

118TH CONGRESS  
2D SESSION

# S. 4824

To make housing more affordable, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JULY 29, 2024

Ms. WARREN (for herself, Mr. WARNOCK, Mr. BLUMENTHAL, Ms. HIRONO, Mr. MARKEY, Mr. MERKLEY, Mr. SANDERS, and Mr. WELCH) introduced the following bill; which was read twice and referred to the Committee on Finance

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## 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 Af-  
                   fairs.

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 trans-  
                   fers 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 con-  
                   servation easements.

TITLE V—ACCESSIBILITY REQUIREMENTS

- Sec. 501. Accessibility requirements.

1       **TITLE I—MAKING HOUSING**  
 2               **MORE AFFORDABLE**

3   **SEC. 101. LOCAL HOUSING INNOVATION GRANTS.**

4       (a) DEFINITIONS.—In this section:

5               (1)   ELEMENTARY       SCHOOL;       SECONDARY  
 6       SCHOOL.—The terms “elementary school” and “sec-  
 7       ondary school” have the meanings given those terms

1 in section 8101 of the Elementary and Secondary  
2 Education Act of 1965 (20 U.S.C. 7801).

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

5 (A) a State;

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

7 (C) an Indian tribe.

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

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

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

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

24 (b) ESTABLISHMENT.—Not later than 1 year after  
25 the date of enactment of this Act, the Secretary shall es-

1 establish a program to award grants on a competitive basis  
 2 to eligible entities to—

- 3 (1) reform local land use restrictions to bring  
 4 down the costs of producing affordable housing; and
- 5 (2) remove unnecessary barriers to building af-  
 6 fordable units in their communities.

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

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

- 12 (2) carry out any of the activities permitted  
 13 under the Local and Regional Project Assistance  
 14 Program under section 6702 of title 49, United  
 15 States Code; or

- 16 (3) modernize, renovate, or repair facilities used  
 17 by public elementary schools, public secondary  
 18 schools, and public institutions of higher education,  
 19 including modernization, renovation, and repairs  
 20 that—

- 21 (A) promote physical, sensory, and envi-  
 22 ronmental accessibility; and

- 23 (B) are consistent with a recognized green  
 24 building rating system.

25 (d) APPLICATION.—

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

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

9                   (A) include—

10                       (i) establishing “by-right” develop-  
11                       ment, which allows jurisdictions to admin-  
12                       istratively approve new developments that  
13                       are consistent with their zoning code;

14                       (ii) revising or eliminating off-street  
15                       parking requirements to reduce the cost of  
16                       housing production;

17                       (iii) instituting measures that  
18                       incentivize owners of vacant land to rede-  
19                       velop the space into affordable housing or  
20                       other productive uses;

21                       (iv) revising minimum lot size require-  
22                       ments and bans or limits on multifamily  
23                       construction to allow for denser and more  
24                       affordable development;

1 (v) instituting incentives to promote  
 2 dense development, such as density bo-  
 3 nuses;

4 (vi) passing inclusionary zoning ordi-  
 5 nances that require a portion of newly de-  
 6 veloped units to be reserved for low- and  
 7 moderate-income renters or homebuyers;

8 (vii) streamlining regulatory require-  
 9 ments and shortening processes, reforming  
 10 zoning codes, or other initiatives that re-  
 11 duce barriers to housing supply elasticity  
 12 and affordability;

13 (viii) allowing accessory dwelling  
 14 units;

15 (ix) using local tax incentives to pro-  
 16 mote development of affordable housing;  
 17 and

18 (x) implementing measures that pro-  
 19 tect tenants from harassment and displace-  
 20 ment, including—

21 (I) providing access to counsel  
 22 for tenants facing eviction;

23 (II) the prohibition of eviction ex-  
 24 cept for just cause;

1 (III) measures intended to pre-  
 2 vent or mitigate sudden increases in  
 3 rents;

4 (IV) the repeal of laws that pre-  
 5 vent localities from implementing a  
 6 measure described in subclause (I),  
 7 (II), or (III);

8 (V) protections against construc-  
 9 tive eviction;

10 (VI) tenant right-to-organize  
 11 laws;

12 (VII) a cause of action for ten-  
 13 ants to sue landlords who threaten or  
 14 begin an illegal eviction; and

15 (VIII) landlord-tenant mediation  
 16 or other non-eviction diversion pro-  
 17 grams; and

18 (B) do not include activities that alter or-  
 19 dinances that govern wage and hour laws, fam-  
 20 ily and medical leave laws, health and safety re-  
 21 quirements, prevailing wage laws, or protections  
 22 for workers' health and safety, anti-discrimina-  
 23 tion, and right to organize.

24 (3) RELATION TO CONSOLIDATED PLAN.—An  
 25 eligible entity shall include in an application sub-

mitted under paragraph (1) a description of how the planning and development of eligible activities described in subsection (c) may advance an objective, or an aspect of an objective, included in the comprehensive housing affordability strategy and community development plan of the eligible entity under part 91 of title 24, Code of Federal Regulations, or any successor regulation (commonly referred to as a “consolidated plan”).

(e) LABOR LAWS.—

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

(2) AUTHORITY AND FUNCTIONS.—With respect to the labor standards specified in paragraph (1), the Secretary of Labor shall have the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (64 Stat. 1267; 5 U.S.C.

1 App.) and section 3145 of title 40, United States  
2 Code.

3 (f) AUTHORIZATION OF APPROPRIATIONS.—There is  
4 authorized to be appropriated to carry out this section  
5 \$2,000,000,000 for each of fiscal years 2025 through  
6 2029.

7 **SEC. 102. INVESTING IN AFFORDABLE HOUSING INFRA-**  
8 **STRUCTURE.**

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

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

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

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

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

4               “(A) CAPITAL FUND.—For allocations of  
 5       assistance from the Capital Fund,  
 6       \$70,000,000,000 for fiscal year 2025.”.

7       (d) INDIAN HOUSING BLOCK GRANT PROGRAM.—  
 8   Section 108 of the Native American Housing Assistance  
 9   and Self-Determination Act of 1996 (25 U.S.C. 4117) is  
 10   amended—

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

16           (2) by striking the second sentence.

17       (e) NATIVE HAWAIIAN HOUSING BLOCK GRANT PRO-  
 18   GRAM.—Section 824 of the Native American Housing As-  
 19   sistance and Self-Determination Act of 1996 (25 U.S.C.  
 20   4243) is amended by striking “such sums as may be nec-  
 21   essary for each of fiscal years 2001, 2002, 2003, 2004,  
 22   and 2005” and inserting “\$50,000,000 for fiscal year  
 23   2025 and such sums as may be necessary for each of fiscal  
 24   years 2026 through 2034”.

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

4 (1) to provide direct loans under section 502 of  
 5 the Housing Act of 1949 (42 U.S.C. 1472),  
 6 \$420,000,000;

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

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

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

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

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

20 (g) MIDDLE CLASS HOUSING EMERGENCY FUND.—

21 (1) DEFINITIONS.—In this subsection—

22 (A) the term “affordable rental housing  
 23 unit” means a unit for which monthly rent is  
 24 30 percent or less than the monthly area me-  
 25 dian income; and

1 (B) the term “State” has the meaning  
2 given the term in section 3(b)(7) of the United  
3 States Housing Act of 1937 (42 U.S.C.  
4 1437a(b)(7)).

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

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

17 (A) there is a shortage of affordable rental  
18 housing units available to individuals with an  
19 income that is at or below the area median in-  
20 come and median rents have risen on average  
21 over the preceding 5 years substantially faster  
22 than the area median income; or

23 (B) there is a shortage of housing units  
24 available for sale that are affordable to individ-  
25 uals with an income that is at or below the area

1 median income and median home prices have  
2 risen on average over the preceding 5 years  
3 substantially faster than the area median in-  
4 come.

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

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

16 (B) measures to prevent tenant displace-  
17 ment and harassment, including—

18 (i) the provision of legal advice and  
19 representation for tenants facing eviction;

20 (ii) enforcement of anti-harassment  
21 laws;

22 (iii) emergency rental assistance; and

23 (iv) other measures as specified by the  
24 Secretary of Housing and Urban Develop-  
25 ment.

1 (5) LABOR LAWS.—

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

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

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

23 (A) the metrics that the Secretary will use  
24 to determine eligibility for a grant under this  
25 subsection;

(B) a requirement that grantees and subgrantees consult with impacted communities in policymaking and planning for the construction or acquisition of housing units as described in paragraph 4(A); and

(C) a requirement that all housing units constructed or acquired using grants awarded under the subsection are affordable to residents making less than 120 percent of the area median income in perpetuity.

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

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

(a) FINDINGS.—Congress finds that—

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

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

1 (A) preserve owner-occupied homes with  
 2 mortgages insured by the Federal Housing Ad-  
 3 ministration or purchased by the Federal Na-  
 4 tional Mortgage Association or the Federal  
 5 Home Loan Mortgage Corporation for contin-  
 6 ued use as owner-occupied homes; and

7 (B) direct that, upon the sale of those  
 8 properties or transfer of those mortgages, cer-  
 9 tain percentages of those properties are sold to  
 10 low- and moderate-income homeowners.

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

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

16 “(a) DEFINITIONS.—In this section—

17 “(1) the term ‘Claim Without Conveyance of  
 18 Title program’ means the program of the Federal  
 19 Housing Administration carried out under section  
 20 203.368 of title 24, Code of Federal Regulations, or  
 21 any successor regulation; and

22 “(2) the term ‘community partner’ has the  
 23 meaning given the term ‘nonprofit organization’ in  
 24 section 229 of the Low-Income Housing Preserva-

1       tion and Resident Homeownership Act of 1990 (12  
2       U.S.C. 4119).

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

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

12               “(2) to community partners that will—

13                       “(A) rehabilitate or develop the property;

14                       and

15                       “(B) sell the property to an owner-occu-  
16                       pant.

17      “(c) GUIDELINES.—Not later than 1 year after the  
18      date of enactment of this section, the Secretary shall de-  
19      velop guidelines for the Claim Without Conveyance of Title  
20      program that provide an exclusive listing period during  
21      which only eligible Governmental Entities, HUD-approved  
22      Nonprofit Organizations, and Owner-Occupant Buyers  
23      may submit bids.

24      “(d) ANTI-PREDATORY FEATURE.—Unless the Sec-  
25      retary provides prior approval, the Secretary shall prohibit

1 any purchaser of a real estate-owned property of the Fed-  
 2 eral Housing Administration from reselling the property  
 3 within 15 years of purchase using a land installment con-  
 4 tract or through any other mechanism that does not trans-  
 5 fer title to the buyer at the time of sale.

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

7 “(a) DEFINITIONS.—In this section—

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

10 “(2) the term ‘covered mortgage’—

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

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

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

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

20 “(1) IN GENERAL.—The Secretary—

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

23 “(i) the capital level of the Fund is  
 24 substantially below the capital ratio re-  
 25 quired under section 205(f)(2);

1 “(ii) the Secretary certifies that other  
 2 reasonable measures are not available to  
 3 restore the Fund to that capital ratio; and

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

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

9 “(2) REQUIREMENTS FOR THE SECRETARY.—

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

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

22 “(ii) includes—

23 “(I) a description of the loss  
 24 mitigation options of the Federal  
 25 Housing Administration that are

1 available to borrowers in financial dis-  
2 tress and the obligation of servicers to  
3 consider borrowers in default for those  
4 options;

5 “(II) a description of the actions  
6 that the servicer of the loan has taken  
7 to review and implement those options  
8 for the borrower; and

9 “(III) a description of the proce-  
10 dures the borrower may use to contest  
11 with the Secretary the compliance by  
12 the servicer with that obligation.

13 “(B) JUDICIAL REVIEW.—The determina-  
14 tion of the Secretary to authorize the sale of a  
15 mortgage insured under this title shall be re-  
16 viewable under chapter 7 of title 5, United  
17 States Code, for abuse of discretion and arbi-  
18 trary and capricious agency action.

19 “(C) AUCTIONS.—The Secretary may not  
20 sell any covered mortgage through any type of  
21 non-performing loan sale auction program until  
22 the Secretary issues rules, through the notice  
23 and comment rule making procedures under  
24 section 553 of title 5, United States Code, that

1 address essential aspects of any non-performing  
2 loan sale program, including—

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

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

7 “(iii) review of loss mitigation status  
8 prior to the sale, selection of eligible bid-  
9 ders, loss mitigation guidelines applicable  
10 to loan purchasers, and reporting require-  
11 ments for purchasers.

12 “(3) CERTIFICATION REQUIREMENT FOR LEND-  
13 ERS AND SERVICERS.—

14 “(A) CERTIFICATION.—As a condition to  
15 payment of an insurance claim under this title  
16 in connection with any non-performing loan  
17 sale, the lender or servicer of the loan shall pro-  
18 vide the Secretary and the borrower with writ-  
19 ten certification of the loss mitigation review  
20 contained in the FHA Single Family Housing  
21 Policy Handbook 4000.1, or any successor  
22 handbook, which certification shall include a de-  
23 scription of the actions the lender or servicer  
24 has taken, prior to transfer of the loan to the  
25 Secretary, to—

1 “(i) review the borrower for all avail-  
 2 able loss mitigation options of the Federal  
 3 Housing Administration; and

4 “(ii) implement the options described  
 5 in clause (i) that are appropriate to the  
 6 borrower.

7 “(B) FALSE STATEMENTS.—

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

11 “(I) recovery by the Secretary of  
 12 any amounts paid under the insurance  
 13 claim and any other penalties and  
 14 sanctions authorized under Federal  
 15 law; and

16 “(II) a private right of action by  
 17 the borrower against the lender and  
 18 servicer, with remedies to include  
 19 compensatory and punitive damages  
 20 and an assessment of costs and attor-  
 21 ney’s fees.

22 “(ii) TRANSFERS.—Unless a bona fide  
 23 purchaser has acquired title to the prop-  
 24 erty as a primary residence—

1 “(I) a certification described in  
 2 subparagraph (A) that contains a  
 3 false statement shall be a basis for re-  
 4 voking the transfer of the property;  
 5 and

6 “(II) the pre-sale lender and  
 7 servicer of the property shall—

8 “(aa) resume servicing the  
 9 loan as a loan insured under this  
 10 title; and

11 “(bb) reimburse the Sec-  
 12 retary for any insurance claim  
 13 paid and all costs related to the  
 14 sale of the property.

