

119TH CONGRESS  
1ST SESSION

**S.** \_\_\_\_\_

To make housing more affordable, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

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Ms. WARREN introduced the following bill; which was read twice and referred to the Committee on \_\_\_\_\_

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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 2025”.

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

TITLE III—REMOVING BARRIERS THAT ISOLATE COMMUNITIES

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

TITLE IV—ESTATE TAX REFORM

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

TITLE V—ACCESSIBILITY REQUIREMENTS

- Sec. 501. Accessibility requirements.

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-

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

10       (e) LABOR LAWS.—

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

21           (2) AUTHORITY AND FUNCTIONS.—With re-  
22       spect to the labor standards specified in paragraph  
23       (1), the Secretary of Labor shall have the authority  
24       and functions set forth in Reorganization Plan  
25       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 \$48,000,000,000 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 \$3,000,000,000 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 not more than 30 percent of the monthly area  
25 median 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 Housing and Urban Development),  
13 of rental housing units or units for purchase  
14 that are affordable to residents making less  
15 than 120 percent of the area median income;  
16 and

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

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

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

23 (iii) emergency rental assistance; and

1 (iv) other measures as specified by the  
2 Secretary of Housing and Urban Develop-  
3 ment.

4 (5) LABOR LAWS.—

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

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

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

1 (A) the metrics that the Secretary will use  
2 to determine eligibility for a grant under this  
3 subsection;

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

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

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

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

21 (a) FINDINGS.—Congress finds that—

22 (1) the Federal Housing Administration, the  
23 Federal National Mortgage Association, and the  
24 Federal Home Loan Mortgage Corporation provide

1 critical homeownership opportunities that greatly  
2 benefit individuals, families, and communities; and

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

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

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

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

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

19 “(a) DEFINITIONS.—In this section—

20 “(1) the term ‘Claim Without Conveyance of  
21 Title program’ means the program of the Federal  
22 Housing Administration carried out under section  
23 203.368 of title 24, Code of Federal Regulations, or  
24 any successor regulation; and



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

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

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

15                 “(2) to community partners that will—

16                         “(A) rehabilitate or develop the property;

17                         and

18                         “(B) sell the property to an owner-occu-

19                         pant.

20          “(c) GUIDELINES.—Not later than 1 year after the  
21          date of enactment of this section, the Secretary shall de-  
22          velop guidelines for the Claim Without Conveyance of Title  
23          program that provide an exclusive listing period during  
24          which only eligible governmental entities, nonprofit organi-  
25          zations approved by the Department of Housing and

1 Urban Development, and owner-occupant buyers may sub-  
2 mit bids.

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

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

11 “(a) DEFINITIONS.—In this section—

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

14 “(2) the term ‘covered mortgage’—

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

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

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

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

24 “(1) IN GENERAL.—The Secretary—

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

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

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

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

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

14                  “(2) REQUIREMENTS FOR THE SECRETARY.—

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

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

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

3 “(ii) includes—

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

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

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

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

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

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

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

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

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

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

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

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

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

13 “(B) FALSE STATEMENTS.—

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

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

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

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

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

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

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

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

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

20 “(4) REQUIREMENTS FOR PURCHASERS.—

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

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

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

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

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

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

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



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

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

12 “(1) sold to owner-occupants;

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

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

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

24 “(1) identify and recruit community partners;

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

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

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

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

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

18                   or

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

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

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

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

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

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

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

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

23                   “(ii) includes—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13           “(A) sold to owner-occupants;

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

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

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

25           “(A) identify and recruit community partners;

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

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

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

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

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

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

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

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

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

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

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

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

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

20           “(ii) includes—

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8 “(A) sold to owner-occupants;

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

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

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

20 “(A) identify and recruit community partners;

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

1 the communities served by the community partners;  
2 and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15 “(b) DATA AND REPORTING.—

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

13     **SEC. 201. DOWN PAYMENT ASSISTANCE PROGRAM FOR**  
 14           **FIRST-TIME, FIRST-GENERATION HOME-**  
 15           **BUYERS.**

16           (a) DEFINITIONS.—In this section:

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

19           (A) is a first-time homebuyer;

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

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

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

24           (ii) in the case of a homebuyer acquir-  
 25     ing a property for use as a principal resi-

1                    dence that is located in a high-cost area,  
2                    as determined by the Secretary, 140 per-  
3                    cent of the area median income.

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

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

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

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

1 domestic partner of the individual) who, during the  
2 3-year period ending on the date of purchase of a  
3 property using a grant under subsection (b)—

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

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

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

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

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

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

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

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

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

4           (2) shall be used—

5                 (A) to provide grants to eligible residents  
6                 to purchase a property for use as a principal  
7                 residence;

8                 (B) for outreach to financial institutions in  
9                 targeted areas and eligible residents, including  
10                for the administration of that outreach;

11                (C) for counseling or financial education  
12                administered by counseling agencies approved  
13                by the Secretary in order to ensure sustainable  
14                homeownership; and

15                (D) to maintain any records required to  
16                implement this section.

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

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

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

1       percent of the maximum principal obligation limita-  
2       tion for the property to be purchased.

3       (d) **RELATION TO FHA LOAN.**—An eligible resident  
4 shall not be required to obtain a mortgage that is insured  
5 under title II of the National Housing Act (12 U.S.C.  
6 1707 et seq.) as a condition of receiving a grant under  
7 subsection (b).

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

15       (f) **REGULATIONS AND DATABASE.**—Not later than  
16 1 year after the date of enactment of this Act, the Sec-  
17 retary shall—

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

23           (2) promulgate regulations relating to the dis-  
24 bursement of funds under this section to ensure that  
25 an eligible resident is able to receive funds before

1 the closing date for the home of the eligible resident,  
2 which may include creating a program that allows a  
3 lender to be reimbursed by the fund established  
4 under subsection (b) if the lender—

5 (A) provides an eligible resident with funds  
6 for the closing; or

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

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

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

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

23 “(15) Information relating to the down pay-  
24 ment assistance program established under section

1       201 of the American Housing and Economic Mobil-  
2       ity Act of 2025.”.

