

110TH CONGRESS  
1ST SESSION

# H. R. 3002

To establish a demonstration program to authorize the Secretary of Housing and Urban Development to guarantee obligations issued by Indian tribes to finance community and economic development activities.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 11, 2007

Mr. PEARCE (for himself, Mr. BOREN, Mr. FRANK of Massachusetts, Mr. KILDEE, and Mr. RENZI) introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To establish a demonstration program to authorize the Secretary of Housing and Urban Development to guarantee obligations issued by Indian tribes to finance community and economic development activities.

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.**

4       This Act may be cited as the “Native American Eco-  
5       nomic Development and Infrastructure for Housing Act  
6       of 2007”.

1 **SEC. 2. DEMONSTRATION PROGRAM FOR GUARANTEED**  
2 **LOANS TO FINANCE TRIBAL COMMUNITY AND**  
3 **ECONOMIC DEVELOPMENT ACTIVITIES.**

4 (a) **AUTHORITY.**—To the extent or in such amounts  
5 as are provided in appropriation Acts, the Secretary of  
6 Housing and Urban Development (in this section referred  
7 to as the “Secretary”) may, subject to the limitations of  
8 this section and upon such terms and conditions as the  
9 Secretary may prescribe, guarantee and make commit-  
10 ments to guarantee, the notes and obligations issued by  
11 Indian tribes or tribally designated housing entities (as  
12 such term is defined in section 4 of the Native American  
13 Housing Assistance and Self-Determination Act of 1996  
14 (25 U.S.C. 4103)) with tribal approval, for the purposes  
15 of financing activities, carried out on Indian reservations  
16 and in other Indian areas, that under the first sentence  
17 of section 108(a) of the Housing and Community Develop-  
18 ment Act of 1974 are eligible for financing with notes and  
19 other obligations guaranteed pursuant to such section  
20 108.

21 (b) **LOW-INCOME BENEFIT REQUIREMENT.**—Not  
22 less than 70 percent of the aggregate funds received by  
23 an Indian tribe or tribally designated housing entity as  
24 a result of a guarantee under this section shall be used  
25 for the support of activities that benefit low-income Indian  
26 families (as such term is defined for purposes of the Na-

1 tive American Housing Assistance and Self-Determination  
2 Act of 1996) on Indian reservations and other Indian  
3 areas.

4 (c) FINANCIAL SOUNDNESS.—The Secretary shall es-  
5 tablish underwriting criteria for guarantees under this sec-  
6 tion, including fees for such guarantees, as may be nec-  
7 essary to ensure that the program under this section for  
8 such guarantees is financially sound. Such fees shall be  
9 established in amounts that are sufficient, but do not ex-  
10 ceed the minimum amounts necessary, to maintain a nega-  
11 tive credit subsidy for such program, as determined based  
12 upon risk to the Federal Government under such under-  
13 writing requirements.

14 (d) TERMS OF OBLIGATIONS.—Notes or other obliga-  
15 tions guaranteed pursuant to this section shall be in such  
16 form and denominations, have such maturities, and be  
17 subject to such conditions as may be prescribed by regula-  
18 tions issued by the Secretary. The Secretary may not deny  
19 a guarantee under this section on the basis of the proposed  
20 repayment period for the note or other obligation, unless  
21 the period is more than 20 years or the Secretary deter-  
22 mines that the period causes the guarantee to constitute  
23 an unacceptable financial risk.

24 (e) LIMITATION ON PERCENTAGE.—A guarantee  
25 made under this section shall guarantee repayment of 95

1 percent of the unpaid principal and interest due on the  
2 notes or other obligations guaranteed.

