

109TH CONGRESS
1ST SESSION

H. R. 1269

To amend the Toxic Substances Control Act, the Internal Revenue Code of 1986, and the Public Buildings Act of 1959 to protect human health from toxic mold, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 14, 2005

Mr. CONYERS introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committees on Financial Services, Ways and Means, and the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Toxic Substances Control Act, the Internal Revenue Code of 1986, and the Public Buildings Act of 1959 to protect human health from toxic mold, and for other purposes.

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

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

4 (a) SHORT TITLE.—This Act may be cited as the
5 “United States Toxic Mold Safety and Protection Act of
6 2005” or the “Melina Bill”.

1 (b) TABLE OF CONTENTS.—The table of contents for
2 this Act is as follows:

TITLE I—RESEARCH AND PUBLIC EDUCATION

- Sec. 101. Definitions.
- Sec. 102. Health effects study and report.
- Sec. 103. Standards for preventing, detecting and remediating indoor mold growth.
- Sec. 104. Public education program.

TITLE II—HOUSING AND REAL PROPERTY PROVISIONS

- Sec. 201. Inspection of residential property.
- Sec. 202. Sale or lease of residential property.
- Sec. 203. Inspection requirements for existing public housing.
- Sec. 204. Construction requirements for new public housing.
- Sec. 205. Building codes.
- Sec. 206. Inspection requirement in connection with federally made or insured mortgages.

TITLE III—INDUSTRY STANDARDS DEVELOPMENT

- Sec. 301. Industry Standards Development.

TITLE IV—INDOOR MOLD HAZARD ASSISTANCE

- Sec. 401. Grants for remediation of public buildings.

TITLE V—TAX PROVISIONS

- Sec. 501. Tax credit for toxic mold inspection and remediation.

TITLE VI—NATIONAL TOXIC MOLD HAZARD INSURANCE PROGRAM

Subtitle A—Insurance Program

- Sec. 601. Program authority.
- Sec. 602. Scope of program and priorities.
- Sec. 603. Nature and limitation of insurance coverage.
- Sec. 604. Estimates of premium rates.
- Sec. 605. Establishment of chargeable premium rates.
- Sec. 606. National toxic mold hazard insurance fund.
- Sec. 607. Operating costs and allowances.
- Sec. 608. Payment of claims.
- Sec. 609. Dissemination of insurance information.
- Sec. 610. Coordination with other programs.
- Sec. 611. Reports.

Subtitle B—Organization and Administration of Insurance Program

- Sec. 621. Implementation.

PART 1—INDUSTRY PROGRAM WITH FEDERAL FINANCIAL ASSISTANCE

- Sec. 631. Industry insurance pool.

- Sec. 632. Agreements with insurance pool.
- Sec. 633. Adjustment and payment of claims and judicial review.
- Sec. 634. Premium equalization payments.
- Sec. 635. Emergency implementation of program.

PART 2—GOVERNMENT PROGRAM WITH INDUSTRY ASSISTANCE

- Sec. 641. Federal operation of program.
- Sec. 642. Adjustment and payment of claims and judicial review.

PART 3—PROVISIONS OF GENERAL APPLICABILITY

- Sec. 651. Services by insurance industry.
- Sec. 652. Use of insurance pool, companies, or other private organizations for certain payments.
- Sec. 653. Settlement and arbitration.
- Sec. 654. Records and audits.

Subtitle C—Miscellaneous Provisions

- Sec. 661. Definitions.
- Sec. 662. Payments.
- Sec. 663. Government corporation control act.
- Sec. 664. Finality of certain transactions.
- Sec. 665. Authorization of appropriations.

TITLE VII—HEALTH CARE PROVISIONS

- Sec. 701. Medicaid waiver.

1 **TITLE I—RESEARCH AND**
 2 **PUBLIC EDUCATION**

3 **SEC. 101. DEFINITIONS.**

4 For purposes of this Act—

5 (1) the term “mold” means any furry growth of
 6 minute fungi occurring in moist conditions;

7 (2) the term “toxic mold” means any indoor
 8 mold growth capable of creating toxins that can
 9 cause pulmonary, respiratory, neurological or other
 10 major illnesses after minimal exposure, as such ex-
 11 posure is defined by the Environmental Protection
 12 Agency, Center for Disease Control, National Insti-
 13 tute of Health or other Federal, State or local agen-

1 cy organized in part to study and/or protect human
2 health;

3 (3) the term “toxic mold risk assessor” means
4 a person who establishes the level of risk to public
5 health associated with toxic mold; and

6 (4) the term “mold inspection” means an in-
7 spection of real property that is designed to discover
8 indoor mold growth, toxic mold growth, conditions
9 that facilitate indoor mold growth and/or indicia of
10 conditions that are likely to facilitate indoor mold
11 growth.

12 **SEC. 102. RESEARCH AND REPORTING.**

13 (a) The Centers for Disease Control and Prevention,
14 the Environmental Protection Agency, and the National
15 Institutes of Health shall jointly undertake a comprehen-
16 sive study of the health effects of indoor mold growth and
17 toxic mold. The results of the aforementioned study shall
18 be submitted to the Congress, the President and the gen-
19 eral public. The study should ascertain among other
20 things—

21 (1) detailed information about harmful and/or
22 toxic strains of mold;

23 (2) methods of detecting harmful and/or toxic
24 mold;

1 (3) potential dangers of prolonged exposure to
2 indoor mold growth;

3 (4) minimum levels of exposure at which indoor
4 mold growth is harmful to human health; and

5 (5) the hazards involved in mold remediation.

6 (b) The Department of Housing and Urban Develop-
7 ment shall study and report the impact of construction
8 standards on indoor mold growth.

9 (c) EPA STUDY.—The Administrator of the Environ-
10 mental Protection Agency shall conduct a comprehensive
11 study on the economic impact of mold on home owners,
12 renters, businesses, residential and commercial real estate,
13 and litigation.

14 (d) All research and study conducted pursuant to this
15 Act shall be ongoing with updated reports published as
16 needed to adequately inform the public and protect human
17 health.

18 **SEC. 103. STANDARDS FOR PREVENTING, DETECTING, AND**

19 **REMEDIATING INDOOR MOLD GROWTH.**

20 (a) After appropriate research and study as required
21 by this Act, but not later than one year after the effective
22 date of this Act, the Environmental Protection Agency,
23 in conjunction with appropriate Federal agencies, shall
24 promulgate national standards that include, among other
25 things—

1 (1) standards for mold inspection, mold remedi-
2 ation, testing the toxicity of mold, and protection of
3 mold remediators;

4 (2) standards for certification of mold inspec-
5 tors, mold remediators, mold testing labs, mold risk
6 assessors and industrial hygienist involved with mold
7 remediation planning; and

8 (3) standards for the design, installation, and
9 maintenance of air ventilation and/or air-condi-
10 tioning systems to prevent mold growth or creation
11 of conditions that foster mold growth, such as mois-
12 ture intrusion.

13 (b) After appropriate research and study as required
14 by this Act, but not later than one year after the effective
15 date of this Act, the Secretary of the Department of Hous-
16 ing and Urban Development shall publish guidelines for
17 building design, construction, operation, and maintenance
18 to prevent conditions that foster mold growth, such as
19 moisture intrusion, and recommending appropriate means
20 of eliminating those conditions. These guidelines include
21 identification of conditions that foster mold growth prior
22 to construction, and shall recommend appropriate means
23 of eliminating those conditions.

24 (c) To the maximum extent possible, the standards,
25 guidelines and recommendations established under this

1 section shall be developed with the assistance of organiza-
2 tions involved in establishing national building construc-
3 tion standards representatives of State or local authorities
4 responsible for building inspections and issuance of certifi-
5 cates of occupancy.

6 (d) The Environmental Protection Agency and the
7 Department of Housing and Urban Development shall
8 make drafts of their respective documents available for
9 public review and comment 30 days prior to publication.
10 The Environmental Protection Agency and the Depart-
11 ment of Housing and Urban Development shall make final
12 model standards and techniques available to the public no
13 later than one year after the effective date of this Act.