3       (i) INCLUSION OF PROGRAM AS MORTGAGE PROD-  
4       UCT.—Section 203(f)(1) of the National Housing Act (12  
5       U.S.C. 1709(f)(1)) is amended by inserting “, including  
6       the down payment assistance program established under  
7       section 201 of the American Housing and Economic Mo-  
8       bility Act of 2025,” after “mortgage products”.

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

22       (k) REPAYMENT OF ASSISTANCE.—

23               (1) REQUIREMENT.—An eligible resident who  
24       receives a grant under subsection (b) to purchase a  
25       property for use as a principal residence and does



1 not occupy the property as a principal residence for  
2 5 years or more shall repay to the Secretary a pro-  
3 portional amount of the grant based on the number  
4 of years, if any, for which the eligible resident has  
5 occupied the property as a principal residence.

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

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

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

23 **SEC. 202. FORMULA GRANT PROGRAM FOR COMMUNITIES**  
24 **WITH AN APPRAISAL GAP.**

25 (a) DEFINITIONS.—In this section—

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

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

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

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

16                (1) measures that provide funds to borrowers  
17                to—

18                    (A) pay down arrears on an otherwise af-  
19                    fordable loan;

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

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

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

1 (E) pay delinquent taxes and tax liens;

2 (F) pay off delinquent water or sewer bills

3 and liens; and

4 (G) pay for home repairs or maintenance

5 or for modifications to bring the home into

6 compliance with any applicable codes; and

7 (2) programs to purchase or rehabilitate vacant

8 or distressed properties to enhance neighborhood

9 property values.

10 (c) FORMULA.—The Secretary shall distribute

11 amounts under this section to States based on—

12 (1) the number of borrowers with a primary

13 residence with negative equity in each State; and

14 (2) the share of neighborhoods with an ap-

15 praisal gap in each State.

16 (d) AUTHORIZATION OF APPROPRIATIONS.—There is

17 authorized to be appropriated to carry out this section

18 \$5,000,000,000 for fiscal year 2025.

19 **SEC. 203. STRENGTHENING THE COMMUNITY REINVEST-**

20 **MENT ACT OF 1977.**

21 (a) SHORT TITLE.—This section may be cited as the

22 “Community Reinvestment Reform Act of 2025”.

23 (b) AMENDMENTS TO THE COMMUNITY REINVEST-

24 MENT ACT OF 1977.—The Community Reinvestment Act

25 of 1977 (12 U.S.C. 2901 et seq.) is amended—

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

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

4           “(a) FINDINGS.—Congress finds that—

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

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

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

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

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

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

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

5 **“SEC. 803. DEFINITIONS.**

6 “In this title:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4                   “(C) are done in conjunction with—

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

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

12                   “(6) CLIMATE VULNERABLE COMMUNITIES.—  
13           The term ‘climate vulnerable communities’ means  
14           communities experiencing heightened risk and in-  
15           creased sensitivity to climate change with less capac-  
16           ity and fewer resources to cope with, adapt to, or re-  
17           cover from climate impacts, as determined by the  
18           appropriate Federal financial supervisory agencies.

19                   “(7) COMMUNITY BENEFITS PLAN.—The term  
20           ‘community benefits plan’ means a plan that pro-  
21           vides measurable goals for future amounts of safe  
22           and sound loans, investments, services, and other fi-  
23           nancial products for low- and moderate-income com-  
24           munities and other distressed or underserved com-  
25           munities.





1                   “(iii) distressed or underserved non-  
2 metropolitan middle-income geographies  
3 designated by the Federal Financial Insti-  
4 tutions Examination Council, based on—

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

7                   “(II) population size, density,  
8 and dispersion, if those activities help  
9 to meet essential community needs,  
10 including the needs of low- and mod-  
11 erate-income individuals; or

12                   “(iv) other distressed or underserved  
13 communities;

14                   “(F) activities that promote physical, envi-  
15 ronmental, and sensory accessibility in housing  
16 stock that is integrated into the community;  
17 and

18                   “(G) other activities that promote the ob-  
19 jectives of this title, as determined by the ap-  
20 propriate Federal financial supervisory agen-  
21 cies.

22                   “(9) DEPOSITORY INSTITUTION; DEPOSITORY  
23 INSTITUTION HOLDING COMPANY; INSURED DEPOSI-  
24 TORY INSTITUTION.—The terms ‘depository institu-  
25 tion’, ‘depository institution holding company’, and

1 ‘insured depository institution’ have the meanings  
2 given those terms in section 3 of the Federal De-  
3 posit Insurance Act (12 U.S.C. 1813).

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

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

8 “(B) areas outside of assessment areas de-  
9 scribed in subparagraph (A) in which a regu-  
10 lated financial institution has made loans or re-  
11 ceived deposits.

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

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

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

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

1           “(B) is among the 30 largest public com-  
2           pany owners in the world of coal-fired power  
3           plants;

4           “(C) has as its core business—

5                 “(i) the construction or operation of  
6                 fossil fuel infrastructure; or

7                 “(ii) the exploration, extraction, refin-  
8                 ing, processing or distribution of fossil  
9                 fuels; or

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

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

17                 “(A) increase greenhouse gas emissions;  
18           and

19                 “(B) increase the difficulty of achieving  
20           Federal, State, or local carbon emission reduc-  
21           tion goals.

22           “(15) FOSSIL FUEL INFRASTRUCTURE.—The  
23           term ‘fossil fuel infrastructure’ means oil or gas  
24           wells, oil or gas pipelines and refineries, oil, coal or  
25           gas-fired power plants, oil and gas storage tanks,

1 fossil fuel export terminals, and any other infra-  
2 structure used exclusively for fossil fuels, including  
3 facilities with carbon capture, utilization, and stor-  
4 age.

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

8 “(17) INTERMEDIATE BANK.—The term ‘inter-  
9 mediate bank’ is a depository institution with assets  
10 of not less than \$402,000,000 and less than  
11 \$1,609,000,000, as adjusted annually for purposes  
12 of an examination under section 804.