15 “(4) REQUIREMENTS FOR PURCHASERS.—

16 “(A) IN GENERAL.—Each purchaser of a  
 17 covered mortgage shall offer the borrower on  
 18 the covered mortgage loss mitigation options  
 19 that allow for payment reduction at least as  
 20 great as would be available to the borrower if  
 21 the loan had not been sold.

22 “(B) LOSS MITIGATION OPTIONS.—The  
 23 specific formula, calculations, waterfall steps,  
 24 and other terms for appropriate loss mitigation  
 25 options described in subparagraph (A) shall be

published by the Secretary, made available to the public, and included in a written notice given to borrowers before any acceleration or foreclosure is initiated after a loan sale.

“(5) REQUIREMENTS FOR TRANSFEREES.—

With respect to a transferee, including any subsequent transferee, of a covered mortgage that is sold under this title—

“(A) the transferee shall certify in writing to the Secretary that the transferee will comply with the provisions of this section in the marketing and transfer of any property received in the disposition of any transferred loan;

“(B) the transferee shall provide to the Secretary records documenting that the transfers of those properties are in compliance with this section; and

“(C) the failure of the Secretary or the transferee to comply with the requirements under this section for a loan in default shall be a defense to foreclosure, and a transferee may not execute a foreclosure judgment or order of sale, or conduct a foreclosure sale, until the transferee has complied with all requirements under this section.

1       “(d) LIMITATIONS.—With respect to covered mort-  
 2 gages that are sold under this title and acquired by the  
 3 buyer through foreclosure sale, not less than 90 percent  
 4 of the properties that are the subject of the covered mort-  
 5 gages shall be—

6               “(1) sold to owner-occupants;

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

12               “(3) transferred or donated to a nonprofit  
 13 agency that is certified by the Secretary and will re-  
 14 develop the property for owner occupancy or afford-  
 15 able rental housing.

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

18               “(1) identify and recruit community partners;

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

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

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

5 “(i) the current fair market value of  
 6 the properties; and

7 “(ii) the potential impact of fore-  
 8 closures on those properties to the value of  
 9 other homes that secure mortgages insured  
 10 under this title in the same census tract;  
 11 or

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

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

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

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

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

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

4       “(3)(A) If the corporation intends to sell or transfer  
 5 a covered mortgage, the corporation shall provide the cur-  
 6 rent borrower and all owners of record of the property se-  
 7 curing the covered mortgage, or require that the current  
 8 borrower and owners of record be provided, a separate  
 9 written notice of the intent to sell the covered mortgage  
 10 that—

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

14               “(ii) includes—

15                       “(I) a description of the loss mitigation op-  
 16 tions of the corporation that are available to  
 17 borrowers in financial distress and the obliga-  
 18 tion of servicers to consider borrowers in de-  
 19 fault for those options;

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

23                       “(III) a description of the procedures the  
 24 borrower may use to contest with the corpora-

1           tion the compliance by the servicer with that  
2           obligation.

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

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

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

15                 “(iii) review of loss mitigation status prior to  
16          the sale, selection of eligible bidders, loss mitigation  
17          guidelines applicable to loan purchasers, and report-  
18          ing requirements for purchasers.

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

24           “(B) The specific formula, calculations, waterfall  
25          steps, and other terms for loss mitigation options de-

1 scribed in subparagraph (A) shall be published by the cor-  
2 poration, made available to the public, and included in a  
3 written notice given to borrowers before any acceleration  
4 or foreclosure is initiated after a loan sale.

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

8 “(A) the transferee shall certify in writing to  
9 the corporation that the transferee will comply with  
10 the provisions of this subsection in the marketing  
11 and transfer of any property received in the disposi-  
12 tion of any transferred loan;

13 “(B) the transferee shall provide to the corpora-  
14 tion records documenting that the transfers of those  
15 properties are in compliance with this subsection;  
16 and

17 “(C) the failure of the corporation or the trans-  
18 feree to comply with the requirements under this  
19 subsection for a loan in default shall be a defense to  
20 foreclosure, and a transferee may not execute a fore-  
21 closure judgment or order of sale, or conduct a fore-  
22 closure sale, until the transferee has complied with  
23 all requirements under this subsection.

24 “(6) With respect to covered mortgages that are sold  
25 by the corporation under this section and foreclosed upon

1 by the buyer, not less than 90 percent of the properties  
2 that are the subject of the covered mortgages in an auc-  
3 tion shall be—

4 “(A) sold to owner-occupants;

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

10 “(C) transferred or donated to a nonprofit  
11 agency that is certified by the corporation and will  
12 redevelop the property for owner occupancy or af-  
13 fordable rental housing.

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

16 “(A) identify and recruit community partners;

17 “(B) engage in consultations with community  
18 partners before the sale of a pool of covered mort-  
19 gages under this section to determine whether that  
20 sale can be designed to meet the specific needs of  
21 the communities served by the community partners;  
22 and

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

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

5                   “(I) the current fair market value of  
 6                   the properties; and

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

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

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

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

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

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

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

4       “(3)(A) If the Corporation intends to sell or transfer  
 5 a covered mortgage, the Corporation shall provide the cur-  
 6 rent borrower and all owners of record of the property se-  
 7 curing the covered mortgage, or require that the current  
 8 borrower and owners of record be provided, a separate  
 9 written notice of the intent to sell the covered mortgage  
 10 that—

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

14               “(ii) includes—

15                       “(I) a description of the loss mitigation op-  
 16 tions of the Corporation that are available to  
 17 borrowers in financial distress and the obliga-  
 18 tion of servicers to consider borrowers in de-  
 19 fault for those options;

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

23                       “(III) a description of the procedures the  
 24 borrower may use to contest with the Corpora-

1           tion the compliance by the servicer with that  
2           obligation.

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

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

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

14           “(iii) review of loss mitigation status prior to  
15   the sale, selection of eligible bidders, loss mitigation  
16   guidelines applicable to loan purchasers, and report-  
17   ing requirements for purchasers.

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

23           “(B) The specific formula, calculations, waterfall  
24   steps, and other terms for loss mitigation options de-  
25   scribed in subparagraph (A) shall be published by the Cor-

1 poration, made available to the public, and included in a  
2 written notice given to borrowers before any acceleration  
3 or foreclosure is initiated after a loan sale.

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

7 “(A) the transferee shall certify in writing to  
8 the Corporation that the transferee will comply with  
9 the provisions of this subsection in the marketing  
10 and transfer of any property received in the dispo-  
11 sition of any transferred loan;

12 “(B) the transferee shall provide to the Cor-  
13 poration records documenting that the transfers of  
14 those properties are in compliance with this sub-  
15 section; and

16 “(C) the failure of the Corporation or the trans-  
17 feree to comply with the requirements under this  
18 subsection for a loan in default shall be a defense to  
19 foreclosure, and a transferee may not execute a fore-  
20 closure judgment or order of sale, or conduct a fore-  
21 closure sale, until the transferee has complied with  
22 all requirements under this subsection.

23 “(6) With respect to covered mortgages that are sold  
24 by the Corporation under this section and foreclosed upon  
25 by the buyer, not less than 90 percent of the properties

1 that are the subject of the covered mortgages in an auc-  
 2 tion shall be—

3 “(A) sold to owner-occupants;

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

9 “(C) transferred or donated to a nonprofit  
 10 agency that is certified by the Corporation and will  
 11 redevelop the property for owner occupancy or af-  
 12 fordable rental housing.

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

15 “(A) identify and recruit community partners;

16 “(B) engage in consultations with community  
 17 partners before the sale of a pool of covered mort-  
 18 gages under this section to determine whether that  
 19 sale can be designed to meet the specific needs of  
 20 the communities served by the community partners;  
 21 and

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

24 “(i) designing pools of covered mortgages  
 25 for direct sale to a community partner, the

1 price of which shall be set by the Corporation  
 2 based on a pricing model that considers—

3 “(I) the current fair market value of  
 4 the properties; and

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

8 “(ii) in the case of an auction, if the win-  
 9 ning bid is not from a community partner, per-  
 10 mitting any community partner that bid during  
 11 that same auction to have a final opportunity to  
 12 enter a higher bid on the pool.”.

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

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

18 “(a) BULK AUCTION OR GROUP SALES.—An enter-  
 19 prise may not conduct bulk auctions or other group sales  
 20 of single family re-performing residential loans unless the  
 21 following requirements are met:

22 “(1) The enterprise establishes a system that  
 23 provides priority to Federal, State, local, or Tribal  
 24 governments or nonprofit organizations that have  
 25 the capacity and experience required for buying,

1 servicing, and resolving single family mortgage loans  
2 in a manner that promotes affordable housing, fair  
3 housing, affordable homeownership, provision of  
4 housing counseling, or neighborhood stabilization.

5 “(2) Clear, written notice is sent by the enter-  
6 prise or servicer through certified and first-class  
7 mail to the borrower and all owners of record, with  
8 a copy sent to the enterprise if sent by the servicer,  
9 not less than 90 days before the inclusion of the  
10 loan in any proposed sale—

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

14 “(B) describing the bulk auction or group  
15 sale process, including—

16 “(i) the loss mitigation or other pro-  
17 tections available to the borrower and  
18 other owners of record both before and  
19 after the auction or sale; and

20 “(ii) the obligations of the servicer of  
21 the loan before and after the auction or  
22 sale, including loss mitigation require-  
23 ments.

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

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

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

20                   “(C) Failure by the purchaser to follow the  
21                   established loss mitigation guidelines shall serve  
22                   as a defense to a judicial foreclosure and a  
23                   basis to enjoin or otherwise stay a non-judicial  
24                   foreclosure.

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

3           “(E) If a property becomes vacant, the  
4 purchaser shall not release the lien until the  
5 property is sold or donated.

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

12       “(b) DATA AND REPORTING.—

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

21           “(A) loan characteristics, including loan  
22 type, remaining loan term, loan to value ratio,  
23 number of months in arrears, and loan status;

24           “(B) loss mitigation data, including wheth-  
25 er loss mitigation was provided by the pur-

1 chaser, debt-to-income ratio and percent pay-  
 2 ment reduction for any modified loans, and per-  
 3 formance of modified loans;

4 “(C) demographic data for each borrower  
 5 and any co-borrower, including race, national  
 6 origin, sex, ZIP Code, and census tract, and, if  
 7 available, disability status and veteran status;  
 8 and

9 “(D) other purchaser actions, including  
 10 charge offs and resales of loans and dates for  
 11 such actions.

12 “(2) SEMIANNUAL REPORTS TO CONGRESS.—

13 The Director shall submit to Congress, and make  
 14 publicly available at no cost to the public in a readily  
 15 accessible format on the website of the Agency,  
 16 semi-annual reports on—

17 “(A) loans sold in an auction or sale under  
 18 subsection (a) by each enterprise, disaggregated  
 19 by pool, including—

20 “(i) the number of loans and types of  
 21 loans;

22 “(ii) mean and median delinquency  
 23 and loan to value ratios at the time of the  
 24 sale;

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

3 “(iv) demographic and geographic  
4 data, including property locations by cen-  
5 sus tract or larger geographic location if  
6 necessary to protect personally identifiable  
7 information;

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

15 “(C) the results of a fair lending analysis  
16 conducted based on the data in subparagraphs  
17 (A) and (B) to identify any discriminatory im-  
18 pacts or outcomes associated with the auctions  
19 or sales.

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

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

4       **TITLE II—TAKING THE FIRST**  
 5       **STEPS TO REVERSE THE LEG-**  
 6       **ACY OF HOUSING DISCRIMI-**  
 7       **NATION AND GOVERNMENT**  
 8       **NEGLIGENCE**

9       **SEC. 201. DOWN PAYMENT ASSISTANCE PROGRAM FOR**  
 10       **FIRST-TIME HOMEBUYERS.**

11       (a) DEFINITIONS.—In this section:

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

14                       (A) is a first-time homebuyer;

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

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

17                               (i) 120 percent of the area median in-  
 18       come; or

19                               (ii) in the case of a homebuyer acquir-  
 20       ing a property for use as a principal resi-  
 21       dence that is located in a high-cost area,  
 22       as determined by the Secretary, 140 per-  
 23       cent of the area median income.

24               (2) FIRST-GENERATION HOMEBUYER.—The  
 25       term “first-generation homebuyer” means a home-

1        buyer who is, as self-attested by the homebuyer, an  
2        individual—

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

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

17              (3) FIRST-TIME HOMEBUYER.—The term “first-  
18              time homebuyer” means a homebuyer who is, as  
19              self-attested by the homebuyer, an individual (and if  
20              married or in a domestic partnership, the spouse or  
21              domestic partner of the individual) who, during the  
22              3-year period ending on the date of purchase of a  
23              property using a grant under subsection (b)—

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

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

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

10 (A) passed by operation of law through in-  
 11 testacy; and

12 (B) is held by 2 or more heirs as tenants  
 13 in common.

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

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

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

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

24 (2) shall be used—

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

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

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

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

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

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

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

24 (d) RELATION TO FHA LOAN.—An eligible resident  
25 shall not be required to obtain a mortgage that is insured

1 under title II of the National Housing Act (12 U.S.C.  
2 1707 et seq.) as a condition of receiving a grant under  
3 subsection (b).

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

11 (f) REGULATIONS AND DATABASE.—Not later than  
12 1 year after the date of enactment of this Act, the Sec-  
13 retary shall—

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

19 (2) promulgate regulations relating to the dis-  
20bursement of funds under this section to ensure that  
21 an eligible resident is able to receive funds before  
22 the closing date for the home of the eligible resident,  
23 which may include creating a program that allows a  
24 lender to be reimbursed by the fund established  
25 under subsection (b) if the lender—

1 (A) provides an eligible resident with funds  
2 for the closing; or

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

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

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

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

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

23 (i) INCLUSION OF PROGRAM AS MORTGAGE PROD-  
24 UCT.—Section 203(f)(1) of the National Housing Act (12  
25 U.S.C. 1709(f)(1)) is amended by inserting “, including

1 the down payment assistance program established under  
 2 section 201 of the American Housing and Economic Mo-  
 3 bility Act of 2024,” after “mortgage products”.