3 (f) SECURITY AND REPAYMENT.—

4 (1) REQUIREMENTS ON ISSUER.—To ensure the  
5 repayment of notes or other obligations and charges  
6 incurred under this section and as a condition for  
7 receiving such guarantees, the Secretary shall re-  
8 quire the Indian tribe or housing entity issuing such  
9 notes or obligations to—

10 (A) enter into a contract, in a form accept-  
11 able to the Secretary, for repayment of notes or  
12 other obligations guaranteed under this section;

13 (B) demonstrate that the extent of such  
14 issuance and guarantee under this section is  
15 within the financial capacity of the tribe; and

16 (C) furnish, at the discretion of the Sec-  
17 retary, such security as may be deemed appro-  
18 priate by the Secretary in making such guaran-  
19 tees, including increments in local tax receipts  
20 generated by the activities assisted by a guar-  
21 antee under this section or disposition proceeds  
22 from the sale of land or rehabilitated property,  
23 except that such security may not include any  
24 grant amounts received or for which the issuer  
25 may be eligible under title I of the Native

1 American Housing Assistance and Self-Deter-  
2 mination Act of 1996.

3 (2) FULL FAITH AND CREDIT.—The full faith  
4 and credit of the United States is pledged to the  
5 payment of all guarantees made under this section.  
6 Any such guarantee made by the Secretary shall be  
7 conclusive evidence of the eligibility of the obliga-  
8 tions for such guarantee with respect to principal  
9 and interest, and the validity of any such guarantee  
10 so made shall be incontestable in the hands of a  
11 holder of the guaranteed obligations.

12 (g) TRAINING AND INFORMATION.—The Secretary,  
13 in cooperation with Indian tribes and tribally designated  
14 housing entities, shall carry out training and information  
15 activities with respect to the guarantee program under this  
16 section.

17 (h) LIMITATIONS ON AMOUNT OF GUARANTEES.—

18 (1) AGGREGATE FISCAL YEAR LIMITATION.—  
19 Notwithstanding any other provision of law and sub-  
20 ject only to the absence of qualified applicants or  
21 proposed activities and to the authority provided in  
22 this section, to the extent approved or provided in  
23 appropriations Acts, the Secretary may enter into  
24 commitments to guarantee notes and obligations  
25 under this section with an aggregate principal

1 amount not to exceed \$200,000,000 for each of fis-  
2 cal years 2008 through 2012.

3 (2) AUTHORIZATION OF APPROPRIATIONS FOR  
4 CREDIT SUBSIDY.—There are authorized to be ap-  
5 propriated to cover the costs (as such term is de-  
6 fined in section 502 of the Congressional Budget Act  
7 of 1974) of guarantees under this section such sums  
8 as may be necessary for each of fiscal years 2008  
9 through 2012.

10 (3) AGGREGATE OUTSTANDING LIMITATION.—  
11 The total amount of outstanding obligations guaran-  
12 teed on a cumulative basis by the Secretary pursu-  
13 ant to this section shall not at any time exceed  
14 \$1,000,000,000 or such higher amount as may be  
15 authorized to be appropriated for this section for  
16 any fiscal year.

17 (4) FISCAL YEAR LIMITATIONS ON TRIBES.—  
18 The Secretary shall monitor the use of guarantees  
19 under this section by Indian tribes. If the Secretary  
20 finds that 50 percent of the aggregate guarantee au-  
21 thority under paragraph (3) has been committed, the  
22 Secretary may—

23 (A) impose limitations on the amount of  
24 guarantees pursuant to this section that any

1           one Indian tribe may receive in any fiscal year  
2           of \$25,000,000; or

3           (B) request the enactment of legislation in-  
4           creasing the aggregate outstanding limitation  
5           on guarantees under this section.

6           (i) REPORT.—Not later than the expiration of the 4-  
7 year period beginning on the date of the enactment of this  
8 Act, the Secretary shall submit a report to the Congress  
9 regarding the utilization of the authority under this sec-  
10 tion by Indian tribes and tribally designated housing enti-  
11 ties, identifying the extent of such utilization and the  
12 types of projects and activities financed using such author-  
13 ity and analyzing the effectiveness of such utilization in  
14 carrying out the purposes of this section.

15          (j) TERMINATION.—The authority of the Secretary  
16 under this section to make new guarantees for notes and  
17 obligations shall terminate on October 1, 2012.

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