

HCDA -- TITLE III, TITLE IV, AND TITLE V

TITLE III - PRESERVATION OF LOW-INCOME HOUSING

SUBTITLE A - PREPAYMENT OF MORTGAGES INSURED UNDER NATIONAL HOUSING ACT

SEC. 301. AUTHORIZATION OF APPROPRIATIONS.

Section 234 of the Housing and Community Development Act of 1987 (12 U.S.C. 4124) is amended to read as follows:

'SEC. 234. AUTHORIZATION OF APPROPRIATIONS.

'(a) In General. - There are authorized to be appropriated for assistance and incentives authorized under this subtitle \$638,252,784 for fiscal year 1993 and \$665,059,401 for fiscal year 1994.

'(b) Grants. - Subject to approval in appropriation Acts, not more than \$50,000,000 of the amounts made available under subsection (a) for fiscal year 1993, and not more than \$50,000,000 of the amounts made available under subsection (a) for fiscal year 1994, shall be available for grants under section 221(d)(2).'

SEC. 302. GUIDELINES FOR APPRAISALS OF PRESERVATION VALUE.

The first sentence of section 213(c) of the Housing and Community Development Act of 1987 (12 U.S.C. 4103(c)) is amended by inserting before 'and costs' the following: 'simultaneous termination of any Federal rental assistance,'.

SEC. 303. SECOND NOTICE OF INTENT.

Section 216(d) of the Housing and Community Development Act of 1987 (12 U.S.C. 4106(d)) is amended by adding at the end the following new paragraph:

'(3) Filing with the state or local government, tenants, and mortgagee . - Upon filing a second notice of intent under this subsection, the owner shall simultaneously file such notice of the intent with the chief executive officer of the appropriate State or local government for the jurisdiction within which the housing is located and with the mortgagee, and shall inform the tenants of the housing of the filing.'

SEC. 304. PLAN OF ACTION.

(a) Supporting Documentation Regarding Plan of Action. - Section 217(a)(2) of the Housing and Community Development Act of 1987 (12 U.S.C. 4107(a)(2)) is amended by inserting after the second sentence the following new sentence: 'Each owner and the Secretary shall also, upon request, make available to the tenants of the

housing and to the office of the chief executive officer of the appropriate State or local government for the jurisdiction within which the housing is located all documentation supporting the plan of action, but not including any information that the Secretary determines is proprietary information.'

(b) Supporting Documentation Regarding Revisions. - Section 217(c) of the Housing and Community Development Act of 1987 (12 U.S.C. 4107(c)) is amended in the second sentence by inserting before the period the following: 'and make available to the Secretary and tenants all documentation supporting any revision, but not including any information that the Secretary determines is proprietary information'.

SEC. 305. APPROVAL OF PLAN OF ACTION.

Section 218 of the Housing and Community Development Act of 1987 (12 U.S.C. 4108) is amended -

(1) by redesignating subsection (b) as subsection (c); and

(2) by inserting after subsection (a) the following new subsection:

'(b) Standards and Procedure for Written Findings. -

'(1) Standards. - A written finding under subsection (a) shall be based on an analysis of the evidence considered by the Secretary in reaching such finding and shall contain documentation of such evidence.

'(2) Procedure and criteria. - The Secretary shall, by regulation, develop (A) a procedure for determining whether the conditions under paragraphs (1) and (2) of subsection (a) exist, (B) requirements for evidence on which such determinations are based, and (C) criteria on which such determinations are based.'

SEC. 306. RECEIPT OF INCENTIVES TO EXTEND LOW-INCOME USE.

Section 219(a) of the Housing and Community Development Act of 1987 (12 U.S.C. 4109(a)) is amended -

(1) in the first sentence, by inserting after 'receive' the following: '(for each year after the approval of the plan of action)'; and

(2) by adding at the end the following new sentence: 'The Secretary shall take such actions as are necessary to ensure that owners receive the annual authorized return for the housing determined under section 214(a) during the period in which rent increases are phased in as provided in section 222(a)(2)(E), including (in order of preference) (1) allowing the owner access to residual receipt accounts (pursuant to

subsection (b) (1) of this section), (2) deferring remittance of excess rent payments, and (3) providing an increase in rents permitted under an existing contract under section 8 of the United States Housing Act of 1937 (pursuant to subsection (b) (2) of this section).'

SEC. 307. TRANSFER TO QUALIFIED PURCHASERS.

(a) Eligibility for Assistance. - The matter preceding subparagraph (A) in section 220(d) (2) of the Housing and Community Development Act of 1987 (12 U.S.C. 4110(d) (2)) is amended by inserting after 'purchasers' the following: '(including all priority purchasers other than resident councils acquiring under the homeownership program authorized by section 226)'

(b) Project Oversight. - Section 220(d) (2) (D) of the Housing and Community Development Act of 1987 (12 U.S.C. 4110(d) (2) (D)) is amended by inserting before the semicolon the following: ', and in the case of a priority purchaser, meet project oversight costs'

(c) Return. - Section 220(d) (2) (E) of the Housing and Community Development Act of 1987 (12 U.S.C. 4110(d) (2) (E)) is amended to read as follows:

'(E) receive a distribution equal to an 8 percent annual return on any actual cash investment (from sources other than assistance provided under this title) made to acquire or rehabilitate the project;'

(d) Reimbursement. - Section 220(d) (2) (F) of the Housing and Community Development Act of 1987 (12 U.S.C. 4110(d) (2) (F)) is amended to read as follows:

'(F) in the case of a priority purchaser, receive a reimbursement of all reasonable transaction expenses associated with the acquisition, loan closing, and implementation of an approved plan of action; and'

(e) Incentives. - Section 220(d) (3) (A) of the Housing and Community Development Act of 1987 (12 U.S.C. 4110(d) (3) (A)) is amended by striking 'any residual receipts' and all that follows through '(b) or (c) and'

SEC. 308. CRITERIA FOR PLAN OF ACTION INVOLVING INCENTIVES.

(a) Elimination of Windfall Profits Test . - Section 222 of the Housing and Community Development Act of 1987 (12 U.S.C. 4112) is amended by striking subsection (e).

(b) Rent Adjustments. - Section 222(a) (2) (G) (i) of the Housing and Community Development Act of 1987 (12 U.S.C. 4112(a) (2) (G) (i)) is amended by striking 'by making changes in the annual authorized return under section 214' and inserting the following: ', where the owner is a priority purchaser, to the portion of rent attributable

to project oversight costs'.

SEC. 309. RESIDENT HOMEOWNERSHIP PROGRAM.

Section 226(b) of the Housing and Community Development Act of 1987 (12 U.S.C. 4116(b)) is amended -

(1) in paragraph (2) -

(A) by inserting 'and limitation on conditions of approval' before the period at the end of the paragraph heading; and

(B) by inserting after the period at the end the following new sentence: 'The Secretary may not require the prepayment of the mortgage on eligible low-income housing for the approval of a plan of action involving a homeownership program for the housing.';

(2) in paragraph (3) -

(A) in subparagraph (C), by striking 'and' at the end;

(B) in subparagraph (D), by striking the period at the end and inserting '; and'; and

(C) by adding at the end the following new subparagraph:

'(E) the low-income affordability restrictions shall continue to apply to any rental units in the housing for any period during which such units remain rental units.';

(3) in paragraph (8), by striking 'Resident' and inserting 'Except in the case of limited equity cooperatives, resident'; and

(4) in paragraph (10) -

(A) by striking ', as determined by the Secretary,';

(B) by striking 'section 222(d)' and inserting 'section 222(c)'; and

(C) by striking the last sentence.

SEC. 310. DEFINITION OF ELIGIBLE LOW-INCOME HOUSING.

Section 229(1)(A)(i) of the Housing and Community Development Act of 1987 (12 U.S.C. 4119(1)(A)(i)) is amended by striking 'assisted under section 101 of the Housing and Urban Development Act of 1965 or section 8 of the United States Housing Act of 1937' and inserting 'receiving loan management assistance under section 8 of the United States Housing Act of 1937 due to a conversion from section 101 of the Housing and Urban Development Act of 1965'.

SEC. 311. PREEMPTION OF STATE AND LOCAL LAWS.

The first sentence of section 232(b) of the Housing and Community Development Act of 1987 (12 U.S.C. 4122(b)) is amended by striking 'and' the first place it appears and inserting ', such as any law or regulation'.

SEC. 312. TECHNICAL ASSISTANCE AND CAPACITY BUILDING.

Title II of the Housing and Community Development Act of 1987 (42 U.S.C. 4101 et seq.) is amended by adding at the end the following new subtitle:

'SUBTITLE C - TECHNICAL ASSISTANCE AND CAPACITY BUILDING

'SEC. 251. AUTHORITY.

'The Secretary of Housing and Urban Development may provide technical assistance and capacity building to further the preservation program established under this title.

'SEC. 252. PURPOSES.

'The purposes of this subtitle are -

'(1) to promote the ability of residents of eligible low-income housing to meaningfully participate in the preservation process established by this title and affect decisions about the future of their housing;

'(2) to promote the ability of community-based nonprofit housing developers and resident councils to acquire, rehabilitate, and competently own and manage eligible housing as rental or cooperative housing for low- and moderate-income people; and

'(3) to assist the Secretary in discharging the obligation under section 220 to notify potential qualified purchasers of the availability of properties for sale and to otherwise facilitate the coordination and oversight of the preservation program established under this title.

'SEC. 253. GRANTS FOR BUILDING RESIDENT CAPACITY AND FUNDING PREDEVELOPMENT COSTS.

'(a) In General . - Assistance made available under this section shall be used for direct assistance grants to resident organizations and community-based nonprofit housing developers and resident councils to assist the acquisition of specific projects (including the payment of reasonable administrative expenses to participating intermediaries).

'(b) Allocation . - 30 percent of the assistance made available

under this section shall be used for resident capacity grants in accordance with subsection (d). The remainder shall be used for predevelopment grants in connection with specific projects in accordance with subsection (e).

'(c) Limitation on Grant Amounts. - A resident capacity grant under subsection (d) may not exceed \$30,000 per project and a grant under subsection (e) for predevelopment costs may not exceed \$200,000 per project, exclusive of any fees paid to a participating intermediary by the Secretary for administering the program.

'(d) Resident Capacity Grants . -

'(1) Use. - Resident capacity grants under this subsection shall be available to eligible applicants to cover expenses for resident outreach, incorporation of a resident organization or council, conducting democratic elections, training, leadership development, legal and other technical assistance to the board of directors, staff and members of the resident organization or council.

'(2) Eligible housing. - Grants under this subsection may be provided with respect to eligible low-income housing for which the owner has filed a notice of intent under subtitle B of this title or title II of the Emergency Low Income Housing Preservation Act of 1987 (pursuant to section 604 of the Cranston-Gonzalez National Affordable Housing Act).

'(e) Predevelopment Grants. -

'(1) Use . - Predevelopment grants under this subsection shall be made available to community-based nonprofit housing developers and resident councils to cover the cost of organizing a purchasing entity and pursuing an acquisition, including third party costs for training, development consulting, legal, appraisal, accounting, environmental, architectural and engineering, application fees, and sponsor's staff and overhead costs.

'(2) Eligible housing. - Such grants may only be made available with respect to any eligible low-income housing project for which the owner has filed an initial notice of intent to transfer the housing to a qualified purchaser in accordance with section 220 of this title, or has filed a notice of intent and entered into a binding agreement to sell the housing to a resident organization or nonprofit organization.

'(3) Phase-in of grant payments. - Grant payments under this subsection shall be made in phases, based on performance benchmarks established by the Secretary in consultation with intermediaries selected under section 255(b).

'(f) Grant Applications. - Grant applications for assistance under subsections (d) and (e) shall be received monthly on a rolling basis and approved or rejected on at least a quarterly

basis by intermediaries selected under section 255(b).

'(g) Appeal. - If an application for assistance under subsections (d) or (e) is denied, the applicant shall have the right to appeal the denial to the Secretary and receive a binding determination within 30 days of the appeal.