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

17 (k) REPAYMENT OF ASSISTANCE.—

18 (1) REQUIREMENT.—An eligible resident who  
 19 receives a grant under subsection (b) to purchase a  
 20 property for use as a principal residence and does  
 21 not occupy the property as a principal residence for  
 22 5 years or more shall repay to the Secretary a pro-  
 23 portional amount of the grant based on the number  
 24 of years, if any, for which the eligible resident has  
 25 occupied the property as a principal residence.

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

8                   (A) the failure to occupy the property as a  
 9                   principal residence is due at least in part to a  
 10                  hardship; or

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

18 **SEC. 202. FORMULA GRANT PROGRAM FOR COMMUNITIES**

19 **WITH AN APPRAISAL GAP.**

20           (a) DEFINITIONS.—In this section—

21                  (1) the term “neighborhood with an appraisal  
 22                  gap” means a census tract in which the median sales  
 23                  price of a dwelling unit is lower than the median  
 24                  cost to acquire and rehabilitate, or build, a new  
 25                  dwelling unit;

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

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

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

11           (1) measures that provide funds to borrowers  
12          to—

13                   (A) pay down arrears on an otherwise af-  
14                   fordable loan;

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

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

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

21                   (E) pay delinquent taxes and tax liens;

22                   (F) pay off delinquent water or sewer bills  
23                   and liens; and

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

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

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

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

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

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

16       **SEC. 203. STRENGTHENING THE COMMUNITY REINVEST-**  
 17       **MENT ACT OF 1977.**

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

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

23               (1) by striking sections 802 and 803 (12 U.S.C.  
 24               2901, 2902) and inserting the following:

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

2 “(a) FINDINGS.—Congress finds that—

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

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

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

17 “(A) the institutions make loans and do  
18 not accept deposits; or

19 “(B) the institutions accept deposits but  
20 do not make loans.

21 “(b) PURPOSE.—It is the purpose of this title to re-  
22 quire each appropriate Federal financial supervisory agen-  
23 cy to use its authority when examining regulated financial  
24 institutions to ensure that those institutions meet the  
25 credit and other financial needs of the local communities

1 in which they are chartered or do business consistent with  
 2 the safe and sound operation of those institutions.

3 **“SEC. 803. DEFINITIONS.**

4 “In this title:

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

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

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

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

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

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

23 “(E) the merger or consolidation with, the  
 24 acquisition of the assets of, or the assumption  
 25 of the liabilities of a regulated financial institu-

1           tion requiring approval under section 18(c) of  
 2           the Federal Deposit Insurance Act (12 U.S.C.  
 3           1828(c)); or

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

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

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

15               “(A) the appropriate Federal banking  
 16               agency with respect to depository institutions  
 17               and depository institution holding companies;  
 18               and

19               “(B) the Bureau of Consumer Financial  
 20               Protection with respect to any covered person  
 21               supervised by the Bureau pursuant to section  
 22               1024 of the Dodd-Frank Wall Street Reform  
 23               and Consumer Protection Act (12 U.S.C.  
 24               5514).

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

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

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

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

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

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

22                   “(B) benefit or serve residents of low- to  
 23                   moderate-income census tracts or climate vul-  
 24                   nerable communities and do not directly result

1 in forced or involuntary relocation of those resi-  
 2 dents; and

3 “(C) are done in conjunction with—

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

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

11 “(6) CLIMATE VULNERABLE COMMUNITIES.—

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

23 “(7) COMMUNITY BENEFITS PLAN.—The term  
 24 ‘community benefits plan’ means a plan that pro-  
 25 vides measurable goals for future amounts of safe

1 and sound loans, investments, services, and other fi-  
2 nancial products for low- and moderate-income com-  
3 munities and other distressed or underserved com-  
4 munities.

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

7 “(A) affordable housing for low- or mod-  
8 erate-income individuals and avoidance of pat-  
9 terns of lending resulting in the loss of afford-  
10 able housing units and housing for low- and  
11 moderate-income individuals in high-opportunity  
12 areas;

13 “(B) community development services, in-  
14 cluding counseling and successful mortgage or  
15 loan modifications of delinquent loans;

16 “(C) activities that promote integration;

17 “(D) activities that promote economic de-  
18 velopment by financing small businesses or  
19 farms that meet the size eligibility requirements  
20 of the development company or small business  
21 investment company programs under section  
22 121.301 of title 13, Code of Federal Regula-  
23 tions, or any successor regulation, with an em-  
24 phasis on small businesses that have gross an-  
25 nual revenues of not more than \$1,000,000;

1 “(E) activities that revitalize or stabilize—

2 “(i) low- or moderate-income geog-  
3 raphies;

4 “(ii) designated disaster areas;

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

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

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

16 “(iv) other distressed or underserved  
17 communities;

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

22 “(G) other activities that promote the ob-  
23 jectives of this title, as determined by the ap-  
24 propriate Federal financial supervisory agen-  
25 cies.

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

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

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

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

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

20           “(12) FOSSIL FUEL.—The term ‘fossil fuel’  
 21           means coal, petroleum, methane gas (often referred  
 22           to as ‘natural gas’), or any derivative of coal, petro-  
 23           leum, or methane gas that is used for fuel directly  
 24           or indirectly, such as for generating electricity.

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

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

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

8           “(C) has as its core business—

9           “(i) the construction or operation of  
10      fossil fuel infrastructure; or

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

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

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

21          “(A) increase greenhouse gas emissions;  
22      and

23          “(B) increase the difficulty of achieving  
24      Federal, State, or local carbon emission reduc-  
25      tion goals.

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

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

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

17          “(18) LARGE BANK.—The term ‘large bank’ is  
18          a depository institution with assets of not less than  
19          \$1,564,000,000, as adjusted annually for purposes  
20          of an examination under section 804.

21          “(19) OTHER DISTRESSED OR UNDERSERVED  
22          COMMUNITY.—The term ‘other distressed or under-  
23          served community’ means an area or census tract  
24          that, according to a periodic review and data anal-  
25          ysis by the appropriate Federal financial supervisory

1 agencies on an interagency basis through the Fed-  
 2 eral Financial Institutions Examination Council of  
 3 certain metrics, such as loans per households or  
 4 small business, is experiencing economic hardship or  
 5 is underserved by financial institutions.

6 “(20) OTHER UNDERSERVED POPULATION.—

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

12 “(21) REGULATED FINANCIAL INSTITUTION.—

13 The term ‘regulated financial institution’ means—

14 “(A) an insured depository institution;

15 “(B) a depository institution holding com-  
 16 pany; and

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

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

19 a depository institution with assets of less than  
 20 \$391,000,000, as adjusted annually to take into ac-  
 21 count inflation for purposes of determining which in-  
 22 stitutions are subject to an examination under sec-  
 23 tion 804.

24 “(23) U.S. NONBANK MORTGAGE ORIGI-

25 NATOR.—The term ‘U.S. nonbank mortgage origi-

nator’ means a covered person subject to section 1024 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5514) that offers or provides—

“(A) origination of loans secured by real estate for use by consumers primarily for personal, family, or household purposes; or

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

(2) in section 804 (12 U.S.C. 2903)—

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

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

“(a) DEPOSITORY INSTITUTIONS AND BANK HOLDING COMPANIES.—

“(1) IN GENERAL.—In connection with its examination of a regulated financial institution other than a U.S. nonbank mortgage originator, the appropriate Federal financial supervisory agency shall perform the following:

“(A) Assess the record of the institution in meeting the credit and other financial needs of its entire community, in particular low- and

1 moderate-income people and communities, and  
2 other distressed or underserved communities,  
3 and other underserved populations consistent  
4 with the safe and sound operation of the insti-  
5 tution.

6 “(B) Assess the effectiveness of the fol-  
7 lowing activities in meeting the credit and other  
8 financial needs of the assessment areas of the  
9 institution, consistent with the safe and sound  
10 operation of the institution:

11 “(i) Retail lending, including home,  
12 small business, consumer, automobile, and  
13 other lending and financial products, that  
14 responds to credit needs or other financial  
15 needs.

16 “(ii) Community development lending  
17 and investments, which may include a con-  
18 sideration of—

19 “(I) the origination of loans and  
20 other efforts by the institution to as-  
21 sist existing low- and moderate-income  
22 residents to remain in affordable  
23 housing in their community; and

24 “(II) the origination of loans by  
25 the institution that result in the con-

1 construction, rehabilitation, or preserva-  
2 tion of affordable housing units.

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

12 “(iv) Retail financial services and  
13 community development services.

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

21 “(vi) Retail lending assessment areas,  
22 as defined by the regulations in part 25 of  
23 title 12, Code of Federal Regulations, or  
24 any successor regulations, shall be estab-  
25 lished for large banks and intermediate

1 banks if not more than 90 percent of the  
2 retail loans of the bank are in facility-  
3 based assessment areas containing their  
4 branches and deposit-taking automated  
5 teller machines. Large banks and inter-  
6 mediate bank evaluations shall also exam-  
7 ine lending outside of retail lending assess-  
8 ment areas and facility-based assessment  
9 areas. Evaluations of these loans shall be  
10 considered when assigning an institution  
11 level rating to the bank.

12 “(C) With respect to its evaluation of an  
13 application for a deposit facility by the institu-  
14 tion—

15 “(i) consider the record described in  
16 subparagraph (A), the effectiveness of the  
17 activities described in subparagraph (B),  
18 the overall rating of the institution under  
19 this section, and any improvement plans  
20 submitted pursuant to this section;

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

24 “(iii) consider changes in the commu-  
25 nity reinvestment performance of the insti-

tution since the most recent rating under this section by the appropriate Federal financial supervisory agency; and

“(iv) require—

“(I) a demonstration of public benefit, including a community benefits plan with measurable goals regarding increasing responsible lending and other financial products that is commensurate with the ability of the institution to accomplish those goals;

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

“(III) a public hearing for any institution that has a received a ‘need-to-improve’ or ‘low satisfactory’ grade in any individual assessment area during the most recent examination.

“(2) CONSIDERATION OF LENDING IN PARTNERSHIP WITH NON-DEPOSITORY LENDERS.—

“(A) IN GENERAL.—As part of assessing a financial institution under paragraph (1), the

appropriate Federal financial supervisory agency shall evaluate the performance of the financial institution in originating loans for small farms, consumer loans (including residential mortgages, unsecured installment loans, advances, and lines of credit), and loans for small businesses (including unsecured installment loans, advances, and lines of credit) in partnership with 1 or more non-depository lenders.

“(B) AFFORDABILITY AND SUSTAINABILITY.—In making the evaluation described in subparagraph (A), the appropriate Federal financial supervisory agency shall consider the affordability and sustainability of the loan originations made in partnership with 1 or more non-depository lenders.

“(C) DEFINITIONS.—In this paragraph:

“(i) NON-DEPOSITORY LENDER.—The term ‘non-depository lender’ means a lender that is not an insured depository institution.

“(ii) SMALL BUSINESS; SMALL FARM.—The terms ‘small business’ and ‘small farm’ have the meanings given those terms under the regulations promulgated

1 by the Bureau implementing the amend-  
2 ments made by section 1071 of the Dodd  
3 Frank Wall Street Reform and Consumer  
4 Protection Act of 2010 (Public Law 111–  
5 203; 124 Stat. 2056) under part 1002 of  
6 title 12, Code of Federal Regulations, or  
7 any successor regulation.

8 “(3) DEDUCTIONS FOR FOSSIL EXPANSION.—

9 “(A) IN GENERAL.—As part of assessing a  
10 financial institution under paragraph (1), the  
11 appropriate Federal financial supervisory agen-  
12 cy shall—

13 “(i) determine the total dollar amount  
14 of loans and investments to fossil fuel com-  
15 panies for the purposes of fossil fuel ex-  
16 pansion that were originated or held by the  
17 financial institution during the period cov-  
18 ered by an examination under section 804;  
19 and

20 “(ii) deduct not more than that total  
21 dollar amount from the reported commu-  
22 nity development loans and investments of  
23 the financial institution, both in the aggre-  
24 gate and at the local market, or assess-  
25 ment area, level.

1           “(B) ACTIVITIES.—The deduction de-  
2           scribed in subparagraph (A)(ii) may only be off-  
3           set by financing by the institution of climate re-  
4           siliency and disaster mitigation activities spe-  
5           cifically targeted to underserved communities,  
6           such as—

7                   “(i) the development of climate resil-  
8                   ient affordable housing, schools, and small  
9                   businesses (as defined in paragraph  
10                  (2)(C));

11                  “(ii) clean electricity projects and  
12                  microgrids;

13                  “(iii) nature-based protective infra-  
14                  structure;

15                  “(iv) building decarbonization, which  
16                  includes holistic home weatherization and  
17                  health interventions;

18                  “(v) lending to green small businesses  
19                  and companies with legitimate public  
20                  decarbonization transition plans, strate-  
21                  gies, and targets;

22                  “(vi) electric public transit and elec-  
23                  tric vehicle charging infrastructure;

24                  “(vii) investments in weatherization  
25                  and climate resilience for local businesses;

“(viii) operational and technical support and capacity building for environmental and climate justice organizations, including support for community groups active in environmental testing and training of community members to identify climate or environmental risks and opportunities in their communities; and

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

“(4) PENALTIES FOR SUSTAINED FAILING PERFORMANCE.—A regulated financial institution other than a U.S. nonbank mortgage originator that receives overall performance ratings under this section of ‘needs to improve’ or ‘substantial noncompliance’ for 2 consecutive examinations shall be subject to the following penalties, as deemed applicable by the appropriate Federal financial supervisory agency:

“(A) Restrictions on the institution’s growth (overall or in discrete areas), business activities, or payment of dividends, including restrictions on ability to sell loans originated by

1 the institution to enterprises, as defined in sec-  
2 tion 1303 of the Federal Housing Enterprises  
3 Financial Safety and Soundness Act of 1992  
4 (12 U.S.C. 4502).

5 “(B) Recommendations to appropriate  
6 State agencies that State mortgage licenses be  
7 suspended or revoked with a statement of facts  
8 covering the justification for the recommended  
9 suspension or revocation.

10 “(C) Requiring the institution to simplify  
11 or reduce its operations, including that the in-  
12 stitution reduce its asset size, divest subsidi-  
13 aries or business lines, or exit from 1 or more  
14 markets of operation.

