

118TH CONGRESS
2D SESSION

H. R. 9245

To make housing more affordable, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 2, 2024

Mr. CLEAVER (for himself, Ms. SCHAKOWSKY, Ms. NORTON, Mr. KHANNA, Ms. LEE of California, Ms. MOORE of Wisconsin, Ms. BUSH, Ms. BALINT, Mr. FROST, Mr. JACKSON of Illinois, Ms. BONAMICI, Mrs. HAYES, Ms. TLAIB, Mrs. RAMIREZ, Mr. GARCÍA of Illinois, Ms. PRESSLEY, Mr. AMO, Ms. OMAR, Ms. OCASIO-CORTEZ, Mr. GREEN of Texas, and Mr. GOMEZ) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committees on the Judiciary, Veterans' Affairs, and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To make housing more affordable, and for other purposes.

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

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

4 (a) SHORT TITLE.—This Act may be cited as the
5 “American Housing and Economic Mobility Act of 2024”.

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

Sec. 1. Short title; table of contents.

TITLE I—MAKING HOUSING MORE AFFORDABLE

- Sec. 101. Local housing innovation grants.
 Sec. 102. Investing in affordable housing infrastructure.
 Sec. 103. Conditions for the sale of real estate-owned properties and non-performing loans.

TITLE II—TAKING THE FIRST STEPS TO REVERSE THE LEGACY OF HOUSING DISCRIMINATION AND GOVERNMENT NEGLIGENCE

- Sec. 201. Down payment assistance program for first-time homebuyers.
 Sec. 202. Formula grant program for communities with an appraisal gap.
 Sec. 203. Strengthening the Community Reinvestment Act of 1977.
 Sec. 204. Amendments relating to credit union service to underserved areas.
 Sec. 205. Raising public welfare caps.
 Sec. 206. Temporary eligibility of certain direct descendants of certain veterans for housing loans guaranteed by the Secretary of Veterans Affairs.

TITLE III—REMOVING BARRIERS THAT ISOLATE COMMUNITIES

- Sec. 301. Expanding rights under the Fair Housing Act.
 Sec. 302. Improving outcomes in housing assistance programs.

TITLE IV—ESTATE TAX REFORM

- Sec. 401. Amendment to Internal Revenue Code of 1986.
 Sec. 402. Rate adjustment.
 Sec. 403. Required minimum 10-year term, etc., for grantor retained annuity trusts.
 Sec. 404. Certain transfer tax rules applicable to grantor trusts.
 Sec. 405. Elimination of generation-skipping transfer tax exemption for transfers to certain persons.
 Sec. 406. Simplifying gift tax exclusion for annual gifts.
 Sec. 407. Clarification regarding disallowance of step-up in basis for property held in certain grantor trusts.
 Sec. 408. Limitation on discounts; valuation rules for certain transfers of non-business assets.
 Sec. 409. Surcharge on high income estates and trusts.
 Sec. 410. Modification of rules for value of certain farm, etc., real property.
 Sec. 411. Modification of estate tax rules with respect to land subject to conservation easements.

TITLE V—ACCESSIBILITY REQUIREMENTS

- Sec. 501. Accessibility requirements.

TITLE I—MAKING HOUSING MORE AFFORDABLE

3 SEC. 101. LOCAL HOUSING INNOVATION GRANTS.

4 (a) DEFINITIONS.—In this section:

1 (1) ELEMENTARY SCHOOL; SECONDARY
2 SCHOOL.—The terms “elementary school” and “sec-
3 ondary school” have the meanings given those terms
4 in section 8101 of the Elementary and Secondary
5 Education Act of 1965 (20 U.S.C. 7801).

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

8 (A) a State;

9 (B) a unit of general local government; or

10 (C) an Indian tribe.

11 (3) INDIAN TRIBE.—The term “Indian tribe”
12 has the meaning given the term in section 4 of the
13 Native American Housing Assistance and Self-De-
14 termination Act of 1996 (25 U.S.C. 4103).

15 (4) INSTITUTION OF HIGHER EDUCATION.—The
16 term “institution of higher education” has the
17 meaning given the term in section 101 of the Higher
18 Education Act of 1965 (20 U.S.C. 1001).

19 (5) METROPOLITAN AREA; STATE; UNIT OF
20 GENERAL LOCAL GOVERNMENT.—The terms “metro-
21 politan area”, “State”, and “unit of general local
22 government” have the meanings given those terms in
23 section 102 of the Housing and Community Devel-
24 opment Act of 1974 (42 U.S.C. 5302).

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

3 (b) ESTABLISHMENT.—Not later than 1 year after
4 the date of enactment of this Act, the Secretary shall es-
5 tablish a program to award grants on a competitive basis
6 to eligible entities to—

7 (1) reform local land use restrictions to bring
8 down the costs of producing affordable housing; and

9 (2) remove unnecessary barriers to building af-
10 fordable units in their communities.

11 (c) ELIGIBLE ACTIVITIES.—An eligible entity receiv-
12 ing a grant under this section may use funds to—

13 (1) carry out any of the activities described in
14 section 105 of the Housing and Community Devel-
15 opment Act of 1974 (42 U.S.C. 5305);

16 (2) carry out any of the activities permitted
17 under the Local and Regional Project Assistance
18 Program under section 6702 of title 49, United
19 States Code; or

20 (3) modernize, renovate, or repair facilities used
21 by public elementary schools, public secondary
22 schools, and public institutions of higher education,
23 including modernization, renovation, and repairs
24 that—

1 (A) promote physical, sensory, and envi-
2 ronmental accessibility; and

3 (B) are consistent with a recognized green
4 building rating system.

5 (d) APPLICATION.—

6 (1) IN GENERAL.—An eligible entity desiring a
7 grant under this section shall submit to the Sec-
8 retary an application that demonstrates that the eli-
9 gible entity has carried out, or is in the process of
10 carrying out, initiatives that facilitate the expansion
11 of the supply of well-located affordable housing.

12 (2) ACTIVITIES.—Initiatives that meet the cri-
13 teria described in paragraph (1)—

14 (A) include—

15 (i) establishing “by-right” develop-
16 ment, which allows jurisdictions to admin-
17 istratively approve new developments that
18 are consistent with their zoning code;

19 (ii) revising or eliminating off-street
20 parking requirements to reduce the cost of
21 housing production;

22 (iii) instituting measures that
23 incentivize owners of vacant land to rede-
24 velop the space into affordable housing or
25 other productive uses;

1 (iv) revising minimum lot size require-
2 ments and bans or limits on multifamily
3 construction to allow for denser and more
4 affordable development;

5 (v) instituting incentives to promote
6 dense development, such as density bo-
7 nuses;

8 (vi) passing inclusionary zoning ordi-
9 nances that require a portion of newly de-
10 veloped units to be reserved for low- and
11 moderate-income renters or homebuyers;

12 (vii) streamlining regulatory require-
13 ments and shortening processes, reforming
14 zoning codes, or other initiatives that re-
15 duce barriers to housing supply elasticity
16 and affordability;

17 (viii) allowing accessory dwelling
18 units;

19 (ix) using local tax incentives to pro-
20 mote development of affordable housing;
21 and

22 (x) implementing measures that pro-
23 tect tenants from harassment and displace-
24 ment, including—

1 (I) providing access to counsel
2 for tenants facing eviction;

3 (II) the prohibition of eviction ex-
4 cept for just cause;

5 (III) measures intended to pre-
6 vent or mitigate sudden increases in
7 rents;

8 (IV) the repeal of laws that pre-
9 vent localities from implementing a
10 measure described in subclause (I),
11 (II), or (III);

12 (V) protections against construc-
13 tive eviction;

14 (VI) tenant right-to-organize
15 laws;

16 (VII) a cause of action for ten-
17 ants to sue landlords who threaten or
18 begin an illegal eviction; and

19 (VIII) landlord-tenant mediation
20 or other non-eviction diversion pro-
21 grams; and

22 (B) do not include activities that alter or-
23 dinances that govern wage and hour laws, fam-
24 ily and medical leave laws, health and safety re-
25 quirements, prevailing wage laws, or protections

1 for workers’ health and safety, anti-discrimina-
2 tion, and right to organize.

3 (3) RELATION TO CONSOLIDATED PLAN.—An
4 eligible entity shall include in an application sub-
5 mitted under paragraph (1) a description of how the
6 planning and development of eligible activities de-
7 scribed in subsection (c) may advance an objective,
8 or an aspect of an objective, included in the com-
9 prehensive housing affordability strategy and com-
10 munity development plan of the eligible entity under
11 part 91 of title 24, Code of Federal Regulations, or
12 any successor regulation (commonly referred to as a
13 “consolidated plan”).

14 (e) LABOR LAWS.—

15 (1) IN GENERAL.—All laborers and mechanics
16 employed by contractors or subcontractors in the
17 performance of construction work financed in whole
18 or in part with a grant received under this section
19 shall be paid wages at rates not less than those pre-
20 vailing on similar construction in the locality, as de-
21 termined by the Secretary of Labor in accordance
22 with subchapter IV of chapter 31 of title 40, United
23 States Code (commonly known as the “Davis-Bacon
24 Act”).

1 (2) AUTHORITY AND FUNCTIONS.—With re-
2 spect to the labor standards specified in paragraph
3 (1), the Secretary of Labor shall have the authority
4 and functions set forth in Reorganization Plan
5 Numbered 14 of 1950 (64 Stat. 1267; 5 U.S.C.
6 App.) and section 3145 of title 40, United States
7 Code.

8 (f) AUTHORIZATION OF APPROPRIATIONS.—There is
9 authorized to be appropriated to carry out this section
10 \$2,000,000,000 for each of fiscal years 2025 through
11 2029.

12 **SEC. 102. INVESTING IN AFFORDABLE HOUSING INFRA-**
13 **STRUCTURE.**

14 (a) HOUSING TRUST FUND.—Section 1338(a) of the
15 Federal Housing Enterprises Financial Safety and Sound-
16 ness Act of 1992 (12 U.S.C. 4568(a)) is amended by add-
17 ing at the end the following:

18 “(3) AUTHORIZATION OF APPROPRIATIONS.—
19 There is authorized to be appropriated to the Hous-
20 ing Trust Fund \$44,500,000,000 for each of fiscal
21 years 2025 through 2034.”.

22 (b) CAPITAL MAGNET FUND.—Section 1339 of the
23 Federal Housing Enterprises Financial Safety and Sound-
24 ness Act of 1992 (12 U.S.C. 4569) is amended by adding
25 at the end the following:

1 “(k) AUTHORIZATION OF APPROPRIATIONS.—There
2 is authorized to be appropriated to the Capital Magnet
3 Fund \$2,500,000,000 for each of fiscal years 2025
4 through 2034.”.

5 (c) PUBLIC HOUSING CAPITAL FUND.—Section
6 9(c)(2)(A) of the United States Housing Act of 1937 (42
7 U.S.C. 1437g(c)(2)(A)) is amended to read as follows:

8 “(A) CAPITAL FUND.—For allocations of
9 assistance from the Capital Fund,
10 \$70,000,000,000 for fiscal year 2025.”.

11 (d) INDIAN HOUSING BLOCK GRANT PROGRAM.—
12 Section 108 of the Native American Housing Assistance
13 and Self-Determination Act of 1996 (25 U.S.C. 4117) is
14 amended—

15 (1) by striking “such sums as may be necessary
16 for each of fiscal years 2009 through 2013” and in-
17 serting “\$2,500,000,000 for fiscal year 2025 and
18 such sums as may be necessary for each of fiscal
19 years 2026 through 2034”; and

20 (2) by striking the second sentence.

21 (e) NATIVE HAWAIIAN HOUSING BLOCK GRANT PRO-
22 GRAM.—Section 824 of the Native American Housing As-
23 sistance and Self-Determination Act of 1996 (25 U.S.C.
24 4243) is amended by striking “such sums as may be nec-
25 essary for each of fiscal years 2001, 2002, 2003, 2004,

1 and 2005” and inserting “\$50,000,000 for fiscal year
2 2025 and such sums as may be necessary for each of fiscal
3 years 2026 through 2034”.

4 (f) RURAL HOUSING PROGRAMS.—Out of funds in
5 the Treasury not otherwise appropriated, there is appro-
6 priated for fiscal year 2025—

7 (1) to provide direct loans under section 502 of
8 the Housing Act of 1949 (42 U.S.C. 1472),
9 \$420,000,000;

10 (2) to provide assistance under section 514 of
11 such Act (42 U.S.C. 1484), \$54,000,000;

12 (3) to provide assistance under section 515 of
13 such Act (42 U.S.C. 1485), \$420,000,000;

14 (4) to provide assistance under section 516 of
15 such Act (42 U.S.C. 1486), \$75,000,000;

16 (5) to provide grants under section 523 of such
17 Act (42 U.S.C. 1490c), \$75,000,000; and

18 (6) to provide funding to carry out the Multi-
19 family Preservation and Revitalization Demonstra-
20 tion Program of the Rural Housing Service (as au-
21 thorized under sections 514, 515, and 516 of such
22 Act (42 U.S.C. 1484, 1485, 1486)), \$240,000,000.

23 (g) MIDDLE CLASS HOUSING EMERGENCY FUND.—

24 (1) DEFINITIONS.—In this subsection—

1 (A) the term “affordable rental housing
2 unit” means a unit for which monthly rent is
3 30 percent or less than the monthly area me-
4 dian income; and

5 (B) the term “State” has the meaning
6 given the term in section 3(b)(7) of the United
7 States Housing Act of 1937 (42 U.S.C.
8 1437a(b)(7)).

9 (2) ESTABLISHMENT.—The Secretary of Hous-
10 ing and Urban Development shall establish and
11 manage a fund, to be known as the “Middle Class
12 Housing Emergency Fund”, which shall be funded
13 with any amounts as may be appropriated, trans-
14 ferred, or credited to the Fund under any provision
15 law.

16 (3) GRANTS.—From amounts available in the
17 fund established under paragraph (2), the Secretary
18 of Housing and Urban Development shall award
19 grants on a competitive basis to State housing fi-
20 nance agencies located in a State in which—

21 (A) there is a shortage of affordable rental
22 housing units available to individuals with an
23 income that is at or below the area median in-
24 come and median rents have risen on average

1 over the preceding 5 years substantially faster
2 than the area median income; or

3 (B) there is a shortage of housing units
4 available for sale that are affordable to individ-
5 uals with an income that is at or below the area
6 median income and median home prices have
7 risen on average over the preceding 5 years
8 substantially faster than the area median in-
9 come.

10 (4) USE OF FUNDS.—Grants received under
11 this subsection shall be used to fund—

12 (A) the construction or acquisition, by non-
13 profit organizations, State or local agencies,
14 special-purpose units of local government, resi-
15 dent councils organized to acquire housing, and
16 other qualified purchasers (as defined by the
17 Secretary), of rental housing units or units for
18 purchase that are affordable to residents mak-
19 ing less than 120 percent of the area median
20 income; and

21 (B) measures to prevent tenant displace-
22 ment and harassment, including—

23 (i) the provision of legal advice and
24 representation for tenants facing eviction;

- 1 (ii) enforcement of anti-harassment
2 laws;
3 (iii) emergency rental assistance; and
4 (iv) other measures as specified by the
5 Secretary of Housing and Urban Develop-
6 ment.

7 (5) LABOR LAWS.—

8 (A) IN GENERAL.—All laborers and me-
9 chanics employed by contractors or subcontrac-
10 tors in the performance of construction work fi-
11 nanced in whole or in part with a grant received
12 under this subsection shall be paid wages at
13 rates not less than those prevailing on similar
14 construction in the locality as determined by
15 the Secretary of Labor in accordance with sub-
16 chapter IV of chapter 31 of title 40, United
17 States Code (commonly known as the “Davis-
18 Bacon Act”).

19 (B) AUTHORITY AND FUNCTIONS.—With
20 respect to the labor standards specified in sub-
21 paragraph (A), the Secretary of Labor shall
22 have the authority and functions set forth in
23 Reorganization Plan Numbered 14 of 1950 (64
24 Stat. 1267; 5 U.S.C. App.) and section 3145 of
25 title 40, United States Code.

1 (6) REGULATIONS.—The Secretary of Housing
2 and Urban Development shall promulgate regula-
3 tions to carry out this subsection that include—

4 (A) the metrics that the Secretary will use
5 to determine eligibility for a grant under this
6 subsection;

7 (B) a requirement that grantees and sub-
8 grantees consult with impacted communities in
9 policymaking and planning for the construction
10 or acquisition of housing units as described in
11 paragraph 4(A); and

12 (C) a requirement that all housing units
13 constructed or acquired using grants awarded
14 under the subsection are affordable to residents
15 making less than 120 percent of the area me-
16 dian income in perpetuity.

17 (7) APPROPRIATIONS.—Out of funds in the
18 Treasury not otherwise appropriated, there is appro-
19 priated to the fund established under this subsection
20 \$4,000,000,000 for fiscal year 2025.

21 **SEC. 103. CONDITIONS FOR THE SALE OF REAL ESTATE-**
22 **OWNED PROPERTIES AND NON-PERFORMING**
23 **LOANS.**

24 (a) FINDINGS.—Congress finds that—

1 (1) the Federal Housing Administration, the
2 Federal National Mortgage Association, and the
3 Federal Home Loan Mortgage Corporation provide
4 critical homeownership opportunities that greatly
5 benefit individuals, families, and communities; and

6 (2) it is the purpose of this section to—

7 (A) preserve owner-occupied homes with
8 mortgages insured by the Federal Housing Ad-
9 ministration or purchased by the Federal Na-
10 tional Mortgage Association or the Federal
11 Home Loan Mortgage Corporation for contin-
12 ued use as owner-occupied homes; and

13 (B) direct that, upon the sale of those
14 properties or transfer of those mortgages, cer-
15 tain percentages of those properties are sold to
16 low- and moderate-income homeowners.

17 (b) LOANS INSURED BY THE FEDERAL HOUSING AD-
18 MINISTRATION.—Title II of the National Housing Act (12
19 U.S.C. 1707 et seq.) is amended by adding at the end
20 the following:

21 **“SEC. 259. SALE OF REAL ESTATE-OWNED PROPERTIES.**

22 “(a) DEFINITIONS.—In this section—

23 “(1) the term ‘Claim Without Conveyance of
24 Title program’ means the program of the Federal
25 Housing Administration carried out under section

1 203.368 of title 24, Code of Federal Regulations, or
2 any successor regulation; and

3 “(2) the term ‘community partner’ has the
4 meaning given the term ‘nonprofit organization’ in
5 section 229 of the Low-Income Housing Preserva-
6 tion and Resident Homeownership Act of 1990 (12
7 U.S.C. 4119).

8 “(b) REQUIREMENT.—Not later than 1 year after the
9 date of enactment of this section, the Secretary shall de-
10 velop programs within the Federal Housing Administra-
11 tion to ensure that not less than 75 percent of the single-
12 family residential properties conveyed to the Federal
13 Housing Administration after foreclosure or conveyed to
14 third parties under the Claim Without Conveyance of Title
15 program are sold—

16 “(1) directly to an owner-occupant; or

17 “(2) to community partners that will—

18 “(A) rehabilitate or develop the property;

19 and

20 “(B) sell the property to an owner-occu-
21 pant.

22 “(c) GUIDELINES.—Not later than 1 year after the
23 date of enactment of this section, the Secretary shall de-
24 velop guidelines for the Claim Without Conveyance of Title
25 program that provide an exclusive listing period during

1 which only eligible Governmental Entities, HUD-approved
 2 Nonprofit Organizations, and Owner-Occupant Buyers
 3 may submit bids.

4 “(d) ANTI-PREDATORY FEATURE.—Unless the Sec-
 5 retary provides prior approval, the Secretary shall prohibit
 6 any purchaser of a real estate-owned property of the Fed-
 7 eral Housing Administration from reselling the property
 8 within 15 years of purchase using a land installment con-
 9 tract or through any other mechanism that does not trans-
 10 fer title to the buyer at the time of sale.

