

110TH CONGRESS
2D SESSION

H. R. 5487

To establish the Affordable Homeownership Preservation Fund of the Neighborhood Reinvestment Corporation.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 25, 2008

Ms. LORETTA SANCHEZ of California (for herself and Ms. CLARKE) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To establish the Affordable Homeownership Preservation Fund of the Neighborhood Reinvestment Corporation.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Affordable Home-
5 ownership Preservation Fund Act of 2008”.

6 **SEC. 2. FINDINGS AND PURPOSES.**

7 (a) FINDINGS.—The Congress finds that—

8 (1) many communities in the United States are
9 facing a loss of affordable housing options arising in
10 part from unethical lending practices and the result-

1 ing tightening of credit to low- and moderate-income
2 families;

6 (3) non-governmental business interests are fac-
7 ing increasing difficulties expanding operations due
8 to the limited workforce available in regions with low
9 inventories of affordable housing; and

10 (4) community development organizations and
11 affordable housing trust funds have proven their
12 ability to identify and respond to community needs
13 for equity investments, loans, and educational serv-
14 ices.

15 (b) PURPOSE.—The purpose of this Act is to estab-
16 lish an Affordable Homeownership Preservation Fund of
17 the Neighborhood Reinvestment Corporation that will pro-
18 tect the interests of low- and moderate-income homebuyers
19 and ensure that non-governmental interests continue to
20 have affordable housing for their workforces.

21 SEC. 3. AFFORDABLE HOMEOWNERSHIP PRESERVATION
22 FUND.

23 The Neighborhood Reinvestment Corporation Act is
24 amended—

1 (1) in section 606(b)(5) (42 U.S.C.
2 8105(b)(5)), by striking “section 608(d)” and in-
3 serting “section 609(d);

9 SEC. 607. AFFORDABLE HOMEOWNERSHIP PRESERVATION

10 FUND.

11 "(a) ESTABLISHMENT.—There is established a fund
12 of the corporation to be known as the Affordable Home-
13 ownership Preservation Fund (in this section referred to
14 as the 'Fund'), which shall be administered by the cor-
15 poration.

16 "(b) USE.—To the extent that amounts are made
17 available pursuant to subsection (l), the corporation, doing
18 business as NeighborWorks America, shall provide finan-
19 cial assistance from the Fund through grants to commu-
20 nity development organizations for use for eligible activi-
21 ties under subsection (d) to enhance the availability of af-
22 fordable housing.

23 "(c) ELIGIBLE COMMUNITY DEVELOPMENT ORGANI-
24 ZATIONS.—Grants from the Fund may be made only to
25 community development organizations that operate afford-

1 able housing trust funds that are affiliated with the
2 NeighborWorks America network established by the cor-
3 poration.

4 “(d) ELIGIBLE ACTIVITIES.—

5 “(1) IN GENERAL.—Amounts from a grant
6 from the Fund for an eligible community develop-
7 ment organization may be used only for activities to
8 improve and enhance the availability of affordable
9 housing that—

10 “(A) are carried out in accordance with the
11 comprehensive strategic plan for the organiza-
12 tion submitted under subsection (f)(2)(B);

13 “(B) are consistent with existing economic,
14 community, and housing development plans
15 adopted by or applicable to the area or targeted
16 population served by the organization; and

17 “(C) may include—

18 “(i) assisting distressed homeowners
19 with small low-interest or no-interest loans;

20 “(ii) making mortgage loans to first-
21 time homebuyers;

22 “(iii) purchasing, rehabilitating, and
23 selling foreclosed properties for owner-oc-
24 cupancy; and

1 “(iv) such other activities as the cor-
2 poration considers appropriate.

3 “(2) CAPACITY BUILDING.—Notwithstanding
4 paragraph (1), a grantee may use not more than 10
5 percent of the amounts of any grant from the Fund
6 and of any matching amounts provided in accord-
7 ance with subsection (e) for costs of hiring and
8 training personnel to carry out performance goals
9 and the mortgage foreclosure mitigation counseling
10 required by the item relating to ‘Neighborhood Rein-
11 vestment Corporation’ in title III of the Transpor-
12 tation, Housing and Urban Development, and Re-
13 lated Agencies Appropriations Act, 2008 (Division K
14 of Public Law 110–161).

15 “(e) MATCHING REQUIREMENTS.—

16 “(1) IN GENERAL.—A grant under this section
17 for an eligible community development organization
18 may not be made in an amount that exceeds the
19 amount that the organization declares to the cor-
20 poration have been or will be contributed from
21 sources other than the Federal Government for use
22 for eligible activities described in the application of
23 the organization. Such matching funds shall be at
24 least comparable in form and value to the assistance
25 provided from the Fund for the organization.