15 “(D) Recovery, or claw back, of portions of  
16 executive compensation received during consecu-  
17 tive evaluation periods under this section of  
18 which the institution received an overall per-  
19 formance rating of ‘needs to improve’ or ‘sub-  
20 stantial noncompliance’.

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

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

1           “(A) Assess the record of the U.S.  
2 nonbank mortgage originator in meeting the  
3 credit or other financial needs of its entire com-  
4 munity, in particular low-income and moderate-  
5 income people and communities and other dis-  
6 tressed or underserved communities and other  
7 underserved populations, consistent with the  
8 safe and sound operation of the U.S. nonbank  
9 mortgage originator.

10           “(B) Assess, as appropriate, the following  
11 activities in the assessment areas of the U.S.  
12 nonbank mortgage originator:

13                   “(i) Retail lending, including home  
14 loans.

15                   “(ii) Community development services.

16                   “(iii) Community development lending  
17 and investments, which may include a con-  
18 sideration of—

19                           “(I) the origination of loans and  
20 other efforts by the institution to as-  
21 sist existing low- and moderate-income  
22 residents to remain in affordable  
23 housing in their community;

24                           “(II) the origination of loans by  
25 the institution that result in the con-

1 construction, rehabilitation or preserva-  
2 tion of affordable housing units; and

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

16 “(iv) Retail lending assessment areas,  
17 as defined by the regulations in part 25 of  
18 title 12, Code of Federal Regulations, or  
19 any successor regulation, shall be estab-  
20 lished if not more than 90 percent of the  
21 retail loans of the U.S. nonbank originator  
22 are in facility-based assessment areas con-  
23 taining offices or agents. The evaluations  
24 shall also examine lending outside of retail  
25 lending assessment areas and facility-based

1           assessment areas. Evaluations of these  
2           loans shall be considered when assigning  
3           an institution level rating to the U.S.  
4           nonbank mortgage originator.

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

8                   “(i) consider the record described in  
9                   subparagraph (A) the overall rating of the  
10                  U.S. nonbank mortgage originator under  
11                  this section, and any improvement plans  
12                  submitted pursuant to this section;

13                  “(ii) provide an opportunity for public  
14                  comment for a period of not less than 60  
15                  days;

16                  “(iii) consider changes in the commu-  
17                  nity reinvestment performance of the U.S.  
18                  nonbank mortgage originator since the  
19                  most recent rating under this section by  
20                  the appropriate Federal financial super-  
21                  visory agency; and

22                  “(iv) require—

23                          “(I) a demonstration that grant-  
24                          ing the application for a deposit facil-  
25                          ity is in the public interest, which

1 shall include a submission of a com-  
2 munity benefits plan, which shall be  
3 commensurate with the ability of the  
4 institution to accomplish the plan, by  
5 the U.S. nonbank mortgage originator  
6 to the appropriate Federal financial  
7 supervisory agency;

8 “(II) that the U.S. nonbank  
9 mortgage originator consult with com-  
10 munity-based organizations and other  
11 community stakeholders in developing  
12 the community benefits plan; and

13 “(III) a public hearing for any  
14 U.S. nonbank mortgage originator  
15 that has a received a ‘need-to-im-  
16 prove’ or ‘low satisfactory’ grade in  
17 any individual assessment area during  
18 the most recent examination.

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

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

7           “(c) REQUIREMENTS.—

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

12           “(A) consider public comments received by  
 13           the appropriate Federal financial supervisory  
 14           agency regarding the record of the institution in  
 15           meeting the credit or other financial needs of  
 16           its entire community, including low- and mod-  
 17           erate-income communities, and hold not less  
 18           than 1 public hearing to receive comments for  
 19           large banks with assets of not less than  
 20           \$50,000,000,000; and

21           “(B) require—

22           “(i) an improvement plan for an insti-  
 23           tution that receives a rating of ‘low satis-  
 24           factory’ or lower on the written evaluation

1 of the institution, or such a rating in any  
2 individual assessment area; and

3 “(ii) the improvement plan described  
4 in clause (i) to result in the reasonable  
5 likelihood that the institution will obtain a  
6 rating of at least ‘high satisfactory’ in  
7 meeting community credit or other finan-  
8 cial needs in the relevant measure on the  
9 next examination.

10 “(2) IMPROVEMENT PLAN.—

11 “(A) IN GENERAL.—A regulated financial  
12 institution that is required to submit an im-  
13 provement plan required under paragraph  
14 (1)(B) shall submit the plan in writing to the  
15 appropriate Federal financial supervisory agen-  
16 cy not later than 90 days after receiving notice  
17 that the regulated financial institution is re-  
18 quired to submit the plan.

19 “(B) PUBLIC COMMENT.—Upon receipt of  
20 an improvement plan of a regulated financial  
21 institution required under paragraph (1)(B),  
22 the appropriate Federal financial supervisory  
23 agency shall—

1 “(i) make the plan available to the  
2 public for review and comment for a period  
3 of not less than 60 days; and

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

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

19 “(A) be evaluated under subsection (a) or  
20 (b), as applicable—

21 “(i) by considering the effectiveness of  
22 the institution in serving customers or bor-  
23 rowers, with a special emphasis on low-  
24 and moderate-income individuals and other  
25 underserved populations across the country

1                   regardless of where the individuals reside;  
 2                   and

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

12                  “(B) meet the needs of other distressed or  
 13                  underserved communities.

14           “(d) CONSIDERATION.—Remediation of consumers  
 15 pursuant to an order by a court or administrative body  
 16 or a settlement with a government agency or a private  
 17 party may not be considered in an assessment conducted  
 18 under subsection (a)(2) or (b)(2).

19           “(e) RULE OF CONSTRUCTION.—An evaluation of a  
 20 bank holding company under this section shall incorporate  
 21 evaluations of subsidiary regulated financial institutions  
 22 made by the appropriate Federal financial supervisory  
 23 agency of each subsidiary, if applicable.”;

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

25                       (i) by striking paragraph (2);

1 (ii) by redesignating paragraph (3) as  
2 paragraph (2); and

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

5 (D) in subsection (g), as so redesignated,  
6 by striking “subsection (a)” and inserting “sub-  
7 sections (a) and (b)”;

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

9 (A) in subsection (a)—

10 (i) by striking “an insured depository  
11 institution” and inserting “a regulated fi-  
12 nancial institution”; and

13 (ii) by inserting “or financial” after  
14 “credit”;

15 (B) in subsection (b)—

16 (i) in paragraph (1)—

17 (I) in subparagraph (A)—

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

20 (bb) by redesignating clause

21 (iii) as clause (iv); and

22 (cc) by inserting after clause

23 (ii) the following:

24 “(iii) disclose whether the institution en-  
25 gaged in acts or practices that the Bureau of

1           Consumer Financial Protection has determined,  
2           and has publicly disclosed, violate the enumer-  
3           ated consumer laws; and”; and

4                               (II) by striking subparagraph (B)  
5                               and inserting the following:

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

10           “(C) TREATMENT WITH RESPECT TO VIOLA-  
11           TIONS OF ENUMERATED CONSUMER LAWS.—If a  
12           regulated financial institution has engaged in acts or  
13           practices that the appropriate Federal financial su-  
14           pervisory agency has determined to be unfair, decep-  
15           tive, or abusive or acts or practices that violate enu-  
16           merated consumer laws intended to ensure the fair,  
17           equitable, and nondiscriminatory access to credit for  
18           individuals and communities that are enforced by  
19           the Bureau of Consumer Financial Protection or  
20           other Federal or State agencies, the written evalua-  
21           tion shall be negatively influenced in a manner com-  
22           mensurate with the extent of the harm suffered by  
23           those individuals and communities.”;

24                               (ii) in paragraph (2)—

1 (I) by striking subparagraphs  
 2 (A), (B), (C), and (D) and inserting  
 3 the following:

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

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

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

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

12 “(E) ‘Substantial noncompliance in meet-  
 13 ing community credit or other financial  
 14 needs’.”; and

15 (iii) by inserting after the flush text  
 16 following paragraph (2) the following:

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

19 “(A) alter the ratings under this sub-  
 20 section to change or include additional ratings  
 21 for the overall ratings and subtest ratings; and

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

1 (C) by redesignating subsection (e) as sub-  
 2 section (f); and

3 (D) by inserting after subsection (d) the  
 4 following:

5 “(e) APPEALS OF RATING.—If a regulated financial  
 6 institution appeals the assigned rating under this section,  
 7 the appropriate Federal financial supervisory agency  
 8 shall—

9 “(1) post a public notice of the appeal on the  
 10 part of the website of the appropriate Federal finan-  
 11 cial supervisory agency that contains information on  
 12 this title; and

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

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

16 (A) by striking “Regulations” and insert-  
 17 ing the following:

18 “(a) IN GENERAL.—Regulations”;

19 (B) in subsection (a), as so designated, by  
 20 striking “companies,” and inserting “compa-  
 21 nies,”; and

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

23 “(b) PERIODIC REVIEW.—Not later than 5 years  
 24 after the date of enactment of this subsection and every

1 5 years thereafter, the appropriate Federal financial su-  
 2 pervisory agencies shall—

3 “(1) review the regulations promulgated to  
 4 carry out this title; and

5 “(2) report to Congress any recommendations  
 6 for updates to the regulations and this title, which  
 7 may include consideration of—

8 “(A) data collection under this title;

9 “(B) the rigor of evaluations under this  
 10 title;

11 “(C) the assessment area coverage of loans  
 12 and deposits; and

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

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

17 **“SEC. 810. DATA COLLECTION AND REPORTING REQUIRE-**  
 18 **MENTS.**

19 “(a) DATA COLLECTION.—

20 “(1) CONSUMER LOANS.—

21 “(A) IN GENERAL.—Each regulated finan-  
 22 cial institution shall collect and maintain in ma-  
 23 chine readable form, as prescribed by the ap-  
 24 propriate Federal financial supervisory agency,  
 25 data for consumer loans originated or pur-

chased by the regulated financial institution, including motor vehicle loans, credit cards, lines of credit, and other secured or unsecured loans. The regulated financial institution shall maintain data separately for each category of consumer loan, including the following for each loan:

“(i) A unique number or alpha-numeric symbol that can be used to identify the relevant loan.

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

“(iii) The loan location.

“(iv) The gross annual income of the borrower that the regulated financial institution considered in making its credit decision.

“(B) EXEMPTIONS.—The appropriate Federal financial supervisory agencies may exempt classes of regulated financial institutions from the requirements under subparagraph (A) due to low levels of consumer lending or other factors.

“(2) COMMUNITY DEVELOPMENT LOANS AND INVESTMENTS.—

“(A) COLLECTION AND MAINTENANCE OF DATA.—Each regulated financial institution shall collect and maintain in machine readable form, as prescribed by the appropriate Federal financial supervisory agency, data on the categories of community development lending and investments, including data regarding financing affordable housing, small business development, and economic development.

“(B) PUBLIC DISSEMINATION.—Each regulated financial institution and the appropriate Federal financial supervisory agencies shall—

“(i) publicly disseminate the data described in subparagraph (A) on a county level and for categories of census tracts including low- and moderate-income census tracts or other distressed and underserved census tracts; and

“(ii) consider disseminating the data described in subparagraph (A) by individual census tracts in addition to the categories described in clause (i).

“(3) ASSESSMENT AREA DATA.—

“(A) IN GENERAL.—Each regulated financial institution shall collect and report to the

appropriate Federal financial supervisory agency by March 1 of each year a list for each assessment area showing the geographies within the area.

“(B) PUBLICATION.—The appropriate Federal financial supervisory agencies shall make the list of assessment areas reported by each regulated financial institution under subparagraph (A) publicly available on the part of the website of the appropriate Federal financial supervisory agency that contains information on this title.

“(4) DEPOSITS.—The appropriate Federal financial supervisory agencies shall—

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

“(i) the number of customers of those institutions that reside in categories of census tracts including low- and moderate-income census tracts or other distressed and underserved census tracts and the dollar amount of deposits of those customers; and

1                   “(ii) the number of small businesses  
2                   that are located in the census tract cat-  
3                   egories described in clause (i); and

4                   “(B) consider the dissemination of the de-  
5                   posit data collected under subparagraph (A) by  
6                   individual census tracts in addition to the cat-  
7                   egories described in that subparagraph.

8                   “(b) AGGREGATE DISCLOSURE STATEMENTS.—

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

22                  “(2) DEPOSITS AND COMMUNITY DEVELOP-  
23                  MENT LOANS AND INVESTMENTS.—An appropriate  
24                  Federal financial supervisory agency shall include  
25                  data on deposits and community development loans

1 and investments in the disclosure statements pre-  
2 pared under paragraph (1).

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

10 “(c) CENTRAL DATA DEPOSITORIES.—The Federal  
11 Financial Institutions Examination Council, in consulta-  
12 tion with the appropriate Federal financial supervisory  
13 agencies, shall implement a system—

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

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

19 “(d) LIMITATION.—An appropriate Federal financial  
20 supervisory agency may not use the authorities of the ap-  
21 propriate Federal financial supervisory agency under this  
22 section to obtain a record from a regulated financial insti-  
23 tution for the purpose of gathering or analyzing the per-  
24 sonally identifiable financial information of a consumer.

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

2           “(a) DEPOSITORY INSTITUTIONS.—Each regulated  
3 financial institution that is not a U.S. nonbank mortgage  
4 originator shall form a separate Community Advisory  
5 Committee (which shall be composed of a diverse set of  
6 consumer, housing, community development, and other  
7 stakeholder groups) in each of the following:

8           “(1) With respect to a depository institution  
9 with consolidated assets equal to or greater than  
10 \$2,000,000,000 the branches of which are located in  
11 1 census region, each metropolitan statistical area  
12 where the financial institution or any subsidiaries of  
13 the financial institution have a branch or other facil-  
14 ity (including an automated teller machine) and each  
15 metropolitan statistical area where the financial in-  
16 stitution has a substantial number of customers who  
17 maintain deposit accounts with the financial institu-  
18 tion.

19           “(2) With respect to a depository institution  
20 with consolidated assets equal to or greater than  
21 \$2,000,000,000 the branches of which are located in  
22 more than 1 census region, each census division  
23 within each of the regions.

24           “(3) With respect to a depository institution  
25 with consolidated assets of less than  
26 \$2,000,000,000, each State where the financial in-

1       stitution or any subsidiaries of the financial institu-  
2       tion are located.