11 **“SEC. 260. SALE OF NON-PERFORMING LOANS.**

12 “(a) DEFINITIONS.—In this section—

13 “(1) the term ‘community partner’ has the
 14 meaning given the term in section 259; and

15 “(2) the term ‘covered mortgage’—

16 “(A) means any mortgage insured under
 17 this title that is secured by a single-family resi-
 18 dential property; and

19 “(B) includes the promissory note secured
 20 by the mortgage described in subparagraph (A).

21 “(b) RESTRICTION ON SALE OR TRANSFER.—Except
 22 as provided in this section, the Secretary may not sell or
 23 transfer any covered mortgage.

24 “(c) CONDITIONS FOR SALE OR TRANSFER.—

25 “(1) IN GENERAL.—The Secretary—

1 “(A) may sell or transfer a covered mort-
2 gage only if—

3 “(i) the capital level of the Fund is
4 substantially below the capital ratio re-
5 quired under section 205(f)(2);

6 “(ii) the Secretary certifies that other
7 reasonable measures are not available to
8 restore the Fund to that capital ratio; and

9 “(iii) the Secretary complies with
10 paragraph (2)(C), if applicable; and

11 “(B) may sell or transfer only such covered
12 mortgages as are necessary to assist in restora-
13 tion of that capital ratio.

14 “(2) REQUIREMENTS FOR THE SECRETARY.—

15 “(A) IN GENERAL.—If the Secretary in-
16 tends to sell or transfer a covered mortgage, the
17 Secretary shall provide the current borrower
18 and all owners of record of the property secur-
19 ing the covered mortgage, or require that the
20 current borrower and owners of record be pro-
21 vided, a separate written notice of the intent to
22 sell the covered mortgage that—

23 “(i) is mailed via certified and first
24 class mail not less than 90 days before the

1 date on which the loan is included in any
2 proposed sale; and

3 “(ii) includes—

4 “(I) a description of the loss
5 mitigation options of the Federal
6 Housing Administration that are
7 available to borrowers in financial dis-
8 tress and the obligation of servicers to
9 consider borrowers in default for those
10 options;

11 “(II) a description of the actions
12 that the servicer of the loan has taken
13 to review and implement those options
14 for the borrower; and

15 “(III) a description of the proce-
16 dures the borrower may use to contest
17 with the Secretary the compliance by
18 the servicer with that obligation.

19 “(B) JUDICIAL REVIEW.—The determina-
20 tion of the Secretary to authorize the sale of a
21 mortgage insured under this title shall be re-
22 viewable under chapter 7 of title 5, United
23 States Code, for abuse of discretion and arbi-
24 trary and capricious agency action.

1 “(C) AUCTIONS.—The Secretary may not
2 sell any covered mortgage through any type of
3 non-performing loan sale auction program until
4 the Secretary issues rules, through the notice
5 and comment rule making procedures under
6 section 553 of title 5, United States Code, that
7 address essential aspects of any non-performing
8 loan sale program, including—

9 “(i) the method of selection of loans
10 for sale;

11 “(ii) notice to borrowers prior to in-
12 clusion of the loan in a sale; and

13 “(iii) review of loss mitigation status
14 prior to the sale, selection of eligible bid-
15 ders, loss mitigation guidelines applicable
16 to loan purchasers, and reporting require-
17 ments for purchasers.

18 “(3) CERTIFICATION REQUIREMENT FOR LEND-
19 ERS AND SERVICERS.—

20 “(A) CERTIFICATION.—As a condition to
21 payment of an insurance claim under this title
22 in connection with any non-performing loan
23 sale, the lender or servicer of the loan shall pro-
24 vide the Secretary and the borrower with writ-
25 ten certification of the loss mitigation review

1 contained in the FHA Single Family Housing
2 Policy Handbook 4000.1, or any successor
3 handbook, which certification shall include a de-
4 scription of the actions the lender or servicer
5 has taken, prior to transfer of the loan to the
6 Secretary, to—

7 “(i) review the borrower for all avail-
8 able loss mitigation options of the Federal
9 Housing Administration; and

10 “(ii) implement the options described
11 in clause (i) that are appropriate to the
12 borrower.

13 “(B) FALSE STATEMENTS.—

14 “(i) IN GENERAL.—Any false state-
15 ment provided in a certification described
16 in subparagraph (A) shall be a basis for—

17 “(I) recovery by the Secretary of
18 any amounts paid under the insurance
19 claim and any other penalties and
20 sanctions authorized under Federal
21 law; and

22 “(II) a private right of action by
23 the borrower against the lender and
24 servicer, with remedies to include
25 compensatory and punitive damages

1 and an assessment of costs and attor-
2 ney's fees.

3 “(ii) TRANSFERS.—Unless a bona fide
4 purchaser has acquired title to the prop-
5 erty as a primary residence—

6 “(I) a certification described in
7 subparagraph (A) that contains a
8 false statement shall be a basis for re-
9 voking the transfer of the property;
10 and

11 “(II) the pre-sale lender and
12 servicer of the property shall—

13 “(aa) resume servicing the
14 loan as a loan insured under this
15 title; and

16 “(bb) reimburse the Sec-
17 retary for any insurance claim
18 paid and all costs related to the
19 sale of the property.

20 “(4) REQUIREMENTS FOR PURCHASERS.—

21 “(A) IN GENERAL.—Each purchaser of a
22 covered mortgage shall offer the borrower on
23 the covered mortgage loss mitigation options
24 that allow for payment reduction at least as

1 great as would be available to the borrower if
2 the loan had not been sold.

3 “(B) LOSS MITIGATION OPTIONS.—The
4 specific formula, calculations, waterfall steps,
5 and other terms for appropriate loss mitigation
6 options described in subparagraph (A) shall be
7 published by the Secretary, made available to
8 the public, and included in a written notice
9 given to borrowers before any acceleration or
10 foreclosure is initiated after a loan sale.

11 “(5) REQUIREMENTS FOR TRANSFEREES.—
12 With respect to a transferee, including any subse-
13 quent transferee, of a covered mortgage that is sold
14 under this title—

15 “(A) the transferee shall certify in writing
16 to the Secretary that the transferee will comply
17 with the provisions of this section in the mar-
18 keting and transfer of any property received in
19 the disposition of any transferred loan;

20 “(B) the transferee shall provide to the
21 Secretary records documenting that the trans-
22 fers of those properties are in compliance with
23 this section; and

24 “(C) the failure of the Secretary or the
25 transferee to comply with the requirements

1 under this section for a loan in default shall be
2 a defense to foreclosure, and a transferee may
3 not execute a foreclosure judgment or order of
4 sale, or conduct a foreclosure sale, until the
5 transferee has complied with all requirements
6 under this section.

7 “(d) LIMITATIONS.—With respect to covered mort-
8 gages that are sold under this title and acquired by the
9 buyer through foreclosure sale, not less than 90 percent
10 of the properties that are the subject of the covered mort-
11 gages shall be—

12 “(1) sold to owner-occupants;

13 “(2) operated or transferred to an entity that
14 will operate the property as affordable rental hous-
15 ing for households below 80 percent of the area me-
16 dian income for a period of not less than 15 years;
17 or

18 “(3) transferred or donated to a nonprofit
19 agency that is certified by the Secretary and will re-
20 develop the property for owner occupancy or afford-
21 able rental housing.

22 “(e) PRIORITIZATION OF SALES.—The Secretary
23 shall implement policies, procedures, and controls to—

24 “(1) identify and recruit community partners;

1 “(2) engage in consultations with community
2 partners before the sale of a pool of covered mort-
3 gages under this title to determine whether that sale
4 can be designed to meet the specific needs of the
5 communities served by the community partners; and

6 “(3) prioritize the sale of pools of single-family
7 mortgages to community partners by—

8 “(A) designing pools of covered mortgages
9 for direct sale to a community partner, the
10 price of which shall be set by the Secretary
11 based on a pricing model that considers—

12 “(i) the current fair market value of
13 the properties; and

14 “(ii) the potential impact of fore-
15 closures on those properties to the value of
16 other homes that secure mortgages insured
17 under this title in the same census tract;
18 or

19 “(B) in the case of an auction, if the win-
20 ning bid is not from a community partner, per-
21 mitting any community partner that bid during
22 that same auction to have a final opportunity to
23 enter a higher bid on the pool.”.

1 (c) FANNIE MAE.—Section 302 of the Federal Na-
2 tional Mortgage Association Charter Act (12 U.S.C. 1717)
3 is amended by adding at the end the following:

4 “(d)(1) In this subsection, the term ‘covered mort-
5 gage’—

6 “(A) means any mortgage that is secured by a
7 single-family residential property; and

8 “(B) includes the promissory note secured by
9 the mortgage described in subparagraph (A).

10 “(2) The corporation may not sell or transfer any
11 covered mortgage under this section unless the require-
12 ments of this subsection are met.

13 “(3)(A) If the corporation intends to sell or transfer
14 a covered mortgage, the corporation shall provide the cur-
15 rent borrower and all owners of record of the property se-
16 curing the covered mortgage, or require that the current
17 borrower and owners of record be provided, a separate
18 written notice of the intent to sell the covered mortgage
19 that—

20 “(i) is mailed via certified and first class mail
21 not less than 90 days before the date on which the
22 loan is included in any proposed sale; and

23 “(ii) includes—

24 “(I) a description of the loss mitigation op-
25 tions of the corporation that are available to

1 borrowers in financial distress and the obliga-
2 tion of servicers to consider borrowers in de-
3 fault for those options;

4 “(II) a description of the actions that the
5 servicer of the loan has taken to review and im-
6 plement those options for the borrower; and

7 “(III) a description of the procedures the
8 borrower may use to contest with the corpora-
9 tion the compliance by the servicer with that
10 obligation.

11 “(B) The Federal Housing Finance Agency, as re-
12 ceiver for the corporation, may not authorize the corpora-
13 tion to sell any covered mortgage through any type of non-
14 performing loan sale auction program until the Director
15 of the Federal Housing Finance Agency issues rules,
16 through the notice and comment rule making procedures
17 under section 553 of title 5, United States Code, that ad-
18 dress essential aspects of any non-performing loan sale
19 program, including—

20 “(i) the method of selection of loans for sale;

21 “(ii) notice to borrowers prior to inclusion of
22 the loan in a sale; and

23 “(iii) review of loss mitigation status prior to
24 the sale, selection of eligible bidders, loss mitigation

1 guidelines applicable to loan purchasers, and report-
2 ing requirements for purchasers.

3 “(4)(A) Each purchaser of a covered mortgage shall
4 offer the borrower on the covered mortgage loss mitigation
5 options that allow for payment reduction at least as great
6 as would be available to the borrower if the loan had not
7 been sold.

8 “(B) The specific formula, calculations, waterfall
9 steps, and other terms for loss mitigation options de-
10 scribed in subparagraph (A) shall be published by the cor-
11 poration, made available to the public, and included in a
12 written notice given to borrowers before any acceleration
13 or foreclosure is initiated after a loan sale.

14 “(5) With respect to a transferee, including any sub-
15 sequent transferee, of a covered mortgage that is sold by
16 the corporation under this section—

17 “(A) the transferee shall certify in writing to
18 the corporation that the transferee will comply with
19 the provisions of this subsection in the marketing
20 and transfer of any property received in the disposi-
21 tion of any transferred loan;

22 “(B) the transferee shall provide to the corpora-
23 tion records documenting that the transfers of those
24 properties are in compliance with this subsection;
25 and

1 “(C) the failure of the corporation or the trans-
2 feree to comply with the requirements under this
3 subsection for a loan in default shall be a defense to
4 foreclosure, and a transferee may not execute a fore-
5 closure judgment or order of sale, or conduct a fore-
6 closure sale, until the transferee has complied with
7 all requirements under this subsection.

8 “(6) With respect to covered mortgages that are sold
9 by the corporation under this section and foreclosed upon
10 by the buyer, not less than 90 percent of the properties
11 that are the subject of the covered mortgages in an auc-
12 tion shall be—

13 “(A) sold to owner-occupants;

14 “(B) operated or transferred to an entity that
15 will operate the property as affordable rental hous-
16 ing for households below 80 percent of the area me-
17 dian income for a period of not less than 15 years;
18 or

19 “(C) transferred or donated to a nonprofit
20 agency that is certified by the corporation and will
21 redevelop the property for owner occupancy or af-
22 fordable rental housing.

23 “(7) The corporation shall implement policies, proce-
24 dures, and controls to—

25 “(A) identify and recruit community partners;

1 “(B) engage in consultations with community
2 partners before the sale of a pool of covered mort-
3 gages under this section to determine whether that
4 sale can be designed to meet the specific needs of
5 the communities served by the community partners;
6 and

7 “(C) prioritize the sale of pools of single-family
8 mortgages to community partners by—

9 “(i) designing pools of covered mortgages
10 for direct sale to a community partner, the
11 price of which shall be set by the corporation
12 based on a pricing model that considers—

13 “(I) the current fair market value of
14 the properties; and

15 “(II) the potential impact of fore-
16 closures on those properties to the value of
17 other homes in the same census tract; or

18 “(ii) in the case of an auction, if the win-
19 ning bid is not from a community partner, per-
20 mitting any community partner that bid during
21 that same auction to have a final opportunity to
22 enter a higher bid on the pool.”.

23 (d) FREDDIE MAC.—Section 305 of the Federal
24 Home Loan Mortgage Corporation Act (12 U.S.C. 1454)
25 is amended by adding at the end the following:

1 “(e)(1) In this subsection, the term ‘covered mort-
2 gage’—

3 “(A) means any mortgage that is secured by a
4 single-family residential property; and

5 “(B) includes the promissory note secured by
6 the mortgage described in subparagraph (A).

7 “(2) The Corporation may not sell or transfer any
8 covered mortgage under this section unless the require-
9 ments of this subsection are met.

10 “(3)(A) If the Corporation intends to sell or transfer
11 a covered mortgage, the Corporation shall provide the cur-
12 rent borrower and all owners of record of the property se-
13 curing the covered mortgage, or require that the current
14 borrower and owners of record be provided, a separate
15 written notice of the intent to sell the covered mortgage
16 that—

17 “(i) is mailed via certified and first class mail
18 not less than 90 days before the date on which the
19 loan is included in any proposed sale; and

20 “(ii) includes—

21 “(I) a description of the loss mitigation op-
22 tions of the Corporation that are available to
23 borrowers in financial distress and the obliga-
24 tion of servicers to consider borrowers in de-
25 fault for those options;

1 “(II) a description of the actions that the
2 servicer of the loan has taken to review and im-
3 plement those options for the borrower; and

4 “(III) a description of the procedures the
5 borrower may use to contest with the Corpora-
6 tion the compliance by the servicer with that
7 obligation.

8 “(B) The Federal Housing Finance Agency, as re-
9 ceiver for the Corporation, may not sell any covered mort-
10 gage through any type of non-performing loan sale auction
11 program until the Director of the Federal Housing Fi-
12 nance Agency issues rules, through the notice and com-
13 ment rule making procedures under section 553 of title
14 5, United States Code, that address essential aspects of
15 any non-performing loan sale program, including—

16 “(i) the method of selection of loans for sale;

17 “(ii) notice to borrowers prior to inclusion of
18 the loan in a sale; and

19 “(iii) review of loss mitigation status prior to
20 the sale, selection of eligible bidders, loss mitigation
21 guidelines applicable to loan purchasers, and report-
22 ing requirements for purchasers.

23 “(4)(A) Each purchaser of a covered mortgage shall
24 offer the borrower on the covered mortgage loss mitigation
25 options that allow for payment reduction at least as great

1 as would be available to the borrower if the loan had not
2 been sold.

3 “(B) The specific formula, calculations, waterfall
4 steps, and other terms for loss mitigation options de-
5 scribed in subparagraph (A) shall be published by the Cor-
6 poration, made available to the public, and included in a
7 written notice given to borrowers before any acceleration
8 or foreclosure is initiated after a loan sale.

9 “(5) With respect to a transferee, including any sub-
10 sequent transferee, of a covered mortgage that is sold by
11 the Corporation under this section—

12 “(A) the transferee shall certify in writing to
13 the Corporation that the transferee will comply with
14 the provisions of this subsection in the marketing
15 and transfer of any property received in the disposi-
16 tion of any transferred loan;

17 “(B) the transferee shall provide to the Cor-
18 poration records documenting that the transfers of
19 those properties are in compliance with this sub-
20 section; and

21 “(C) the failure of the Corporation or the trans-
22 feree to comply with the requirements under this
23 subsection for a loan in default shall be a defense to
24 foreclosure, and a transferee may not execute a fore-
25 closure judgment or order of sale, or conduct a fore-

1 closure sale, until the transferee has complied with
2 all requirements under this subsection.

3 “(6) With respect to covered mortgages that are sold
4 by the Corporation under this section and foreclosed upon
5 by the buyer, not less than 90 percent of the properties
6 that are the subject of the covered mortgages in an auc-
7 tion shall be—

8 “(A) sold to owner-occupants;

9 “(B) operated or transferred to an entity that
10 will operate the property as affordable rental hous-
11 ing for households below 80 percent of the area me-
12 dian income for a period of not less than 15 years;
13 or

14 “(C) transferred or donated to a nonprofit
15 agency that is certified by the Corporation and will
16 redevelop the property for owner occupancy or af-
17 fordable rental housing.

18 “(7) The Corporation shall implement policies, proce-
19 dures, and controls to—

20 “(A) identify and recruit community partners;

21 “(B) engage in consultations with community
22 partners before the sale of a pool of covered mort-
23 gages under this section to determine whether that
24 sale can be designed to meet the specific needs of

1 the communities served by the community partners;
 2 and

3 “(C) prioritize the sale of pools of single-family
 4 mortgages to community partners by—

5 “(i) designing pools of covered mortgages
 6 for direct sale to a community partner, the
 7 price of which shall be set by the Corporation
 8 based on a pricing model that considers—

9 “(I) the current fair market value of
 10 the properties; and

11 “(II) the potential impact of fore-
 12 closures on those properties to the value of
 13 other homes in the same census tract; or

14 “(ii) in the case of an auction, if the win-
 15 ning bid is not from a community partner, per-
 16 mitting any community partner that bid during
 17 that same auction to have a final opportunity to
 18 enter a higher bid on the pool.”.

19 (e) SALE OF RE-PERFORMING LOANS.—The Federal
 20 Housing Enterprises Financial Safety and Soundness Act
 21 of 1992 (12 U.S.C. 4501 et seq.) is amended by inserting
 22 after section 1328 (12 U.S.C. 4548) the following:

23 **“SEC. 1329. SALE OF RE-PERFORMING LOANS.**

24 “(a) BULK AUCTION OR GROUP SALES.—An enter-
 25 prise may not conduct bulk auctions or other group sales

1 of single family re-performing residential loans unless the
2 following requirements are met:

3 “(1) The enterprise establishes a system that
4 provides priority to Federal, State, local, or Tribal
5 governments or nonprofit organizations that have
6 the capacity and experience required for buying,
7 servicing, and resolving single family mortgage loans
8 in a manner that promotes affordable housing, fair
9 housing, affordable homeownership, provision of
10 housing counseling, or neighborhood stabilization.

11 “(2) Clear, written notice is sent by the enter-
12 prise or servicer through certified and first-class
13 mail to the borrower and all owners of record, with
14 a copy sent to the enterprise if sent by the servicer,
15 not less than 90 days before the inclusion of the
16 loan in any proposed sale—

17 “(A) stating that the loan will be included
18 in a bulk auction or group sale of re-performing
19 loans; and

20 “(B) describing the bulk auction or group
21 sale process, including—

22 “(i) the loss mitigation or other pro-
23 tections available to the borrower and
24 other owners of record both before and
25 after the auction or sale; and

1 “(ii) the obligations of the servicer of
2 the loan before and after the auction or
3 sale, including loss mitigation require-
4 ments.

5 “(3) The enterprise requires in the terms of the
6 bulk auction or group sale that purchasers take
7 loans subject to the following requirements:

8 “(A) The purchaser is required to offer
9 targeted payment relief options to borrowers
10 that become more than 60 days delinquent on
11 their mortgage after their loan is sold that in-
12 cludes deferral of principal and term extension
13 options that reduce payments to an affordable
14 level.

