creation of a dispute resolution process to protect consumers from so-called “ping-ponging” by producers and retailers attempting to deflect responsibility for defects. As a result of these bipartisan negotiations, the bill is unquestionably better.

During the full committee’s consideration of H.R. 1776, I offered amendments to address two concerns. The first has to do with the definition of “monitoring” in the MHIA. As now written, the bill conflates two different functions—“monitoring” and “inspecting”—through the inclusion of both concepts in the definition. The main problem with the definition in Section 1103(a)(21) arises with subpart (B), which provides that monitoring “may include the periodic inspection of retail locations for transit damage, label tampering, and retail compliance with this title.” The provision implicitly makes the inspections process a subset of monitoring, while then arguably limiting its scope. While the definition does not specifically preclude the inspection of the actual manufactured home at the manufacturing or retail location, the concern is that by mentioning the inspection process only in the context of retail locations—and essentially only for retail compliance—some may take the position that the list of elements to be inspected was intended to be exclusive. Since the committee’s rejection of this amendment by a narrow vote, we have made progress on this issue, and I believe that we will be able to reach a resolution to make it clear that it is not Congress’s intention to curtail the ability of HUD and the state agencies to inspect manufactured homes for defects at the manufacturing and retail sites.

A second issue that I attempted to address at the markup and will pursue is that of the availability of information regarding defects. Under current law, the Secretary is authorized to make available to the public any information indicating the existence of a defect relating to manufactured home construction or safety. Notwithstanding this authorization, I am told that HUD has never made this information available in response to Freedom of Information

Act requests. As a result, it is difficult for consumer advocates, or anyone else, to obtain access to comprehensive, reliable data on manufactured housing defects.

My amendment on disclosure would in essence impose a reasonable deadline by which HUD must provide information that it should already be providing pursuant to FOIA. And, in the interest of ensuring that the defect information is put in context, it would require that HUD issue a notification of a request for information to anyone who has asked for such notification, thereby providing the opportunity for any interested parties to respond to the information that HUD is releasing. The language of the amendment reflects our interest in addressing the concerns expressed by the manufactured housing industry: HUD must make the information available only upon request, FOIA protections on the release of information apply, and the industry would have an opportunity to balance information on defects provided by HUD with its own information. In addition, I believe that further safeguards are appropriate to ensure that only verified information of defects threatening serious physical harm is released, and we intend to make those changes to the amendment.

Finally, Section 1102 of the MHIA ("Findings and Purposes") lists eight purposes, but omits the only, critical purpose articulated under current law. Section 602 of the National Manufactured Housing Construction and Safety Standards Act of 1974 [42 USC 5401] provides: "The Congress declares that the purposes of this title are to reduce the number of personal injuries and deaths and the amount of insurance costs and property damage resulting from manufactured home accidents and to improve the quality and durability of manufactured homes. * * *"

This section is not merely hortatory, nor is its omission cosmetic. A federal appeals court based a decision upholding HUD wind standards on this statement of purpose. Specifically, in *Florida Manufactured Housing Assoc. Inc. v. Cisneros*, an Eleventh Circuit panel said that although the manufacturers challenging HUD's post-Hurricane Andrew wind standards were right that HUD had to consider cost increases to consumers in promulgating regulations, the statute required it to look beyond affordability to the goals of reducing injury, death, property damage and insurance costs. The bill's purposes should explicitly be broadened to include those provided under current law. I am confident that this too can be resolved as the bill progresses.

BARNEY FRANK.