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

4       Each U.S. nonbank mortgage originator shall form a sepa-  
5       rate Community Advisory Committee (which shall be com-  
6       posed of a diverse set of consumer, housing, community  
7       development, and other stakeholder groups) in each of the  
8       following:

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

15              “(2) With respect to a U.S. nonbank mortgage  
16       originator that is required to make a number of dis-  
17       closures under the Home Mortgage Disclosure Act of  
18       1975 (12 U.S.C. 2801 et seq.) that is more than the  
19       national median, each census division within the cen-  
20       sus regions in which the U.S. nonbank mortgage  
21       originator offers loans.

22       “(c) BIENNIAL CONSULTATION.—The executives of  
23       each regulated financial institution shall meet not less fre-  
24       quently than twice per year with the Community Advisory

1 Committees of the regulated financial institution formed  
 2 under subsection (a) or (b), as applicable—

3           “(1) to discuss the financial institution’s cur-  
 4 rent work to meet the credit and deposit needs of  
 5 low- and moderate-income individuals and under-  
 6 served communities, persons with disabilities,  
 7 LGBTQ+ communities, and Chinese, Asian Indian,  
 8 Filipino, 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, Native Hawai-  
 13 ian, Samoan, Chamorro, Tongan, iTaukei,  
 14 Marshallese, and Other Pacific Islander commu-  
 15 nities, as applicable to the geographic areas of the  
 16 financial institution;

17           “(2) with respect to an institution described in  
 18 subsection (a)(2) or a U.S. nonbank mortgage origi-  
 19 nator described in subsection (b)(2), to assist the ex-  
 20 ecutives in developing and updating a plan for how  
 21 the institution will work to meet the credit needs of  
 22 the institution’s entire community, including low-  
 23 and moderate-income neighborhoods; and

24           “(3) to discuss the institution’s data (which  
 25 shall be disaggregated by Chinese, Asian Indian, Fil-

1 ipino, Japanese, Korean, Vietnamese, Pakistani,  
 2 Cambodian, Hmong, Laotian, Thai, Taiwanese, Bur-  
 3 mese, Bangladeshi, Nepalese, Indonesian, Malaysian,  
 4 Hispanic or Latino, Black or African American,  
 5 American Indian and Alaska Native, and Native Ha-  
 6 waiian, Samoan, Chamorro, Tongan, iTaukei,  
 7 Marshallese and Other Pacific Islander communities,  
 8 as applicable to the institution’s geographic areas)  
 9 on—

10 “(A) mortgage lending and lending to  
 11 small businesses and small farms, as defined in  
 12 section 804(a)(2)(C);

13 “(B) retail products and services;

14 “(C) community development services; and

15 “(D) community development financing.

16 “(d) SPECIFIC CONSULTATIONS.—In addition to the  
 17 consultations required under paragraph (2), the executives  
 18 of a depository institution described in subsection (a)(2)  
 19 shall meet with the Community Advisory Committee of the  
 20 institution before—

21 “(1) the institution applies for a merger or ac-  
 22 quisition;

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

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

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

5   **“SEC. 812. STUDY ON DISCRIMINATION AND DISPARITIES IN**  
6           **ACCESS TO CREDIT.**

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

15               “(1) metropolitan areas and rural counties that  
16               either experience ongoing discrimination or exhibit  
17               significant racial disparities in access to credit for  
18               any racial or ethnic group; and

19               “(2) significant disparities in access to branches  
20               by racial or ethnic composition of census tract and  
21               disparities in access to community development fi-  
22               nancing by racial or ethnic composition of census  
23               tract.

24           “(b) USE OF DATA.—In carrying out each study re-  
25          quired under subsection (a), the appropriate Federal fi-

1 nancial supervisory agencies shall make use of data includ-  
2 ing—

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

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

7 “(3) data obtained under this Act;

8 “(4) available State data; and

9 “(5) information contained in public litigation  
10 against regulated financial institutions for redlining  
11 or lending discrimination (including litigation initi-  
12 ated by the Bureau of Consumer Financial Protec-  
13 tion, the Department of Housing and Urban Affairs,  
14 the Department of Justice, or by private parties).

15 “(c) REPORT.—Upon the completion of each study  
16 required under subsection (a), the appropriate Federal fi-  
17 nancial supervisory agencies shall jointly submit to the  
18 Committee on Banking, Housing, and Urban Affairs of  
19 the Senate and the Committee on Financial Services of  
20 the House of Representatives a report that includes—

21 “(1) all findings and determinations made in  
22 carrying out the study; and

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

1 **“SEC. 813. PUBLIC REGISTRIES.**

2 “The appropriate Federal supervisory financial agen-  
3 cies, acting through the Federal Financial Institutions Ex-  
4 amination Council, shall—

5 “(1) maintain a list of community-based organi-  
6 zations and other stakeholders who wish to be listed  
7 and who have commented on examinations con-  
8 ducted under section 804 and applications regarding  
9 community needs and bank performance; and

10 “(2) conduct outreach to community groups  
11 and strive for geographical diversity, gender and ra-  
12 cial diversity, and diversity in terms of various types  
13 of needs, including affordable housing and economic  
14 development to community facilities.”.

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

19 “(6) NOTICE AND OPPORTUNITY FOR COMMENT  
20 REQUIRED.—

21 “(A) IN GENERAL.—No financial holding  
22 company shall directly or indirectly acquire, and  
23 no company that becomes a financial holding  
24 company shall directly or indirectly acquire con-  
25 trol of, any company in the United States, in-  
26 cluding through merger, consolidation, or other

1 type of business combination, that is engaged in  
 2 activities permitted under this subsection or  
 3 subsection (n) or (o), unless—

4 “(i) the holding company has provided  
 5 notice to the Board, not later than 60 days  
 6 prior to the proposed acquisition or prior  
 7 to becoming a financial holding company,  
 8 and during that time period, or such  
 9 longer time period not exceeding an addi-  
 10 tional 60 days, as established by the  
 11 Board;

12 “(ii) the Board has provided public  
 13 notice and opportunity for comment for  
 14 not less than 60 days; and

15 “(iii) the Board has not issued a no-  
 16 tice disapproving the proposed acquisition  
 17 or retention.

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

21 “(i) consider the overall rating of the  
 22 financial holding company under the Com-  
 23 munity Reinvestment Act of 1977 (12  
 24 U.S.C. 2901 et seq.) and any improvement  
 25 plans submitted pursuant to that Act;

1 “(ii) provide 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 fi-  
6 nancial holding company since the last rat-  
7 ing under the Community Reinvestment  
8 Act of 1977 (12 U.S.C. 2901 et seq.) by  
9 the appropriate Federal financial super-  
10 visory agency; and

11 “(iv) require—

12 “(I) a demonstration that grant-  
13 ing the application for a deposit facil-  
14 ity is in the public interest, which  
15 shall include submission to the appro-  
16 priate Federal financial supervisory  
17 agency of a community benefits plan  
18 commensurate with the ability of the  
19 institution to carry out that plan;

20 “(II) that the institution consult  
21 with community-based organizations  
22 and other community stakeholders in  
23 developing the community benefits  
24 plan; and

1 “(III) a public hearing for any  
 2 bank that has received a ‘need-to-im-  
 3 prove’ or ‘low satisfactory’ grade in  
 4 any assessment area during the last  
 5 examination under the Community  
 6 Reinvestment Act of 1977 (12 U.S.C.  
 7 2901 et seq.).”.

8 (d) TECHNICAL AND CONFORMING AMENDMENT.—  
 9 Section 10(c)(2)(H)(i) of the Home Owners’ Loan Act (12  
 10 U.S.C. 1467a(c)(2)(H)(i)) is amended by striking “section  
 11 804(c) of the Community Reinvestment Act of 1977 (12  
 12 U.S.C. 2903(c))” and inserting “section 804(f) of the  
 13 Community Reinvestment Act of 1977 (12 U.S.C.  
 14 2903(f))”.

15 **SEC. 204. AMENDMENTS RELATING TO CREDIT UNION**  
 16 **SERVICE TO UNDERSERVED AREAS.**

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

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

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

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

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

25 “(10) the term ‘underserved area’—

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

3                   “(i) is an investment area, as defined  
4                   in section 103 of the Community Develop-  
5                   ment Banking and Financial Institutions  
6                   Act of 1994 (12 U.S.C. 4702), that meets  
7                   such additional requirements that the  
8                   Board may impose; and

9                   “(ii) is underserved, based on data of  
10                  the Board and the Federal banking agen-  
11                  cies (as defined in section 3 of the Federal  
12                  Deposit Insurance Act (12 U.S.C. 1813)),  
13                  by other depository institutions (as defined  
14                  in section 19(b)(1)(A) of the Federal Re-  
15                  serve Act (12 U.S.C. 461(b)(1)(A)); and

16               “(B) notwithstanding subparagraph (A),  
17               includes, with respect to any Federal credit  
18               union, any geographic area within which the  
19               credit union—

20                   “(i) has received approval to provide  
21                   service as an underserved area before the  
22                   date of enactment of this paragraph from  
23                   the Administration; and

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

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

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

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

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

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

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

13 “(2) EXCEPTION FOR UNDERSERVED AREAS.—

14 “(A) IN GENERAL.—Notwithstanding sub-  
15 section (b), the Board may approve an applica-  
16 tion by a Federal credit union to allow the  
17 membership of the credit union to include any  
18 person or organization whose principal resi-  
19 dence or place of business is located within a  
20 local community, neighborhood, or rural district  
21 if—

22 “(i) the Board determines—

23 “(I) at any time after August 7,  
24 1998, that the local community,  
25 neighborhood, or rural district taken

1 into account for purposes of this para-  
 2 graph is an underserved area; and

3 “(II) at the time of the approval,  
 4 that the credit union is well capital-  
 5 ized or adequately capitalized (as de-  
 6 fined in section 216(c)(1)); and

7 “(ii) before the end of the 24-month  
 8 period beginning on the date of the ap-  
 9 proval, the credit union has established  
 10 and maintains an ongoing method to pro-  
 11 vide services in the local community, neigh-  
 12 borhood, or rural district.

13 “(B) TERMINATION OF APPROVAL.—

14 “(i) IN GENERAL.—Any failure of a  
 15 Federal credit union to meet the require-  
 16 ment of clause (ii) of subparagraph (A) by  
 17 the end of the 24-month period referred to  
 18 in that clause shall constitute a termi-  
 19 nation, as a matter of law, of any approval  
 20 of an application under this paragraph by  
 21 the Board with respect to the membership  
 22 of the credit union.

23 “(ii) SIGNIFICANT UNMET NEEDS  
 24 PLAN.—The Board may terminate the ap-  
 25 proval of an application under this para-

graph with respect to the membership of a  
Federal credit union upon a finding that  
the credit union is not meeting the terms  
of the significant unmet needs plan of the  
credit union submitted under subsection  
(h)(1).

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

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

“(ii) the number of offices or facilities  
maintained by the credit union in the local  
community, neighborhood, or rural district  
taken into account by the Board in approv-  
ing the application; and

“(iii) evidence, as specified by the  
Board by regulation, demonstrating com-  
pliance by the credit union with the signifi-  
cant unmet needs plan submitted by the

1 credit union under subsection (h)(1), as  
 2 specified by the Administration.

3 “(D) PUBLICATION BY ADMINISTRA-  
 4 TION.—The Administration shall publish an an-  
 5 nual report containing—

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

9 “(ii) the number and locations of the  
 10 underserved areas taken into account in  
 11 approving those applications;

12 “(iii) the total number of members of  
 13 credit unions who are members by reason  
 14 of the approval of those applications; and

15 “(iv) evidence demonstrating compli-  
 16 ance by credit unions with significant  
 17 unmet needs plans submitted by the credit  
 18 unions under subsection (h)(1), as speci-  
 19 fied by the Administration.”;

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

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

23 “(h) ADDITIONAL REQUIREMENTS FOR COMMUNITY  
 24 CREDIT UNIONS.—

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

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

8                   “(B) how the credit union will market to  
 9                   each group, particularly underserved groups, to  
 10                  address those needs.

11           “(2) PUBLIC COMMENT AND HEARING.—With  
 12           respect to a Federal credit union desiring a field of  
 13           membership as a credit union described in sub-  
 14           section (b)(3) for an area with multiple political ju-  
 15           risdictions with a population of not less than  
 16           2,500,000, the Administration shall—

17                   “(A) publish a notice in the Federal Reg-  
 18                   ister seeking comment from interested parties  
 19                   about the proposed community; and

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

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

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

2 (a) NATIONAL BANKS.—The paragraph designated  
3 as the “Eleventh.” of section 5136 of the Revised Statutes  
4 of the United States (12 U.S.C. 24) is amended to read  
5 as follows: “Eleventh. To make investments directly or in-  
6 directly, each of which promotes the public welfare by ben-  
7 efitting primarily low- and moderate-income communities  
8 or families (such as by providing housing, services, or  
9 jobs). An association shall not make any such investment  
10 if the investment would expose the association to unlimited  
11 liability. The Comptroller of the Currency shall limit an  
12 association’s investments in any 1 project and an associa-  
13 tion’s aggregate investments under this paragraph. Aggre-  
14 gate investments for associations that do not meet the cri-  
15 teria of being well capitalized, as defined in section 24.2(e)  
16 of title 12, Code of Federal Regulations, or any successor  
17 regulation, under this paragraph shall not exceed an  
18 amount equal to the sum of 5 percent of the association’s  
19 capital stock actually paid in and unimpaired and 5 per-  
20 cent of the association’s unimpaired surplus fund, unless  
21 the Comptroller determines by order that the higher  
22 amount will pose no significant risk to the affected deposit  
23 insurance fund, and the association is adequately capital-  
24 ized. In no case shall aggregate investments of an associa-  
25 tion that do not meet the criteria for being well capitalized  
26 under this paragraph exceed an amount equal to the sum

1 of 15 percent of the association's capital stock actually  
2 paid in and unimpaired and 15 percent of the association's  
3 unimpaired surplus fund. Aggregate investments of well  
4 capitalized associations, as defined in section 24.2(e) of  
5 title 12, Code of Federal Regulations, or any successor  
6 regulation, under this paragraph shall not exceed an  
7 amount equal to the sum of 15 percent of the association's  
8 capital stock actually paid in and unimpaired and 15 per-  
9 cent of the association's unimpaired surplus fund, unless  
10 the Comptroller determines by order that the higher  
11 amount will pose no significant risk to the affected deposit  
12 insurance fund. With respect to any association that meets  
13 the criteria for being well capitalized, as defined in section  
14 24.2(e) of title 12, Code of Federal Regulations, or any  
15 successor regulation, aggregate investments under this  
16 paragraph shall not exceed an amount equal to the sum  
17 of 25 percent of the association's capital stock actually  
18 paid in and unimpaired and 25 percent of the association's  
19 unimpaired surplus fund. The foregoing standards and  
20 limitations apply to investments under this paragraph  
21 made by a national bank directly and by its subsidiaries.”.