'SEC. 254. GRANTS FOR OTHER PURPOSES.

'The Secretary may provide grants under this subtitle -

'(1) to resident-controlled or community-based nonprofit organizations with experience in resident education and organizing for the purpose of conducting community, city or county wide outreach and training programs to identify and organize residents of eligible low-income housing; and

'(2) to State and local government agencies and nonprofit intermediaries for the purpose of carrying out such activities as the Secretary deems appropriate to further the preservation program established under this title.

'SEC. 255. DELIVERY OF ASSISTANCE THROUGH INTERMEDIARIES.

'(a) In General . - The Secretary shall approve and disburse assistance under section 253 through eligible intermediaries selected by the Secretary under subsection (b). If the Secretary does not receive an acceptable proposal from an intermediary offering to administer assistance under this section in a given State, the Secretary shall administer the program in such State directly.

'(b) Selection of Eligible Intermediaries. -

'(1) In general. - The Secretary shall develop criteria to select eligible intermediaries, through a competitive process, to administer assistance under this subtitle. The process shall include provision for a reasonable administrative fee.

'(2) Priority. - With respect to all forms of grants available under section 253, such criteria shall give priority to applications from eligible intermediaries with demonstrated expertise or experience with the program established under this title or under the Emergency Low Income Housing Preservation Act of 1987.

'(3) Criteria. - The criteria developed under this subsection shall -

'(A) not assign any preference or priority to applications from eligible intermediaries based on their previous participation in administering or receiving Federal grants or loans (but may exclude applicants who have failed to perform under prior contracts of a similar

nature);

'(B) require an applicant to prepare a proposal that demonstrates adequate staffing, qualifications, prior experience, and a plan for participation; and

'(C) permit an applicant to serve as the administrator of assistance made available under section 253(d) or (e), based on the applicant's suitability and interest.

'(4) Geographic coverage. - The Secretary may select more than 1 State or regional intermediary for a single State or region. The number of intermediaries chosen for each State or region may be based on the number of eligible low-income housing projects in the State or region, provided there is no duplication of geographic coverage by intermediaries in the administration of the direct assistance grant program.

'(5) National nonprofit intermediaries. - National nonprofit intermediaries shall be selected to administer the assistance made available under section 253 only with respect to States or regions for which no other eligible intermediary, acceptable to the Secretary, has submitted a proposal to participate.

'(6) Preference. - With respect to assistance made available under section 254, preference shall be given to eligible regional, State, and local intermediaries, over national nonprofit organizations.

'(c) Conflicts of Interest. - Eligible intermediaries selected under subsection (b) to disburse assistance under section 253 shall certify that they will serve only as delegated program administrators, charged with the responsibility for reviewing and approving grant applications on behalf of the Secretary. Selected intermediaries shall -

'(1) establish appropriate procedures for grant administration and fiscal management, pursuant to standards established by the Secretary; and

'(2) receive a reasonable administrative fee, except that they may not provide other services to grant recipients with respect to projects that are the subject of the grant application and may not receive payment, directly or indirectly, from the proceeds of grants they have approved.

'(d) Definition of Eligible Intermediaries. - For purposes of this section, the term 'eligible intermediary' means a State, regional, or national organization (including a quasi-public organization) or a State or local housing agency that -

'(1) has as a central purpose the preservation of existing affordable housing and the prevention of displacement;

'(2) does not receive direct Federal appropriations for operating support;

'(3) in the case of a national nonprofit organization, has been in existence for at least 5 years prior to the date of application and has been classified by the Internal Revenue Service as an exempt organization under section 501(c)(3) of the Internal Revenue Code of 1986;

'(4) in the case of a regional or State nonprofit organization, has been in existence for at least 3 years prior to the date of application and has been classified by the Internal Revenue Service as an exempt organization under section 501(c)(3) of the Internal Revenue Code of 1986 or is otherwise a tax-exempt entity;

'(5) has a record of service to low-income individuals or community-based nonprofit housing developers in multiple communities and, with respect to intermediaries administering assistance under section 253, has experience with the allocation or administration of grant or loan funds; and

'(6) meets standards of fiscal responsibility established by the Secretary.

'SEC. 256. DEFINITIONS.

'For purposes of this subtitle -

'(1) the term 'community-based nonprofit housing developer' means a nonprofit community development corporation that -

'(A) has been classified by the Internal Revenue Service as an exempt organization under section 501(c)(3) of the Internal Revenue Code of 1986;

'(B) has been in existence for at least 2 years prior to the date of the grant application;

'(C) has a record of service to low- and moderate-income people in the community in which the project is located;

'(D) is organized at the neighborhood, city, county or multi-county level; and

'(E) in the case of a corporation acquiring eligible housing under subtitle B of this title, agrees to form a purchaser entity that conforms to the definition of a community-based nonprofit organization under such subtitle and agrees to use its best efforts to secure majority tenant consent to the acquisition of the project for which grant assistance is requested; and

'(2) the terms 'eligible low-income housing', 'nonprofit

organization', 'owner', and 'resident council' have the meanings given such terms in section 229.

'SEC. 257. FUNDING.

'The Secretary shall use not more than \$25,000,000 of the amounts made available under section 234(a) for fiscal year 1993, and not more than \$25,000,000 of the amounts made available under section 234(a) for fiscal year 1994, to carry out this subtitle. Of any amounts made available to carry out this subtitle in any appropriation Act, 90 percent shall be set aside for use in accordance with section 253 and 10 percent shall be set aside for use in accordance with subsection 254.'

SEC. 313. TRANSITION PROVISIONS.

(a) Effect of Election. - Section 604(a) of the Cranston-Gonzalez National Affordable Housing Act (12 U.S.C. 4101 note) is amended by adding at the end the following sentence: 'An owner that elects to be subject to the provisions of the Emergency Low Income Housing Preservation Act of 1987 shall comply with section 212(b), section 217(a)(2), and section 217(c) of the Low-Income Housing Preservation and Resident Homeownership Act of 1990.'

(b) Changes to Provisions of 1987 Act . - Section 604(c) of the Cranston-Gonzalez National Affordable Housing Act (12 U.S.C. 4101 note) is amended by adding at the end the following new sentence: 'With respect to housing for which such an election is made -

'(1) in making incentives under section 224 of such Act available to such housing, the Secretary -

'(A) shall, for approvable plans of action, provide assistance sufficient to enable a nonprofit organization that has purchased or will purchase an eligible low income housing project to meet project oversight costs; and

'(B) may not refuse to offer incentives referred to in such section to any owner who filed a notice of intent under section 222 of such Act before October 15, 1991, based solely on the date of filing of the plan of action for the housing; and

'(2) the provisions of section 233(1)(A)(i) of such Act shall not apply, and the term 'eligible low income housing' shall, for purposes of such Act, shall include housing financed by a loan or mortgage that is insured or held by the Secretary or a State or State agency under section 221(d)(3) of the National Housing Act and receiving loan management assistance under section 8 of the United States Housing Act of 1937 due to a conversion from section 101 of the Housing and Urban Development Act of 1965.'

SEC. 314. CONDITIONS OF ASSISTANCE.

(a) Elihpa of 1987. - The Secretary may not require, as a condition of eligibility for or receipt of technical assistance made available under the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1992 (Public Law 102-139) (including any phase of a grant), that an applicant participate in a training program sponsored or conducted by the Department of Housing and Urban Development for acquisition of eligible low income housing under the provisions of the Emergency Low Income Housing Preservation Act of 1987, and may not provide any preference or priority for such assistance for any applicant based on participation in such a program.

(b) Lihprha of 1990 . - The Secretary may require, as a condition of eligibility for or receipt of technical assistance made available under the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1992 (Public Law 102-139) (including any phase of a grant), that an applicant participate in a training program sponsored or conducted by the Department of Housing and Urban Development for acquisition of eligible low-income housing under this title, and may provide preference or priority for such assistance for applicants based on participation in such a program, but only if the program is made available on a nationwide basis not later than March 1, 1993.

SEC. 315. DELEGATED RESPONSIBILITY TO STATE AGENCIES.

The Secretary of Housing and Urban Development shall issue interim regulations implementing section 227 of the Housing and Community Development Act of 1987 (as amended by section 601(a) of the Cranston-Gonzalez National Affordable Housing Act) not later than the expiration of the 30-day period beginning on the date of the enactment of this Act, which shall take effect upon issuance. The Secretary shall issue final regulations implementing such section 227 after notice and opportunity for public comment regarding the interim regulations, pursuant to the provisions of section 553 of title 5, United States Code (notwithstanding subsections (a) (2), (b) (B), and (d) (3) of such section). The duration of the period for public comment shall not be less than 60 days, and the final regulations shall be issued not later than the expiration of the 60-day period beginning upon the conclusion of the comment period and shall take effect upon issuance.

SEC. 316. INSURANCE FOR SECOND MORTGAGE FINANCING.

(a) Terms. - Section 241(f) of the National Housing Act (12 U.S.C. 1715z-6(f)) is amended -

(1) in paragraph (2) (B) (i), by inserting after 'equal to' the following: 'the amount of rehabilitation costs required by the plan of action and related charges and';

(2) in paragraph (3) (B), by inserting after '1990' the following: 'and the amount of rehabilitation costs required by the plan of action and related charges and';

(3) in paragraph (5) -

(A) by redesignating subparagraph (B) as subparagraph (C); and

(B) by striking subparagraph (A) and inserting the following new subparagraphs:

'(A) (i) in the case of equity loans, have a term not to exceed 40 years and amortization provisions which will, to the extent practicable, support the loan amount authorized under paragraph (2) (B); and

'(ii) in the case of acquisition loans, have a term of not less than 40 years; and

'(B) bear interest at such rate as may be agreed upon by the mortgagor and mortgagee and be secured in such manner as the Secretary may require; and';

(4) by striking paragraph (6); and

(5) by redesignating paragraphs (7) through (9) as paragraphs (6) through (8), respectively.

(b) Renegotiation . - Section 241(f) of the National Housing Act (12 U.S.C. 17z-6(f)) is amended by adding at the end the following new paragraph:

'(10) The Secretary shall renegotiate and modify the terms of an equity loan insured under this subsection, at the request of the owner of the project for which the loan is made, if -

'(1) the loan was made during the period beginning 30 days before the date of the enactment of the Housing and Community Development Act of 1992 and ending 90 days after such date of enactment under this subsection; and

'(2) the loan was made pursuant to a plan of action under the provisions of the Emergency Low Income Housing Preservation Act of 1987 and accepted by the Secretary for processing in December 1991.'

(c) Regulations. - Not later than the expiration of the 45-day period beginning on the date of the enactment of this Act, the Secretary shall issue regulations implementing section 241(f) (1) of the National Housing Act. The regulations shall not be subject to the requirements of subsections (b) and (c) of section 553 of title 5, United States Code.

SEC. 317. TECHNICAL AMENDMENTS.

(a) Low-Income Housing Preservation and Resident Homeownership Act of 1990. - The Housing and Community Development Act of 1987 (12 U.S.C. 4101 et seq.) is amended -

(1) in section 215(a)(2), by inserting 'Housing' after 'United States';

(2) in section 216(b)(4), by striking 'exceeds' and inserting 'exceed';

(3) in the second sentence of section 221(c), by striking 'that' and inserting 'than';

(4) in section 222 -

(A) in subsection (a)(2)(A), by striking 'low income' and inserting 'low-income';

(B) in subsection (c)(2), by striking 'an hearing' and inserting 'a hearing';

(C) in subsection (d)(2)(B), by inserting 'the' after 'that'; and

(D) in subsection (d)(2)(C)(ii), by inserting 'in' before 'default';

(5) in section 229(11)(A), by striking 'resident' and inserting 'residents'; and

(6) in section 231(b), by striking 'section 222(d)' and inserting 'section 222(c)'.

