

119<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 6644

---

## AN ACT

To increase the supply of housing in America, 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,*

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

2 (a) SHORT TITLE.—This Act may be cited as the  
3 “Housing for the 21st Century Act”.

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

Sec. 1. Short title; table of contents.

TITLE I—BUILDING SMARTER FOR THE 21ST CENTURY

- Sec. 101. Housing Supply Frameworks.
- Sec. 102. Accelerating home building grant program.
- Sec. 103. Federal guidelines for point-access block buildings.
- Sec. 104. Unlocking Housing Supply Through Streamlined and Modernized Reviews.
- Sec. 105. Federal Housing Agency Application of Environmental Reviews.
- Sec. 106. Multifamily loan limits.
- Sec. 107. GAO study on workforce housing.

TITLE II—MODERNIZING LOCAL DEVELOPMENT AND RURAL HOUSING PROGRAMS

- Sec. 201. HOME Reform.
- Sec. 202. Community Development Fund Amendments.
- Sec. 203. Grants for planning and implementation associated with affordable housing.
- Sec. 204. Rural housing service program improvements.
- Sec. 205. Choice in Affordable Housing.

TITLE III—EXPANDING MANUFACTURED AND AFFORDABLE HOUSING FINANCE OPPORTUNITIES

- Sec. 301. Manufactured Housing Innovations.
- Sec. 302. FHA small-dollar mortgages.
- Sec. 303. Community investment and prosperity.

TITLE IV—PROTECTING BORROWERS AND ASSISTED FAMILIES

- Sec. 401. Exclusion of certain disability benefits.
- Sec. 402. Military service question.
- Sec. 403. HUD–USDA–VA Interagency Coordination.
- Sec. 404. Family self-sufficiency escrow expansion pilot program.
- Sec. 405. Reforms to housing counseling and financial literacy programs.
- Sec. 406. Establishment of eviction helpline.
- Sec. 407. Temperature Sensor pilot program.
- Sec. 408. GAO studies.

TITLE V—ENHANCING OVERSIGHT OF HOUSING PROVIDERS

- Sec. 501. Requirement to testify.
- Sec. 502. Improving public housing agency accountability.

TITLE VI—STRENGTHENING COMMUNITY BANKS’ ROLE IN  
HOUSING

- Sec. 601. Community Bank Deposit Access.
- Sec. 602. Keeping Deposits Local.
- Sec. 603. Supervisory Modifications for Appropriate Risk-based Testing.
- Sec. 604. Tailored Regulatory Updates for Supervisory Testing.
- Sec. 605. Credit Union Board Modernization.
- Sec. 606. Systemic Risk Authority Transparency.
- Sec. 607. Least cost exception.
- Sec. 608. Failing Bank Acquisition Fairness.
- Sec. 609. Advancing the Mentor-Protégé Program for Small Financial Institutions.
- Sec. 610. American Access to Banking.
- Sec. 611. Promoting New Bank Formation.
- Sec. 612. Rural Depositories Revitalization Study.
- Sec. 613. Discretionary Surplus Fund.

1       **TITLE I—BUILDING SMARTER**  
2               **FOR THE 21ST CENTURY**

3       **SEC. 101. HOUSING SUPPLY FRAMEWORKS.**

4               (a) DEFINITIONS.—In this section:

5                       (1) AFFORDABLE HOUSING.—The term “afford-  
6                       able housing” means housing for which the monthly  
7                       payment is not more than 30-percent of the monthly  
8                       income of the household.

9                       (2) ASSISTANT SECRETARY.—The term “Assist-  
10                      ant Secretary” means the Assistant Secretary for  
11                      Policy Development and Research of the Depart-  
12                      ment of Housing and Urban Development.

13                     (3) LOCAL ZONING FRAMEWORK.—The term  
14                     “local zoning framework” means the local zoning  
15                     codes and other ordinances, procedures, and policies  
16                     governing zoning and land-use at the local level.

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

3           (5) STATE ZONING FRAMEWORK.—The term  
4 “State zoning framework” means the State legisla-  
5 tion or State agency and department procedures, or  
6 such legislation or procedures in an insular area of  
7 the United States, enabling local planning and zon-  
8 ing authorities and establishing and guiding related  
9 policies and programs.

10          (b) GUIDELINES ON STATE AND LOCAL ZONING  
11 FRAMEWORKS.—

12           (1) IN GENERAL.—Not later than 3 years after  
13 the date of enactment of this Act, the Assistant Sec-  
14 retary shall publish documents outlining guidelines  
15 and best practices to support production of adequate  
16 housing to meet the needs of communities and pro-  
17 vide housing opportunities for individuals at every  
18 income level across communities with respect to—

19                   (A) State zoning frameworks; and

20                   (B) local zoning frameworks.

21           (2) CONSULTATION; PUBLIC COMMENT.—Dur-  
22 ing the 2-year period beginning on the date of enact-  
23 ment of this Act, in developing the guidelines and  
24 best practices required under paragraph (1), the As-  
25 sistant Secretary shall—

1 (A) publish draft guidelines and best prac-  
2 tices in the Federal Register for public com-  
3 ment; and

4 (B) establish a task force for the purpose  
5 of providing consultation to draft the guidelines  
6 and best practices published under subpara-  
7 graph (A), the members of which shall in-  
8 clude—

9 (i) urban planners and architects;

10 (ii) housing developers, including af-  
11 fordable and market-rate housing devel-  
12 opers, manufactured housing developers,  
13 cooperative housing developers, and other  
14 business interests;

15 (iii) community engagement experts  
16 and community members impacted by zon-  
17 ing decisions;

18 (iv) public housing agencies and tran-  
19 sit authorities;

20 (v) members of local zoning and plan-  
21 ning boards and local and regional trans-  
22 portation planning organizations;

23 (vi) State officials responsible for  
24 housing or land use, including members of  
25 State zoning boards of appeals;

1 (vii) academic researchers; and

2 (viii) home builders.

3 (3) CONTENTS.—The guidelines and best prac-  
4 tices required under paragraph (1) shall—

5 (A) with respect to State zoning frame-  
6 works, outline potential models for updated  
7 State enabling legislation or State agency and  
8 department procedures;

9 (B) include recommendations regarding—

10 (i) the reduction or elimination of  
11 parking minimums;

12 (ii) the increase in maximum floor  
13 area ratio requirements and maximum  
14 building heights and the reduction in min-  
15 imum lot sizes and set-back requirements;

16 (iii) the elimination of restrictions  
17 against accessory dwelling units;

18 (iv) increasing by-right uses, including  
19 duplex, triplex, or quadplex buildings,  
20 across cities or metropolitan areas;

21 (v) mechanisms, including proximity  
22 to transit, to determine the appropriate  
23 scope for rezoning and ensure development  
24 that does not disproportionately burden  
25 residents of economically distressed areas;

- 1 (vi) provisions regarding review of by-  
2 right development proposals to streamline  
3 review and reduce uncertainty, including—
- 4 (I) nondiscretionary, ministerial  
5 review; and
  - 6 (II) entitlement and design re-  
7 view processes;
- 8 (vii) the reduction of obstacles, regu-  
9 latory or otherwise, to a range of housing  
10 types at all levels of affordability, including  
11 manufactured and modular housing;
- 12 (viii) State model zoning regulations  
13 for directing local reforms, including mech-  
14 anisms to encourage adoption;
- 15 (ix) provisions to encourage transit-  
16 oriented development, including increased  
17 permissible units per structure and re-  
18 duced minimum lot sizes near existing or  
19 planned public transit stations;
- 20 (x) potential reforms to strengthen  
21 the public engagement process;
- 22 (xi) reforms to protest petition stat-  
23 utes;
- 24 (xii) the standardization, reduction, or  
25 elimination of impact fees;

1 (xiii) cost-effective and appropriate  
2 building codes;

3 (xiv) models for community benefit  
4 agreements;

5 (xv) mechanisms to preserve afford-  
6 ability, limit disruption of low-income com-  
7 munities, and prevent displacement of ex-  
8 isting residents;

9 (xvi) with respect to State zoning  
10 frameworks—

11 (I) State model codes for direct-  
12 ing local reforms, including mecha-  
13 nisms to encourage adoption;

14 (II) a model for a State zoning  
15 appeals process, which would—

16 (aa) create a process for de-  
17 velopers or builders requesting a  
18 variance, conditional use, special  
19 permit, zoning district change,  
20 similar discretionary permit, or  
21 otherwise petitioning a local zon-  
22 ing or planning board for a  
23 project including a State-defined  
24 amount of affordable housing to  
25 appeal a rejection to a State body

1 or regional body empowered by  
2 the State; and

3 (bb) establish qualifications  
4 for communities to be exempted  
5 from the appeals process based  
6 on their available stock of afford-  
7 able housing; and

8 (III) streamlining of State envi-  
9 ronmental review policies;

10 (xvii) with respect to local zoning  
11 frameworks—

12 (I) the simplification and stand-  
13 ardization of existing zoning codes;

14 (II) maximum review timelines;

15 (III) best practices for the dis-  
16 position of land owned by local gov-  
17 ernments for affordable housing devel-  
18 opment;

19 (IV) differentiations between best  
20 practices for rural, suburban, and  
21 urban communities, and communities  
22 with different levels of density or pop-  
23 ulation distribution; and

24 (V) streamlining of local environ-  
25 mental review policies; and

1 (xviii) other land use measures that  
2 promote access to new housing opportuni-  
3 ties identified by the Secretary; and

4 (C) consider—

5 (i) the effects of adopting any rec-  
6 ommendation on eligibility for Federal dis-  
7 cretionary grants and tax credits for the  
8 purpose of housing or community develop-  
9 ment;

10 (ii) coordination between infrastruc-  
11 ture investments and housing planning;

12 (iii) local housing needs, including  
13 ways to set and measure housing goals and  
14 targets;

15 (iv) a range of affordability for rental  
16 units, with a prioritization of units attain-  
17 able to extremely low-, low-, and moderate-  
18 income residents;

19 (v) a range of affordability for home-  
20 ownership;

21 (vi) accountability measures;

22 (vii) the long-term cost to residents  
23 and businesses if more housing is not con-  
24 structed;

1 (viii) barriers to individuals seeking to  
2 access affordable housing in growing com-  
3 munities and communities with economic  
4 opportunity;

5 (ix) with respect to State zoning  
6 frameworks—

7 (I) distinctions between States  
8 providing constitutional or statutory  
9 home rule authority to municipalities  
10 and States operating under the Dillon  
11 Rule, as articulated in *Hunter v.*  
12 *Pittsburgh*, 207 U.S. 161 (1907); and

13 (II) Statewide mechanisms to  
14 preserve existing affordability over the  
15 long term, including support for land  
16 banks and community land trusts;

17 (x) public comments elicited under  
18 paragraph (2)(A); and

19 (xi) other considerations, as identified  
20 by the Assistant Secretary.

21 (c) ABOLISHMENT OF THE REGULATORY BARRIERS  
22 CLEARINGHOUSE.—

23 (1) IN GENERAL.—The Regulatory Barriers  
24 Clearinghouse established pursuant to section 1205

1 of the Housing and Community Development Act of  
2 1992 (42 U.S.C. 12705d) is abolished.

3 (2) REPEAL.—Section 1205 of the Housing and  
4 Community Development Act of 1992 (42 U.S.C.  
5 12705d) is repealed.

6 (d) REPORTING.—Not later than 5 years after the  
7 date on which the Assistant Secretary publishes the final  
8 guidelines and best practices for State and local zoning  
9 frameworks under this section, the Assistant Secretary  
10 shall submit to the Congress a report describing—

11 (1) the States that have adopted recommenda-  
12 tions from the guidelines and best practices, pursu-  
13 ant to section 4 of this Act;

14 (2) a summary of the localities that have adopt-  
15 ed recommendations from the guidelines and best  
16 practices, pursuant to section 4 of this Act;

17 (3) a list of States that adopted a State zoning  
18 framework;

19 (4) a summary of the modifications that each  
20 State has made in their State zoning framework;

21 (5) a general summary of the types of updates  
22 localities have made to their local zoning framework;

23 (6) with respect to the States that have adopted  
24 a State zoning framework or recommendations from

1 the guidelines and best practices, the effect of such  
2 adoptions; and

3 (7) a summary of any recommendations that  
4 were routinely not adopted by States or by localities.

5 (e) **RULE OF CONSTRUCTION.**—Nothing in this sec-  
6 tion may be construed to permit the Department of Hous-  
7 ing and Urban Development to take an adverse action  
8 against or fail to provide otherwise offered actions or serv-  
9 ices for any State or locality if the State or locality de-  
10 clines to adopt a guideline or best practice under sub-  
11 section (c).

12 **SEC. 102. ACCELERATING HOME BUILDING GRANT PRO-**  
13 **GRAM.**

14 (a) **IN GENERAL.**—The Secretary may establish a  
15 pilot program to award grants to eligible entities to review  
16 designs of covered structures of mixed-income housing and  
17 designate such reviewed designs to be included in pattern  
18 books for use in the jurisdiction of the eligible entity.

19 (b) **RESTRICTION.**—Amounts awarded under this sec-  
20 tion may not be used for construction, alteration, or repair  
21 work.

22 (c) **CONSIDERATIONS.**—In reviewing applications  
23 submitted by eligible entities for a grant under this sec-  
24 tion, the Secretary shall consider—

1           (1) the need for affordable housing in the eligi-  
2           ble entity;

3           (2) the presence of high opportunity areas in  
4           the eligible entity;

5           (3) coordination between the eligible entity and  
6           a State agency; and

7           (4) coordination between the eligible entity and  
8           State, local, and regional transportation planning  
9           authorities.

10          (d) SET-ASIDE FOR RURAL AREAS.—Of the amounts  
11          made available in each fiscal year for grants under this  
12          section, the Secretary shall ensure that not less than 10-  
13          percent shall be used for grants to eligible entities that  
14          are located in rural areas.

15          (e) REPORT REQUIREMENT.—Not later than 3 years  
16          after being awarded a grant under this section, an eligible  
17          entity shall submit to the Secretary a report that—

18               (1) describes the impacts of the activities car-  
19               ried out using the amounts provided under this sec-  
20               tion on improving the production and supply of af-  
21               fordable housing;

22               (2) includes a list of any pattern books the eli-  
23               gible entity has established using amounts provided  
24               under this section, including a description of the de-  
25               signs such pattern book includes;

1           (3) identifies the number of permits issued by  
2           the eligible entity for housing development using de-  
3           signs from such pattern book; and

4           (4) identifies the number of housing units pro-  
5           duced in developments of the eligible entity using a  
6           design from such pattern book.

7           (f) AVAILABILITY OF INFORMATION.—The Secretary  
8 shall—

9           (1) to the extent possible, encourage eligible en-  
10          tities awarded grants under this section to make any  
11          pattern books established by such entity, and de-  
12          signs in such pattern book, publicly available  
13          through a website; and

14          (2) collect, identify, and disseminate best prac-  
15          tices relating to pattern books and make such infor-  
16          mation publicly available on a website of the Depart-  
17          ment of Housing and Urban Development.

18          (g) REPAYMENT OF AWARDED AMOUNTS.—The Sec-  
19          retary may require an eligible entity to return, to the Sec-  
20          retary, grant amounts awarded under this section if the  
21          Secretary determines that the eligible entity has not ap-  
22          proved a sufficient number of building permits that use  
23          designs included in a pattern book established by the eligi-  
24          ble entity, during the 5-year period following receipt of

1 the grant by the eligible entity, unless such period is ex-  
2 tended by the Secretary.

3 (h) SUNSET.—The pilot program established under  
4 this section shall terminate on the date that is 7 years  
5 after the date of the enactment of this section.

6 (i) DEFINITIONS.—In this section:

7 (1) AFFORDABLE HOUSING.—The term “afford-  
8 able housing” means housing for which the total  
9 monthly housing cost payment is not more than 30-  
10 percent of the monthly household income for a  
11 household earning not more than 80-percent of the  
12 area-median income.

13 (2) COVERED STRUCTURE.—The term “covered  
14 structure” means a low-rise or mid-rise structure  
15 with not more than 25 dwelling units that may in-  
16 clude—

17 (A) an accessory dwelling unit;

18 (B) infill development;

19 (C) a duplex;

20 (D) a triplex;

21 (E) a fourplex;

22 (F) a cottage court;

23 (G) a courtyard building;

24 (H) a townhouse;

25 (I) a multiplex; and

1           (J) any other structure with not less than  
2           2 dwelling units that the Secretary has deter-  
3           mined in advance to be appropriate.

4           (3) ELIGIBLE ENTITY.—The term “eligible enti-  
5           ty” means—

6           (A) a unit of general local government, as  
7           defined in section 102(a) of the Housing and  
8           Community Development Act of 1974 (42  
9           U.S.C. 5302(a)); and

10          (B) an Indian Tribe, as defined in section  
11          102(a) of the Housing and Community Devel-  
12          opment Act of 1974 (42 U.S.C. 5302(a)).

13          (4) HIGH OPPORTUNITY AREA.—The term  
14          “high opportunity area” has the meaning given the  
15          term in section 1282.1 of title 12, Code of Federal  
16          Regulations, or any successor regulation.

17          (5) INFILL DEVELOPMENT.—The term “infill  
18          development” means a residential housing develop-  
19          ment on small parcels in previously established areas  
20          for replacement by new or refurbished housing that  
21          utilizes existing utilities and infrastructure.

22          (6) MIXED-INCOME HOUSING.—The term  
23          “mixed-income housing” means a housing develop-  
24          ment that is comprised of housing units that pro-

1 mote differing levels of affordability in the commu-  
2 nity.

3 (7) **PATTERN BOOK.**—The term “pattern book”  
4 means a set of pre-reviewed, designated designs or  
5 construction plans that are assessed and approved as  
6 by-right development by localities for compliance  
7 with local building and permitting standards to  
8 streamline and expedite approval pathways for hous-  
9 ing construction.

10 (8) **RURAL AREA.**—The term “rural area”  
11 means any area other than a city or town that has  
12 a population of less than 50,000 inhabitants.

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

15 **SEC. 103. FEDERAL GUIDELINES FOR POINT-ACCESS BLOCK**  
16 **BUILDINGS.**

17 (a) **IN GENERAL.**—Not later than 18 months after  
18 the date of enactment of this section, the Secretary of  
19 Housing and Urban Development shall issue guidelines to  
20 provide States, territories, Tribes, and localities with  
21 model code language, best practices, and technical guid-  
22 ance that could be used to facilitate the permitting of  
23 point-access block residential buildings.

24 (b) **CONTENTS.**—When developing the guidelines  
25 under subsection (a), the Secretary shall consider—

1           (1) fire safety considerations, including sprin-  
2           kler coverage, smoke detection, ventilation, and  
3           building egress performance;

4           (2) construction costs and potential impacts on  
5           housing affordability, including the potential for in-  
6           creasing housing supply in high-cost jurisdictions;

7           (3) flexibility for diverse consumer needs, in-  
8           cluding family sizes, unit configurations, and acces-  
9           sibility;

10          (4) examples of single-stair codes adopted or  
11          considered by States and cities in the United States;

12          (5) examples single-stair codes used in relevant  
13          international standards;

14          (6) research and model language relating to  
15          single-stair codes produced by organizations that  
16          focus on point-access block building design and  
17          building-code reform;

18          (7) consulting with experts, including devel-  
19          opers, architects, fire marshals, researchers, econo-  
20          mists, housing authorities, and officials in States  
21          that have enacted or piloted single-stair codes; and

22          (8) alternative methods of safety compliance,  
23          including options that utilize additional passive or  
24          active safety features.

1 (c) COORDINATION WITH THE INTERNATIONAL  
2 CODE COUNCIL.—The Secretary shall coordinate with the  
3 International Code Council to encourage the International  
4 Code Council to incorporate provisions about point-access  
5 block buildings into the International Building Code.

6 (d) GRANTS.—

7 (1) IN GENERAL.—The Secretary may establish  
8 a program to award competitive grants to eligible  
9 entities to implement pilot projects that evaluate,  
10 demonstrate, or validate the safety, feasibility, or  
11 cost-effectiveness of point-access block residential  
12 buildings.

13 (2) SUNSET.—The program established under  
14 paragraph (1) shall terminate on the date that is 7  
15 years after the date of the enactment of this sub-  
16 section.

17 (e) RULE OF CONSTRUCTION.—Nothing in this sec-  
18 tion may be construed to preempt a State or local building  
19 code.

20 (f) DEFINITIONS.—In this section:

21 (1) ELIGIBLE ENTITY.—The term “eligible enti-  
22 ty” means a State, unit of local government, Tribal  
23 Government, public housing agency, nonprofit hous-  
24 ing organization, community development organiza-  
25 tion, private developer, construction firm, qualified

1 design firm, engineering firm, academic institution,  
2 research institution, or any partnership or consor-  
3 tium comprised of 2 or more such types of entities.

4 (2) POINT-ACCESS BLOCK BUILDING.—The  
5 term “point-access block building” means a Group  
6 R–2 occupancy residential structure, as such term is  
7 defined by the International Building Code, in which  
8 a single internal stairway provides access and egress  
9 for all dwelling units in a building that is not great-  
10 er than 6 stories in height.

11 **SEC. 104. UNLOCKING HOUSING SUPPLY THROUGH**  
12 **STREAMLINED AND MODERNIZED REVIEWS.**

13 (a) NEPA STREAMLINING FOR HUD HOUSING-RE-  
14 LATED ACTIVITIES.—

15 (1) IN GENERAL.—The Secretary of Housing  
16 and Urban Development shall, in accordance with  
17 section 553 of title 5, United States Code, expand  
18 and reclassify housing-related activities under the  
19 necessary administrative regulations as follows:

20 (A) The following housing-related activities  
21 shall be subject to regulations equivalent or  
22 substantially similar to the regulations entitled  
23 “exempt activities” as set forth in section 58.34  
24 of title 24, Code of Federal Regulations, as in  
25 effect on January 1, 2025:

1 (i) Tenant-based rental assistance, as  
2 defined in section 8(o) of the United  
3 States Housing Act of 1937 (42 U.S.C.  
4 1437f(o)).

5 (ii) Supportive services, including  
6 health care, housing services, permanent  
7 housing placement, day care, nutritional  
8 services, short-term payment for rent,  
9 mortgage, or utility costs, and assistance  
10 in gaining access to Federal Government  
11 and State and local government benefits  
12 and services.

13 (iii) Operating costs, including main-  
14 tenance, security, operation, utilities, fur-  
15 nishings, equipment, supplies, staff train-  
16 ing, and recruitment and other incidental  
17 costs.

18 (iv) Economic development activities,  
19 including equipment purchases, inventory  
20 financing, interest subsidies, operating ex-  
21 penses, and similar costs not associated  
22 with construction or expansion of existing  
23 operations.

24 (v) Activities to assist homebuyers to  
25 purchase existing dwelling units or dwell-

1 ing units under construction, including  
2 closing costs and down payment assistance,  
3 interest rate buydowns, and similar activi-  
4 ties that result in the transfer of title.

5 (vi) Affordable housing  
6 predevelopment costs related to obtaining  
7 site options, project financing, administra-  
8 tive costs and fees for loan commitment,  
9 zoning approvals, and other related activi-  
10 ties that do not have a physical impact.

11 (vii) Approval of supplemental assist-  
12 ance, including insurance or guarantee, to  
13 a project previously approved by the Sec-  
14 retary.

15 (viii) Emergency homeowner or renter  
16 assistance for HVAC, hot water heaters,  
17 and other necessary uses of existing utili-  
18 ties required under applicable law.

19 (B) The following housing-related activities  
20 shall be subject to regulations equivalent or  
21 substantially similar to the regulations enti-  
22 tled—

23 (i) “categorical exclusions not subject  
24 to section 58.5”; and

1 (ii) “categorical exclusions not subject  
2 to the Federal laws and authorities cited in  
3 sections 50.4” in section 58.35(b) and sec-  
4 tion 50.19, respectively of title 24, Code of  
5 Federal Regulations, as in effect on Janu-  
6 ary 1, 2025, if such activities do not mate-  
7 rially alter environmental conditions and  
8 do not materially exceed the original scope  
9 of the project:

10 (I) Acquisition, repair, improve-  
11 ment, reconstruction, or rehabilitation  
12 of public facilities and improvements  
13 (other than buildings) if the facilities  
14 and improvements are in place and  
15 will be retained in the same use with-  
16 out change in size or capacity of more  
17 than 20-percent, including replace-  
18 ment of water or sewer lines, recon-  
19 struction of curbs and sidewalks, and  
20 repaving of streets.

21 (II) Rehabilitation of 1-to-4 unit  
22 residential buildings, and existing  
23 housing-related infrastructure, such  
24 as repairs or rehabilitation of existing

1 wells, septics, or utility lines that con-  
2 nect to that housing.

3 (III) New construction, develop-  
4 ment, demolition, acquisition, or dis-  
5 position on up to 4 scattered site ex-  
6 isting dwelling units where there is a  
7 maximum of 4 units on any 1 site.

8 (IV) Acquisitions (including leas-  
9 ing) or disposition of, or equity loans  
10 on an existing structure, or acquisi-  
11 tion (including leasing) of vacant land  
12 if the structure or land acquired, fi-  
13 nanced, or disposed of will be retained  
14 for the same use.

15 (C) The following housing-related activities  
16 shall be subject to regulations equivalent or  
17 substantially similar to the regulations enti-  
18 tled—

19 (i) “categorical exclusions subject to  
20 section 58.5”; and

21 (ii) “categorical exclusions subject to  
22 the Federal laws and authorities cited in  
23 sections 50.4” in section 58.35(a) and sec-  
24 tion 50.20, respectively, of title 24, Code of  
25 Federal Regulations, as in effect on Janu-

1           ary 1, 2025, if such activities do not mate-  
2           rially alter environmental conditions and  
3           do not materially exceed the original scope  
4           of the project:

5                   (I) Acquisitions of open space or  
6                   residential property, where such prop-  
7                   erty will be retained for the same use  
8                   or will be converted to open space to  
9                   help residents relocate out of an area  
10                  designated as a high-risk area by the  
11                  Secretary.

12                  (II) Conversion of existing office  
13                  buildings into residential development,  
14                  subject to—

15                   (aa) a maximum number of  
16                   units to be determined by the  
17                   Secretary; and

18                   (bb) a limitation on the  
19                   change in building size to not  
20                   more than 20-percent.

21                  (III) New construction, develop-  
22                  ment, demolition, acquisition, or dis-  
23                  position on 5 to 15 dwelling units  
24                  where there is a maximum of 15 units  
25                  on any 1 site. The units can be 15 1-

1 unit buildings or 1 15-unit building,  
2 or any combination in between.