14 (e) The Environmental Protection Agency shall take
15 such actions as may be necessary to inform appropriate
16 State and local government agencies and authorities of the
17 model standards and techniques with the goal of ensuring
18 that such agencies and authorities adopt such standards
19 and techniques by June 1, 2004.

20 (f) All standards and guidelines promulgated pursu-
21 ant to this Act shall be updated and published as needed
22 to adequately inform the public and protect human health.

23 **SEC. 104. PUBLIC EDUCATION.**

24 (a) The Environmental Protection Agency, the Cen-
25 ters for Disease Control and Prevention, the National In-

1 stitutes of Health, and the Department of Housing and
2 Urban Development, and other relevant agencies shall
3 sponsor public education programs to promote and in-
4 crease public awareness of the dangers of indoor mold
5 growth or toxic mold.

6 (b) The public education programs should include,
7 among other things, information regarding the conditions
8 that facilitate indoor mold growth; guidelines for remedi-
9 ating indoor mold growth; dangers of exposure to indoor
10 mold growth in public buildings; risk assessment and in-
11 spection methods for toxic mold; and other necessary in-
12 formation as determined by the Administrator of the Envi-
13 ronmental Protection Agency.

14 (1) The public education programs shall provide
15 education and information through modes of com-
16 munication that are commonly utilized and able to
17 be easily consumed by relevant individuals or organi-
18 zations.

19 (2) Public education programs should be de-
20 signed to reach health professionals; the general
21 public; homeowners, prospective homeowners, land-
22 lords, and tenants; consumers of home improvement
23 products; the real estate industry; the home con-
24 struction and renovation industry, including the
25 heating and air conditioning industry; and other in-

1 dividuals and organizations with an interest in the
2 use and/or occupancy of real property.

3 (c) Notwithstanding the foregoing, the Environ-
4 mental Protection Agency, in consultation with appro-
5 priate agencies, shall publish, and periodically revise, a
6 pamphlet regarding indoor mold hazards. Among other
7 things this pamphlet should—

8 (1) contain information regarding the health
9 risks associated with exposure to indoor mold
10 growth;

11 (2) provide information on the hazards of in-
12 door mold growth in federally assisted and federally
13 owned housing;

14 (3) describe the risks of mold exposure for per-
15 sons residing in a dwelling with toxic mold;

16 (4) provide information on approved methods
17 for evaluating and reducing mold growth and their
18 effectiveness in identifying, reducing, eliminating, or
19 preventing mold growth;

20 (5) advise persons how to obtain a list of per-
21 sons certified to inspect or remediate mold growth in
22 the area in which the pamphlet is to be used;

23 (6) state that a risk assessment or inspection
24 for mold growth is recommended prior to the pur-
25 chase, lease, or renovation of target housing;

1 (7) state that certain State and local laws im-
2 pose additional requirements related to mold growth
3 in housing and provide a listing of Federal, State,
4 and local agencies in each State, including address
5 and telephone number, that can provide information
6 about applicable laws and available governmental
7 and private assistance and financing; and

8 (8) provide information deemed appropriate
9 and/or necessary to promote awareness of the haz-
10 ards posed by indoor mold.

11 (d) There is authorized to be appropriated such sums
12 as may be necessary to carry out this section.

13 **TITLE II—HOUSING PROVISIONS**
14 **FOR INDOOR MOLD HAZARD**
15 **PREVENTION AND DETEC-**
16 **TION**

17 **SEC. 201. INSPECTIONS OF RESIDENTIAL PROPERTY.**

18 Beginning with the calendar year 2004, the lessor of
19 each unit of rental property shall conduct an annual in-
20 spection of such property in accordance with the model
21 standards and techniques set forth in section 103 and
22 shall promptly notify the occupants of such property of
23 the results of such inspection.

1 **SEC. 202. SALE OR LEASE OF RESIDENTIAL PROPERTY.**

2 (a) Not later than 2 years after the date of enactment
3 of this Act, the Secretary of Housing and Urban Develop-
4 ment and the Administrator of the Environmental Protec-
5 tion Agency shall promulgate regulations under this sec-
6 tion for the disclosure of mold hazards in housing which
7 is offered for sale or lease.

8 (b) The regulations shall require that, before the sale
9 or lease of real property a mold inspection be conducted
10 by a State-certified mold inspector and, within a reason-
11 able time prior to the effective date of the purchase or
12 lease, the seller or lessor shall clearly and accurately dis-
13 close to the purchaser or lessee the results of the inspec-
14 tion required under this subsection.

15 (c) Regulations promulgated under this section shall
16 provide that every contract for the sale or lease of any
17 interest in housing shall contain a statement signed by
18 both the seller or lessor and by the purchaser or lessee
19 that acknowledges the result of the mold inspection re-
20 quired by subsection (b).

21 (d)(1) Any person who knowingly misrepresents the
22 results of a mold inspection or causes the results of a mold
23 inspection to be inaccurate shall be subject to civil money
24 penalties in accordance with the provisions of section 102
25 of the Department of Housing and Urban Development
26 Reform Act of 1989 (42 U.S.C. 3545).

1 (2) Any person who knowingly violates the provisions
2 of this section shall be jointly and severally liable to the
3 purchaser or lessee in an amount equal to 3 times the
4 amount of damages incurred by such individual.

5 (3) In any civil action brought for damages, the ap-
6 propriate court may award court costs to the party com-
7 mencing such action, together with reasonable attorney
8 fees and any expert witness fees, if that party prevails.

9 (e) The regulations under this section shall take ef-
10 fect 3 years after the date of the enactment of this Act.

11 **SEC. 203. INSPECTION REQUIREMENTS FOR EXISTING PUB-**
12 **LIC HOUSING.**

13 (a) IN GENERAL.—The Secretary of Housing and
14 Urban Development shall establish procedures to elimi-
15 nate, as far as practicable, the hazards of indoor mold
16 with respect to any existing public housing which may
17 present such hazards, in accordance with this section.
18 Such procedures shall provide for appropriate measures
19 to conduct risk assessments, inspections, interim controls,
20 and abatement of indoor mold hazards.

21 (b) PROCEDURES.—At a minimum, such procedures
22 shall require—

23 (1) the provision of indoor mold hazard infor-
24 mation pamphlets to tenants;

1 (2) periodic risk assessments and interim con-
2 trols in accordance with a schedule determined by
3 the Secretary;

4 (3) mold inspections;

5 (4) abatement of indoor mold hazards identi-
6 fied;

7 (5) where risk assessment, inspection, or reduc-
8 tion activities have been undertaken, the provision of
9 notice to occupants describing the nature and scope
10 of such activities and the actual risk assessment or
11 inspection reports; and

12 (6) such other measures as the Secretary deems
13 appropriate.

14 (c) TRANSITIONAL TESTING AND ABATEMENT.—

15 (1) PUBLIC HOUSING RECEIVING CAPITAL FUND
16 ASSISTANCE.—The inspection required under this
17 section for public housing assisted with amounts
18 from the Capital Fund under section 9(d) of the
19 United States Housing Act of 1937 (42 U.S.C.
20 1437g(d)) shall be conducted with respect to—

21 (A) a random sample of dwellings and
22 common areas in all public housing projects as-
23 sisted under such section; and

24 (B) each dwelling in any public housing
25 project in which there is a dwelling determined

1 under subparagraph (A) to have indoor mold
2 hazards.

3 (2) INSPECTION.—The Secretary shall require
4 the inspection of all housing subject to this sub-
5 section in accordance with the modernization sched-
6 ule. A public housing agency may elect to test for in-
7 door mold hazards and may elect to abate such haz-
8 ards under standards more stringent than those es-
9 tablished under this section by the Secretary, and
10 such abatement shall qualify for assistance from the
11 Capital Fund. The Secretary shall require abatement
12 of indoor mold hazards in housing in which the test
13 results equal or exceed the standard established
14 under this Act. Final inspection and certification
15 after abatement shall be made by a certified mold
16 inspector, industrial hygienist, or local public health
17 official.