13 “(18) LARGE BANK.—The term ‘large bank’ is  
14 a depository institution with assets of not less than  
15 \$1,609,000,000, as adjusted annually for purposes  
16 of an examination under section 804.

17 “(19) OTHER DISTRESSED OR UNDERSERVED  
18 COMMUNITY.—The term ‘other distressed or under-  
19 served community’ means an area or census tract  
20 that, according to a periodic review and data anal-  
21 ysis by the appropriate Federal financial supervisory  
22 agencies on an interagency basis through the Fed-  
23 eral Financial Institutions Examination Council of  
24 certain metrics, such as loans per households or

1 small business, is experiencing economic hardship or  
2 is underserved by financial institutions.

3 “(20) OTHER UNDERSERVED POPULATION.—

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

9 “(21) REGULATED FINANCIAL INSTITUTION.—

10 The term ‘regulated financial institution’ means—

11 “(A) an insured depository institution;

12 “(B) a depository institution holding com-  
13 pany; and

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

15 “(22) RETAIL LENDING ASSESSMENT AREA.—

16 The term ‘retail lending assessment area’ means a  
17 geographical area in which a regulated financial in-  
18 stitution—

19 “(A) makes a threshold number of loans,  
20 as determined by the appropriated Federal su-  
21 pervisory agencies;

22 “(B) does not have branches, deposit-tak-  
23 ing automated teller machines, or offices; and

24 “(C) is not represented by agents.

1           “(23) SMALL BANK.—The term ‘small bank’ is  
2 a depository institution with assets of less than  
3 \$402,000,000, as adjusted annually to take into ac-  
4 count inflation for purposes of determining which in-  
5 stitutions are subject to an examination under sec-  
6 tion 804.

7           “(24) U.S. NONBANK MORTGAGE ORIGI-  
8 NATOR.—The term ‘U.S. nonbank mortgage origi-  
9 nator’ means a covered person subject to section  
10 1024 of the Dodd-Frank Wall Street Reform and  
11 Consumer Protection Act (12 U.S.C. 5514) that of-  
12 fers or provides—

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

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

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

20                   (A) by redesignating subsections (e) and  
21 (d) as subsections (f) and (g), respectively;

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

24           “(a) DEPOSITORY INSTITUTIONS AND BANK HOLD-  
25 ING COMPANIES.—

1           “(1) IN GENERAL.—In connection with its ex-  
2           amination of a regulated financial institution other  
3           than a U.S. nonbank mortgage originator, the ap-  
4           propriate Federal financial supervisory agency shall  
5           perform the following:

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

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

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



1                   “(ii) Community development lending  
2                   and investments, which may include a con-  
3                   sideration of—

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

9                   “ (II) the origination of loans by  
10                  the institution that result in the con-  
11                  struction, rehabilitation, or preserva-  
12                  tion of affordable housing units.

13                  “(iii) Community development finance  
14                  tests or similar tests developed by the ap-  
15                  propriate Federal banking agencies shall  
16                  include separate quantitative measures for  
17                  community development investments. The  
18                  evaluation of investments shall positively or  
19                  negatively affect test scores depending on  
20                  bank performance, in community develop-  
21                  ment finance tests or similar tests.

22                  “(iv) Retail financial services and  
23                  community development services.

24                  “(v) Evaluation of the responsiveness,  
25                  affordability, and sustainability of retail fi-

1           nancial services including credit and de-  
2           posit products shall positively or negatively  
3           affect tests scores, depending on bank per-  
4           formance, in the retail products and serv-  
5           ice test or similar tests.

6           “(vi) Retail lending assessment areas  
7           shall be established for large banks and in-  
8           termediate banks if not more than 90 per-  
9           cent of the retail loans of the bank are in  
10          assessment areas containing their branches  
11          and deposit-taking automated teller ma-  
12          chines. Large banks and intermediate bank  
13          evaluations shall also examine lending out-  
14          side of retail lending assessment areas and  
15          assessment areas containing branches and  
16          deposit-taking automated teller machines.  
17          Evaluations of these loans shall be consid-  
18          ered when assigning an institution level  
19          rating to the bank.

20          “(C) With respect to its evaluation of an  
21          application for a deposit facility by the institu-  
22          tion—

23                 “(i) consider the record described in  
24                 subparagraph (A), the effectiveness of the  
25                 activities described in subparagraph (B),

1 the overall rating of the institution under  
2 this section, and any improvement plans  
3 submitted pursuant to this section;

4 “(ii) provide an opportunity for public  
5 comment for a period of not less than 60  
6 days;

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

12 “(iv) require—

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

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                   institution that has a received a ‘need-  
3                   to-improve’ or ‘low satisfactory’ grade  
4                   in any individual assessment area dur-  
5                   ing the most recent examination.

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

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

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

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

2 “(i) NON-DEPOSITORY LENDER.—The  
3 term ‘non-depository lender’ means a lend-  
4 er that is not an insured depository institu-  
5 tion.

6 “(ii) SMALL BUSINESS; SMALL  
7 FARM.—The terms ‘small business’ and  
8 ‘small farm’ have the meanings given those  
9 terms under the regulations promulgated  
10 by the Bureau implementing the amend-  
11 ments made by section 1071 of the Dodd  
12 Frank Wall Street Reform and Consumer  
13 Protection Act of 2010 (Public Law 111–  
14 203; 124 Stat. 2056) under part 1002 of  
15 title 12, Code of Federal Regulations, or  
16 any successor regulation.

17 “(3) DEDUCTIONS FOR FOSSIL EXPANSION.—

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

22 “(i) determine the total dollar amount  
23 of loans and investments to fossil fuel com-  
24 panies for the purposes of fossil fuel ex-  
25 pansion that were originated or held by the

1 financial institution during the period cov-  
2 ered by an examination under section 804;  
3 and

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

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

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

20 “(ii) clean electricity projects and  
21 microgrids;

22 “(iii) nature-based protective infra-  
23 structure;

1                   “(iv) building decarbonization, which  
2 includes holistic home weatherization and  
3 health interventions;

4                   “(v) lending to green small businesses  
5 and companies with legitimate public  
6 decarbonization transition plans, strate-  
7 gies, and targets;

8                   “(vi) electric public transit and elec-  
9 tric vehicle charging infrastructure;

10                  “(vii) investments in weatherization  
11 and climate resilience for local businesses;

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

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

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

9                   “(A) Restrictions on the institution’s  
10                  growth (overall or in discrete areas), business  
11                  activities, or payment of dividends, including re-  
12                  strictions on ability to sell loans originated by  
13                  the institution to enterprises, as defined in sec-  
14                  tion 1303 of the Federal Housing Enterprises  
15                  Financial Safety and Soundness Act of 1992  
16                  (12 U.S.C. 4502).