3 (IV) New construction, develop-  
4 ment, demolition, acquisition, or dis-  
5 position on 15 or more housing units  
6 developed on scattered sites when  
7 there are not more than 15 housing  
8 units on any 1 site, and the sites are  
9 more than a set number of feet apart  
10 as determined by the Secretary.

11 (V) Rehabilitation of buildings  
12 and improvements in the case of a  
13 building for residential use with 5 to  
14 15 units, if the density is not in-  
15 creased beyond 15 units and the land  
16 use is not changed.

17 (VI) Infill projects consisting of  
18 new construction, rehabilitation, or  
19 development of residential housing  
20 units.

21 (VII) Buyouts, defined as the  
22 voluntary acquisition of properties lo-  
23 cated in—

24 (aa) a floodway;

25 (bb) a floodplain; or

1 (cc) an other area, clearly  
2 delineated by the grantee, that  
3 has been impacted by a predict-  
4 able environmental threat to the  
5 safety and wellbeing of program  
6 beneficiaries caused or exacer-  
7 bated by a federally declared dis-  
8 aster.

9 (2) REPORT.—The Secretary shall submit to  
10 the Committee on Banking, Housing, and Urban Af-  
11 fairs of the Senate and the Committee on Financial  
12 Services of the House of Representatives annual re-  
13 ports during the 5-year period beginning on the date  
14 that is 2 years after the date of enactment of this  
15 Act that provide a summary of findings of reduc-  
16 tions in review times and administrative cost reduc-  
17 tion, with a particular focus on the affordable hous-  
18 ing sector, as a result of the actions set forth in this  
19 subsection, and any recommendations of the Sec-  
20 retary for future congressional action with respect to  
21 revising categorical exclusions or exemptions under  
22 title 24, Code of Federal Regulations.

23 (b) BETTER USE OF INTERGOVERNMENTAL AND  
24 LOCAL DEVELOPMENT FOR HOUSING.—



1           (2) TRIBAL ASSUMPTION OF ENVIRONMENTAL  
2 REVIEW OBLIGATIONS.—Section 305(c) of the Multi-  
3 family Housing Property Disposition Reform Act of  
4 1994 (42 U.S.C. 3547) is amended—

5           (A) by striking “State or unit of general  
6 local government” each place it appears and in-  
7 serting “State, Indian Tribe, or unit of general  
8 local government”;

9           (B) in paragraph (1)(C), in the heading,  
10 by striking “STATE OR UNIT OF GENERAL  
11 LOCAL GOVERNMENT” and inserting “STATE,  
12 INDIAN TRIBE, OR UNIT OF GENERAL LOCAL  
13 GOVERNMENT”; and

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

15           “(5) DEFINITION OF INDIAN TRIBE.—For pur-  
16 poses of this subsection, the term ‘Indian Tribe’  
17 means a federally recognized Tribe, as defined in  
18 section 4(13)(B) of the Native American Housing  
19 Assistance and Self-Determination Act of 1996 (25  
20 U.S.C. 4103(13)(B)).”.

21           (c) APPLICABILITY.—Any activity generated under  
22 subsections (a) or (b) would be subject to an authorization  
23 of appropriations.

24           (d) INFILL PROJECT DEFINED.—In this section, the  
25 term “infill project” means a project that—

1           (1) occurs within the geographic limits of a mu-  
2           nicipality;

3           (2) is adequately served by existing utilities and  
4           public services as required under applicable law;

5           (3) is located on a site of previously disturbed  
6           land of not more than 5 acres and substantially sur-  
7           rounded by residential or commercial development;

8           (4) will repurpose a vacant or underutilized  
9           parcel of land, or a dilapidated or abandoned struc-  
10          ture; and

11          (5) will serve a residential or commercial pur-  
12          pose.

13 **SEC. 105. FEDERAL HOUSING AGENCY APPLICATION OF EN-**  
14 **VIRONMENTAL REVIEWS.**

15          (a) MEMORANDUM OF UNDERSTANDING.—

16           (1) IN GENERAL.—Not later than 180 days  
17           after the date of enactment of this Act, the Sec-  
18           retary of Housing and Urban Development and the  
19           Secretary of Agriculture shall enter into a memo-  
20           randum of understanding to—

21           (A) evaluate the use of categorical exclu-  
22           sions (as defined in section 111 of the National  
23           Environmental Policy Act of 1969 (42 U.S.C.  
24           4336e)) for housing projects funded by  
25           amounts from the Department of the Housing

1 and Urban Development and the Department of  
2 Agriculture;

3 (B) develop a process to designate a lead  
4 agency among the Department of Housing and  
5 Urban Development and the Department of Ag-  
6 riculture to streamline the adoption of environ-  
7 mental impact statements and environmental  
8 assessments approved by the other agency to  
9 construct housing projects funded by amounts  
10 from both agencies;

11 (C) maintain compliance with environ-  
12 mental regulations under part 58 of title 24,  
13 Code of Federal Regulations, as in effect on  
14 January 1, 2025; and

15 (D) evaluate the feasibility of a joint phys-  
16 ical inspection process for housing projects  
17 funded by amounts from the Department of the  
18 Housing and Urban Development and the De-  
19 partment of Agriculture.

20 (2) REPORT.—Not later than 1 year after the  
21 date of enactment of this Act, the Secretary of  
22 Housing and Urban Development and the Secretary  
23 of Agriculture shall submit to the Committee on  
24 Banking, Housing, and Urban Affairs of the Senate  
25 and the Committee on Financial Services of the

1 House of Representatives a report that includes rec-  
2 ommendations for legislative, regulatory, or adminis-  
3 trative actions—

4 (A) to improve the efficiency and effective-  
5 ness of housing projects funded by amounts  
6 from the Department of the Housing and  
7 Urban Development and the Department of Ag-  
8 riculture; and

9 (B) that do not materially, with respect to  
10 residents of housing projects described in sub-  
11 paragraph (A)—

12 (i) reduce the safety of those resi-  
13 dents;

14 (ii) shift long-term costs onto those  
15 residents; or

16 (iii) undermine the environmental  
17 standards of those residents.

18 (b) STUDY AND REVIEW.—

19 (1) EXEMPTION.—In providing assistance  
20 under section 501, 502, 504, 515, 533, or 538 of  
21 the Housing Act of 1949 (42 U.S.C. 1471, 1472,  
22 1474, 1485, 1490m, or 1490p–2) for the construc-  
23 tion or modification of residential housing located on  
24 an infill site, the Secretary of Agriculture shall not

1 be required to carry out any study or report on the  
2 environmental effects of such assistance.

3 (2) REPORT.—Not later than the date that is  
4 5 years after the date of enactment of this section,  
5 the Secretary of Agriculture shall submit, to the  
6 Committee on Financial Services of the House of  
7 Representatives and the Committee on Banking,  
8 Housing, and Urban Affairs of the Senate, a report  
9 that—

10 (A) determines whether the implementa-  
11 tion of this section—

12 (i) reduced the amount of time it  
13 takes to review an application for assist-  
14 ance under the sections of the Housing Act  
15 of 1949 identified in paragraph (1); and

16 (ii) reduced the administrative cost of  
17 providing such assistance;

18 (B) describes how the implementation of  
19 this section affects the affordable housing sec-  
20 tor in rural America; and

21 (C) includes any legislative recommenda-  
22 tions from the Secretary of Agriculture.

23 (2) DEFINITIONS.—In this section:

24 (A) GREENFIELD.—The term “greenfield”  
25 means a site that has not been developed, in-

1 including a woodland, farmland, and an open  
2 field.

3 (B) INFILL SITE.—The term “infill site”—

4 (i) means a site that is served by ex-  
5 isting infrastructure, including water lines,  
6 sewer lines, and roads; and

7 (ii) does not include—

8 (I) a site that is served by exist-  
9 ing infrastructure that only consists  
10 of a road;

11 (II) a site within a census tract  
12 designated as very high or relatively  
13 high risk for wildfire, coastal flooding,  
14 and riverine flooding under the Na-  
15 tional Risk Index of the Federal  
16 Emergency Management Agency pur-  
17 suant to section 206 of the Robert T.  
18 Stafford Disaster Relief and Emer-  
19 gency Assistance Act (42 U.S.C.  
20 5136); and

21 (III) a greenfield.

22 **SEC. 106. MULTIFAMILY LOAN LIMITS.**

23 (a) IN GENERAL.—Title II of the National Housing  
24 Act (12 U.S.C. 1707 et seq.) is amended—

25 (1) in section 206A (12 U.S.C. 1712a)—

1           (A) in subsection (a), in the matter fol-  
2           lowing paragraph (7), by striking “(com-  
3           mencing in 2004” and all that follows through  
4           the period at the end and inserting the fol-  
5           lowing: “, commencing on January 1, 2026.  
6           The adjustment of the Dollar Amounts shall be  
7           calculated by the Secretary using the percent-  
8           age change in the Price Deflator Index of Mul-  
9           tifamily Residential Units Under Construction  
10          released by the Bureau of the Census from  
11          March of the previous year to March of the  
12          year in which the adjustment is made, or cal-  
13          culated by the Secretary using an alternative  
14          indicator after publishing information about  
15          such alternative indicator in the Federal Reg-  
16          ister for public comment if the Price Deflator  
17          Index of Multifamily Residential Units Under  
18          Construction is not available or published.”;  
19          and

20                 (B) by striking subsection (b) and insert-  
21                 ing the following:

22                 “(b) ROUNDING.—The dollar amount of any adjust-  
23                 ment described in subsection (a) shall be rounded to the  
24                 next lower dollar.

1 “(c) PUBLICATION.—The Secretary shall publish in  
2 the Federal Register any adjustments made to the Dollar  
3 Amounts.”;

4 (2) in section 207(c)(3)(A) (12 U.S.C.  
5 1713(c)(3)(A))—

6 (A) by striking “\$38,025” and inserting  
7 “\$167,310”;

8 (B) by striking “\$42,120” and inserting  
9 “\$185,328”;

10 (C) by striking “\$50,310” and inserting  
11 “\$221,364”;

12 (D) by striking “\$62,010” and inserting  
13 “\$272,844”;

14 (E) by striking “\$70,200” and inserting  
15 “\$308,880”;

16 (F) by striking “, or not to exceed \$17,460  
17 per space”;

18 (G) by striking “\$43,875” and inserting  
19 “\$193,050”;

20 (H) by striking “\$49,140” and inserting  
21 “\$216,216”;

22 (I) by striking “\$60,255” and inserting  
23 “\$265,122”;

24 (J) by striking “\$75,465” and inserting  
25 “\$332,046”; and

1 (K) by striking “\$85,328” and inserting  
2 “\$375,443”;

3 (3) in section 213(b)(2) (12 U.S.C.  
4 1715e(b)(2))—

5 (A) by striking “\$41,207” and inserting  
6 “\$181,311”;

7 (B) by striking “\$47,511” and inserting  
8 “\$209,048”;

9 (C) by striking “\$57,300” and inserting  
10 “\$252,120”;

11 (D) by striking “\$73,343” and inserting  
12 “\$322,709”;

13 (E) by striking “\$81,708” and inserting  
14 “\$359,515”;

15 (F) by striking “\$43,875” and inserting  
16 “\$193,050”;

17 (G) by striking “\$49,710” and inserting  
18 “\$218,724”;

19 (H) by striking “\$60,446” and inserting  
20 “\$265,962”;

21 (I) by striking “\$78,197” and inserting  
22 “\$344,067”; and

23 (J) by striking “\$85,836” and inserting  
24 “\$377,678”;

1 (4) in section 220(d)(3)(B)(iii)(I) (12 U.S.C.  
2 1715k(d)(3)(B)(iii)(I))—

3 (A) by striking “\$38,025” and inserting  
4 “\$167,310”;

5 (B) by striking “\$42,120” and inserting  
6 “\$185,328”;

7 (C) by striking “\$50,310” and inserting  
8 “\$221,364”;

9 (D) by striking “\$62,010” and inserting  
10 “\$272,844”;

11 (E) by striking “\$70,200” and inserting  
12 “\$308,880”;

13 (F) by striking “\$43,875” and inserting  
14 “\$193,050”;

15 (G) by striking “\$49,140” and inserting  
16 “\$216,216”;

17 (H) by striking “\$60,255” and inserting  
18 “\$265,122”;

19 (I) by striking “\$75,465” and inserting  
20 “\$332,046”; and

21 (J) by striking “\$85,328” and inserting  
22 “\$375,443”;

23 (5) in section 221(d)(4)(ii)(I) (12 U.S.C.  
24 1715l(d)(4)(ii)(I))—

1 (A) by striking “\$37,843” and inserting  
2 “\$166,509”;

3 (B) by striking “\$42,954” and inserting  
4 “\$188,997”;

5 (C) by striking “\$51,920” and inserting  
6 “\$228,448”;

7 (D) by striking “\$65,169” and inserting  
8 “\$286,744”;

9 (E) by striking “\$73,846” and inserting  
10 “\$324,922”;

11 (F) by striking “\$40,876” and inserting  
12 “\$179,854”;

13 (G) by striking “\$46,859” and inserting  
14 “\$206,180”;

15 (H) by striking “\$56,979” and inserting  
16 “\$250,708”;

17 (I) by striking “\$73,710” and inserting  
18 “\$324,324”; and

19 (J) by striking “\$80,913” and inserting  
20 “\$356,017”;

21 (6) in section 231(c)(2)(A) (12 U.S.C.  
22 1715v(e)(2)(A))—

23 (A) by striking “\$35,978” and inserting  
24 “\$166,509”;

1 (B) by striking “\$40,220” and inserting  
2 “\$188,997”;

3 (C) by striking “\$48,029” and inserting  
4 “\$228,448”;

5 (D) by striking “\$57,798” and inserting  
6 “\$286,744”;

7 (E) by striking “\$67,950” and inserting  
8 “\$324,922”;

9 (F) by striking “\$40,876” and inserting  
10 “\$179,854”;

11 (G) by striking “\$46,859” and inserting  
12 “\$206,180”;

13 (H) by striking “\$56,979” and inserting  
14 “\$250,708”;

15 (I) by striking “\$73,710” and inserting  
16 “\$324,324”; and

17 (J) by striking “\$80,913” and inserting  
18 “\$356,017”; and

19 (7) in section 234(e)(3)(A) (12 U.S.C.  
20 1715y(e)(3)(A))—

21 (A) by striking “\$42,048” and inserting  
22 “\$185,011”;

23 (B) by striking “\$48,481” and inserting  
24 “\$213,316”;

1 (C) by striking “\$58,469” and inserting  
2 “\$257,263”;

3 (D) by striking “\$74,840” and inserting  
4 “\$329,296”;

5 (E) by striking “\$83,375” and inserting  
6 “\$366,850”;

7 (F) by striking “\$44,250” and inserting  
8 “\$194,700”;

9 (G) by striking “\$50,724” and inserting  
10 “\$223,186”;

11 (H) by striking “\$61,680” and inserting  
12 “\$271,392”;

13 (I) by striking “\$79,793” and inserting  
14 “\$351,089”; and

15 (J) by striking “\$87,588” and inserting  
16 “\$385,387”.

17 (b) **RULE OF CONSTRUCTION.**—Nothing in this sec-  
18 tion or the amendments made by this section may be con-  
19 strued to limit the authority of the Secretary of Housing  
20 and Urban Development to revise the statutory exceptions  
21 for high-cost percentage and high-cost areas annual index-  
22 ing.

23 **SEC. 107. GAO STUDY ON WORKFORCE HOUSING.**

24 (a) **IN GENERAL.**—Not later than 1 year after the  
25 date of the enactment of this section, the Comptroller

1 General of the United States shall conduct a study and  
2 submit to the Congress a report that—

3 (1) identifies obstacles middle-income house-  
4 holds face when looking to secure affordable hous-  
5 ing;

6 (2) identifies geographic areas where housing is  
7 the most unaffordable and unavailable for middle-in-  
8 come households;

9 (3) includes a list of Federal housing programs,  
10 including Federal tax credits, grants, and loan pro-  
11 grams, that are not available to middle-income  
12 households due to their income status, including  
13 Federal housing programs designed to promote af-  
14 fordability;

15 (4) recommends income and other parameters  
16 to establish a clear and consistent Federal definition  
17 for the term “workforce housing” for use when de-  
18 scribing the segment of housing that could be made  
19 available to such middle-income households in Fed-  
20 eral housing programs if funding commensurate with  
21 the additional eligibility were to be made available;  
22 and

23 (5) analyzes how to modify or newly develop  
24 new Federal housing programs and incentives to in-  
25 clude “workforce housing” if funding commensurate

1 with the additional eligibility were to be made avail-  
2 able.

3 (b) MIDDLE-INCOME HOUSEHOLD DEFINED.—In  
4 this section, the term “middle income household” means  
5 a household with an income above 80-percent but that  
6 does not exceed 120-percent of the median family income  
7 of the area, as determined by the Secretary with adjust-  
8 ments for smaller and larger families.

9 **TITLE II—MODERNIZING LOCAL**  
10 **DEVELOPMENT AND RURAL**  
11 **HOUSING PROGRAMS**

12 **SEC. 201. HOME REFORM.**

13 (a) IN GENERAL.—Section 104 of the Cranston-Gon-  
14 zalez National Affordable Housing Act (42 U.S.C. 12704)  
15 is amended—

16 (1) in paragraph (6)(B), by striking “signifi-  
17 cant”; and

18 (2) by adding at end the following new para-  
19 graph:

20 “(26) The term ‘infill housing project’ means a  
21 residential housing project that—

22 “(A) is located within the geographic limits  
23 of a municipality;

1           “(B) is adequately served by existing utili-  
2           ties and public services as required under appli-  
3           cable law;

4           “(C) is located on a site of previously dis-  
5           turbed land of not more than 5 acres; and

6           “(D) is substantially surrounded by resi-  
7           dential or commercial development, as deter-  
8           mined by the Secretary.”.

9           (b) ASSISTANCE FOR LOW-INCOME FAMILIES.—Title  
10          II of the Cranston-Gonzalez National Affordable Housing  
11          Act (42 U.S.C. 12721 et seq.) is amended—

12           (1) in section 214(2), by striking “households  
13           that qualify as low-income families” and inserting  
14           “families with a household income that does not ex-  
15           ceed 100-percent of the median-family income of the  
16           area, as determined by the Secretary”;

17           (2) in section 215—

18           (A) in subsection (b)(2), by striking  
19           “whose family qualifies as a low-income family”  
20           and inserting “with a family income that does  
21           not exceed 100-percent of the median-family in-  
22           come of the area as determined by the Sec-  
23           retary with adjustments for smaller and larger  
24           families”; and

1 (B) in subsection (b)(3)(A)(ii), by striking  
2 “low-income homebuyers” and inserting “home-  
3 buyers with a household income that does not  
4 exceed 100-percent of the median-family income  
5 of the area, as determined by the Secretary  
6 with adjustments for smaller and larger fami-  
7 lies”; and

8 (3) in section 271(e)—

9 (A) in paragraph (1)(B), by striking “low-  
10 income” and inserting “families with a house-  
11 hold income that does not exceed 100-percent of  
12 the median-family income of the area as deter-  
13 mined by the Secretary with adjustments for  
14 smaller and larger families”; and

15 (B) in paragraph (2)(A), by striking “low-  
16 income families” and inserting “families with a  
17 household income that does not exceed 100-per-  
18 cent of the median-family income of the area as  
19 determined by the Secretary with adjustments  
20 for smaller and larger families”.

21 (c) CHOICES MADE BY PARTICIPATING JURISDIC-  
22 TIONS.—Section 212(a)(2) of the Cranston-Gonzalez Na-  
23 tional Affordable Housing Act (42 U.S.C. 12742) is  
24 amended to read as follows:

1           “(2) LIMITATION.—The Secretary may not re-  
2           strict a participating jurisdiction’s choice of rehabili-  
3           tation, substantial rehabilitation, new construction,  
4           reconstruction, acquisition, or other eligible housing  
5           uses authorized in paragraph (1) unless such restric-  
6           tion is explicitly authorized under section 223(2).”.

7           (d) USE OF AMOUNTS BY CERTAIN JURISDICTIONS  
8           FOR INFRASTRUCTURE IMPROVEMENTS.—

9           (1) IN GENERAL.—Section 212(a) of the Cran-  
10          ston-Gonzalez National Affordable Housing Act (42  
11          U.S.C. 12742(a)) is amended by inserting after  
12          paragraph (3) the following:

13          “(4) INFRASTRUCTURE IMPROVEMENTS IN  
14          NONENTITLEMENT AREAS.—

15                 “(A) IN GENERAL.—A participating juris-  
16                 diction may use funds provided under this sub-  
17                 title for infrastructure improvements, including  
18                 the installation or repair of water and sewer  
19                 lines, sidewalks, roads, and utility connections  
20                 if—

21                         “(i) such participating jurisdiction  
22                         does not receive assistance under title I of  
23                         the Housing and Community Development  
24                         Act of 1974; and

1           “(ii) such improvements are directly  
2           related to, and located within or imme-  
3           diately adjacent to—

4                   “(I) housing assisted under this  
5                   subtitle; or

6                   “(II) housing assisted under sec-  
7                   tion 42 of the Internal Revenue Code  
8                   of 1986.

9           “(B) APPLICATION OF LABOR STAND-  
10           ARDS.—The labor standards and requirements  
11           set forth in section 110 of the Housing and  
12           Community Development Act of 1974 (42  
13           U.S.C. 5310) shall apply to any infrastructure  
14           improvement conducted using funds provided  
15           under this subtitle.

16           “(C) RULE OF CONSTRUCTION.—Nothing  
17           in this paragraph may be construed to impose  
18           any requirements of the HOME Investment  
19           Partnerships program on housing that benefits  
20           from an infrastructure improvement conducted  
21           using funds provided under this subtitle but  
22           was not otherwise assisted under the HOME  
23           Investment Partnerships program.”.

24           (2) RULEMAKING.—Not later than 1 year after  
25           the date of the enactment of this section, the Sec-

1       retary shall issue rules to carry out the amendment  
2       made by paragraph (1).

3       (e) PER UNIT INVESTMENT LIMITATIONS.—Section  
4 212(e)(1) of the Cranston-Gonzalez National Affordable  
5 Housing Act (42 U.S.C. 12742(e)(1)) is amended by strik-  
6 ing the second sentence.

7       (f) AFFORDABLE RENTAL HOUSING QUALIFICA-  
8 TIONS.—Section 215(a) of the Cranston-Gonzalez Na-  
9 tional Affordable Housing Act (42 U.S.C. 12745(a)) is  
10 amended by adding at the end the following:

11           “(7) QUALIFICATION EXCEPTION.—Notwith-  
12 standing paragraph (1)(A), a rental unit shall be  
13 considered to qualify as affordable housing under  
14 this title if—

15                   “(A) the unit is occupied by a tenant re-  
16 ceiving tenant-based rental assistance under  
17 section 8 of the United States Housing Act of  
18 1937 (42 U.S.C. 1437f);

19                   “(B) the tenant’s contribution toward rent  
20 does not exceed the amount permitted under  
21 such section 8 assistance; and

22                   “(C) the total rent for the unit does not  
23 exceed the amount approved by the public hous-  
24 ing agency administering the assistance under  
25 that program.”.

1 (g) AFFORDABLE HOMEOWNERSHIP HOUSING  
2 QUALIFICATIONS.—Section 215 of the Cranston-Gonzalez  
3 National Affordable Housing Act (42 U.S.C. 12745(b)) is  
4 amended—

5 (1) in subsection (b)—

6 (A) in paragraph (1), by striking “95 per-  
7 cent” and inserting “110 percent”;

8 (B) in paragraph (3)—

9 (i) in subparagraph (A)(ii), by strik-  
10 ing “or” at the end;

11 (ii) in subparagraph (B), by striking  
12 “and” at the end and inserting “or”; and

13 (iii) by adding at the end the fol-  
14 lowing new subparagraph:

15 “(C) maintain long-term affordability  
16 through a shared equity ownership model, a  
17 community land trust, a limited equity coopera-  
18 tive, a community development corporation, or  
19 other mechanism approved by the Secretary,  
20 that preserves affordability for future eligible  
21 homebuyers and ensures compliance with the  
22 purposes of this title, including through the use  
23 of purchase options, rights of first refusal or  
24 other preemptive rights to purchase housing;  
25 and”;

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

2           “(c) QUALIFICATION EXCEPTIONS FOR HOMEOWN-  
3   ERSHIP.—

4           “(1) MILITARY MEMBERS.—A participating ju-  
5   risdiction, in accordance with terms established by  
6   the Secretary, may suspend or waive the income  
7   qualifications described in subsection (b)(2) with re-  
8   spect to housing that otherwise meets the criteria  
9   described in subsection (b) if the owner of the hous-  
10   ing—

11           “(A) is a member of a regular component  
12           of the armed forces or a member of the Na-  
13           tional Guard on full-time National Guard duty,  
14           active Guard and Reserve duty, or inactive-duty  
15           training (as those terms are defined in section  
16           101(d) of title 10, United States Code); and

17           “(B) has received—

18           “(i) temporary duty orders to deploy  
19           with a military unit or military orders to  
20           deploy as an individual acting in support of  
21           a military operation, to a location that is  
22           not within a reasonable distance from the  
23           housing, as determined by the Secretary,  
24           for a period of not less than 90 days; or

1                   “(ii) orders for a permanent change of  
2                   station.

3                   “(2) HEIRS AND BENEFICIARIES OF DECEASED  
4                   OWNERS.—Housing that meets the criteria described  
5                   in subsection (b)(3) prior to the death of an owner  
6                   of such housing shall continue to qualify as afford-  
7                   able housing under this title if—

8                   “(A) the housing is the principal residence  
9                   of an heir or beneficiary of the deceased owner,  
10                  as defined by the Secretary; and

11                  “(B) the heir or beneficiary, in accordance  
12                  with terms established by the Secretary, as-  
13                  sumes the duties and obligations of the de-  
14                  ceased owner with respect to funds provided  
15                  under this title.”.

16                  (h) ELIMINATION OF EXPIRATION OF RIGHT TO  
17                  DRAW HOME INVESTMENT TRUST FUNDS.—Section 218  
18                  of the Cranston-Gonzalez National Affordable Housing  
19                  Act (42 U.S.C. 12748) is amended—

20                  (1) by striking subsection (g); and

21                  (2) by redesignating subsection (h) as sub-  
22                  section (g).

23                  (i) ADJUSTED RECAPTURE AND REUSE OF SET-  
24                  ASIDE FOR COMMUNITY HOUSING DEVELOPMENTAL OR-  
25                  GANIZATIONS.—Section 231(b) of the Cranston-Gonzalez

1 National Affordable Housing Act (42 U.S.C. 12771(b)) is  
2 amended to read as follows:

3 “(b) RECAPTURE AND REUSE.—If any funds re-  
4 served under subsection (a) remain uninvested for a period  
5 of 24 months, the Secretary shall make such funds avail-  
6 able to the participating jurisdiction for any eligible activi-  
7 ties under title II of this Act without regard to whether  
8 a community housing development organization materially  
9 participates in the use of such funds.”.