(b) Cranston-Gonzalez National Affordable Housing Act. - Section 613(b)(2) of the Cranston-Gonzalez National Affordable Housing Act (12 U.S.C. 4125(b)(2)) is amended by striking 'section 224(e)' and inserting 'section 222(d)'.

(c) National Housing Act. - Section 241(f) of the National Housing Act (12 U.S.C. 1715z-6(f)) is amended -

(1) in paragraph (2)(B)(ii), by striking 'and' at the end; and

(2) in paragraph (7), by striking 'acquisiton loan' and inserting 'acquisition loan'.

SEC. 318. STUDY OF PROJECTS ASSISTED UNDER FLEXIBLE SUBSIDY PROGRAM.

(a) Study. - The Secretary shall conduct a study of housing projects that (1) are assisted under section 236 of the National

Housing Act or the proviso of section 221(d) (5) of such Act, and (2) have received or are receiving assistance under section 201 of the Housing and Community Development Amendments of 1978, to determine the cost of providing such projects with incentives under the Low-Income Housing Preservation and Resident Homeownership Act of 1990. The study shall examine any projects portions of which assisted under such section 236 that are assisted primarily by State agencies.

(b) Report. - The Secretary shall submit a report to the Congress regarding any findings and conclusions of the study under subsection (a) not later than the expiration of the 1-year period beginning on the date of the enactment of this Act.

SUBTITLE B - OTHER PRESERVATION PROVISIONS

SEC. 331. ELIGIBILITY OF PUBLIC MORTGAGORS FOR SECTION 236 MORTGAGE INSURANCE.

Section 236(j) (4) (A) of the National Housing Act (12 U.S.C. 1715z-1(j) (4) (A)) is amended by striking 'private'.

SEC. 332. REGULATIONS.

Except as otherwise provided in this title, the Secretary of Housing and Urban Development shall issue interim regulations implementing this title and the amendments made by this title not later than the expiration of the 90-day period beginning on the date of the enactment of this Act, which shall take effect upon issuance. The Secretary shall issue final regulations implementing this title and the amendments made by this title after notice and opportunity for public comment regarding the interim regulations, pursuant to the provisions of section 553 of title 5, United States Code (notwithstanding subsections (a) (2), (b) (B), and (d) (3) of such section). The duration of the period for public comment shall not be less than 60 days, and the final regulations shall be issued not later than the expiration of the 60-day period beginning upon the conclusion of the comment period and shall take effect upon issuance.

TITLE IV - MULTIFAMILY HOUSING PLANNING AND INVESTMENT STRATEGIES

SEC. 401. DEFINITIONS.

For purposes of this title:

(1) Covered multifamily housing property. - The term 'covered multifamily housing property' means any housing -

(A) that is -

(i) reserved for occupancy by very low-income elderly persons pursuant to section 202(d) (1) of the Housing Act of 1959;

(ii) assisted under the provisions of section 202 of the Housing Act of 1959 (as such section existed before the effectiveness of the amendment made by section 801(a) of the Cranston-Gonzalez National Affordable Housing Act);

(iii) financed by a loan or mortgage insured, assisted, or held by the Secretary or a State or State agency under section 236 of the National Housing Act; or

(iv) financed by a loan or mortgage insured or held by the Secretary pursuant to section 221(d)(3) of the National Housing Act; and

(B) that is not eligible for assistance under -

(i) the Low-Income Housing Preservation and Resident Homeownership Act of 1990;

(ii) the provisions of the Emergency Low Income Housing Preservation Act of 1987 (as in effect immediately before the date of the enactment of the Cranston-Gonzalez National Affordable Housing Act); or

(iii) the HOME Investment Partnerships Act.

(2) Covered multifamily housing property for the elderly. - The term 'covered multifamily housing property for the elderly' means any multifamily housing project that was designed or designated to serve, or is serving, elderly persons or families and is assisted under a program administered by the Secretary.

(3) Secretary. - The term 'Secretary' means the Secretary of Housing and Urban Development.

SEC. 402. REQUIRED SUBMISSION.

(a) In General. - The owner of each covered multifamily housing property, and the owner of each covered multifamily housing property for the elderly, shall submit to the Secretary of Housing and Urban Development a comprehensive needs assessment of the property under this title.

(b) Timing. - The Secretary shall require the owners of approximately one-third of the aggregate number of covered multifamily housing properties, and the owners of approximately one-third of the aggregate number of covered multifamily housing properties for the elderly, to submit the comprehensive needs assessments under this section for the properties in each of fiscal years 1993, 1994, and 1995, in a manner designed to ensure that upon the conclusion of fiscal year 1995 the assessments for all such properties have been submitted.

SEC. 403. CONTENTS.

(a) In General . - Each comprehensive needs assessment submitted under this title for a covered multifamily housing property or a covered multifamily housing property for the elderly shall contain the following information with respect to the property:

(1) A description of any financial or other assistance currently needed for the property to ensure that the property is maintained in a livable condition and to ensure the financial viability of the project.

(2) A description of any financial or other assistance for the property that, at the time of the assessment, is reasonably foreseeable as necessary to ensure that the property is maintained in a livable condition and to ensure the financial viability of the project, during the remaining useful life of the property.

(3) A description of any resources available for meeting the current and future needs of the property described under paragraphs (1) and (2) and the likelihood of obtaining such resources.

(4) A description of any assistance needed for the property under programs administered by the Secretary.

(b) Projects for the Elderly. - Each comprehensive needs assessment for a covered multifamily housing property for the elderly shall include, in addition to the information required under subsection (a), the following information with respect to the property:

(1) A description of the supportive service needs of such residents and any supportive services provided to elderly residents of the property.

(2) A description of any modernization needs and activities for the property.

(3) A description of any personnel needs for the property.

SEC. 404. SUBMISSION AND REVIEW.

(a) Form. - The Secretary shall establish the form and manner of submission of the comprehensive needs assessments under this title.

(b) Resident Review. - The Secretary shall require each owner of a covered multifamily housing property and each owner of a covered multifamily housing property for the elderly to make available to the residents of the property the comprehensive needs assessment that is to be submitted to the Secretary. The Secretary shall require each owner to provide for such residents to submit comments

and opinions regarding the assessment to the owner before the submission of the assessment.

(c) State Housing Finance Agency Review. - To the extent that a covered multifamily housing property or a covered multifamily housing property for the elderly is financed or assisted by a State housing finance agency (as such term is defined in section 802 of the Housing and Community Development Act of 1974), the Secretary shall require the owner of the property to submit the comprehensive needs assessment for the property to the State housing finance agency upon submitting the assessment to the Secretary.

(d) Review. - The Secretary shall review each comprehensive needs assessment and shall approve the assessment before the expiration of the 90-day period beginning upon the receipt of the assessment, unless the Secretary determines that the assessment has not been provided in a substantially complete manner.

(e) Cost of Preparation of Strategy. - The Secretary shall consider any costs relating to preparing a comprehensive needs assessment under this title for a covered multifamily housing property that do not exceed \$5,000 for the property as an eligible project expense for the property. The Secretary shall provide that an owner may not increase the rental charge for any unit in a covered multifamily housing property to provide for the cost of preparing a comprehensive needs assessment.

(f) Notice. - The Secretary shall immediately notify each owner submitting a comprehensive needs assessment (and any State housing finance agency to which the owner has submitted an assessment under subsection (d)) of the approval or disapproval of the assessment upon making such determination. Within 30 days after disapproving any assessment, the Secretary shall inform the owner in writing of the reasons for disapproval. The Secretary shall require any owner whose assessment is disapproved to resubmit an amended assessment not later than 30 days after the owner receives the notice of disapproval.

(g) Annual Review and Report of Funding and Targeting for Covered Multifamily Properties for the Elderly. -

(1) Review. - The Secretary shall annually conduct a comprehensive review of -

(A) the funding levels required to fully address the needs of covered multifamily housing properties for the elderly identified in the comprehensive needs assessments under section 403(b), specifically identifying any expenses necessary to make substantial repairs and add features (such as congregate dining facilities and commercial kitchens) resulting from development of a property in compliance with cost-containment requirements established by the Secretary;

(B) the adequacy of the geographic targeting of resources provided under programs of the Department with respect to covered multifamily housing properties for the elderly, based on information acquired pursuant to section 403(b); and

(C) local housing markets throughout the United States, with respect to the need, availability, and cost of housing for elderly persons and families, which shall include review of any information and plans relating to housing for elderly persons and families included in comprehensive housing affordability strategies submitted by jurisdictions pursuant to section 105 of the Cranston-Gonzalez National Affordable Housing Act.

(2) Report. - The Secretary of Housing and Urban Development shall submit a report to the Congress annually describing the results of the annual comprehensive needs assessments under section 402 for covered multifamily housing properties for the elderly and the annual review conducted under paragraph (1) of this subsection, which shall contain a description of the methods used by project owners and by the Secretary to acquire the information described in section 402(b) and any findings and recommendations of the Secretary pursuant to the review.

SEC. 405. TROUBLED MULTIFAMILY HOUSING.

(a) Mandatory Elements. - Section 201(d) of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1715z-1a(d)) is amended -

(1) in paragraph (5), by striking 'and';

(2) in paragraph (6), by striking the period and inserting a semicolon; and

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

'(7) all reasonable attempts have been made to take all appropriate actions and provide suitable housing for project residents;

'(8) the project has a feasible plan to involve the residents in project decisions;

'(9) the affirmative fair housing marketing plan meets applicable requirements; and

'(10) the owner certifies that it will comply with various equal opportunity statutes.'

(b) Selection Criteria. -

(1) Repeal of section 201(k)(4). - Section 201(k)(4) of the

Housing and Community Development Amendments of 1978 (12 U.S.C. 1715z-1a(k)(4)) is repealed.

(2) New criteria. - Section 201 of the Housing and Community Development Amendments of 1978 is amended by adding at the end the following new subsection:

'(n)(1) The Secretary shall award assistance under this section to eligible projects on the basis of the following selection criteria:

'(A) The extent to which the project presents an imminent threat to the life, health, and safety of project residents.

'(B) The extent to which the project is financially troubled.

'(C) The extent of physical improvements needed by the project as evidenced by the comprehensive needs assessment submitted in accordance with title IV of the Housing and Community Development Act of 1992.

'(D) The extent to which there is evidence that there will be significant opportunities for residents (including a resident council or resident management corporation, as appropriate) to be involved in management of the project (except that this paragraph shall have no application to projects that are owned as cooperatives).

'(E) The extent to which there is evidence that the project owner has provided competent management and complied with all regulatory and administrative instructions (including such instructions with respect to the comprehensive servicing of multifamily projects as the Secretary may issue).

'(F) Such other criteria as the Secretary may specify by regulation or in a Federal Register notice of fund availability.

'(2) Eligible projects that have federally insured mortgages in force are to be selected for award of assistance under this section before any other eligible project.'

(c) Low-Income Affordability Restrictions. - Section 201(l)(2)(D) of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1715z-1a(l)(2)(D)) is amended by adding at the end the following: 'The Secretary may require owners receiving assistance for capital improvements under this section to retain the housing as housing affordable for very low-income families or persons, low-income families or persons and moderate-income families or persons for the remaining useful life of the housing. For purposes of this section, the term 'remaining useful life' means, with respect to housing assisted under this section, the period during which the physical characteristics of the housing remain in a condition suitable for occupancy, assuming normal maintenance and

repairs are made and major systems and capital components are replaced as becomes necessary.'

(d) Exclusivity of Assistance. - Section 201 of the Housing and Community Development Amendments of 1978, as amended by this section, is further amended by adding at the end the following new subsection:

'(o) Projects receiving assistance under this section are not eligible for prepayment incentives under the Emergency Low-Income Housing Preservation Act of 1987 or the Low-Income Housing Preservation and Resident Homeownership Act of 1990. Projects receiving financial assistance under such Acts are not eligible for assistance under this section.'