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

1 “A State member bank may make investments di-  
2 rectly or indirectly, each of which promotes the pub-  
3 lic welfare by benefitting primarily low- and mod-  
4 erate-income communities or families (such as by  
5 providing housing, services, or jobs), to the extent  
6 permissible under State law. A State member bank  
7 shall not make any such investment if the invest-  
8 ment would expose the State member bank to unlim-  
9 ited liability. Aggregate investments for State mem-  
10 ber banks that do not meet the criteria of being well  
11 capitalized, as defined in section 208.43(b) of title  
12 12, Code of Federal Regulations, or any successor  
13 regulation, under this paragraph shall not exceed an  
14 amount equal to the sum of 5 percent of the associa-  
15 tion’s capital stock actually paid in and unimpaired  
16 and 5 percent of the association’s unimpaired sur-  
17 plus fund, unless the Board determines by order  
18 that the higher amount will pose no significant risk  
19 to the affected deposit insurance fund, and the asso-  
20 ciation is adequately capitalized. In no case shall ag-  
21 gregate investments of a State member bank that  
22 does not meet the criteria for being well capitalized  
23 under this paragraph exceed an amount equal to the  
24 sum of 15 percent of the association’s capital stock  
25 actually paid in and unimpaired and 15 percent of

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

1 bank's unimpaired surplus fund. The foregoing  
 2 standards and limitations apply to investments  
 3 under this paragraph made by a State member bank  
 4 directly and by its subsidiaries.”.

5 **SEC. 206. TEMPORARY ELIGIBILITY OF CERTAIN DIRECT**  
 6 **DESCENDANTS OF CERTAIN VETERANS FOR**  
 7 **HOUSING LOANS GUARANTEED BY THE SEC-**  
 8 **RETARY OF VETERANS AFFAIRS.**

9 (a) IN GENERAL.—During the period described in  
 10 subsection (b)—

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

14 “(8)(A) The term ‘veteran’ also includes, for  
 15 purposes of home loans, any direct descendant of a  
 16 veteran described in subparagraph (B) if the de-  
 17 scendant—

18 “(i) is living on the date of the enactment  
 19 of the American Housing and Economic Mobil-  
 20 ity Act of 2024;

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

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

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

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

4 “(ii) is deceased; and

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

7 “(C) In this paragraph:

8 “(i) The term ‘direct descendant’ includes  
 9 a legally adopted descendant.

10 “(ii) The terms ‘first-generation home-  
 11 buyer’ and ‘first-time homebuyer’ have the  
 12 meanings given those terms in section 201(a) of  
 13 the American Housing and Economic Mobility  
 14 Act of 2024.”; and

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

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

20 (b) PERIOD DESCRIBED.—The period described in  
 21 this subsection is the period beginning one year after the  
 22 date of the enactment of this Act and ending ten years  
 23 after the date on which the Secretary of Veterans Affairs  
 24 prescribes the regulations required by subsection (c).

25 (c) REGULATIONS.—

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

5           (2) ELEMENTS.—The regulations required by  
 6           paragraph (1) shall provide rules and procedures for  
 7           determining—

8                   (A) the eligibility of a direct descendant  
 9                   for housing loan benefits under this section  
 10                  when the records of the Veterans Benefits Ad-  
 11                  ministration are incomplete or otherwise inad-  
 12                  equate to verify eligibility; and

13                   (B) appropriate implementation of this sec-  
 14                  tion if more than one direct descendant of a  
 15                  veteran seeks housing loan benefits under this  
 16                  section.

## 17 **TITLE III—REMOVING BARRIERS** 18 **THAT ISOLATE COMMUNITIES**

### 19 **SEC. 301. EXPANDING RIGHTS UNDER THE FAIR HOUSING** 20 **ACT.**

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

23                   (1) to expand, as well as clarify, confirm, and  
 24                  create greater consistency in, the protections against

1 discrimination on the basis of all covered character-  
2 istics; and

3 (2) to provide guidance and notice to individ-  
4 uals, organizations, corporations, and agencies re-  
5 garding their obligations under Federal law.

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

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

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

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

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

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

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

24 “(2) any government or private assistance,  
25 grant, loan, or rental assistance program, including

1 vouchers issued under the United States Housing  
2 Act of 1937 (42 U.S.C. 1437 et seq.);

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

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

8 “(t) ‘Veteran status’ means—

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

12 “(2) a veteran, as defined in section 101 of title  
13 38, United States Code.”;

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

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

17 (B) by striking “sex,” each place that term  
18 appears and inserting “sex (including sexual  
19 orientation and gender identity), marital status,  
20 source of income, veteran status,”; and

21 (C) in subsection (c)—

22 (i) by inserting “(1)” before “To  
23 make”; and

24 (ii) by adding at the end the fol-  
25 lowing:

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

2 “(A) prohibit a lender from implementing a  
3 loan program for veterans or based upon veteran  
4 status; or

5 “(B) prohibit an entity from providing housing  
6 assistance under—

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

9 “(ii) the Homeless Providers Grant and  
10 Per Diem program of the Department of Vet-  
11 erans Affairs; or

12 “(iii) any other Federal housing assistance  
13 program for veterans or based on veteran sta-  
14 tus.”;

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

16 (A) by inserting “actual or perceived” be-  
17 fore “race, color” each place that term appears;  
18 and

19 (B) by striking “sex,” each place that term  
20 appears and inserting “sex (including sexual  
21 orientation and gender identity), marital status,  
22 source of income, veteran status,”;

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

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

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

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

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

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

14 (2) by striking “sex,” each place that term ap-  
 15 pears and inserting “sex (including sexual orienta-  
 16 tion (as such term is defined in section 802 of this  
 17 Act) and gender identity (as defined in section 802  
 18 of this Act)), marital status (as defined in section  
 19 802), source of income (as defined in section 802),  
 20 veteran status (as defined in section 802),”.

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

1 **SEC. 302. IMPROVING OUTCOMES IN HOUSING ASSISTANCE**  
 2 **PROGRAMS.**

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

7 “(c) APPLICABILITY.—Subsections (a) and (b) shall  
 8 not apply with respect to tenant-based assistance provided  
 9 under section 8(o) of the United States Housing Act of  
 10 1937 (42 U.S.C. 1437f(o)).”.

11 (b) SUPPLEMENTAL ADMINISTRATIVE FEE.—Section  
 12 8(q)(2)(B) of the United States Housing Act of 1937 (42  
 13 U.S.C. 1437f(q)(2)(B)) is amended by inserting “, includ-  
 14 ing the cost of assisting families with children or families  
 15 with a member with a disability that move to lower pov-  
 16 erty, higher opportunity neighborhoods (as determined by  
 17 the Secretary based on objective, evidence-based criteria)”  
 18 after “programs”.

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

23 “(22) INCREASING ACCESS TO HIGHER OPPOR-  
 24 TUNITY AREAS.—

25 “(A) LOCATION ANALYSIS.—

1 “(i) IN GENERAL.—A public housing  
2 agency that administers the program  
3 under this subsection in a metropolitan  
4 area shall—

5 “(I) analyze the locations where  
6 the participants in the program of the  
7 public housing agency live; and

8 “(II) based on the analysis de-  
9 scribed in subclause (I), establish poli-  
10 cies and practices to reduce disparities  
11 and barriers to access to locations  
12 throughout the metropolitan area that  
13 evidence indicates are more likely to  
14 improve outcomes for children or  
15 adults.

16 “(ii) CONSIDERATIONS.—The location  
17 analysis required under this subparagraph  
18 shall—

19 “(I) consider separately the loca-  
20 tions of families with children, house-  
21 holds that include a person with dis-  
22 abilities, and other groups protected  
23 under the Fair Housing Act (42  
24 U.S.C. 3601 et seq.); and

1 “(II) include an analysis of the  
2 locations in relation to dwelling units  
3 with rents that are potentially afford-  
4 able to voucher holders and the likely  
5 impact of key neighborhood attributes  
6 on their well-being and long-term suc-  
7 cess, based on Federal and available  
8 local data.

9 “(iii) MAPPING TOOLS.—The Sec-  
10 retary shall—

11 “(I) provide mapping tools and  
12 other information necessary for a pub-  
13 lic housing agency to perform the lo-  
14 cation analysis under this subpara-  
15 graph using the demographic data on  
16 participating families submitted to the  
17 Secretary under part 908 of title 24,  
18 Code of Federal Regulations, or any  
19 successor regulation;

20 “(II) publish a notice in the Fed-  
21 eral Register, subject to public com-  
22 ment, that specifies the data sources  
23 and definitions that will be incor-  
24 porated in each mapping tool required  
25 under subclause (I); and

1 “(III) update the notice required  
 2 under subclause (II) as needed based  
 3 on changes in the availability of rel-  
 4 evant data or evidence of neighbor-  
 5 hood attributes likely to impact the  
 6 well-being and long-term success of  
 7 participants in the program under this  
 8 subsection.

9 “(iv) FREQUENCY AND AVAIL-  
 10 ABILITY.—The location analysis required  
 11 under this subparagraph shall—

12 “(I) be performed by each public  
 13 housing agency described in clause (i)  
 14 not less frequently than once every 5  
 15 years;

16 “(II) be performed by all public  
 17 housing agencies in a metropolitan  
 18 area in the same year, as determined  
 19 by the Secretary; and

20 “(III) be made available to the  
 21 public in a manner that protects the  
 22 privacy of program participants.

23 “(B) REGIONAL POLICIES TO INCREASE  
 24 ACCESS TO HIGHER OPPORTUNITY NEIGHBOR-

HOODS.—Each public housing agency described  
in subparagraph (A)(i) shall—

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

“(ii) identify policies or practices that  
those public housing agencies could adopt  
individually or in collaboration, or other  
strategies that recipients of grants or other  
funding from the Secretary could adopt, to  
reduce the barriers and disparities and in-  
crease the share of families with children  
and other demographic groups using  
vouchers in higher-opportunity neighbor-  
hoods in the metropolitan area or region;  
and

“(iii) include in the administrative  
plan required under section 982.54 of title  
24, Code of Federal Regulations, or any  
successor regulation, the policies that the

1 public housing agency has adopted under  
2 this paragraph.

3 “(C) ASSESSMENT.—The Secretary shall  
4 include public housing agency performance in  
5 achieving the goal described in subparagraph  
6 (A)(i)(II) in the periodic assessment of agency  
7 performance in managing the program under  
8 this subsection required under part 985 of title  
9 24, Code of Federal Regulations, or any suc-  
10 cessor regulation.”.

11 (d) REQUIRED REGULATORY CHANGES TO PUBLIC  
12 HOUSING AGENCY CONSORTIA.—

13 (1) DEFINITIONS.—In this subsection:

14 (A) MOVING TO WORK DEMONSTRATION  
15 PROGRAM.—The term “Moving to Work dem-  
16 onstration program” means the program estab-  
17 lished under section 204 of the Departments of  
18 Veterans Affairs and Housing and Urban De-  
19 velopment, and Independent Agencies Appro-  
20 priations Act, 1996 (Public Law 104–134; 110  
21 Stat. 1321–281).

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

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

5           (A) enable public housing agencies that  
6 elect to operate in consortia under section 13(a)  
7 of the United States Housing Act of 1937 (42  
8 U.S.C. 1437k(a)), excluding public housing  
9 agencies participating in the Moving to Work  
10 demonstration program—

11           (i) to consolidate their funding con-  
12 tracts for assistance provided under section  
13 8(o) of such Act (42 U.S.C. 1437f(o)) into  
14 a single contract;

15           (ii) to consolidate their funding con-  
16 tracts for assistance provided under sub-  
17 sections (d) and (e) of section 9 of such  
18 Act (42 U.S.C. 1437g); or

19           (iii) to exercise the consolidation op-  
20 tions under each of clauses (i) and (ii); and

21           (B) enable public housing agencies to form  
22 partial consortia under such section 13(a) (42  
23 U.S.C. 1437k(a)) that consolidate the adminis-  
24 tration of certain aspects of their housing pro-  
25 grams to increase access to higher-opportunity

1 areas or for other purposes, subject to such re-  
 2 quirements as the Secretary may establish.

3 (3) MOVING TO WORK AGENCIES.—Any flexi-  
 4 bility or waiver applicable to the Moving to Work  
 5 demonstration program shall not apply to any activi-  
 6 ties or funds administered through a partial consor-  
 7 tium formed under paragraph (2)(B) by 1 or more  
 8 public housing agencies participating in the Moving  
 9 to Work demonstration program.

## 10 **TITLE IV—ESTATE TAX REFORM**

### 11 **SEC. 401. AMENDMENT TO INTERNAL REVENUE CODE OF** 12 **1986.**

13 Except as otherwise expressly provided, whenever in  
 14 this title an amendment or repeal is expressed in terms  
 15 of an amendment to, or repeal of, a section or other provi-  
 16 sion, the reference shall be considered to be made to a  
 17 section or other provision of the Internal Revenue Code  
 18 of 1986.

### 19 **SEC. 402. RATE ADJUSTMENT.**

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

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

**If the amount with respect to    The tentative tax is:  
which the tentative tax to  
be computed is:**

|                         |   |
|-------------------------|---|
| Over \$93,000,000 ..... | \$55,150,000, plus 65 percent of the<br>excess of such amount over<br>\$93,000,000. |
|-------------------------|---|

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

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

7        (c) SURTAX ON BILLION DOLLAR ESTATES.—Section  
8 2001 is amended—

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

11            (2) by adding at the end the following new sub-  
12 section:

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

14            “(1) IN GENERAL.—In the case of a taxable es-  
15 tate for which the applicable amount is in excess of  
16 \$1,000,000,000, the tax determined under sub-  
17 section (b) shall be increased by an amount equal to  
18 10 percent of such applicable amount.