10 (j) ASSET RECYCLING INFORMATION DISSEMINATION  
11 EXPANSION.—Section 245(b)(2) of the Cranston-Gonzalez  
12 National Affordable Housing Act (42 U.S.C. 12785(b)(2))  
13 is amended by striking “95 percent” and inserting “110  
14 percent”.

15 (k) ENVIRONMENTAL REVIEW REQUIREMENTS.—

16 (1) IN GENERAL.—Section 288 of the Cran-  
17 ston-Gonzalez National Affordable Housing Act (42  
18 U.S.C. 12838) is amended by adding at the end the  
19 following:

20 “(e) CATEGORICAL EXEMPTIONS.—The following  
21 categories of activities carried out under this title shall  
22 be statutorily exempt from environmental review under the  
23 National Environmental Policy Act of 1969 (42 U.S.C.  
24 4321 et seq.), and shall not require further review under  
25 such Act—

1 “(1) new construction infill housing projects;

2 “(2) acquisition of real property for affordable  
3 housing purposes;

4 “(3) rehabilitation projects carried out pursuant  
5 to section 212(a)(1); and

6 “(4) new construction projects of 15 units or  
7 less.

8 “(f) REMOVING DUPLICATIVE REVIEWS.—

9 “(1) IN GENERAL.—To the extent practicable  
10 and permitted by law, the Secretary shall ensure  
11 that a project that has undergone an environmental  
12 review under this section shall not be subject to a  
13 duplicative environmental review solely due to the  
14 addition, substitution, or reallocation of other  
15 sources of Federal assistance, if the scope, scale, and  
16 location of the project remain substantially un-  
17 changed.

18 “(2) COORDINATION OF ENVIRONMENTAL RE-  
19 VIEW RESPONSIBILITIES.—The Secretary shall, by  
20 regulation, provide for coordination of environmental  
21 review responsibilities with other Federal agencies to  
22 streamline inter-agency compliance and avoid unnec-  
23 essary duplication of effort under the National Envi-  
24 ronmental Policy Act of 1969 (42 U.S.C. 4321 et  
25 seq.) and other applicable laws.

1           “(3) RECOGNITION OF PRIOR REVIEWS BY RE-  
2           SPONSIBLE ENTITIES.—A project may not be subject  
3           to an environmental review under this section if a  
4           substantially similar review has already been com-  
5           pleted by an entity designated under section  
6           104(g)(1) of the Housing and Community Develop-  
7           ment Act of 1974 (42 U.S.C. 5304(g)(1)) or by an-  
8           other entity the Secretary determines to have equiv-  
9           alent authority, if the scope, scale, and location of  
10          the project remain substantially unchanged.”.

11           (2) RULEMAKING.—Not later than 1 year after  
12          the date of the enactment of this Act, the Secretary  
13          shall issue such rules as the Secretary determines  
14          necessary to carry out the amendment made by this  
15          subsection.

16           (3) APPLICABILITY.—Any activity generated  
17          under this subsection would be subject to an author-  
18          ization of appropriations.

19           (1) APPLICATION OF BUILD AMERICA, BUY AMERICA  
20          REQUIREMENTS FOR HOME INVESTMENT PARTNER-  
21          SHIPS PROGRAM.—

22           (1) IN GENERAL.—Not later than 180 days  
23          after the date of the enactment of this section, the  
24          Secretary of Housing and Urban Development shall  
25          complete a review of the implementation of the Build

1 America, Buy America Act (title IV of division G of  
2 Public Law 117–58; 42 U.S.C. 8301 note) with re-  
3 spect to the activities assisted under title II of the  
4 Cranston-Gonzalez National Affordable Housing Act  
5 (42 U.S.C. 12721 et seq.).

6 (2) UPDATED GUIDANCE.—Not later than 90  
7 days after the review described in subsection (a) is  
8 completed, the Secretary shall issue updated guid-  
9 ance to clarify the application of the Build America,  
10 Buy America Act (title IV of division G of Public  
11 Law 117–58; 42 U.S.C. 8301 note) with respect to  
12 the activities assisted under title II of the Cranston-  
13 Gonzalez National Affordable Housing Act (42  
14 U.S.C. 12721 et seq.).

15 (3) REPORT.—Not later than 270 days after  
16 the date of the enactment of this section, the Sec-  
17 retary shall submit to the Committee on Financial  
18 Services of the House of Representatives and the  
19 Committee on Banking, Housing, and Urban Affairs  
20 of the Senate a report that describes—

21 (A) the results of the review required  
22 under subsection (a); and

23 (B) the guidance issued as described in  
24 subsection (b).

1 (m) APPLICATION OF OTHER SPECIFIED STATUTORY  
2 REQUIREMENTS.—Title II of the Cranston-Gonzalez Na-  
3 tional Affordable Housing Act (42 U.S.C. 12721 et seq.)  
4 is amended by adding at the end the following new section  
5 (and by conforming the table of sections in section 1(b),  
6 accordingly):

7 **“SEC. 291. NONAPPLICABILITY OF CERTAIN REQUIRE-**  
8 **MENTS FOR SMALL PROJECTS.**

9 “Notwithstanding any other provision of law, the re-  
10 quirements of section 3 of the Housing and Urban Devel-  
11 opment Act of 1968 (12 U.S.C. 1701u), and any imple-  
12 menting regulations or guidance, shall not apply to an ac-  
13 tivity assisted under this title that involves rehabilitation,  
14 construction, or other development of housing if—

15 “(1) the recipient of assistance under this title  
16 is—

17 “(A) a State recipient pursuant to section  
18 216; or

19 “(B) a participating jurisdiction that re-  
20 ceived a total allocation of less than \$3,000,000  
21 in the most recent fiscal year pursuant to sec-  
22 tion 216; and

23 “(2) the total number of dwelling units assisted  
24 as a part of such activity is 50 or fewer.”.

1 (n) TECHNICAL AMENDMENTS.—The Cranston-Gon-  
2 zalez National Affordable Housing Act (42 U.S.C. 12701  
3 et seq.) is amended—

4 (1) by striking “Stewart B. McKinney Home-  
5 less Assistance Act” each place it appears and in-  
6 serting “McKinney-Vento Homeless Assistance Act”;  
7 and

8 (2) by striking “Committee on Banking, Fi-  
9 nance and Urban Affairs” each place it appears and  
10 inserting “Committee on Financial Services”.

11 (o) REALLOCATION NOT AVAILABLE FOR CERTAIN  
12 JURISDICTIONS.—Section 217(d) of the Cranston-Gon-  
13 zalez National Affordable Housing Act (42 U.S.C.  
14 12747(d)) is amended—

15 (1) in paragraph (1), by striking the second  
16 sentence and inserting the following: “Subject to  
17 paragraph (4), jurisdictions eligible for such re-  
18 allocations shall include participating jurisdictions  
19 and jurisdictions meeting the requirements of this  
20 title, including the requirements in paragraphs (3),  
21 (4), and (5) of section 216.”; and

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

23 “(4) REALLOCATION NOT AVAILABLE FOR CER-  
24 TAIN JURISDICTIONS.—The Secretary may decline to  
25 make a reallocation available to a jurisdiction eligible

1 for such reallocation if such jurisdiction has failed to  
2 meet or comply with any requirement under this  
3 title.”.

4 (p) AMENDMENTS TO QUALIFICATION AS AFFORD-  
5 ABLE HOUSING.—Section 215(a) of the Cranston-Gon-  
6 zalez National Affordable Housing Act (42 U.S.C.  
7 12745(a)) is amended—

8 (1) in paragraph (1)(E), by striking “except  
9 upon a foreclosure by a lender (or upon other trans-  
10 fer in lieu of foreclosure) if such action (i) recog-  
11 nizes any contractual or legal rights of public agen-  
12 cies, nonprofit sponsors, or others to take actions  
13 that would avoid termination of low-income afford-  
14 ability in the case of foreclosure or transfer in lieu  
15 of foreclosure, and (ii) is not for the purpose of  
16 avoiding low income affordability restrictions, as de-  
17 termined by the Secretary; and” and inserting the  
18 following: “except—

19 “(i) upon a foreclosure by a lender (or  
20 upon other transfer in lieu of foreclosure)  
21 if such action—

22 “(I) recognizes any contractual  
23 or legal rights of public agencies, non-  
24 profit sponsors, or others to take ac-  
25 tions that would avoid termination of

1 low-income affordability in the case of  
2 foreclosure or transfer in lieu of fore-  
3 closure; and

4 “(II) is not for the purpose of  
5 avoiding low-income affordability re-  
6 strictions, as determined by the Sec-  
7 retary; or

8 “(ii) where existing affordable housing  
9 is no longer financially viable due to un-  
10 foreseen acts or occurrences beyond the  
11 reasonable contemplation or control of the  
12 participating jurisdiction in which the af-  
13 fordable housing is located or the owner of  
14 the affordable housing that significantly  
15 impact the financial or physical condition  
16 of the affordable housing, as determined by  
17 the Secretary; and”; and

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

19 “(8) SMALL-SCALE HOUSING.—

20 “(A) IN GENERAL.—Small-scale housing  
21 shall qualify as affordable housing under this  
22 title if—

23 “(i) each dwelling unit in such hous-  
24 ing bears rent in an amount that complies

1 with the requirements described in para-  
2 graph (1)(A);

3 “(ii) each dwelling unit in such hous-  
4 ing is occupied by a low-income family;

5 “(iii) no dwelling unit in such housing  
6 is refused for leasing to a holder of a  
7 voucher under section 8 of the United  
8 States Housing Act of 1937 (42 U.S.C.  
9 1437f) because of the status of the pro-  
10 spective tenant as a holder of such vouch-  
11 er;

12 “(iv) such housing complies with the  
13 requirement described in paragraph  
14 (1)(E); and

15 “(v) the participating jurisdiction in  
16 which such small-scale housing is located  
17 monitors the compliance of such housing  
18 with the requirements of this title in a  
19 manner consistent with the purposes of  
20 section 226(b), as determined by the Sec-  
21 retary.

22 “(B) SMALL-SCALE HOUSING DEFINED.—  
23 In this paragraph, the term ‘small-scale hous-  
24 ing’ means housing with not more than 4 dwell-

1           ing units each of which is made available for  
2           rental.”.

3           (q) TENANT AND PARTICIPANT PROTECTIONS FOR  
4 SMALL-SCALE AFFORDABLE HOUSING.—Section 225 of  
5 the Cranston-Gonzalez National Affordable Housing Act  
6 (42 U.S.C. 12755) is amended by adding at the end the  
7 following:

8           “(e) EXCEPTION.—Paragraphs (2), (3), and (4) shall  
9 not apply to small-scale housing, as such term is defined  
10 in section 215(a)(7).”.

11          (r) REVISION OF DEFINITION OF COMMUNITY LAND  
12 TRUST.—Section 104 of the Cranston-Gonzalez National  
13 Affordable Housing Act (42 U.S.C. 12704) is amended by  
14 adding at the end the following:

15                   “(27) The term ‘community land trust’  
16                   means a nonprofit entity, a State, a unit of  
17                   local government or instrumentality of a State  
18                   or unit of local government that—

19                           “(A) is not managed by, or an affil-  
20                           iate of, a for-profit organization;

21                           “(B) has as a primary purpose of ac-  
22                           quiring, developing, or holding land to pro-  
23                           vide housing that is permanently afford-  
24                           able to low- and moderate-income persons;

1 “(C) monitors properties to ensure af-  
2 fordability is preserved;

3 “(D) provides housing that is perma-  
4 nently affordable to low- and moderate-in-  
5 come persons using a ground lease, deed  
6 covenant, or other similar legally enforce-  
7 able measure, determined acceptable by the  
8 Secretary, that—

9 “(i) keeps housing affordable to  
10 low- and moderate-income persons for  
11 not less than 30 years; and

12 “(ii) enables low- and moderate-  
13 income persons to rent or purchase  
14 the housing for homeownership; and

15 “(E) maintains preemptive purchase  
16 options to purchase the property if such  
17 purchase would allow the housing to re-  
18 main affordable to low-and moderate-in-  
19 come persons.”.

20 (s) CONFORMING AMENDMENTS.—The Cranston-  
21 Gonzalez National Affordable Housing Act (42 U.S.C.  
22 12701 et seq.) is amended—

23 (1) in section 233 by striking subsection (f);  
24 and

1           (2) in section 233(b)(6), by striking “to com-  
2           munity land trusts (as such term is defined in sub-  
3           section (f))” and inserting “to community land  
4           trusts (as such term is defined in section 104)”.

5           (t) MINIMUM ALLOCATIONS.—Section 217(b) of the  
6 Cranston-Gonzalez National Affordable Housing Act (42  
7 U.S.C. 12747 (b)) is amended—

8           (1) in paragraph (2), by striking “\$500,000”  
9           each place that term appears and inserting  
10          “\$750,000”;

11          (2) in paragraph (3)—

12           (A) by striking “jurisdictions that are allo-  
13           cated an amount of \$500,000 or more” and in-  
14           serting “jurisdictions that are allocated an  
15           amount of \$750,000 or more”;

16           (B) by striking “that are allocated an  
17           amount less than \$500,000” and inserting  
18           “that are allocated an amount less than  
19           \$750,000”; and

20           (C) by striking “, except as provided in  
21           paragraph (4)”;

22          (3) by striking paragraph (4).

23          (u) ADDITIONAL TECHNICAL CORRECTIONS.—The  
24 Cranston-Gonzalez National Affordable Housing Act (42  
25 U.S.C. 12701 et seq.) is amended—

1           (1) in section 108(a)(1), by striking “section  
2           105(b)(15)” and inserting “section 105(b)(18)”; and

3           (2) in section 217(b)(1)(F), by striking “Sub-  
4           committee on Housing and Community Develop-  
5           ment” and inserting “Subcommittee on Housing,  
6           Transportation, and Community Development”.

7 **SEC. 202. COMMUNITY DEVELOPMENT FUND AMENDMENTS.**

8           (a) IDENTIFYING REGULATORY BARRIERS TO HOUS-  
9           ING SUPPLY.—Section 104 of the Housing and Commu-  
10          nity Development Act of 1974 (42 U.S.C. 5304) is amend-  
11          ed by adding at the end the following:

12          “(n) PLAN TO TRACK AND REDUCE OVERLY BUR-  
13          DENSOME LAND USE POLICIES.—

14                 “(1) IN GENERAL.—Beginning 1 year after the  
15                 date of the enactment of this subsection, prior to re-  
16                 ceipt in any fiscal year of a grant from the Secretary  
17                 under subsection (b), (d)(1), or (d)(2)(B) of section  
18                 106, each recipient shall have prepared and sub-  
19                 mitted, not less frequently than once during the pre-  
20                 ceding 5-year period, a description of—

21                         “(A) whether the jurisdiction served by the  
22                         recipient has adopted any of the types of land  
23                         use policies described in paragraph (2) during  
24                         the preceding 5-year period;

1           “(B) the plans the jurisdiction served by  
2           the recipient has to adopt and implement any  
3           of the types of land use policies described in  
4           paragraph (2); and

5           “(C) any ways in which the jurisdiction  
6           served by the recipient expects the planned  
7           adoption of any of the types of land use policies  
8           described in paragraph (2) would benefit the ju-  
9           risdiction.

10          “(2) TYPES OF LAND USE POLICIES.—The  
11          types of policies to be considered for the purposes of  
12          the submission of information required under para-  
13          graph (1) include the following:

14                 “(A) Expanding by-right multifamily zoned  
15                 areas.

16                 “(B) Allowing duplexes, triplexes, or  
17                 fourplexes in areas zoned primarily for single-  
18                 family residential homes.

19                 “(C) Allowing manufactured homes in  
20                 areas zoned primarily for single-family residen-  
21                 tial homes.

22                 “(D) Allowing multifamily development in  
23                 retail, office, and light manufacturing zones.

1           “(E) Allowing single-room occupancy de-  
2           velopment wherever multifamily housing is al-  
3           lowed.

4           “(F) Reducing minimum lot size.

5           “(G) Ensuring historic preservation re-  
6           quirements and other land use policies or re-  
7           quirements are coordinated to encourage cre-  
8           ation of housing in historic buildings and his-  
9           toric districts.

10          “(H) Increasing the allowable floor area  
11          ratio by allowing a higher ratio of total floor  
12          area in a building in comparison to its lot size.

13          “(I) Creating transit-oriented development  
14          zones.

15          “(J) Streamlining or shortening permitting  
16          processes and timelines, including through one-  
17          stop and parallel-process permitting.

18          “(K) Eliminating or reducing off-street  
19          parking requirements.

20          “(L) Ensuring impact and utility invest-  
21          ment fees accurately reflect required infrastruc-  
22          ture needs and related impacts on housing af-  
23          fordability are otherwise mitigated.

24          “(M) Allowing off-site construction, includ-  
25          ing prefabricated construction.

1           “(N) Reducing or eliminating minimum  
2           unit square footage requirements.

3           “(O) Allowing the conversion of office  
4           units to apartments.

5           “(P) Allowing the subdivision of single-  
6           family homes into duplexes.

7           “(Q) Allowing accessory dwelling units, in-  
8           cluding detached accessory dwelling units, on all  
9           lots with single-family homes.

10          “(R) Establishing density bonuses.

11          “(S) Eliminating or relaxing residential  
12          property height limitations.

13          “(T) Using property tax abatements to en-  
14          able higher density and mixed-income commu-  
15          nities.

16          “(U) Donating vacant land for affordable  
17          housing development.

18          “(V) Enacting other relevant high-density,  
19          single-family, and multifamily zoning policies  
20          that the recipient chooses to report.

21          “(3) EFFECT OF SUBMISSION.—A submission  
22          under this subsection shall not be binding with re-  
23          spect to the use or distribution of amounts received  
24          under section 106.

1           “(4) ACCEPTANCE OR NONACCEPTANCE OF  
2           PLAN.—The acceptance or nonacceptance of any  
3           plan submitted under this subsection in which the  
4           information required under this subsection is pro-  
5           vided may not be considered an endorsement or ap-  
6           proval of the plan, policies, or methodologies, or lack  
7           thereof.

8           “(5) PROHIBITION ON USE OF INFORMATION  
9           FOR ENFORCEMENT.—Information provided by a re-  
10          cipient to the Secretary under this subsection may  
11          not be used as the basis for any enforcement ac-  
12          tion.”.

13          (b) ADDITION OF AFFORDABLE HOUSING CON-  
14          STRUCTION AS AN ELIGIBLE ACTIVITY.—

15                 (1) ELIGIBLE ACTIVITY.—Section 105(a) of the  
16          Housing and Community Development Act of 1974  
17          (42 U.S.C. 5305(a)) is amended—

18                         (A) in paragraph (25)(D), by striking  
19                         “and” at the end;

20                         (B) in paragraph (26), by striking the pe-  
21                         riod at the end and inserting “; and”; and

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

24                                 “(27) the new construction of affordable hous-  
25                                 ing, within the meaning given such term under sec-

1       tion 215 of the Cranston-Gonzalez National Afford-  
2       able Housing Act (42 U.S.C. 12745), and which  
3       shall not exceed 20-percent of the amounts allocated  
4       to the recipient.”.

5           (2) LOW- AND MODERATE-INCOME REQUIRE-  
6       MENT.—Section 105(c)(3) of the Housing and Com-  
7       munity Development Act of 1974 (42 U.S.C.  
8       5305(c)(3)) is amended by striking “or rehabilita-  
9       tion” and inserting “, rehabilitation, or new con-  
10      struction”.

11          (3) APPLICABILITY.—The amendments made  
12      by this subsection shall apply with respect only to  
13      amounts appropriated after the date of the enact-  
14      ment of this Act.

15      (c) DATABASES OF PUBLICLY OWNED LAND.—

16          (1) IN GENERAL.—Section 104(b) of the Hous-  
17      ing and Community Development Act of 1974 (42  
18      U.S.C. 5304(b)) is amended—

19              (A) in paragraph (5), by striking “and” at  
20              the end;

21              (B) in paragraph (6), by striking the pe-  
22              riod at the end and inserting “; and”; and

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

24              “(7) the grantee maintains, on a publicly acces-  
25              sible website, a searchable database that identifies

1 all parcels of undeveloped land owned by the grant-  
2 ee.”.

3 (2) EFFECTIVE DATE.—The amendments made  
4 by this subsection shall take effect on October 1,  
5 2026.

6 **SEC. 203. GRANTS FOR PLANNING AND IMPLEMENTATION**  
7 **ASSOCIATED WITH AFFORDABLE HOUSING.**

8 (a) IN GENERAL.—The Secretary of Housing and  
9 Urban Development shall, not later than 1 year after the  
10 date of the enactment of this section, establish a pilot pro-  
11 gram to award grants on a competitive basis to eligible  
12 entities to assist planning and implementation activities  
13 associated with affordable housing.

14 (b) USE OF AMOUNTS.—

15 (1) BY REGIONAL PLANNING AGENCIES.—If an  
16 eligible entity that receives amounts under this sec-  
17 tion is a regional planning agency or consortia of re-  
18 gional planning agencies, such eligible entity shall  
19 use such amounts to assist planning activities with  
20 respect to affordable housing, including—

21 (A) the development of housing plans;

22 (B) the substantial improvement of State  
23 or local housing strategies;

24 (C) the development of new regulatory re-  
25 quirements and processes;

1 (D) updating zoning codes;

2 (E) increasing the capacity to conduct  
3 housing inspections;

4 (F) increasing the capacity to reduce bar-  
5 riers to housing supply elasticity and housing  
6 affordability;

7 (G) the development of local or regional  
8 plans for community development; and

9 (H) the substantial improvement of com-  
10 munity development strategies, including strate-  
11 gies designed to—

12 (i) increase the availability of afford-  
13 able housing and access to affordable hous-  
14 ing;

15 (ii) increase access to public transpor-  
16 tation; and

17 (iii) advance sustainable or location-  
18 efficient community development goals.

19 (2) BY STATES, INSULAR AREAS, METROPOLI-  
20 TAN CITIES, AND URBAN COUNTIES.—If an eligible  
21 entity that receives amounts under this section is a  
22 State, insular area, metropolitan city, or urban  
23 county, such eligible entity shall use such amounts  
24 to—

1 (A) implement and administer housing  
2 strategies and housing plans;

3 (B) implement and administer any plans to  
4 increase housing choice, address disparities in  
5 housing needs, and provide greater access to  
6 opportunity;

7 (C) fund any community investments that  
8 support goals identified in a housing strategy or  
9 housing plan;

10 (D) implement and administer regulatory  
11 requirements and processes with respect to re-  
12 formed zoning codes;

13 (E) increase the capacity to conduct hous-  
14 ing inspections;

15 (F) increase the capacity to reduce bar-  
16 riers to housing supply elasticity and housing  
17 affordability;

18 (G) implement and administer local or re-  
19 gional plans for community development; and

20 (H) fund any planning to increase—

21 (i) the availability of affordable hous-  
22 ing and access to affordable housing;

23 (ii) access to public transportation;

24 and

1 (iii) any location-efficient community  
2 development goals.

3 (3) USE FOR ADMINISTRATIVE COSTS.—A eligi-  
4 ble entity that receives amounts under this section  
5 may not use more than 10-percent of such amounts  
6 for administrative costs.

7 (c) COORDINATION.—To the extent practicable, the  
8 Secretary shall coordinate with the Federal Transit Ad-  
9 ministrator in carrying out this section.

10 (d) ADDITIONAL USES OF AMOUNTS.—

11 (1) HOUSING CONSTRUCTION.—Expenditures  
12 on new construction of housing shall be an eligible  
13 expense under this section.

14 (2) BUILDINGS FOR GENERAL CONDUCT OF  
15 GOVERNMENT.—Expenditures on building for the  
16 general conduct of government, other than the Fed-  
17 eral Government, shall be eligible under this section  
18 when necessary and appropriate as a part of a nat-  
19 ural hazard mitigation project.

20 (e) EXPIRATION OF AUTHORITY.—After the expira-  
21 tion of the 5-year period beginning on the date of the en-  
22 actment of this section, the Secretary may not newly es-  
23 tablish a pilot program as described in this section.

1 (f) SUNSET.—The pilot program established under  
2 this section shall terminate on the date that is 5 years  
3 after the date of the enactment of this section.

4 (g) DEFINITIONS.—In this subsection:

5 (1) ELIGIBLE ENTITY.—The term “eligible enti-  
6 ty” means—

7 (A) a State, insular area, metropolitan  
8 city, or urban county, as such terms are defined  
9 in section 102 of the Housing and Community  
10 Development Act of 1974; or

11 (B) a regional planning agency or con-  
12 sortia of regional planning agencies.

13 (2) HOUSING PLAN.—The term “housing plan”  
14 means a plan to, with respect to an area within the  
15 jurisdiction of an eligible entity—

16 (A) increase the amount of available hous-  
17 ing to meet the demand for such housing and  
18 any projected increase in the demand for such  
19 housing;

20 (B) increase the affordability of housing;

21 (C) increase the accessibility of housing for  
22 people with disabilities, including location-effi-  
23 cient housing;

24 (D) preserve or improve the quality of  
25 housing;

1 (E) reduce barriers to housing develop-  
2 ment; and

3 (F) coordinate with transportation-related  
4 agencies.

5 (3) HOUSING STRATEGY.—The term “housing  
6 strategy” means a housing strategy required under  
7 section 105 of the Cranston-Gonzalez National Af-  
8 fordable Housing Act.

9 **SEC. 204. RURAL HOUSING SERVICE PROGRAM IMPROVE-**  
10 **MENTS.**

11 (a) IN GENERAL.—Section 504(a) of the Housing  
12 Act of 1949 (42 U.S.C. 1474(a)) is amended—

13 (1) in the first sentence, by inserting “and may  
14 make a loan to an eligible low-income applicant”  
15 after “applicant”; and

16 (2) by striking “\$7,500” and inserting  
17 “\$15,000”.

18 (b) ANNUAL REPORT ON RURAL HOUSING PRO-  
19 GRAMS.—Title V of the Housing Act of 1949 (42 U.S.C.  
20 1471 et seq.), as amended by this section, is amended by  
21 adding at the end the following:

22 **“SEC. 545. ANNUAL REPORT.**

23 “(a) IN GENERAL.—The Secretary shall submit to  
24 the Committee on Financial Services of the House of Rep-  
25 resentatives and the Committee on Banking, Housing, and

1 Urban Affairs of the Senate and publish on a website of  
2 the Department of Agriculture an annual report on the  
3 rural housing programs carried out under this title.