18 (d) SCHEDULE.—Three years after the date of enact-
19 ment of this Act, the Secretary shall require the inspection
20 of all housing subject to this section for mold. The Sec-
21 retary may prioritize, within such period, inspections on
22 the basis of vacancy, age of housing, or projected mod-
23 ernization or rehabilitation. The Secretary shall require
24 abatement and final inspection and certification of such
25 housing.

1 (e) REPORT.—Not later than three and one-half
2 years after the enactment of this Act, the Secretary shall
3 submit a report to the Congress describing the results of
4 the activities under this section.

5 (f) FUNDING.—The Secretary shall use amounts
6 available under the Capital Fund under section 9(d) of
7 the United States Housing Act of 1937 to carry out this
8 section. The Secretary shall submit annually to the Con-
9 gress an estimate of the funds required to carry out the
10 provisions of this section.

11 **SEC. 204. CONSTRUCTION REQUIREMENTS FOR NEW PUB-**
12 **LIC HOUSING.**

13 The Secretary of Housing and Urban Development
14 shall take such actions and impose such standards and
15 conditions as may be necessary or appropriate to ensure
16 that public housing constructed after the date of the
17 issuance of the model construction standards and tech-
18 niques established under section 103, is constructed in ac-
19 cordance with such model standards and techniques.

20 **SEC. 205. BUILDING CODES.**

21 (a) IN GENERAL.—The Secretary of Housing and
22 Urban Development shall develop model construction
23 standards and techniques for preventing and controlling
24 mold within new buildings.

1 (b) CONTENTS.—The model standards and tech-
2 niques shall provide for geographic differences in construc-
3 tion types and materials, geology, weather, and other vari-
4 ables that may affect mold levels in new buildings.

5 (c) DEVELOPMENT AND PUBLICATION.—To the max-
6 imum extent possible, these standards and techniques
7 should be developed with the assistance of organizations
8 involved in establishing national building construction
9 standards and techniques. The Secretary shall make a
10 draft of the document containing the model standards and
11 techniques available for public review and comment. The
12 Secretary shall make final model standards and techniques
13 available to the public no later than one year after the
14 effective date of this Act.

15 **SEC. 206. INSPECTION REQUIREMENT IN CONNECTION**
16 **WITH FEDERALLY MADE OR INSURED MORT-**
17 **GAGES.**

18 (a) IN GENERAL.—After December 31, 2006, no
19 Federal agency (as such term is defined in section 551
20 of title 5, United States Code) may make, insure, or guar-
21 antee a mortgage or loan for purchase or lease of residen-
22 tial real property unless—

23 (1) there has been an inspection of the property
24 for the presence of indoor mold growth, toxic mold
25 and/or the conditions that facilitate indoor mold

1 growth hazards by a mold inspector certified in ac-
2 cordance with standards promulgated pursuant to
3 this Act within a reasonable time prior to the mak-
4 ing, insuring, or guaranteeing of the mortgage or
5 loan and the results of the inspection are clearly and
6 accurately disclosed to the purchaser, seller and
7 mortgagor; and

8 (2) the contract for purchase and sale of an in-
9 terest in residential real property for which such
10 mortgage or loan was made contains a statement
11 signed by the seller or lessor and by the purchaser
12 or lessee that paragraph (1) has been complied with.

13 (b) REGULATIONS.—The heads of each of the agen-
14 cies that make, insure, or guarantee mortgages or loans
15 for purchase or lease of residential real property shall, not
16 later than September 30, 2006, issue such regulations as
17 may be necessary to carry out this section.

18 **TITLE III—INDUSTRY** 19 **STANDARDS DEVELOPMENT**

20 **SEC. 301. INDUSTRY STANDARDS DEVELOPMENT.**

21 (a) DEFINITIONS.—Section 2 of the National Cooper-
22 ative Research and Production Act of 1993 (15 U.S.C.
23 4301) is amended—

24 (1) in subsection (a) by adding at the end the
25 following:

1 “(7) The term ‘standards development activity’
2 means any action taken by a standards development
3 organization for the purpose of developing, promul-
4 gating, revising, amending, reissuing, interpreting,
5 or otherwise maintaining a voluntary consensus
6 standard for building products that are designed to
7 retard the development of mold or the storage of
8 those products or using such standard in conformity
9 assessment activities.

10 “(8) The term ‘standards development organi-
11 zation’ has the same meaning as the terms ‘vol-
12 untary consensus standards body’ and ‘voluntary,
13 private sector consensus standards body’ as such
14 term are used in section 12(d) of the National Tech-
15 nology Transfer and Advancement Act of 1995 and
16 in Circular Number A-119, as revised February 10,
17 1998, of the Office of Management and Budget.

18 “(9) The term ‘technical standard’ has the
19 meaning given such term in section 12(d)(4) of the
20 National Technology Transfer and Advancement Act
21 of 1995.

22 “(10) The term ‘voluntary consensus standard’
23 has the meaning given such term in Circular Num-
24 ber A-119, as revised February 10, 1998, of the Of-
25 fice of Management and Budget.”; and

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

2 “(c) The term ‘standards development activity’ ex-
3 cludes the following activities:

4 “(1) Exchanging information among competi-
5 tors relating to cost, sales, profitability, prices, mar-
6 keting, or distribution of any product, process, or
7 service that is not reasonably required for the pur-
8 pose of developing or promulgating a voluntary con-
9 sensus standard, or using such standard in con-
10 formity assessment activities.

11 “(2) Entering into any agreement or engaging
12 in any other conduct that would allocate a market
13 with a competitor.

14 “(3) Entering into any agreement or conspiracy
15 that would set or restrain prices of any good or serv-
16 ice.”.

17 (b) RULE OF REASON STANDARD.—Section 3 of the
18 National Cooperative Research and Production Act of
19 1993 (15 U.S.C. 4302) is amended by striking “of any
20 person in making or performing a contract to carry out
21 a joint venture shall” and inserting the following:

22 “of—

23 “(1) any person in making or performing a con-
24 tract to carry out a joint venture, or

1 “(2) a standards development organization
2 while engaged in a standards development activity,
3 including a standards development activity for build-
4 ing products that are designed to retard the develop-
5 ment of mold or the storage of those products
6 shall”.

7 (c) LIMITATION ON RECOVERY.—Section 4 of the
8 National Cooperative Research and Production Act of
9 1993 (15 U.S.C. 4303) is amended—

10 (1) in subsections (a)(1), (b)(1), and (c)(1) by
11 inserting “, for a standards development activity en-
12 gaged in by standards development organization
13 against which such claim is made” after “joint ven-
14 ture”, and

15 (2) in subsection (e)—

16 (A) by inserting “, or of a standards devel-
17 opment activity engaged in by a standards de-
18 velopment organization” before the period at
19 the end, and

20 (B) by redesignating such subsection as
21 subsection (f), and

22 (3) by inserting after subsection (d) the fol-
23 lowing:

24 “(e) Subsections (a), (b), and (c) shall not be con-
25 strued to modify the liability under the antitrust laws of

1 any person (other than a standards development organiza-
2 tion) who—

3 “(1) directly (or through an employee or agent)
4 participates in a standards development activity with
5 respect to which a violation of any of the antitrust
6 laws is found,

7 “(2) is not a full-time employee of the stand-
8 ards development organization that engaged in such
9 activity, and

10 “(3) is, or is an employee or agent of a person
11 who is, engaged in a line of commerce that is likely
12 to benefit directly from the operation of the stand-
13 ards development activity with respect to which such
14 violation is found.”.

15 (d) ATTORNEY FEES.—Section 5 of the National Co-
16 operative Research and Production Act of 1993 (15
17 U.S.C. 4304) is amended—

18 (1) in subsection (a) by inserting “, or of a
19 standards development activity engaged in by a
20 standards development organization (including an
21 organization developing standards for building prod-
22 ucts that are designed to retard the development of
23 mold or the storage of those products)” after “joint
24 venture”, and

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

1 “(c) Subsections (a) and (b) shall not apply with re-
2 spect to any person who—

3 “(1) directly participates in a standards devel-
4 opment activity (including developing standards for
5 building products that are designed to retard the de-
6 velopment of mold or the storage of those products)
7 with respect to which a violation of any of the anti-
8 trust laws is found,

9 “(2) is not a full-time employee of a standards
10 development organization (including an organization
11 developing standards for building products that are
12 designed to retard the development of mold or the
13 storage of those products) that engaged in such ac-
14 tivity, and

15 “(3) is, or is an employee or agent of a person
16 who is, engaged in a line of commerce that is likely
17 to benefit directly from the operation of the stand-
18 ards development activity with respect to which such
19 violation is found.”.