(e) Owner Contributions. - Section 201(k)(2) of the Housing and Community Development Amendments of 1978 is amended -

(1) in subparagraph (B), by striking 'and';

(2) in subparagraph (C), by striking the period and inserting '; and'; and

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

'(D) the Secretary shall give owners credit for advances made to the project during a 3-year period prior to the application for assistance.'

(f) Coordination of Assistance. - Section 201 of the Housing and Community Development Amendments of 1978, as amended by this section, is further amended by adding at the end the following new subsection:

'(p) The Secretary shall coordinate the allocation of assistance under this section with assistance made available under section 8(v) of the United States Housing Act of 1937 and section 203 of this Act to enhance the cost effectiveness of the Federal response to troubled multifamily housing.'

SEC. 406. FLEXIBLE SUBSIDY PROGRAM.

Section 201(d)(6) of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1715z-1a(d)(6)) is amended by inserting before the period at the end the following: '; and except that the Secretary shall review and approve or disapprove each plan not later than the expiration of the 30-day period beginning upon the date of submission of the plan to the Secretary by the owner, but if the Secretary fails to inform the owner of approval or disapproval of the plan within such period the plan shall be considered to have been approved'.

SEC. 407. CAPACITY STUDY.

Section 110(a) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12710(a)) is amended -

(1) by striking ', and'; and

(2) by striking the period at the end and inserting the following: ', and the ability to respond to areas identified as 'material weaknesses' by the Office of the Inspector General in financial audits or other reports.'.

SEC. 408. FLEXIBLE SUBSIDY PROGRAM.

(a) Authorization of Appropriations. - Section 201(j)(5) of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1715z-1a(j)(5)) is amended to read as follows:

'(5) There is authorized to be appropriated for assistance under the flexible subsidy fund not to exceed \$52,200,000 for fiscal year 1993 and \$54,392,400 for fiscal year 1994.'

(b) Use of Section 236 Rental Assistance Fund Amounts for Flexible Subsidy Payments. - Section 236(f)(3) of the National Housing Act (12 U.S.C. 1715z-1a(f)(3)) is amended by striking 'September 30, 1992' and inserting 'September 30, 1994'.

TITLE V - MORTGAGE INSURANCE AND SECONDARY MORTGAGE MARKET

SUBTITLE A - FHA MORTGAGE INSURANCE PROGRAMS

SEC. 501. LIMITATION ON INSURANCE AUTHORITY.

Section 531(b) of the National Housing Act (12 U.S.C. 1735f-9(b)) is amended to read as follows:

'(b) Notwithstanding any other provision of law and subject only to the absence of qualified requests for insurance, to the authority provided in this Act, and to the limitation in subsection (a), the Secretary shall enter into commitments to insure mortgages under this Act with an aggregate principal amount of \$65,905,824,960 during fiscal year 1993 and \$68,673,868,600 during fiscal year 1994.'

SEC. 502. FEDERAL HOUSING ADMINISTRATION ADVISORY BOARD.

Section 202(b) of the National Housing Act (12 U.S.C. 1708(b)) is amended by adding at the end the following new paragraph:

'(11) The Board shall terminate on January 1, 1995.'

SEC. 503. MAXIMUM MORTGAGE AMOUNT.

(a) In General. - The first sentence of section 203(b)(2) of the National Housing Act (12 U.S.C. 1709(b)(2)) is amended to read as follows: 'Involve a principal obligation (including such initial

service charges, appraisal, inspection, and other fees as the Secretary shall approve) in an amount -

'(A) not to exceed the lesser of -

'(i) in the case of a 1-family residence, 95 percent of the median 1-family house price in the area, as determined by the Secretary; in the case of a 2-family residence, 107 percent of such median price; in the case of a 3-family residence, 130 percent of such median price; or in the case of a 4-family residence, 150 percent of such median price; or

'(ii) 75 percent of the dollar amount limitation determined under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (as in effect on September 30, 1992) for a residence of the applicable size;

except that the applicable dollar amount limitation in effect for any area under this subparagraph (A) may not be less than the dollar amount limitation in effect under this section for the area on May 12, 1992; and

'(B) except as otherwise provided in this paragraph (2), not to exceed an amount equal to the sum of -

'(i) 97 percent of \$25,000 of the appraised value of the property, as of the date the mortgage is accepted for insurance;

'(ii) 95 percent of such value in excess of \$25,000 but not in excess of \$125,000; and

'(iii) 90 percent of such value in excess of \$125,000.'.

(b) Applicability . - The amendment made by subsection (a) shall apply only to mortgages executed on or after January 1, 1993.

(c) Conforming Amendments. -

(1) Title i - loans. - Notwithstanding any other provision of law, section 2(b)(1) of the National Housing Act (12 U.S.C. 1703(b)(1)) is amended by striking subparagraphs (C), (D), and (E) and inserting the following new subparagraphs:

'(C) \$48,600 if made for the purpose of financing the purchase of a manufactured home;

'(D) \$64,800 if made for the purpose of financing the purchase of a manufactured home and a suitably developed lot on which to place the home; and

'(E) \$16,200 if made for the purpose of financing the purchase, by an owner of a manufactured home which is the

principal residence of that owner, of a suitably developed lot on which to place that manufactured home, and if the owner certifies that he or she will place the manufactured home on the lot acquired with such loan within 6 months after the date of such loan.'

(2) Home equity conversion mortgages for elderly homeowners. - Section 255(g) of the National Housing Act (12 U.S.C. 1715z-20(g)) is amended by striking 'for a 1-family residence' and inserting 'for 1-family residences in the area in which the dwelling subject to the mortgage under this section is located'.

(3) RTC affordable housing program. - Subparagraphs (D)(ii) and (G)(II) of section 21A(c)(9) of the Federal Home Loan Bank Act (12 U.S.C. 1441a(c)(9)) are each amended by striking 'the applicable dollar amount' and all that follows through 'areas)' and inserting the following: '\$67,500 in the case of a 1-family residence, \$76,000 in the case of a 2-family residence, \$92,000 in the case of a 3-family residence, and \$107,000 in the case of a 4-family residence'.

(4) FDIC affordable housing program. - Paragraphs (4)(B) and (7)(B) of section 40(p) of the Federal Deposit Insurance Act (12 U.S.C. 1831q(p)) are each amended to read as follows:

'(B) that has an appraised value that does not exceed the amount provided in section 203(b)(2)(A) of the National Housing Act except that such amount shall not exceed \$101,250 in the case of a 1-family residence, \$114,000 in the case of a 2-family residence, \$138,000 in the case of a 3-family residence, and \$160,000 in the case of a 4-family residence.'

(d) GAO Study on FHA Loan Limits and GSE Conforming Loan Limits.

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(1) In general. - The Comptroller General of the United States shall submit to the Congress, on or before September 1, 1993, a report which evaluates the methodology used to establish the annual conforming loan limits for the secondary market, pursuant to section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act, as well as the loan limits adjustments utilized under the single family mortgage insurance program under section 203 of the National Housing Act.

(2) Contents. - The report shall -

(A) evaluate the methodology used to determine the annual adjustment to the conforming loan limit, including the accuracy of using the Mortgage Interest Rate Survey (MIRS) in determining the median home sales price each year;

(B) recommend any legislative or administrative changes

to ensure that the conforming loan limits accurately reflect market dynamics;

(C) assess the long-term consequences of indexing the mortgage limits utilized under the FHA section 203(b) single family mortgage insurance program to the annual adjustments to the conforming loan limits for the secondary market;

(D) assess the impact of such annual adjustments on the ability of the FHA single family insurance program to serve low and moderate income borrowers; and

(E) recommend alternative measures that could be employed to ensure that FHA can meet the needs of low and moderate income families in low and high cost areas of the country.

SEC. 504. FHA ANNUAL REPORT.

Section 203 of the National Housing Act (12 U.S.C. 1709) is amended by adding at the end the following:

'(v) Annual Report. - The Secretary of Housing and Urban Development shall submit to the Congress an annual report on the single family mortgage insurance program under this section. Each report shall set forth -

'(1) an analysis of the income groups served by the single family insurance program, including -

'(A) the percentage of borrowers whose incomes do not exceed 100 percent of the median income for the area;

'(B) the percentage of borrowers whose incomes do not exceed 80 percent of the median income for the area; and

'(C) the percentage of borrowers whose incomes do not exceed 60 percent of the median income for the area;

'(2) an analysis of the percentage of minority borrowers annually assisted by the program; the percentage of central city borrowers assisted and the percentage of rural borrowers assisted by the program;

'(3) the extent to which the Secretary in carrying out the program has employed methods to ensure that needs of low and moderate income families, underserved areas, and historically disadvantaged groups are served by the program; and

'(4) the current impediments to having the program serve low and moderate income borrowers; borrowers from central city areas; borrowers from rural areas; and minority borrowers.

SEC. 505. MAXIMUM PRINCIPAL OBLIGATION OF MORTGAGES FOR VETERANS.

(a) In General. - The first sentence of the last undesignated paragraph of section 203(b)(2) of the National Housing Act (12 U.S.C. 1709(b)(2)) is amended by striking 'Notwithstanding any other provision of this paragraph,' and inserting 'Except with respect to mortgages executed by mortgagors who are veterans,'.

(b) Technical Amendment. - Section 203(b)(9) of the National Housing Act (12 U.S.C. 1709(b)(9)) is amended by striking '(except in a case to which the next to the last sentence of paragraph (2) applies)' and inserting '(except with respect to a mortgage executed by a mortgagor who is a veteran)'.

SEC. 506. PREPURCHASE COUNSELING REQUIREMENT.

(a) In General. - Section 203(b)(2) of the National Housing Act (12 U.S.C. 1709(b)(2)) is amended by inserting at the end the following new undesignated paragraph:

'Notwithstanding any other provision of this paragraph, the Secretary may not insure, or enter into a commitment to insure, a mortgage under this section that is executed by a first-time homebuyer and that involves a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Secretary shall approve) in excess of 97 percent of the appraised value of the property unless the mortgagor has completed a program of counseling with respect to the responsibilities and financial management involved in homeownership that is approved by the Secretary; except that the Secretary may, in the discretion of the Secretary, waive the applicability of this requirement.'

(b) Effective Date. - The amendment made by subsection (a) shall apply to mortgages for which commitments for insurance are issued after the expiration of the 12-month period beginning on the date of the enactment of this Act.

SEC. 507. AUTHORITY TO DECREASE INSURANCE PREMIUM CHARGES.

(a) Permanent Provisions. - Section 203(c)(2) of the National Housing Act (12 U.S.C. 1709(c)(2)) is amended -

(1) in subparagraph (A), by striking 'equal to' and inserting 'not exceeding'; and

(2) in subparagraph (B) -

(A) in the matter preceding clause (i), by striking 'equal to' and inserting 'not exceeding'; and

(B) in clause (ii), by striking 'equal to 0.55 percent' and inserting 'not exceeding 0.55 percent'.

(b) Transition Provisions. - Section 2103(b) of the Omnibus

Budget Reconciliation Act of 1990 (12 U.S.C. 1709 note) is amended

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(1) in paragraph (1) -

(A) in subparagraph (A), by striking 'equal to' and inserting 'not exceeding'; and

(B) in subparagraph (B), in the matter preceding clause (i), by striking 'equal to' and inserting 'not exceeding'; and

(2) in paragraph (2) -

(A) in subparagraph (A), by striking 'equal to' and inserting 'not exceeding'; and

(B) in subparagraph (B), in the matter preceding clause (i), by striking 'equal to' and inserting 'not exceeding'.

SEC. 508. STATUTE OF LIMITATIONS ON PAYMENT OF DISTRIBUTIVE SHARES.

(a) Distribution of Shares. - Section 205(c) of the National Housing Act (12 U.S.C. 1711(c)) is amended by adding at the end the following two new sentences: 'The Secretary shall not distribute any share to an eligible mortgagor under this subsection beginning on the date which is 6 years after the date the Secretary first transmitted written notification of eligibility to the last known address of the mortgagor, unless the mortgagor has applied in accordance with procedures prescribed by the Secretary for payment of the share within the 6-year period. The Secretary shall transfer any amounts no longer eligible for distribution under the previous sentence from the Participating Reserve Account to the General Surplus Account.'