4 “(b) CONTENTS.—The report required under sub-  
5 section (a) shall include significant details on the informa-  
6 tion about the health of the programs carried out by the  
7 Rural Housing Service, including—

8 “(1) raw data about loan performance that can  
9 be sorted by program and region;

10 “(2) a description of the housing stock of such  
11 programs;

12 “(3) information about why properties end par-  
13 ticipation in such programs, including maturation  
14 prepayment, foreclosure, or other servicing issues;  
15 and

16 “(4) risk ratings for properties assisted under  
17 such programs.

18 “(c) PROTECTION OF INFORMATION.—Data included  
19 in a report required under subsection (a) may be aggre-  
20 gated or anonymized to protect the financial information  
21 and personal information of program participants.”.

22 (c) APPLICATION REVIEW.—

23 (1) SENSE OF CONGRESS.—It is the sense of  
24 the Congress, not later than 90 days after the date  
25 on which the Secretary of Agriculture receives an

1 application for a loan, grant or combined loan and  
2 grant under section 502 or 504 of the Housing Act  
3 of 1949 (42 U.S.C. 1472, 1474), the Secretary of  
4 Agriculture should—

5 (A) review the application;

6 (B) complete the underwriting;

7 (C) make a determination of eligibility with  
8 respect to the application; and

9 (D) notify the applicant of determination.

10 (2) REPORT.—

11 (A) IN GENERAL.—Not later than 90 days  
12 after the date of enactment of this Act, and an-  
13 nually thereafter until the date described in  
14 subparagraph (B), the Secretary of Agriculture  
15 shall submit to the Committee on Banking,  
16 Housing, and Urban Affairs of the Senate and  
17 the Committee on Financial Services of the  
18 House of Representatives a report that—

19 (i) details the timeliness of eligibility  
20 determinations and final determinations  
21 with respect to applications under section  
22 502 and 504 of the Housing Act of 1949  
23 (42 U.S.C. 1472, 1474), including jus-  
24 tifications for any eligibility determinations  
25 taking longer than 90 days; and

1 (ii) includes recommendations to  
2 shorten the timeline for notifications of eli-  
3 gibility determinations described in sub-  
4 paragraph (A) to not more than 90 days.

5 (B) DATE DESCRIBED.—The date de-  
6 scribed in this paragraph is the date on which,  
7 during the preceding 5-year period, the Sec-  
8 retary of Agriculture provides each eligibility  
9 determination described in subparagraph (A)  
10 during the 90-day period beginning on the date  
11 on which each application is received.

12 (d) GAO REPORT ON RURAL HOUSING SERVICE  
13 TECHNOLOGY.—Not later than 1 year after the date of  
14 enactment of this Act, the Comptroller General of the  
15 United States shall submit to the Congress a report that  
16 includes—

17 (1) an analysis of how the outdated technology  
18 used by the Rural Housing Service impacts partici-  
19 pants in the programs of the Rural Housing Service;

20 (2) an estimate of the amount of funding that  
21 is needed to modernize the technology used by the  
22 Rural Housing Service; and

23 (3) an estimate of the number and type of new  
24 employees the Rural Housing Service needs to mod-

1       ernize the technology used by the Rural Housing  
2       Service.

3       **SEC. 205. CHOICE IN AFFORDABLE HOUSING.**

4       (a) **PREAPPROVAL OF UNITS.**—Section 8(o)(8)(A) of  
5 the United States Housing Act of 1937 (42 U.S.C.  
6 1437f(o)(8)(A)) is amended by adding at the end the fol-  
7 lowing:

8                               “(iv) **INITIAL INSPECTION PRIOR TO**  
9                               **LEASE AGREEMENT.**—

10                              “(I) **DEFINITION.**—In this  
11                              clause, the term ‘new landlord’ means  
12                              an owner of a dwelling unit who has  
13                              not previously entered into a housing  
14                              assistance payment contract with a  
15                              public housing agency under this sub-  
16                              section for any dwelling unit.

17                              “(II) **EARLY INSPECTION.**—Upon  
18                              the request of a new landlord, a public  
19                              housing agency may inspect the dwell-  
20                              ing unit owned by the new landlord to  
21                              determine whether the unit meets the  
22                              housing quality standards under sub-  
23                              paragraph (B) before the unit is se-  
24                              lected by a family assisted under this  
25                              subsection.

1                   “(III) EFFECT.—An inspection  
2                   conducted under subclause (II) that  
3                   determines that the dwelling unit  
4                   meets the housing quality standards  
5                   under subparagraph (B) shall satisfy  
6                   the requirements in this subparagraph  
7                   and subparagraph (C) if the new  
8                   landlord enters into a lease agreement  
9                   with a family assisted under this sub-  
10                  section not later than 60 days after  
11                  the date of the inspection.

12                  “(IV) INFORMATION WHEN FAM-  
13                  ILY IS SELECTED.—When a public  
14                  housing agency selects a family to  
15                  participate in the tenant-based assist-  
16                  ance program under this subsection,  
17                  the public housing agency shall in-  
18                  clude in the information provided to  
19                  the family a list of dwelling units that  
20                  have been inspected under subclause  
21                  (II) and determined to meet the hous-  
22                  ing quality standards under subpara-  
23                  graph (B).”.

24                  (b) SATISFACTION OF INSPECTION REQUIREMENTS  
25 THROUGH PARTICIPATION IN OTHER HOUSING PRO-

1 GRAMS.—Section 8(o)(8) of the United States Housing  
2 Act of 1937 (42 U.S.C. 1437f(o)(8)) is amended by add-  
3 ing at the end the following:

4           “(I) SATISFACTION OF INSPECTION RE-  
5           QUIREMENTS THROUGH PARTICIPATION IN  
6           OTHER HOUSING PROGRAMS.—

7           “(i) LOW-INCOME HOUSING TAX  
8           CREDIT-FINANCED BUILDINGS.—A dwell-  
9           ing unit shall be deemed to meet the in-  
10          spection requirements under this para-  
11          graph if—

12                   “(I) the dwelling unit is in a  
13                   building, the acquisition, rehabilita-  
14                   tion, or construction of which was fi-  
15                   nanced by a person who received a  
16                   low-income housing tax credit under  
17                   section 42 of the Internal Revenue  
18                   Code of 1986 in exchange for that fi-  
19                   nancing;

20                   “(II) the dwelling unit was phys-  
21                   ically inspected and passed inspection  
22                   as part of the low-income housing tax  
23                   credit program described in subclause  
24                   (I) during the preceding 12-month pe-  
25                   riod; and

1                   “(III) the applicable public hous-  
2                   ing agency is able to obtain the re-  
3                   sults of the inspection described in  
4                   subclause (II).

5                   “(ii) HOME INVESTMENT PARTNER-  
6                   SHIPS PROGRAM.—A dwelling shall be  
7                   deemed to meet the inspection require-  
8                   ments under this paragraph if—

9                   “(I) the dwelling unit is assisted  
10                  under the HOME Investment Part-  
11                  nerships Program under title II of the  
12                  Cranston-Gonzalez National Afford-  
13                  able Housing Act;

14                  “(II) the dwelling unit was phys-  
15                  ically inspected and passed inspection  
16                  as part of the program described in  
17                  subclause (I) during the preceding 12-  
18                  month period; and

19                  “(III) the applicable public hous-  
20                  ing agency is able to obtain the re-  
21                  sults of the inspection described in  
22                  subclause (II).

23                  “(iii) RURAL HOUSING SERVICE.—A  
24                  dwelling unit shall be deemed to meet the

1 inspection requirements under this para-  
2 graph if—

3 “(I) the dwelling unit is assisted  
4 by the Rural Housing Service of the  
5 Department of Agriculture;

6 “(II) the dwelling unit was phys-  
7 ically inspected and passed inspection  
8 in connection with the assistance de-  
9 scribed in subclause (I) during the  
10 preceding 12-month period; and

11 “(III) the applicable public hous-  
12 ing agency is able to obtain the re-  
13 sults of the inspection described in  
14 subclause (II).

15 “(iv) REMOTE OR VIDEO INSPEC-  
16 TIONS.—When complying with inspection  
17 requirements for a housing unit located in  
18 a rural or small area using assistance  
19 under this subtitle, the Secretary may  
20 allow a grantee to conduct a remote or  
21 video inspection of a unit provided that the  
22 remote or video inspection—

23 “(I) covers a substantially similar  
24 review of the relevant aspects of the

1 unit compared to an in-person inspec-  
2 tion;

3 “(II) does not misrepresent the  
4 condition of the unit; and

5 “(III) provides the information  
6 necessary to fully and accurately  
7 evaluate the conditions of the unit to  
8 ensure that the unit meets the appli-  
9 cable standards.

10 “(v) RULE OF CONSTRUCTION.—  
11 Nothing in clause (i), (ii), (iii), or (iv) may  
12 be construed to affect the operation of a  
13 housing program described in, or author-  
14 ized under a provision of law described in,  
15 that clause.”.

16 **TITLE III—EXPANDING MANU-**  
17 **FACTURED AND AFFORDABLE**  
18 **HOUSING FINANCE OPPORTU-**  
19 **NITIES**

20 **SEC. 301. MANUFACTURED HOUSING INNOVATIONS.**

21 (a) IN GENERAL.—Section 603(6) of the National  
22 Manufactured Housing Construction and Safety Stand-  
23 ards Act of 1974 (42 U.S.C. 5402(6)) is amended by  
24 striking “on a permanent chassis” and inserting “with or  
25 without a permanent chassis”.

1 (b) STANDARDS FOR MANUFACTURED HOMES BUILT  
2 WITHOUT A PERMANENT CHASSIS.—Section 604(a) of  
3 the National Manufactured Housing Construction and  
4 Safety Standards Act of 1974 (42 U.S.C. 5403) is amend-  
5 ed by adding at the end the following:

6 “(7) STANDARDS FOR MANUFACTURED HOMES  
7 BUILT WITHOUT A PERMANENT CHASSIS.—

8 “(A) IN GENERAL.—The Secretary shall  
9 issue revised standards for manufactured homes  
10 built without a permanent chassis and shall  
11 consult with the consensus committee in the de-  
12 velopment of such revised standards, using the  
13 process described in paragraph (4).

14 “(B) CREATING FINAL STANDARDS.—The  
15 Secretary shall, after consulting and conferring  
16 with the consensus committee, establish stand-  
17 ards to ensure manufactured homes without a  
18 permanent chassis have—

19 “(i) a distinct label to be issued by  
20 the Secretary distinguishing manufactured  
21 homes built without a permanent chassis  
22 from manufactured homes built on a per-  
23 manent chassis;

24 “(ii) a data plate, as described in sec-  
25 tion 3280.5 of title 24, Code of Federal

1 Regulations, distinguishing manufactured  
2 homes built without a permanent chassis  
3 from manufactured homes built on a per-  
4 manent chassis; and

5 “(iii) a notation on any invoice pro-  
6 duced by the manufacturer of a manufac-  
7 tured home that is distinguishable from  
8 the invoice for a manufactured home con-  
9 structed with a permanent chassis.”.

10 (c) MANUFACTURED HOME STANDARDS AND CER-  
11 TIFICATIONS.—Section 604 of the National Manufactured  
12 Housing Construction and Safety Standards Act of 1974  
13 (42 U.S.C. 5403) is amended by adding at the end the  
14 following:

15 “(i) MANUFACTURED HOME STANDARDS AND CER-  
16 TIFICATIONS.—

17 “(1) IN GENERAL.—

18 “(A) INITIAL CERTIFICATION.—Subject to  
19 subparagraph (B), not later than 1 year after  
20 the date of enactment of this subsection, a  
21 State shall submit to the Secretary an initial  
22 certification that the laws and regulations of  
23 the State—

24 “(i) treat a manufactured home with-  
25 out a chassis in parity with a manufac-

1           tured home (as defined and regulated by  
2           the State); and

3           “(ii) subject a manufactured home  
4           without a permanent chassis to the same  
5           laws and regulations of the State as a  
6           manufactured home built on a permanent  
7           chassis with respect to financing, title, in-  
8           surance, manufacture, sale, taxes, trans-  
9           portation, installation, and other areas as  
10          the Secretary determines, after consulta-  
11          tion with and approval by the consensus  
12          committee, are necessary to give effect to  
13          the purpose of this section.

14          “(B) STATE PLAN SUBMISSION.—Any  
15          State plan submitted under section 623(c) of  
16          the National Manufactured Housing Construc-  
17          tion and Safety Standards Act of 1974 (42  
18          U.S.C. 5422(c)) shall contain the required  
19          State certification under subparagraph (A) or  
20          paragraph (3) and, if contained therein, no ad-  
21          ditional or State certification under subpara-  
22          graph (A) or paragraph (3).

23          “(C) EXTENDED DEADLINE.—With respect  
24          to a State with a legislature that meets bienni-  
25          ally, the deadline for the submission of the ini-

1            tial certification required under subparagraph  
2            (A) shall be 2 years after the date of enactment  
3            of this subsection.

4            “(D) LATE CERTIFICATION.—

5            “(i) NO WAIVER.—The Secretary may  
6            not waive the prohibition described in  
7            paragraph (5)(B) with respect to a certifi-  
8            cation submitted after the deadline under  
9            subparagraph (A) or paragraph (3) unless  
10           the Secretary approves the late certifi-  
11           cation.

12           “(ii) RULE OF CONSTRUCTION.—

13           Nothing in this subsection shall be con-  
14           strued to prevent a State from submitting  
15           the initial certification required under sub-  
16           paragraph (A) after the required deadline  
17           under that subparagraph.

18           “(2) FORM OF STATE CERTIFICATION NOT PRE-  
19           SENTED IN A STATE PLAN.—The initial certification  
20           required under paragraph (1)(A), if not submitted  
21           with a State plan under paragraph (1)(B), shall con-  
22           tain, in a form prescribed by the Secretary, an attes-  
23           tation by an official that the State has taken the  
24           steps necessary to ensure the veracity of the certifi-

1 cation required under paragraph (1)(A), including,  
2 as necessary, by—

3 “(A) amending the definition of ‘manufac-  
4 tured home’ in the laws and regulations of the  
5 State; and

6 “(B) directing State agencies to amend the  
7 definition of ‘manufactured home’ in regula-  
8 tions.

9 “(3) ANNUAL RECERTIFICATION.—Not later  
10 than a date to be determined by the Secretary each  
11 year, a State shall submit to the Secretary an addi-  
12 tional certification that—

13 “(A) confirms the accuracy of the initial  
14 certification submitted under subparagraph (A)  
15 or (B) of paragraph (1); and

16 “(B) certifies that any new laws or regula-  
17 tions enacted or adopted by the State since the  
18 date of the previous certification do not change  
19 the veracity of the initial certification submitted  
20 under paragraph (1)(A).

21 “(4) LIST.—The Secretary shall publish and  
22 maintain in the Federal Register and on the website  
23 of the Department of Housing and Urban Develop-  
24 ment a list of States that are up-to-date with the

1 submission of initial and subsequent certifications  
2 required under this subsection.

3 “(5) PROHIBITION.—

4 “(A) DEFINITION.—In this paragraph, the  
5 term ‘covered manufactured home’ means a  
6 home that is—

7 “(i) not considered a manufactured  
8 home under the laws and regulations of a  
9 State because the home is constructed  
10 without a permanent chassis;

11 “(ii) considered a manufactured home  
12 under the definition of the term in section  
13 603; and

14 “(iii) constructed after the date of en-  
15 actment of this subsection.

16 “(B) BUILDING, INSTALLATION, AND  
17 SALE.—If a State does not submit a certifi-  
18 cation under paragraph (1)(A) or paragraph (3)  
19 by the date on which those certifications are re-  
20 quired to be submitted—

21 “(i) with respect to a State in which  
22 the State administers the installation of  
23 manufactured homes, the State shall pro-  
24 hibit the manufacture, installation, or sale

1 of a covered manufactured home within the  
2 State; and

3 “(ii) with respect to a State in which  
4 the Secretary administers the installation  
5 of manufactured homes, the State and the  
6 Secretary shall prohibit the manufacture,  
7 installation, or sale of a covered manufac-  
8 tured home within the State.”.

9 (d) OTHER FEDERAL LAWS REGULATING MANUFAC-  
10 TURED HOMES.—The Secretary of Housing and Urban  
11 Development may coordinate with the heads of other Fed-  
12 eral agencies to ensure that Federal agencies treat a man-  
13 ufactured home (that is defined in Federal laws and regu-  
14 lations other than section 603 of the National Manufac-  
15 tured Housing Construction and Safety Standards Act of  
16 1974 (42 U.S.C. 5402)) in the same manner as a manu-  
17 factured home (that is defined in section 603 of the Na-  
18 tional Manufactured Housing Construction and Safety  
19 Standards Act of 1974 (42 U.S.C. 5402)), as amended  
20 by this Act.

21 (e) ASSISTANCE TO STATES.—Section 609 of the Na-  
22 tional Manufactured Housing Construction and Safety  
23 Standards Act of 1974 (42 U.S.C. 5408) is amended—

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

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

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

4           “(3) model guidance to support the submission  
5           of the certification required under section 604(i).”.

6           (f) PREEMPTION.—Nothing in this section or the  
7           amendments made by this section may be construed as  
8           limiting the scope of Federal preemption under section  
9           604(d) of the National Manufactured Housing Construc-  
10          tion and Safety Standards Act of 1974 (42 U.S.C.  
11          5403(d)).

12          (g) PRIMARY AUTHORITY TO ESTABLISH MANUFAC-  
13          TURED HOME CONSTRUCTION AND SAFETY STAND-  
14          ARDS.—The National Manufactured Housing Construc-  
15          tion and Safety Standards Act of 1974 (42 U.S.C. 5401  
16          et seq.) is further amended—

17           (1) in section 603(7), by inserting “energy effi-  
18           ciency,” after “design,”; and

19           (2) in section 604, by adding at the end the fol-  
20           lowing:

21          “(j) PRIMARY AUTHORITY TO ESTABLISH STAND-  
22          ARDS.—

23           “(1) IN GENERAL.—The Secretary shall have  
24           the primary authority to establish Federal manufac-  
25           tured home construction and safety standards.

1           “(2) APPROVAL FROM SECRETARY.—

2                   “(A) IN GENERAL.—The head of any Fed-  
3           eral agency that seeks to establish a manufac-  
4           tured home construction and safety standard on  
5           or after the date of the enactment of this sub-  
6           section—

7                           “(i) shall submit to the Secretary a  
8                           proposal describing such standard; and

9                           “(ii) may not establish such standard  
10                          without approval from the Secretary.

11                   “(B) REJECTION OF STANDARDS.—The  
12           Secretary shall reject a standard submitted to  
13           the Secretary for approval under subparagraph  
14           (A)—

15                           “(i) if the standard would signifi-  
16                           cantly increase the cost of producing man-  
17                           ufactured homes, as determined by the  
18                           Secretary;

19                           “(ii) if the standard would conflict  
20                           with existing manufactured home construc-  
21                           tion and safety standards established by  
22                           the Secretary; or

23                           “(iii) for any other reason as deter-  
24                           mined appropriate by the Secretary.

1           “(C) RULE OF CONSTRUCTION.—Nothing  
2           in this subsection may be construed to require  
3           the Secretary to establish new or revised Fed-  
4           eral manufactured home construction and safe-  
5           ty standards.”.

6 **SEC. 302. FHA SMALL-DOLLAR MORTGAGES.**

7           (a) IN GENERAL.—Not later than 1 year after the  
8           date of the enactment of this section, the Secretary of  
9           Housing and Urban Development, acting through the  
10          Federal Housing Commissioner, may establish a pilot pro-  
11          gram to increase access to small-dollar mortgages for  
12          mortgagors which may include—

13               (1) authorizing direct payments to mortgagees  
14               to incentivize the origination of small-dollar mort-  
15               gages;

16               (2) adjusting terms and costs imposed by the  
17               Federal Housing Administration with respect to  
18               small-dollar mortgages;

19               (3) providing direct grants for mortgagors who  
20               obtain small-dollar mortgages to cover costs associ-  
21               ated with—

22                       (A) down payments;

23                       (B) closing costs;

24                       (C) appraisals; and

25                       (D) title insurance;

1           (4) conducting outreach to potential mortgagors  
2           about the availability of small-dollar mortgages; and

3           (5) providing technical assistance for mortga-  
4           gees that originate small-dollar mortgages.

5           (b) REPORT.—Beginning not later than 1 year after  
6 the establishment of the pilot program under subsection  
7 (a) and ending 1 year after the sunset of the pilot pro-  
8 gram, the Federal Housing Commissioner shall submit to  
9 the Congress an annual report that—

10           (1) tracks and evaluates the outcomes of small-  
11           dollar mortgages originated by mortgagees as a re-  
12           sult of support provided under subsection (a);

13           (2) analyzes risks of the pilot program to the  
14           solvency of the Mutual Mortgage Insurance Fund;

15           (3) includes data with respect to—

16           (A) the number of small-dollar mortgages  
17           originated in the 10-year period preceding the  
18           date of the enactment of this section, including  
19           small-dollar mortgages insured or guaranteed  
20           by the Federal Government and small-dollar  
21           mortgages not insured by the Federal Govern-  
22           ment;

23           (B) the original principal balance of each  
24           small-dollar mortgage identified under subpara-  
25           graph (A);

1 (C) demographic information about the  
2 mortgagors associated with each such small-dol-  
3 lar mortgages; and

4 (D) the number and type of mortgages  
5 that offer small-dollar mortgages;

6 (4) provides a description of the fixed costs that  
7 are associated with mortgages and the impact of  
8 such costs on the ability of lenders to earn a market  
9 rate return on small-dollar mortgages; and

10 (5) includes analysis, by regions of the United  
11 States, including rural regions, that identifies re-  
12 gions with the greatest need for, and the highest  
13 likelihood of, the origination of small-dollar mort-  
14 gages and regions that could benefit the most from  
15 increased availability of small-dollar mortgages.

16 (c) SUNSET.—The pilot program established under  
17 subsection (a) shall terminate on the date that is 4 years  
18 after the date on which the pilot program is established  
19 under subsection (a).

20 (d) EXPIRATION OF AUTHORITY.—After the expira-  
21 tion of the 3-year period beginning on the date of enact-  
22 ment of this section, neither the Federal Housing Commis-  
23 sioner nor the Secretary of Housing and Urban Develop-  
24 ment may newly establish a pilot program to increase ac-  
25 cess to small-dollar mortgages for mortgagors.

1 (e) SMALL-DOLLAR MORTGAGE DEFINED.—The  
2 term “small-dollar mortgage” means a mortgage that—

3 (1) has an original principal balance of  
4 \$100,000 or less; and

5 (2) is secured by a 1- to 4-unit property that  
6 is the principal residence of the mortgagor.

7 **SEC. 303. COMMUNITY INVESTMENT AND PROSPERITY.**

8 (a) REVISED STATUTES.—The paragraph designated  
9 as the “Eleventh” of section 5136 of the Revised Statutes  
10 of the United States (12 U.S.C. 24) is amended, in the  
11 fifth sentence, by striking “15” each place it appears and  
12 inserting “20”.

13 (b) FEDERAL RESERVE ACT.—Section 9(23) of the  
14 Federal Reserve Act (12 U.S.C. 338a) is amended, in the  
15 fifth sentence, by striking “15” each place it appears and  
16 inserting “20”.

17 (c) STUDY.—Not later than 2 years after the date  
18 of the enactment of this section, and every 2 years there-  
19 after, the Comptroller of the Currency and the Board of  
20 Governors of the Federal Reserve System shall each sub-  
21 mit to the Committee on Financial Services of the House  
22 of Representatives and the Committee on Banking, Hous-  
23 ing, and Urban Affairs of the Senate, a report, after con-  
24 sulting with the other agency in the development of such  
25 report, about public welfare investments that were made

1 by associations under section 5136 of the Revised Statutes  
2 of the United States and State member banks under sec-  
3 tion 9(23) of the Federal Reserve Act in the 2 previous  
4 calendar years, that—

5 (1) identifies the number of such investments,  
6 broken down by—

7 (A) purpose;

8 (B) type;

9 (C) amount of assets of the association or  
10 State member bank that made the investment,  
11 using not less than 4 categories to describe the  
12 amount of assets of the associations and banks;  
13 and

14 (D) State, or other location;

15 (2) identifies the dollar amounts of such invest-  
16 ments, broken down by—

17 (A) purpose;

18 (B) type;

19 (C) amount of assets of the association or  
20 State member bank that made the investment,  
21 using not less than 4 categories to describe the  
22 amount of assets of the associations and banks;  
23 and

24 (D) State or other location; and

1 (3) for each type of public welfare investment  
2 identified under paragraphs (1) and (2), a descrip-  
3 tion of the substantive and procedural requirements  
4 that apply to each type of investment made under—

5 (A) in the case of a report by the Comp-  
6 troller of the Currency, section 5136 of the Re-  
7 vised Statutes of the United States; or

8 (B) in the case of a report by the Board  
9 of Governors, section 9(23) of the Federal Re-  
10 serve Act.

11 **TITLE IV—PROTECTING BOR-**  
12 **ROWERS AND ASSISTED FAMI-**  
13 **LIES**

14 **SEC. 401. EXCLUSION OF CERTAIN DISABILITY BENEFITS.**

15 (a) IN GENERAL.—Section 3(b)(4)(B) of the United  
16 States Housing Act of 1937 (42 U.S.C. 1437a(b)(4)(B))  
17 is amended—

18 (1) by redesignating clauses (iv) and (v) as  
19 clauses (vi) and (vii), respectively; and

20 (2) by inserting after clause (iii) the following:

21 “(iv) with respect to the supported  
22 housing program under section 8(o)(19),  
23 any disability benefits received under chap-  
24 ter 11 or chapter 15 of title 38, United  
25 States Code, received by a veteran, except

1 that this exclusion may not apply to the  
2 definition of adjusted income;

3 “(v) with respect to any household re-  
4 ceiving rental assistance under the sup-  
5 ported housing program under section  
6 8(o)(19) as it relates to eligibility for other  
7 types of housing assistance, any disability  
8 benefits received under chapter 11 or chap-  
9 ter 15 of title 38, United States Code, re-  
10 ceived by a veteran, except that this exclu-  
11 sion may not apply to the definition of ad-  
12 justed income;”.

13 (b) TREATMENT OF CERTAIN DISABILITY BENE-  
14 FITS.—When determining the eligibility of a veteran to  
15 rent a residential dwelling unit constructed on Depart-  
16 ment property on or after the date of the enactment of  
17 this Act, for which assistance is provided as part of a  
18 housing assistance program administered by the Secretary  
19 of Housing and Urban Development and not yet in exist-  
20 ence at the time of the enactment of this section, the Sec-  
21 retary shall exclude from income any disability benefits re-  
22 ceived under chapter 11 or chapter 15 of title 38, United  
23 States Code, by such person.

