

111TH CONGRESS
1ST SESSION

H. R. 2922

To establish a downpayment requirement for Rural Housing Service direct and guaranteed single-family home loan programs, to repeal the downpayment assistance initiative under subtitle E of title II of the Cranston-Gonzalez National Affordable Housing Act, and to prohibit use of amounts provided under certain other programs for downpayment assistance.

IN THE HOUSE OF REPRESENTATIVES

JUNE 17, 2009

Mr. FLAKE introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To establish a downpayment requirement for Rural Housing Service direct and guaranteed single-family home loan programs, to repeal the downpayment assistance initiative under subtitle E of title II of the Cranston-Gonzalez National Affordable Housing Act, and to prohibit use of amounts provided under certain other programs for downpayment assistance.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Federal Assistance
3 Downpayment Reform Act of 2009”.

4 **SEC. 2. DOWNPAYMENT REQUIREMENT FOR RURAL HOUS-**
5 **ING SERVICE SINGLE-FAMILY HOME LOAN**
6 **PROGRAMS.**

7 Section 501 of the Housing Act of 1949 (42 U.S.C.
8 1471) is amended by adding at the end the following new
9 subsection:

10 “(k) **DOWNPAYMENT REQUIREMENT.**—The Secretary
11 may not make a loan under section 502 to any borrower,
12 or provide a guarantee under section 502(h) for any loan
13 to any borrower, unless the borrower under the loan has
14 paid, in cash or its equivalent, on account of the property
15 to be acquired or refinanced with the proceeds of such loan
16 an amount equal to not less than 3.5 percent of the ap-
17 praised value of the property or such larger amount as
18 the Secretary may determine.”.

19 **SEC. 3. REPEAL OF DOWNPAYMENT ASSISTANCE INITIA-**
20 **TIVE.**

21 Title II of the Cranston-Gonzalez National Affordable
22 Housing Act is amended by striking subtitle E (42 U.S.C.
23 12821 et seq.).

1 **SEC. 4. PROHIBITION OF USE OF CERTAIN FUNDS FOR**
2 **DOWNPAYMENT ASSISTANCE.**

3 (a) COMMUNITY DEVELOPMENT BLOCK GRANT PRO-
4 GRAM.—Section 105 of the Housing and Community De-
5 velopment Act of 1974 (42 U.S.C. 5305) is amended by
6 adding at the end the following new subsection:

7 “(i) PROHIBITION ON USE OF ASSISTANCE FOR
8 DOWNPAYMENTS.—Notwithstanding any other provision
9 of law (including subparagraph (D) of section 105(a)(25)
10 of this title, as in effect pursuant to Public Law 104–204
11 (110 Stat. 2887)), no amount from a grant made under
12 this title may be used to provide downpayment assistance
13 on behalf of any family or person for the acquisition of
14 a residence.”.

15 (b) NEIGHBORHOOD STABILIZATION PROGRAM.—
16 Subsection (d) of section 2301 of the Housing and Eco-
17 nomic Recovery Act of 2008 (42 U.S.C. 5301 note) is
18 amended by adding at the end the following new para-
19 graph:

20 “(4) PROHIBITION ON USE OF ASSISTANCE FOR
21 DOWNPAYMENTS.—Notwithstanding any other provi-
22 sion of law, no amounts made available under this
23 section may be used to provide downpayment assist-
24 ance on behalf of any family or person for the acqui-
25 sition of a residence.”.

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