15 “(B) The purchaser is required to offer a
16 deferral program to borrowers that become
17 more than 60 days delinquent on their mort-
18 gage after their loan is sold that offers terms
19 and protections at least as favorable as those
20 available under loss mitigation guidelines of the
21 enterprise, including the absence of fees, to bor-
22 rowers who can afford their pre-hardship mort-
23 gage payment.

24 “(C) Failure by the purchaser to follow the
25 established loss mitigation guidelines shall serve

1 as a defense to a judicial foreclosure and a
2 basis to enjoin or otherwise stay a non-judicial
3 foreclosure.

4 “(D) Data reporting as provided under
5 subsection (b)(1).

6 “(E) If a property becomes vacant, the
7 purchaser shall not release the lien until the
8 property is sold or donated.

9 “(F) Use of contract for deed, lease to
10 own, or a land installment contract to sell or
11 otherwise transfer any property that is secured
12 by a purchased loan shall be prohibited unless
13 the tenant or purchaser is a nonprofit organiza-
14 tion.

15 “(b) DATA AND REPORTING.—

16 “(1) PURCHASER REPORTING.—During the 4-
17 year period following any auction or sale of single
18 family re-performing residential mortgage loans
19 under subsection (a), the Director shall require the
20 enterprise to collect from each purchaser of such
21 loans, including any subsequent purchaser of a loan,
22 quarterly loan-level data regarding the treatment
23 and outcome of the loan, including—

1 “(A) loan characteristics, including loan
2 type, remaining loan term, loan to value ratio,
3 number of months in arrears, and loan status;

4 “(B) loss mitigation data, including wheth-
5 er loss mitigation was provided by the pur-
6 chaser, debt-to-income ratio and percent pay-
7 ment reduction for any modified loans, and per-
8 formance of modified loans;

9 “(C) demographic data for each borrower
10 and any co-borrower, including race, national
11 origin, sex, ZIP Code, and census tract, and, if
12 available, disability status and veteran status;
13 and

14 “(D) other purchaser actions, including
15 charge offs and resales of loans and dates for
16 such actions.

17 “(2) SEMIANNUAL REPORTS TO CONGRESS.—
18 The Director shall submit to Congress, and make
19 publicly available at no cost to the public in a readily
20 accessible format on the website of the Agency,
21 semi-annual reports on—

22 “(A) loans sold in an auction or sale under
23 subsection (a) by each enterprise, disaggregated
24 by pool, including—

1 “(i) the number of loans and types of
2 loans;

3 “(ii) mean and median delinquency
4 and loan to value ratios at the time of the
5 sale;

6 “(iii) the number and percentage of
7 loans modified prior to auction or sale; and

8 “(iv) demographic and geographic
9 data, including property locations by cen-
10 sus tract or larger geographic location if
11 necessary to protect personally identifiable
12 information;

13 “(B) the performance of loans after an
14 auction or sale under subsection (a),
15 disaggregated by loan pool, including the initial
16 purchaser, current owner, current servicer, data
17 summarizing any alternatives to foreclosure of-
18 fered and enacted, and data summarizing the
19 data collected under subparagraph (A); and

20 “(C) the results of a fair lending analysis
21 conducted based on the data in subparagraphs
22 (A) and (B) to identify any discriminatory im-
23 pacts or outcomes associated with the auctions
24 or sales.

1 “(c) PENALTIES FOR NONCOMPLIANCE.—The enter-
 2 prises may forcibly retain loans or properties, without pro-
 3 viding compensation, from purchasers that do not meet
 4 the requirements under subsection (a)(3).

5 “(d) REGULATIONS.—The Director shall issue regu-
 6 lations defining the terms of permissible auctions or sales
 7 in accordance with the requirements in this section.”.

8 **TITLE II—TAKING THE FIRST**
 9 **STEPS TO REVERSE THE LEG-**
 10 **ACY OF HOUSING DISCRIMI-**
 11 **NATION AND GOVERNMENT**
 12 **NEGLIGENCE**

13 **SEC. 201. DOWN PAYMENT ASSISTANCE PROGRAM FOR**
 14 **FIRST-TIME HOMEBUYERS.**

15 (a) DEFINITIONS.—In this section:

16 (1) ELIGIBLE RESIDENT.—The term “eligible
 17 resident” means an individual who—

18 (A) is a first-time homebuyer;

19 (B) is a first-generation homebuyer; and

20 (C) has an income that is less than—

21 (i) 120 percent of the area median in-
 22 come; or

23 (ii) in the case of a homebuyer acquir-
 24 ing a property for use as a principal resi-
 25 dence that is located in a high-cost area,

1 as determined by the Secretary, 140 per-
2 cent of the area median income.

3 (2) FIRST-GENERATION HOMEBUYER.—The
4 term “first-generation homebuyer” means a home-
5 buyer who is, as self-attested by the homebuyer, an
6 individual—

7 (A) whose parents do not, or did not at the
8 time of their death, to the best of the individ-
9 ual’s knowledge, have any present ownership in-
10 terest in a principal residence in any State, ex-
11 cluding ownership of heir property; and

12 (B) whose spouse or domestic partner has
13 not, during the 3-year period ending on the
14 date of purchase of a property using a grant
15 under subsection (b), had any present owner-
16 ship interest in a principal residence in any
17 State, excluding ownership of heir property,
18 without regard to whether the spouse or domes-
19 tic partner is a co-borrower on a mortgage for
20 the property being purchased.

21 (3) FIRST-TIME HOMEBUYER.—The term “first-
22 time homebuyer” means a homebuyer who is, as
23 self-attested by the homebuyer, an individual (and if
24 married or in a domestic partnership, the spouse or
25 domestic partner of the individual) who, during the

1 3-year period ending on the date of purchase of a
2 property using a grant under subsection (b)—

3 (A) has had no present ownership in a
4 principal residence in any State, excluding own-
5 ership of heir property; or

6 (B) surrendered any present ownership in-
7 terest in a principal residence in any State, ex-
8 cluding ownership of heir property, as part of
9 a divorce proceeding.

10 (4) HEIR PROPERTY.—The term “heir prop-
11 erty” means residential property for which title—

12 (A) passed by operation of law through in-
13 testacy; and

14 (B) is held by 2 or more heirs as tenants
15 in common.

16 (5) SECRETARY.—The term “Secretary” means
17 the Secretary of Housing and Urban Development.

18 (6) STATE.—The term “State” includes the
19 District of Columbia and any territory or possession
20 of the United States.

21 (b) ESTABLISHMENT.—There is established in the
22 Treasury of the United States a fund that—

23 (1) shall be administered by the Secretary, act-
24 ing through the Office of Housing of the Depart-
25 ment of Housing and Urban Development; and

1 (2) shall be used—

2 (A) to provide grants to eligible residents
3 to purchase a property for use as a principal
4 residence;

5 (B) for outreach to financial institutions in
6 targeted areas and eligible residents, including
7 for the administration of that outreach;

8 (C) for counseling or financial education
9 administered by counseling agencies approved
10 by the Secretary in order to ensure sustainable
11 homeownership; and

12 (D) to maintain any records required to
13 implement this section.

14 (c) GRANT AMOUNT.—An eligible resident may re-
15 ceive a grant under subsection (b) in an amount equal
16 to—

17 (1) not more than 3.5 percent of the appraised
18 value of the property to be purchased; or

19 (2) if the appraised value of the property to be
20 purchased exceeds the principal obligation amount
21 limitation for mortgages insured under title II of the
22 National Housing Act (12 U.S.C. 1707 et seq.), 3.5
23 percent of the maximum principal obligation limita-
24 tion for the property to be purchased.

1 (d) RELATION TO FHA LOAN.—An eligible resident
2 shall not be required to obtain a mortgage that is insured
3 under title II of the National Housing Act (12 U.S.C.
4 1707 et seq.) as a condition of receiving a grant under
5 subsection (b).

6 (e) LAYERING OF ASSISTANCE.—Receipt by an eligi-
7 ble recipient of assistance for a down payment from a
8 source other than the fund established under subsection
9 (b), including assistance from the Federal Government, a
10 State or local government, or any other public, private,
11 or nonprofit source, shall not affect the eligibility of the
12 eligible recipient for assistance under subsection (b).

13 (f) REGULATIONS AND DATABASE.—Not later than
14 1 year after the date of enactment of this Act, the Sec-
15 retary shall—

16 (1) in consultation with interested parties, in-
17 cluding housing counseling agencies approved by the
18 Secretary and individuals or groups with expertise in
19 fair housing, promulgate regulations relating to the
20 use of the fund established under subsection (b);

21 (2) promulgate regulations relating to the dis-
22 bursement of funds under this section to ensure that
23 an eligible resident is able to receive funds before
24 the closing date for the home of the eligible resident,
25 which may include creating a program that allows a

1 lender to be reimbursed by the fund established
2 under subsection (b) if the lender—

3 (A) provides an eligible resident with funds
4 for the closing; or

5 (B) allows an eligible resident to be
6 preapproved to receive assistance under this
7 section when arranging financing for the home
8 of the eligible resident; and

9 (3) establish methods to verify that an indi-
10 vidual is an eligible resident.

11 (g) APPROPRIATION.—Out of funds in the Treasury
12 not otherwise appropriated, there is appropriated to the
13 fund established under subsection (b) such sums as may
14 be necessary for each of fiscal years 2025 through 2034
15 to carry out the activities under subsection (b)(2).

16 (h) INCLUSION OF PROGRAM IN HOME BUYING IN-
17 FORMATION BOOKLETS.—Section 5(b) of the Real Estate
18 Settlement Procedures Act of 1974 (12 U.S.C. 2604(b))
19 is amended by inserting after paragraph (14) the fol-
20 lowing:

21 “(15) Information relating to the down pay-
22 ment assistance program established under section
23 201 of the American Housing and Economic Mobil-
24 ity Act of 2024.”.

1 (i) INCLUSION OF PROGRAM AS MORTGAGE PROD-
2 UCT.—Section 203(f)(1) of the National Housing Act (12
3 U.S.C. 1709(f)(1)) is amended by inserting “, including
4 the down payment assistance program established under
5 section 201 of the American Housing and Economic Mo-
6 bility Act of 2024,” after “mortgage products”.

7 (j) RELIANCE ON BORROWER ATTESTATIONS.—No
8 additional documentation beyond the borrower’s attesta-
9 tion shall be required to demonstrate eligibility under
10 paragraphs (2) and (3) of subsection (a), and no creditor
11 shall be subject to liability, including monetary penalties
12 or requirements to indemnify a Federal agency or repur-
13 chase a loan that has been sold or securitized, for the pro-
14 vision of down payment assistance under this section to
15 a borrower who does not meet the eligibility requirements
16 under those paragraphs if the creditor does so in good
17 faith reliance on borrower attestations of eligibility re-
18 quired by those paragraphs or any regulation promulgated
19 to carry out those paragraphs.

20 (k) REPAYMENT OF ASSISTANCE.—

21 (1) REQUIREMENT.—An eligible resident who
22 receives a grant under subsection (b) to purchase a
23 property for use as a principal residence and does
24 not occupy the property as a principal residence for
25 5 years or more shall repay to the Secretary a pro-

1 portional amount of the grant based on the number
2 of years, if any, for which the eligible resident has
3 occupied the property as a principal residence.

4 (2) LIMITATION.—Notwithstanding paragraph
5 (1), an eligible resident who receives a grant under
6 subsection (b) to purchase a property for use as a
7 principal residence and does not occupy the property
8 as a principal residence for 5 years or more shall not
9 be liable to the Secretary for repayment under para-
10 graph (1) of this subsection if—

11 (A) the failure to occupy the property as a
12 principal residence is due at least in part to a
13 hardship; or

14 (B) the eligible resident sells the property
15 before the expiration of the 5-year period begin-
16 ning on the date of acquisition and the capital
17 gains from the sale to a bona fide purchaser in
18 an arm’s length transaction are less than the
19 amount the eligible resident would be required
20 to repay under paragraph (1).

21 **SEC. 202. FORMULA GRANT PROGRAM FOR COMMUNITIES**
22 **WITH AN APPRAISAL GAP.**

23 (a) DEFINITIONS.—In this section—

24 (1) the term “neighborhood with an appraisal
25 gap” means a census tract in which the median sales

1 price of a dwelling unit is lower than the median
2 cost to acquire and rehabilitate, or build, a new
3 dwelling unit;

4 (2) the term “Secretary” means the Secretary
5 of Housing and Urban Development; and

6 (3) the term “State” has the meaning given the
7 term in section 3(b)(7) of the United States Hous-
8 ing Act of 1937 (42 U.S.C. 1437a(b)(7)).

9 (b) ESTABLISHMENT.—The Secretary shall establish
10 a formula grant program to provide funding to States to
11 support neighborhoods with an appraisal gap, including
12 borrowers with negative equity in their primary residence
13 in those neighborhoods, through—

14 (1) measures that provide funds to borrowers
15 to—

16 (A) pay down arrears on an otherwise af-
17 fordable loan;

18 (B) pay down arrears or principal on a
19 loan in order to qualify for a loan modification
20 that will allow the borrower to keep the home;

21 (C) pay off, or pay down part of, a second
22 mortgage or home equity line of credit;

23 (D) pay off a small-dollar mortgage;

24 (E) pay delinquent taxes and tax liens;

1 (F) pay off delinquent water or sewer bills
2 and liens; and

3 (G) pay for home repairs or maintenance
4 or for modifications to bring the home into
5 compliance with any applicable codes; and

6 (2) programs to purchase or rehabilitate vacant
7 or distressed properties to enhance neighborhood
8 property values.

9 (c) FORMULA.—The Secretary shall distribute
10 amounts under this section to States based on—

11 (1) the number of borrowers with a primary
12 residence with negative equity in each State; and

13 (2) the share of neighborhoods with an ap-
14 praisal gap in each State.

15 (d) AUTHORIZATION OF APPROPRIATIONS.—There is
16 authorized to be appropriated to carry out this section
17 \$5,000,000,000 for fiscal year 2025.

18 **SEC. 203. STRENGTHENING THE COMMUNITY REINVEST-**
19 **MENT ACT OF 1977.**

20 (a) SHORT TITLE.—This section may be cited as the
21 “Community Reinvestment Reform Act of 2024”.

22 (b) AMENDMENTS TO THE COMMUNITY REINVEST-
23 MENT ACT OF 1977.—The Community Reinvestment Act
24 of 1977 (12 U.S.C. 2901 et seq.) is amended—

1 (1) by striking sections 802 and 803 (12 U.S.C.
2 2901, 2902) and inserting the following:

3 **“SEC. 802. FINDINGS AND PURPOSE.**

4 “(a) FINDINGS.—Congress finds that—

5 “(1) regulated financial institutions are re-
6 quired by law to demonstrate that they serve the
7 convenience and needs of the communities in which
8 they are chartered or do business, in particular low-
9 and moderate-income communities;

10 “(2) the convenience and needs of communities
11 include the need for credit services, deposit services,
12 transaction services, other financial services, and
13 community development loans and investments; and

14 “(3) regulated financial institutions have a con-
15 tinuing and affirmative obligation to meet the credit
16 or other financial needs of all the local communities
17 in which they are chartered or do business, including
18 communities in which—

19 “(A) the institutions make loans and do
20 not accept deposits; or

21 “(B) the institutions accept deposits but
22 do not make loans.

23 “(b) PURPOSE.—It is the purpose of this title to re-
24 quire each appropriate Federal financial supervisory agen-
25 cy to use its authority when examining regulated financial

1 institutions to ensure that those institutions meet the
2 credit and other financial needs of the local communities
3 in which they are chartered or do business consistent with
4 the safe and sound operation of those institutions.

5 **“SEC. 803. DEFINITIONS.**

6 “In this title:

7 “(1) APPLICATION FOR A DEPOSIT FACILITY.—

8 The term ‘application for a deposit facility’ means
9 an application to the appropriate Federal financial
10 supervisory agency otherwise required under Federal
11 law or regulations thereunder for—

12 “(A) a charter for a national bank or Fed-
13 eral savings and loan association;

14 “(B) deposit insurance in connection with
15 a newly chartered State bank, savings bank,
16 savings and loan association, or similar institu-
17 tion;

18 “(C) the establishment of a domestic
19 branch or other facility with the ability to ac-
20 cept deposits of a regulated financial institu-
21 tion;

22 “(D) the relocation of the home office or a
23 branch office of a regulated financial institu-
24 tion;

1 “(E) the merger or consolidation with, the
 2 acquisition of the assets of, or the assumption
 3 of the liabilities of a regulated financial institu-
 4 tion requiring approval under section 18(c) of
 5 the Federal Deposit Insurance Act (12 U.S.C.
 6 1828(c)); or

7 “(F) the acquisition of shares in, or the as-
 8 sets of, a regulated financial institution requir-
 9 ing approval under section 3 of the Bank Hold-
 10 ing Company Act of 1956 (12 U.S.C. 1842).

11 “(2) APPROPRIATE FEDERAL BANKING AGEN-
 12 CY.—The term ‘appropriate Federal banking agency’
 13 has the meaning given the term in section 3 of the
 14 Federal Deposit Insurance Act (12 U.S.C. 1813).

15 “(3) APPROPRIATE FEDERAL FINANCIAL SU-
 16 PERVISORY AGENCY.—The term ‘appropriate Fed-
 17 eral financial supervisory agency’ means—

18 “(A) the appropriate Federal banking
 19 agency with respect to depository institutions
 20 and depository institution holding companies;
 21 and

22 “(B) the Bureau of Consumer Financial
 23 Protection with respect to any covered person
 24 supervised by the Bureau pursuant to section
 25 1024 of the Dodd-Frank Wall Street Reform

1 and Consumer Protection Act (12 U.S.C.
2 5514).

3 “(4) ASSESSMENT AREA.—The term ‘assess-
4 ment area’ means, with respect to a regulated finan-
5 cial institution, each community, including a State,
6 metropolitan area, or urban or rural county, in
7 which the institution—

8 “(A) maintains deposit-taking branches,
9 automated teller machines, or retail offices;

10 “(B) is represented by an agent; or

11 “(C) issues a significant number of loans
12 or other products relative to the total number
13 of loans or other products made by the institu-
14 tion or relative to the total number of loans or
15 other products offered by the private sector
16 market.

17 “(5) CLIMATE RESILIENCY AND DISASTER MITI-
18 GATION.—The term ‘climate resiliency and disaster
19 mitigation’ means activities that—

20 “(A) assist individuals and communities to
21 prepare for, adapt to, and withstand climate-re-
22 lated risks, natural disasters, or weather-related
23 disasters;

24 “(B) benefit or serve residents of low- to
25 moderate-income census tracts or climate vul-

nerable communities and do not directly result
in forced or involuntary relocation of those resi-
dents; and

“(C) are done in conjunction with—

“(i) a plan, program or initiative of a
Federal, State, local or Tribal government;
or

“(ii) a mission-driven nonprofit orga-
nization that is focused on benefiting or
serving targeted census tracts or climate
vulnerable communities.

“(6) CLIMATE VULNERABLE COMMUNITIES.—

The term ‘climate vulnerable communities’ means
communities experiencing heightened risk and in-
creased sensitivity to climate change with less capac-
ity and fewer resources to cope with, adapt to, or re-
cover from climate impacts, as determined by the
appropriate Federal financial supervisory agencies
using tools developed by Federal agencies that iden-
tify census tracts as disadvantaged based in part on
environmental factors, including the climate and eco-
nomic justice screening tool developed by the Council
on Environmental Quality.

“(7) COMMUNITY BENEFITS PLAN.—The term
‘community benefits plan’ means a plan that pro-

vides measurable goals for future amounts of safe and sound loans, investments, services, and other financial products for low- and moderate-income communities and other distressed or underserved communities.