(b) Exception. - Notwithstanding the 6-year limitation on distribution of shares of the Participating Reserve Account under section 205(c) of the National Housing Act, the Secretary shall distribute a share to an otherwise eligible mortgagor in accordance with section 205(c), if the mortgagor applies for payment of the share within 1 year after the date of enactment of this Act in accordance with procedures in effect on such date.

SEC. 509. MORTGAGE LIMITS FOR MULTIFAMILY PROJECTS.

(a) Section 207 Limits. - Section 207(c)(3) of the National Housing Act (12 U.S.C. 1713(c)(3)) is amended -

(1) by striking '\$25,350', '\$28,080', '\$33,540', '\$41,340', and '\$46,800' and inserting '\$30,420', '\$33,696', '\$40,248', '\$49,608', and '\$59,160', respectively; and

(2) by striking '\$29,250', '\$32,760', '\$40,170', '\$50,310', and '\$56,885' and inserting '\$35,100', '\$39,312', '\$48,204',

'\$60,372', and '\$68,262', respectively.

(b) Section 213 Limits. - Section 213(b)(2) of the National Housing Act (12 U.S.C. 1715e(b)(2)) is amended -

(1) by striking '\$25,350', '\$28,080', '\$33,540', '\$41,340', and '\$46,800' and inserting '\$30,420', '\$33,696', '\$40,248', '\$49,608', and '\$59,160', respectively; and

(2) by striking '\$29,250', '\$32,760', '\$40,170', '\$50,310', and '\$56,885' and inserting '\$35,100', '\$39,312', '\$48,204', '\$60,372', and '\$68,262', respectively.

(c) Section 220 Limits. - Section 220(d)(3)(B)(iii) of the National Housing Act (12 U.S.C. 1715k(d)(3)(B)(iii)) is amended -

(1) by striking '\$25,350', '\$28,080', '\$33,540', '\$41,340', and '\$46,800' and inserting '\$30,420', '\$33,696', '\$40,248', '\$49,608', and '\$59,160', respectively; and

(2) by striking '\$29,250', '\$32,760', '\$40,170', '\$50,310', and '\$56,885' and inserting '\$35,100', '\$39,312', '\$48,204', '\$60,372', and '\$68,262', respectively.

(d) Section 221(d)(3) Limits. - Section 221(d)(3)(ii) of the National Housing Act (12 U.S.C. 1715l(d)(3)(ii)) is amended by striking '\$28,032', '\$32,321', '\$38,979', '\$49,893', '\$55,583', '\$29,500', '\$33,816', '\$41,120', '\$53,195', and '\$58,392' and inserting '\$33,638', '\$38,785', '\$46,775', '\$59,872', '\$66,700', '\$35,400', '\$40,579', '\$49,344', '\$63,834', and '\$70,070', respectively.

(e) Section 221(d)(4) Limits. - Section 221(d)(4)(ii) of the National Housing Act (12 U.S.C. 1715l(d)(4)(ii)) is amended by striking '\$25,228', '\$28,636', '\$34,613', '\$43,446', '\$49,231', '\$27,251', '\$31,239', '\$37,986', '\$49,140', and '\$53,942' and inserting '\$30,274', '\$34,363', '\$41,536', '\$52,135', '\$59,077', '\$32,701', '\$37,487', '\$45,583', '\$58,968', and '\$64,730', respectively.

(f) Section 231 Limits. - Section 231(c)(2) of the National Housing Act (12 U.S.C. 1715v(c)(2)) is amended -

(1) by striking '\$23,985', '\$26,813', '\$32,019', '\$38,532', and '\$45,300' and inserting '\$28,782', '\$32,176', '\$38,423', '\$46,238', and '\$54,360', respectively; and

(2) by striking '\$27,251', '\$31,239', '\$37,986', '\$49,140', and '\$53,942' and inserting '\$32,701', '\$37,487', '\$45,583', '\$58,968', and '\$64,730', respectively.

(g) Section 234 Limits. - Section 234(e)(3) of the National Housing Act (12 U.S.C. 1715y(e)(3)) is amended -

(1) by striking '\$25,350', '\$28,080', '\$33,540', '\$41,340', and '\$46,800' and inserting '\$30,420', '\$33,696', '\$40,248', '\$49,608', and '\$59,160', respectively; and

(2) by striking '\$29,250', '\$32,760', '\$40,170', '\$50,310', and '\$56,885' and inserting '\$35,100', '\$39,312', '\$48,204', '\$60,372', and '\$68,262', respectively.

(h) Regulations. - The Secretary of Housing and Urban Development shall issue regulations necessary to carry out the amendments made by subsections (a) through (g), which shall take effect not later than the expiration of the 1-year period beginning on the date of the enactment of this Act.

(i) Conforming Amendments. - Clauses (i)(II) and (ii)(II) of section 21A(c)(9)(E) of the Federal Home Loan Bank Act (12 U.S.C. 1441a(c)(9)(E)) are each amended by striking 'the applicable dollar amount' and all that follows through 'areas)' and inserting the following: ', for such part of the property as may be attributable to dwelling use (excluding exterior land improvements), \$29,500 per family unit without a bedroom, \$33,816 per family unit with 1 bedroom, \$41,120 per family unit with 2 bedrooms, \$53,195 per family unit with 3 bedrooms, and \$58,392 per family unit with 4 or more bedrooms'.

SEC. 510. INSURANCE OF LOANS FOR OPERATING LOSSES OF MULTIFAMILY PROJECTS.

Section 223(d) of the National Housing Act (12 U.S.C. 1715n(d)) is amended by adding at the end the following new paragraph:

'(6) In determining the amount of an operating loss loan to be insured pursuant to this subsection, the Secretary shall not reduce such amount solely to reflect any amounts placed in escrow (at the time the existing project mortgage was insured) for initial operating deficits. If an operating loss loan was insured by the Secretary pursuant to this subsection before the date of the enactment of the Housing and Community Development Act of 1992 and was reduced solely to reflect the amount placed in escrow for initial operating deficits, the Secretary shall insure, to the extent of the availability of insurance authority provided in appropriation Acts, an increase in the existing loan or a separate loan, in an amount equal to the lesser of (A) the maximum amount permitted under this subsection and the applicable underwriting requirements established by the Secretary and in effect at the time the loan is to be made, or (B) the amount of the escrow for initial operating deficits.'

SEC. 511. ELIGIBILITY OF ASSISTED LIVING FACILITIES FOR MORTGAGE INSURANCE UNDER SECTION 232.

(a) Purpose. - Section 232(a) of the National Housing Act (12 U.S.C. 1715w(a)) is amended -

(1) in the matter preceding paragraph (1), by striking 'either' and inserting 'any'; and

(2) by adding at the end the following new paragraph:

'(3) The development of assisted living facilities for the care of frail elderly persons.'

(b) Definitions. - Section 232(b) of the National Housing Act (12 U.S.C. 1715w(b)) is amended -

(1) in paragraph (4), by striking 'and' at the end;

(2) in paragraph (5), by striking the period at the end and inserting a semicolon; and

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

'(6) the term 'assisted living facility' means a public facility, proprietary facility, or facility of a private nonprofit corporation that -

'(A) is licensed and regulated by the State (or if there is no State law providing for such licensing and regulation by the State, by the municipality or other political subdivision in which the facility is located);

'(B) makes available to residents supportive services to assist the residents in carrying out activities of daily living, such as bathing, dressing, eating, getting in and out of bed or chairs, walking, going outdoors, using the toilet, laundry, home management, preparing meals, shopping for personal items, obtaining and taking medication, managing money, using the telephone, or performing light or heavy housework, and which may make available to residents home health care services, such as nursing and therapy; and

'(C) provides separate dwelling units for residents, each of which may contain a full kitchen and bathroom, and which includes common rooms and other facilities appropriate for the provision of supportive services to the residents of the facility; and

'(7) the term 'frail elderly person' has the meaning given the term in section 802(k) of the Cranston-Gonzalez National Affordable Housing Act.'

(c) Mortgage Requirements. - Section 232(d) of the National Housing Act (12 U.S.C. 1715w(d)) is amended -

(1) in the matter preceding paragraph (1) -

(A) by inserting ', assisted living facility,' before 'or intermediate care facility';

(B) by striking 'combined nursing home and intermediate care facility' and inserting 'any combination of nursing home, assisted living facility, and intermediate care facility'; and

(C) by inserting after 'intermediate care facility' the first place it appears the following: ', including a new addition to an existing nursing home, assisted living facility, or intermediate care facility and regardless of whether the existing home or facility is being rehabilitated,';

(2) in paragraph (2), in the matter preceding subparagraph (A), by inserting 'or 95 percent of the estimated value of the property or project in the case of a mortgagor that is a private nonprofit corporation or association (under the meaning given such term for purposes of section 221(d)(3) of this Act),' before 'including';

(3) in paragraph (3), by adding at the end the following: 'The Secretary shall not promulgate regulations or establish terms or conditions that interfere with the ability of the mortgagor and mortgagee to determine the interest rate; and

(4) in paragraph (4), by adding at the end the following new subparagraph:

'(C) With respect to assisted living facilities or any such facility combined with any other home or facility, the Secretary shall not insure any mortgage under this section unless -

'(i) the Secretary determines that the level of financing acquired by the mortgagor and any other resources available for the facility will be sufficient to ensure that the facility contains dwelling units and facilities for the provision of supportive services in accordance with subsection (b)(6);

'(ii) the mortgagor provides assurances satisfactory to the Secretary that each dwelling unit in the facility will not be occupied by more than 1 person without the consent of all such occupants; and

'(iii) the appropriate State licensing agency for the State, municipality, or other political subdivision in which the facility is or is to be located provides such assurances as the Secretary considers necessary that the facility will comply with any applicable standards and requirements for such facilities.'

(d) Fire Safety Equipment. - Section 232(i)(1) of the National Housing Act (12 U.S.C. 1715w(i)(1)) is amended by inserting ',

assisted living facilities,' after 'nursing homes'.

(e) Administration. - Section 232 of the National Housing Act (12 U.S.C. 1715w) is amended by adding at the end the following new subsection:

'(j) The Secretary shall establish schedules and deadlines for the processing and approval (or provision of notice of disapproval) of applications for mortgage insurance under this section. The Secretary shall submit a report to the Congress annually describing such schedules and deadlines and the extent of compliance by the Department with the schedules and deadlines during the year.'

(f) Authority To Insure Refinancing. - Section 223(f) of the National Housing Act (12 U.S.C. 1715n(f)) is amended by inserting 'existing assisted living facility,' after 'existing nursing home,' each place it appears.

SEC. 512. EXPEDITING INSURANCE FOR ACQUISITION OF RESOLUTION TRUST CORPORATION PROPERTY.

(a) In General. - Section 534 of the National Housing Act (12 U.S.C. 1735f-12) is amended -

(1) by inserting '(a) State Offices. - ' after '534.'; and

(2) by adding at the end the following new subsection:

'(b) Expedited Procedure for RTC Properties. - To assist the Resolution Trust Corporation in disposing of the property to which it acquires title and to ensure the timely processing of applications for insurance of loans and mortgages under this Act that will be used to purchase multifamily residential property from the Resolution Trust Corporation, the Secretary shall establish an expedited procedure for considering such applications.'

(b) Implementation. - The procedure referred to in the amendment made by subsection (a) shall be established through interim and final regulations issued by the Secretary. The Secretary shall issue interim regulations implementing the procedure not later than the expiration of the 90-day period beginning on the date of the enactment of this Act, which shall be effective upon issuance. The Secretary shall issue final regulations after notice and opportunity for public comment pursuant to the provisions of section 553 of title 5, United States Code (notwithstanding subsections (a) (2), (b) (B), and (d) (3) of such section).