24 (c) DEPARTMENT PROPERTY DEFINED.—In this sec-  
25 tion, the term “Department property” has the meaning

1 given the term in section 901 of title 38, United States  
2 Code.

3 **SEC. 402. MILITARY SERVICE QUESTION.**

4 (a) IN GENERAL.—Subpart A of part 2 of the Fed-  
5 eral Housing Enterprises Financial Safety and Soundness  
6 Act of 1992 (12 U.S.C. 4541 et seq.) is amended by add-  
7 ing at the end the following:

8 **“SEC. 1329. UNIFORM RESIDENTIAL LOAN APPLICATION.**

9 “Not later than 6 months after the date of enactment  
10 of this section, the Director shall, by regulation or order,  
11 require each enterprise to include a disclosure below the  
12 military service question which shall be above the signa-  
13 ture line on the form known as the Uniform Residential  
14 Loan Application stating, ‘If yes, you may qualify for a  
15 VA Home Loan. Consult your lender regarding eligi-  
16 bility.’”.

17 (b) GAO STUDY.—Not later than 18 months after  
18 the date of enactment of this Act, the Comptroller General  
19 of the United States shall conduct a study and submit to  
20 the Congress a report on whether or not less than 80-  
21 percent of lenders using the Uniform Residential Loan  
22 Application have included on that form the disclaimer re-  
23 quired under section 1329 of the Federal Housing Enter-  
24 prises Financial Safety and Soundness Act of 1992, as  
25 added by subsection (a).

1 **SEC. 403. HUD-USDA-VA INTERAGENCY COORDINATION.**

2 (a) MEMORANDUM OF UNDERSTANDING.—Not later  
3 than 180 days after the date of enactment of this Act,  
4 the Secretary of Housing and Urban Development, the  
5 Secretary of Agriculture, and the Secretary of Veterans  
6 Affairs shall establish a memorandum of understanding,  
7 or other appropriate interagency agreement, to share rel-  
8 evant housing-related research and market data that fa-  
9 cilitates evidence-based policymaking.

10 (b) INTERAGENCY REPORT.—

11 (1) REPORT.—Not later than 1 year after the  
12 date of enactment of this Act, the Secretary of  
13 Housing and Urban Development, the Secretary of  
14 Agriculture, and the Secretary of Veterans Affairs  
15 shall jointly submit to the Committee on Banking,  
16 Housing, and Urban Affairs, the Committee on Ag-  
17 riculture, Nutrition, and Forestry, and the Com-  
18 mittee on Veterans' Affairs of the Senate and the  
19 Committee on Financial Services, the Committee on  
20 Agriculture, and the Committee on Veterans' Affairs  
21 of the House of Representatives a report that de-  
22 scribes opportunities for increased collaboration be-  
23 tween the Secretary of Housing and Urban Develop-  
24 ment, the Secretary of Agriculture, and the Sec-  
25 retary of Veterans Affairs to improve efficiencies in  
26 housing programs.

1           (2) PUBLICATION.—The report required under  
2 paragraph (1) shall, prior to submission, be pub-  
3 lished in the Federal Register and open for comment  
4 for a period of 30 days.

5 **SEC. 404. FAMILY SELF-SUFFICIENCY ESCROW EXPANSION**  
6 **PILOT PROGRAM.**

7 Title I of the United States Housing Act of 1937 (42  
8 U.S.C. 1437 et seq.) is amended by adding at the end  
9 the following:

10 **“SEC. 39. ESCROW EXPANSION PILOT PROGRAM.**

11       “(a) DEFINITIONS.—In this section:

12           “(1) COVERED FAMILY.—The term ‘covered  
13 family’ means a family that—

14                   “(A) receives assistance under section 8 or  
15                   9 of this Act;

16                   “(B) is enrolled in the pilot program; and

17                   “(C) has an adjusted income that does not  
18 exceed 80-percent of the area-median income at  
19 the time of enrollment in the pilot program.

20           “(2) ELIGIBLE ENTITY.—The term ‘eligible en-  
21 tity’ means an entity described in subsection (c)(2)  
22 of section 23.

23           “(3) PILOT PROGRAM.—The term ‘pilot pro-  
24 gram’ means the pilot program established under  
25 this section.

1           “(4) WELFARE ASSISTANCE.—The term ‘wel-  
2           fare assistance’ has the meaning given the term in  
3           section 984.103 of title 24, Code of Federal Regula-  
4           tions, or any successor regulation.

5           “(b) PROGRAM ESTABLISHMENT.—The Secretary  
6           shall, not later than 1 year after the date of the enactment  
7           of this section, establish a pilot program under which the  
8           Secretary shall select not more than 25 eligible entities  
9           to establish and manage escrow accounts for not more  
10          than a total of 5,000 covered families, in accordance with  
11          this section.

12          “(c) ESCROW ACCOUNTS.—

13                 “(1) IN GENERAL.—An eligible entity selected  
14                 to participate in the pilot program—

15                         “(A) shall establish an interest-bearing es-  
16                         crow account and place into the account an  
17                         amount equal to any increase in the amount of  
18                         rent paid by each covered family in accordance  
19                         with the provisions of section 3, 8(o), or 8(y),  
20                         as applicable, that is attributable to increases in  
21                         earned income by the covered family during the  
22                         participation of such covered family in the pilot  
23                         program; and

24                         “(B) notwithstanding any other provision  
25                         of law, may use existing funds made available

1 to such entity at any time under section 8 or  
2 9 for the purposes of making the escrow deposit  
3 for a covered family assisted under, or residing  
4 in a unit assisted under, section 8 or 9 provided  
5 that such amounts are offset by the increase in  
6 the amount of rent paid by the covered family.

7 “(2) WITHDRAWALS.—A covered family may  
8 withdraw funds, including any interest earned, from  
9 an escrow account established by an eligible entity  
10 under the pilot program for such covered family—

11 “(A) after the covered family ceases to re-  
12 ceive welfare assistance; and

13 “(B)(i) not earlier than the date that is 5  
14 years after the date on which the eligible entity  
15 establishes the escrow account under this sub-  
16 section;

17 “(ii) not later than the date that is 7 years  
18 after the date on which the eligible entity estab-  
19 lishes the escrow account under this subsection,  
20 if the covered family chooses to continue to par-  
21 ticipate in the pilot program after the date that  
22 is 5 years after the date on which the eligible  
23 entity establishes the escrow account;

24 “(iii) on the date the covered family ceases  
25 to receive housing assistance under section 8 or

1           9, if such date is earlier than 5 years after the  
2           date on which the eligible entity establishes the  
3           escrow account;

4           “(iv) earlier than 5 years after the date on  
5           which the eligible entity establishes the escrow  
6           account, if the covered family is using the funds  
7           to advance a self-sufficiency goal as approved  
8           by the eligible entity; or

9           “(v) under other circumstances for good  
10          cause as determined by the Secretary.

11          “(3) INTERIM RECERTIFICATION.—For the pur-  
12          poses of the pilot program established under this  
13          section, a covered family shall recertify the income  
14          of such family not less than once each year.

15          “(4) CONTRACT OR PLAN.—An eligible entity  
16          may not require a covered family to—

17                 “(A) complete a contract that requires the  
18                 participation of the covered family in the pilot  
19                 program established under this section; or

20                 “(B) participate in any individual training  
21                 or services plan as a condition for participating  
22                 in the pilot program.

23          “(d) EFFECT OF INCREASES IN FAMILY INCOME.—  
24          The amount equal to any increase in the earned income  
25          of a covered family from the date of enrollment of the cov-

1 ered family in the pilot program established under this  
2 section through the date all funds are withdrawn from the  
3 escrow account established for such family under this sec-  
4 tion may not be considered as income or a resource for  
5 purposes of eligibility of the covered family for other bene-  
6 fits, or amount of benefits payable to the family, under  
7 any program administered by the Secretary.

8 “(e) APPLICATION.—

9 “(1) IN GENERAL.—An eligible entity seeking  
10 to participate in the pilot program shall submit to  
11 the Secretary an application—

12 “(A) at such time, in such manner, and  
13 containing such information as the Secretary  
14 may require by notice; and

15 “(B) that includes the number of covered  
16 families to which the eligible entity intends to  
17 provide escrow accounts under this section.

18 “(2) GEOGRAPHIC AND ENTITY VARIETY.—The  
19 Secretary shall ensure that eligible entities selected  
20 to participate in the pilot program—

21 “(A) are located across various States and  
22 in both urban and rural areas; and

23 “(B) vary by size and type, including both  
24 public housing agencies and private owners of

1 projects receiving project-based rental assist-  
2 ance under section 8.

3 “(f) NOTIFICATION AND OPT-OUT.—An eligible enti-  
4 ty participating in the pilot program shall—

5 “(1) notify each covered family of their enroll-  
6 ment in the pilot program;

7 “(2) provide each covered family with a detailed  
8 description of the pilot program, including how the  
9 pilot program will impact their rent and finances;

10 “(3) inform each covered family that the family  
11 may not simultaneously participate in the pilot pro-  
12 gram and the Family Self-Sufficiency program  
13 under this section; and

14 “(4) provide each covered family with the abil-  
15 ity to elect not to participate in the pilot program—

16 “(A) not less than 2 weeks before the date  
17 on which the escrow account is established  
18 under subsection (c); and

19 “(B) at any point during the duration of  
20 the pilot program.

21 “(g) MAXIMUM RENTS.—During the term of partici-  
22 pation by a covered family in the pilot program, the  
23 amount of rent paid by the covered family shall be cal-  
24 culated under the section 3 or 8(o), as applicable.

25 “(h) PILOT PROGRAM TIMELINE.—

1           “(1) AWARDS.—Not later than 18 months after  
2 the date of enactment of this section, the Secretary  
3 shall select the eligible entities to participate in the  
4 pilot program.

5           “(2) ESTABLISHMENT AND TERMS OF AC-  
6 COUNTS.—An eligible entity selected to participate  
7 in the pilot program shall—

8                   “(A) not later than 6 months after selec-  
9 tion, establish escrow accounts under subsection  
10 (c) for covered families; and

11                   “(B) maintain those escrow accounts for  
12 not less than 5 years, or until the date the fam-  
13 ily ceases to receive assistance under section 8  
14 or 9, and, at the discretion of the covered fam-  
15 ily, not more than 7 years after the date on  
16 which the escrow account is established.

17           “(i) NONPARTICIPATION AND HOUSING ASSIST-  
18 ANCE.—

19                   “(1) IN GENERAL.—A family that elects not to  
20 participate in the pilot program may not be delayed  
21 or denied assistance under section 8 or 9 for reason  
22 of such election.

23                   “(2) NO TERMINATION.—Housing assistance  
24 may not be terminated as a consequence of partici-

1       pating, or not participating, in the pilot program  
2       under this section for any period of time.

3       “(j) STUDY.—Not later than 8 years after the date  
4 the Secretary selects eligible entities to participate in the  
5 pilot program under this section, the Secretary shall con-  
6 duct a study and submit to the Committee on Banking,  
7 Housing, and Urban Affairs of the Senate and the Com-  
8 mittee on Financial Services of the House of Representa-  
9 tives a report on outcomes for covered families that par-  
10 ticipated in the pilot program, which shall evaluate the ef-  
11 fectiveness of the pilot program in assisting families to  
12 achieve economic independence and self-sufficiency, and  
13 the impact coaching and supportive services, or the lack  
14 thereof, had on individual incomes.

15       “(k) WAIVERS.—The Secretary may, upon the writ-  
16 ten request of an eligible entity receiving amounts under  
17 this section, waive requirements under this section that  
18 relate to the administration of the pilot program for the  
19 eligible entity that submitted the request if such waiver  
20 would allow such eligible entity to effectively administer  
21 the pilot program and make the required escrow account  
22 deposits under this section.

23       “(l) TERMINATION.—The pilot program established  
24 under this section shall terminate on the date that is 7  
25 years after the date of enactment of this section.”.

1 **SEC. 405. REFORMS TO HOUSING COUNSELING AND FINAN-**  
2 **CIAL LITERACY PROGRAMS.**

3 (a) IN GENERAL.—Section 106 of the Housing and  
4 Urban Development Act of 1968 (12 U.S.C. 1701x) is  
5 amended—

6 (1) in subsection (a)(4)(C), by striking “ade-  
7 quate distribution” and all that follows through  
8 “foreclosure rates” and inserting “that the recipi-  
9 ents are geographically diverse and include organiza-  
10 tions that serve urban or rural areas”;

11 (2) in subsection (e), by adding at the end the  
12 following:

13 “(6) PERFORMANCE REVIEW.—The Secretary—

14 “(A) may conduct periodic reviews; and

15 “(B) shall conduct performance reviews of  
16 all organizations receiving assistance under this  
17 section that—

18 “(i) consist of a review of the organi-  
19 zation’s or entity’s compliance with all pro-  
20 gram requirements; and

21 “(ii) may take into account the orga-  
22 nization’s or entity’s aggregate counselor  
23 performance under paragraph (7)(B).

24 “(7) CONSIDERATIONS.—

25 “(A) COVERED MORTGAGE LOAN DE-  
26 FINED.—In this paragraph, the term ‘covered

1 mortgage loan’ means any loan which is secured  
2 by a first or subordinate lien on residential real  
3 property (including individual units of con-  
4 dominiums and cooperatives) designed prin-  
5 cipally for the occupancy of between 1 and 4  
6 families that is—

7 “(i) insured by the Federal Housing  
8 Administration under title II of the Na-  
9 tional Housing Act (12 U.S.C. 1707 et  
10 seq.); or

11 “(ii) guaranteed under section 184 or  
12 184A of the Housing and Community De-  
13 velopment Act of 1992 (12 U.S.C. 1715z-  
14 13a, 1715z-13b).

15 “(B) COMPARISON.—For each counselor  
16 employed by an organization receiving assist-  
17 ance under this section for pre-purchase hous-  
18 ing counseling, the Secretary may consider the  
19 performance of the counselor compared to the  
20 default rate of all counseled borrowers of a cov-  
21 ered mortgage loan in comparable markets and  
22 such other factors as the Secretary determines  
23 appropriate to further the purposes of this sec-  
24 tion.

1           “(8) CERTIFICATION.—If, based on the com-  
2           parison required under paragraph (7)(B), the Sec-  
3           retary determines that a counselor lacks competence  
4           to provide counseling in the areas described in sub-  
5           section (e)(2) and such action will not create a sig-  
6           nificant loss of capacity for housing counseling serv-  
7           ices in the service area, the Secretary may—

8                   “(A) require continued education coupled  
9                   with successful completion of a probationary pe-  
10                  riod;

11                  “(B) require retesting if the counselor con-  
12                  tinues to demonstrate a lack of competence  
13                  under paragraph (7)(B); and

14                  “(C) suspend an individual certification if  
15                  a counselor fails to demonstrate competence  
16                  after not fewer than 2 retesting opportunities  
17                  under subparagraph (B).”;

18           (3) in subsection (i)—

19                   (A) by redesignating paragraph (3) as  
20                   paragraph (4); and

21                   (B) by inserting after paragraph (2) the  
22                   following:

23           “(3) TERMINATION OF ASSISTANCE.—

24                   “(A) IN GENERAL.—The Secretary may  
25                   deny renewal of covered assistance to an organi-

1           zation or entity receiving covered assistance if  
2           the Secretary determines that the organization  
3           or entity, or the individual through which the  
4           organization or entity provides counseling, is  
5           not in compliance with program requirements—

6                   “(i) based on the performance review  
7                   described in subsection (e)(6); and

8                   “(ii) in accordance with existing regu-  
9                   lations issued by the Secretary.

10           “(B) NOTICE.—The Secretary shall give  
11           an organization or entity receiving covered as-  
12           sistance not less than 60 days prior written no-  
13           tice of any denial of renewal under this para-  
14           graph, and the determination of renewal shall  
15           not be finalized until the end of that notice pe-  
16           riod.

17           “(C) INFORMAL CONFERENCE.—If re-  
18           quested in writing by the organization or entity  
19           within the notice period described in subpara-  
20           graph (B), the organization or entity shall be  
21           entitled to an informal conference with the Dep-  
22           uty Assistant Secretary of Housing Counseling  
23           on behalf of the Secretary at which the organi-  
24           zation or entity may present for consideration  
25           specific factors that the organization or entity

1 believes were beyond the control of the organi-  
2 zation or entity and that caused the failure to  
3 comply with program requirements, such as a  
4 lack of lender or servicer coordination or com-  
5 munication with housing counseling agencies  
6 and individual counselors.”; and

7 (4) by adding at the end the following:

8 “(j) OFFERING FORECLOSURE MITIGATION COUN-  
9 SELING.—

10 “(1) COVERED MORTGAGE LOAN DEFINED.—In  
11 this subsection, the term ‘covered mortgage loan’  
12 means any loan which is secured by a first or subor-  
13 dinate lien on residential real property (including in-  
14 dividual units of condominiums and housing co-  
15 operatives) or stock or membership in a cooperative  
16 ownership housing corporation designed principally  
17 for the occupancy of between 1 and 4 families that  
18 is—

19 “(A) insured by the Federal Housing Ad-  
20 ministration under title II of the National  
21 Housing Act (12 U.S.C. 1707 et seq.);

22 “(B) guaranteed under section 184 or  
23 184A of the Housing and Community Develop-  
24 ment Act of 1992 (12 U.S.C. 1715z–13a,  
25 1715z–13b);

1           “(C) made, guaranteed, or insured by the  
2           Department of Veterans Affairs; or

3           “(D) made, guaranteed, or insured by the  
4           Department of Agriculture.

5           “(2) OPPORTUNITY FOR BORROWERS.—A bor-  
6           rower with respect to a covered mortgage loan who  
7           is 30 days or more delinquent on payments for the  
8           covered mortgage loan shall be given an opportunity  
9           to participate in available housing counseling.

10          “(3) COST.—If the requirements of sections  
11          202(a)(3) and 205(f) of the National Housing Act  
12          (12 U.S.C. 1708(a)(3), 1711(f)) are met, the fair  
13          market rate cost of counseling for delinquent bor-  
14          rowers described in paragraph (2) with respect to a  
15          covered mortgage loan described in paragraph  
16          (1)(A) shall be paid for by the Mutual Mortgage In-  
17          surance Fund, as authorized under section 203(r)(4)  
18          of the National Housing Act (12 U.S.C.  
19          1709(r)(4)).”.

20   **SEC. 406. ESTABLISHMENT OF EVICTION HELPLINE.**

21          (a) IN GENERAL.—The Secretary of Housing and  
22          Urban Development shall, not later than 1 year after the  
23          date of the enactment of this Act, establish a program—

24                  (1) to establish a hotline to provide tenants of  
25          covered federally assisted rental dwelling units with

1 counseling, resources, and referrals to available as-  
2 sistance relating to eviction-related matters; and

3 (2) to provide information about such hotline to  
4 tenants of covered federally assisted rental dwelling  
5 units by publishing information about such hotline  
6 in common areas of each federally assisted rental  
7 dwellings and through other means determined ap-  
8 propriate by the Secretary.

9 (b) SUNSET.—The program established under this  
10 section shall terminate on the date that is 7 years after  
11 the date of the enactment of this section.

12 (c) DEFINITIONS.—In this section:

13 (1) ASSISTANCE.—The term “assistance”  
14 means any grant, loan, subsidy, contract, cooperative  
15 agreement, or other form of financial assistance, but  
16 such term does not include the insurance or guar-  
17 antee of a loan, mortgage, or pool of loans or mort-  
18 gages.

19 (2) COVERED FEDERALLY ASSISTED RENTAL  
20 DWELLING UNIT.—The term “covered federally as-  
21 sisted rental dwelling unit” means a residential  
22 dwelling unit—

23 (A) that is made available for rental; and

24 (B)(i) for which assistance is provided, or  
25 that is part of a housing project for which as-

1 assistance is provided, under any program admin-  
2 istered by the Secretary of Housing and Urban  
3 Development, including—

4 (I) the public housing program under  
5 the United States Housing Act of 1937  
6 (42 U.S.C. 1437 et seq.);

7 (II) the program for rental assistance  
8 under section 8 of the United States Hous-  
9 ing Act of 1937 (42 U.S.C. 1437f);

10 (III) the HOME Investment Partner-  
11 ships program under title II of the Cran-  
12 ston-Gonzalez National Affordable Housing  
13 Act (42 U.S.C. 12721 et seq.);

14 (IV) title IV of the McKinney-Vento  
15 Homeless Assistance Act (42 U.S.C. 11360  
16 et seq.);

17 (V) the Housing Trust Fund program  
18 under section 1338 of the Housing and  
19 Community Development Act of 1992 (12  
20 U.S.C. 4568);

21 (VI) the program for supportive hous-  
22 ing for the elderly under section 202 of the  
23 Housing Act of 1959 (12 U.S.C. 1701q);

24 (VII) the program for supportive  
25 housing for persons with disabilities under

1 section 811 of the Cranston-Gonzalez Na-  
2 tional Affordable Housing Act (42 U.S.C.  
3 8013);

4 (VIII) the AIDS Housing Opportuni-  
5 ties program under subtitle D of title VIII  
6 of the Cranston-Gonzalez National Afford-  
7 able Housing Act (42 U.S.C. 12901 et  
8 seq.);

9 (IX) the program for Native American  
10 housing under the Native American Hous-  
11 ing Assistance and Self-Determination Act  
12 of 1996 (25 U.S.C. 4101 et seq.); and

13 (X) the program for housing assist-  
14 ance for Native Hawaiians under title VIII  
15 of the Native American Housing Assist-  
16 ance and Self-Determination Act of 1996  
17 (25 U.S.C. 4221 et seq.); or

18 (ii) that is a property, or is on or in a  
19 property, that has a federally backed mortgage  
20 loan or federally backed multifamily mortgage  
21 loan, as such terms are defined in section  
22 4024(a) of the CARES Act (15 U.S.C.  
23 9058(a)).

1 **SEC. 407. TEMPERATURE SENSOR PILOT PROGRAM.**

2 (a) IN GENERAL.—The Secretary of Housing and  
3 Urban Development shall establish a temperature sensor  
4 pilot program to provide grants to public housing agencies  
5 and owners of covered federally assisted rental dwelling  
6 units to acquire, install, and test the efficacy of approved  
7 temperature sensors in residential dwelling units to ensure  
8 such units remain in compliance with temperature require-  
9 ments.

10 (b) ELIGIBILITY.—

11 (1) IN GENERAL.—The Secretary shall, not  
12 later than 180 days after the date of the enactment  
13 of this Act, establish eligibility criteria for public  
14 housing agencies and owners of covered federally as-  
15 sisted rental dwelling units to participate in the pilot  
16 program established pursuant to subsection (a).

17 (2) CRITERIA.—In establishing the eligibility  
18 criteria described in paragraph (1), the Secretary  
19 shall ensure—

20 (A) the pilot program includes a diverse  
21 range of participants that represent different  
22 geographic regions, climate regions, unit sizes,  
23 and types of housing; and

24 (B) that the functionality of an approved  
25 temperature sensor will be installed and tested

1           using amounts awarded under this section, in-  
2           cluding internet connectivity requirements.

3           (c) INSTALLATION.—Each public housing agency or  
4 owner of a covered federally assisted rental dwelling unit  
5 that acquires 1 or more approved temperature sensors  
6 under this section shall, after receiving written permission  
7 from the resident of a dwelling unit, install such tempera-  
8 ture sensor and monitor the data from such temperature  
9 sensor.

10          (d) COLLECTION OF COMPLAINT RECORDS.—

11           (1) IN GENERAL.—Each public housing agency  
12 or owner of a covered federally assisted rental dwell-  
13 ing unit that installs 1 or more approved tempera-  
14 ture sensors under this section shall collect and re-  
15 tain information about temperature-related com-  
16 plaints and violations.

17           (2) DEFINITIONS.—The Secretary shall, not  
18 later than 180 days after the date of the enactment  
19 of this Act, define the terms “temperature-related  
20 complaints” and “temperature-related violations” for  
21 the purposes of this section.

22          (e) DATA COLLECTION.—

23           (1) IN GENERAL.—Data collected from tem-  
24 perature sensors acquired and installed by public  
25 housing agencies and owners of covered federally as-

1       sisted rental dwelling units under this section shall  
2       be retained until the Secretary notifies the public  
3       housing agency or owner that the pilot program and  
4       the evaluation of the pilot program are complete.

5               (2) PERSONALLY IDENTIFIABLE INFORMA-  
6       TION.—The Secretary shall, not later than 180 days  
7       after the date of the enactment of this Act, establish  
8       standards for the protection of personally identifi-  
9       ably information collected during the pilot program  
10      by public housing agencies, owners of federally as-  
11      sisted rental dwelling units, and the Secretary.

12      (f) PILOT PROGRAM EVALUATION.—

13              (1) INTERIM EVALUATION.—Not later than 12  
14      months after the establishment of the pilot program  
15      under this section, the Secretary shall publicly pub-  
16      lish and submit to the Congress a report that—

17              (A) examines the number of temperature-  
18              related complaints and violations in federally  
19              assisted rental dwelling units with temperature  
20              sensors, disaggregated by temperature sensor  
21              technology and climate region—

22                      (i) that occurred before the installa-  
23                      tion of such sensor, if known; and

24                      (ii) that occurred after the installation  
25                      of such sensor; and

1 (B) identifies any barriers to full utility of  
2 temperature sensor capabilities, including  
3 broadband internet access and tenant participa-  
4 tion.

5 (2) FINAL EVALUATION.—Not later than 36  
6 months after the conclusion of the pilot program es-  
7 tablished by the Secretary under this section, the  
8 Secretary shall publicly publish and submit to the  
9 Congress a report that—

10 (A) examines the number of temperature-  
11 related complaints and violations in federally  
12 assisted rental dwelling units with temperature  
13 sensors, disaggregated by temperature sensor  
14 technology and climate region—

15 (i) that occurred before the installa-  
16 tion of such sensor; and

17 (ii) that occurred after the installation  
18 of such sensor;

19 (B) identifies any barriers to full utility of  
20 temperature sensor capabilities, including  
21 broadband internet access and tenant participa-  
22 tion; and

23 (C) compares the utility of various tem-  
24 perature sensor technologies based on—

25 (i) climate zones;

- 1 (ii) cost;
- 2 (iii) features; and
- 3 (iv) any other factors identified by the
- 4 Secretary.

5 (g) SUNSET.—The pilot program established under

6 this section shall terminate on the date that is 3 years

7 after the date of the enactment of this section.

8 (h) DEFINITIONS.—For the purposes of this section:

9 (1) APPROVED TEMPERATURE SENSOR.—The

10 term “approved temperature sensor” means an

11 internet capable temperature reporting device able to

12 measure ambient air temperature to the tenth de-

13 gree Fahrenheit and Celsius selected from a list of

14 such devices approved in advance by the Secretary.