“(8) COMMUNITY DEVELOPMENT.—The term ‘community development’ includes—

“(A) affordable housing for low- or moderate-income individuals and avoidance of patterns of lending resulting in the loss of affordable housing units and housing for low- and moderate-income individuals in high-opportunity areas;

“(B) community development services, including counseling and successful mortgage or loan modifications of delinquent loans;

“(C) activities that promote integration;

“(D) activities that promote economic development by financing small businesses or farms that meet the size eligibility requirements of the development company or small business investment company programs under section 121.301 of title 13, Code of Federal Regulations, or any successor regulation, with an em-

1 phasis on small businesses that have gross an-
2 nual revenues of not more than \$1,000,000;

3 “(E) activities that revitalize or stabilize—

4 “(i) low- or moderate-income geog-
5 raphies;

6 “(ii) designated disaster areas;

7 “(iii) distressed or underserved non-
8 metropolitan middle-income geographies
9 designated by the Federal Financial Insti-
10 tutions Examination Council, based on—

11 “(I) rates of poverty, unemploy-
12 ment, and population loss; or

13 “(II) population size, density,
14 and dispersion, if those activities help
15 to meet essential community needs,
16 including the needs of low- and mod-
17 erate-income individuals; or

18 “(iv) other distressed or underserved
19 communities;

20 “(F) activities that promote physical, envi-
21 ronmental, and sensory accessibility in housing
22 stock that is integrated into the community;
23 and

24 “(G) other activities that promote the ob-
25 jectives of this title, as determined by the ap-

1 appropriate Federal financial supervisory agen-
2 cies.

3 “(9) DEPOSITORY INSTITUTION; DEPOSITORY
4 INSTITUTION HOLDING COMPANY; INSURED DEPOSI-
5 TORY INSTITUTION.—The terms ‘depository institu-
6 tion’, ‘depository institution holding company’, and
7 ‘insured depository institution’ have the meanings
8 given those terms in section 3 of the Federal De-
9 posit Insurance Act (12 U.S.C. 1813).

10 “(10) ENTIRE COMMUNITY.—The term ‘entire
11 community’ means—

12 “(A) all of the assessment areas of a regu-
13 lated financial institution; and

14 “(B) areas outside of assessment areas de-
15 scribed in subparagraph (A) in which a regu-
16 lated financial institution has made loans or re-
17 ceived deposits.

18 “(11) ENUMERATED CONSUMER LAWS.—The
19 term ‘enumerated consumer laws’ has the meaning
20 given the term in section 1002 of the Consumer Fi-
21 nancial Protection Act of 2010 (12 U.S.C. 5481).

22 “(12) FOSSIL FUEL.—The term ‘fossil fuel’
23 means coal, petroleum, methane gas (often referred
24 to as ‘natural gas’), or any derivative of coal, petro-

1 leum, or methane gas that is used for fuel directly
2 or indirectly, such as for generating electricity.

3 “(13) FOSSIL FUEL COMPANY.—The term ‘fos-
4 sil fuel company’ means any company that—

5 “(A) is among the 200 companies with the
6 largest fossil fuel reserves in the world;

7 “(B) is among the 30 largest public com-
8 pany owners in the world of coal-fired power
9 plants;

10 “(C) has as its core business—

11 “(i) the construction or operation of
12 fossil fuel infrastructure; or

13 “(ii) the exploration, extraction, refin-
14 ing, processing or distribution of fossil
15 fuels; or

16 “(D) receives more than 50 percent of its
17 gross revenue from companies that meet the
18 definition under subparagraph (A), (B), or (C).

19 “(14) FOSSIL FUEL EXPANSION.—The term
20 ‘fossil fuel expansion’ means financing for new fossil
21 fuel infrastructure projects, including financing of
22 exploration activities, that would—

23 “(A) increase greenhouse gas emissions;
24 and

1 “(B) increase the difficulty of achieving
2 Federal, State, or local carbon emission reduc-
3 tion goals.

4 “(15) FOSSIL FUEL INFRASTRUCTURE.—The
5 term ‘fossil fuel infrastructure’ means oil or gas
6 wells, oil or gas pipelines and refineries, oil, coal or
7 gas-fired power plants, oil and gas storage tanks,
8 fossil fuel export terminals, and any other infra-
9 structure used exclusively for fossil fuels, including
10 facilities with carbon capture, utilization, and stor-
11 age.

12 “(16) GEOGRAPHY.—The term ‘geography’
13 means a census tract delineated by the Bureau of
14 the Census in the most recent decennial census.

15 “(17) INTERMEDIATE BANK.—The term ‘inter-
16 mediate bank’ is a depository institution with assets
17 between \$391,000,000 and \$1,564,000,000, as ad-
18 justed annually for purposes of an examination
19 under section 804.

20 “(18) LARGE BANK.— The term ‘large bank’ is
21 a depository institution with assets of not less than
22 \$1,564,000,000, as adjusted annually for purposes
23 of an examination under section 804.

24 “(19) OTHER DISTRESSED OR UNDERSERVED
25 COMMUNITY.—The term ‘other distressed or under-

1 served community’ means an area or census tract
2 that, according to a periodic review and data anal-
3 ysis by the appropriate Federal financial supervisory
4 agencies on an interagency basis through the Fed-
5 eral Financial Institutions Examination Council of
6 certain metrics, such as loans per households or
7 small business, is experiencing economic hardship or
8 is underserved by financial institutions.

9 “(20) OTHER UNDERSERVED POPULATION.—

10 The term ‘other underserved population’ means a
11 population that is experiencing ongoing effects of
12 discrimination or is relatively underserved by finan-
13 cial institutions, as measured by loans per house-
14 holds or other similar metrics.

15 “(21) REGULATED FINANCIAL INSTITUTION.—

16 The term ‘regulated financial institution’ means—

17 “(A) an insured depository institution;

18 “(B) a depository institution holding com-

19 pany; and

20 “(C) a U.S. nonbank mortgage originator.

21 “(22) SMALL BANK.—The term ‘small bank’ is

22 a depository institution with assets of less than
23 \$391,000,000, as adjusted annually to take into ac-
24 count inflation for purposes of determining which in-

1 institutions are subject to an examination under sec-
2 tion 804.

3 “(23) U.S. NONBANK MORTGAGE ORIGI-
4 NATOR.—The term ‘U.S. nonbank mortgage origi-
5 nator’ means a covered person subject to section
6 1024 of the Dodd-Frank Wall Street Reform and
7 Consumer Protection Act (12 U.S.C. 5514) that of-
8 fers or provides—

9 “(A) origination of loans secured by real
10 estate for use by consumers primarily for per-
11 sonal, family, or household purposes; or

12 “(B) loan modification or foreclosure relief
13 services in connection with a loan described in
14 subparagraph (A).”;

15 (2) in section 804 (12 U.S.C. 2903)—

16 (A) by redesignating subsections (c) and
17 (d) as subsections (f) and (g), respectively;

18 (B) by striking subsections (a) and (b) and
19 inserting the following:

20 “(a) DEPOSITORY INSTITUTIONS AND BANK HOLD-
21 ING COMPANIES.—

22 “(1) IN GENERAL.—In connection with its ex-
23 amination of a regulated financial institution other
24 than a U.S. nonbank mortgage originator, the ap-

1 appropriate Federal financial supervisory agency shall
2 perform the following:

3 “(A) Assess the record of the institution in
4 meeting the credit and other financial needs of
5 its entire community, in particular low- and
6 moderate-income people and communities, and
7 other distressed or underserved communities,
8 and other underserved populations consistent
9 with the safe and sound operation of the insti-
10 tution.

11 “(B) Assess the effectiveness of the fol-
12 lowing activities in meeting the credit and other
13 financial needs of the assessment areas of the
14 institution, consistent with the safe and sound
15 operation of the institution:

16 “(i) Retail lending, including home,
17 small business, consumer, automobile, and
18 other lending and financial products, that
19 responds to credit needs or other financial
20 needs.

21 “(ii) Community development lending
22 and investments, which may include a con-
23 sideration of—

24 “(I) the origination of loans and
25 other efforts by the institution to as-

1 sist existing low- and moderate-income
2 residents to remain in affordable
3 housing in their community; and

4 “(II) the origination of loans by
5 the institution that result in the con-
6 struction, rehabilitation, or preserva-
7 tion of affordable housing units.

8 “(iii) Community development finance
9 tests or similar tests developed by the Fed-
10 eral bank agencies shall include separate
11 quantitative measures for community de-
12 velopment investments. The evaluation of
13 investments shall positively or negatively
14 affect test scores depending on bank per-
15 formance, in community development fi-
16 nance tests or similar tests.

17 “(iv) Retail financial services and
18 community development services.

19 “(v) Evaluation of the responsiveness,
20 affordability, and sustainability of retail fi-
21 nancial services including credit and de-
22 posit products shall positively or negatively
23 affect tests scores, depending on bank per-
24 formance, in the retail products and serv-
25 ice test or similar tests.

1 “(vi) Retail lending assessment areas,
2 as defined by the regulations in part 25 of
3 title 12, Code of Federal Regulations, or
4 any successor regulations, shall be estab-
5 lished for large banks and intermediate
6 banks if not more than 90 percent of the
7 retail loans of the bank are in facility-
8 based assessment areas containing their
9 branches and deposit-taking automated
10 teller machines. Large banks and inter-
11 mediate bank evaluations shall also exam-
12 ine lending outside of retail lending assess-
13 ment areas and facility-based assessment
14 areas. Evaluations of these loans shall be
15 considered when assigning an institution
16 level rating to the bank.

17 “(C) With respect to its evaluation of an
18 application for a deposit facility by the institu-
19 tion—

20 “(i) consider the record described in
21 subparagraph (A), the effectiveness of the
22 activities described in subparagraph (B),
23 the overall rating of the institution under
24 this section, and any improvement plans
25 submitted pursuant to this section;

1 “(ii) provide an opportunity for public
2 comment for a period of not less than 60
3 days;

4 “(iii) consider changes in the commu-
5 nity reinvestment performance of the insti-
6 tution since the most recent rating under
7 this section by the appropriate Federal fi-
8 nancial supervisory agency; and

9 “(iv) require—

10 “(I) a demonstration of public
11 benefit, including a community bene-
12 fits plan with measurable goals re-
13 garding increasing responsible lending
14 and other financial products that is
15 commensurate with the ability of the
16 institution to accomplish those goals;

17 “(II) that the institution consult
18 with community-based organizations
19 and other community stakeholders in
20 developing the community benefits
21 plan; and

22 “(III) a public hearing for any
23 institution that has a received a ‘need-
24 to-improve’ or ‘low satisfactory’ grade

1 in any individual assessment area dur-
2 ing the most recent examination.

3 “(2) CONSIDERATION OF LENDING IN PART-
4 NERSHIP WITH NON-DEPOSITORY LENDERS.—

5 “(A) IN GENERAL.—As part of assessing a
6 financial institution under paragraph (1), the
7 appropriate Federal financial supervisory agen-
8 cy shall evaluate the performance of the finan-
9 cial institution in originating loans for small
10 farms, consumer loans (including residential
11 mortgages, unsecured installment loans, ad-
12 vances, and lines of credit), and loans for small
13 businesses (including unsecured installment
14 loans, advances, and lines of credit) in partner-
15 ship with 1 or more non-depository lenders.

16 “(B) AFFORDABILITY AND SUSTAIN-
17 ABILITY.—In making the evaluation described
18 in subparagraph (A), the appropriate Federal
19 financial supervisory agency shall consider the
20 affordability and sustainability of the loan origi-
21 nations made in partnership with 1 or more
22 non-depository lenders.

23 “(C) DEFINITIONS.—In this paragraph:

24 “(i) NON-DEPOSITORY LENDER.—The
25 term ‘non-depository lender’ means a lend-

1 er that is not an insured depository institu-
2 tion.

3 “(ii) SMALL BUSINESS; SMALL
4 FARM.—The terms ‘small business’ and
5 ‘small farm’ have the meanings given those
6 terms under the regulations promulgated
7 by the Bureau implementing the amend-
8 ments made by section 1071 of the Dodd
9 Frank Wall Street Reform and Consumer
10 Protection Act of 2010 (Public Law 111–
11 203; 124 Stat. 2056) under part 1002 of
12 title 12, Code of Federal Regulations, or
13 any successor regulation.

14 “(3) DEDUCTIONS FOR FOSSIL EXPANSION.—

15 “(A) IN GENERAL.—As part of assessing a
16 financial institution under paragraph (1), the
17 appropriate Federal financial supervisory agen-
18 cy shall—

19 “(i) determine the total dollar amount
20 of loans and investments to fossil fuel com-
21 panies for the purposes of fossil fuel ex-
22 pansion that were originated or held by the
23 financial institution during the period cov-
24 ered by an examination under section 804;
25 and

1 “(ii) deduct not more than that total
2 dollar amount from the reported commu-
3 nity development loans and investments of
4 the financial institution, both in the aggre-
5 gate and at the local market, or assess-
6 ment area, level.

7 “(B) ACTIVITIES.—The deduction de-
8 scribed in subparagraph (A)(ii) may only be off-
9 set by financing by the institution of climate re-
10 siliency and disaster mitigation activities spe-
11 cifically targeted to underserved communities,
12 such as—

13 “(i) the development of climate resil-
14 ient affordable housing, schools, and small
15 businesses (as defined in paragraph
16 (2)(C));

17 “(ii) clean electricity projects and
18 microgrids;

19 “(iii) nature-based protective infra-
20 structure;

21 “(iv) building decarbonization, which
22 includes holistic home weatherization and
23 health interventions;

24 “(v) lending to green small businesses
25 and companies with legitimate public

1 decarbonization transition plans, strate-
2 gies, and targets;

3 “(vi) electric public transit and elec-
4 tric vehicle charging infrastructure;

5 “(vii) investments in weatherization
6 and climate resilience for local businesses;

7 “(viii) operational and technical sup-
8 port and capacity building for environ-
9 mental and climate justice organizations,
10 including support for community groups
11 active in environmental testing and train-
12 ing of community members to identify cli-
13 mate or environmental risks and opportu-
14 nities in their communities; and

15 “(ix) workforce development related to
16 the transition away from fossil fuels, in-
17 cluding activities to train workers on skills
18 needed to participate in carbon-pollution-
19 free energy sectors.

20 “(4) PENALTIES FOR SUSTAINED FAILING PER-
21 FORMANCE.—A regulated financial institution other
22 than a U.S. nonbank mortgage originator that re-
23 ceives overall performance ratings under this section
24 of ‘needs to improve’ or ‘substantial noncompliance’
25 for 2 consecutive examinations shall be subject to

1 the following penalties, as deemed applicable by the
2 appropriate Federal financial supervisory agency:

3 “(A) Restrictions on the institution’s
4 growth (overall or in discrete areas), business
5 activities, or payment of dividends, including re-
6 strictions on ability to sell loans originated by
7 the institution to enterprises, as defined in sec-
8 tion 1303 of the Federal Housing Enterprises
9 Financial Safety and Soundness Act of 1992
10 (12 U.S.C. 4502).

11 “(B) Recommendations to appropriate
12 State agencies that State mortgage licenses be
13 suspended or revoked with a statement of facts
14 covering the justification for the recommended
15 suspension or revocation.

16 “(C) Requiring the institution to simplify
17 or reduce its operations, including that the in-
18 stitution reduce its asset size, divest subsidi-
19 aries or business lines, or exit from 1 or more
20 markets of operation.

21 “(D) Recovery, or claw back, of portions of
22 executive compensation received during consecu-
23 tive evaluation periods under this section of
24 which the institution received an overall per-

1 formance rating of ‘needs to improve’ or ‘sub-
2 stantial noncompliance’.

3 “(b) U.S. NONBANK MORTGAGE ORIGINATOR.—

4 “(1) IN GENERAL.—In connection with its ex-
5 amination of a U.S. nonbank mortgage originator,
6 the appropriate Federal financial supervisory agency
7 shall perform the following:

8 “(A) Assess the record of the U.S.
9 nonbank mortgage originator in meeting the
10 credit or other financial needs of its entire com-
11 munity, in particular low-income and moderate-
12 income people and communities and other dis-
13 tressed or underserved communities and other
14 underserved populations, consistent with the
15 safe and sound operation of the U.S. nonbank
16 mortgage originator.

17 “(B) Assess, as appropriate, the following
18 activities in the assessment areas of the U.S.
19 nonbank mortgage originator:

20 “(i) Retail lending, including home
21 loans.

22 “(ii) Community development services.

23 “(iii) Community development lending
24 and investments, which may include a con-
25 sideration of—

1 “(I) the origination of loans and
2 other efforts by the institution to as-
3 sist existing low- and moderate-income
4 residents to remain in affordable
5 housing in their community;

6 “(II) the origination of loans by
7 the institution that result in the con-
8 struction, rehabilitation or preserva-
9 tion of affordable housing units; and

10 “(III) investments in, grants to,
11 or loans to community development fi-
12 nancial institutions (as defined in sec-
13 tion 103 of the Community Develop-
14 ment Banking and Financial Institu-
15 tions Act of 1994 (12 U.S.C. 4702)),
16 community development corporations
17 (as defined in section 613 of the Com-
18 munity Economic Development Act of
19 1981 (42 U.S.C. 9802)), and other
20 nonprofit organizations serving the
21 housing and development needs of the
22 community.

23 “(iv) Retail lending assessment areas,
24 as defined by the regulations in part 25 of
25 title 12, Code of Federal Regulations, or

1 any successor regulation, shall be estab-
2 lished if not more than 90 percent of the
3 retail loans of the U.S. nonbank originator
4 are in facility-based assessment areas con-
5 taining offices or agents. The evaluations
6 shall also examine lending outside of retail
7 lending assessment areas and facility-based
8 assessment areas. Evaluations of these
9 loans shall be considered when assigning
10 an institution level rating to the U.S.
11 nonbank mortgage originator.

12 “(C) With respect to its evaluation of an
13 application for a deposit facility by the U.S.
14 nonbank mortgage originator—

15 “(i) consider the record described in
16 subparagraph (A) the overall rating of the
17 U.S. nonbank mortgage originator under
18 this section, and any improvement plans
19 submitted pursuant to this section;

20 “(ii) provide an opportunity for public
21 comment for a period of not less than 60
22 days;

23 “(iii) consider changes in the commu-
24 nity reinvestment performance of the U.S.
25 nonbank mortgage originator since the

1 most recent rating under this section by
2 the appropriate Federal financial super-
3 visory agency; and

4 “(iv) require—

5 “(I) a demonstration that grant-
6 ing the application for a deposit facil-
7 ity is in the public interest, which
8 shall include a submission of a com-
9 munity benefits plan, which shall be
10 commensurate with the ability of the
11 institution to accomplish the plan, by
12 the U.S. nonbank mortgage originator
13 to the appropriate Federal financial
14 supervisory agency;

15 “(II) that the U.S. nonbank
16 mortgage originator consult with com-
17 munity-based organizations and other
18 community stakeholders in developing
19 the community benefits plan; and

20 “(III) a public hearing for any
21 U.S. nonbank mortgage originator
22 that has a received a ‘need-to-im-
23 prove’ or ‘low satisfactory’ grade in
24 any individual assessment area during
25 the most recent examination.

1 “(2) PENALTIES AND FEES.—The appropriate
2 Federal financial supervisory agency shall have the
3 same authority to assess penalties and fees under
4 subsection (a)(4) for U.S. nonbank mortgage origi-
5 nator as is the case for regulated financial institu-
6 tions described in subsection (a).

7 “(3) AUTHORITY TO ADJUST EXAMINATION AND
8 SUPERVISORY FEES.— The appropriate Federal fi-
9 nancial supervisory agencies shall have the authority
10 to adjust the dollar amount of examination and su-
11 pervisory fees, based in part, on the rating of insti-
12 tutions under this section.

13 “(c) REQUIREMENTS.—

14 “(1) IN GENERAL.—In connection with its ex-
15 amination of a regulated financial institution under
16 subsection (a) or (b), the appropriate Federal finan-
17 cial supervisory agency shall—

18 “(A) consider public comments received by
19 the appropriate Federal financial supervisory
20 agency regarding the record of the institution in
21 meeting the credit or other financial needs of
22 its entire community, including low- and mod-
23 erate-income communities, and hold not less
24 than 1 public hearing to receive comments for

1 large banks with assets of not less than
2 \$50,000,000,000; and

3 “(B) require—

4 “(i) an improvement plan for an insti-
5 tution that receives a rating of ‘low satis-
6 factory’ or lower on the written evaluation
7 of the institution, or such a rating in any
8 individual assessment area; and

9 “(ii) the improvement plan described
10 in clause (i) to result in the reasonable
11 likelihood that the institution will obtain a
12 rating of at least ‘high satisfactory’ in
13 meeting community credit or other finan-
14 cial needs in the relevant measure on the
15 next examination.