1 “(2) REQUIREMENT OF FIRM COMMITMENT OF
2 MATCHING AMOUNTS.—The corporation may not
3 provide any grant amounts for an eligible commu-
4 nity development organization before the organiza-
5 tion has secured firm commitments for the matching
6 funds required by paragraph (1).

7 “(3) EXCEPTION.—In the case of an applicant
8 that the corporation determines is subject to severe
9 constraints on available sources of matching funds,
10 the corporation may permit the applicant to comply
11 with the matching requirements of paragraph (1)
12 by—

13 “(A) reducing the amount required to be
14 matched by such applicant by not more than 50
15 percent;

16 “(B) for not more than 60 percent of the
17 amount required to be matched by such appli-
18 cant, allowing such applicant to use amounts
19 made available pursuant to—

20 “(i) section 106 of the Housing and
21 Community Development Act of 1974 (42
22 U.S.C. 5306);

23 “(ii) section 623(c)(1) of the Commu-
24 nity Economic Development Act of 1981
25 (42 U.S.C. 9812(c)); or

1 “(iii) section 310B(c) of the Consolidated Farm and Rural Development Act (7
2 U.S.C. 1932(c)); or

3 “(C) permitting such applicant to provide
4 matching funds in a form to be determined at
5 the discretion of the corporation if such appli-
6 cant—

7 “(i) has total assets of less than
8 \$100,000;

9 “(ii) serves nonmetropolitan areas;
10 and

11 “(iii) is requesting a grant under this
12 section of not more than \$25,000.

13 “(4) LIMITATION.—Not more than 25 percent
14 of the total amount disbursed in any fiscal year from
15 the Fund may be matched as provided in paragraph
16 (3).

17 “(f) APPLICATIONS FOR ASSISTANCE.—

18 “(1) FORM AND PROCEDURES.—To be eligible
19 to receive assistance from the Fund, an eligible com-
20 munity development organization shall submit to the
21 corporation an application meeting the requirements
22 under this subsection, in such form and in accord-
23 ance with such procedures as the corporation shall
24 establish.

1 “(2) MINIMUM REQUIREMENTS.—The corpora-
2 tion shall require each application—

3 “(A) to establish that the applicant is, or
4 by the time a grant under this section is made
5 to the organization will be, an eligible commu-
6 nity development organization;

7 “(B) to include a comprehensive strategic
8 plan for the organization that contains—

9 “(i) a plan of not less than 5 years in
10 duration that demonstrates that the appli-
11 cant will use amounts from a grant from
12 the Fund only for eligible activities under
13 subsection (d);

14 “(ii) an analysis of the needs of the
15 area or targeted population that the appli-
16 cant serves and a strategy for how the ap-
17 plicant will attempt to meet such needs;

18 “(iii) a plan that coordinates use of
19 assistance from the Fund with existing
20 Federal, State, local, and tribal govern-
21 ment assistance programs, and private sec-
22 tor financial services;

23 “(iv) an explanation of how the pro-
24 posed eligible activities to be carried out
25 using amounts from the grant from the

1 Fund comply with the requirement under
2 subsection (d)(1)(B); and

3 “(v) a description of how the appli-
4 cant will coordinate with community orga-
5 nizations and financial institutions that
6 will provide equity investments, loans, sec-
7 ondary markets, or other services to invest-
8 ment areas or targeted populations;

9 “(C) to include a detailed description of
10 how the applicant will comply with the match-
11 ing requirement under subsection (e) and the
12 likely sources of funds for such compliance;

13 “(D) in the case of an applicant that has
14 previously received assistance from the Fund, to
15 demonstrate that the applicant—

16 “(i) has substantially met its perform-
17 ance goals established pursuant to sub-
18 section (h)(2)(B) and otherwise carried out
19 its responsibilities under the assistance
20 agreement for such assistance; and

21 “(ii) will expand its operations into a
22 new service area or to serve a new targeted
23 population, offer more services, or increase
24 the volume of its business;

1 “(E) in the case of an applicant with a
2 prior history of serving investment areas or tar-
3 geted populations, to demonstrate that the ap-
4 plicant—

5 “(i) has a record of success in serving
6 service areas or targeted populations; and

7 “(ii) will expand its operations into a
8 new service area or to serve a new targeted
9 population, offer more services, or increase
10 the volume of its current business; and

11 “(F) to include such other information as
12 the corporation considers appropriate.