15 (2) ASSISTANCE.—The term “assistance”

16 means any grant, loan, subsidy, contract, cooperative

17 agreement, or other form of financial assistance, but

18 such term does not include the insurance or guar-

19 antee of a loan, mortgage, or pool of loans or mort-

20 gages.

21 (3) COVERED FEDERALLY ASSISTED RENTAL

22 DWELLING UNIT.—The term “covered federally as-

23 sisted rental dwelling unit” means a residential

24 dwelling unit that is made available for rental and

25 for which assistance is provided, or that is part of

1 a housing project for which assistance is provided,  
2 under—

3 (A) the program for project-based rental  
4 assistance under section 8 of the United States  
5 Housing Act of 1937 (42 U.S.C. 1437f);

6 (B) the public housing program under the  
7 United States Housing Act of 1937 (42 U.S.C.  
8 1437 et seq.);

9 (C) the program for supportive housing for  
10 the elderly under section 202 of the Housing  
11 Act of 1959 (12 U.S.C. 1701q); or

12 (D) the program for supportive housing for  
13 persons with disabilities under section 811 of  
14 the Cranston-Gonzalez National Affordable  
15 Housing Act (42 U.S.C. 8013).

16 (4) OWNER.—The term “owner” means—

17 (A) with respect to the program for  
18 project-based rental assistance under section 8  
19 of the United States Housing Act of 1937 (42  
20 U.S.C. 1437f), any private person or entity, in-  
21 cluding a cooperative, an agency of the Federal  
22 Government, or a public housing agency, having  
23 the legal right to lease or sublease dwelling  
24 units;

1 (B) with respect to the public housing pro-  
2 gram under the United States Housing Act of  
3 1937 (42 U.S.C. 1437 et seq.), a public housing  
4 agency or an owner entity of public housing  
5 units as defined in section 905.108 of title 24,  
6 Code of Federal Regulations;

7 (C) with respect to the program for sup-  
8 portive housing for the elderly under section  
9 202 of the Housing Act of 1959 (12 U.S.C.  
10 1701q), a private nonprofit organization as de-  
11 fined under section 202(k)(4) of the Housing  
12 Act of 1959; and

13 (D) with respect to the program for sup-  
14 portive housing for persons with disabilities  
15 under section 811 of the Cranston-Gonzalez  
16 National Affordable Housing Act (42 U.S.C.  
17 8013), a private nonprofit organization as de-  
18 fined under section 811(k)(5) of the Cranston-  
19 Gonzalez National Affordable Housing Act.

20 **SEC. 408. GAO STUDIES.**

21 (a) REPORT TO CONGRESS.—Not later than 1 year  
22 after the date of the enactment of this Act, the Comp-  
23 troller General of the United States shall carry out a study  
24 and submit to the Congress a report that identifies options  
25 to remove barriers and improve housing for persons who

1 are elderly or disabled, including any potential impacts of  
2 providing capital advances for—

3 (1) the program for supportive housing for the  
4 elderly under section 202 of the Housing Act of  
5 1959 (12 U.S.C. 1701q); and

6 (2) the program for supportive housing for per-  
7 sons with disabilities under section 811 of the Cran-  
8 ston-Gonzalez National Affordable Housing Act (42  
9 U.S.C. 8013).

10 (b) GAO STUDY TO DETERMINE PROXIMITY OF  
11 HOUSING TO SUPERFUND SITES.—Not later than 1 year  
12 after the date of the enactment of this section, the Comp-  
13 troller General of the United States shall carry out a study  
14 and submit to the Congress a report that identifies how  
15 many residential dwelling units, and how many dwelling  
16 units that are a part of public housing (as such term is  
17 defined in section 3(b) of the United States Housing Act  
18 of 1937 (42 U.S.C. 1437a(b))), are located less than 1  
19 mile from a site that is included on the National Priorities  
20 List established pursuant to section 105 of the Com-  
21 prehensive Environmental Response, Compensation, and  
22 Liability Act of 1980 (42 U.S.C. 9605).

23 (c) REPORT TO CONGRESS.—Not later than 1 year  
24 after the date of the enactment of this Act, the Comp-  
25 troller General of the United States shall carry out a study

1 and submit to the Committee on Financial Services of the  
2 House of Representatives and the Committee on Banking,  
3 Housing, and Urban Affairs of the Senate a report that—

4           (1) establishes a comprehensive definition of  
5 residential heirs property, or family land inherited  
6 without a will or legal documentation of ownership;

7           (2) examines the occurrence of and con-  
8 sequences to owners of residential heirs property,  
9 and provides an estimate regarding the number of  
10 current residential heirs properties;

11           (3) describes the objectives and requirements of  
12 the Uniform Partition of Heirs Property Act as ap-  
13 proved by the National Conference of Commissioners  
14 on Uniform State Laws in 2010;

15           (4) details the various resources that may be  
16 available to the owners of residential heirs prop-  
17 erties, including housing counseling, legal services,  
18 and financial assistance to resolve residential heirs  
19 property title issues from the Federal Government,  
20 nonprofits, and institutes of higher education; and

21           (5) makes recommendations with respect to how  
22 to reduce the number of residential heirs properties,  
23 including—

24                   (A) by incentivizing States and other juris-  
25 dictions which enact or adopt the Uniform Par-

1           tition of Heirs Property Act or similar such re-  
2           forms;

3           (B) by awarding grants to States and  
4           other jurisdictions to assist residents of such  
5           States and jurisdictions to establish and docu-  
6           ment property ownership rights or settle a dece-  
7           dent's estate;

8           (C) by awarding grants to entities which  
9           provide housing counseling, legal assistance,  
10          and financial assistance to homeowners and  
11          their heirs relating to title clearing and home  
12          retention efforts of heirs' property and which  
13          target services to low- and moderate-income  
14          persons or provide services in neighborhoods  
15          that have a high concentration of low- and mod-  
16          erate-income persons; and

17          (D) by conducting other activities that as-  
18          sist individuals to clear title with respect to  
19          heirs' property and with general estate plan-  
20          ning.

1 **TITLE V—ENHANCING OVER-**  
2 **SIGHT OF HOUSING PRO-**  
3 **VIDERS**

4 **SEC. 501. REQUIREMENT TO TESTIFY.**

5 Section 7 of the Department of Housing and Urban  
6 Development Act (42 U.S.C. 3535) is amended by adding  
7 at the end the following new subsection:

8 “(u) ANNUAL TESTIMONY.—The Secretary shall ap-  
9 pear before the Committee on Financial Services of the  
10 House of Representatives and the Committee on Banking,  
11 Housing, and Urban Affairs of the Senate at an annual  
12 hearing and present testimony regarding the operations  
13 of the Department during the preceding year, including—

14 “(1) the current programs and operations of  
15 the Department;

16 “(2) the physical condition of all public housing  
17 and other housing assisted by the Department;

18 “(3) the financial health of the mortgage insur-  
19 ance funds of the Federal Housing Agency;

20 “(4) oversight by the Department of grantees  
21 and subgrantees for purposes of preventing waste,  
22 fraud, and abuse;

23 “(5) the progress made by the Federal Govern-  
24 ment in ending the affordable housing and homeless-  
25 ness crises;

1           “(6) the capacity of the Department to deliver  
2           on its statutory mission; and

3           “(7) other ongoing activities of the Department,  
4           as appropriate.”.

5 **SEC. 502. IMPROVING PUBLIC HOUSING AGENCY ACCOUNT-**  
6 **ABILITY.**

7           (a) **IN GENERAL.**—The Secretary shall require each  
8 covered public housing agency to provide a notice each  
9 year to the Secretary that—

10           (1) indicates that if a receiver or Federal mon-  
11 itor remains appointed for the covered public hous-  
12 ing agency as of October 1 of the calendar year to  
13 which such notice relates;

14           (2) provides the date on which the receiver or  
15 Federal monitor was first appointed and the pro-  
16 jected date, if known, the appointment of the re-  
17 ceiver or Federal monitor will be terminated; and

18           (3) identifies the current receiver or Federal  
19 monitor appointed to oversee the public housing  
20 agency.

21           (b) **FEDERAL MONITOR AND RECEIVER TRANS-**  
22 **PARENCY.**—

23           (1) Notwithstanding any other provision of law,  
24 not later than October 1 of each year, each receiver  
25 or Federal monitor that is currently appointed to

1       oversee a covered public housing agency shall pro-  
2       vide to the Committee on Financial Services of the  
3       House of Representatives and the Committee on  
4       Banking, Housing, and Urban Affairs of the Senate  
5       a written assessment that—

6               (A) describes the management and over-  
7               sight activities of the receiver or Federal mon-  
8               itor for the covered public housing agency;

9               (B) identifies the significant factors that  
10              led to the appointment of the receiver or Fed-  
11              eral monitor for the covered public housing  
12              agency;

13              (C) identifies the factors that remain unre-  
14              solved at the covered public housing agency that  
15              have led to the continued oversight of the re-  
16              ceiver or Federal monitor; and

17              (D) includes a timeline developed by the  
18              receiver or Federal monitor that projects when  
19              the factors identified under subparagraphs (B)  
20              and (C) will be resolved.

21              (2) In addition to the written assessment re-  
22              quired in paragraph (1), upon written request by the  
23              Committee on Financial Services of the House of  
24              Representatives or the Committee on Banking,  
25              Housing, and Urban Affairs of the Senate, each re-

1 receiver or Federal monitor appointed to oversee a  
2 covered public housing agency shall promptly furnish  
3 additional or supplemental information requested by  
4 the Committee on Financial Services of the House of  
5 Representatives or the Committee on Banking,  
6 Housing, and Urban Affairs of the Senate with re-  
7 spect to the covered public housing agency which  
8 such receiver or Federal monitor is appointed to  
9 oversee, including presenting testimony upon re-  
10 quest.

11 (c) DISCLOSURE REQUIRED.—The Secretary shall,  
12 not later than 1 year after the date of the enactment of  
13 this section, require each covered public housing agency  
14 to publicly disclose, on the website of the covered public  
15 housing agency, with respect to each contract entered into  
16 by such covered public housing agency in the preceding  
17 year, the following information:

18 (1) All material information about the contract,  
19 including the goods and service provided.

20 (2) The identity of the vendor selected to re-  
21 ceive the contract.

22 (3) The date of the solicitation of the contract.

23 (4) The relevant information pertaining to the  
24 bids and quotes solicited for the contract.

1           (5) The name of the official who solicited the  
2           contract.

3           (d) INSPECTOR GENERAL REVIEW.—Not later than  
4 180 days after receiving a written request from the Com-  
5 mittee on Financial Services of the House of Representa-  
6 tives or the Committee on Banking, Housing, and Urban  
7 Affairs of the Senate, the inspector general shall provide  
8 to the requesting committee an analysis of—

9           (1) the status of any covered public housing  
10          agency’s compliance with any agreements entered  
11          into between the covered public housing agency and  
12          the Department of Housing and Urban Develop-  
13          ment, including specific areas of deficiency and  
14          progress toward compliance;

15          (2) a review of actions taken by the receiver or  
16          Federal monitor appointed to oversee a covered pub-  
17          lic housing agency and any private sector housing  
18          development partners pursuant to such agreement,  
19          including any gaps in oversight by the receiver or  
20          Federal monitor;

21          (3) an assessment of the physical conditions of  
22          housing provided by the covered public housing  
23          agency, including the status of the covered public  
24          housing agency’s compliance with relevant health  
25          and safety requirements;

1           (4) an examination of any allegations of waste,  
2 fraud, abuse or violations of Federal law committed  
3 by employees or contractors of the covered public  
4 housing agency;

5           (5) any additional pertinent information, as de-  
6 termined necessary and appropriate by the inspector  
7 general; and

8           (6) any recommendations of the inspector gen-  
9 eral that relate to how to improve the compliance of  
10 the covered public housing agency with any agree-  
11 ments entered into with the Department of Housing  
12 and Urban Development or enhance the oversight of  
13 the receiver or Federal monitor over such covered  
14 public housing agency.

15 (e) DEFINITIONS.—

16           (1) COVERED PUBLIC HOUSING AGENCY.—The  
17 term “covered public housing agency” means a pub-  
18 lic housing agency (as such term is defined in sec-  
19 tion 3(b) of the United States Housing Act of 1937  
20 (42 U.S.C. 1437a(b))) for which an administrative  
21 or judicial receiver or Federal monitor was ap-  
22 pointed.

23           (2) INSPECTOR GENERAL.—The term “inspec-  
24 tor general” means the inspector general of the De-  
25 partment of Housing and Urban Development.

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

3   **TITLE           VI—STRENGTHENING**  
4           **COMMUNITY BANKS’ ROLE IN**  
5           **HOUSING**

6   **SEC. 601. COMMUNITY BANK DEPOSIT ACCESS.**

7           (a) IN GENERAL.—Section 29 of the Federal Deposit  
8   Insurance Act (12 U.S.C. 1831f) is amended by adding  
9   at the end the following:

10          “(j) LIMITED EXCEPTION FOR CUSTODIAL DEPOS-  
11   ITS.—

12               “(1) IN GENERAL.—Custodial deposits of an el-  
13   igible institution shall not be considered to be funds  
14   obtained, directly or indirectly, by or through a de-  
15   posit broker to the extent that the total amount of  
16   such custodial deposits does not exceed an amount  
17   equal to 20 percent of the total liabilities of the eligi-  
18   ble institution.

19               “(2) DEFINITIONS.—In this subsection:

20                   “(A) CUSTODIAL DEPOSIT.—The term  
21   ‘custodial deposit’ means a deposit that is not  
22   deposited at an insured depository institution in  
23   return for fees paid by the insured depository  
24   institution pursuant to an agreement with a  
25   third party and that would otherwise be consid-

1           ered to be obtained, directly or indirectly, by or  
2           through a deposit broker, if the deposit is de-  
3           posited at 1 or more insured depository institu-  
4           tions, for the purpose of providing or maintain-  
5           ing deposit insurance for the benefit of a third  
6           party, by or through any of the following, each  
7           acting in a formal custodial or fiduciary capac-  
8           ity for the benefit of a third party:

9                   “(i) An insured depository institution  
10                   serving as agent, trustee, or custodian.

11                   “(ii) A trust entity controlled by an  
12                   insured depository institution serving as  
13                   agent, trustee, or custodian.

14                   “(iii) A State-chartered trust company  
15                   serving as agent, trustee, or custodian.

16                   “(iv) A plan administrator or invest-  
17                   ment advisor, acting in a formal custodial  
18                   or fiduciary capacity for the benefit of a  
19                   plan.

20                   “(B) ELIGIBLE INSTITUTION.—The term  
21                   ‘eligible institution’ means an insured depository  
22                   institution that accepts custodial deposits,  
23                   if the insured depository institution has less  
24                   than \$10,000,000,000 in total assets as re-  
25                   ported on the consolidated report of condition

1 and income as reported quarterly to the appro-  
2 priate Federal banking agency and—

3 “(i)(I) when most recently examined  
4 under section 10(d) was assigned a com-  
5 posite rating of 1, 2, or 3 under the Uni-  
6 form Financial Institutions Rating System  
7 (or an equivalent rating under a com-  
8 parable rating system); and

9 “(II) is well capitalized; or

10 “(ii) has obtained a waiver pursuant  
11 to subsection (c).

12 “(C) PLAN.—The term ‘plan’ has the  
13 meaning given the term in section 3 of the Em-  
14 ployee Retirement Income Security Act of 1974  
15 (29 U.S.C. 1002).

16 “(D) PLAN ADMINISTRATOR.—The term  
17 ‘plan administrator’ has the meaning given the  
18 term ‘administrator’ in section 3 of the Em-  
19 ployee Retirement Income Security Act of 1974  
20 (29 U.S.C. 1002).

21 “(E) WELL CAPITALIZED.—The term ‘well  
22 capitalized’ has the meaning given the term in  
23 section 38(b).”.

24 (b) INTEREST RATE RESTRICTION.—Section 29 of  
25 the Federal Deposit Insurance Act (12 U.S.C. 1831f), as

1 amended by subsection (a), is further amended by adding  
2 at the end the following:

3 “(k) RESTRICTION ON INTEREST RATE PAID ON  
4 CERTAIN CUSTODIAL DEPOSITS.—

5 “(1) DEFINITIONS.—In this subsection—

6 “(A) the terms ‘custodial deposit’, ‘eligible  
7 institution’, and ‘well capitalized’ have the  
8 meanings given those terms in subsection (j);  
9 and

10 “(B) the term ‘covered insured depository  
11 institution’ means an insured depository institu-  
12 tion that while acting as an eligible institution  
13 under subsection (j), accepts custodial deposits  
14 while not well capitalized.

15 “(2) PROHIBITION.—A covered insured depository  
16 institution may not pay a rate of interest on  
17 custodial deposits that are accepted while not well  
18 capitalized that, at the time the funds or custodial  
19 deposits are accepted, significantly exceeds the limit  
20 set forth in paragraph (3).

21 “(3) LIMIT ON INTEREST RATES.—The limit on  
22 the rate of interest referred to in paragraph (2) shall  
23 be not greater than—

24 “(A) the rate paid on deposits of similar  
25 maturity in the normal market area of the cov-

1           ered insured depository institution for deposits  
2           accepted in the normal market area of the cov-  
3           ered insured depository institution; or

4           “(B) the national rate paid on deposits of  
5           comparable maturity, as established by the Cor-  
6           poration, for deposits accepted outside the nor-  
7           mal market area of the covered insured deposi-  
8           tory institution.”.

9   **SEC. 602. KEEPING DEPOSITS LOCAL.**

10       (a) AMOUNT OF RECIPROCAL DEPOSITS THAT ARE  
11 NOT CONSIDERED TO BE FUNDS OBTAINED BY OR  
12 THROUGH A DEPOSIT BROKER.—Section 29(i) of the  
13 Federal Deposit Insurance Act (12 U.S.C. 1831f(i)) is  
14 amended by striking paragraph (1) and inserting the fol-  
15 lowing:

16           “(1) IN GENERAL.—The sum of the following  
17           amounts of reciprocal deposits of an agent institu-  
18           tion shall not be considered to be funds obtained, di-  
19           rectly or indirectly, by or through a deposit broker:

20           “(A) An amount equal to 50 percent of the  
21           portion of the total liabilities of the agent insti-  
22           tution that is less than or equal to  
23           \$1,000,000,000.

24           “(B) An amount equal to 40 percent of the  
25           portion, if any, of the total liabilities of the

1 agent institution that is greater than  
2 \$1,000,000,000, but less than or equal to  
3 \$10,000,000,000.

4 “(C) An amount equal to 30 percent of the  
5 portion, if any, of the total liabilities of the  
6 agent institution that is greater than  
7 \$10,000,000,000, but less than or equal to  
8 \$250,000,000,000.”.

9 (b) DEFINITION OF AGENT INSTITUTION.—Section  
10 29(i)(2)(A)(i) of the Federal Deposit Insurance Act (12  
11 U.S.C. 1831f(i)(2)(A)(i)) is amended by striking sub-  
12 clause (I) and inserting the following:

13 “(I) when most recently exam-  
14 ined under section 10(d) was assigned  
15 a CAMELS rating of 1, 2, or 3 under  
16 the Uniform Financial Institutions  
17 Rating System (or an equivalent rat-  
18 ing under a comparable rating sys-  
19 tem); and”.

20 (c) RECIPROCAL DEPOSITS STUDY.—

21 (1) IN GENERAL.—The Federal Deposit Insur-  
22 ance Corporation, in consultation with the Board of  
23 Governors of the Federal Reserve System, shall  
24 carry out a study on reciprocal deposits.

1           (2) CONTENTS.—The study required under  
2 paragraph (1) shall include—

3           (A) an analysis of how reciprocal deposits  
4 have performed since 2018, which shall in-  
5 clude—

6           (i) the use of quantitative and quali-  
7 tative data;

8           (ii) a breakdown of the usage of recip-  
9 rocal deposits by size of insured depository  
10 institution;

11           (iii) the usage of reciprocal deposits  
12 during periods of stress; and

13           (iv) an analysis, to the extent prac-  
14 ticable, of end-user depositors, such as mu-  
15 nicipalities, businesses, and non-profit or-  
16 ganizations, that drive demand for recip-  
17 rocal products;

18           (B) an analysis, to the extent practicable,  
19 of how reciprocal deposits compare to other de-  
20 posit arrangements; and

21           (C) an analysis of the benefits and poten-  
22 tial risks of reciprocal deposits.

23           (3) REPORT.—Not later than 6 months after  
24 the date of enactment of this Act, the Federal De-  
25 posit Insurance Corporation shall issue a report to

1 the Committee on Financial Services of the House of  
2 Representatives and the Committee on Banking,  
3 Housing, and Urban Affairs of the Senate con-  
4 taining all findings and determinations made in car-  
5 rying out the study required under paragraph (1).

6 **SEC. 603. SUPERVISORY MODIFICATIONS FOR APPRO-**  
7 **PRIATE RISK-BASED TESTING.**

8 (a) EXAMINATION RELIEF FOR CERTAIN WELL  
9 MANAGED AND WELL CAPITALIZED FINANCIAL INSTITU-  
10 TIONS.—

11 (1) INSURED DEPOSITORY INSTITUTIONS.—Sec-  
12 tion 10(d) of the Federal Deposit Insurance Act (12  
13 U.S.C. 1820(d)) is amended by adding at the end  
14 the following:

15 “(11) EXAMINATION RELIEF FOR CERTAIN  
16 WELL MANAGED AND WELL CAPITALIZED INSURED  
17 DEPOSITORY INSTITUTIONS.—

18 “(A) IN GENERAL.—The following shall  
19 apply to a well managed and well capitalized in-  
20 sured depository institution with  
21 \$6,000,000,000 or less in consolidated assets:

22 “(i) ALTERNATING LIMITED-SCOPE  
23 EXAMINATIONS.—After an insured depository  
24 institution receives a full-scope, on-  
25 site examination from the appropriate Fed-

1 eral banking agency, the next examination  
2 of the insured depository institution by the  
3 appropriate Federal banking agency shall  
4 be a limited-scope examination, as deter-  
5 mined by the appropriate Federal banking  
6 agency.

7 “(ii) COMBINED EXAMINATIONS.—If  
8 an insured depository institution is other-  
9 wise subject to separate safety and sound-  
10 ness examinations, consumer compliance  
11 examinations, and information technology  
12 and cybersecurity examinations, the appro-  
13 priate Federal banking agency shall, upon  
14 request of the insured depository institu-  
15 tion, combine two or three such examina-  
16 tions, as specified by the insured deposi-  
17 tory institution, and carry them out at the  
18 same time.

19 “(B) EXCEPTION.—Subparagraph (A)  
20 shall not apply to an insured depository institu-  
21 tion if—

22 “(i) the insured depository institution  
23 is currently subject to a formal enforce-  
24 ment proceeding or order by the Corpora-

1           tion or the appropriate Federal banking  
2           agency; or

3           “(ii) a person acquired control of the  
4           insured depository institution since the  
5           most recent full-scope, on-site examination  
6           of the insured depository institution from  
7           the appropriate Federal banking agency.

8           “(C) RULEMAKING.—Not later than 12  
9           months after the date of enactment of this  
10          paragraph, the Federal banking agencies shall  
11          issue rules to carry out subparagraph (A), in-  
12          cluding, with respect to an insured depository  
13          institution described under subparagraph (A),  
14          to—

15                 “(i) establish procedures for the lim-  
16                 ited-scope examinations described in sub-  
17                 paragraph (A)(i);

18                 “(ii) establish procedures for review-  
19                 ing insured depository institutions that—

20                         “(I) experience material changes  
21                         in financial condition or operational  
22                         risk profile between scheduled exami-  
23                         nations; or

1                   “(II) have failed to comply with  
2                   Federal or State banking laws and  
3                   regulations; and

4                   “(iii) balance the goals of streamlining  
5                   the examination cycle for individual in-  
6                   sured depository institutions and reducing  
7                   unnecessary regulatory burdens while  
8                   maintaining sufficient oversight to ensure  
9                   the continued safety and soundness of the  
10                  insured depository institutions and compli-  
11                  ance with all applicable laws and regula-  
12                  tions.

13                  “(D) RULE OF CONSTRUCTION.—Nothing  
14                  in this paragraph may be construed to limit the  
15                  authority of a Federal banking agency to con-  
16                  duct off-site monitoring, targeted reviews, or  
17                  additional full-scope, on-site examinations of an  
18                  insured depository institution if the Federal  
19                  banking agency determines such monitoring, re-  
20                  views, or examinations are necessary to ensure  
21                  safety and soundness or compliance with appli-  
22                  cable laws.

23                  “(E) DEFINITIONS.—In this paragraph:

24                         “(i) CONSUMER COMPLIANCE EXAM-  
25                         INATION.—The term ‘consumer compliance

1 examination' means an examination to as-  
2 sess compliance with the requirements of  
3 Federal consumer financial law (as such  
4 term is defined in section 1002 of the Con-  
5 sumer Financial Protection Act of 2010).

6 “(ii) WELL CAPITALIZED.—The term  
7 ‘well capitalized’ has the meaning given  
8 that term in section 38(b).

9 “(iii) WELL MANAGED.—With respect  
10 to an insured depository institution, the  
11 term ‘well managed’ means that, when the  
12 institution was most recently examined by  
13 the appropriate Federal banking agency,  
14 the institution was found to be well man-  
15 aged, and the institution’s composite condi-  
16 tion was found to be satisfactory or out-  
17 standing.”.

18 (2) INSURED CREDIT UNIONS.—Section 204 of  
19 the Federal Credit Union Act (12 U.S.C. 1784) is  
20 amended by adding at the end the following:

21 “(h) EXAMINATION RELIEF FOR CERTAIN WELL  
22 MANAGED AND WELL CAPITALIZED INSURED CREDIT  
23 UNIONS.—

24 “(1) IN GENERAL.—The following shall apply to  
25 a well managed and well capitalized insured credit

1 union with \$6,000,000,000 or less in consolidated  
2 assets:

3 “(A) ALTERNATING LIMITED-SCOPE EX-  
4 AMINATIONS.—After an insured credit union re-  
5 ceives a full-scope, on-site examination from the  
6 National Credit Union Administration, the next  
7 examination of the insured credit union by the  
8 National Credit Union Administration shall be  
9 a limited-scope examination, as determined by  
10 the National Credit Union Administration.

11 “(B) COMBINED EXAMINATIONS.—If an  
12 insured credit union is otherwise subject to sep-  
13 arate safety and soundness examinations, con-  
14 sumer compliance examinations, and informa-  
15 tion technology and cybersecurity examinations,  
16 the National Credit Union Administration shall,  
17 upon request of the insured credit union, com-  
18 bine two or three such examinations, as speci-  
19 fied by the insured credit union, and carry them  
20 out at the same time.