19            “(2) APPLICABLE AMOUNT.—For purposes of  
20 this subsection, the applicable amount shall be equal  
21 to the sum of the amounts under subparagraphs (A)

1 and (B) of paragraph (1) of subsection (b) for the  
2 taxable estate.”.

3 (d) **EFFECTIVE DATE.**—The amendments made by  
4 this section shall apply to estates of decedents dying, and  
5 generation-skipping transfers and gifts made, after the  
6 date of the enactment of this Act.

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

9 (a) **IN GENERAL.**—Subsection (b) of section 2702 is  
10 amended—

11 (1) by redesignating paragraphs (1), (2), and  
12 (3) as subparagraphs (A), (B), and (C), respectively,  
13 and by moving such subparagraphs (as so redesign-  
14 nated) 2 ems to the right;

15 (2) by striking “For purposes of” and inserting  
16 the following:

17 “(1) **IN GENERAL.**—For purposes of”;

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

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

23 “(2) **ADDITIONAL REQUIREMENTS WITH RE-**  
24 **SPECT TO GRANTOR RETAINED ANNUITIES.**—For  
25 purposes of subsection (a), in the case of an interest

1 described in paragraph (1)(A) (determined without  
 2 regard to this paragraph) which is retained by the  
 3 transferor, such interest shall be treated as de-  
 4 scribed in such paragraph only if—

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

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

12 “(C) the remainder interest has a value  
 13 equal to or greater than 10 percent of the value  
 14 of the assets transferred to the trust, deter-  
 15 mined as of the time of the transfer.”.

16 (b) EFFECTIVE DATE.—The amendments made by  
 17 this section shall apply to transfers made after the date  
 18 of the enactment of this Act.

19 **SEC. 404. CERTAIN TRANSFER TAX RULES APPLICABLE TO**  
 20 **GRANTOR TRUSTS.**

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

23 **“CHAPTER 16—SPECIAL RULES FOR**  
 24 **GRANTOR TRUSTS**

“Sec. 2901. Application of transfer taxes.

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

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

4 “(1) the value of the gross estate of the de-  
5 ceased deemed owner of such portion shall include  
6 all assets attributable to that portion at the time of  
7 the death of such owner,

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

12 “(3) if at any time during the life of the  
13 deemed owner of such portion, such owner ceases to  
14 be treated as the owner of such portion under sub-  
15 part E of part 1 of subchapter J of chapter 1, all  
16 assets attributable to such portion at such time shall  
17 be treated for purposes of chapter 12 as a transfer  
18 by gift made by the deemed owner.

19 “(b) PORTION OF TRUST TO WHICH SECTION AP-  
20 PLIES.—This section shall apply to—

21 “(1) the portion of a trust with respect to  
22 which the grantor is the deemed owner, and

23 “(2) the portion of the trust to which a person  
24 who is not the grantor is a deemed owner by reason  
25 of the rules of subpart E of part 1 of subchapter J  
26 of chapter 1, and such deemed owner engages in a

1 sale, exchange, or comparable transaction with the  
 2 trust that is disregarded for purposes of subtitle A.  
 3 For purposes of paragraph (2), the portion of the trust  
 4 described with respect to a transaction is the portion of  
 5 the trust attributable to the property received by the trust  
 6 in such transaction, including all retained income there-  
 7 from, appreciation thereon, and reinvestments thereof, net  
 8 of the amount of consideration received by the deemed  
 9 owner in such transaction.

10 “(c) EXCEPTIONS.—This section shall not apply to—

11 “(1) any trust that is includible in the gross es-  
 12 tate of the deemed owner (without regard to sub-  
 13 section (a)(1)), and

14 “(2) any other type of trust that the Secretary  
 15 determines by regulations or other guidance does not  
 16 have as a significant purpose the avoidance of trans-  
 17 fer taxes.

18 “(d) DEEMED OWNER DEFINED.—For purposes of  
 19 this section, the term ‘deemed owner’ means any person  
 20 who is treated as the owner of a portion of a trust under  
 21 subpart E of part 1 of subchapter J of chapter 1.

22 “(e) REDUCTION FOR TAXABLE GIFTS TO TRUST  
 23 MADE BY OWNER.—The amount to which subsection (a)  
 24 applies shall be reduced by the value of any transfer by

1 gift by the deemed owner to the trust previously taken  
 2 into account by the deemed owner under chapter 12.

3 “(f) LIABILITY FOR PAYMENT OF TAX.—Any tax im-  
 4 posed pursuant to subsection (a) shall be a liability of the  
 5 trust.”.

6 (b) CLERICAL AMENDMENT.—The table of chapters  
 7 for subtitle B is amended by adding at the end the fol-  
 8 lowing new item:

“CHAPTER 16. SPECIAL RULES FOR GRANTOR TRUSTS”.

9 (c) EFFECTIVE DATE.—The amendments made by  
 10 this section shall apply—

11 (1) to trusts created on or after the date of the  
 12 enactment of this Act;

13 (2) to any portion of a trust established before  
 14 the date of the enactment of this Act which is attrib-  
 15 utable to a contribution made on or after such date;  
 16 and

17 (3) to any portion of a trust established before  
 18 the date of the enactment of this Act to which sec-  
 19 tion 2901(a) of the Internal Revenue Code of 1986  
 20 (as added by subsection (a)) applies by reason of a  
 21 transaction described in section 2901(b)(2) of such  
 22 Code on or after such date.

1 **SEC. 405. ELIMINATION OF GENERATION-SKIPPING TRANS-**  
 2 **FER TAX EXEMPTION FOR TRANSFERS TO**  
 3 **CERTAIN PERSONS.**

4 (a) IN GENERAL.—Section 2642 is amended by add-  
 5 ing at the end the following new subsection:

6 “(h) ELIMINATION OF GST EXEMPTION FOR TRANS-  
 7 FERS TO CERTAIN PERSONS.—

8 “(1) IN GENERAL.—

9 “(A) TRANSFER TO NON-EXEMPT PER-  
 10 SON.—In the case of any direct skip or taxable  
 11 distribution made to any person who is not an  
 12 exempt person, the inclusion ratio shall be 1.

13 “(B) TAXABLE TERMINATION.—In the  
 14 case of any taxable termination which occurs at  
 15 any time immediately after no exempt person is  
 16 a beneficiary of the trust, the inclusion ratio  
 17 shall be 1.

18 “(C) EXEMPT PERSON.—

19 “(i) IN GENERAL.—For purposes of  
 20 this subsection, the term ‘exempt person’  
 21 means—

22 “(I) a natural person—

23 “(aa) who is assigned to a  
 24 generation which is 2 or fewer  
 25 generations below the generation  
 26 assignment of the transferor, or

1 “(bb) whose date of birth  
2 precedes the date on which the  
3 trust was created, or

4 “(II) a trust in which all inter-  
5 ests are held by persons described in  
6 subclause (I).

7 “(ii) EXCEPTION.—For purposes of  
8 clause (i)(II), any interest which is used  
9 primarily to postpone or avoid the applica-  
10 tion of this subsection shall be disregarded.

11 “(2) DATE OF CREATION.—

12 “(A) IN GENERAL.—For purposes of deter-  
13 mining the date on which a trust was created  
14 under paragraph (1)(C)(i)(I)(bb), if the trust  
15 was created before January 1, 2024, such trust  
16 shall be deemed to have been created on Janu-  
17 ary 1, 2024.

18 “(B) DATE OF CREATION OF POUR-OVER  
19 TRUSTS.—

20 “(i) IN GENERAL.—In the case of any  
21 generation-skipping transfer of property  
22 which involves the transfer of property  
23 from one trust to another trust, the date  
24 of the creation of the transferee trust shall  
25 be treated as being the earlier of—

1 “(I) the date of the creation of  
2 such transferee trust, or

3 “(II) the date of the creation of  
4 the transferor trust.

5 “(ii) MULTIPLE TRANSFERS.—In the  
6 case of multiple transfers to which clause  
7 (i) applies—

8 “(I) the date of the creation of  
9 the transferor trust shall be deter-  
10 mined under such clause, and

11 “(II) subsequent to the deter-  
12 mination described in subclause (I),  
13 the date of the creation of the trans-  
14 feree trust shall be determined under  
15 such clause.

16 “(3) GENERATION ASSIGNMENT.—For purposes  
17 of this subsection, the provisions of section 2653(a)  
18 shall not apply.

19 “(4) REGULATIONS.—The Secretary may pre-  
20 scribe such regulations or other guidance as may be  
21 necessary or appropriate to carry out this sub-  
22 section.”.

23 (b) REPEAL.—Section 1433(b)(2) of the Tax Reform  
24 Act of 1986 (Public Law 99–514) is repealed.

25 (c) EFFECTIVE DATES.—

1           (1) IN GENERAL.—The amendment made by  
2       subsection (a) shall take effect on the date of the en-  
3       actment of this Act.

4           (2) REPEAL.—The amendment made by sub-  
5       section (b) shall apply to generation-skipping trans-  
6       fers (within the meaning of section 2611 of the In-  
7       ternal Revenue Code of 1986) made after the date  
8       of enactment of this Act.

9   **SEC. 406. SIMPLIFYING GIFT TAX EXCLUSION FOR ANNUAL**  
10                           **GIFTS.**

11       (a) IN GENERAL.—Paragraph (1) of section 2503(b)  
12   is amended to read as follows:

13           “(1) IN GENERAL.—

14                   “(A) LIMIT PER DONEE.—In the case of  
15       gifts made to any person by the donor during  
16       the calendar year, the first \$10,000 of such  
17       gifts to such person shall not, for purposes of  
18       subsection (a), be included in the total amount  
19       of gifts made during such year.

20                   “(B) CUMULATIVE LIMIT PER DONOR.—

21                           “(i) IN GENERAL.—The aggregate  
22       amount excluded under subparagraph (A)  
23       with respect to all transfers described in  
24       clause (ii) made by the donor during the  
25       calendar year shall not exceed twice the

1           dollar amount in effect under such sub-  
2           paragraph for such calendar year.

3           “(ii) TRANSFERS SUBJECT TO LIMITA-  
4           TION.—The transfers described in this  
5           clause are—

6                       “(I) a transfer in trust,

7                       “(II) a transfer of an interest in  
8           a passthrough entity,

9                       “(III) a transfer of an interest  
10          subject to a prohibition on sale, and

11                      “(IV) any other transfer of prop-  
12          erty that, without regard to with-  
13          drawal, put, or other such rights in  
14          the donee, cannot immediately be liq-  
15          uidated by the donee.”.

16          (b) CONFORMING AMENDMENT.—Section 2503 is  
17          amended by striking subsection (c).

18          (c) REGULATIONS.—The Secretary of the Treasury,  
19          or the Secretary of the Treasury’s delegate, may prescribe  
20          such regulations or other guidance as may be necessary  
21          or appropriate to carry out the amendments made by this  
22          section.

23          (d) EFFECTIVE DATE.—The amendments made by  
24          this section shall apply to any calendar year beginning  
25          after the date of the enactment of this Act.

1 **SEC. 407. CLARIFICATION REGARDING DISALLOWANCE OF**  
 2 **STEP-UP IN BASIS FOR PROPERTY HELD IN**  
 3 **CERTAIN GRANTOR TRUSTS.**

4 (a) IN GENERAL.—Section 1014 is amended—

5 (1) by redesignating subsection (f) as sub-  
 6 section (g), and

7 (2) by inserting after subsection (e) the fol-  
 8 lowing:

9 “(f) PROPERTY HELD IN CERTAIN GRANTOR  
 10 TRUSTS.—This section shall not apply to property—

11 “(1) held in a trust of which the transferor is  
 12 considered the owner under subpart E of part I of  
 13 subchapter J, and

14 “(2) if, after the transfer of such property to  
 15 the trust, such property is not includible in the gross  
 16 estate of the transferor for purposes of chapter 11.”.

17 (b) CONFORMING AMENDMENT.—Section 6662(k) is  
 18 amended by striking “1014(f)” and inserting “1014(g)”.

19 (c) EFFECTIVE DATE.—The amendments made by  
 20 this section shall apply to transfers after the date of the  
 21 enactment of this Act.

22 (d) NO INFERENCE.—No inference may be drawn  
 23 from the amendments made by this section with respect  
 24 to the application of section 1014 of the Internal Revenue  
 25 Code of 1986 to property described in subsection (f) of

1 such section (as added by subsection (a)) which was trans-  
 2 ferred on or before the date of enactment of this Act.

3 **SEC. 408. LIMITATION ON DISCOUNTS; VALUATION RULES**  
 4 **FOR CERTAIN TRANSFERS OF NONBUSINESS**  
 5 **ASSETS.**

6 (a) IN GENERAL.—Chapter 14 of subtitle B is  
 7 amended by adding at the end the following new section:

8 **“SEC. 2705. LIMITATION ON DISCOUNTS; VALUATION RULES**  
 9 **FOR CERTAIN TRANSFERS OF NONBUSINESS**  
 10 **ASSETS.**

11 “(a) LIMITATION ON DISCOUNT BY REASON OF FAM-  
 12 ILY CONTROL.—

13 “(1) IN GENERAL.—For purposes of this sub-  
 14 title, in the case of the transfer of any interest in  
 15 an entity other than an interest which is actively  
 16 traded (within the meaning of section 1092), if the  
 17 transferor, the transferee, and members of the fam-  
 18 ily of the transferor and transferee have control of  
 19 such entity immediately before such transfer, no dis-  
 20 count shall be allowed—

21 “(A) by reason of the fact that the trans-  
 22 feror or transferee does not have control of  
 23 such entity,

24 “(B) by reason of the lack of marketability  
 25 of the interest, or

1 “(C) for any other reason.

2 “(2) DEFINITIONS.—In this subsection, the  
3 terms ‘control’ and ‘member of the family’ have the  
4 same meanings given such terms in section 2704(c).

5 “(3) ATTRIBUTION.—For purposes of this sec-  
6 tion, the rule of section 2701(e)(3) shall apply for  
7 purposes of determining the interests held by any in-  
8 dividual.