20 (e) DISCLOSURE OF STANDARDS DEVELOPMENT AC-
21 TIVITY.—Section 6 of the National Cooperative Research
22 and Production Act of 1993 (15 U.S.C. 4305) is amend-
23 ed—

24 (1) in subsection (a)—

1 (A) by redesignating paragraphs (1), (2),
2 and (3) as subparagraphs (A), (B), and (C), re-
3 spectively,

4 (B) by inserting “(1)” after “(a)”, and

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

6 “(2) A standards development organization (includ-
7 ing an organization developing standards for building
8 products that are designed to retard the development of
9 mold or the storage of those products) may, not later than
10 90 days after commencing a standards development activ-
11 ity engaged in for the purpose of developing or promul-
12 gating a voluntary consensus standards or not later than
13 90 days after the date of the enactment of the Standards
14 Development Organization Advancement Act of 2002,
15 whichever is later, file simultaneously with the Attorney
16 General and the Commission, a written notification dis-
17 closing—

18 “(A) the name and principal place of business
19 of the standards development organization, and

20 “(B) documents showing the nature and scope
21 of such activity.

22 Any standards development organization (including an or-
23 ganization developing standards for building products that
24 are designed to retard the development of mold or the
25 storage of those products) may file additional disclosure

1 notifications pursuant to this section as are appropriate
2 to extend the protections of section 4 to standards develop-
3 ment activities that are not covered by the initial filing
4 or that have changed significantly since the initial filing.”,

5 (2) in subsection (b)—

6 (A) in the 1st sentence by inserting “, or
7 a notice with respect to such standards develop-
8 ment activity that identifies the standards de-
9 velopment organization engaged in such activity
10 and that describes such activity in general
11 terms” before the period at the end, and

12 (B) in the last sentence by inserting “or
13 available to such organization, as the case may
14 be” before the period,

15 (3) in subsection (d)(2) by inserting “, or the
16 standards development activity,” after “venture”,

17 (4) in subsection (e)—

18 (A) by striking “person who” and inserting
19 “person or standards development organization
20 that”, and

21 (B) by inserting “or any standards devel-
22 opment organization (including an organization
23 developing standards for building products that
24 are designed to retard the development of mold

1 or the storage of those products)” after “per-
2 son” the last place it appears, and

3 (5) in subsection (g)(1) by inserting “or stand-
4 ards development organization (including an organi-
5 zation developing standards for building products
6 that are designed to retard the development of mold
7 or the storage of those products)” after “person”.

8 **TITLE IV—INDOOR MOLD**
9 **HAZARD ASSISTANCE**

10 **SEC. 401. GRANTS FOR REMEDIATION OF PUBLIC BUILD-**
11 **INGS AND SEVERELY IMPACTED HOMES.**

12 (a) IN GENERAL.—The Administrator of the Envi-
13 ronmental Protection Agency shall make grants available
14 to State and local governments to cover—

15 (1) costs associated with remediating mold
16 growth in buildings owned or leased by such govern-
17 ments, including but not limited to schools and mul-
18 tifamily dwellings, and to the owners of residential
19 properties, including both single family and multi-
20 family properties; and

21 (2) the costs of temporary housing, food, and
22 moving costs for periods not in excess of 6 months
23 for individuals severely impacted by toxic mold in
24 their residences who are without insurance coverage
25 for toxic mold and who do not have financial re-

1 sources to obtain alternative housing, as determined
2 on a case by case basis by the State or local govern-
3 ment.

4 (b) USE OF FUNDS.—All funds included in a grant
5 under subsection (a)(1) that are awarded to schools shall
6 only be used for purposes of remediation, including the
7 the costs of inspection, risk assessment, testing, remedi-
8 ation, and maintenance.

9 **TITLE V—TAX PROVISIONS**

10 **SEC. 501. TAX CREDIT FOR TOXIC MOLD INSPECTION AND** 11 **REMEDICATION.**

12 (a) IN GENERAL.—Subpart B of part IV of sub-
13 chapter A of chapter 1 of the Internal Revenue Code of
14 1986 is amended by adding at the end the following new
15 section:

16 **“SEC. 30B. CREDIT FOR MOLD INSPECTION AND REMEDI-** 17 **ATION.**

18 “(a) GENERAL RULE.—There shall be allowed as a
19 credit against the tax imposed by this chapter for the tax-
20 able year an amount equal to 60 percent of mold inspec-
21 tion and remediation expenses paid or incurred by the tax-
22 payer during such taxable year.

23 “(b) LIMITATION.—The amount of the credit allowed
24 under subsection (a) for any taxable year shall not exceed
25 \$50,000.

1 “(c) MOLD INSPECTION AND REMEDIATION EX-
2 PENSES.—For purposes of this section, the term ‘mold in-
3 spection and remediation expenses’ means expenses paid
4 or incurred by the taxpayer (and not reimbursed by insur-
5 ance or otherwise) to carry out—

6 “(1) a risk assessment or inspection of housing
7 for the presence of indoor mold hazards under sec-
8 tion 202 of the United States Toxic Mold Safety and
9 Protection Act,

10 “(2) a risk assessment or inspection of any
11 other building for the presence of mold (as defined
12 in section 101(2) of the United States Toxic Mold
13 Safety and Protection Act), or

14 “(3) a remediation of mold growth in housing
15 or any other building.

16 “(d) DENIAL OF DOUBLE BENEFIT.—No deduction
17 or credit under any other provision of this chapter shall
18 be allowed with respect to mold inspection and remedi-
19 ation expenses taken into account for the credit under this
20 section.

21 “(e) CERTAIN RULES MADE APPLICABLE.—All per-
22 sons treated as one employer under subsection (a) or (b)
23 of section 52 shall be treated as 1 taxpayer for purposes
24 of this section.

1 “(f) APPLICATION WITH OTHER CREDITS.—The
2 credit allowed by subsection (a) for any taxable year shall
3 not exceed the excess (if any) of—

4 “(1) the regular tax for the taxable year, re-
5 duced by the sum of the credits allowable under sub-
6 part A and the preceding sections of this subpart,
7 over

8 “(2) the tentative minimum tax for the taxable
9 year.”.

10 (b) CLERICAL AMENDMENT.—The table of sections
11 for subpart B of part IV of subchapter A of chapter 1
12 of the Internal Revenue Code of 1986 is amended by add-
13 ing at the end the following:

“30B. Credit for mold inspection and remediation.”.

14 (c) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to amounts paid or incurred in tax-
16 able years beginning after December 31, 2006.

17 **TITLE VI—NATIONAL TOXIC**
18 **MOLD HAZARD INSURANCE**
19 **PROGRAM**

20 **Subtitle A—Insurance Program**

21 **SEC. 601. PROGRAM AUTHORITY.**

22 (a) IN GENERAL.—The Director of the Federal
23 Emergency Management Agency shall establish and carry
24 out a national toxic mold insurance program to enable in-
25 terested persons to purchase insurance against losses re-

1 sulting from mold hazards in real properties located in the
2 United States.

3 (b) PARTICIPATION.—In carrying out the toxic mold
4 hazard insurance program under this title, the Director
5 shall, to the maximum extent practicable, encourage and
6 arrange for—

7 (1) appropriate financial participation and risk
8 sharing in the program by insurance companies and
9 other insurers; and

10 (2) other appropriate participation on other
11 than a risk-sharing basis, by insurance companies
12 and other insurers, insurance agents and brokers,
13 and insurance adjustment organizations, in accord-
14 ance with the provisions of subtitle B.

15 **SEC. 602. SCOPE OF PROGRAM AND PRIORITIES.**

16 (a) PRIORITY OF PROGRAM SCOPE.—In carrying out
17 the toxic mold hazard insurance program, the Director
18 shall afford a priority to making toxic mold hazard insur-
19 ance available to cover residential properties which are de-
20 signed for the occupancy of from one to four families.