21 “(2) EXCEPTION.—Paragraph (1) shall not  
22 apply to an insured credit union if the insured credit  
23 union is currently subject to a formal enforcement  
24 proceeding or order by the National Credit Union  
25 Administration.

1           “(3) RULEMAKING.—Not later than 12 months  
2 after the date of enactment of this subsection, the  
3 National Credit Union Administration shall issue  
4 rules to carry out paragraph (1), including, with re-  
5 spect to an insured credit union described under  
6 paragraph (1), to—

7           “(A) establish procedures for the limited-  
8 scope examinations described in paragraph  
9 (1)(A);

10           “(B) establish procedures for reviewing in-  
11 sured credit unions that—

12           “(i) experience material changes in fi-  
13 nancial condition or operational risk profile  
14 between scheduled examinations; or

15           “(ii) have failed to comply with Fed-  
16 eral or State banking laws and regulations;  
17 and

18           “(C) balance the goals of streamlining the  
19 examination cycle for individual insured credit  
20 unions and reducing unnecessary regulatory  
21 burdens while maintaining sufficient oversight  
22 to ensure the continued safety and soundness of  
23 the insured credit unions and compliance with  
24 all applicable laws and regulations.

1           “(4) RULE OF CONSTRUCTION.—Nothing in  
2 this subsection may be construed to limit the author-  
3 ity of the National Credit Union Administration to  
4 conduct off-site monitoring, targeted reviews, or ad-  
5 ditional full-scope, on-site examinations of an in-  
6 sured credit union if the National Credit Union Ad-  
7 ministration determines such monitoring, reviews, or  
8 examinations are necessary to ensure safety and  
9 soundness or compliance with applicable laws.

10           “(5) DEFINITIONS.—In this paragraph:

11           “(A) CONSUMER COMPLIANCE EXAMINA-  
12 TION.—The term ‘consumer compliance exam-  
13 ination’ means an examination to assess compli-  
14 ance with the requirements of Federal con-  
15 sumer financial law (as such term is defined in  
16 section 1002 of the Consumer Financial Protec-  
17 tion Act of 2010).

18           “(B) WELL CAPITALIZED.—The term ‘well  
19 capitalized’ has the meaning given that term in  
20 section 216(c).

21           “(C) WELL MANAGED.—With respect to  
22 an insured credit union, the term ‘well man-  
23 aged’ means that, when the credit union was  
24 most recently examined by the National Credit  
25 Union Administration, the credit union was

1 found to be well managed, and the credit  
2 union's composite condition was found to be  
3 satisfactory or outstanding.”.

4 (b) EXAMINATION PRACTICES.—

5 (1) INSURED DEPOSITORY INSTITUTIONS.—Sec-  
6 tion 10(d) of the Federal Deposit Insurance Act (12  
7 U.S.C. 1820(d)), as amended by subsection (a)(1),  
8 is further amended by adding at the end the fol-  
9 lowing:

10 “(12) EXAMINATION PRACTICES.—With respect  
11 to on-site examination of an insured depository insti-  
12 tution with less than \$6,000,000,000 in total assets,  
13 the appropriate Federal banking agency shall—

14 “(A) ensure the examination is led by, to  
15 the maximum extent practicable, an examiner  
16 with significant experience as an examiner;

17 “(B) make every effort, to the maximum  
18 extent practicable, to minimize the number of  
19 examiners utilized and the amount of time  
20 spent at the institution to carry out the exam-  
21 ination;

22 “(C) make every effort, to the maximum  
23 extent practicable, to schedule the examination  
24 at a time that is convenient for the institution;  
25 and

1           “(D) to the maximum extent practicable,  
2           give the institution advance notice of issues ex-  
3           pected to be covered in the examination.

4           “(13) REPORT.—In its annual report to Con-  
5           gress, each Federal banking agency shall include—

6                   “(A) information on how the agency is  
7                   complying with paragraphs (11) and (12); and

8                   “(B) aggregate data summarizing the  
9                   agency’s examination practices with respect to  
10                  insured depository institutions with less than  
11                  \$6,000,000,000 in total assets, including—

12                           “(i) the average experience of exam-  
13                           iners, including the average number of  
14                           years of examiner experience of those who  
15                           lead on-site examinations;

16                           “(ii) the average number of examiners  
17                           utilized; and

18                           “(iii) the average amount of time the  
19                           agency spends visiting such institutions for  
20                           on-site examinations.”.

21           (2) INSURED CREDIT UNIONS.—Section 204 of  
22           the Federal Credit Union Act (12 U.S.C. 1784), as  
23           amended by subsection (a)(2), is further amended by  
24           adding at the end the following:

1       “(i) EXAMINATION PRACTICES.—With respect to on-  
2 site examination of an insured credit union with less than  
3 \$6,000,000,000 in total assets, the National Credit Union  
4 Administration shall—

5           “(1) ensure the examination is led by, to the  
6 maximum extent practicable, an examiner with sig-  
7 nificant experience as an examiner;

8           “(2) make every effort, to the maximum extent  
9 practicable, to minimize the number of examiners  
10 utilized and the amount of time spent at the credit  
11 union to carry out the examination;

12           “(3) make every effort, to the maximum extent  
13 practicable, to schedule the examination at a time  
14 that is convenient for the credit union; and

15           “(4) to the maximum extent practicable, give  
16 the credit union advance notice of issues expected to  
17 be covered in the examination.

18       “(j) REPORT.—In its annual report to Congress, the  
19 National Credit Union Administration shall include—

20           “(1) information on how the Administration is  
21 complying with subsections (h) and (i); and

22           “(2) aggregate data summarizing the Adminis-  
23 tration’s examination practices with respect to in-  
24 sured credit unions with less than \$6,000,000,000 in  
25 total assets, including—

1           “(A) the average experience of examiners,  
2           including the average number of years of exam-  
3           iner experience of those who lead on-site exami-  
4           nations;

5           “(B) the average number of examiners uti-  
6           lized; and

7           “(C) the average amount of time the Ad-  
8           ministration spends visiting such credit unions  
9           for on-site examinations.”.

10 **SEC. 604. TAILORED REGULATORY UPDATES FOR SUPER-**  
11 **VISORY TESTING.**

12       Section 10(d) of the Federal Deposit Insurance Act  
13 (12 U.S.C. 1820(d)) is amended—

14           (1) in paragraph (4)(A), by striking  
15           “\$3,000,000,000” and inserting “\$6,000,000,000”;  
16           and

17           (2) in paragraph (10), by striking  
18           “\$3,000,000,000” and inserting “\$6,000,000,000”.

19 **SEC. 605. CREDIT UNION BOARD MODERNIZATION.**

20       Section 113 of the Federal Credit Union Act (12  
21 U.S.C. 1761b) is amended—

22           (1) by striking “monthly” each place such term  
23           appears;

1           (2) in the matter preceding paragraph (1), by  
2 striking “The board of directors” and inserting the  
3 following:

4           “(a) IN GENERAL.—The board of directors”;

5           (3) in subsection (a) (as so designated), by  
6 striking “shall meet at least once a month and”; and

7           (4) by adding at the end the following:

8           “(b) MEETINGS.—The board of directors of a Federal  
9 credit union shall meet as follows:

10           “(1) With respect to a de novo Federal credit  
11 union, not less frequently than monthly during each  
12 of the first five years of the existence of such Fed-  
13 eral credit union.

14           “(2) Not less than six times annually, with at  
15 least one meeting held during each fiscal quarter,  
16 with respect to a Federal credit union—

17           “(A) with composite rating of either 1 or  
18 2 under the Uniform Financial Institutions  
19 Rating System (or an equivalent rating under a  
20 comparable rating system); and

21           “(B) with a capability of management rat-  
22 ing under such composite rating of either 1 or  
23 2.

24           “(3) Not less frequently than once a month,  
25 with respect to a Federal credit union—

1           “(A) with composite rating of either 3, 4,  
2           or 5 under the Uniform Financial Institutions  
3           Rating System (or an equivalent rating under a  
4           comparable rating system); or

5           “(B) with a capability of management rat-  
6           ing under such composite rating of either 3, 4,  
7           or 5.”.

8 **SEC. 606. SYSTEMIC RISK AUTHORITY TRANSPARENCY.**

9           (a) GAO REVIEW.—Section 13(c)(4)(G)(iv) of the  
10 Federal Deposit Insurance Act (12 U.S.C.  
11 1823(c)(4)(G)(iv)) is amended to read as follows:

12                   “(iv) GAO REVIEW.—

13                           “(I) IN GENERAL.—The Comp-  
14                           troller General of the United States  
15                           shall, not later than 60 days after a  
16                           determination is made under clause  
17                           (i), and again 180 days thereafter, re-  
18                           view and report to the Congress on  
19                           the determination under clause (i), in-  
20                           cluding—

21                                   “(aa) the basis for the deter-  
22                                   mination;

23                                   “(bb) the purpose for which  
24                                   any action was taken pursuant to  
25                                   such clause;

1           “(cc) the likely effect of the  
2 determination and such action on  
3 the incentives and conduct of in-  
4 sured depository institutions and  
5 uninsured depositors;

6           “(dd) any mismanagement  
7 by the executives and board of  
8 the insured depository institution  
9 that contributed to the failure of  
10 the insured depository institu-  
11 tion;

12           “(ee) a review of the com-  
13 pensation practices of the insured  
14 depository institution;

15           “(ff) any supervisory or reg-  
16 ulatory shortcomings with respect  
17 to the appropriate Federal bank-  
18 ing agency of the insured deposi-  
19 tory institution;

20           “(gg) any actions taken by  
21 the Federal banking regulators,  
22 Financial Stability Oversight  
23 Council, Department of the  
24 Treasury, and other relevant fi-  
25 nancial regulators in relation to

1 the failure of the insured deposi-  
2 tory institution; and

3 “(hh) any additional rel-  
4 evant entities or activities that  
5 may have contributed to the fail-  
6 ure of the insured depository in-  
7 stitution, including with respect  
8 to auditing, accounting, credit  
9 rating agencies, investment bank  
10 underwriters, and emergency li-  
11 quidity options such as loans  
12 from the Federal reserve banks  
13 or advances through the Federal  
14 Home Loan Bank system.

15 “(II) RULE OF CONSTRUC-  
16 TION.—Nothing in this clause or a re-  
17 port issued pursuant to this clause  
18 may be construed to limit the author-  
19 ity of a Federal agency to enforce vio-  
20 lations of Federal statutes, rules, or  
21 orders.”.

22 (b) APPROPRIATE FEDERAL BANKING AGENCY RE-  
23 PORT.—Section 13(c) of the Federal Deposit Insurance  
24 Act (12 U.S.C. 1823(c)) is amended by adding at the end  
25 the following:

1           “(12) APPROPRIATE FEDERAL BANKING AGEN-  
2           CY REPORT.—

3           “(A) IN GENERAL.—The appropriate Fed-  
4           eral banking agency of an insured depository  
5           institution about which a determination is made  
6           under paragraph (4)(G)(i) shall, not later than  
7           90 days after the date of such determination,  
8           and again 210 days thereafter, submit a report  
9           to the Congress that discloses the following:

10           “(i) Subject to such redactions as the  
11           appropriate Federal banking agency deter-  
12           mines appropriate to protect personally  
13           identifiable information about customers  
14           and other financial institutions (as such  
15           term is defined under section 11(e)(9)(D)),  
16           all—

17           “(I) reports of examination and  
18           inspection that relate to the failed in-  
19           sured depository institution in the  
20           previous 3-year period;

21           “(II) formal communications of a  
22           material supervisory determination  
23           conveyed to the failed insured deposi-  
24           tory institution in the previous 3-year  
25           period; and

1                   “(III) any additional exam re-  
2                   ports and correspondence that the ap-  
3                   propriate Federal banking agency de-  
4                   termines may be relevant to the fail-  
5                   ure of the insured depository institu-  
6                   tion.

7                   “(ii) An examination of any mis-  
8                   management by the executives and board  
9                   of the insured depository institution that  
10                  contributed to the failure of the insured  
11                  depository institution.

12                  “(iii) Any supervisory or regulatory  
13                  shortcomings by such appropriate Federal  
14                  banking agency with respect to the insured  
15                  depository institution.

16                  “(iv) Any dynamics that the appro-  
17                  priate Federal banking agency determines  
18                  may have contributed to the failure of the  
19                  insured depository institution.

20                  “(v) Any supervisory, regulatory, or  
21                  legislative recommendations such appro-  
22                  priate Federal banking agency may have to  
23                  improve the safety and soundness of simi-  
24                  larly situated insured depository institu-

1           tions, the banking system, and financial  
2           stability.

3           “(B) PROTECTION OF SENSITIVE INFOR-  
4           MATION.—

5           “(i) EFFECT ON PRIVILEGE.—The  
6           provision of any information by a Federal  
7           banking agency under this paragraph may  
8           not be construed as—

9                   “(I) waiving, destroying, or oth-  
10                   erwise affecting any privilege applica-  
11                   ble to the information; or

12                   “(II) waiving any exemption ap-  
13                   plicable to the information under sec-  
14                   tion 552 of title 5, United States  
15                   Code (commonly known as the ‘Free-  
16                   dom of Information Act’).

17           “(ii) TRANSPARENCY.—

18                   “(I) IN GENERAL.—A Federal  
19                   banking agency shall publish mate-  
20                   rials contained in a report required  
21                   under subparagraph (A) to the fullest  
22                   extent possible to promote trans-  
23                   parency.

24                   “(II) CONSULTATION ON OMIT-  
25                   TING MATERIALS.—If a Federal bank-

1           ing agency determines particular ma-  
2           terials described under subclause (I)  
3           should not be published, the Federal  
4           banking agency shall consult with the  
5           chair and ranking member of the  
6           Committee on Financial Services of  
7           the House of Representatives and the  
8           chair and ranking member of the  
9           Committee on Banking, Housing, and  
10          Urban Affairs of the Senate.

11                   “(III) OMITTING MATERIALS.—  
12          If, after the consultation required  
13          under subclause (II), the Federal  
14          banking agency determines there is a  
15          substantial public interest in not pub-  
16          lishing such materials, the Federal  
17          banking agency shall provide those  
18          materials to the Committee on Finan-  
19          cial Services of the House of Rep-  
20          resentatives and the Committee on  
21          Banking, Housing, and Urban Affairs  
22          of the Senate with a written expla-  
23          nation describing the reasons for not  
24          publishing those materials.

1           “(iii) PRIVILEGE.—For purposes of  
2           this subparagraph, the term ‘privilege’ in-  
3           cludes any work-product, attorney-client,  
4           or other privilege recognized under Federal  
5           or State law.

6           “(C) REPORT EXTENSION.—A Federal  
7           banking agency may extend a deadline de-  
8           scribed under subparagraph (A) for an addi-  
9           tional 60 days, if the Federal banking agency—

10           “(i) faces ongoing circumstances that  
11           require the Federal banking agency to  
12           prioritize activities to promote stability of  
13           the U.S. banking system; and

14           “(ii) notifies the Congress of such ex-  
15           tension and the reasons for such extension.

16           “(D) CONSOLIDATED REPORTS.—A Fed-  
17           eral banking agency may consolidate multiple  
18           reports required under this paragraph so long  
19           as the individual reports being consolidated all  
20           meet the timing requirements under this para-  
21           graph.

22           “(E) RULE OF CONSTRUCTION.—Nothing  
23           in this paragraph or reports or materials pro-  
24           vided pursuant to this paragraph may be con-  
25           strued to limit the authority of a Federal agen-

1           cy to enforce violations of Federal statutes,  
2           rules, or orders.”.

3 **SEC. 607. LEAST COST EXCEPTION.**

4           (a) IN GENERAL.—Section 13(c)(4) of the Federal  
5 Deposit Insurance Act (12 U.S.C. 1823(c)(4)) is amend-  
6 ed—

7           (1) in subparagraph (A)(ii), by inserting “ex-  
8           cept as provided in subparagraph (I),” before “the  
9           total amount”;

10           (2) in subparagraph (E)(i), by inserting “and  
11           except as provided in subparagraph (I),” after “ap-  
12           propriate,”; and

13           (3) by adding at the end the following:

14                   “(I) LEAST COST RESOLUTION EXCEP-  
15           TION.—

16                           “(i) IN GENERAL.—With respect to an  
17                           exercise of authority by the Corporation  
18                           described in subparagraph (A), the Cor-  
19                           poration may, at the discretion of the Cor-  
20                           poration, select an alternative method of  
21                           exercising such authority that is not the  
22                           least costly to the Deposit Insurance Fund,  
23                           if—

24                                   “(I) the Corporation determines  
25                                   that the selected alternative complies

1 with the requirements of clause (iii);  
2 and

3 “(II) the Corporation and the  
4 Board of Governors of the Federal  
5 Reserve System, after consultation  
6 with the Secretary of the Treasury,  
7 determine that the potential addi-  
8 tional risks to the Deposit Insurance  
9 Fund of the selected alternative are  
10 outweighed by the reasonably expected  
11 benefits of limiting further concentra-  
12 tion of the United States banking sys-  
13 tem in global systemically important  
14 banking organizations.

15 “(ii) MAXIMUM COST TO THE DEPOSIT  
16 INSURANCE FUND.—Not later than 1 year  
17 after the date of enactment of this sub-  
18 paragraph, the Corporation, by rule, shall  
19 establish criteria for determining on a  
20 case-by-case basis the maximum allowable  
21 cost against the net worth of the Deposit  
22 Insurance Fund that may be utilized to ac-  
23 count for any determination under clause  
24 (i).

1           “(iii) REQUIREMENTS DESCRIBED.—

2           The requirements for the selected alter-  
3           native described in clause (i) are as fol-  
4           lows:

5                   “(I) The selected alternative is  
6                   the least costly to the Deposit Insur-  
7                   ance Fund of all alternatives that do  
8                   not involve a transaction with a global  
9                   systemically important banking orga-  
10                  nization and that do not exceed the  
11                  cost of liquidating the insured deposi-  
12                  tory institution.

13                   “(II) The difference between the  
14                   cost of the selected alternative and the  
15                   cost of a covered alternative is less  
16                   than or equal to the maximum cost to  
17                   the Deposit Insurance Fund specified  
18                   pursuant to the rule adopted under  
19                   clause (ii).

20                   “(III) In the case of a selected  
21                   alternative that involves another per-  
22                   son purchasing assets of the insured  
23                   depository institution or assuming de-  
24                   posit liabilities of the insured deposi-  
25                   tory institution, such person agrees to

1 pay an assessment to the Corporation  
2 comprised of payments—

3 “(aa) made over a period to  
4 be determined by the Corpora-  
5 tion, but which may not be less  
6 than 5 years; and

7 “(bb) in an amount that  
8 takes into account, on a case-by-  
9 case basis, criteria the Corpora-  
10 tion, by rule, shall establish, in-  
11 cluding a realistic discount rate,  
12 the aggregate amount equal to  
13 the difference calculated in sub-  
14 clause (II), and any bid incon-  
15 sistent with the purposes of this  
16 Act, with such rule to be estab-  
17 lished by the Corporation not  
18 later than 1 year after the date  
19 of enactment of this subpara-  
20 graph.

21 “(iv) REPORT TO CONGRESS.—Not  
22 later than 30 days after selecting an alter-  
23 native described in clause (i), the Corpora-  
24 tion shall issue a report to the Committee  
25 on Financial Services of the House of Rep-

1           representatives and the Committee on Bank-  
2           ing, Housing, and Urban Affairs of the  
3           Senate containing an analysis of the eco-  
4           nomic difference between the cost to the  
5           Deposit Insurance Fund of the selected al-  
6           ternative and the cost to the Deposit In-  
7           surance Fund of the least costly alternative  
8           that would have been selected absent the  
9           application of this subparagraph.

10           “(v) COST DETERMINATIONS.—All  
11           cost determinations required under this  
12           subparagraph shall be made in accordance  
13           with subparagraphs (B) and (C).

14           “(vi) DEFINITIONS.—In this subpara-  
15           graph:

16           “(I) COVERED ALTERNATIVE.—

17           The term ‘covered alternative’ means  
18           a method of exercising authority de-  
19           scribed in subparagraph (A) that is  
20           the least costly to the Deposit Insur-  
21           ance Fund of all such methods that  
22           involve a sale of all or substantially all  
23           assets of the insured depository insti-  
24           tution to, and assumption of all or  
25           substantially all deposit liabilities of

1 the insured depository institution by,  
2 a global systemically important bank-  
3 ing organization.

4 “(II) GLOBAL SYSTEMICALLY IM-  
5 PORTANT BANKING ORGANIZATION.—

6 The term ‘global systemically impor-  
7 tant banking organization’ means a  
8 global systemically important BHC  
9 (as such term is defined in section  
10 217.402 of title 12, Code of Federal  
11 Regulations, or any successor thereto)  
12 and any affiliate thereof.”.

13 (b) RULE OF CONSTRUCTION.—Section 13(c)(4)(H)  
14 of the Federal Deposit Insurance Act (12 U.S.C.  
15 1823(c)(4)(H)) does not apply to the amendments made  
16 by subsection (a).

17 **SEC. 608. FAILING BANK ACQUISITION FAIRNESS.**

18 (a) CONCENTRATION LIMIT EXCEPTIONS ONLY  
19 AVAILABLE TO AVOID SERIOUS ADVERSE ECONOMIC OR  
20 FINANCIAL EFFECTS.—

21 (1) CONCENTRATION LIMITS WITH RESPECT TO  
22 DEPOSITS.—

23 (A) FEDERAL DEPOSIT INSURANCE ACT.—

24 The Federal Deposit Insurance Act (12 U.S.C.  
25 1811 et seq.) is amended—

1 (i) in section 18(c)(13)—

2 (I) by amending subparagraph

3 (B) to read as follows:

4 “(B) Subparagraph (A) shall not apply to an inter-  
5 state merger transaction if—

6 “(i) such interstate merger transaction involves  
7 1 or more insured depository institutions in default  
8 or in danger of default and the responsible agency  
9 determines, based on clear and convincing evidence,  
10 that consummation of the proposed interstate merg-  
11 er transaction is necessary to prevent significant  
12 economic disruption or significant adverse effects on  
13 financial stability, and the Corporation has not re-  
14 ceived any qualified bid from a company that is not  
15 subject to the prohibition in subparagraph (A); or

16 “(ii) the Corporation provides assistance under  
17 section 13 to facilitate such interstate merger trans-  
18 action and the responsible agency determines, based  
19 on clear and convincing evidence, that consummation  
20 of the proposed interstate merger transaction is nec-  
21 essary to prevent significant economic disruption or  
22 significant adverse effects on financial stability, and  
23 the Corporation has not received any qualified bid  
24 from a company that is not subject to the prohibi-  
25 tion in subparagraph (A).”; and

1 (II) in subparagraph (C)—

2 (aa) in clause (i), by striking

3 “and” at the end;

4 (bb) in clause (ii), by strik-

5 ing the period at the end and in-

6 serting a semicolon; and

7 (cc) by adding at the end

8 the following:

9 “(iii) the term ‘qualified bid’ means an applica-  
10 tion, proposed application, or bid from a company  
11 where—

12 “(I) if applicable, the company, any affil-  
13 iate insured depository institution, and any af-  
14 filiate depository institution holding company  
15 are well capitalized and well managed, as of the  
16 date of the application, proposed application, or  
17 bid; and

18 “(II) upon consummation of the trans-  
19 action, the resulting insured depository institu-  
20 tion is well capitalized;

21 “(iv) the term ‘well capitalized’—

22 “(I) with respect to an insured depository  
23 institution, has the meaning given such term in  
24 section 38(b) (12 U.S.C. 1831o(b));

1           “(II) with respect to a bank holding com-  
2           pany, has the meaning given such term in sec-  
3           tion 2(o)(1)(B) of the Bank Holding Company  
4           Act of 1956 (12 U.S.C. 1841(o)(1)(B));

5           “(III) with respect to a savings and loan  
6           holding company, has the meaning given such  
7           term in section 238.2 of title 12, Code of Fed-  
8           eral Regulations; and

9           “(IV) with respect to a company that is  
10          not an insured depository institution, bank  
11          holding company, or savings and loan holding  
12          company, means maintaining equity capital that  
13          the Corporation determines is commensurate  
14          with the capital maintained by an insured de-  
15          pository institution that is well capitalized; and

16          “(v) the term ‘well managed’ has the meaning  
17          given such term in section 2(o)(9) of the Bank  
18          Holding Company Act of 1956 (12 U.S.C.  
19          1841(o)(9)).”; and

20                       (ii) in section 44, by amending sub-  
21                       section (e) to read as follows:

22           “(e) EXCEPTION FOR BANKS IN DEFAULT OR IN  
23 DANGER OF DEFAULT.—

24           “(1) GENERAL EXCEPTION.—The responsible  
25           agency may, without regard to paragraph (1), (3),

1 (4), or (5) of subsection (b) or paragraph (2), (4),  
2 or (5) of subsection (a), approve an application  
3 under subsection (a)(1) for approval of a merger  
4 transaction if—

5 “(A) the merger transaction involves 1 or  
6 more banks in default or in danger of default;  
7 or

8 “(B) the Corporation provides assistance  
9 under section 13(c) to facilitate such merger  
10 transaction.

11 “(2) CONCENTRATION LIMIT EXCEPTION.—The  
12 responsible agency may, without regard to sub-  
13 section (b)(2), approve an application under sub-  
14 section (a)(1) for approval of a merger transaction  
15 if—

16 “(A) the merger transaction involves 1 or  
17 more banks in default or in danger of default  
18 and the responsible agency determines, based  
19 on clear and convincing evidence, that con-  
20 summation of the proposed interstate merger  
21 transaction is necessary to prevent significant  
22 economic disruption or significant adverse ef-  
23 fects on financial stability, and the Corporation  
24 has not received any qualified bid from another

1 institution that is not subject to the prohibition  
2 in subsection (b)(2); or

3 “(B) the Corporation provides assistance  
4 under section 13(c) to facilitate such merger  
5 transaction and the responsible agency deter-  
6 mines, based on clear and convincing evidence,  
7 that consummation of the proposed interstate  
8 merger transaction is necessary to prevent sig-  
9 nificant economic disruption or significant ad-  
10 verse effects on financial stability, and the Cor-  
11 poration has not received any qualified bid from  
12 another institution that is not subject to the  
13 prohibition in subsection (b)(2).

14 “(3) QUALIFIED BID DEFINED.—In this sub-  
15 section, the term ‘qualified bid’ has the meaning  
16 given that term in section 18(c)(13)(C).”.