16 “(2) IMPROVEMENT PLAN.—

17 “(A) IN GENERAL.—A regulated financial
18 institution that is required to submit an im-
19 provement plan required under paragraph
20 (1)(B) shall submit the plan in writing to the
21 appropriate Federal financial supervisory agen-
22 cy not later than 90 days after receiving notice
23 that the regulated financial institution is re-
24 quired to submit the plan.

1 “(B) PUBLIC COMMENT.—Upon receipt of
2 an improvement plan of a regulated financial
3 institution required under paragraph (1)(B),
4 the appropriate Federal financial supervisory
5 agency shall—

6 “(i) make the plan available to the
7 public for review and comment for a period
8 of not less than 60 days; and

9 “(ii) require the regulated financial
10 institution to revise, as appropriate, the
11 improvement plan in response to the public
12 comments received under the public review
13 and comment period described in clause (i)
14 and submit the plan to the appropriate
15 Federal financial supervisory agency not
16 later than 60 days after the end of that pe-
17 riod.

18 “(3) EXAMINATION OF CERTAIN REGULATED
19 FINANCIAL INSTITUTIONS.—In the case of a regu-
20 lated financial institution whose lending or other
21 business is not clustered in geographical areas and
22 is thinly dispersed across the country, the institution
23 shall—

24 “(A) be evaluated under subsection (a) or
25 (b), as applicable—

1 “(i) by considering the effectiveness of
2 the institution in serving customers or bor-
3 rowers, with a special emphasis on low-
4 and moderate-income individuals and other
5 underserved populations across the country
6 regardless of where the individuals reside;
7 and

8 “(ii) based on objective thresholds de-
9 veloped by the appropriate Federal finan-
10 cial supervisory agencies to clarify when
11 lending or other business is dispersed
12 across the country and not clustered in
13 distinct geographical areas, which may in-
14 clude low levels of lending or other finan-
15 cial products across States or other areas;
16 and

17 “(B) meet the needs of other distressed or
18 underserved communities.

19 “(d) CONSIDERATION.—Remediation of consumers
20 pursuant to an order by a court or administrative body
21 or a settlement with a government agency or a private
22 party may not be considered in an assessment conducted
23 under subsection (a)(2) or (b)(2).

24 “(e) RULE OF CONSTRUCTION.—An evaluation of a
25 bank holding company under this section shall incorporate

1 evaluations of subsidiary regulated financial institutions
 2 made by the appropriate Federal financial supervisory
 3 agency of each subsidiary, if applicable.”;

4 (C) in subsection (f), as so redesignated—

5 (i) by striking paragraph (2);

6 (ii) by redesignating paragraph (3) as
 7 paragraph (2); and

8 (iii) in paragraph (2), as so redesign-
 9 nated, by striking subparagraph (C); and

10 (D) in subsection (g), as so redesignated,
 11 by striking “subsection (a)” and inserting “sub-
 12 sections (a) and (b)”;

13 (3) in section 807 (12 U.S.C. 2906)—

14 (A) in subsection (a)—

15 (i) by striking “an insured depository
 16 institution” and inserting “a regulated fi-
 17 nancial institution”; and

18 (ii) by inserting “or financial” after
 19 “credit”;

20 (B) in subsection (b)—

21 (i) in paragraph (1)—

22 (I) in subparagraph (A)—

23 (aa) in clause (ii), by strik-
 24 ing “and” at the end;

1 (bb) by redesignating clause
 2 (iii) as clause (iv); and
 3 (cc) by inserting after clause
 4 (ii) the following:

5 “(iii) disclose whether the institution en-
 6 gaged in acts or practices that the Bureau of
 7 Consumer Financial Protection has determined,
 8 and has publicly disclosed, violate the enumer-
 9 ated consumer laws; and”; and

10 (II) by striking subparagraph (B)
 11 and inserting the following:

12 “(B) EVALUATION ON AN ASSESSMENT AREA
 13 BASIS.—The information required under subsections
 14 (a) and (b) of section 804 shall be presented sepa-
 15 rately for each assessment area.

16 “(C) TREATMENT WITH RESPECT TO VIOLA-
 17 TIONS OF ENUMERATED CONSUMER LAWS.—If a
 18 regulated financial institution has engaged in acts or
 19 practices that the appropriate Federal financial su-
 20 pervisory agency has determined to be unfair, decep-
 21 tive, or abusive or acts or practices that violate enu-
 22 merated consumer laws intended to ensure the fair,
 23 equitable, and nondiscriminatory access to credit for
 24 individuals and communities that are enforced by
 25 the Bureau of Consumer Financial Protection or

1 other Federal or State agencies, the written evalua-
 2 tion shall be negatively influenced in a manner com-
 3 mensurate with the extent of the harm suffered by
 4 those individuals and communities.”;

5 (ii) in paragraph (2)—

6 (I) by striking subparagraphs
 7 (A), (B), (C), and (D) and inserting
 8 the following:

9 “(A) ‘Outstanding record of meeting com-
 10 munity credit or other financial needs’.

11 “(B) ‘High Satisfactory record of meeting
 12 community credit or other financial needs’.

13 “(C) ‘Low Satisfactory record of meeting
 14 community credit or other financial needs’.

15 “(D) ‘Needs to improve record of meeting
 16 community credit or other financial needs’.

17 “(E) ‘Substantial noncompliance in meet-
 18 ing community credit or other financial
 19 needs’.”; and

20 (iii) by inserting after the flush text
 21 following paragraph (2) the following:

22 “(3) ADDITIONAL AUTHORITY.—The appro-
 23 priate Federal financial supervisory agencies may—

1 “(A) alter the ratings under this sub-
 2 section to change or include additional ratings
 3 for the overall ratings and subtest ratings; and

4 “(B) develop an accompanying point sys-
 5 tem that includes ranges for each rating cat-
 6 egory under paragraph (2).”;

7 (C) by redesignating subsection (e) as sub-
 8 section (f); and

9 (D) by inserting after subsection (d) the
 10 following:

11 “(e) APPEALS OF RATING.—If a regulated financial
 12 institution appeals the assigned rating under this section,
 13 the appropriate Federal financial supervisory agency
 14 shall—

15 “(1) post a public notice of the appeal on the
 16 part of the website of the appropriate Federal finan-
 17 cial supervisory agency that contains information on
 18 this title; and

19 “(2) provide an opportunity for public comment
 20 on the appeal.”;

21 (4) in section 806 (12 U.S.C. 2905)—

22 (A) by striking “Regulations” and insert-
 23 ing the following:

24 “(a) IN GENERAL.—Regulations”;

1 (B) in subsection (a), as so designated, by
 2 striking “companies,” and inserting “compa-
 3 nies,”; and

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

5 “(b) PERIODIC REVIEW.—Not later than 5 years
 6 after the date of enactment of this subsection and every
 7 5 years thereafter, the appropriate Federal financial su-
 8 pervisory agencies shall—

9 “(1) review the regulations promulgated to
 10 carry out this title; and

11 “(2) report to Congress any recommendations
 12 for updates to the regulations and this title, which
 13 may include consideration of—

14 “(A) data collection under this title;

15 “(B) the rigor of evaluations under this
 16 title;

17 “(C) the assessment area coverage of loans
 18 and deposits; and

19 “(D) the extent to which the provisions of
 20 this title are reducing disparities in access to
 21 credit and capital by income and race.”; and

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

23 **“SEC. 810. DATA COLLECTION AND REPORTING REQUIRE-**
 24 **MENTS.**

25 “(a) DATA COLLECTION.—

1 “(1) CONSUMER LOANS.—

2 “(A) IN GENERAL.—Each regulated finan-
3 cial institution shall collect and maintain in ma-
4 chine readable form, as prescribed by the ap-
5 propriate Federal financial supervisory agency,
6 data for consumer loans originated or pur-
7 chased by the regulated financial institution, in-
8 cluding motor vehicle loans, credit cards, lines
9 of credit, and other secured or unsecured loans.
10 The regulated financial institution shall main-
11 tain data separately for each category of con-
12 sumer loan, including the following for each
13 loan:

14 “(i) A unique number or alpha-nu-
15 meric symbol that can be used to identify
16 the relevant loan.

17 “(ii) The loan amount at origination
18 or purchase.

19 “(iii) The loan location.

20 “(iv) The gross annual income of the
21 borrower that the regulated financial insti-
22 tution considered in making its credit deci-
23 sion.

24 “(B) EXEMPTIONS.—The appropriate Fed-
25 eral financial supervisory agencies may exempt

1 classes of regulated financial institutions from
2 the requirements under subparagraph (A) due
3 to low levels of consumer lending or other fac-
4 tors.

5 “(2) COMMUNITY DEVELOPMENT LOANS AND
6 INVESTMENTS.—

7 “(A) COLLECTION AND MAINTENANCE OF
8 DATA.—Each regulated financial institution
9 shall collect and maintain in machine readable
10 form, as prescribed by the appropriate Federal
11 financial supervisory agency, data on the cat-
12 egories of community development lending and
13 investments, including data regarding financing
14 affordable housing, small business development,
15 and economic development.

16 “(B) PUBLIC DISSEMINATION.—Each reg-
17 ulated financial institution and the appropriate
18 Federal financial supervisory agencies shall—

19 “(i) publicly disseminate the data de-
20 scribed in subparagraph (A) on a county
21 level and for categories of census tracts in-
22 cluding low- and moderate-income census
23 tracts or other distressed and underserved
24 census tracts; and

1 “(ii) consider disseminating the data
2 described in subparagraph (A) by indi-
3 vidual census tracts in addition to the cat-
4 egories described in clause (i).

5 “(3) ASSESSMENT AREA DATA.—

6 “(A) IN GENERAL.—Each regulated finan-
7 cial institution shall collect and report to the
8 appropriate Federal financial supervisory agen-
9 cy by March 1 of each year a list for each as-
10 sessment area showing the geographies within
11 the area.

12 “(B) PUBLICATION.—The appropriate
13 Federal financial supervisory agencies shall
14 make the list of assessment areas reported by
15 each regulated financial institution under sub-
16 paragraph (A) publicly available on the part of
17 the website of the appropriate Federal financial
18 supervisory agency that contains information on
19 this title.

20 “(4) DEPOSITS.—The appropriate Federal fi-
21 nancial supervisory agencies shall—

22 “(A) collect data from regulated financial
23 institutions that reflects—

24 “(i) the number of customers of those
25 institutions that reside in categories of

1 census tracts including low- and moderate-
2 income census tracts or other distressed
3 and underserved census tracts and the dol-
4 lar amount of deposits of those customers;
5 and

6 “(ii) the number of small businesses
7 that are located in the census tract cat-
8 egories described in clause (i); and

9 “(B) consider the dissemination of the de-
10 posit data collected under subparagraph (A) by
11 individual census tracts in addition to the cat-
12 egories described in that subparagraph.

13 “(b) AGGREGATE DISCLOSURE STATEMENTS.—

14 “(1) IN GENERAL.—Each appropriate Federal
15 financial supervisory agency shall prepare annually,
16 for each assessment area, a disclosure statement of
17 home, small business, small farm, and consumer
18 lending for each regulated financial institution sub-
19 ject to reporting under this section and an aggre-
20 gated statement for all reporting institutions com-
21 bined, which shall indicate, for each assessment
22 area, the number and amount of all small business,
23 small farm, and consumer loans originated or pur-
24 chased sorted by income level of borrowers, race and

1 ethnicity of borrowers, revenue size of small business
2 and farms, and categories of census tracts.

3 “(2) DEPOSITS AND COMMUNITY DEVELOP-
4 MENT LOANS AND INVESTMENTS.—An appropriate
5 Federal financial supervisory agency shall include
6 data on deposits and community development loans
7 and investments in the disclosure statements pre-
8 pared under paragraph (1).

9 “(3) ADJUSTED FORM.—An appropriate Fed-
10 eral financial supervisory agency may adjust the
11 form of the disclosure statement prepared under
12 paragraph (1) if necessary, because of special cir-
13 cumstances, to protect the privacy of a borrower or
14 the competitive position of a regulated financial in-
15 stitution.

16 “(c) CENTRAL DATA DEPOSITORIES.—The Federal
17 Financial Institutions Examination Council, in consulta-
18 tion with the appropriate Federal financial supervisory
19 agencies, shall implement a system—

20 “(1) to allow the public to access online and in
21 a searchable format the data maintained under
22 paragraphs (1) through (4) of subsection (a); and

23 “(2) that ensures that personally identifiable fi-
24 nancial information is not disclosed to public.

1 “(d) LIMITATION.—An appropriate Federal financial
2 supervisory agency may not use the authorities of the ap-
3 propriate Federal financial supervisory agency under this
4 section to obtain a record from a regulated financial insti-
5 tution for the purpose of gathering or analyzing the per-
6 sonally identifiable financial information of a consumer.

7 **“SEC. 811. COMMUNITY ADVISORY COMMITTEES.**

8 “(a) DEPOSITORY INSTITUTIONS.—Each regulated
9 financial institution that is not a U.S. nonbank mortgage
10 originator shall form a separate Community Advisory
11 Committee (which shall be composed of a diverse set of
12 consumer, housing, community development, and other
13 stakeholder groups) in each of the following:

14 “(1) With respect to a depository institution
15 with consolidated assets equal to or greater than
16 \$2,000,000,000 the branches of which are located in
17 1 census region, each metropolitan statistical area
18 where the financial institution or any subsidiaries of
19 the financial institution have a branch or other facil-
20 ity (including an automated teller machine) and each
21 metropolitan statistical area where the financial in-
22 stitution has a substantial number of customers who
23 maintain deposit accounts with the financial institu-
24 tion.

1 “(2) With respect to a depository institution
2 with consolidated assets equal to or greater than
3 \$2,000,000,000 the branches of which are located in
4 more than 1 census region, each census division
5 within each of the regions.

6 “(3) With respect to a depository institution
7 with consolidated assets of less than
8 \$2,000,000,000, each State where the financial in-
9 stitution or any subsidiaries of the financial institu-
10 tion are located.

11 “(b) U.S. NONBANK MORTGAGE ORIGINATORS.—
12 Each U.S. nonbank mortgage originator shall form a sepa-
13 rate Community Advisory Committee (which shall be com-
14 posed of a diverse set of consumer, housing, community
15 development, and other stakeholder groups) in each of the
16 following:

17 “(1) With respect to a U.S. nonbank mortgage
18 originator that is required to make a number of dis-
19 closures under the Home Mortgage Disclosure Act of
20 1975 (12 U.S.C. 2801 et seq.) that is less than the
21 national median, each State in which the U.S.
22 nonbank mortgage originator offers loans.

23 “(2) With respect to a U.S. nonbank mortgage
24 originator that is required to make a number of dis-
25 closures under the Home Mortgage Disclosure Act of

1 1975 (12 U.S.C. 2801 et seq.) that is more than the
2 national median, each census division within the cen-
3 sus regions in which the U.S. nonbank mortgage
4 originator offers loans.

5 “(c) BIENNIAL CONSULTATION.—The executives of
6 each regulated financial institution shall meet not less fre-
7 quently than twice per year with the Community Advisory
8 Committees of the regulated financial institution formed
9 under subsection (a) or (b), as applicable—

10 “(1) to discuss the financial institution’s cur-
11 rent work to meet the credit and deposit needs of
12 low- and moderate-income individuals and under-
13 served communities, persons with disabilities,
14 LGBTQ+ communities, and Chinese, Asian Indian,
15 Filipino, Japanese, Korean, Vietnamese, Pakistani,
16 Cambodian, Hmong, Laotian, Thai, Taiwanese, Bur-
17 mese, Bangladeshi, Nepalese, Indonesian, Malaysian,
18 Hispanic or Latino, Black or African American,
19 American Indian and Alaska Native, Native Hawai-
20 ian, Samoan, Chamorro, Tongan, iTaukei,
21 Marshallese, and Other Pacific Islander commu-
22 nities, as applicable to the geographic areas of the
23 financial institution;

24 “(2) with respect to an institution described in
25 subsection (a)(2) or a U.S. nonbank mortgage origi-

1 nator described in subsection (b)(2), to assist the ex-
 2 ecutives in developing and updating a plan for how
 3 the institution will work to meet the credit needs of
 4 the institution’s entire community, including low-
 5 and moderate-income neighborhoods; and

6 “(3) to discuss the institution’s data (which
 7 shall be disaggregated by Chinese, Asian Indian, Fil-
 8 ipino, Japanese, Korean, Vietnamese, Pakistani,
 9 Cambodian, Hmong, Laotian, Thai, Taiwanese, Bur-
 10 mese, Bangladeshi, Nepalese, Indonesian, Malaysian,
 11 Hispanic or Latino, Black or African American,
 12 American Indian and Alaska Native, and Native Ha-
 13 waiian, Samoan, Chamorro, Tongan, iTaukei,
 14 Marshallese and Other Pacific Islander communities,
 15 as applicable to the institution’s geographic areas)
 16 on—

17 “(A) mortgage lending and lending to
 18 small businesses and small farms, as defined in
 19 section 804(a)(2)(C);

20 “(B) retail products and services;

21 “(C) community development services; and

22 “(D) community development financing.

23 “(d) SPECIFIC CONSULTATIONS.—In addition to the
 24 consultations required under paragraph (2), the executives
 25 of a depository institution described in subsection (a)(2)

1 shall meet with the Community Advisory Committee of the
2 institution before—

3 “(1) the institution applies for a merger or ac-
4 quisition;

5 “(2) the institution, or any subsidiary of the in-
6 stitution, applies for deposit insurance;

7 “(3) the institution applies to open a new
8 branch or to relocate an existing branch; or

9 “(4) the institution provides notice that it
10 would close a branch or other facility.

11 **“SEC. 812. STUDY ON DISCRIMINATION AND DISPARITIES IN**
12 **ACCESS TO CREDIT.**

13 “(a) STUDY.—Not later than the end of the 2-year
14 period beginning on the date of enactment of this section,
15 and every 2 years thereafter, the appropriate Federal fi-
16 nancial supervisory agencies shall, jointly, and in consulta-
17 tion with such other Federal or State agencies as the ap-
18 propriate Federal financial supervisory agencies determine
19 appropriate, complete an interagency statistical study to
20 identify—

21 “(1) metropolitan areas and rural counties that
22 either experience ongoing discrimination or exhibit
23 significant racial disparities in access to credit for
24 any racial or ethnic group; and

1 “(2) significant disparities in access to branches
2 by racial or ethnic composition of census tract and
3 disparities in access to community development fi-
4 nancing by racial or ethnic composition of census
5 tract.

6 “(b) USE OF DATA.—In carrying out each study re-
7 quired under subsection (a), the appropriate Federal fi-
8 nancial supervisory agencies shall make use of data includ-
9 ing—

10 “(1) data obtained under the Home Mortgage
11 Disclosure Act of 1975 (12 U.S.C. 2801 et seq.);

12 “(2) data obtained under section 704B of the
13 Equal Credit Opportunity Act (15 U.S.C. 1691o–2);

14 “(3) data obtained under this Act;

15 “(4) available State data; and

16 “(5) information contained in public litigation
17 against regulated financial institutions for redlining
18 or lending discrimination (including litigation initi-
19 ated by the Bureau of Consumer Financial Protec-
20 tion, the Department of Housing and Urban Affairs,
21 the Department of Justice, or by private parties).

22 “(c) REPORT.—Upon the completion of each study
23 required under subsection (a), the appropriate Federal fi-
24 nancial supervisory agencies shall jointly submit to the
25 Committee on Banking, Housing, and Urban Affairs of

1 the Senate and the Committee on Financial Services of
 2 the House of Representatives a report that includes—

3 “(1) all findings and determinations made in
 4 carrying out the study; and

5 “(2) policy recommendations to remedy the dis-
 6 crimination and disparities identified in the study.