21 (b) ADDITIONAL SCOPE.—If, pursuant to studies and
22 investigations pursuant to section 604 or such other infor-
23 mation as the Director considers appropriate, the Director
24 determines that it would be feasible to extend the insur-
25 ance program under this title to cover other properties,

1 the Director may take such action under this title as may
2 be necessary to make insurance available to cover, on such
3 basis as may be feasible, any types and classes of—

4 (1) other residential properties;

5 (2) church properties, and business properties
6 which are owned or leased and operated by small
7 business concerns;

8 (3) other business properties;

9 (4) properties occupied by private nonprofit or-
10 ganizations; and

11 (5) properties owned by State and local govern-
12 ments and agencies thereof;

13 and any such extensions of the program to any types and
14 classes of these properties shall from time to time be pre-
15 scribed in regulations.

16 **SEC. 603. NATURE AND LIMITATION OF INSURANCE COV-**
17 **ERAGE.**

18 The Director shall from time to time, after consulta-
19 tion with interested parties (including the insurance au-
20 thorities of the States), provide by regulation for general
21 terms and conditions of insurability which shall be applica-
22 ble to properties eligible for toxic mold hazard insurance
23 coverage under section 602, including—

24 (1) the types, classes, and locations of any such
25 properties which shall be eligible for such insurance;

1 (2) the nature and limits of loss or damage that
2 may be covered by such insurance, which shall in-
3 clude costs of property damage and loss, remedi-
4 ation, relocation (during remediation or perma-
5 nently), and rental of an alternative dwelling during
6 remediation;

7 (3) the classification, limitation, and rejection
8 of any risks that may be appropriate;

9 (4) appropriate minimum premiums;

10 (5) appropriate loss-deductibles;

11 (6) appropriate limits on aggregate liability
12 under such coverage, based on the type of property
13 insured; and

14 (7) any other terms and conditions relating to
15 insurance coverage or exclusion which may be nec-
16 essary to carry out the purposes of this title.

17 **SEC. 604. ESTIMATES OF PREMIUM RATES.**

18 The Director shall undertake and carry out such
19 studies and investigations and receive or exchange such
20 information as may be necessary to estimate, and shall
21 from time to time estimate the following premium rates
22 for toxic mold hazard insurance coverage under this title:

23 (1) **ACTUARIAL RATES.**—The risk premium
24 rates that would be required to make such insurance
25 available on an actuarial basis for any types and

1 classes of properties for which insurance coverage is
2 available under section 602 and which—

3 (A) are based on consideration of the risk
4 involved and accepted actuarial principles;

5 (B) include the applicable operating costs
6 and allowances set forth in the schedules pre-
7 scribed under section 607 and reflected in such
8 rates; and

9 (C) include any administrative expenses of
10 carrying out the insurance program under this
11 title.

12 (2) SUBSIDIZED RATES.—The risk premium
13 rates that—

14 (A) are less than the rates estimated under
15 paragraph (1);

16 (B) would be reasonable;

17 (C) would encourage prospective insureds
18 to purchase toxic mold hazard insurance cov-
19 erage;

20 (D) would be consistent with the purposes
21 of this title; and

22 (E) include any administrative expenses in-
23 curred in carrying out the insurance program
24 under this title.

1 **SEC. 605. ESTABLISHMENT OF CHARGEABLE PREMIUM**
2 **RATES.**

3 (a) IN GENERAL.—On the basis of estimates made
4 under section 604 and such other information as may be
5 necessary, the Director shall from time to time, after con-
6 sultation with the interested parties (including the insur-
7 ance authorities of the States), prescribe by regulation—

8 (1) chargeable premium rates for any types and
9 classes of properties for which insurance coverage
10 shall be available under section 602 (at less than the
11 estimated risk premium rates under section 604(1),
12 where necessary), and

13 (2) the terms and conditions under which, and
14 the areas within which, such rates shall apply.

15 (b) FACTORS.—Such rates shall, insofar as prac-
16 ticable, be—

17 (1) based on a consideration of the respective
18 risks involved, including differences in risks due to
19 construction types and materials, building systems,
20 geology, climate, and other factors that may affect
21 mold levels in buildings;

22 (2)(A) adequate, on the basis of accepted actu-
23 arial principles, to provide reserves for anticipated
24 losses; or

25 (B) if less than such amount consistent with
26 the objective of making toxic mold hazard insurance

1 coverage available where necessary at reasonable
2 rates so as to encourage prospective insureds to pur-
3 chase such insurance and with the purposes of this
4 title;

5 (3) adequate to provide for any administrative
6 expenses of the insurance programs under this title;
7 and

8 (4) stated so as to reflect the basis for such
9 rates, including the differences (if any) between the
10 estimated actuarial risk premium rates under section
11 604(1) and the estimated subsidized risk premium
12 rates under section 604(2).

13 (c) FULL ACTUARIAL RATES FOR COMMUNITIES NOT
14 IN COMPLIANCE WITH BUILDING INSPECTION, CERTIFI-
15 CATE OF OCCUPANCY, AND PUBLIC DISCLOSURE PROVI-
16 SIONS.—Subject only to the limitation under subsection
17 (d), the chargeable rate with respect to any property that
18 is located within a jurisdiction that the Director deter-
19 mines has not adopted adequate toxic mold control meas-
20 ures, with effective enforcement provisions, that the Direc-
21 tor determines are consistent with the model standards
22 and techniques for inspection and certification of occu-
23 pancy issued under section 201 and with the model stand-
24 ards for public disclosure issued under section 202, shall
25 not be less than the applicable estimated risk premium

1 rate for such area (or subdivision thereof) under section
2 604(1), except that such premium rate for such properties
3 shall be affordable and reasonably priced.

4 (d) ANNUAL LIMITATION ON PREMIUM IN-
5 CREASES.—Notwithstanding any other provision of this
6 title, the chargeable risk premium rates for toxic mold
7 hazard insurance under this title for any properties within
8 any single risk classification may not be increased by an
9 amount that would result in the average of such rate in-
10 creases for properties within the risk classification during
11 any 12-month period exceeding 10 percent of the average
12 of the risk premium rates for properties within the risk
13 classification upon the commencement of such 12-month
14 period.

15 (e) \$200 MAXIMUM PREMIUM FOR SINGLE FAMILY
16 DWELLINGS.—The chargeable risk premium rate for toxic
17 mold hazard insurance under this title for a single family
18 dwelling shall be affordable and reasonably priced.

19 **SEC. 606. NATIONAL TOXIC MOLD HAZARD INSURANCE**
20 **FUND.**

21 (a) ESTABLISHMENT AND USES.—To carry out the
22 toxic mold hazard insurance program under this title, the
23 Director shall establish in the Treasury of the United
24 States a National Toxic Mold Hazard Insurance Fund,
25 which shall be an account separate from any other ac-

1 counts or funds available to the Director and shall be
2 available as described in subsection (f), without fiscal year
3 limitation (except as otherwise provided in this section)—

4 (1) for making such payments as may, from
5 time to time, be required under section 634;

6 (2) to repay to the Secretary of the Treasury
7 such sums as may be borrowed (together with inter-
8 est) pursuant to subsection (e);

9 (3) to the extent approved in appropriation
10 Acts, to pay any administrative expenses of the toxic
11 mold hazard insurance program; and

12 (4) for the purposes specified in subsection (d)
13 under the conditions provided therein.

14 (b) CREDITS.—The Fund shall be credited with—

15 (1) any amounts borrowed under subsection (e);

16 (2) any amounts as may be appropriated for
17 the Fund;

18 (3) interest which may be earned on invest-
19 ments of the Fund pursuant to subsection (c);

20 (4) receipts from any other operations under
21 this title (including premiums under the conditions
22 specified in subsection (d)); and

23 (5) such other amounts as may be credited to
24 the Fund.

1 (c) INVESTMENT.—If the Director determines that
2 the amounts in the Fund are in excess of current needs,
3 the Director may request the investment of such amounts
4 as the Director deems advisable by the Secretary of the
5 Treasury in obligations issued or guaranteed by the
6 United States.