SEC. 513. ENERGY EFFICIENT MORTGAGES PILOT PROGRAM.

(a) Establishment of Pilot Program. -

(1) In general. - Not later than 6 months after the date of enactment of this Act, the Secretary of Housing and Urban Development (hereafter referred to as the 'Secretary') shall

establish an energy efficient mortgage pilot program in 5 States, to promote the purchase of existing energy efficient residential buildings and the installation of cost-effective improvements in existing residential buildings.

(2) Pilot program. - The pilot program established under this subsection shall include the following criteria, where applicable:

(A) Origination. - The lender shall originate a housing loan that is insured under title II of the National Housing Act in accordance with the applicable requirements.

(B) Approval. - The mortgagor's base loan application shall be approved if the mortgagor's income and credit record is found to be satisfactory.

(C) Cost of improvements. - The cost of cost-effective energy efficiency improvements shall not exceed the greater of -

(i) 5 percent of the property value (not to exceed \$8,000); or

(ii) \$4,000.

(3) Authority for mortgagees. - In granting mortgages under the pilot program established pursuant to this subsection, the Secretary shall grant mortgagees the authority -

(A) to permit the final loan amount to exceed the loan limits established under title II of the National Housing Act by an amount not to exceed 100 percent of the cost of the cost-effective energy efficiency improvements, if the mortgagor's request to add the cost of such improvements is received by the mortgagee prior to funding of the base loan;

(B) to hold in escrow all funds provided to the mortgagor to undertake the energy efficiency improvements until the efficiency improvements are actually installed; and

(C) to transfer or sell the energy efficient mortgage to the appropriate secondary market agency, after the mortgage is issued, but before the energy efficiency improvements are actually installed.

(4) Promotion of pilot program. - The Secretary shall encourage participation in the energy efficient mortgage pilot program by -

(A) making available information to lending agencies and other appropriate authorities regarding the availability and benefits of energy efficient mortgages;

(B) requiring mortgagees and designated lending authorities to provide written notice of the availability and benefits of the pilot program to mortgagors applying for financing in those States designated by the Secretary as participating under the pilot program; and

(C) requiring each applicant for a mortgage insured under title II of the National Housing Act in those States participating under the pilot program to sign a statement that such applicant has been informed of the program requirements and understands the benefits of energy efficient mortgages.

(5) Training program. - Not later than 9 months after the date of enactment of this Act, the Secretary, in consultation with the Secretary of Energy, shall establish and implement a program for training personnel at relevant lending agencies, real estate companies, and other appropriate organizations regarding the benefits of energy efficient mortgages and the operation of the pilot program under this subsection.

(6) Report. - Not later than 18 months after the date of enactment of this Act, the Secretary shall prepare and submit a report to the Congress describing the effectiveness and implementation of the energy efficient mortgage pilot program as described under this subsection, and assessing the potential for expanding the pilot program nationwide.

(b) Expansion of Program. - Not later than the expiration of the 2-year period beginning on the date of the implementation of the energy efficient mortgage pilot program under this section, the Secretary of Housing and Urban Development shall expand the pilot program on a nationwide basis and shall expand the program to include new residential housing, unless the Secretary determines that either such expansion would not be practicable in which case the Secretary shall submit to the Congress, before the expiration of such period, a report explaining why either expansion would not be practicable.

(c) Definitions. - For purposes of this section:

(1) The term 'base loan' means any mortgage loan for a residential building eligible for insurance under title II of the National Housing Act or title 38, United States Code, that does not include the cost of cost-effective energy improvements.

(2) The term 'cost-effective' means, with respect to energy efficiency improvements to a residential building, improvements that result in the total present value cost of the improvements (including any maintenance and repair expenses) being less than the total present value of the energy saved over the useful life of the improvement, when 100 percent of the cost of improvements is added to the base loan. For purposes of this

paragraph, savings and cost-effectiveness shall be determined pursuant to a home energy rating report sufficient for purposes of the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation, or by other technically accurate methods.

(3) The term 'energy efficient mortgage' means a mortgage on a residential building that recognizes the energy savings of a home that has cost-effective energy saving construction or improvements (including solar water heaters, solar-assisted air conditioners and ventilators, super-insulation, and insulating glass and film) and that has the effect of not disqualifying a borrower who, but for the expenditures on energy saving construction or improvements, would otherwise have qualified for a base loan.

(4) The term 'residential building' means any attached or unattached single family residence.

(d) Rule of Construction. - This section may not be construed to affect any other programs of the Secretary of Housing and Urban Development for energy-efficient mortgages. The pilot program carried out under this section shall not replace or result in the termination of such other programs.

(e) Regulations . - The Secretary shall issue any regulations necessary to carry out this section not later than the expiration of the 180-day period beginning on the date of the enactment of this Act. The regulations shall be issued after notice and opportunity for public comment pursuant to the provisions of section 553 of title 5, United States Code (notwithstanding subsections (a) (2), (b) (B), and (d) (3) of such section).

(f) Authorization of Appropriations. - There are authorized to be appropriated such sums as may be necessary to carry out this section.

SEC. 514. STUDY REGARDING HOME WARRANTY PLANS.

(a) In General. - The Secretary of Housing and Urban Development (hereafter in this section referred to as the 'Secretary') shall conduct a study of home and builder's warranties and protection plans regarding the construction of, and materials used in, 1- to 4-family dwellings subject to mortgages insured under title II of the National Housing Act.

(b) Scope of Study. - The study shall analyze -

(1) the extent to which home sellers and builders use such warranties and plans,

(2) how such warranties and plans affect the single family mortgage insurance program under the National Housing Act and the solvency of the Mutual Mortgage Insurance Fund,

(3) any effects on homeowners of reliance upon such warranties and plans,

(4) the cost of inspections of mortgaged homes not covered by such warranties or plans,

(5) how quickly the issuers of such warranties and plans pay claims to homeowners under the warranties and plans,

(6) how well such warranties and plans provide for the prevention of structural damage before damage occurs,

(7) how responsive the issuers are to homeowner complaints,

(8) the extent to which homeowners are adequately informed of the extent of insurance coverage, the complaint procedures, and the arbitration procedures available to them under such warranties and plans,

(9) the extent to which the arbitration process used to settle claims under such warranties and plans provides fair and reasonable relief for homeowners,

(10) how well homeowners are informed of their right to appeal the decision of such arbitrators to the Secretary,

(11) whether the reporting and inspection requirements to which such warranties and plans are subject provide the Secretary with sufficient information to verify that such warranties and plans are acceptable,

(12) whether dwellings covered by such warranties and plans satisfy all requirements which would have been applicable if such dwellings had been approved for mortgage insurance by the Secretary before the beginning of construction, and

(13) any other issues relating to such warranties and plans that the Secretary considers appropriate.

(c) Report. - The Secretary shall submit a report to the Congress regarding the findings of the study and any recommendations of the Secretary resulting from the study, not later than the expiration of the 12-month period beginning on the date of the enactment of this Act.

SEC. 515. EXPENDITURES TO CORRECT DEFECTS.

Section 518(a) of the National Housing Act (12 U.S.C. 1735b(a)) is amended -

(1) by redesignating paragraphs (1) through (3) as subparagraphs (A) through (C), respectively; and

(2) by striking out 'The Secretary' and all that follows through 'make expenditures for' and inserting in lieu thereof the following:

'(1) The Secretary is authorized to make expenditures under this subsection with respect to any property that -

'(A) is a condominium unit (including common areas) or is improved by a one-to-four family dwelling;

'(B) was approved, before the beginning of construction, for mortgage insurance under this Act or for guaranty, insurance, or direct loan under chapter 37 of title 38, United States Code, or was less than a year old at the time of insurance of the mortgage and was covered by a consumer protection or warranty plan acceptable to the Secretary; and

'(C) the Secretary finds to have structural defects.

'(2) Expenditures under this subsection may be made for'.

SEC. 516. PAYMENT OF MORTGAGE INSURANCE CLAIMS.

(a) Payment of Insurance. - Section 204 of the National Housing Act (12 U.S.C. 1710) is amended -

(1) in the fifth sentence of subsection (a), by striking ', subject to the cash adjustment hereinafter provided, issue to the mortgagee debentures having a total face value' and insert in lieu thereof the following: 'issue to the mortgagee debentures having a par value';

(2) by striking subsection (c) and inserting the following:

'(c) Debentures issued under this section -

'(1) shall be in such form and amounts;

'(2) shall be subject to such terms and conditions;

'(3) shall include such provisions for redemption, if any, as may be prescribed by the Secretary of Housing and Urban Development, with the approval of the Secretary of the Treasury; and

'(4) may be in book entry or certificated registered form, or such other form as the Secretary of Housing and Urban Development may prescribe in regulations.';

(3) in the first sentence of subsection (d) -

(A) by striking 'executed' and inserting 'issued'; and

(B) by striking ', shall be signed by the Secretary by either his written or engraved signature, and shall be negotiable' and inserting the following: 'and shall be negotiable, and, if in book entry form, transferable, in the manner described by the Secretary in regulations'; and

(4) by striking in the fifth sentence of subsection (d) 'and such guaranty' and inserting the following: 'and, in the case of debentures issued in certificated registered form, such guaranty'.

(b) Rental Housing Insurance. - Section 207 of the National Housing Act (12 U.S.C. 1713) is amended -

(1) by striking in the second sentence of subsection (g) ', subject to the cash adjustment provided for in subsection (j), issue to the mortgagee a certificate of claim as provided in subsection (h), and debentures having a total face value' and inserting the following: 'issue to the mortgagee a certificate of claim as provided in subsection (h), and debentures having a par value';

(2) by striking in the first sentence of subsection (i) 'shall be signed by the Secretary, by either his written or engraved signature, shall be negotiable' and inserting the following: 'shall be negotiable, and, if in book entry form, transferable, in the manner described by the Secretary in regulations';

(3) by striking in the fourth sentence of subsection (i) 'and such guaranty' and inserting the following: 'and, in the case of debentures issued in certificated registered form, such guaranty'; and

(4) by striking subsection (j) and inserting the following:

'(j) Debentures issued under this section -

'(1) shall be in such form and amounts;

'(2) shall be subject to such terms and conditions;

'(3) shall include such provisions for redemption, if any, as may be prescribed by the Secretary of Housing and Urban Development, with the approval of the Secretary of the Treasury; and

'(4) may be in book entry or certificated registered form, or such other form as the Secretary of Housing and Urban Development may prescribe in regulations.'

(c) Rehabilitation and Neighborhood Conservation Housing Insurance. - Section 220(h) of the National Housing Act (12 U.S.C. 1715k) is amended -

(1) by striking in the first sentence of paragraph (7), 'shall be signed by the Secretary, by either his written or engraved signature, shall be negotiable' and inserting the following: 'shall be negotiable, and, if in book entry form, transferable, in the manner described by the Secretary in regulations';

(2) by striking in the fourth sentence of paragraph (h) (7) 'and the guaranty' and inserting the following: 'and, in the case of debentures issued in certificated registered form, the guaranty';

(3) by striking the sixth sentence of paragraph (7), and inserting the following: 'Debentures issued under this subsection shall be in such form and amounts; shall be subject to such terms and conditions; and shall include such provisions for redemption, if any, as may be prescribed by the Secretary of Housing and Urban Development, with the approval of the Secretary of the Treasury; and may be in book entry or certificated registered form, or such other form as the Secretary of Housing and Urban Development may prescribe in regulations.'; and

(4) by striking the last sentence of paragraph (7).

(d) Housing for Moderate Income and Displaced Families. - The second sentence of section 221(g) (4) (A) of the National Housing Act (12 U.S.C. 1715l(g) (4) (A)) is amended by striking ', subject to the cash adjustment provided herein, issue to the mortgagee debentures having total face value' and inserting the following: 'issue to the mortgagee debentures having a par value'.

SEC. 517. COVERAGE OF THE MULTIFAMILY MORTGAGE FORECLOSURE ACT.