7 **“SEC. 813. PUBLIC REGISTRIES.**

8 “The appropriate Federal supervisory financial agen-
 9 cies, acting through the Federal Financial Institutions Ex-
 10 amination Council, shall—

11 “(1) maintain a list of community-based organi-
 12 zations and other stakeholders who wish to be listed
 13 and who have commented on examinations con-
 14 ducted under section 804 and applications regarding
 15 community needs and bank performance; and

16 “(2) conduct outreach to community groups
 17 and strive for geographical diversity, gender and ra-
 18 cial diversity, and diversity in terms of various types
 19 of needs, including affordable housing and economic
 20 development to community facilities.”.

21 (c) AMENDMENT TO THE BANK HOLDING COMPANY
 22 ACT OF 1956.—Section 4(k)(6) of the Bank Holding
 23 Company Act of 1956 (12 U.S.C. 1843(k)(6)) is amended
 24 to read as follows:

1 “(6) NOTICE AND OPPORTUNITY FOR COMMENT
2 REQUIRED.—

3 “(A) IN GENERAL.—No financial holding
4 company shall directly or indirectly acquire, and
5 no company that becomes a financial holding
6 company shall directly or indirectly acquire con-
7 trol of, any company in the United States, in-
8 cluding through merger, consolidation, or other
9 type of business combination, that is engaged in
10 activities permitted under this subsection or
11 subsection (n) or (o), unless—

12 “(i) the holding company has provided
13 notice to the Board, not later than 60 days
14 prior to the proposed acquisition or prior
15 to becoming a financial holding company,
16 and during that time period, or such
17 longer time period not exceeding an addi-
18 tional 60 days, as established by the
19 Board;

20 “(ii) the Board has provided public
21 notice and opportunity for comment for
22 not less than 60 days; and

23 “(iii) the Board has not issued a no-
24 tice disapproving the proposed acquisition
25 or retention.

1 “(B) FACTORS FOR CONSIDERATION.—In
2 reviewing any prior notice filed under this para-
3 graph, the Board shall—

4 “(i) consider the overall rating of the
5 financial holding company under the Com-
6 munity Reinvestment Act of 1977 (12
7 U.S.C. 2901 et seq.) and any improvement
8 plans submitted pursuant to that Act;

9 “(ii) provide opportunity for public
10 comment for a period of not less than 60
11 days;

12 “(iii) consider changes in the commu-
13 nity reinvestment performance of the fi-
14 nancial holding company since the last rat-
15 ing under the Community Reinvestment
16 Act of 1977 (12 U.S.C. 2901 et seq.) by
17 the appropriate Federal financial super-
18 visory agency; and

19 “(iv) require—

20 “(I) a demonstration that grant-
21 ing the application for a deposit facil-
22 ity is in the public interest, which
23 shall include submission to the appro-
24 priate Federal financial supervisory
25 agency of a community benefits plan

1 commensurate with the ability of the
 2 institution to carry out that plan;

3 “(II) that the institution consult
 4 with community-based organizations
 5 and other community stakeholders in
 6 developing the community benefits
 7 plan; and

8 “(III) a public hearing for any
 9 bank that has received a ‘need-to-im-
 10 prove’ or ‘low satisfactory’ grade in
 11 any assessment area during the last
 12 examination under the Community
 13 Reinvestment Act of 1977 (12 U.S.C.
 14 2901 et seq.).”.

15 (d) TECHNICAL AND CONFORMING AMENDMENT.—
 16 Section 10(c)(2)(H)(i) of the Home Owners’ Loan Act (12
 17 U.S.C. 1467a(c)(2)(H)(i)) is amended by striking “section
 18 804(c) of the Community Reinvestment Act of 1977 (12
 19 U.S.C. 2903(c))” and inserting “section 804(f) of the
 20 Community Reinvestment Act of 1977 (12 U.S.C.
 21 2903(f))”.

22 **SEC. 204. AMENDMENTS RELATING TO CREDIT UNION**
 23 **SERVICE TO UNDERSERVED AREAS.**

24 (a) IN GENERAL.—The Federal Credit Union Act (12
 25 U.S.C. 1751 et seq.) is amended—

1 (1) in section 101 (12 U.S.C. 1752)—

2 (A) in paragraph (8), by striking “and” at
3 the end;

4 (B) in paragraph (9), by striking the pe-
5 riod at the end and inserting “; and”; and

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

7 “(10) the term ‘underserved area’—

8 “(A) means a local community, neighbor-
9 hood, or rural district that—

10 “(i) is an investment area, as defined
11 in section 103 of the Community Develop-
12 ment Banking and Financial Institutions
13 Act of 1994 (12 U.S.C. 4702), that meets
14 such additional requirements that the
15 Board may impose; and

16 “(ii) is underserved, based on data of
17 the Board and the Federal banking agen-
18 cies (as defined in section 3 of the Federal
19 Deposit Insurance Act (12 U.S.C. 1813)),
20 by other depository institutions (as defined
21 in section 19(b)(1)(A) of the Federal Re-
22 serve Act (12 U.S.C. 461(b)(1)(A)); and

23 “(B) notwithstanding subparagraph (A),
24 includes, with respect to any Federal credit

1 union, any geographic area within which the
2 credit union—

3 “(i) has received approval to provide
4 service as an underserved area before the
5 date of enactment of this paragraph from
6 the Administration; and

7 “(ii) has established a service facility
8 before that date of enactment.”;

9 (2) in section 106 (12 U.S.C. 1756)—

10 (A) in the first sentence, by striking “Fed-
11 eral” and inserting “(a) Federal”; and

12 (B) by adding at the end the following:

13 “(b) The Board shall monitor adherence by a Federal
14 credit union to a significant unmet needs plan submitted
15 under section 109(h) by that Federal credit union that
16 describes how the Federal credit union will serve the de-
17 posit and other financial needs of the community.”;

18 (3) in section 109 (12 U.S.C. 1759)—

19 (A) in subsection (c), by amending para-
20 graph (2) to read as follows:

21 “(2) EXCEPTION FOR UNDERSERVED AREAS.—

22 “(A) IN GENERAL.—Notwithstanding sub-
23 section (b), the Board may approve an applica-
24 tion by a Federal credit union to allow the
25 membership of the credit union to include any

1 person or organization whose principal resi-
2 dence or place of business is located within a
3 local community, neighborhood, or rural district
4 if—

5 “(i) the Board determines—

6 “(I) at any time after August 7,
7 1998, that the local community,
8 neighborhood, or rural district taken
9 into account for purposes of this para-
10 graph is an underserved area; and

11 “(II) at the time of the approval,
12 that the credit union is well capital-
13 ized or adequately capitalized (as de-
14 fined in section 216(c)(1)); and

15 “(ii) before the end of the 24-month
16 period beginning on the date of the ap-
17 proval, the credit union has established
18 and maintains an ongoing method to pro-
19 vide services in the local community, neigh-
20 borhood, or rural district.

21 “(B) TERMINATION OF APPROVAL.—

22 “(i) IN GENERAL.—Any failure of a
23 Federal credit union to meet the require-
24 ment of clause (ii) of subparagraph (A) by
25 the end of the 24-month period referred to

1 in that clause shall constitute a termi-
2 nation, as a matter of law, of any approval
3 of an application under this paragraph by
4 the Board with respect to the membership
5 of the credit union.

6 “(ii) SIGNIFICANT UNMET NEEDS
7 PLAN.—The Board may terminate the ap-
8 proval of an application under this para-
9 graph with respect to the membership of a
10 Federal credit union upon a finding that
11 the credit union is not meeting the terms
12 of the significant unmet needs plan of the
13 credit union submitted under subsection
14 (h)(1).

15 “(C) CREDIT UNION REPORTING REQUIRE-
16 MENT.—Any Federal credit union that has an
17 application approved under this paragraph
18 shall, as part of the ordinary course of the ex-
19 amination cycle and supervision process, submit
20 a report to the Administration that includes—

21 “(i) the number of members of the
22 credit union who are members by reason of
23 the application;

24 “(ii) the number of offices or facilities
25 maintained by the credit union in the local

1 community, neighborhood, or rural district
2 taken into account by the Board in approv-
3 ing the application; and

4 “(iii) evidence, as specified by the
5 Board by regulation, demonstrating com-
6 pliance by the credit union with the signifi-
7 cant unmet needs plan submitted by the
8 credit union under subsection (h)(1), as
9 specified by the Administration.

10 “(D) PUBLICATION BY ADMINISTRA-
11 TION.—The Administration shall publish an an-
12 nual report containing—

13 “(i) a list of all the applications ap-
14 proved under this paragraph before the
15 date on which the report is published;

16 “(ii) the number and locations of the
17 underserved areas taken into account in
18 approving those applications;

19 “(iii) the total number of members of
20 credit unions who are members by reason
21 of the approval of those applications; and

22 “(iv) evidence demonstrating compli-
23 ance by credit unions with significant
24 unmet needs plans submitted by the credit

1 unions under subsection (h)(1), as speci-
2 fied by the Administration.”;

3 (B) in subsection (e)(2), by inserting “sub-
4 section (c)(2) and” after “provided in”; and

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

6 “(h) ADDITIONAL REQUIREMENTS FOR COMMUNITY
7 CREDIT UNIONS.—

8 “(1) IN GENERAL.—A Federal credit union de-
9 siring a field of membership as a credit union de-
10 scribed in subsection (b)(3) shall submit to the
11 Board a business plan, which shall include, among
12 other issues, a marketing plan that identifies—

13 “(A) the unique needs of the various demo-
14 graphic groups in the proposed community; and

15 “(B) how the credit union will market to
16 each group, particularly underserved groups, to
17 address those needs.

18 “(2) PUBLIC COMMENT AND HEARING.—With
19 respect to a Federal credit union desiring a field of
20 membership as a credit union described in sub-
21 section (b)(3) for an area with multiple political ju-
22 risdictions with a population of not less than
23 2,500,000, the Administration shall—

1 “(A) publish a notice in the Federal Reg-
2 ister seeking comment from interested parties
3 about the proposed community; and

4 “(B) conduct a public hearing regarding
5 the application of the Federal credit union.”.

6 (b) REGULATIONS.—Not later than 1 year after the
7 date of enactment of this Act, the National Credit Union
8 Administration Board shall issue final regulations to im-
9 plement the amendments made by subsection (a).

10 **SEC. 205. RAISING PUBLIC WELFARE CAPS.**

11 (a) NATIONAL BANKS.—The paragraph designated
12 as the “Eleventh.” of section 5136 of the Revised Statutes
13 of the United States (12 U.S.C. 24) is amended to read
14 as follows: “Eleventh. To make investments directly or in-
15 directly, each of which promotes the public welfare by ben-
16 efitting primarily low- and moderate-income communities
17 or families (such as by providing housing, services, or
18 jobs). An association shall not make any such investment
19 if the investment would expose the association to unlimited
20 liability. The Comptroller of the Currency shall limit an
21 association’s investments in any 1 project and an associa-
22 tion’s aggregate investments under this paragraph. Aggre-
23 gate investments for associations that do not meet the cri-
24 teria of being well capitalized, as defined in section 24.2(e)
25 of title 12, Code of Federal Regulations, or any successor

1 regulation, under this paragraph shall not exceed an
2 amount equal to the sum of 5 percent of the association's
3 capital stock actually paid in and unimpaired and 5 per-
4 cent of the association's unimpaired surplus fund, unless
5 the Comptroller determines by order that the higher
6 amount will pose no significant risk to the affected deposit
7 insurance fund, and the association is adequately capital-
8 ized. In no case shall aggregate investments of an associa-
9 tion that do not meet the criteria for being well capitalized
10 under this paragraph exceed an amount equal to the sum
11 of 15 percent of the association's capital stock actually
12 paid in and unimpaired and 15 percent of the association's
13 unimpaired surplus fund. Aggregate investments of well
14 capitalized associations, as defined in section 24.2(e) of
15 title 12, Code of Federal Regulations, or any successor
16 regulation, under this paragraph shall not exceed an
17 amount equal to the sum of 15 percent of the association's
18 capital stock actually paid in and unimpaired and 15 per-
19 cent of the association's unimpaired surplus fund, unless
20 the Comptroller determines by order that the higher
21 amount will pose no significant risk to the affected deposit
22 insurance fund. With respect to any association that meets
23 the criteria for being well capitalized, as defined in section
24 24.2(e) of title 12, Code of Federal Regulations, or any
25 successor regulation, aggregate investments under this

1 paragraph shall not exceed an amount equal to the sum
2 of 25 percent of the association's capital stock actually
3 paid in and unimpaired and 25 percent of the association's
4 unimpaired surplus fund. The foregoing standards and
5 limitations apply to investments under this paragraph
6 made by a national bank directly and by its subsidiaries.”.

7 (b) CONFORMING AMENDMENTS FOR STATE MEM-
8 BER BANKS.—The 23rd undesignated paragraph of sec-
9 tion 9 of the Federal Reserve Act (12 U.S.C. 338a) is
10 amended to read as follows:

11 “A State member bank may make investments di-
12 rectly or indirectly, each of which promotes the pub-
13 lic welfare by benefitting primarily low- and mod-
14 erate-income communities or families (such as by
15 providing housing, services, or jobs), to the extent
16 permissible under State law. A State member bank
17 shall not make any such investment if the invest-
18 ment would expose the State member bank to unlim-
19 ited liability. Aggregate investments for State mem-
20 ber banks that do not meet the criteria of being well
21 capitalized, as defined in section 208.43(b) of title
22 12, Code of Federal Regulations, or any successor
23 regulation, under this paragraph shall not exceed an
24 amount equal to the sum of 5 percent of the associa-
25 tion's capital stock actually paid in and unimpaired

1 and 5 percent of the association's unimpaired sur-
2 plus fund, unless the Board determines by order
3 that the higher amount will pose no significant risk
4 to the affected deposit insurance fund, and the asso-
5 ciation is adequately capitalized. In no case shall ag-
6 gregate investments of a State member bank that
7 does not meet the criteria for being well capitalized
8 under this paragraph exceed an amount equal to the
9 sum of 15 percent of the association's capital stock
10 actually paid in and unimpaired and 15 percent of
11 the association's unimpaired surplus fund. Aggre-
12 gate investments of well capitalized State member
13 banks, as defined in section 208.43(b) of title 12,
14 Code of Federal Regulations, or any successor regu-
15 lation, with an examination rating under section 804
16 of the Community Reinvestment Act of 1977 (12
17 U.S.C. 2903) of 'outstanding' or 'satisfactory',
18 under this paragraph shall not exceed an amount
19 equal to the sum of 15 percent of the State member
20 bank's capital stock actually paid in and unimpaired
21 and 15 percent of the state member Bank's
22 unimpaired surplus fund, unless the Board deter-
23 mines by order that the higher amount will pose no
24 significant risk to the affected deposit insurance
25 fund. With respect to any State member bank that

1 meets meet the criteria for being well capitalized as
 2 defined in section 208.43(b) of title 12, Code of
 3 Federal Regulations, or any successor regulation,
 4 with an examination rating under section 804 of the
 5 Community Reinvestment Act of 1977 (12 U.S.C.
 6 2903) of ‘outstanding’ or ‘satisfactory’, aggregate
 7 investments under this paragraph shall not exceed
 8 an amount equal to the sum of 25 percent of the
 9 State member bank’s capital stock actually paid in
 10 and unimpaired and 25 percent of the State member
 11 bank’s unimpaired surplus fund. The foregoing
 12 standards and limitations apply to investments
 13 under this paragraph made by a State member bank
 14 directly and by its subsidiaries.”.

15 **SEC. 206. TEMPORARY ELIGIBILITY OF CERTAIN DIRECT**
 16 **DESCENDANTS OF CERTAIN VETERANS FOR**
 17 **HOUSING LOANS GUARANTEED BY THE SEC-**
 18 **RETARY OF VETERANS AFFAIRS.**

19 (a) IN GENERAL.—During the period described in
 20 subsection (b)—

21 (1) section 3701(b) of title 38, United States
 22 Code, shall be applied and administered by adding at
 23 the end the following new paragraph:

24 “(8)(A) The term ‘veteran’ also includes, for
 25 purposes of home loans, any direct descendant of a

1 veteran described in subparagraph (B) if the de-
2 scendant—

3 “(i) is living on the date of the enactment
4 of the American Housing and Economic Mobil-
5 ity Act of 2024;

6 “(ii) is a first-time homebuyer; and

7 “(iii) is a first-generation homebuyer.

8 “(B) A veteran described in this clause is a vet-
9 eran who—

10 “(i) served on active duty at any time dur-
11 ing the period between June 22, 1944, and
12 April 11, 1968;

13 “(ii) is deceased; and

14 “(iii) did not receive a housing loan benefit
15 under this chapter during his or her lifetime.

16 “(C) In this paragraph:

17 “(i) The term ‘direct descendant’ includes
18 a legally adopted descendant.

19 “(ii) The terms ‘first-generation home-
20 buyer’ and ‘first-time homebuyer’ have the
21 meanings given those terms in section 201(a) of
22 the American Housing and Economic Mobility
23 Act of 2024.”; and

1 (2) section 3702(a)(2) of such title shall be ap-
2 plied and administered by adding at the end the fol-
3 lowing new subparagraph:

4 “(H) Each direct descendant described in sec-
5 tion 3701(b)(8) of this title.”.

6 (b) PERIOD DESCRIBED.—The period described in
7 this subsection is the period beginning one year after the
8 date of the enactment of this Act and ending ten years
9 after the date on which the Secretary of Veterans Affairs
10 prescribes the regulations required by subsection (c).

11 (c) REGULATIONS.—

12 (1) IN GENERAL.—Not later than 180 days
13 after the date of the enactment of this Act, the Sec-
14 retary of Veterans Affairs shall prescribe regulations
15 to carry out this section.

16 (2) ELEMENTS.—The regulations required by
17 paragraph (1) shall provide rules and procedures for
18 determining—

19 (A) the eligibility of a direct descendant
20 for housing loan benefits under this section
21 when the records of the Veterans Benefits Ad-
22 ministration are incomplete or otherwise inad-
23 equate to verify eligibility; and

24 (B) appropriate implementation of this sec-
25 tion if more than one direct descendant of a

1 veteran seeks housing loan benefits under this
2 section.

3 **TITLE III—REMOVING BARRIERS**
4 **THAT ISOLATE COMMUNITIES**

5 **SEC. 301. EXPANDING RIGHTS UNDER THE FAIR HOUSING**
6 **ACT.**

7 (a) PURPOSES.—The purposes of the amendments
8 made by this section are—

9 (1) to expand, as well as clarify, confirm, and
10 create greater consistency in, the protections against
11 discrimination on the basis of all covered character-
12 istics; and

13 (2) to provide guidance and notice to individ-
14 uals, organizations, corporations, and agencies re-
15 garding their obligations under Federal law.

16 (b) AMENDMENTS TO THE FAIR HOUSING ACT.—
17 The Fair Housing Act (42 U.S.C. 3601 et seq.) is amend-
18 ed—

19 (1) in section 802 (42 U.S.C. 3602), by adding
20 at the end the following:

21 “(p) ‘Gender identity’ means the gender-related iden-
22 tity, appearance, or mannerisms or other gender-related
23 characteristics of an individual, regardless of the individ-
24 ual’s designated sex at birth.

1 “(q) ‘Marital status’ has the meaning given the term
2 in section 202.2 of title 12, Code of Federal Regulations,
3 or any successor regulation.

4 “(r) ‘Sexual orientation’ means homosexuality, het-
5 erosexuality, or bisexuality.

6 “(s) ‘Source of income’ includes income for which
7 there is a reasonable expectation that the income will con-
8 tinue from—

9 “(1) a profession, occupation, or job;

10 “(2) any government or private assistance,
11 grant, loan, or rental assistance program, including
12 vouchers issued under the United States Housing
13 Act of 1937 (42 U.S.C. 1437 et seq.);

14 “(3) a gift, an inheritance, a pension, an annu-
15 ity, alimony, child support, or other consideration or
16 benefit; or

17 “(4) the sale or pledge of property or an inter-
18 est in property.