7 (d) FEDERAL OPERATION OF PROGRAM.—In the
8 event the Director makes a determination under section
9 641 that operation of the toxic mold hazard insurance pro-
10 gram, in whole or in part, should be carried out through
11 the facilities of the Federal Government, the Fund shall
12 be available for all purposes incident thereto, including—

13 (1) costs incurred in the adjustment and pay-
14 ment of any claims for losses, and

15 (2) payment of applicable operating costs set
16 forth in the schedules prescribed under section 607,
17 for so long as the program is so carried out, and in such
18 event any premiums paid shall be deposited by the Direc-
19 tor to the credit of the Fund.

20 (e) BORROWING.—

21 (1) AUTHORITY.—To the extent that the
22 amounts in the Fund are insufficient to pay claims
23 and expenses under the toxic mold hazard insurance
24 program, the Director may issue such obligations of
25 the Fund as may be necessary to cover the insuffi-

1 ciency and the Secretary of the Treasury shall pur-
2 chase any such obligations issued.

3 (2) PUBLIC DEBT TRANSACTION.—For the pur-
4 pose of purchasing any such obligations, the Sec-
5 retary may use as a public debt transaction the pro-
6 ceeds from the sale of any securities issued under
7 chapter 31 of title 31, United States Code, and the
8 purposes for which securities are issued under such
9 chapter are hereby extended to include any purchase
10 by the Secretary of such obligations under this sub-
11 section.

12 (3) CHARACTERISTICS OF OBLIGATIONS.—Obli-
13 gations issued under this subsection shall be in such
14 forms and denominations, bear such maturities, bear
15 interest at such rate, and be subject to such other
16 terms and conditions, as the Secretary shall deter-
17 mine.

18 (4) TREATMENT.—All redemptions, purchases,
19 and sales by the Secretary of obligations under this
20 subsection shall be treated as public debt trans-
21 actions of the United States.

22 (f) AVAILABILITY.—The Fund shall be available, with
23 respect to any fiscal year only to the extent approved in
24 appropriation Acts; except that the Fund shall be available

1 for the purpose described in subsection (d)(1) without
2 such approval.

3 **SEC. 607. OPERATING COSTS AND ALLOWANCES.**

4 (a) IN GENERAL.—The Director shall from time to
5 time negotiate with appropriate representatives of the in-
6 surance industry for the purpose of establishing—

7 (1) a current schedule of operating costs appli-
8 cable both to risk-sharing insurance companies and
9 other insurers and to insurance companies and other
10 insurers, insurance agents and brokers, and insur-
11 ance adjustment organizations participating on other
12 than a risk-sharing basis, and

13 (2) a current schedule of operating allowances
14 applicable to risk-sharing insurance companies and
15 other insurers,

16 which may be payable in accordance with the provisions
17 of subtitle B, and such schedules shall from time to time
18 be prescribed in regulations.

19 (b) DEFINITIONS.—For purposes of subsection (a),
20 the following definitions shall apply:

21 (1) OPERATING ALLOWANCES.—The term “op-
22 erating allowances” includes amounts for profit and
23 contingencies that the Director determines are rea-
24 sonable and necessary to carry out the purposes of
25 this title.

1 (2) OPERATING COSTS.—The term “operating
2 costs” includes—

3 (A) expense reimbursements covering the
4 direct, actual, and necessary expenses incurred
5 in connection with selling and servicing toxic
6 mold hazard insurance coverage;

7 (B) reasonable compensation payable for
8 selling and servicing such coverage, or commis-
9 sions or service fees paid to producers;

10 (C) loss adjustment expenses; and

11 (D) other direct, actual, and necessary ex-
12 penses which the Director finds are incurred in
13 connection with selling or servicing such insur-
14 ance coverage.

15 **SEC. 608. PAYMENT OF CLAIMS.**

16 The Director shall prescribe regulations establishing
17 the general method or methods by which proved and ap-
18 proved claims for losses may be adjusted and paid for any
19 losses or damages covered by toxic mold hazard insurance
20 made available under this title.

21 **SEC. 609. DISSEMINATION OF INSURANCE INFORMATION.**

22 The Director shall from time to time take such action
23 as may be necessary in order to make information avail-
24 able to the public, and to any State or local agency or
25 official, with regard to—

1 (1) the toxic mold hazard insurance program,
2 its coverage, and objectives; and

3 (2) estimated and chargeable insurance pre-
4 mium rates under the program, including the basis
5 for and differences between such rates in accordance
6 with the provisions of this subtitle.

7 **SEC. 610. COORDINATION WITH OTHER PROGRAMS.**

8 In carrying out this title, the Director shall consult
9 with other departments and agencies of the Federal Gov-
10 ernment, and with interstate, State, and local agencies
11 having responsibilities for toxic mold inspection and pre-
12 vention, in order to ensure that the programs of such
13 agencies and the program under this title are mutually
14 consistent.

15 **SEC. 611. REPORTS.**

16 The Director shall annually submit a report of oper-
17 ations under this title to the Congress.

18 **Subtitle B—Organization and Ad-**
19 **ministration of Insurance Pro-**
20 **gram**

21 **SEC. 621. IMPLEMENTATION.**

22 Following such consultation with representatives of
23 the insurance industry as may be necessary, the Director
24 shall implement the toxic mold hazard insurance program
25 under subtitle A in accordance with the provisions of part

1 1 of this subtitle, and, if a determination is made by the
2 Director under section 641, under part 2 of this subtitle.

3 **PART 1—INDUSTRY PROGRAM WITH FEDERAL**
4 **FINANCIAL ASSISTANCE**

5 **SEC. 631. INDUSTRY INSURANCE POOL.**

6 (a) FORMATION.—The Director may encourage and
7 otherwise assist any insurance companies and other insur-
8 ers that meet the requirements prescribed under sub-
9 section (b) to form, as associate, or otherwise join together
10 in a pool—

11 (1) in order to provide the insurance coverage
12 authorized under subtitle A; and

13 (2) for the purpose of assuming, on such terms
14 and conditions as may be agreed upon, such finan-
15 cial responsibility as will enable such companies and
16 other insurers, with the Federal financial and other
17 assistance available under this title, to assure a rea-
18 sonable proportion of responsibility for the adjust-
19 ment and payment of claims for losses under the
20 toxic mold hazard insurance program.

21 (b) REQUIREMENTS.—To promote the effective ad-
22 ministration of the toxic mold hazard insurance program
23 under this part, and to ensure that the objectives of this
24 title are furthered, the Director may prescribe appropriate
25 requirements for insurance companies and other insurers

1 participating in such pool, including minimum require-
2 ments for capital or surplus or assets.

3 **SEC. 632. AGREEMENTS WITH INSURANCE POOL.**

4 (a) **AUTHORITY.**—The Director may enter into such
5 agreements with the pool formed or otherwise created
6 under this part as the Director deems necessary to carry
7 out the purposes of this title.

8 (b) **CONTENTS.**—Such agreements shall specify—

9 (1) the terms and conditions under which risk
10 capital will be available for the adjustment and pay-
11 ments of claims;

12 (2) the terms and conditions under which the
13 pool (and the companies and other insurers partici-
14 pating therein) shall participate in premiums re-
15 ceived and profits or losses realized or sustained;

16 (3) the maximum amount of profit, established
17 by the Director and set forth in the schedules pre-
18 scribed under section 607, which may be realized by
19 such pool (and the companies and other insurers
20 participating therein);

21 (4) the terms and conditions under which oper-
22 ating costs and allowances set forth in the schedules
23 prescribed under section 607 may be paid; and

1 (5) the terms and conditions under which pre-
2 mium equalization payments under section 634 will
3 be made.