17                  “(B) Recommendations to appropriate  
18                  State agencies that State mortgage licenses be  
19                  suspended or revoked with a statement of facts  
20                  covering the justification for the recommended  
21                  suspension or revocation.

22                  “(C) Requiring the institution to simplify  
23                  or reduce its operations, including that the in-  
24                  stitution reduce its asset size, divest subsidi-



1 aries or business lines, or exit from 1 or more  
2 markets of operation.

3 “(D) Recovery, or claw back, of portions of  
4 executive compensation received during consecu-  
5 tive evaluation periods under this section of  
6 which the institution received an overall per-  
7 formance rating of ‘needs to improve’ or ‘sub-  
8 stantial noncompliance’.

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

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

14 “(A) Assess the record of the U.S.  
15 nonbank mortgage originator in meeting the  
16 credit or other financial needs of its entire com-  
17 munity, in particular low-income and moderate-  
18 income people and communities and other dis-  
19 tressed or underserved communities and other  
20 underserved populations, consistent with the  
21 safe and sound operation of the U.S. nonbank  
22 mortgage originator.

23 “(B) Assess, as appropriate, the following  
24 activities in the assessment areas of the U.S.  
25 nonbank mortgage originator:



1                    nonprofit organizations serving the  
2                    housing and development needs of the  
3                    community.

4                    “(iv) Retail lending assessment areas  
5                    shall be established if not more than 90  
6                    percent of the retail loans of the U.S.  
7                    nonbank originator are in containing of-  
8                    fices or agents. The evaluations shall also  
9                    examine lending outside of retail lending  
10                   assessment areas and assessment areas  
11                   containing offices or agents. Evaluations of  
12                   these loans shall be considered when as-  
13                   signing an institution level rating to the  
14                   U.S. nonbank mortgage originator.

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

18                   “(i) consider the record described in  
19                   subparagraph (A), the activities described  
20                   in subparagraph (B), the overall rating of  
21                   the U.S. nonbank mortgage originator  
22                   under this section, and any improvement  
23                   plans submitted pursuant to this section;

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

4           “(iii) consider changes in the commu-  
5 nity reinvestment performance of the U.S.  
6 nonbank mortgage originator since the  
7 most recent rating under this section by  
8 the appropriate Federal financial super-  
9 visory agency; and

10           “(iv) require—

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

21           “(II) that the U.S. nonbank  
22 mortgage originator consult with com-  
23 munity-based organizations and other  
24 community stakeholders in developing  
25 the community benefits plan; and

1                   “(III) a public hearing for any  
2                   U.S. nonbank mortgage originator  
3                   that has a received a ‘need-to-im-  
4                   prove’ or ‘low satisfactory’ grade in  
5                   any individual assessment area during  
6                   the most recent examination.

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

13                  “(3) AUTHORITY TO ADJUST EXAMINATION AND  
14                  SUPERVISORY FEES.—The appropriate Federal fi-  
15                  nancial supervisory agencies shall have the authority  
16                  to adjust the dollar amount of examination and su-  
17                  pervisory fees, based in part on the rating of institu-  
18                  tions under this section.

19                  “(c) REQUIREMENTS.—

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

24                                 “(A) consider public comments received by  
25                                 the appropriate Federal financial supervisory

1 agency regarding the record of the institution in  
2 meeting the credit or other financial needs of  
3 its entire community, including low- and mod-  
4 erate-income communities, and hold not less  
5 than 1 public hearing to receive comments for  
6 large banks with assets of not less than  
7 \$50,000,000,000; and

8 “(B) require—

9 “(i) an improvement plan for an insti-  
10 tution that receives a rating of ‘low satis-  
11 factory’ or lower on the written evaluation  
12 of the institution, or such a rating in any  
13 individual assessment area; and

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

21 “(2) IMPROVEMENT PLAN.—

22 “(A) IN GENERAL.—A regulated financial  
23 institution that is required to submit an im-  
24 provement plan required under paragraph  
25 (1)(B) shall submit the plan in writing to the

1 appropriate Federal financial supervisory agen-  
2 cy not later than 90 days after receiving notice  
3 that the regulated financial institution is re-  
4 quired to submit the plan.

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

10 “(i) make the plan available to the  
11 public for review and comment for a period  
12 of not less than 60 days; and

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

22 “(3) EXAMINATION OF CERTAIN REGULATED  
23 FINANCIAL INSTITUTIONS.—In the case of a regu-  
24 lated financial institution whose lending or other  
25 business is not clustered in geographical areas and

1 is thinly dispersed across the country, the institution  
2 shall—

3 “(A) be evaluated under subsection (a) or  
4 (b), as applicable—

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

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

21 “(B) meet the needs of other distressed or  
22 underserved communities.

23 “(d) CONSIDERATION.—Remediation of consumers  
24 pursuant to an order by a court or administrative body  
25 or a settlement with a government agency or a private



1 party may not be considered in an assessment conducted  
2 under subsection (a) or (b).