13 “(3) PREAPPLICATION OUTREACH PROGRAM.—
14 The corporation may operate an outreach program
15 to identify and provide information to potential ap-
16 plicants for assistance under this section.

17 “(g) SELECTION CRITERIA.—The corporation shall
18 establish criteria for selection of applications for grants
19 under this section, which shall include—

20 “(1) the likelihood of success of the applicant in
21 meeting the goals of its comprehensive strategic plan
22 submitted under subsection (f)(2)(B);

23 “(2) the experience and background of the pro-
24 posed team that will manage the grant;

1 “(3) the extent of need for affordable housing
2 for the service area or targeted populations to be
3 served under the grant;

4 “(4) the extent to which the applicant will con-
5 centrate its activities on serving its service area or
6 targeted populations;

7 “(5) the amount for which firm commitments
8 have been made for contributions to be used to meet
9 or exceed the matching amount required under sub-
10 section (e) and the likely success of the plan for se-
11 curing any balance of the amounts required under
12 such subsection;

13 “(6) whether the applicant is located in a com-
14 munity that has experienced a sudden and signifi-
15 cant loss in homeownership as a result of an in-
16 crease in mortgage foreclosures;

17 “(7) in the case of an applicant having a prior
18 history with the corporation, the extent of success of
19 the applicant in serving the service areas or targeted
20 populations involved; and

21 “(8) any other factors (such as the extent to
22 which the applicant has strong ties to the commu-
23 nity that it will serve) that the corporation considers
24 appropriate.

25 “(h) GRANT TERMS AND CONDITIONS.—

1 “(1) SOUNDNESS OF ORGANIZATIONS.—The
2 corporation shall—

3 “(A) ensure, to the maximum extent prac-
4 ticable, that each community development orga-
5 nization that receives a grant under this section
6 is financially and managerially sound and main-
7 tains appropriate internal controls; and

8 “(B) require each community development
9 organization that receives a grant under this
10 section to submit to the corporation, not less
11 than once during each 18-month period, a
12 statement of financial condition audited by an
13 independent certified public accountant as part
14 of the report required by subsection (j)(1)(E).

15 “(2) ASSISTANCE AGREEMENT.—

16 “(A) IN GENERAL.—No grant amounts
17 may be provided under this section to an eligi-
18 ble community development corporation before
19 the corporation enters into an agreement with
20 the organization that requires the organization
21 to comply with performance goals established
22 pursuant to subparagraph (B) and with all
23 other terms and conditions of assistance re-
24 ceived under this section.

1 “(B) PERFORMANCE GOALS.—For each
2 community development organization receiving
3 assistance under this section, performance goals
4 relating to the use of such assistance shall be
5 established by negotiation between the corpora-
6 tion and the organization. Such goals shall be
7 based upon the strategic plan of the organiza-
8 tion submitted pursuant to subsection (f)(2)(b).
9 Such goals may be modified by consent of both
10 parties, or as provided in subparagraph (C).

11 “(C) SANCTIONS.—The agreement re-
12 quired under subparagraph (A) for each eligible
13 community development corporation shall pro-
14 vide that, in the event of fraud, mismanage-
15 ment, noncompliance with this section, or non-
16 compliance with the terms of the agreement,
17 the corporation may, in the discretion of the
18 corporation, take one or more of the following
19 actions:

20 “(i) Revoke approval of the applica-
21 tion of the organization.

22 “(ii) Terminate or reduce future as-
23 sistance under this section for the organi-
24 zation.

1 “(iii) Require repayment of assistance
2 provided under this section to the organi-
3 zation.

4 “(iv) Require changes to the perform-
5 ance goals established pursuant to sub-
6 paragraph (B) for the organization.

7 “(v) Bar the organization from re-
8 applying for assistance from the Fund.

9 “(vi) Require changes to the strategic
10 plan of the organization submitted pursu-
11 ant to subsection (f)(2)(B).

12 “(vii) Take such other actions as the
13 corporation considers appropriate.

14 “(i) ENCOURAGEMENT OF PRIVATE ENTITIES.—The
15 corporation may facilitate the organization of corporations
16 in which the Federal Government has no ownership inter-
17 est that will complement the activities of the corporation
18 in carrying out the purpose of this section. The purpose
19 of any such entity shall be to assist community develop-
20 ment organizations in a manner that is complementary to
21 the activities of the corporation under this section. Any
22 such entity shall be managed exclusively by persons not
23 employed by the Federal Government or any agency or
24 instrumentality thereof.