9 “(b) VALUATION RULES FOR CERTAIN TRANSFERS  
10 OF NONBUSINESS ASSETS.—

11 “(1) IN GENERAL.—For purposes of this sub-  
12 title, in the case of the transfer of any interest in  
13 an entity other than an interest which is actively  
14 traded (within the meaning of section 1092)—

15 “(A) the value of any nonbusiness assets  
16 held by the entity with respect to such interest  
17 shall be determined as if the transferor had  
18 transferred such assets directly to the trans-  
19 feree (and no valuation discount shall be al-  
20 lowed with respect to such nonbusiness assets),  
21 and

22 “(B) such nonbusiness assets shall not be  
23 taken into account in determining the value of  
24 the interest in the entity.

1           “(2) NONBUSINESS ASSETS.—For purposes of  
2       this subsection—

3           “(A) IN GENERAL.—The term ‘nonbusi-  
4       ness asset’ means any asset other than an asset  
5       which is used in the active conduct of a trade  
6       or business.

7           “(B) PASSIVE ASSETS TREATED AS NON-  
8       BUSINESS ASSETS.—

9           “(i) IN GENERAL.—For purposes of  
10       subparagraph (A), a passive asset shall be  
11       treated as a nonbusiness asset unless—

12           “(I) the asset is property de-  
13       scribed in paragraph (1) or (4) of sec-  
14       tion 1221(a) or is a hedge with re-  
15       spect to such property, or

16           “(II) the asset is real property  
17       used in the active conduct of 1 or  
18       more real property trades or busi-  
19       nesses (within the meaning of section  
20       469(c)(7)(C)) in which the transferor  
21       materially participates and with re-  
22       spect to which the transferor meets  
23       the requirements of section  
24       469(c)(7)(B)(ii).

1           “(ii) MATERIAL PARTICIPATION.—For  
 2           purposes of clause (i)(II), material partici-  
 3           pation shall be determined under the rules  
 4           of section 469(h), except that section  
 5           469(h)(3) shall be applied without regard  
 6           to the limitation to farming activity.

7           “(C) WORKING CAPITAL TREATED AS  
 8           USED IN TRADE OR BUSINESS.—Any asset (in-  
 9           cluding a passive asset) which is held as a part  
 10          of the reasonably required working capital  
 11          needs of a trade or business shall be treated as  
 12          used in the active conduct of a trade or busi-  
 13          ness.

14          “(3) PASSIVE ASSET.—For purposes of this  
 15          subsection, the term ‘passive asset’ means any—

16               “(A) cash or cash equivalents,

17               “(B) stock in a corporation or any other  
 18               equity, profits, or capital interest in any entity,

19               “(C) evidence of indebtedness, option, for-  
 20               ward or futures contract, notional principal con-  
 21               tract, or derivative,

22               “(D) asset described in clause (iii), (iv), or  
 23               (v) of section 351(e)(1)(B),

24               “(E) annuity,

1 “(F) real property used in 1 or more real  
 2 property trades or businesses (as defined in sec-  
 3 tion 469(c)(7)(C)),

4 “(G) asset (other than a patent, trade-  
 5 mark, or copyright) which produces royalty in-  
 6 come,

7 “(H) commodity,

8 “(I) collectible (within the meaning of sec-  
 9 tion 408(m)), or

10 “(J) any other asset specified in regula-  
 11 tions prescribed by the Secretary.

12 “(4) LOOK-THRU RULE.—

13 “(A) IN GENERAL.—If a nonbusiness asset  
 14 of an entity described in paragraph (1) consists  
 15 of a 10-percent interest in any other entity, this  
 16 subsection shall be applied by disregarding the  
 17 10-percent interest and by treating the entity  
 18 as holding directly its ratable share of the as-  
 19 sets of the other entity.

20 “(B) 10-PERCENT INTEREST.—The term  
 21 ‘10-percent interest’ means—

22 “(i) in the case of an interest in a cor-  
 23 poration, direct ownership of at least 10  
 24 percent (by vote or value) of the stock in  
 25 such corporation,

1 “(ii) in the case of an interest in a  
 2 partnership, direct ownership of at least 10  
 3 percent of the capital or profits interest in  
 4 the partnership, and

5 “(iii) in any other case, direct owner-  
 6 ship of at least 10 percent of the beneficial  
 7 interests in the entity.”.

8 (b) CONFORMING AMENDMENTS.—

9 (1) Section 2031(b) of the Internal Revenue  
 10 Code of 1986 is amended by inserting “(after appli-  
 11 cation of section 2705(b))” after “shall be deter-  
 12 mined”.

13 (2) The table of sections of chapter 14 of sub-  
 14 title B of such Code is amended by adding at the  
 15 end the following:

“Sec. 2705. Limitation on discounts; valuation rules for certain transfers of  
 nonbusiness assets.”.

16 (c) EFFECTIVE DATE.—The amendments made by  
 17 this section shall apply to transfers after the date of the  
 18 enactment of this Act.

19 **SEC. 409. SURCHARGE ON HIGH INCOME ESTATES AND**  
 20 **TRUSTS.**

21 (a) IN GENERAL.—Subchapter A of chapter 1 is  
 22 amended by adding at the end the following new part:

1       **“PART VIII—SURCHARGE ON HIGH INCOME**  
 2                   **ESTATES AND TRUSTS**

“Sec. 59B. Surcharge on high income estates and trusts.

3       **“SEC. 59B. SURCHARGE ON HIGH INCOME ESTATES AND**  
 4                   **TRUSTS.**

5           “(a) GENERAL RULE.—In the case of an estate or  
 6 trust, there is hereby imposed (in addition to any other  
 7 tax imposed by this subtitle) a tax equal to the sum of—

8               “(1) 5 percent of so much of the modified ad-  
 9 justed gross income of the taxpayer as exceeds  
 10 \$200,000, plus

11               “(2) 3 percent of so much of the modified ad-  
 12 justed gross income of the taxpayer as exceeds  
 13 \$500,000.

14           “(b) MODIFIED ADJUSTED GROSS INCOME.—For  
 15 purposes of this section—

16               “(1) IN GENERAL.—The term ‘modified ad-  
 17 justed gross income’ means adjusted gross income  
 18 reduced by any deduction (not taken into account in  
 19 determining adjusted gross income) allowed for in-  
 20 vestment interest (as defined in section 163(d)) or  
 21 business interest (as defined in section 163(j)).

22               “(2) ADJUSTED GROSS INCOME.—Adjusted  
 23 gross income shall be determined as provided in sec-  
 24 tion 67(e) and reduced by the amount allowed as a  
 25 deduction under section 642(c).

1 “(c) SPECIAL RULES.—

2 “(1) CHARITABLE TRUSTS.—Subsection (a)  
3 shall not apply to a trust all the unexpired interests  
4 in which are devoted to one or more of the purposes  
5 described in section 170(c)(2)(B).

6 “(2) NOT TREATED AS TAX IMPOSED BY THIS  
7 CHAPTER FOR CERTAIN PURPOSES.—The tax im-  
8 posed under this section shall not be treated as tax  
9 imposed by this chapter for purposes of determining  
10 the amount of any credit under this chapter (other  
11 than sections 27 and 901) or for purposes of section  
12 55.

13 “(3) ELECTING SMALL BUSINESS TRUSTS.—For  
14 purposes of the determination of adjusted gross in-  
15 come, section 641(c)(1)(A) shall not apply and all  
16 portions of any electing small business trust shall be  
17 treated as a single trust.

18 “(d) REGULATIONS.—The Secretary shall issue such  
19 regulations or other guidance as may be necessary or ap-  
20 propriate to carry out the purposes of this section, includ-  
21 ing regulations or other guidance to prevent the avoidance  
22 of the purposes of this section.”.

23 (b) COORDINATION WITH CERTAIN PROVISIONS.—

24 (1) INTEREST ON CERTAIN DEFERRED TAX LI-  
25 ABILITY.—Section 453A(c) is amended by redesign-

1 nating paragraph (6) as paragraph (7) and by in-  
 2 serting after paragraph (5) the following new para-  
 3 graph:

4 “(6) SURCHARGE ON HIGH INCOME ESTATES  
 5 AND TRUSTS TAKEN INTO ACCOUNT IN DETER-  
 6 MINING MAXIMUM RATE OF TAX.—For purposes of  
 7 paragraph (3)(B), in the case of an estate or trust,  
 8 the maximum rate of tax in effect under section 1  
 9 shall be treated as being equal to the sum of such  
 10 rate and the rates in effect under paragraphs (1)  
 11 and (2) of section 59B(a).”.

12 (2) LIMITATION ON FOREIGN TAX CREDIT.—

13 (A) Section 904(b)(3)(E)(i)(I) is amended  
 14 by inserting “increased, in the case of an estate  
 15 or trust, by the sum of the rates set forth in  
 16 paragraphs (1) and (2) of section 1A(a)” after  
 17 “(whichever applies)”.

18 (B) Section 904(d)(2)(F) is amended by  
 19 adding at the end the following: “For purposes  
 20 of the first sentence of this subparagraph, in  
 21 the case of an estate or trust, the highest rate  
 22 of tax specified in section 1 shall be treated as  
 23 being equal to the sum of such rate and the  
 24 rates in effect under paragraphs (1) and (2) of  
 25 section 59B(a).”.

1           (3) ELECTION BY INDIVIDUALS TO BE SUBJECT  
 2           TO TAX AT CORPORATE RATES.—Section 962(a)(1)  
 3           is amended by striking “and 55” and inserting 55“,  
 4           and 59B”.

5           (4) INTEREST ON CERTAIN TAX DEFERRAL.—  
 6           Section 1291(c)(2) is amended by adding at the end  
 7           the following: “For purposes of the preceding sen-  
 8           tence, in the case of an estate or trust, the highest  
 9           rate of tax in effect under section 1 shall be treated  
 10          as being equal to the sum of such rate and the rates  
 11          in effect under paragraphs (1) and (2) of section  
 12          59B(a).”.

13          (5) WITHHOLDING OF TAX ON FOREIGN PART-  
 14          NERS’ SHARE OF EFFECTIVELY CONNECTED IN-  
 15          COME.—Section 1446(b)(2) is amended by adding at  
 16          the end the following flush sentence:

17          “For purposes of subparagraph (A), in the case of  
 18          a partner which is an estate or trust, the highest  
 19          rate of tax in effect under section 1 shall be treated  
 20          as being equal to the sum of such rate and the rates  
 21          in effect under paragraphs (1) and (2) of section  
 22          59B(a).”.

23          (6) PARTNERSHIP ADJUSTMENTS.—

24                  (A) Section 6225(b)(1) is amended by add-  
 25          ing at the end the following flush sentence:

1 “For purposes of subparagraph (B), in the case of  
 2 an estate or trust, the highest rate of tax in effect  
 3 under section 1 shall be treated as being equal to  
 4 the sum of such rate and the rates in effect under  
 5 paragraphs (1) and (2) of section 59B(a).”.

6 (B) Section 6225(c)(4)(A) is amended—

7 (i) by striking “subsection (b)(1)(A)”  
 8 and inserting “subsection (b)(1)(B)”, and

9 (ii) by striking “or” at the end of  
 10 clause (i), by adding “or” at the end of  
 11 clause (ii), and by inserting after clause  
 12 (ii) the following new clause:

13 “(iii) is not an estate or trust subject  
 14 to one or both of the rates of tax in effect  
 15 under paragraphs (1) and (2) of section  
 16 59B(a).”.

17 (7) REQUIRED PAYMENTS FOR ENTITIES  
 18 ELECTING NOT TO HAVE REQUIRED TAXABLE  
 19 YEAR.—The second sentence of section 7519(b) is  
 20 amended by inserting “and, in the case of an estate  
 21 or trust, increased by the sum of the rates in effect  
 22 under paragraphs (1) and (2) of section 59B(a)” be-  
 23 fore the period at the end.

1 (c) CLERICAL AMENDMENT.—The table of parts for  
 2 subchapter A of chapter 1 is amended by adding at the  
 3 end the following new item:

“PART VIII—SURCHARGE ON HIGH INCOME ESTATES AND TRUSTS”.

4 (d) EFFECTIVE DATE.—The amendments made by  
 5 this section shall apply to taxable years beginning after  
 6 the date of the enactment of this Act.

7 **SEC. 410. MODIFICATION OF RULES FOR VALUE OF CER-**  
 8 **TAIN FARM, ETC., REAL PROPERTY.**

9 (a) IN GENERAL.—Paragraph (2) of section  
 10 2032A(a) of the Internal Revenue Code of 1986 is amend-  
 11 ed by striking “\$750,000” and inserting “\$3,000,000”.

12 (b) INFLATION ADJUSTMENT.—Paragraph (3) of sec-  
 13 tion 2032A(a) of such Code is amended—

14 (1) by striking “1998” and inserting “2025”,

15 (2) by striking “\$750,000” each place it ap-  
 16 pears and inserting “\$3,000,000”, and

17 (3) by striking “calendar year 1997” and in-  
 18 serting “calendar year 2024” in subparagraph (B).

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 **SEC. 411. MODIFICATION OF ESTATE TAX RULES WITH RE-**  
2 **SPECT TO LAND SUBJECT TO CONSERVATION**  
3 **EASEMENTS.**

4 (a) MODIFICATION OF EXCLUSION LIMITATION.—  
5 Subparagraph (B) of section 2031(c)(1) of the Internal  
6 Revenue Code of 1986 is amended by striking “\$500,000”  
7 and inserting “\$2,000,000”.

8 (b) MODIFICATION OF APPLICABLE PERCENTAGE.—  
9 Paragraph (2) of section 2031(c) of the Internal Revenue  
10 Code of 1986 is amended by striking “40 percent” and  
11 inserting “60 percent”.

12 (c) EFFECTIVE DATE.—The amendments made by  
13 this section shall apply to estates of decedents dying, and  
14 gifts made, after December 31, 2024.

15 **TITLE V—ACCESSIBILITY**  
16 **REQUIREMENTS**

17 **SEC. 501. ACCESSIBILITY REQUIREMENTS.**

18 In the case of housing that is constructed, altered,  
19 or otherwise assisted using amounts made available to the  
20 Secretary of Housing and Urban Development under this  
21 Act or an amendment made by this Act, sections 8.22 and  
22 8.23 of title 24, Code of Federal Regulations (or any suc-  
23 cessor regulations) shall be applied such that the number  
24 of dwelling units required to be accessible under those sec-

- 1 tions is twice the number that would otherwise be required
- 2 to be accessible under those sections.