3 “(e) RULE OF CONSTRUCTION.—An evaluation of a  
4 bank holding company under this section shall incorporate  
5 evaluations of subsidiary regulated financial institutions  
6 made by the appropriate Federal financial supervisory  
7 agency of each subsidiary, if applicable.”;

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

9 (i) by striking paragraph (2);

10 (ii) by redesignating paragraph (3) as  
11 paragraph (2); and

12 (iii) in paragraph (2), as so redesignated, by striking subparagraph (C); and

13 (D) in subsection (g), as so redesignated,  
14 by striking “subsection (a)” and inserting “sub-  
15 sections (a) and (b)”;

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

17 (A) in subsection (a)—

18 (i) by striking “an insured depository  
19 institution” and inserting “a regulated fi-  
20 nancial institution”; and

21 (ii) by inserting “or financial” after  
22 “credit”;

23 (B) in subsection (b)—

24 (i) in paragraph (1)—

1 (I) in subparagraph (A)—  
2 (aa) in clause (ii), by strik-  
3 ing “and” at the end;  
4 (bb) by redesignating clause  
5 (iii) as clause (iv); and  
6 (cc) by inserting after clause  
7 (ii) the following:

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

13 (II) by striking subparagraph (B)  
14 and inserting the following:

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

19 “(C) TREATMENT WITH RESPECT TO VIOLA-  
20 TIONS OF ENUMERATED CONSUMER LAWS.—If a  
21 regulated financial institution has engaged in acts or  
22 practices that the appropriate Federal financial su-  
23 pervisory agency has determined to be unfair, decep-  
24 tive, or abusive or acts or practices that violate enu-  
25 merated consumer laws intended to ensure the fair,

1 equitable, and nondiscriminatory access to credit for  
2 individuals and communities that are enforced by  
3 the Bureau of Consumer Financial Protection or  
4 other Federal or State agencies, the written evalua-  
5 tion shall be negatively influenced in a manner com-  
6 mensurate with the extent of the harm suffered by  
7 those individuals and communities.”;

8 (ii) in paragraph (2)—

9 (I) by striking subparagraphs  
10 (A), (B), (C), and (D) and inserting  
11 the following:

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

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

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

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

20 “(E) ‘Substantial noncompliance in meet-  
21 ing community credit or other financial  
22 needs.’”; and

23 (iii) by inserting after the flush text  
24 following paragraph (2) the following:

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

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

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

9                   (C) by redesignating subsection (e) as sub-  
10                  section (f); and

11                  (D) by inserting after subsection (d) the  
12                  following:

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

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

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

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

24                   (A) by striking “Regulations” and insert-  
25                   ing the following:

1 “(a) IN GENERAL.—Regulations”;

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

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

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

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

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

15 “(A) data collection under this title;

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

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

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

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

1 **“SEC. 810. DATA COLLECTION AND REPORTING REQUIRE-**  
2 **MENTS.**

3 “(a) DATA COLLECTION.—

4 “(1) CONSUMER LOANS.—

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

17 “(i) A unique number or alpha-nu-  
18 meric symbol that can be used to identify  
19 the relevant loan.

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

22 “(iii) The loan location.

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

1           “(B) EXEMPTIONS.—The appropriate Fed-  
2           eral financial supervisory agencies may exempt  
3           classes of regulated financial institutions from  
4           the requirements under subparagraph (A) due  
5           to low levels of consumer lending or other fac-  
6           tors.

7           “(2) COMMUNITY DEVELOPMENT LOANS AND  
8           INVESTMENTS.—

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

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

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

1 tracts or other distressed and underserved  
2 census tracts; and

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

7 “(3) ASSESSMENT AREA DATA.—

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

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

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

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



1                   “(i) the number of customers of those  
2                   institutions that reside in categories of  
3                   census tracts including low- and moderate-  
4                   income census tracts or other distressed  
5                   and underserved census tracts and the dol-  
6                   lar amount of deposits of those customers;  
7                   and

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

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

15                  “(b) AGGREGATE DISCLOSURE STATEMENTS.—

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

1        chased sorted by income level of borrowers, race and  
2        ethnicity of borrowers, revenue size of small busi-  
3        nesses and farms, and categories of census tracts.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20 “(B) retail products and services;

21 “(C) community development services; and

22 “(D) community development financing.

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

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

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

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

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

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

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

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

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

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

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

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

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

14           “(3) data obtained under this Act;

15           “(4) available State data; and

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

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



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

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

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

7 **“SEC. 813. PUBLIC REGISTRIES.**

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

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

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

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

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

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

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

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

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

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

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

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

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

19           “(iv) require—

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

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

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

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

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

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

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

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

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

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

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

7 “(10) the term ‘underserved area’—

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

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

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

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

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

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

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

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

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

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

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

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

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

21 “(2) EXCEPTION FOR UNDERSERVED AREAS.—

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

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

5 “(i) the Board determines—

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

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

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

21 “(B) TERMINATION OF APPROVAL.—

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3               “(i) is living on the date of the enactment  
4               of the American Housing and Economic Mobil-  
5               ity Act of 2025;

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

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

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

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

13              “(ii) is deceased; and

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

16              “(C) In this paragraph:

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

19              “(ii) The terms ‘first-generation home-  
20              buyer’ and ‘first-time homebuyer’ have the  
21              meanings given those terms in section 201(a) of  
22              the American Housing and Economic Mobility  
23              Act of 2025.”; and



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

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

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

11          (c) REGULATIONS.—

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

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

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

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

1           veteran seeks housing loan benefits under this  
2           section.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19           “(t) ‘Veteran status’ means—

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

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

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

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

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

7 (C) in subsection (c)—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

12 “(A) LOCATION ANALYSIS.—

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

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

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

1 improve outcomes for children or  
2 adults.

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

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

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

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

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



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

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

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

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

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

1 not less frequently than once every 5  
2 years;

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

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

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

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

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

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

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

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

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

23 (1) DEFINITIONS.—In this subsection:

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

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

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

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

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

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

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

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

7 (B) enable public housing agencies to form  
8 partial consortia under such section 13(a) (42  
9 U.S.C. 1437k(a)) that consolidate the adminis-  
10 tration of certain aspects of their housing pro-  
11 grams to increase access to higher-opportunity  
12 areas or for other purposes, subject to such re-  
13 quirements as the Secretary may establish.

14 (3) MOVING TO WORK AGENCIES.—Any flexi-  
15 bility or waiver applicable to the Moving to Work  
16 demonstration program shall not apply to any activi-  
17 ties or funds administered through a partial consor-  
18 tium formed under paragraph (2)(B) by 1 or more  
19 public housing agencies participating in the Moving  
20 to Work demonstration program.