4 (c) PARTICIPATION.—In addition, such agreements
5 shall contain such provisions as the Director finds nec-
6 essary to ensure that—

7 (1) no insurance company or other insurer that
8 meets the requirements prescribed under section
9 631(b) and has indicated an intention to participate
10 in the toxic mold hazard insurance program on a
11 risk-sharing basis, will be excluded from partici-
12 pating in the pool;

13 (2) the insurance companies and other insurers
14 participating in the pool will take whatever action
15 may be necessary to provide continuity of toxic mold
16 hazard insurance coverage by the pool; and

17 (3) any insurance companies and other insur-
18 ers, insurance agents, and brokers and insurance ad-
19 justment organizations will be permitted to cooper-
20 ate with the pool as fiscal agents or otherwise, on
21 other than a risk-sharing basis, to the maximum ex-
22 tent practicable.

1 **SEC. 633. ADJUSTMENT AND PAYMENT OF CLAIMS AND JU-**
2 **DICIAL REVIEW.**

3 The insurance companies and other insurers that
4 form, associate, or otherwise join together in the pool
5 under this part may adjust and pay all claims for proved
6 and approved losses covered by toxic mold hazard insur-
7 ance in accordance with the provisions of this title and,
8 upon the disallowance by any such company or other in-
9 surer of any such claim, or upon the refusal of the claim-
10 ant to accept the amount allowed upon any such claim,
11 the claimant, within one year after the date of mailing
12 of notice of disallowance or partial disallowance of the
13 claim, may institute an action on such claim against such
14 company or other insurer in the United States district
15 court for the district in which the insured property or the
16 major part thereof shall have been situated, and original
17 exclusive jurisdiction is hereby conferred upon such court
18 to hear and determine such action without regard to the
19 amount in controversy.

20 **SEC. 634. PREMIUM EQUALIZATION PAYMENTS.**

21 (a) PAYMENTS.—The Director, on such terms and
22 conditions as the Director may from time to time pre-
23 scribe, shall make periodic payments to the pool formed
24 or otherwise created under section 631, in recognition of
25 such reductions in chargeable premium rates under section
26 605 below estimated premium rates under section 604(1)

1 as are required in order to make toxic mold hazard insur-
2 ance available on reasonable terms and conditions.

3 (b) PERIODS AND METHODS.—Designated periods
4 under this section and the methods for determining the
5 sum of premiums paid or payable during such periods
6 shall be established by the Director.

7 **SEC. 635. EMERGENCY IMPLEMENTATION OF PROGRAM.**

8 (a) AUTHORITY.—Notwithstanding any other provi-
9 sions of this title, for the purpose of providing toxic mold
10 hazard insurance coverage at the earliest possible time,
11 the Director may carry out the insurance program under
12 subtitle A during the period ending September 30, 2006,
13 in accordance with the provisions of this part and the
14 other provisions of this title insofar as they relate to this
15 part, but subject to the modifications made by or under
16 subsection (b).

17 (b) PREMIUM RATES AND PROCEDURES.—In car-
18 rying out the toxic mold hazard insurance program pursu-
19 ant to subsection (a), the Director—

20 (1) shall provide insurance coverage without re-
21 gard to any estimated risk premium rates which
22 would otherwise be determined under section 604;
23 and

24 (2) shall utilize the provisions and procedures
25 contained in or prescribed by this part (other than

1 section 634) and sections 651 and 652 to such ex-
2 tent and in such manner as the Director may con-
3 sider necessary or appropriate to carry out the pur-
4 pose of this section.

5 **PART 2—GOVERNMENT PROGRAM WITH**
6 **INDUSTRY ASSISTANCE**

7 **SEC. 641. FEDERAL OPERATION OF PROGRAM.**

8 (a) **AUTHORITY.**—If at any time, after consultation
9 with representatives of the insurance industry, the Direc-
10 tor determines that operation of the toxic mold hazard in-
11 surance program as provided under part 1 cannot be car-
12 ried out, or that such operation, in itself, would be assisted
13 materially by the Federal Government's assumption, in
14 whole or in part, of the operational responsibility for toxic
15 mold insurance under this title (on a temporary or other
16 basis), the Director shall promptly undertake any nec-
17 essary arrangements to carry out the program of toxic
18 mold hazard insurance under subtitle A through the facili-
19 ties of the Federal Government, utilizing, for purposes of
20 providing such insurance coverage—

21 (1) insurance companies and other insurers, in-
22 surance agents and brokers, and insurance adjust-
23 ment organizations, as fiscal agents of the United
24 States;

1 (2) such other officers and employees of any ex-
2 ecutive agency (as defined in section 105 of title 5
3 of the United States Code) as the Director and the
4 head of any such agency may from time to time,
5 agree upon, on a reimbursement or other basis; or

6 (3) both the alternatives specified in paragraphs
7 (1) and (2).

8 (b) REPORT.—Upon making the determination re-
9 ferred to in subsection (a), the Director shall make a re-
10 port to the Congress and, at the same time, to the private
11 insurance companies participating in the toxic mold haz-
12 ard insurance program under this title. Such report
13 shall—

14 (1) state the reason for such determinations;

15 (2) include findings that support such deter-
16 mination;

17 (3) indicate the extent to which it is anticipated
18 that the insurance industry will be utilized in pro-
19 viding toxic mold hazard insurance coverage under
20 the program; and

21 (4) contain such recommendations as the Direc-
22 tor considers appropriate.

23 The Director shall not implement the program of toxic
24 mold hazard insurance under subtitle A through the facili-
25 ties of the Federal Government before the expiration of

1 the 9-month period beginning upon the date of submission
2 of the report under this subsection unless it would be im-
3 possible to continue to effectively carry out the program
4 operations during such period.

5 **SEC. 642. ADJUSTMENT AND PAYMENT OF CLAIMS AND JU-**
6 **DICIAL REVIEW.**

7 If the program is carried out as provided in section
8 1341, the Director may adjust and make payment of any
9 claims for proved and approved losses covered by toxic
10 mold hazard insurance, and upon the disallowance by the
11 Director of any such claims, or upon the refusal of the
12 claimant to accept the amount allowed upon any such
13 claim, the claimant, within one year after the date of mail-
14 ing of notice of disallowance or partial disallowance by the
15 Director, may institute an action against the Director on
16 such claim in the United States district court for the dis-
17 trict in which the insured property or the major part
18 thereof shall have been situated, and original exclusive ju-
19 risdiction is hereby conferred upon such court to hear and
20 determine such action without regard to the amount in
21 controversy.

1 **PART 3—PROVISIONS OF GENERAL**
2 **APPLICABILITY**

3 **SEC. 651. SERVICES BY INSURANCE INDUSTRY.**

4 (a) **CONTRACTS AND AGREEMENTS.**—In admin-
5 istering the toxic mold hazard insurance program under
6 this subtitle, the Director may enter into any contracts,
7 agreements, or other appropriate arrangements which
8 may, from time to time, be necessary for the purpose of
9 utilizing, on such terms and conditions as may be agreed
10 upon, the facilities and services of any insurance compa-
11 nies or other insurers, insurance agents and brokers, or
12 insurance adjustment organizations; and such contracts,
13 agreements, or arrangements may include provision for
14 payment of applicable operating costs and allowances for
15 such facilities and services as set forth in the schedules
16 prescribed under section 607.

17 (b) **EXEMPTION FROM COMPETITIVE BIDDING RE-**
18 **QUIREMENTS.**—Any such contracts, agreements, or other
19 arrangements may be entered into without regard to the
20 provisions of section 3709 of the Revised Statutes (41
21 U.S.C. 5) or any other provisions of law requiring competi-
22 tive bidding and without regard to the provisions of the
23 Federal Advisory Committee Act (5 U.S.C. App.).

24 (c) **LIABILITY.**—The Director of the Federal Emer-
25 gency Management Agency shall hold any agent or broker
26 selling or undertaking to sell toxic mold insurance cov-

1 erage under this title harmless from any judgment for
2 damages against such agent or broker as a result of any
3 court action by a policyholder or applicant arising out of
4 an error or omission on the part of the Federal Emergency
5 Management Agency, and shall provide any such agent or
6 broker with indemnification, including court costs and rea-
7 sonable attorney fees, arising out of and caused by an
8 error or omission on the part of the Federal Emergency
9 Management Agency and its contractors. The Director of
10 the Federal Emergency Management Agency may not hold
11 harmless or indemnify an agent or broker for his or her
12 error or omission.