(a) Purposes. - Section 362 of the Multifamily Mortgage Foreclosure Act of 1981 (12 U.S.C. 3701) is amended -

(1) in subsection (a) (1), by striking 'real estate' and all that follows through 'properties' and inserting: 'multifamily mortgages'; and

(2) in subsection (b), by striking 'multiunit' and all that follows through '1964' and inserting 'multifamily mortgages'.

(b) Definition. - Section 363(2) of the Multifamily Mortgage Foreclosure Act of 1981 (12 U.S.C. 3702(2)) is amended to read as follows:

'(2) 'multifamily mortgage' means a mortgage held by the Secretary pursuant to -

'(A) section 608 or 801, or title II or X, of the National Housing Act;

'(B) section 312 of the Housing Act of 1964, as it existed immediately before its repeal by section 289 of the Cranston-Gonzalez National Affordable Housing Act;

'(C) section 202 of the Housing Act of 1959, as it existed immediately before its amendment by section 801 of the Cranston-Gonzalez National Affordable Housing Act;

'(D) section 202 of the Housing Act of 1959, as amended by section 801 of the Cranston-Gonzalez National Affordable Housing Act; and

'(E) section 811 of the Cranston-Gonzalez National Affordable Housing Act.'.

(c) Prerequisites to Foreclosure. - The last sentence of section 366 of the Multifamily Mortgage Foreclosure Act of 1981 (12 U.S.C. 3705) is amended by striking 'status' and all that follows through 'rents' and inserting the following: 'status, relief under an assignment of rents, or transfer to a nonprofit entity pursuant to section 202 of the Housing Act of 1959 (as amended by section 801 of the Cranston-Gonzalez National Affordable Housing Act) or section 811 of the Cranston-Gonzalez National Affordable Housing Act'.

(d) Notice. - Section 367(b)(1) of the Multifamily Mortgage Foreclosure Act of 1981 (12 U.S.C. 3706(b)(1)) is amended to read as follows:

'(b)(1) Except as provided in paragraph (2)(A), the Secretary may require, as a condition and term of sale, that the purchaser at a foreclosure sale under this part agree to continue to operate the security property in accordance with the terms of the program under which the mortgage insurance or assistance was provided, or any applicable regulatory or other agreement in effect with respect to such property immediately prior to the time of foreclosure sale.'.

SEC. 518. MORTGAGEE REVIEW BOARD.

Section 202(c)(3)(C) of the National Housing Act (12 U.S.C. 1708(c)(3)(C)) is amended -

(1) by inserting 'temporarily' after 'order';

(2) by inserting '(i)' after 'Administration if ';

(3) by inserting '(ii)' after 'violations and'; and

(4) by striking the period after '6 months' and inserting the following: ', and for not longer than 1 year. The Board may extend the suspension for an additional 6 months if it determines the extension is in the public interest. If the Board and the mortgagee agree, these time limits may be

extended.'.

SEC. 519. DEFINITION OF MORTGAGEE.

Section 202(c) of the National Housing Act (12 U.S.C. 1708(c)) is amended -

(1) by striking paragraph (6) (D); and

(2) by redesignating paragraph (7) as paragraph (8), and inserting the following after paragraph (6):

'(7) Definition of 'mortgagee'. - For purposes of this subsection, the term 'mortgagee' means -

'(A) a mortgagee approved under this Act;

'(B) a lender or a loan correspondent approved under title I of this Act;

'(C) a branch office or subsidiary of the mortgagee, lender, or loan correspondent; or

'(D) a director, officer, employee, agent, or other person participating in the conduct of the affairs of the mortgagee, lender, or loan correspondent.'

SEC. 520. EXEMPTION FROM SECTION 137(b) OF THE TRUTH IN LENDING ACT.

Section 255(j) of the National Housing Act (12 U.S.C. 1715z-20(j)) is amended by adding at the end the following: 'Section 137(b) of the Truth in Lending Act (15 U.S.C. 1647(b)) and any implementing regulations issued by the Board of Governors of the Federal Reserve System shall not apply to a mortgage insured under this section.'

SUBTITLE B - SECONDARY MORTGAGE MARKET PROGRAMS

SEC. 531. LIMITATION ON GNMA GUARANTEES OF MORTGAGE-BACKED SECURITIES.

Section 306(g) (2) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1721(g) (2)) is amended to read as follows:

'(2) Notwithstanding any other provision of law and subject only to the absence of qualified requests for guarantees, to the authority provided in this subsection, and to the extent of or in such amounts as any funding limitation approved in appropriation Acts, the Association shall enter into commitments to issue guarantees under this subsection in an aggregate amount of \$88,000,000,000 during fiscal year 1993 and \$91,696,000,000 during fiscal year 1994. There is authorized to be appropriated such sums as may be necessary to cover the costs (as such term is defined in

section 502 of the Congressional Budget Act of 1974) of guarantees issued under this Act by the Association.'

SEC. 532. AUTHORITY FOR GNMA TO MAKE HARDSHIP INTEREST PAYMENTS.

Section 306(g)(1) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1721(g)(1)) is amended by inserting after the period at the end of the third sentence the following new sentence: 'In any case in which (I) Federal law requires the reduction of the interest rate on any mortgage backing a security guaranteed under this subsection, (II) the mortgagor under the mortgage is a person in the military service, and (III) the issuer of such security fails to receive from the mortgagor the full amount of interest payment due, the Association may make payments of interest on the security in amounts not exceeding the difference between the amount payable under the interest rate on the mortgage and the amount of interest actually paid by the mortgagor.'

SUBTITLE C - IMPROVEMENT OF FINANCING FOR MULTIFAMILY HOUSING

SEC. 541. SHORT TITLE.

This subtitle may be cited as the 'Multifamily Housing Finance Improvement Act'.

SEC. 542. MULTIFAMILY MORTGAGE CREDIT DEMONSTRATIONS.

(a) In General. - The Secretary of Housing and Urban Development (hereinafter referred to as the 'Secretary') shall carry out programs through the Federal Housing Administration to demonstrate the effectiveness of providing new forms of Federal credit enhancement for multifamily loans. In carrying out demonstration programs, the Secretary shall include an evaluation of the effectiveness of entering into partnerships or other contractual arrangements including reinsurance and risk-sharing agreements with State or local housing finance agencies, the Federal Housing Finance Board, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, qualified financial institutions, and other State or local mortgage insurance companies or bank lending consortia.

(b) Risk-Sharing Pilot Program. -

(1) In general . - The Secretary shall carry out a pilot program through the Federal Housing Administration to provide for risk sharing related to mortgages on multifamily housing.

(2) Authority for reinsurance agreements . - The Secretary may enter into reinsurance agreements (as such term is defined in section 544) with the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, qualified financial institutions, qualified housing finance agencies, and the Federal Housing Finance Board. The agreements may provide for risk-sharing and other forms of credit enhancement with respect to mortgage

lending on multifamily housing, including reinsurance with respect to pools of loans on multifamily housing properties, that the Secretary determines to be appropriate to carry out the purposes of this subsection. The agreements shall be in a form and have such terms and conditions as the Secretary determines to be appropriate to carry out the purposes of this subsection.

(3) Development of alternatives . - The Secretary shall develop and assess a variety of risk-sharing alternatives, including arrangements under which the Secretary assumes an appropriate share of the risk related to long-term mortgage loans on newly constructed or acquired multifamily rental housing, mortgage refinancings, bridge financing for construction, and other forms of multifamily housing mortgage lending that the Secretary deems appropriate to carry out the purposes of this subsection. Such alternatives shall be designed -

(A) to ensure that other parties bear a share of the risk, in percentage amount and in position of exposure, that is sufficient to create strong, market-oriented incentives for other participating parties to maintain sound underwriting and loan management practices;

(B) to develop credit mechanisms, including sound underwriting criteria, processing methods, and credit enhancements, through which resources of the Federal Housing Administration can assist in increasing multifamily housing lending as needed to meet the expected need in the United States;

(C) to provide a more adequate supply of mortgage credit for sound multifamily rental housing projects in underserved urban and rural markets;

(D) to encourage major financial institutions to expand their participation in mortgage lending for sound multifamily housing, through means such as mitigating uncertainties regarding actions of the Federal Government (including the possible failure to renew short-term subsidy contracts);

(E) to increase the efficiency, and lower the costs to the Federal Government, of processing and servicing multifamily housing mortgage loans insured by the Federal Housing Administration; and

(F) to improve the quality and expertise of Federal Housing Administration staff and other resources, as required for sound management of reinsurance and other market-oriented forms of credit enhancement.

(4) Eligibility standards . - The Secretary shall establish and enforce standards for financial institutions and entities to be eligible to enter into reinsurance agreements under this

subsection, as the Secretary determines to be appropriate.

(5) Funding . - Using any authority provided in appropriation Acts to insure loans under the National Housing Act, the Secretary may enter into commitments under this subsection for risk sharing with respect to mortgages on not more than 15,000 units over fiscal years 1993 and 1994. The demonstration authorized under this subsection shall not be expanded until the reports required under subsection (d) are submitted to Congress.

(6) Fees . - The Secretary shall establish and collect premiums and fees under this subsection as the Secretary determines appropriate to (A) achieve the purpose of this subsection, and (B) compensate the Federal Housing Administration for the risks assumed and related administrative costs.

(7) Non-federal participation . - The Secretary shall carry out this subsection, to the maximum extent practicable, with the participation of well-established residential mortgage originators, financial institutions that invest in multifamily housing mortgages, multifamily housing sponsors, and such other private sector experts in multifamily housing finance as the Secretary determines to be appropriate.

(8) Timing . - The Secretary shall take any administrative actions necessary to initiate the pilot program under this subsection not later than the expiration of the 8-month period beginning on the date of the enactment of this Act.

(c) Housing Finance Agency Pilot Program. -

(1) In general. - The Secretary shall carry out a specific pilot program in conjunction with qualified housing finance agencies to test the effectiveness of Federal credit enhancement for loans for affordable multifamily housing through a system of risk-sharing agreements with such agencies.

(2) Pilot program requirements. -

(A) In general. - In carrying out the pilot program authorized under this subsection, the Secretary shall enter into risk-sharing agreements with qualified housing finance agencies.

(B) Mortgage insurance. - Agreements under subparagraph (A) shall provide for full mortgage insurance through the Federal Housing Administration of the loans for affordable multifamily housing originated by or through qualified housing finance agencies and for reimbursement to the Secretary by such agencies for either all or a portion of the losses incurred on the loans insured.

(C) Risk apportionment. - Agreements entered into under this subsection between the Secretary and a qualified housing finance agency shall specify the percentage of loss that each of

the parties to the agreement will assume in the event of default of the insured multifamily mortgage. Such agreements shall specify that the qualified housing finance agency and the Secretary shall share equally the full amount of any loss on the insured mortgage.

(D) Reimbursement capacity. - Agreements entered into under this subsection between the Secretary and a qualified housing finance agency shall provide evidence of the capacity of such agency to fulfill any reimbursement obligations made pursuant to this subsection. Evidence of such capacity may include -

(i) a pledge of the full faith and credit of a qualified State or local agency to fulfill any obligations entered into by the qualified housing finance agency;

(ii) reserves pledged or otherwise restricted by the qualified housing finance agency in an amount equal to an agreed upon percentage of the loss assumed by the housing finance agency under subparagraph (C);

(iii) funds pledged through a State or local guarantee fund; or

(iv) any other form of evidence mutually agreed upon by the Secretary and the qualified housing finance agency.

(E) Underwriting standards. - The Secretary shall allow any qualified housing finance agency to use its own underwriting standards and loan terms and conditions for purposes of underwriting loans to be insured under this subsection without further review by the Secretary, except that the Secretary may impose additional underwriting criteria and loan terms and conditions for contractual agreements where the Secretary retains more than 50 percent of the risk of loss.

(3) Mortgage insurance premiums. - The Secretary shall establish a schedule of insurance premium payments for mortgages insured under this subsection based on the percentage of loss the Secretary may assume. Such schedule shall reflect lower or nominal premiums for qualified housing finance agencies that assume a greater share of the risk apportioned according to paragraph (2) (C).