## 21 **TITLE IV—ESTATE TAX REFORM**

### 22 **SEC. 401. AMENDMENT TO INTERNAL REVENUE CODE OF** 23 **1986.**

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

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

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

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

<b>If the amount with respect to which the tentative tax to 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 \$93,000,000.	\$7,150,000, plus 60 percent of the excess of such amount over \$13,000,000.
Over \$93,000,000 .....	\$55,150,000, plus 65 percent of the excess of such amount over \$93,000,000.

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

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

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

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

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

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

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

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

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

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

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

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

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

25                 “(1) IN GENERAL.—For purposes of”,





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

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

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

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

“Sec. 2901. Application of transfer taxes.

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

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

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

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

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

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

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

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

8 “(2) the portion of the trust to which a person  
9 who is not the grantor is a deemed owner by reason  
10 of the rules of subpart E of part 1 of subchapter J  
11 of chapter 1, and such deemed owner engages in a  
12 sale, exchange, or comparable transaction with the  
13 trust that is disregarded for purposes of subtitle A.  
14 For purposes of paragraph (2), the portion of the trust  
15 described with respect to a transaction is the portion of  
16 the trust attributable to the property received by the trust  
17 in such transaction, including all retained income there-  
18 from, appreciation thereon, and reinvestments thereof, net  
19 of the amount of consideration received by the deemed  
20 owner in such transaction.

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

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

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

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

9           “(e) REDUCTION FOR TAXABLE GIFTS TO TRUST  
10          MADE BY OWNER.—The amount to which subsection (a)  
11          applies shall be reduced by the value of any transfer by  
12          gift by the deemed owner to the trust previously taken  
13          into account by the deemed owner under chapter 12.

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

17          (b) CLERICAL AMENDMENT.—The table of chapters  
18          for subtitle B is amended by adding at the end the fol-  
19          lowing new item:

                  “CHAPTER 16. SPECIAL RULES FOR GRANTOR TRUSTS”.

20          (c) EFFECTIVE DATE.—The amendments made by  
21          this section shall apply—

22                  (1) to trusts created on or after the date of the  
23                  enactment of this Act,

24                  (2) to any portion of a trust established before  
25                  the date of the enactment of this Act which is attrib-

1       utable to a contribution made on or after such date,  
2       and

3           (3) to any portion of a trust established before  
4       the date of the enactment of this Act to which sec-  
5       tion 2901(a) of the Internal Revenue Code of 1986  
6       (as added by subsection (a)) applies by reason of a  
7       transaction described in section 2901(b)(2) of such  
8       Code on or after such date.

9       **SEC. 405. ELIMINATION OF GENERATION-SKIPPING TRANS-**  
10                   **FER TAX EXEMPTION FOR TRANSFERS TO**  
11                   **CERTAIN PERSONS.**

12       (a) IN GENERAL.—Section 2642 is amended by add-  
13       ing at the end the following new subsection:

14       “(h) ELIMINATION OF GST EXEMPTION FOR TRANS-  
15       FERS TO CERTAIN PERSONS.—

16           “(1) IN GENERAL.—

17                   “(A) TRANSFER TO NON-EXEMPT PER-  
18                   SON.—In the case of any direct skip or taxable  
19                   distribution made to any person who is not an  
20                   exempt person, the inclusion ratio shall be 1.

21                   “(B) TAXABLE TERMINATION.—In the  
22                   case of any taxable termination which occurs at  
23                   any time immediately after no exempt person is  
24                   a beneficiary of the trust, the inclusion ratio  
25                   shall be 1.

1 “(C) EXEMPT PERSON.—

2 “(i) IN GENERAL.—For purposes of  
3 this subsection, the term ‘exempt person’  
4 means—

5 “(I) a natural person—

6 “(aa) who is assigned to a  
7 generation which is 2 or fewer  
8 generations below the generation  
9 assignment of the transferor, or

10 “(bb) whose date of birth  
11 precedes the date on which the  
12 trust was created, or

13 “(II) a trust in which all inter-  
14 ests are held by persons described in  
15 subclause (I).

16 “(ii) EXCEPTION.—For purposes of  
17 clause (i)(II), any interest which is used  
18 primarily to postpone or avoid the applica-  
19 tion of this subsection shall be disregarded.

20 “(2) DATE OF CREATION.—

21 “(A) IN GENERAL.—For purposes of deter-  
22 mining the date on which a trust was created  
23 under paragraph (1)(C)(i)(I)(bb), if the trust  
24 was created before January 1, 2026, such trust

1 shall be deemed to have been created on Janu-  
2 ary 1, 2026.

3 “(B) DATE OF CREATION OF POUR-OVER  
4 TRUSTS.—

5 “(i) IN GENERAL.—In the case of any  
6 generation-skipping transfer of property  
7 which involves the transfer of property  
8 from one trust to another trust, the date  
9 of the creation of the transferee trust shall  
10 be treated as being the earlier of—

11 “(I) the date of the creation of  
12 such transferee trust, or

13 “(II) the date of the creation of  
14 the transferor trust.

15 “(ii) MULTIPLE TRANSFERS.—In the  
16 case of multiple transfers to which clause  
17 (i) applies—

18 “(I) the date of the creation of  
19 the transferor trust shall be deter-  
20 mined under such clause, and

21 “(II) subsequent to the deter-  
22 mination described in subclause (I),  
23 the date of the creation of the trans-  
24 feree trust shall be determined under  
25 such clause.

1           “(3) GENERATION ASSIGNMENT.—For purposes  
2 of this subsection, the provisions of section 2653(a)  
3 shall not apply.

4           “(4) REGULATIONS.—The Secretary may pre-  
5 scribe such regulations or other guidance as may be  
6 necessary or appropriate to carry out this sub-  
7 section.”.

8           (b) REPEAL.—Section 1433(b)(2) of the Tax Reform  
9 Act of 1986 (Public Law 99–514) is repealed.

10          (c) EFFECTIVE DATES.—

11           (1) IN GENERAL.—The amendment made by  
12 subsection (a) shall take effect on the date of the en-  
13 actment of this Act.