19 “(t) ‘Veteran status’ means—

20 “(1) a member of the uniformed services, as de-
21 fined in section 101 of title 10, United States Code;
22 or

23 “(2) a veteran, as defined in section 101 of title
24 38, United States Code.”;

25 (2) in section 804 (42 U.S.C. 3604)—

1 (A) by inserting “actual or perceived” be-
2 fore “race, color” each place that term appears;

3 (B) by striking “sex,” each place that term
4 appears and inserting “sex (including sexual
5 orientation and gender identity), marital status,
6 source of income, veteran status,”; and

7 (C) in subsection (c)—

8 (i) by inserting “(1)” before “To
9 make”; and

10 (ii) by adding at the end the fol-
11 lowing:

12 “(2) Nothing in this title shall be construed to—

13 “(A) prohibit a lender from implementing a
14 loan program for veterans or based upon veteran
15 status; or

16 “(B) prohibit an entity from providing housing
17 assistance under—

18 “(i) section 8(o)(19) of the United States
19 Housing Act of 1937 (42 U.S.C. 1437f(o)(19));

20 “(ii) the Homeless Providers Grant and
21 Per Diem program of the Department of Vet-
22 erans Affairs; or

23 “(iii) any other Federal housing assistance
24 program for veterans or based on veteran sta-
25 tus.”;

1 (3) in section 805 (42 U.S.C. 3605)—

2 (A) by inserting “actual or perceived” be-
3 fore “race, color” each place that term appears;
4 and

5 (B) by striking “sex,” each place that term
6 appears and inserting “sex (including sexual
7 orientation and gender identity), marital status,
8 source of income, veteran status,”;

9 (4) in section 806 (42 U.S.C. 3606)—

10 (A) by inserting “actual or perceived” be-
11 fore “race, color”; and

12 (B) by striking “sex,” each place that term
13 appears and inserting “sex (including sexual
14 orientation and gender identity), marital status,
15 source of income, veteran status,”; and

16 (5) in section 808(e)(6) (42 U.S.C. 3608(e)(6)),
17 by striking “sex,” and inserting “sex (including sex-
18 ual orientation and gender identity), marital status,
19 source of income, veteran status,”.

20 (c) PREVENTION OF INTIMIDATION.—Section 901 of
21 the Civil Rights Act of 1968 (42 U.S.C. 3631) is amend-
22 ed—

23 (1) by inserting “actual or perceived” before
24 “race, color” each place that term appears; and

1 (2) by striking “sex,” each place that term ap-
 2 pears and inserting “sex (including sexual orienta-
 3 tion (as such term is defined in section 802 of this
 4 Act) and gender identity (as defined in section 802
 5 of this Act)), marital status (as defined in section
 6 802), source of income (as defined in section 802),
 7 veteran status (as defined in section 802),”.

8 (d) **RULE OF CONSTRUCTION.**—Nothing in the
 9 amendments made by this section shall be construed to
 10 mean that a particular class of individuals was not pro-
 11 tected against discrimination under Federal law as in ef-
 12 fect on the day before the date of enactment of this Act.

13 **SEC. 302. IMPROVING OUTCOMES IN HOUSING ASSISTANCE**
 14 **PROGRAMS.**

15 (a) **INDIAN HOUSING ASSISTANCE.**—Section 502 of
 16 the Native American Housing Assistance and Self-Deter-
 17 mination Act of 1996 (25 U.S.C. 4181) is amended by
 18 adding at the end the following:

19 “(c) **APPLICABILITY.**—Subsections (a) and (b) shall
 20 not apply with respect to tenant-based assistance provided
 21 under section 8(o) of the United States Housing Act of
 22 1937 (42 U.S.C. 1437f(o)).”.

23 (b) **SUPPLEMENTAL ADMINISTRATIVE FEE.**—Section
 24 8(q)(2)(B) of the United States Housing Act of 1937 (42
 25 U.S.C. 1437f(q)(2)(B)) is amended by inserting “, includ-

1 ing the cost of assisting families with children or families
 2 with a member with a disability that move to lower pov-
 3 erty, higher opportunity neighborhoods (as determined by
 4 the Secretary based on objective, evidence-based criteria)”
 5 after “programs”.

6 (c) REGIONAL PLANNING TO INCREASE ACCESS TO
 7 HIGHER OPPORTUNITY AREAS.—Section 8(o) of the
 8 United States Housing Act of 1937 (42 U.S.C. 1437f(o))
 9 is amended by adding at the end the following:

10 “(22) INCREASING ACCESS TO HIGHER OPPOR-
 11 TUNITY AREAS.—

12 “(A) LOCATION ANALYSIS.—

13 “(i) IN GENERAL.—A public housing
 14 agency that administers the program
 15 under this subsection in a metropolitan
 16 area shall—

17 “(I) analyze the locations where
 18 the participants in the program of the
 19 public housing agency live; and

20 “(II) based on the analysis de-
 21 scribed in subclause (I), establish poli-
 22 cies and practices to reduce disparities
 23 and barriers to access to locations
 24 throughout the metropolitan area that
 25 evidence indicates are more likely to

1 improve outcomes for children or
2 adults.

3 “(ii) CONSIDERATIONS.—The location
4 analysis required under this subparagraph
5 shall—

6 “(I) consider separately the loca-
7 tions of families with children, house-
8 holds that include a person with dis-
9 abilities, and other groups protected
10 under the Fair Housing Act (42
11 U.S.C. 3601 et seq.); and

12 “(II) include an analysis of the
13 locations in relation to dwelling units
14 with rents that are potentially afford-
15 able to voucher holders and the likely
16 impact of key neighborhood attributes
17 on their well-being and long-term suc-
18 cess, based on Federal and available
19 local data.

20 “(iii) MAPPING TOOLS.—The Sec-
21 retary shall—

22 “(I) provide mapping tools and
23 other information necessary for a pub-
24 lic housing agency to perform the lo-
25 cation analysis under this subpara-

1 graph using the demographic data on
2 participating families submitted to the
3 Secretary under part 908 of title 24,
4 Code of Federal Regulations, or any
5 successor regulation;

6 “(II) publish a notice in the Fed-
7 eral Register, subject to public com-
8 ment, that specifies the data sources
9 and definitions that will be incor-
10 porated in each mapping tool required
11 under subclause (I); and

12 “(III) update the notice required
13 under subclause (II) as needed based
14 on changes in the availability of rel-
15 evant data or evidence of neighbor-
16 hood attributes likely to impact the
17 well-being and long-term success of
18 participants in the program under this
19 subsection.

20 “(iv) FREQUENCY AND AVAIL-
21 ABILITY.—The location analysis required
22 under this subparagraph shall—

23 “(I) be performed by each public
24 housing agency described in clause (i)

1 not less frequently than once every 5
2 years;

3 “(II) be performed by all public
4 housing agencies in a metropolitan
5 area in the same year, as determined
6 by the Secretary; and

7 “(III) be made available to the
8 public in a manner that protects the
9 privacy of program participants.

10 “(B) REGIONAL POLICIES TO INCREASE
11 ACCESS TO HIGHER OPPORTUNITY NEIGHBOR-
12 HOODS.—Each public housing agency described
13 in subparagraph (A)(i) shall—

14 “(i) consult with other such public
15 housing agencies in the same metropolitan
16 area, or smaller regional area approved by
17 the Secretary, about the possible barriers
18 and other reasons for the disparities iden-
19 tified in the location analysis required
20 under subparagraph (A);

21 “(ii) identify policies or practices that
22 those public housing agencies could adopt
23 individually or in collaboration, or other
24 strategies that recipients of grants or other
25 funding from the Secretary could adopt, to

1 reduce the barriers and disparities and in-
 2 crease the share of families with children
 3 and other demographic groups using
 4 vouchers in higher-opportunity neighbor-
 5 hoods in the metropolitan area or region;
 6 and

7 “(iii) include in the administrative
 8 plan required under section 982.54 of title
 9 24, Code of Federal Regulations, or any
 10 successor regulation, the policies that the
 11 public housing agency has adopted under
 12 this paragraph.

13 “(C) ASSESSMENT.—The Secretary shall
 14 include public housing agency performance in
 15 achieving the goal described in subparagraph
 16 (A)(i)(II) in the periodic assessment of agency
 17 performance in managing the program under
 18 this subsection required under part 985 of title
 19 24, Code of Federal Regulations, or any suc-
 20 cessor regulation.”.

21 (d) REQUIRED REGULATORY CHANGES TO PUBLIC
 22 HOUSING AGENCY CONSORTIA.—

23 (1) DEFINITIONS.—In this subsection:

24 (A) MOVING TO WORK DEMONSTRATION
 25 PROGRAM.—The term “Moving to Work dem-

1 onstration program” means the program estab-
2 lished under section 204 of the Departments of
3 Veterans Affairs and Housing and Urban De-
4 velopment, and Independent Agencies Appro-
5 priations Act, 1996 (Public Law 104–134; 110
6 Stat. 1321–281).

7 (B) PUBLIC HOUSING AGENCY.—The term
8 “public housing agency” has the meaning given
9 the term in section 3(b)(6) of the United States
10 Housing Act of 1937 (42 U.S.C. 1437a(b)(6)).

11 (2) REQUIREMENT.—Not later than 1 year
12 after the date of enactment of this Act, the Sec-
13 retary of Housing and Urban Development shall es-
14 tablish policies and procedures that—

15 (A) enable public housing agencies that
16 elect to operate in consortia under section 13(a)
17 of the United States Housing Act of 1937 (42
18 U.S.C. 1437k(a)), excluding public housing
19 agencies participating in the Moving to Work
20 demonstration program—

21 (i) to consolidate their funding con-
22 tracts for assistance provided under section
23 8(o) of such Act (42 U.S.C. 1437f(o)) into
24 a single contract;

(ii) to consolidate their funding contracts for assistance provided under subsections (d) and (e) of section 9 of such Act (42 U.S.C. 1437g); or

(iii) to exercise the consolidation options under each of clauses (i) and (ii); and

(B) enable public housing agencies to form partial consortia under such section 13(a) (42 U.S.C. 1437k(a)) that consolidate the administration of certain aspects of their housing programs to increase access to higher-opportunity areas or for other purposes, subject to such requirements as the Secretary may establish.

(3) MOVING TO WORK AGENCIES.—Any flexibility or waiver applicable to the Moving to Work demonstration program shall not apply to any activities or funds administered through a partial consortium formed under paragraph (2)(B) by 1 or more public housing agencies participating in the Moving to Work demonstration program.

TITLE IV—ESTATE TAX REFORM

SEC. 401. AMENDMENT TO INTERNAL REVENUE CODE OF 1986.

Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms

1 of an amendment to, or repeal of, a section or other provi-
 2 sion, the reference shall be considered to be made to a
 3 section or other provision of the Internal Revenue Code
 4 of 1986.

5 **SEC. 402. RATE ADJUSTMENT.**

6 (a) INCREASE IN ESTATE TAX RATES.—The table
 7 contained in section 2001(c) is amended to read as follows:

If the amount with respect to which the tentative tax to be computed is:	The tentative tax is:
Not over \$13,000,000	55 percent of such amount.
Over \$13,000,000 but not over \$93,000,000.	\$7,150,000, plus 60 percent of the excess of such amount over \$13,000,000.
Over \$93,000,000	\$55,150,000, plus 65 percent of the excess of such amount over \$93,000,000.

8 (b) REDUCTION OF BASIC EXCLUSION AMOUNT.—
 9 Paragraph (3) of section 2010(c) is amended to read as
 10 follows:

11 “(3) BASIC EXCLUSION AMOUNT.—For pur-
 12 poses of this subsection, the basic exclusion amount
 13 is \$3,500,000.”.

14 (c) SURTAX ON BILLION DOLLAR ESTATES.—Section
 15 2001 is amended—

16 (1) in subsection (b), by striking “The tax” and
 17 inserting “Subject to subsection (h), the tax”, and

18 (2) by adding at the end the following new sub-
 19 section:

20 “(h) SURTAX ON BILLION DOLLAR ESTATES.—

1 “(1) IN GENERAL.—In the case of a taxable es-
 2 tate for which the applicable amount is in excess of
 3 \$1,000,000,000, the tax determined under sub-
 4 section (b) shall be increased by an amount equal to
 5 10 percent of such applicable amount.

6 “(2) APPLICABLE AMOUNT.—For purposes of
 7 this subsection, the applicable amount shall be equal
 8 to the sum of the amounts under subparagraphs (A)
 9 and (B) of paragraph (1) of subsection (b) for the
 10 taxable estate.”.

11 (d) EFFECTIVE DATE.—The amendments made by
 12 this section shall apply to estates of decedents dying, and
 13 generation-skipping transfers and gifts made, after the
 14 date of the enactment of this Act.

15 **SEC. 403. REQUIRED MINIMUM 10-YEAR TERM, ETC., FOR**
 16 **GRANTOR RETAINED ANNUITY TRUSTS.**

17 (a) IN GENERAL.—Subsection (b) of section 2702 is
 18 amended—

19 (1) by redesignating paragraphs (1), (2), and
 20 (3) as subparagraphs (A), (B), and (C), respectively,
 21 and by moving such subparagraphs (as so redesign-
 22 ated) 2 ems to the right;

23 (2) by striking “For purposes of” and inserting
 24 the following:

25 “(1) IN GENERAL.—For purposes of”;

1 (3) by striking “paragraph (1) or (2)” in para-
2 graph (1)(C) (as so redesignated) and inserting
3 “subparagraph (A) or (B)”; and

4 (4) by adding at the end the following new
5 paragraph:

6 “(2) ADDITIONAL REQUIREMENTS WITH RE-
7 SPECT TO GRANTOR RETAINED ANNUITIES.—For
8 purposes of subsection (a), in the case of an interest
9 described in paragraph (1)(A) (determined without
10 regard to this paragraph) which is retained by the
11 transferor, such interest shall be treated as de-
12 scribed in such paragraph only if—

13 “(A) the right to receive the fixed amounts
14 referred to in such paragraph is for a term of
15 not less than 10 years,

16 “(B) such fixed amounts, when determined
17 on an annual basis, do not decrease relative to
18 any prior year during the first 10 years of the
19 term referred to in subparagraph (A), and

20 “(C) the remainder interest has a value
21 equal to or greater than 10 percent of the value
22 of the assets transferred to the trust, deter-
23 mined as of the time of the transfer.”.

1 (b) EFFECTIVE DATE.—The amendments made by
 2 this section shall apply to transfers made after the date
 3 of the enactment of this Act.

4 **SEC. 404. CERTAIN TRANSFER TAX RULES APPLICABLE TO**
 5 **GRANTOR TRUSTS.**

6 (a) IN GENERAL.—Subtitle B is amended by adding
 7 at the end the following new chapter:

8 **“CHAPTER 16—SPECIAL RULES FOR**
 9 **GRANTOR TRUSTS**

“Sec. 2901. Application of transfer taxes.

10 **“SEC. 2901. APPLICATION OF TRANSFER TAXES.**

11 “(a) IN GENERAL.—In the case of any portion of a
 12 trust to which this section applies—

13 “(1) the value of the gross estate of the de-
 14 ceased deemed owner of such portion shall include
 15 all assets attributable to that portion at the time of
 16 the death of such owner,

17 “(2) any distribution from such portion to one
 18 or more beneficiaries during the life of the deemed
 19 owner of such portion shall be treated as a transfer
 20 by gift for purposes of chapter 12, and

21 “(3) if at any time during the life of the
 22 deemed owner of such portion, such owner ceases to
 23 be treated as the owner of such portion under sub-
 24 part E of part 1 of subchapter J of chapter 1, all

1 assets attributable to such portion at such time shall
2 be treated for purposes of chapter 12 as a transfer
3 by gift made by the deemed owner.

4 “(b) PORTION OF TRUST TO WHICH SECTION AP-
5 PLIES.—This section shall apply to—

6 “(1) the portion of a trust with respect to
7 which the grantor is the deemed owner, and

8 “(2) the portion of the trust to which a person
9 who is not the grantor is a deemed owner by reason
10 of the rules of subpart E of part 1 of subchapter J
11 of chapter 1, and such deemed owner engages in a
12 sale, exchange, or comparable transaction with the
13 trust that is disregarded for purposes of subtitle A.
14 For purposes of paragraph (2), the portion of the trust
15 described with respect to a transaction is the portion of
16 the trust attributable to the property received by the trust
17 in such transaction, including all retained income there-
18 from, appreciation thereon, and reinvestments thereof, net
19 of the amount of consideration received by the deemed
20 owner in such transaction.

21 “(c) EXCEPTIONS.—This section shall not apply to—

22 “(1) any trust that is includible in the gross es-
23 tate of the deemed owner (without regard to sub-
24 section (a)(1)), and

1 “(2) any other type of trust that the Secretary
 2 determines by regulations or other guidance does not
 3 have as a significant purpose the avoidance of trans-
 4 fer taxes.

5 “(d) DEEMED OWNER DEFINED.—For purposes of
 6 this section, the term ‘deemed owner’ means any person
 7 who is treated as the owner of a portion of a trust under
 8 subpart E of part 1 of subchapter J of chapter 1.

9 “(e) REDUCTION FOR TAXABLE GIFTS TO TRUST
 10 MADE BY OWNER.—The amount to which subsection (a)
 11 applies shall be reduced by the value of any transfer by
 12 gift by the deemed owner to the trust previously taken
 13 into account by the deemed owner under chapter 12.

14 “(f) LIABILITY FOR PAYMENT OF TAX.—Any tax im-
 15 posed pursuant to subsection (a) shall be a liability of the
 16 trust.”.

17 (b) CLERICAL AMENDMENT.—The table of chapters
 18 for subtitle B is amended by adding at the end the fol-
 19 lowing new item:

“CHAPTER 16. SPECIAL RULES FOR GRANTOR TRUSTS”.

20 (c) EFFECTIVE DATE.—The amendments made by
 21 this section shall apply—

22 (1) to trusts created on or after the date of the
 23 enactment of this Act;

24 (2) to any portion of a trust established before
 25 the date of the enactment of this Act which is attrib-

1 utable to a contribution made on or after such date;
2 and

3 (3) to any portion of a trust established before
4 the date of the enactment of this Act to which sec-
5 tion 2901(a) of the Internal Revenue Code of 1986
6 (as added by subsection (a)) applies by reason of a
7 transaction described in section 2901(b)(2) of such
8 Code on or after such date.

9 **SEC. 405. ELIMINATION OF GENERATION-SKIPPING TRANS-**
10 **FER TAX EXEMPTION FOR TRANSFERS TO**
11 **CERTAIN PERSONS.**

12 (a) IN GENERAL.—Section 2642 is amended by add-
13 ing at the end the following new subsection:

14 “(h) ELIMINATION OF GST EXEMPTION FOR TRANS-
15 FERS TO CERTAIN PERSONS.—

16 “(1) IN GENERAL.—

17 “(A) TRANSFER TO NON-EXEMPT PER-
18 SON.—In the case of any direct skip or taxable
19 distribution made to any person who is not an
20 exempt person, the inclusion ratio shall be 1.

21 “(B) TAXABLE TERMINATION.—In the
22 case of any taxable termination which occurs at
23 any time immediately after no exempt person is
24 a beneficiary of the trust, the inclusion ratio
25 shall be 1.

1 “(C) EXEMPT PERSON.—

2 “(i) IN GENERAL.—For purposes of
3 this subsection, the term ‘exempt person’
4 means—

5 “(I) a natural person—

6 “(aa) who is assigned to a
7 generation which is 2 or fewer
8 generations below the generation
9 assignment of the transferor, or

10 “(bb) whose date of birth
11 precedes the date on which the
12 trust was created, or

13 “(II) a trust in which all inter-
14 ests are held by persons described in
15 subclause (I).

16 “(ii) EXCEPTION.—For purposes of
17 clause (i)(II), any interest which is used
18 primarily to postpone or avoid the applica-
19 tion of this subsection shall be disregarded.

20 “(2) DATE OF CREATION.—

21 “(A) IN GENERAL.—For purposes of deter-
22 mining the date on which a trust was created
23 under paragraph (1)(C)(i)(I)(bb), if the trust
24 was created before January 1, 2024, such trust

1 shall be deemed to have been created on Janu-
2 ary 1, 2024.