(4) Limitation on insurance authority. - Using any authority provided by appropriations Acts to insure mortgages under the National Housing Act, the Secretary may enter into commitments under this subsection with respect to mortgages on not to exceed 30,000 units over fiscal years 1993, 1994, and 1995. The demonstration authorized under this subsection shall not be expanded until the reports required under subsection (d) are submitted to the Congress.

(5) Identity of interest. - Notwithstanding any other provision of law, the Secretary shall not apply identity of interest provisions to agreements entered into with qualified State housing finance agencies under this subsection.

(6) Prohibition on ginnie mae securitization. - The Government National Mortgage Association shall not securitize any multifamily loans insured under this subsection.

(7) Qualification as affordable housing. - Multifamily housing securing loans insured under this subsection shall qualify as affordable only if the housing is occupied by very low-income families and bears rents not greater than the gross rent for rent-restricted residential units as determined under section 42(g)(2) of the Internal Revenue Code of 1986.

(8) Regulations. - Not later than 90 days after the date of enactment of this Act, the Secretary shall issue such regulations as may be necessary to carry out this subsection.

(d) Independent Studies and Reports . -

(1) Federal national mortgage association . - The Federal National Mortgage Association, in consultation with representatives of its seller-servicers and State housing finance agencies, shall carry out an independent assessment of alternative methods for achieving the purposes of this section and shall submit a report containing any findings and recommendations, including any recommendations for legislative or administrative action, simultaneously to the Secretary and the Congress not later than 12 months after the date of the enactment of this Act.

(2) Federal home loan mortgage corporation . - The Federal Home Loan Mortgage Corporation, in consultation with representatives of its seller-servicers and State housing finance agencies, shall carry out an independent assessment of alternative methods for achieving the purposes of this section and shall submit a report containing any findings and recommendations, including any recommendations for legislative or administrative action, simultaneously to the Secretary and the Congress not later than 12 months after the date of the enactment of this Act.

(3) Secretary . - The Secretary shall submit to the Congress, and publish, reports under this paragraph assessing the activities carried out under each of the pilot programs. The Secretary shall submit and publish a preliminary report under this paragraph not later than 9 months after the date of the implementation of each of the pilot programs, and a final report not later than 24 months after the date of implementation on which the pilot program is initiated, which shall include any recommendations by the Secretary for legislative changes to achieve the purposes of this section.

(4) Comptroller general . - The Comptroller General of the

United States shall carry out an evaluation of each of the pilot programs under this section and shall submit to the Congress, not later than 30 months after the date of implementation for each of the pilot programs, a report regarding the evaluation, together with any recommendations for legislative changes to achieve the purposes of this section. The Comptroller General shall also submit to the Congress a report containing a preliminary assessment of the pilot program not later than 18 months after the date of enactment of this Act.

(5) Federal housing finance board . - The Federal Housing Finance Board shall monitor and assess the activities carried out under the pilot programs under this section. The Federal Housing Finance Board shall submit a preliminary report containing any findings regarding such activities not later than 9 months after the date of the enactment of this Act, and a final report containing such findings not later than 24 months after the date on which the pilot program is initiated, which shall include any recommendations by the Board for legislative changes to achieve the purposes of this section.

SEC. 543. NATIONAL INTERAGENCY TASK FORCE ON MULTIFAMILY HOUSING.

(a) Purpose. - The purpose of this section is to establish a National Interagency Task Force on Multifamily Housing to develop recommendations for establishing a national database on multifamily housing loans.

(b) Establishment of Task Force. - There is established a Task Force known as the National Interagency Task Force on Multifamily Housing (hereafter in this section referred to as the 'Task Force').

(c) Membership of Task Force. -

(1) Federal officials. - The Task Force shall be composed of

-

(A) the Secretary of Housing and Urban Development;

(B) the Chairperson of the Federal Housing Finance Board;

(C) the Comptroller of the Currency;

(D) the Chairman of the Board of Governors of the Federal Reserve System;

(E) the Director of the Office of Thrift Supervision;

(F) the Chairperson of the Federal Deposit Insurance Corporation;

(G) the Chairperson of the Federal National Mortgage

Association; and

(H) the Chairperson of the Federal Home Loan Mortgage Corporation,

or their designees, and the persons appointed under paragraphs (2) and (3).

(2) Appointments by the secretary. - The Secretary shall appoint as members of the Task Force -

(A) 1 individual who is a representative of a State housing finance agency;

(B) 1 individual who is a representative of a local housing finance agency;

(C) 1 individual who is a representative of the building industry with experience in multifamily housing; and

(D) 1 individual who is a representative of the life insurance industry with experience in multifamily loan performance data.

(3) Appointments by the chairperson of the fhfb. - The Chairman of the Federal Housing Finance Board shall appoint as members of the Task Force -

(A) 1 individual who is a representative from the financial services industry with experience in multifamily housing underwriting;

(B) 1 individual who is a representative from the nonprofit housing development sector with experience in subsidized multifamily housing development; and

(C) 1 individual who is a representative from a nationally recognized rating agency.

(d) Administration. -

(1) Chairpersons. - The Task Force shall be chaired jointly by the Secretary and the Chairman of the Federal Housing Finance Board.

(2) Meetings. - The Task Force shall meet no less than 4 times, at the call of the Chairpersons of the Task Force.

(3) Quorum. - A majority of the members of the Task Force shall constitute a quorum for the transaction of business.

(4) Voting. - Each member of the Task Force shall be entitled to 1 vote, which shall be equal to the vote of every other member of the Task Force.

(5) Vacancies. - Any vacancy on the Task Force shall not affect its powers, but shall be filled in the manner in which the original appointment was made.

(6) Prohibition on additional pay. - Members of the Task Force shall serve without compensation, but shall be reimbursed for travel, subsistence, and other necessary expenses incurred in the performance of their duties as members of the Task Force.

(e) Functions of the Task Force. -

(1) In general. - The Task Force shall conduct a multifamily housing financial data project in order to improve the availability and efficiency of financing for multifamily rental housing. The project shall -

(A) analyze available data regarding the performance of multifamily housing mortgage loans in all regions of the country;

(B) prepare a comprehensive national database on the operation and financing of multifamily housing that will provide reliable information appropriate to meet the projected needs of lenders, investors, sponsors, property managers, and public officials;

(C) identify important factors that affect the long-term financial and operational soundness of multifamily housing properties, including factors relating to project credit risk, project underwriting, interest rate risk, real estate market conditions, public subsidies, tax policies, borrower characteristics, program management standards, and government policies;

(D) develop common definitions, standards, and procedures that will improve multifamily housing underwriting and accelerate the development of a strong, competitive, and efficient secondary market for multifamily housing loans; and

(E) make available appropriate information to various organizations in forms that will assist in improving multifamily housing loan underwriting and servicing.

(2) Final report. - Not later than 1 year following the enactment of this Act, the Task Force shall submit to the Congress a final report which shall contain the information, evaluations, and recommendations specified in paragraph (1).

(f) Authority of Task Force. -

(1) Rules and regulations. - The Task Force may adopt such

rules and regulations as may be necessary to establish its procedures and to govern the manner of its operations, organization and personnel.

(2) Access to data. - The members of the Task Force representing the Comptroller of the Currency, the Office of Thrift Supervision, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Secretary of Housing and Urban Development, the Federal Housing Finance Board, the Federal National Mortgage Association, and the Federal Home Loan Mortgage Corporation shall make available to the Task Force a representative sample of multifamily housing mortgage loans in order for the Task Force to make its findings and recommendations, except that -

(A) all information obtained shall be used only for the purposes authorized in this section;

(B) the Task Force shall maintain the confidentiality of all such information obtained in the manner established for the material by the submitting entity, and such data shall not be subject to release under section 552 of title 5, United States Code;

(C) only aggregate data shall be publicly released by the Task Force unless it receives the explicit permission of the mortgage originator or government-sponsored enterprise from which the information is obtained; and

(D) any officer or employee of the Secretary, the Office of Thrift Supervision, the Board of Governors of the Federal Reserve, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, or the Federal Housing Finance Board shall be subject to the penalties under section 1906 of title 18, United States Code, if -

(i) by virtue of employment or official position, the officer or employee has possession of or access to any book, record, or information made available under this subsection and established as confidential under subparagraph (C); and

(ii) the officer or employee discloses the material in any manner other than to an officer or employee of the same Federal agency employing the officer or employee, or other than pursuant to the exemptions under section 1906.

(3) Sample data. - In order to ensure a representative sample of multifamily housing data, the Department of Housing and Urban Development, the Office of Thrift Supervision, the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance

Corporation are authorized to request loan data from a representative sample of mortgage originators or the government-sponsored enterprises regulated by these agencies, and mortgages originated by housing finance agencies and life insurance companies, except that -

(A) all information obtained shall be used only for the purposes authorized in this section;

(B) the Task Force shall maintain the confidentiality of all such information obtained in the manner established for the material by the submitting entity, and such data shall not be subject to release under section 552 of title 5, United States Code;

(C) only aggregate data shall be publicly released by the Task Force unless it receives the explicit permission of the mortgage originator or government-sponsored enterprise from which the information is obtained; and

(D) any officer or employee of the Secretary, the Office of Thrift Supervision, the Board of Governors of the Federal Reserve, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, or the Federal Housing Finance Board shall be subject to the penalties under section 1906 of title 18, United States Code, if -

(i) by virtue of employment or official position, the officer or employee has possession of or access to any book, record, or information made available under this subsection and established as confidential under subparagraph (C); and

(ii) the officer or employee discloses the material in any manner other than to an officer or employee of the same Federal agency employing the officer or employee, or other than pursuant to the exemptions under section 1906.

(4) Agency resources. - The Task Force may, with the consent of any Federal agency or department represented on the Task Force, utilize the information, services, staff and facilities of such agency or department on a reimbursable basis, to assist the Task Force in carrying out its duties under this section.

(5) Mails. - The Task Force may use the United States mails in the same manner and under the same conditions as other Federal agencies.

(6) Contracting. - The Task Force may, to such extent and in such amounts as are provided in appropriations Acts, enter into contracts with private firms, institutions, and individuals for the purpose of discharging its duties under this section.

(7) Staff. - The Task Force may appoint and fix the compensation of such personnel as it deems advisable, in accordance with the provisions of title 5, United States Code, governing appointments to the competitive service, and the provisions of chapter 51 and subchapter III of chapter 53 of such title, relating to classification of General Schedule pay rates.

(g) Independent Evaluation. - The Comptroller General of the United States shall be authorized to conduct an independent analysis of the findings and recommendations submitted by the Task Force to the Congress under this section.

(h) Authorization of Appropriations. - There are authorized to be appropriated to carry out this section not to exceed \$6,000,000 for fiscal year 1993 and \$6,252,000 for fiscal year 1994. Funds appropriated under this subsection shall remain available until expended.

SEC. 544. DEFINITIONS.

For purposes of this subtitle:

(1) The term 'multifamily housing' means a property consisting of more than 4 dwelling units.

(2) The term 'qualified housing finance agency' means any State or local housing finance agency that -

(A) carries the designation of 'top tier' or its equivalent, as evaluated by Standard and Poors or any other nationally recognized rating agency;

(B) receives a rating of 'A' for its general obligation bonds from a nationally recognized rating agency; or

(C) otherwise demonstrates its capacity as a sound and experienced agency based on, but not limited to, its experience in financing multifamily housing, fund balances, administrative capabilities, investment policy, internal controls and financial management, portfolio quality, and State or local support.

(3) The term 'reinsurance agreement' means a contractual obligation under which the Secretary, in exchange for appropriate compensation, agrees to assume a specified portion of the risk of loss that a lender or other party has previously assumed with respect to a mortgage on a multifamily housing property.

(4) The term 'Secretary' means the Secretary of Housing and Urban Development.