14           (2) REPEAL.—The amendment made by sub-  
15 section (b) shall apply to generation-skipping trans-  
16 fers (within the meaning of section 2611 of the In-  
17 ternal Revenue Code of 1986) made after the date  
18 of enactment of this Act.

19 **SEC. 406. SIMPLIFYING GIFT TAX EXCLUSION FOR ANNUAL**  
20 **GIFTS.**

21           (a) IN GENERAL.—Paragraph (1) of section 2503(b)  
22 is amended to read as follows:

23           “(1) IN GENERAL.—

24           “(A) LIMIT PER DONEE.—In the case of  
25 gifts made to any person by the donor during

1 the calendar year, the first \$10,000 of such  
2 gifts to such person shall not, for purposes of  
3 subsection (a), be included in the total amount  
4 of gifts made during such year.

5 “(B) CUMULATIVE LIMIT PER DONOR.—

6 “(i) IN GENERAL.—The aggregate  
7 amount excluded under subparagraph (A)  
8 with respect to all transfers described in  
9 clause (ii) made by the donor during the  
10 calendar year shall not exceed twice the  
11 dollar amount in effect under such sub-  
12 paragraph for such calendar year.

13 “(ii) TRANSFERS SUBJECT TO LIMITA-  
14 TION.—The transfers described in this  
15 clause are—

16 “(I) a transfer in trust,

17 “(II) a transfer of an interest in  
18 a passthrough entity,

19 “(III) a transfer of an interest  
20 subject to a prohibition on sale, and

21 “(IV) any other transfer of prop-  
22 erty that, without regard to with-  
23 drawal, put, or other such rights in  
24 the donee, cannot immediately be liq-  
25 uidated by the donee.”.



1 (b) CONFORMING AMENDMENT.—Section 2503 is  
2 amended by striking subsection (e).

3 (c) REGULATIONS.—The Secretary of the Treasury,  
4 or the Secretary of the Treasury’s delegate, may prescribe  
5 such regulations or other guidance as may be necessary  
6 or appropriate to carry out the amendments made by this  
7 section.

8 (d) EFFECTIVE DATE.—The amendments made by  
9 this section shall apply to any calendar year beginning  
10 after the date of the enactment of this Act.

11 **SEC. 407. CLARIFICATION REGARDING DISALLOWANCE OF**  
12 **STEP-UP IN BASIS FOR PROPERTY HELD IN**  
13 **CERTAIN GRANTOR TRUSTS.**

14 (a) IN GENERAL.—Section 1014 is amended—

15 (1) by redesignating subsection (f) as sub-  
16 section (g), and

17 (2) by inserting after subsection (e) the fol-  
18 lowing:

19 “(f) PROPERTY HELD IN CERTAIN GRANTOR  
20 TRUSTS.—This section shall not apply to property—

21 “(1) held in a trust of which the transferor is  
22 considered the owner under subpart E of part I of  
23 subchapter J, and

1           “(2) if, after the transfer of such property to  
2           the trust, such property is not includible in the gross  
3           estate of the transferor for purposes of chapter 11.”.

4           (b) CONFORMING AMENDMENT.—Section 6662(k) is  
5           amended by striking “1014(f)” and inserting “1014(g)”.

6           (c) EFFECTIVE DATE.—The amendments made by  
7           this section shall apply to transfers after the date of the  
8           enactment of this Act.

9           (d) NO INFERENCE.—No inference may be drawn  
10          from the amendments made by this section with respect  
11          to the application of section 1014 of the Internal Revenue  
12          Code of 1986 to property described in subsection (f) of  
13          such section (as added by subsection (a)) which was trans-  
14          ferred on or before the date of enactment of this Act.

15   **SEC. 408. LIMITATION ON DISCOUNTS; VALUATION RULES**  
16                           **FOR CERTAIN TRANSFERS OF NONBUSINESS**  
17                           **ASSETS.**

18          (a) IN GENERAL.—Chapter 14 of subtitle B is  
19          amended by adding at the end the following new section:

20   **“SEC. 2705. LIMITATION ON DISCOUNTS; VALUATION RULES**  
21                           **FOR CERTAIN TRANSFERS OF NONBUSINESS**  
22                           **ASSETS.**

23          “(a) LIMITATION ON DISCOUNT BY REASON OF FAM-  
24          ILY CONTROL.—

1           “(1) IN GENERAL.—For purposes of this sub-  
2 title, in the case of the transfer of any interest in  
3 an entity other than an interest which is actively  
4 traded (within the meaning of section 1092), if the  
5 transferor, the transferee, and members of the fam-  
6 ily of the transferor and transferee have control of  
7 such entity immediately before such transfer, no dis-  
8 count shall be allowed—

9           “(A) by reason of the fact that the trans-  
10 feror or transferee does not have control of  
11 such entity,

12           “(B) by reason of the lack of marketability  
13 of the interest, or

14           “(C) for any other reason.

15           “(2) DEFINITIONS.—In this subsection, the  
16 terms ‘control’ and ‘member of the family’ have the  
17 same meanings given such terms in section 2704(c).

18           “(3) ATTRIBUTION.—For purposes of this sec-  
19 tion, the rule of section 2701(e)(3) shall apply for  
20 purposes of determining the interests held by any in-  
21 dividual.

22           “(b) VALUATION RULES FOR CERTAIN TRANSFERS  
23 OF NONBUSINESS ASSETS.—

24           “(1) IN GENERAL.—For purposes of this sub-  
25 title, in the case of the transfer of any interest in

1 an entity other than an interest which is actively  
2 traded (within the meaning of section 1092)—

3 “(A) the value of any nonbusiness assets  
4 held by the entity with respect to such interest  
5 shall be determined as if the transferor had  
6 transferred such assets directly to the trans-  
7 feree (and no valuation discount shall be al-  
8 lowed with respect to such nonbusiness assets),  
9 and

10 “(B) such nonbusiness assets shall not be  
11 taken into account in determining the value of  
12 the interest in the entity.

13 “(2) NONBUSINESS ASSETS.—For purposes of  
14 this subsection—

15 “(A) IN GENERAL.—The term ‘nonbusi-  
16 ness asset’ means any asset other than an asset  
17 which is used in the active conduct of a trade  
18 or business.

