

113TH CONGRESS
2^D SESSION

H. R. 4146

To amend the Low-Income Housing Preservation and Resident Homeownership Act of 1990.

IN THE HOUSE OF REPRESENTATIVES

MARCH 4, 2014

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

A BILL

To amend the Low-Income Housing Preservation and Resident Homeownership Act of 1990.

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 “Preservation Enhance-
5 ment and Savings Opportunity Act of 2014”.

6 **SEC. 2. DISTRIBUTIONS AND RESIDUAL RECEIPTS.**

7 Section 222 of the Low-Income Housing Preservation
8 and Resident Homeownership Act of 1990 (12 U.S.C.
9 4112) is amended by adding at the end the following new
10 subsection:

1 “(e) DISTRIBUTION AND RESIDUAL RECEIPTS.—

2 “(1) AUTHORITY.—After the date of the enact-
3 ment of the Preservation Enhancement and Savings
4 Opportunity Act of 2014, the owner of a property
5 subject to a plan of action or use agreement pursu-
6 ant to this section shall be entitled to distribute—

7 “(A) annually, all surplus cash generated
8 by the property; and

9 “(B) upon request made to the Secretary
10 and notwithstanding any conflicting provision in
11 such use agreement; any funds accumulated in
12 a residual receipts account, but only if the
13 owner is in material compliance with such use
14 agreement.

15 “(2) OPERATION OF PROPERTY.—An owner
16 that distributes any amounts pursuant to paragraph
17 (1) shall—

18 “(A) continue to operate the property in
19 accordance with the affordability provisions of
20 the use agreement for the property for the re-
21 maining useful life of the property;

22 “(B) as required by the plan of action for
23 the property, continue to renew or extend any
24 project-based rental assistance contract for a
25 term of not less than 20 years; and

1 “(C) if the owner has an existing multi-
2 year project-based rental assistance contract for
3 less than 20 years, have the option to extend
4 the contract to a 20-year term.”.

5 **SEC. 3. FUTURE REFINANCINGS.**

6 Section 214 of the Low-Income Housing Preservation
7 and Resident Homeownership Act of 1990 (12 U.S.C.
8 4104) is amended by adding at the end the following new
9 subsection:

10 “(c) FUTURE FINANCING.—Neither this section, nor
11 any plan of action or use agreement implementing this
12 section, shall restrict an owner from obtaining a new loan
13 or refinancing an existing loan secured by the project, or
14 from distributing the proceeds of such a loan; except that,
15 in conjunction with such refinancing—

16 “(1) the owner shall provide for adequate reha-
17 bilitation pursuant to a capital needs assessment to
18 ensure long-term sustainability of the property satis-
19 factory to the lender or bond issuance agency;

20 “(2) any resulting budget-based rent increase
21 shall include debt service on the new financing, com-
22 mercially reasonable debt service coverage, and re-
23 placement reserves as required by the lender; and

1 “(3) rent increases for units not covered by a
2 project-based rental subsidy contract or tenant-based
3 rental subsidy shall be limited to 10 percent.”.

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