3 “(B) DATE OF CREATION OF POUR-OVER
4 TRUSTS.—

5 “(i) IN GENERAL.—In the case of any
6 generation-skipping transfer of property
7 which involves the transfer of property
8 from one trust to another trust, the date
9 of the creation of the transferee trust shall
10 be treated as being the earlier of—

11 “(I) the date of the creation of
12 such transferee trust, or

13 “(II) the date of the creation of
14 the transferor trust.

15 “(ii) MULTIPLE TRANSFERS.—In the
16 case of multiple transfers to which clause
17 (i) applies—

18 “(I) the date of the creation of
19 the transferor trust shall be deter-
20 mined under such clause, and

21 “(II) subsequent to the deter-
22 mination described in subclause (I),
23 the date of the creation of the trans-
24 feree trust shall be determined under
25 such clause.

1 “(3) GENERATION ASSIGNMENT.—For purposes
2 of this subsection, the provisions of section 2653(a)
3 shall not apply.

4 “(4) REGULATIONS.—The Secretary may pre-
5 scribe such regulations or other guidance as may be
6 necessary or appropriate to carry out this sub-
7 section.”.

8 (b) REPEAL.—Section 1433(b)(2) of the Tax Reform
9 Act of 1986 (Public Law 99–514) is repealed.

10 (c) EFFECTIVE DATES.—

11 (1) IN GENERAL.—The amendment made by
12 subsection (a) shall take effect on the date of the en-
13 actment of this Act.

14 (2) REPEAL.—The amendment made by sub-
15 section (b) shall apply to generation-skipping trans-
16 fers (within the meaning of section 2611 of the In-
17 ternal Revenue Code of 1986) made after the date
18 of enactment of this Act.

19 **SEC. 406. SIMPLIFYING GIFT TAX EXCLUSION FOR ANNUAL**
20 **GIFTS.**

21 (a) IN GENERAL.—Paragraph (1) of section 2503(b)
22 is amended to read as follows:

23 “(1) IN GENERAL.—

24 “(A) LIMIT PER DONEE.—In the case of
25 gifts made to any person by the donor during

1 the calendar year, the first \$10,000 of such
2 gifts to such person shall not, for purposes of
3 subsection (a), be included in the total amount
4 of gifts made during such year.

5 “(B) CUMULATIVE LIMIT PER DONOR.—

6 “(i) IN GENERAL.—The aggregate
7 amount excluded under subparagraph (A)
8 with respect to all transfers described in
9 clause (ii) made by the donor during the
10 calendar year shall not exceed twice the
11 dollar amount in effect under such sub-
12 paragraph for such calendar year.

13 “(ii) TRANSFERS SUBJECT TO LIMITA-
14 TION.—The transfers described in this
15 clause are—

16 “(I) a transfer in trust,

17 “(II) a transfer of an interest in
18 a passthrough entity,

19 “(III) a transfer of an interest
20 subject to a prohibition on sale, and

21 “(IV) any other transfer of prop-
22 erty that, without regard to with-
23 drawal, put, or other such rights in
24 the donee, cannot immediately be liq-
25 uidated by the donee.”.

1 (b) CONFORMING AMENDMENT.—Section 2503 is
 2 amended by striking subsection (c).

3 (c) REGULATIONS.—The Secretary of the Treasury,
 4 or the Secretary of the Treasury’s delegate, may prescribe
 5 such regulations or other guidance as may be necessary
 6 or appropriate to carry out the amendments made by this
 7 section.

8 (d) EFFECTIVE DATE.—The amendments made by
 9 this section shall apply to any calendar year beginning
 10 after the date of the enactment of this Act.

11 **SEC. 407. CLARIFICATION REGARDING DISALLOWANCE OF**
 12 **STEP-UP IN BASIS FOR PROPERTY HELD IN**
 13 **CERTAIN GRANTOR TRUSTS.**

14 (a) IN GENERAL.—Section 1014 is amended—

15 (1) by redesignating subsection (f) as sub-
 16 section (g), and

17 (2) by inserting after subsection (e) the fol-
 18 lowing:

19 “(f) PROPERTY HELD IN CERTAIN GRANTOR
 20 TRUSTS.—This section shall not apply to property—

21 “(1) held in a trust of which the transferor is
 22 considered the owner under subpart E of part I of
 23 subchapter J, and

1 “(2) if, after the transfer of such property to
 2 the trust, such property is not includible in the gross
 3 estate of the transferor for purposes of chapter 11.”.

4 (b) CONFORMING AMENDMENT.—Section 6662(k) is
 5 amended by striking “1014(f)” and inserting “1014(g)”.

6 (c) EFFECTIVE DATE.—The amendments made by
 7 this section shall apply to transfers after the date of the
 8 enactment of this Act.

9 (d) NO INFERENCE.—No inference may be drawn
 10 from the amendments made by this section with respect
 11 to the application of section 1014 of the Internal Revenue
 12 Code of 1986 to property described in subsection (f) of
 13 such section (as added by subsection (a)) which was trans-
 14 ferred on or before the date of enactment of this Act.

15 **SEC. 408. LIMITATION ON DISCOUNTS; VALUATION RULES**
 16 **FOR CERTAIN TRANSFERS OF NONBUSINESS**
 17 **ASSETS.**

18 (a) IN GENERAL.—Chapter 14 of subtitle B is
 19 amended by adding at the end the following new section:

20 **“SEC. 2705. LIMITATION ON DISCOUNTS; VALUATION RULES**
 21 **FOR CERTAIN TRANSFERS OF NONBUSINESS**
 22 **ASSETS.**

23 “(a) LIMITATION ON DISCOUNT BY REASON OF FAM-
 24 ILY CONTROL.—

1 “(1) IN GENERAL.—For purposes of this sub-
2 title, in the case of the transfer of any interest in
3 an entity other than an interest which is actively
4 traded (within the meaning of section 1092), if the
5 transferor, the transferee, and members of the fam-
6 ily of the transferor and transferee have control of
7 such entity immediately before such transfer, no dis-
8 count shall be allowed—

9 “(A) by reason of the fact that the trans-
10 feror or transferee does not have control of
11 such entity,

12 “(B) by reason of the lack of marketability
13 of the interest, or

14 “(C) for any other reason.

15 “(2) DEFINITIONS.—In this subsection, the
16 terms ‘control’ and ‘member of the family’ have the
17 same meanings given such terms in section 2704(c).

18 “(3) ATTRIBUTION.—For purposes of this sec-
19 tion, the rule of section 2701(e)(3) shall apply for
20 purposes of determining the interests held by any in-
21 dividual.

22 “(b) VALUATION RULES FOR CERTAIN TRANSFERS
23 OF NONBUSINESS ASSETS.—

24 “(1) IN GENERAL.—For purposes of this sub-
25 title, in the case of the transfer of any interest in

1 an entity other than an interest which is actively
 2 traded (within the meaning of section 1092)—

3 “(A) the value of any nonbusiness assets
 4 held by the entity with respect to such interest
 5 shall be determined as if the transferor had
 6 transferred such assets directly to the trans-
 7 feree (and no valuation discount shall be al-
 8 lowed with respect to such nonbusiness assets),
 9 and

10 “(B) such nonbusiness assets shall not be
 11 taken into account in determining the value of
 12 the interest in the entity.

13 “(2) NONBUSINESS ASSETS.—For purposes of
 14 this subsection—

15 “(A) IN GENERAL.—The term ‘nonbusi-
 16 ness asset’ means any asset other than an asset
 17 which is used in the active conduct of a trade
 18 or business.

19 “(B) PASSIVE ASSETS TREATED AS NON-
 20 BUSINESS ASSETS.—

21 “(i) IN GENERAL.—For purposes of
 22 subparagraph (A), a passive asset shall be
 23 treated as a nonbusiness asset unless—

24 “(I) the asset is property de-
 25 scribed in paragraph (1) or (4) of sec-

1 tion 1221(a) or is a hedge with re-
2 spect to such property, or

3 “(II) the asset is real property
4 used in the active conduct of 1 or
5 more real property trades or busi-
6 nesses (within the meaning of section
7 469(c)(7)(C)) in which the transferor
8 materially participates and with re-
9 spect to which the transferor meets
10 the requirements of section
11 469(c)(7)(B)(ii).

12 “(ii) MATERIAL PARTICIPATION.—For
13 purposes of clause (i)(II), material partici-
14 pation shall be determined under the rules
15 of section 469(h), except that section
16 469(h)(3) shall be applied without regard
17 to the limitation to farming activity.

18 “(C) WORKING CAPITAL TREATED AS
19 USED IN TRADE OR BUSINESS.—Any asset (in-
20 cluding a passive asset) which is held as a part
21 of the reasonably required working capital
22 needs of a trade or business shall be treated as
23 used in the active conduct of a trade or busi-
24 ness.

1 “(3) PASSIVE ASSET.—For purposes of this
2 subsection, the term ‘passive asset’ means any—

3 “(A) cash or cash equivalents,

4 “(B) stock in a corporation or any other
5 equity, profits, or capital interest in any entity,

6 “(C) evidence of indebtedness, option, for-
7 ward or futures contract, notional principal con-
8 tract, or derivative,

9 “(D) asset described in clause (iii), (iv), or
10 (v) of section 351(e)(1)(B),

11 “(E) annuity,

12 “(F) real property used in 1 or more real
13 property trades or businesses (as defined in sec-
14 tion 469(c)(7)(C)),

15 “(G) asset (other than a patent, trade-
16 mark, or copyright) which produces royalty in-
17 come,

18 “(H) commodity,

19 “(I) collectible (within the meaning of sec-
20 tion 408(m)), or

21 “(J) any other asset specified in regula-
22 tions prescribed by the Secretary.

23 “(4) LOOK-THRU RULE.—

24 “(A) IN GENERAL.—If a nonbusiness asset
25 of an entity described in paragraph (1) consists

1 of a 10-percent interest in any other entity, this
2 subsection shall be applied by disregarding the
3 10-percent interest and by treating the entity
4 as holding directly its ratable share of the as-
5 sets of the other entity.

6 “(B) 10-PERCENT INTEREST.—The term
7 ‘10-percent interest’ means—

8 “(i) in the case of an interest in a cor-
9 poration, direct ownership of at least 10
10 percent (by vote or value) of the stock in
11 such corporation,

12 “(ii) in the case of an interest in a
13 partnership, direct ownership of at least 10
14 percent of the capital or profits interest in
15 the partnership, and

16 “(iii) in any other case, direct owner-
17 ship of at least 10 percent of the beneficial
18 interests in the entity.”.

19 (b) CONFORMING AMENDMENTS.—

20 (1) Section 2031(b) of the Internal Revenue
21 Code of 1986 is amended by inserting “(after appli-
22 cation of section 2705(b))” after “shall be deter-
23 mined”.

1 (2) The table of sections of chapter 14 of sub-
 2 title B of such Code is amended by adding at the
 3 end the following:

“Sec. 2705. Limitation on discounts; valuation rules for certain transfers of
 nonbusiness assets.”.

4 (c) **EFFECTIVE DATE.**—The amendments made by
 5 this section shall apply to transfers after the date of the
 6 enactment of this Act.

7 **SEC. 409. SURCHARGE ON HIGH INCOME ESTATES AND**
 8 **TRUSTS.**

9 (a) **IN GENERAL.**—Subchapter A of chapter 1 is
 10 amended by adding at the end the following new part:

11 **“PART VIII—SURCHARGE ON HIGH INCOME**
 12 **ESTATES AND TRUSTS**

“Sec. 59B. Surcharge on high income estates and trusts.

13 **“SEC. 59B. SURCHARGE ON HIGH INCOME ESTATES AND**
 14 **TRUSTS.**

15 “(a) **GENERAL RULE.**—In the case of an estate or
 16 trust, there is hereby imposed (in addition to any other
 17 tax imposed by this subtitle) a tax equal to the sum of—

18 “(1) 5 percent of so much of the modified ad-
 19 justed gross income of the taxpayer as exceeds
 20 \$200,000, plus

21 “(2) 3 percent of so much of the modified ad-
 22 justed gross income of the taxpayer as exceeds
 23 \$500,000.

1 “(b) MODIFIED ADJUSTED GROSS INCOME.—For
2 purposes of this section—

3 “(1) IN GENERAL.—The term ‘modified ad-
4 justed gross income’ means adjusted gross income
5 reduced by any deduction (not taken into account in
6 determining adjusted gross income) allowed for in-
7 vestment interest (as defined in section 163(d)) or
8 business interest (as defined in section 163(j)).

9 “(2) ADJUSTED GROSS INCOME.—Adjusted
10 gross income shall be determined as provided in sec-
11 tion 67(e) and reduced by the amount allowed as a
12 deduction under section 642(c).

13 “(c) SPECIAL RULES.—

14 “(1) CHARITABLE TRUSTS.—Subsection (a)
15 shall not apply to a trust all the unexpired interests
16 in which are devoted to one or more of the purposes
17 described in section 170(c)(2)(B).

18 “(2) NOT TREATED AS TAX IMPOSED BY THIS
19 CHAPTER FOR CERTAIN PURPOSES.—The tax im-
20 posed under this section shall not be treated as tax
21 imposed by this chapter for purposes of determining
22 the amount of any credit under this chapter (other
23 than sections 27 and 901) or for purposes of section
24 55.

1 “(3) ELECTING SMALL BUSINESS TRUSTS.—For
 2 purposes of the determination of adjusted gross in-
 3 come, section 641(c)(1)(A) shall not apply and all
 4 portions of any electing small business trust shall be
 5 treated as a single trust.

6 “(d) REGULATIONS.—The Secretary shall issue such
 7 regulations or other guidance as may be necessary or ap-
 8 propriate to carry out the purposes of this section, includ-
 9 ing regulations or other guidance to prevent the avoidance
 10 of the purposes of this section.”.

11 (b) COORDINATION WITH CERTAIN PROVISIONS.—

12 (1) INTEREST ON CERTAIN DEFERRED TAX LI-
 13 ABILITY.—Section 453A(c) is amended by redesignig-
 14 nating paragraph (6) as paragraph (7) and by in-
 15 serting after paragraph (5) the following new para-
 16 graph:

17 “(6) SURCHARGE ON HIGH INCOME ESTATES
 18 AND TRUSTS TAKEN INTO ACCOUNT IN DETER-
 19 MINING MAXIMUM RATE OF TAX.—For purposes of
 20 paragraph (3)(B), in the case of an estate or trust,
 21 the maximum rate of tax in effect under section 1
 22 shall be treated as being equal to the sum of such
 23 rate and the rates in effect under paragraphs (1)
 24 and (2) of section 59B(a).”.

25 (2) LIMITATION ON FOREIGN TAX CREDIT.—

1 (A) Section 904(b)(3)(E)(i)(I) is amended
2 by inserting “increased, in the case of an estate
3 or trust, by the sum of the rates set forth in
4 paragraphs (1) and (2) of section 1A(a)” after
5 “(whichever applies)”.

6 (B) Section 904(d)(2)(F) is amended by
7 adding at the end the following: “For purposes
8 of the first sentence of this subparagraph, in
9 the case of an estate or trust, the highest rate
10 of tax specified in section 1 shall be treated as
11 being equal to the sum of such rate and the
12 rates in effect under paragraphs (1) and (2) of
13 section 59B(a).”.

14 (3) ELECTION BY INDIVIDUALS TO BE SUBJECT
15 TO TAX AT CORPORATE RATES.—Section 962(a)(1)
16 is amended by striking “and 55” and inserting “55,
17 and 59B”.

18 (4) INTEREST ON CERTAIN TAX DEFERRAL.—
19 Section 1291(c)(2) is amended by adding at the end
20 the following: “For purposes of the preceding sen-
21 tence, in the case of an estate or trust, the highest
22 rate of tax in effect under section 1 shall be treated
23 as being equal to the sum of such rate and the rates
24 in effect under paragraphs (1) and (2) of section
25 59B(a).”.

1 (5) WITHHOLDING OF TAX ON FOREIGN PART-
2 NERS' SHARE OF EFFECTIVELY CONNECTED IN-
3 COME.—Section 1446(b)(2) is amended by adding at
4 the end the following flush sentence:

5 “For purposes of subparagraph (A), in the case of
6 a partner which is an estate or trust, the highest
7 rate of tax in effect under section 1 shall be treated
8 as being equal to the sum of such rate and the rates
9 in effect under paragraphs (1) and (2) of section
10 59B(a).”.

11 (6) PARTNERSHIP ADJUSTMENTS.—

12 (A) Section 6225(b)(1) is amended by add-
13 ing at the end the following flush sentence:

14 “For purposes of subparagraph (B), in the case of
15 an estate or trust, the highest rate of tax in effect
16 under section 1 shall be treated as being equal to
17 the sum of such rate and the rates in effect under
18 paragraphs (1) and (2) of section 59B(a).”.

19 (B) Section 6225(c)(4)(A) is amended—

20 (i) by striking “subsection (b)(1)(A)”
21 and inserting “subsection (b)(1)(B)”, and

22 (ii) by striking “or” at the end of
23 clause (i), by adding “or” at the end of
24 clause (ii), and by inserting after clause
25 (ii) the following new clause:

1 “(iii) is not an estate or trust subject
 2 to one or both of the rates of tax in effect
 3 under paragraphs (1) and (2) of section
 4 59B(a),”.

5 (7) REQUIRED PAYMENTS FOR ENTITIES
 6 ELECTING NOT TO HAVE REQUIRED TAXABLE
 7 YEAR.—The second sentence of section 7519(b) is
 8 amended by inserting “and, in the case of an estate
 9 or trust, increased by the sum of the rates in effect
 10 under paragraphs (1) and (2) of section 59B(a)” be-
 11 fore the period at the end.

12 (c) CLERICAL AMENDMENT.—The table of parts for
 13 subchapter A of chapter 1 is amended by adding at the
 14 end the following new item:

“PART VIII—SURCHARGE ON HIGH INCOME ESTATES AND TRUSTS”.

15 (d) EFFECTIVE DATE.—The amendments made by
 16 this section shall apply to taxable years beginning after
 17 the date of the enactment of this Act.

18 **SEC. 410. MODIFICATION OF RULES FOR VALUE OF CER-**
 19 **TAIN FARM, ETC., REAL PROPERTY.**

20 (a) IN GENERAL.—Paragraph (2) of section
 21 2032A(a) of the Internal Revenue Code of 1986 is amend-
 22 ed by striking “\$750,000” and inserting “\$3,000,000”.

23 (b) INFLATION ADJUSTMENT.—Paragraph (3) of sec-
 24 tion 2032A(a) of such Code is amended—

25 (1) by striking “1998” and inserting “2025”,

1 (2) by striking “\$750,000” each place it ap-
2 pears and inserting “\$3,000,000”, and

3 (3) by striking “calendar year 1997” and in-
4 serting “calendar year 2024” in subparagraph (B).

5 (c) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to estates of decedents dying, and
7 gifts made, after December 31, 2024.

8 **SEC. 411. MODIFICATION OF ESTATE TAX RULES WITH RE-**
9 **SPECT TO LAND SUBJECT TO CONSERVATION**
10 **EASEMENTS.**

11 (a) MODIFICATION OF EXCLUSION LIMITATION.—
12 Subparagraph (B) of section 2031(c)(1) of the Internal
13 Revenue Code of 1986 is amended by striking “\$500,000”
14 and inserting “\$2,000,000”.

15 (b) MODIFICATION OF APPLICABLE PERCENTAGE.—
16 Paragraph (2) of section 2031(c) of the Internal Revenue
17 Code of 1986 is amended by striking “40 percent” and
18 inserting “60 percent”.

19 (c) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to estates of decedents dying, and
21 gifts made, after December 31, 2024.

1 **TITLE V—ACCESSIBILITY**
2 **REQUIREMENTS**

3 **SEC. 501. ACCESSIBILITY REQUIREMENTS.**

4 In the case of housing that is constructed, altered,
5 or otherwise assisted using amounts made available to the
6 Secretary of Housing and Urban Development under this
7 Act or an amendment made by this Act, sections 8.22 and
8 8.23 of title 24, Code of Federal Regulations (or any suc-
9 cessor regulations) shall be applied such that the number
10 of dwelling units required to be accessible under those sec-
11 tions is twice the number that would otherwise be required
12 to be accessible under those sections.

○