17 (B) BANK HOLDING COMPANY ACT OF  
18 1956.—The Bank Holding Company Act of  
19 1956 (12 U.S.C. 1841 et seq.) is amended—

20 (i) in section 3(d), by amending para-  
21 graph (5) to read as follows:

22 “(5) EXCEPTION FOR BANKS IN DEFAULT OR  
23 IN DANGER OF DEFAULT.—

24 “(A) GENERAL EXCEPTION.—The Board  
25 may, without regard to subparagraph (B) or

1 (D) of paragraph (1) or paragraph (3), approve  
2 an application pursuant to paragraph (1)(A)  
3 if—

4 “(i) the application is for an acquisi-  
5 tion of 1 or more banks in default or in  
6 danger of default; or

7 “(ii) the application is for an acquisi-  
8 tion with respect to which assistance is  
9 provided under section 13(c) of the Fed-  
10 eral Deposit Insurance Act.

11 “(B) CONCENTRATION LIMIT EXCEP-  
12 TION.—The Board may, without regard to  
13 paragraph (2), approve an application pursuant  
14 to paragraph (1)(A) if—

15 “(i) the application is for the acquisi-  
16 tion of 1 or more banks in default or in  
17 danger of default and the Board deter-  
18 mines, based on clear and convincing evi-  
19 dence, that consummation of the proposed  
20 acquisition is necessary to prevent signifi-  
21 cant economic disruption or significant ad-  
22 verse effects on financial stability, and the  
23 Corporation has not received any qualified  
24 bid from another institution that is not

1 subject to the prohibition in paragraph (2);

2 or

3 “(ii) the application is for an acquisi-  
4 tion with respect to which assistance is  
5 provided under section 13(c) of the Fed-  
6 eral Deposit Insurance Act and the Board  
7 determines, based on clear and convincing  
8 evidence, that consummation of the pro-  
9 posed acquisition is necessary to prevent  
10 significant economic disruption or signifi-  
11 cant adverse effects on financial stability,  
12 and the Corporation has not received any  
13 qualified bid from another institution that  
14 is not subject to the prohibition in para-  
15 graph (2).

16 “(C) QUALIFIED BID DEFINED.—In this  
17 paragraph, the term ‘qualified bid’ has the  
18 meaning given that term in section  
19 18(c)(13)(C) of the Federal Deposit Insurance  
20 Act.”; and

21 (ii) in section 4(i)(8), by amending  
22 subparagraph (B) to read as follows:

23 “(B) EXCEPTION.—Subparagraph (A)  
24 shall not apply to an acquisition if—

1           “(i) such acquisition involves an in-  
2           sured depository institution in default or in  
3           danger of default and the Board deter-  
4           mines, based on clear and convincing evi-  
5           dence, that consummation of the proposed  
6           acquisition is necessary to prevent signifi-  
7           cant economic disruption or significant ad-  
8           verse effects on financial stability, and the  
9           Corporation has not received any qualified  
10          bid (as defined in section 18(c)(13)(C) of  
11          the Federal Deposit Insurance Act) from  
12          another institution that is not subject to  
13          the prohibition in paragraph (2); or

14          “(ii) the Federal Deposit Insurance  
15          Corporation provides assistance under sec-  
16          tion 13 of the Federal Deposit Insurance  
17          Act to facilitate such acquisition and the  
18          Board determines, based on clear and con-  
19          vincing evidence, that consummation of the  
20          proposed acquisition is necessary to pre-  
21          vent significant economic disruption or sig-  
22          nificant adverse effects on financial sta-  
23          bility, and the Corporation has not received  
24          any qualified bid (as defined in section  
25          18(c)(13)(C) of the Federal Deposit Insur-

1           ance Act) from another institution that is  
2           not subject to the prohibition in paragraph  
3           (2).”.

4           (2) CONCENTRATION LIMIT WITH RESPECT TO  
5           CONSOLIDATED LIABILITIES.—Section 14(c) of the  
6           Bank Holding Company Act of 1956 (12 U.S.C.  
7           1852(e)) is amended—

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

11                   (B) by striking “With the” and inserting  
12                   the following:

13                   “(1) IN GENERAL.—With the”; and

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

15                   “(2) LIMITATION.—The Board may provide  
16                   written consent for an acquisition described in para-  
17                   graph (1)(A) or in paragraph (1)(B) only if the  
18                   Board determines, based on clear and convincing  
19                   evidence, that consummation of the proposed acqui-  
20                   sition is necessary to prevent significant economic  
21                   disruption or significant adverse effects on financial  
22                   stability, and the Corporation has not received any  
23                   qualified bid (as defined in section 18(c)(13)(C) of  
24                   the Federal Deposit Insurance Act) from another in-

1       stitution that is not subject to the prohibition in  
2       subsection (b).”.

3       (b) CONGRESSIONAL NOTIFICATION AND JUSTIFICA-  
4       TION FOR WAIVERS.—

5               (1) IN GENERAL.—Whenever the Board of Gov-  
6       ernors of the Federal Reserve System, the Comp-  
7       troller of the Currency, or the Federal Deposit In-  
8       surance Corporation waives a concentration limit  
9       under section 18(c)(13)(B) or section 44(e) of the  
10      Federal Deposit Insurance Act or under section  
11      3(d)(5), section 4(i)(8)(B), or section 14(c)(2) of the  
12      Bank Holding Company Act of 1956, in connection  
13      with the acquisition of a bank or insured depository  
14      institution in default or in danger of default, or in  
15      connection with an acquisition with respect to which  
16      the Federal Deposit Insurance Corporation provides  
17      assistance under section 13 of the Federal Deposit  
18      Insurance Act, the waiving agency and the Federal  
19      Deposit Insurance Corporation, jointly, shall, not  
20      later than 30 days after such waiver, submit a writ-  
21      ten report to the Committee on Financial Services of  
22      the House of Representatives and the Committee on  
23      Banking, Housing, and Urban Affairs in the Senate  
24      containing—

1 (A) a justification for the waiver, including  
2 an analysis of why it was necessary to prevent  
3 significant economic disruption or significant  
4 adverse effects on financial stability;

5 (B) a description of alternative bids or out-  
6 comes considered, including efforts to solicit  
7 and encourage bids from entities that would not  
8 require a waiver;

9 (C) an explanation of why alternative bids  
10 were not selected, if applicable; and

11 (D) any recommendations for legislative or  
12 regulatory changes to improve competition in  
13 future insured depository institution resolu-  
14 tions.

15 (2) PUBLIC DISCLOSURE.—The waiving agency  
16 submitting a report under paragraph (1) and the  
17 Federal Deposit Insurance Corporation shall make  
18 the report publicly available on their respective  
19 websites, subject to redactions for confidential super-  
20 visory information and any other information de-  
21 scribed under section 552(b) of title 5, United  
22 States Code.

23 (c) LIMITATION ON CONSIDERING BAD FAITH BIDS  
24 IN LEAST COST DETERMINATION.—Section 13(c)(4) of  
25 the Federal Deposit Insurance Act (12 U.S.C.

1 1823(c)(4)), as amended by section 607(a)(3), is further  
 2 amended by adding at the end the following:

3           “(J) LIMITATION ON CONSIDERING BAD  
 4 FAITH BIDS.—In making a determination under  
 5 this paragraph of whether an exercise of au-  
 6 thority is the least costly to the Deposit Insur-  
 7 ance Fund, the Corporation may not consider  
 8 any application, proposed application, or bid  
 9 from a company, if such application, proposed  
 10 application, or bid would result in violation of—

11                   “(i) section 18(c)(13) or 44(b)(2); or

12                   “(ii) section 3(d)(2), 4(i)(8), or 14 of  
 13 the Bank Holding Company Act of 1956.”.

14 **SEC. 609. ADVANCING THE MENTOR-PROTÉGÉ PROGRAM**  
 15 **FOR SMALL FINANCIAL INSTITUTIONS.**

16       (a) IN GENERAL.—Section 308 of the Financial In-  
 17 stitutions Reform, Recovery, and Enforcement Act of  
 18 1989 (12 U.S.C. 1463 note) is amended by adding at the  
 19 end the following new subsection:

20       “(d) FINANCIAL AGENT MENTOR-PROTÉGÉ PRO-  
 21 GRAM.—

22           “(1) IN GENERAL.—The Secretary of the  
 23 Treasury shall establish a program to be known as  
 24 the ‘Financial Agent Mentor-Protégé Program’ (in  
 25 this subsection referred to as the ‘Program’) under

1 which a financial agent designated by the Secretary  
2 or a large financial institution may serve as a men-  
3 tor, under guidance or regulations prescribed by the  
4 Secretary, to a small financial institution to allow  
5 such small financial institution—

6 “(A) to be prepared to perform as a finan-  
7 cial agent; or

8 “(B) to improve capacity to provide serv-  
9 ices to the customers of the small financial in-  
10 stitution.

11 “(2) OUTREACH.—The Secretary shall hold  
12 outreach events to promote the participation of fi-  
13 nancial agents, large financial institutions, and small  
14 financial institutions in the Program at least once a  
15 year.

16 “(3) EXCLUSION.—The Secretary shall issue  
17 guidance or regulations to establish a process under  
18 which a financial agent, large financial institution,  
19 or small financial institution may be excluded from  
20 participation in the Program.

21 “(4) REPORT.—The Secretary shall report to  
22 Congress information pertaining to the Program, in-  
23 cluding—

1           “(A) the number of financial agents, large  
2 financial institutions, and small financial insti-  
3 tutions participating in such Program; and

4           “(B) the number of outreach events de-  
5 scribed in paragraph (2) held during the year  
6 covered by such report.

7           “(5) DEFINITIONS.—In this subsection:

8           “(A) FINANCIAL AGENT.—The term ‘fi-  
9 nancial agent’ means any national banking as-  
10 sociation designated by the Secretary of the  
11 Treasury to be employed as a financial agent of  
12 the Government.

13           “(B) LARGE FINANCIAL INSTITUTION.—  
14 The term ‘large financial institution’ means any  
15 entity regulated by the Comptroller of the Cur-  
16 rency, the Board of Governors of the Federal  
17 Reserve System, the Federal Deposit Insurance  
18 Corporation, or the National Credit Union Ad-  
19 ministration that has total consolidated assets  
20 greater than or equal to \$50,000,000,000.

21           “(C) RURAL DEPOSITORY INSTITUTION.—  
22 The term ‘rural depository institution’ means a  
23 depository institution (as defined in section 3 of  
24 the Federal Deposit Insurance Act)—

1 “(i) with total consolidated assets of  
2 less than \$10,000,000,000; and

3 “(ii) located in a rural area, as de-  
4 fined under section 1026.35(b)(2)(iv)(A) of  
5 title 12, Code of Federal Regulations.

6 “(D) SMALL FINANCIAL INSTITUTION.—

7 The term ‘small financial institution’ means—

8 “(i) any entity regulated by the  
9 Comptroller of the Currency, the Board of  
10 Governors of the Federal Reserve System,  
11 the Federal Deposit Insurance Corpora-  
12 tion, or the National Credit Union Admin-  
13 istration that has total consolidated assets  
14 less than or equal to \$2,000,000,000;

15 “(ii) a minority depository institution;

16 or

17 “(iii) a rural depository institution.”

18 (b) EFFECTIVE DATE.—This section and the amend-  
19 ment made by this section shall take effect 90 days after  
20 the date of the enactment of this Act.

21 **SEC. 610. AMERICAN ACCESS TO BANKING.**

22 (a) STREAMLINING APPLICATION PROCESS AND RE-  
23 VIEW OF CAPITAL RAISING BY DE NOVO REGULATED IN-  
24 STITUTIONS.—

1           (1) IN GENERAL.—Each of the Federal finan-  
2           cial institutions regulatory agencies shall—

3                   (A) for the purpose of streamlining the  
4                   process of applying to become a de novo regu-  
5                   lated institution, conduct a review of any appli-  
6                   cation forms related to such process;

7                   (B) to the extent practicable, gather infor-  
8                   mation needed from applicants seeking to be-  
9                   come a de novo regulated institution from other  
10                  Federal Government agencies or public sources  
11                  to minimize information requests of such appli-  
12                  cants; and

13                  (C) in consultation with the Securities and  
14                  Exchange Commission, review how de novo reg-  
15                  ulated institutions raise capital while maintain-  
16                  ing investor protections, including the impact  
17                  of—

18                           (i) general capital raising restrictions;

19                           and

20                           (ii) capital raising restrictions related  
21                           to individuals who are not accredited inves-  
22                           tors.

23           (2) REPORT.—Not later than 1 year after the  
24           date of the enactment of this section, and annually  
25           for 5 years thereafter, each of the Federal financial

1 institutions regulatory agencies shall submit to the  
2 Committee on Financial Services of the House of  
3 Representatives and the Committee on Banking,  
4 Housing, and Urban Affairs of the Senate and pub-  
5 lish on a public website of such agency a report that  
6 contains—

7 (A) a description of the actions taken by  
8 such agency pursuant to paragraph (1); and

9 (B) as appropriate, any administrative or  
10 legislative recommendations with respect to the  
11 purpose described in paragraph (1)(C).

12 (b) IMPROVING COMMUNICATION WITH DE NOVO  
13 REGULATED INSTITUTIONS.—

14 (1) IN GENERAL.—Each of the Federal finan-  
15 cial institutions regulatory agencies shall, at the re-  
16 quest of an applicant to become a de novo regulated  
17 institution, designate an employee of the agency as  
18 a caseworker, who may perform such duty in addi-  
19 tion to the other duties of the employee.

20 (2) CASEWORKER DUTIES.—Each caseworker  
21 described in paragraph (1) shall, to the maximum  
22 extent practicable—

23 (A) meet with the lead organizers applying  
24 to become a de novo regulated institution to

1 provide a tutorial with respect to the applica-  
2 tion process; and

3 (B) be the primary point of contact of the  
4 respective Federal financial institutions regu-  
5 latory agency for such organizers during the ap-  
6 plication process.

7 (3) NEW CASEWORKER.—Each agency de-  
8 scribed in paragraph (1) may designate a new case-  
9 worker, as appropriate, to support continuity based  
10 on staffing and responsibilities assigned to the cur-  
11 rent caseworker.

12 (c) DE NOVO MENTOR-PROTÉGÉ PARTNERSHIPS.—

13 (1) IN GENERAL.—At the request of an institu-  
14 tion that seeks to become a de novo regulated insti-  
15 tution, each of the Federal financial institutions reg-  
16 ulatory agencies shall, to the maximum extent prac-  
17 ticable, provide a list to such institution of similar  
18 types of institutions that—

19 (A) were recently approved to become a de  
20 novo regulated institution; and

21 (B) are interested in volunteering to serve  
22 as a mentor to provide advice about the de novo  
23 application process.

24 (2) MENTORSHIP INFORMATION.—Not later  
25 than 1 year after the date of the enactment of this

1 section, each of the Federal financial institutions  
2 regulatory agencies shall provide public information  
3 and directions on how an institution may request a  
4 mentor or serve as a mentor as described in para-  
5 graph (1).

6 (d) STATE AND STAKEHOLDER ENGAGEMENT  
7 PLAN.—

8 (1) IN GENERAL.—Each of the Federal finan-  
9 cial institutions regulatory agencies shall develop a  
10 plan to—

11 (A) regularly consult with State regulators  
12 to promote cooperation between State and Fed-  
13 eral banking and credit union agencies in the  
14 creation of de novo regulated institutions, in-  
15 cluding responding to any State regulator that  
16 requests assistance on how a State-chartered fi-  
17 nancial institution can request Federal insur-  
18 ance;

19 (B) regularly consult with stakeholders, in-  
20 cluding applicants to become de novo regulated  
21 institutions and recently approved regulated in-  
22 stitutions, to inform any reforms that may sup-  
23 port the creation of de novo regulated institu-  
24 tions, including rural institutions, community

1 development financial institutions, and minority  
2 depository institutions; and

3 (C) provide guidance, training material,  
4 and regular workshops to assist any interested  
5 parties to understand such agencies' processes.

6 (2) SUBMISSION TO CONGRESS.—

7 (A) IN GENERAL.—Not later than 2 years  
8 after the date of the enactment of this section,  
9 and every 5 years thereafter, each of the Fed-  
10 eral financial institutions regulatory agencies  
11 shall submit to the Committee on Financial  
12 Services of the House of Representatives and  
13 the Committee on Banking, Housing, and  
14 Urban Affairs of the Senate the respective plan  
15 of such agency described in paragraph (1).

16 (B) PUBLIC COMMENT.—With respect to  
17 developing the plan described in paragraph (1),  
18 each of the Federal financial institutions regu-  
19 latory agencies shall—

20 (i) provide an opportunity for public  
21 comments; and

22 (ii) take such public comments into  
23 consideration.

24 (e) DEFINITIONS.—

25 (1) IN GENERAL.—In this section:

1 (A) FEDERAL BANKING AGENCY.—The  
2 term “Federal banking agency” has the mean-  
3 ing given the term in section 3 of the Federal  
4 Deposit Insurance Act (12 U.S.C. 1813).

5 (B) FEDERAL FINANCIAL INSTITUTIONS  
6 REGULATORY AGENCIES.—The term “Federal  
7 financial institutions regulatory agencies” has  
8 the meaning given the term in section 1003 of  
9 the Federal Financial Institutions Examination  
10 Council Act of 1978 (12 U.S.C. 3302).

11 (C) REGULATED INSTITUTION.—The term  
12 “regulated institution” means—

13 (i) with respect to a Federal banking  
14 agency, a depository institution (as such  
15 term is defined in section 3 of the Federal  
16 Deposit Insurance Act (12 U.S.C. 1813))  
17 for which the Federal banking agency is  
18 the appropriate Federal banking agency  
19 (as such term is defined in such section 3);  
20 and

21 (ii) with respect to the National Cred-  
22 it Union Administration, an insured credit  
23 union (as such term is defined in section  
24 101 of the Federal Credit Union Act (12  
25 U.S.C. 1752)).

1 (D) STATE.—The term “State” means  
2 each of the several States, the District of Co-  
3 lumbia, and each territory of the United States.

4 (E) STATE REGULATOR.—The term “State  
5 regulator” means—

6 (i) with respect to a Federal banking  
7 agency, a State banking regulator; and

8 (ii) with respect to the National Cred-  
9 it Union Administration, the State regu-  
10 latory agency having jurisdiction over a  
11 State credit union (as such term is defined  
12 in section 101 of the Federal Credit Union  
13 Act (12 U.S.C. 1752)).

14 (2) RULE OF CONSTRUCTION.—For purposes of  
15 this section, the process of applying to become a de  
16 novo regulated institution shall include the process  
17 of applying for Federal deposit insurance, Federal  
18 share insurance, or membership in the Federal Re-  
19 serve System.

20 **SEC. 611. PROMOTING NEW BANK FORMATION.**

21 (a) PILOT PHASE-IN OF CAPITAL STANDARDS.—The  
22 Federal banking agencies may issue rules that provide for  
23 a 2-year phase-in period for a qualifying community bank  
24 or its depository institution holding company to meet any  
25 Federal capital requirements that would otherwise be ap-

1 plicable to the qualifying community bank or its depository  
2 institution holding company, beginning on—

3 (1) the date on which the qualifying community  
4 bank became an insured depository institution; or

5 (2) in the case of its depository institution hold-  
6 ing company, the date on which the qualifying com-  
7 munity bank of the depository institution holding  
8 company became an insured depository institution.

9 (b) PILOT CHANGES TO BUSINESS PLANS.—

10 (1) IN GENERAL.—During the 2-year period be-  
11 ginning on the date on which a qualifying commu-  
12 nity bank became an insured depository institution,  
13 the qualifying community bank or its depository in-  
14 stitution holding company may request to deviate  
15 from a business plan that has been approved by the  
16 appropriate Federal banking agency by submitting a  
17 request to such agency pursuant to this section.

18 (2) REVIEW OF CHANGES.—The appropriate  
19 Federal banking agency shall, not later than the end  
20 of the 90-day period beginning on the receipt of a  
21 request under paragraph (1)—

22 (A) approve, conditionally approve, or deny  
23 such request; and

24 (B) notify the applicant of such decision  
25 and, if the agency denies the request—

1 (i) provide the applicant with the rea-  
2 son for such denial; and

3 (ii) suggest changes to the request  
4 that, if adopted, would allow the agency to  
5 approve such request.

6 (3) RESULT OF FAILURE TO ACT.—If the ap-  
7 propriate Federal banking agency fails to approve or  
8 deny a request within the 90-day period required  
9 under paragraph (2), such request shall be deemed  
10 to be approved.

11 (c) PILOT PROGRAM STUDY.—

12 (1) STUDY.—The Federal banking agencies  
13 shall, jointly, carry out a study on the impact of the  
14 pilot program carried out pursuant to subsections  
15 (a) and (b) of this section on the formation of de  
16 novo insured depository institutions, including such  
17 institutions which are rural depository institutions,  
18 community development financial institutions, and  
19 minority depository institutions, taking into account  
20 safety and soundness, promoting competition, and  
21 expanding access to affordable financial products  
22 and services to underserved communities.

23 (2) REPORT TO CONGRESS.—Not later than De-  
24 cember 31, 2031, the Federal banking agencies  
25 shall, jointly, issue a report to the Committee on Fi-

1 nancial Services of the House of Representatives and  
2 the Committee on Banking, Housing, and Urban Af-  
3 fairs of the Senate containing all findings and deter-  
4 minations made in carrying out the study required  
5 under paragraph (1).

6 (d) STUDY ON DE NOVO INSURED DEPOSITORY IN-  
7 STITUTIONS.—

8 (1) STUDY.—The Federal banking agencies  
9 shall, jointly, carry out a study on—

10 (A) the principal causes for the low num-  
11 ber of de novo insured depository institutions in  
12 the 10-year period ending on the date of enact-  
13 ment of this subsection;

14 (B) ways to promote more de novo insured  
15 depository institutions in areas currently under-  
16 served by insured depository institutions; and

17 (C) ways to ensure de novo depository in-  
18 stitutions, including institutions which are rural  
19 depository institutions, community development  
20 financial institutions, and minority depository  
21 institutions, can utilize the Community Bank  
22 Leverage Ratio.

23 (2) REPORT TO CONGRESS.—Not later than the  
24 end of the 1-year period beginning on the date of en-  
25 actment of this Act, the Federal banking agencies

1 shall, jointly, issue a report to the Committee on Fi-  
2 nancial Services of the House of Representatives and  
3 the Committee on Banking, Housing, and Urban Af-  
4 fairs of the Senate containing all findings and deter-  
5 minations made in carrying out the study required  
6 under paragraph (1).

7 (e) DEFINITIONS.—In this section:

8 (1) APPROPRIATE FEDERAL BANKING AGEN-  
9 CY.—The term “appropriate Federal banking agen-  
10 cy” has the meaning given the term in section 3 of  
11 the Federal Deposit Insurance Act (12 U.S.C.  
12 1813).

13 (2) DEPOSITORY INSTITUTION.—The term “de-  
14 pository institution” has the meaning given the term  
15 in section 3 of the Federal Deposit Insurance Act  
16 (12 U.S.C. 1813).

17 (3) DEPOSITORY INSTITUTION HOLDING COM-  
18 PANY.—The term “depository institution holding  
19 company” has the meaning given the term in section  
20 3 of the Federal Deposit Insurance Act (12 U.S.C.  
21 1813).

22 (4) FEDERAL BANKING AGENCY.—The term  
23 “Federal banking agency” has the meaning given  
24 the term in section 3 of the Federal Deposit Insur-  
25 ance Act (12 U.S.C. 1813).

1           (5) INSURED DEPOSITORY INSTITUTION.—The  
2 term “insured depository institution” has the mean-  
3 ing given the term in section 3 of the Federal De-  
4 posit Insurance Act (12 U.S.C. 1813).

5           (6) QUALIFYING COMMUNITY BANK.—The term  
6 “qualifying community bank” means a depository in-  
7 stitution that—

8                   (A) including its holding company and all  
9 of its subsidiaries and affiliates, has total com-  
10 bined assets of less than \$10,000,000,000; and

11                   (B) became an insured depository institu-  
12 tion between January 1, 2026, and December  
13 31, 2028.

14 **SEC. 612. RURAL DEPOSITORIES REVITALIZATION STUDY.**

15           (a) STUDY.—The Federal banking agencies shall,  
16 jointly, carry out a study—

17                   (1) to identify methods to improve the growth,  
18 capital adequacy, and profitability of depository in-  
19 stitutions in the United States that primarily serve  
20 rural areas; and

21                   (2) to identify Federal statutes (other than ap-  
22 propriations Acts) or regulations of the Federal  
23 banking agencies that limit—

24                           (A) the methods identified under para-  
25 graph (1); or

1 (B) the establishment of de novo deposi-  
2 tory institutions in rural areas.

3 (b) REPORT.—Not later than 1 year after the date  
4 of enactment of this Act, the Federal banking agencies  
5 shall, jointly, issue a report to Congress containing all  
6 findings and determinations made in carrying out the  
7 study required under subsection (a).

8 (c) STUDY ON RURAL CREDIT UNIONS.—The Na-  
9 tional Credit Union Administration shall carry out a  
10 study—

11 (1) to identify methods to improve the growth,  
12 capital adequacy, and profitability of credit unions  
13 in the United States that primarily serve rural  
14 areas; and

15 (2) to identify Federal statutes (other than ap-  
16 propriations Acts) or regulations of the National  
17 Credit Union Administration that limit—

18 (A) the methods identified under para-  
19 graph (1); or

20 (B) the establishment of de novo credit  
21 unions in rural areas.

22 (d) REPORT ON RURAL CREDIT UNIONS.—Not later  
23 than 1 year after the date of enactment of this Act, the  
24 National Credit Union Administration shall issue a report  
25 to Congress containing all findings and determinations

1 made in carrying out the study required under subsection  
2 (c).

3 (c) DEFINITIONS.—In this section:

4 (1) DEPOSITORY INSTITUTION.—The term “de-  
5 pository institution” has the meaning given that  
6 term in section 3 of the Federal Deposit Insurance  
7 Act (12 U.S.C. 1813).

8 (2) FEDERAL BANKING AGENCIES.—The term  
9 “Federal banking agencies” means the Board of  
10 Governors of the Federal Reserve System, the  
11 Comptroller of the Currency, and the Federal De-  
12 posit Insurance Corporation.

13 (3) RURAL.—With respect to an area, the term  
14 “rural” has the meaning given that term in section  
15 1026.35(b)(2)(iv)(A) of title 12, Code of Federal  
16 Regulations.

17 **SEC. 613. DISCRETIONARY SURPLUS FUND.**

18 (a) IN GENERAL.—The dollar amount specified  
19 under section 7(a)(3)(A) of the Federal Reserve Act (12  
20 U.S.C. 289(a)(3)(A)) is reduced by \$115,000,000.

1 (b) EFFECTIVE DATE.—The amendment made by  
2 subsection (a) shall take effect on September 30, 2035.

Passed the House of Representatives February 9,  
2026.

Attest:

*Clerk.*



119<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**H. R. 6644**

---

**AN ACT**

To increase the supply of housing in America, and  
for other purposes.