13 **SEC. 652. USE OF INSURANCE POOL, COMPANIES, OR**
14 **OTHER PRIVATE ORGANIZATIONS FOR CER-**
15 **TAIN PAYMENTS.**

16 (a) **AUTHORITY.**—To provide for maximum efficiency
17 in the administration of the toxic mold hazard insurance
18 program and to facilitate the expeditious payment of any
19 Federal funds under such program, the Director may
20 enter into contracts with a pool formed or otherwise cre-
21 ated under section 631, or any insurance company or
22 other private organization, for the purpose of securing per-
23 formance by such pool, company, or organization or any
24 or all of the following responsibilities:

1 (1) Estimating and later determining any
2 amounts of payments to be made.

3 (2) Receiving from the Director, disbursing,
4 and accounting for funds in making such payments.

5 (3) Making such audits of the records of any
6 insurance company or other insurer, insurance agent
7 or broker, or insurance adjustment organization as
8 may be necessary to assure that proper payments
9 are made.

10 (4) Otherwise assisting in such manner as the
11 contract may provide to further the purposes of this
12 title.

13 (b) TERMS AND CONDITIONS.—Any contract with the
14 pool or an insurance company or other private organiza-
15 tion under this section may contain such terms and condi-
16 tions at the Director finds necessary or appropriate for
17 carrying out responsibilities under subsection (a), and may
18 provide for payment of any costs which the Director deter-
19 mines are incidental to carrying out such responsibilities
20 which are covered by the contract.

21 (c) EXEMPTION FROM COMPETITIVE BIDDING RE-
22 QUIREMENTS.—Any contract entered into under sub-
23 section (a) may be entered into without regard to section
24 3709 of the Revised Statutes (41 U.S.C. 5) or any other
25 provision of law requiring competitive bidding.

1 (d) EFFICIENCY AND EFFECTIVENESS.—No contract
2 may be entered into under this section unless the Director
3 finds that the pool, company, or organization will perform
4 its obligations under the contract efficiently and effec-
5 tively, and will meet such requirements as to financial re-
6 sponsibility, legal authority, and other matters as the Di-
7 rector finds appropriate.

8 (e) CERTIFICATION OF PAYMENTS.—

9 (1) BONDING.—Any such contract may require
10 the pool, company, or organization or any of its offi-
11 cers or employees certifying payments or disbursing
12 funds pursuant to the contract, or otherwise partici-
13 pating in carrying out the contract, to give surety
14 bond to the United States in such amount as the Di-
15 rector may deem appropriate.

16 (2) LIABILITY.—

17 (A) No individual designated pursuant to a
18 contract under this section to certify payments
19 shall, in the absence of gross negligence or in-
20 tent to defraud the United States, be liable with
21 respect to any payment certified by such indi-
22 vidual under this section.

23 (B) No officer disbursing funds shall in
24 the absence of gross negligence or intent to de-
25 fraud the United States, be liable with respect

1 to any payment by such officer under this sec-
2 tion if it was based upon a voucher signed by
3 an individual designated to certify payments as
4 provided in paragraph (2) of this subsection.

5 (f) **CONTRACT TERM.**—Any contract entered into
6 under this section shall be for a term of one year, and
7 may be made automatically renewable from term to term
8 in the absence of notice by either party of an intention
9 to terminate at the end of the current term; except that
10 the Director may terminate any such contract at any time
11 (after reasonable notice to the pool, company, or organiza-
12 tion involved) if the Director finds that the pool, company,
13 or organization has failed substantially to carry out the
14 contract, or is carrying out the contract in a manner in-
15 consistent with the efficient and effective administration
16 of the toxic mold hazard insurance program under this
17 title.

18 **SEC. 653. SETTLEMENT AND ARBITRATION.**

19 (a) **AUTHORITY.**—The Director may make final set-
20 tlement of any claims or demands which may arise as a
21 result of any financial transactions that the Director is
22 authorized to carry out under this subtitle, and may, to
23 assist the Director in making any such settlement, refer
24 any disputes relating to such claims or demands to arbi-
25 tration, with the consent of the parties concerned.

1 (b) ARBITRATION.—Such arbitration shall be advi-
2 sory in nature, and any award, decision, or recommenda-
3 tion which may be made shall become final only upon the
4 approval of the Director.

5 **SEC. 654. RECORDS AND AUDITS.**

6 (a) MAINTENANCE OF RECORDS.—The insurance
7 pool formed or otherwise created under part 1 of this sub-
8 title, and any insurance company or other private organi-
9 zation executing any contract, agreement, or other appro-
10 priate arrangement with the Director under part 2 of this
11 part, shall keep such records as the Director shall pre-
12 scribe, including records which fully disclose the total costs
13 of the program undertaken or the services being rendered,
14 and such other records as will facilitate an effective audit.

15 (b) ACCESS TO RECORDS.—The Director and the
16 Comptroller General of the United States, or any of their
17 duly authorized representatives, shall have access for the
18 purpose of audit and examination to any books, docu-
19 ments, papers and any such insurance company or other
20 private organization that are pertinent to the costs of the
21 program undertaken or the services being rendered.

1 **Subtitle C—Miscellaneous**
2 **Provisions**

3 **SEC. 661. DEFINITIONS.**

4 For purposes of this title, the following definitions
5 shall apply:

6 (1) DIRECTOR.—The term “Director” means
7 the Director of the Federal Emergency Management
8 Agency.

9 (2) FUND.—The term “Fund” means the Na-
10 tional Toxic Mold Hazard Insurance Fund estab-
11 lished under section 606.

12 (3) INSURANCE ADJUSTMENT ORGANIZATION.—
13 The term “insurance adjustment organization” in-
14 cludes any organizations and persons engaged in the
15 business of adjusting loss claims arising under insur-
16 ance policies issued by any insurance company or
17 other insurer.

18 (4) INSURANCE COMPANY; OTHER INSURER; IN-
19 SURANCE AGENT OR BROKER.—The terms “insur-
20 ance company”, “other insurer” and “insurance
21 agent or broker” include any organizations and per-
22 sons authorized to engage in the insurance business
23 under the laws of any State.

1 **SEC. 662. PAYMENTS.**

2 Any payments under this title may be made (after
3 necessary adjustment on account of previously made un-
4 derpayments or overpayments) in advance or by way of
5 reimbursement, and in such installments and on such con-
6 ditions, as the Director may determine.

7 **SEC. 663. GOVERNMENT CORPORATION CONTROL ACT.**

8 The provisions of chapter 91 of title 31, United
9 States Code, shall apply to the program under this title
10 to the same extent that such provisions apply to wholly
11 owned Government corporations.

12 **SEC. 664. FINALITY OF CERTAIN TRANSACTIONS.**

13 Notwithstanding any other provisions of law—

14 (1) any financial transaction authorized to be
15 carried out under this title, and

16 (2) any payment authorized to be made or to
17 be received in connection with any such financial
18 transaction,

19 shall be final and conclusive upon all officers of the Gov-
20 ernment.

21 **SEC. 665. AUTHORIZATION OF APPROPRIATIONS.**

22 There are authorized to be appropriated such sums
23 as may from time to time be necessary to carry out this
24 title, including amounts—

25 (1) to reimburse the National Toxic Mold Haz-
26 ard Insurance Fund established under section 604

1 for premium equalization payments under section
2 634 which have been made from the Fund;

3 (2) for studies under this title; and

4 (3) to make such other payments as may be
5 necessary to carry out the purposes of this title.

6 Any amounts appropriate pursuant to this section shall
7 be available without fiscal year limitation.

8 **TITLE VII—HEALTH CARE**
9 **PROVISIONS**

10 **SEC. 701. MEDICAID WAIVER.**

11 Notwithstanding any other provision of law, a State
12 (as defined for purposes of title XIX of the Social Security
13 Act) may waive income, resource, and other requirements
14 otherwise applicable under such title in order to provide
15 medical assistance to individuals—

16 (1) whose health has been adversely impacted
17 (as certified by a physician) due to exposure to toxic
18 mold; and

19 (2) who do not have any health insurance cov-
20 erage, or lack adequate health insurance coverage, to
21 treat the physical harm due to toxic mold poisoning.

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