25 “(j) RECORDKEEPING, REPORTS, AND AUDITS.—

1 “(1) RECORDKEEPING.—

2 “(A) IN GENERAL.—Each community de-
3 velopment organization receiving assistance
4 from the Fund shall keep such records, for such
5 periods as may be prescribed, as may be nec-
6 essary to disclose the manner in which any as-
7 sistance under this section is used and to dem-
8 onstrate compliance with the requirements of
9 this section.

10 “(B) USER PROFILE INFORMATION.—The
11 corporation shall require each community devel-
12 opment organization receiving assistance under
13 this section to compile and maintain data on
14 the gender, race, ethnicity, national origin, and
15 other pertinent information concerning individ-
16 uals that utilize the services of the organization
17 to ensure that targeted populations and low-in-
18 come residents of investment areas are ade-
19 quately served.

20 “(C) ACCESS TO RECORDS.—The corpora-
21 tion shall have access on demand, for the pur-
22 pose of determining compliance with this sec-
23 tion, to any records of a community develop-
24 ment organization that receives assistance from
25 the Fund.

1 “(D) REVIEW.—Not less than annually,
2 the corporation shall review the progress of
3 each community development organization re-
4 ceiving assistance under this section in carrying
5 out its strategic plan, meeting its performance
6 goals, and satisfying the terms and conditions
7 of its assistance agreement.

8 “(E) ANNUAL REPORTS.—

9 “(i) REQUIREMENT.—The corporation
10 shall require each community development
11 organization receiving assistance under
12 this section to submit to the corporation,
13 in such form and manner as the corpora-
14 tion shall require, an annual report regard-
15 ing its activities, its financial condition,
16 and its success in meeting performance
17 goals, in satisfying the terms and condi-
18 tions of its assistance agreement, and in
19 complying with other requirements of this
20 section.

21 “(ii) AVAILABILITY.—After deleting
22 or redacting any material as appropriate to
23 protect privacy or proprietary interests, the
24 corporation shall make such reports avail-
25 able for public inspection.

1 “(2) ANNUAL REPORT BY CORPORATION.—The
2 corporation shall conduct an annual evaluation of
3 the activities of the Fund and the community devel-
4 opment organizations assisted under this section,
5 and shall include in the annual report submitted
6 pursuant to section 608(a) a report of its findings,
7 together with financial statements audited in accord-
8 ance with paragraph (4).

9 “(3) OPTIONAL STUDIES.—The corporation
10 may conduct such studies as the corporation con-
11 siders necessary to further the purpose of this sec-
12 tion and to facilitate investment in distressed com-
13 munities. The findings of any studies conducted pur-
14 suant to this paragraph shall be included in the re-
15 port required by paragraph (2).

16 “(4) EXAMINATION AND AUDIT.—The financial
17 statements of the Fund for each fiscal year shall be
18 audited by the Comptroller General of the United
19 States under the authority provided in section
20 608(c).

21 “(k) DEFINITIONS.—For purposes of this section, the
22 following definitions shall apply:

23 “(1) COMMUNITY DEVELOPMENT ORGANIZA-
24 TION.—The term ‘community development organiza-
25 tion’ means a private, nonprofit organization that—

1 “(A) serves a specific area experiencing a
2 limited supply of affordable housing relative to
3 the needs of the local workforce, as determined
4 by the corporation, or a targeted low- or mod-
5 erate-income population;

6 “(B) maintains, through significant rep-
7 resentation on the organization’s board of direc-
8 tors or other governing body, accountability to
9 the specific targeted area or population served
10 by the organization; and

11 “(C) whose primary purpose includes the
12 provision of low-income housing or community
13 economic development projects that primarily
14 benefit low-income individuals or communities.

15 “(2) ELIGIBLE COMMUNITY DEVELOPMENT OR-
16 GANIZATION.—The term ‘eligible community devel-
17 opment organization’ means a community develop-
18 ment organization that meets the requirements of
19 subsection (c).

20 “(3) NONPROFIT ORGANIZATION.—The term
21 ‘nonprofit organization’ means an organization (in-
22 cluding a State or locally chartered organization)
23 that—

24 “(A) is organized under State or local
25 laws;

1 “(B) has no part of its net earnings inur-
2 ing to the benefit of any member, founder, con-
3 tributor, or individual; and

4 “(C) complies with standards of financial
5 accountability acceptable to the corporation.

6 “(l) AUTHORIZATION OF APPROPRIATIONS.—In addi-
7 tion to any amounts authorized to be appropriated under
8 section 609(a) or appropriated pursuant to such section,
9 there are authorized to be appropriated to the Neighbor-
10 hood Reinvestment Corporation such sums as may be nec-
11 essary for assistance under this section.”.

○