19 “(B) PASSIVE ASSETS TREATED AS NON-  
20 BUSINESS ASSETS.—

21 “(i) IN GENERAL.—For purposes of  
22 subparagraph (A), a passive asset shall be  
23 treated as a nonbusiness asset unless—

24 “(I) the asset is property de-  
25 scribed in paragraph (1) or (4) of sec-

1                   tion 1221(a) or is a hedge with re-  
2                   spect to such property, or

3                   “(II) the asset is real property  
4                   used in the active conduct of 1 or  
5                   more real property trades or busi-  
6                   nesses (within the meaning of section  
7                   469(c)(7)(C)) in which the transferor  
8                   materially participates and with re-  
9                   spect to which the transferor meets  
10                  the requirements of section  
11                  469(c)(7)(B)(ii).

12                  “(ii) MATERIAL PARTICIPATION.—For  
13                  purposes of clause (i)(II), material partici-  
14                  pation shall be determined under the rules  
15                  of section 469(h), except that section  
16                  469(h)(3) shall be applied without regard  
17                  to the limitation to farming activity.

18                  “(C) WORKING CAPITAL TREATED AS  
19                  USED IN TRADE OR BUSINESS.—Any asset (in-  
20                  cluding a passive asset) which is held as a part  
21                  of the reasonably required working capital  
22                  needs of a trade or business shall be treated as  
23                  used in the active conduct of a trade or busi-  
24                  ness.

1           “(3) PASSIVE ASSET.—For purposes of this  
2 subsection, the term ‘passive asset’ means any—

3           “(A) cash or cash equivalents,

4           “(B) stock in a corporation or any other  
5 equity, profits, or capital interest in any entity,

6           “(C) evidence of indebtedness, option, for-  
7 ward or futures contract, notional principal con-  
8 tract, or derivative,

9           “(D) asset described in clause (iii), (iv), or  
10 (v) of section 351(e)(1)(B),

11           “(E) annuity,

12           “(F) real property used in 1 or more real  
13 property trades or businesses (as defined in sec-  
14 tion 469(e)(7)(C)),

15           “(G) asset (other than a patent, trade-  
16 mark, or copyright) which produces royalty in-  
17 come,

18           “(H) commodity,

19           “(I) collectible (within the meaning of sec-  
20 tion 408(m)), or

21           “(J) any other asset specified in regula-  
22 tions prescribed by the Secretary.

23           “(4) LOOK-THRU RULE.—

24           “(A) IN GENERAL.—If a nonbusiness asset  
25 of an entity described in paragraph (1) consists

1 of a 10-percent interest in any other entity, this  
2 subsection shall be applied by disregarding the  
3 10-percent interest and by treating the entity  
4 as holding directly its ratable share of the as-  
5 sets of the other entity.

6 “(B) 10-PERCENT INTEREST.—The term  
7 ‘10-percent interest’ means—

8 “(i) in the case of an interest in a cor-  
9 poration, direct ownership of at least 10  
10 percent (by vote or value) of the stock in  
11 such corporation,

12 “(ii) in the case of an interest in a  
13 partnership, direct ownership of at least 10  
14 percent of the capital or profits interest in  
15 the partnership, and

16 “(iii) in any other case, direct owner-  
17 ship of at least 10 percent of the beneficial  
18 interests in the entity.”.

19 (b) CONFORMING AMENDMENTS.—

20 (1) Section 2031(b) of the Internal Revenue  
21 Code of 1986 is amended by inserting “(after appli-  
22 cation of section 2705(b))” after “shall be deter-  
23 mined”.

1 (2) The table of sections of chapter 14 of sub-  
2 title B of such Code is amended by adding at the  
3 end the following:

“Sec. 2705. Limitation on discounts; valuation rules for certain transfers of  
nonbusiness assets.”.

4 (c) EFFECTIVE DATE.—The amendments made by  
5 this section shall apply to transfers after the date of the  
6 enactment of this Act.

7 **SEC. 409. SURCHARGE ON HIGH INCOME ESTATES AND**  
8 **TRUSTS.**

9 (a) IN GENERAL.—Subchapter A of chapter 1 is  
10 amended by adding at the end the following new part:

11 **“PART VIII—SURCHARGE ON HIGH INCOME**  
12 **ESTATES AND TRUSTS**

“Sec. 59B. Surcharge on high income estates and trusts.

13 **“SEC. 59B. SURCHARGE ON HIGH INCOME ESTATES AND**  
14 **TRUSTS.**

15 “(a) GENERAL RULE.—In the case of an estate or  
16 trust, there is hereby imposed (in addition to any other  
17 tax imposed by this subtitle) a tax equal to the sum of—

18 “(1) 5 percent of so much of the modified ad-  
19 justed gross income of the taxpayer as exceeds  
20 \$200,000, plus

21 “(2) 3 percent of so much of the modified ad-  
22 justed gross income of the taxpayer as exceeds  
23 \$500,000.



1       “(b) MODIFIED ADJUSTED GROSS INCOME.—For  
2 purposes of this section—

3           “(1) IN GENERAL.—The term ‘modified ad-  
4 justed gross income’ means adjusted gross income  
5 reduced by any deduction (not taken into account in  
6 determining adjusted gross income) allowed for in-  
7 vestment interest (as defined in section 163(d)) or  
8 business interest (as defined in section 163(j)).

9           “(2) ADJUSTED GROSS INCOME.—Adjusted  
10 gross income shall be determined as provided in sec-  
11 tion 67(e) and reduced by the amount allowed as a  
12 deduction under section 642(c).

13       “(c) SPECIAL RULES.—

14           “(1) CHARITABLE TRUSTS.—Subsection (a)  
15 shall not apply to a trust all the unexpired interests  
16 in which are devoted to one or more of the purposes  
17 described in section 170(c)(2)(B).

18           “(2) NOT TREATED AS TAX IMPOSED BY THIS  
19 CHAPTER FOR CERTAIN PURPOSES.—The tax im-  
20 posed under this section shall not be treated as tax  
21 imposed by this chapter for purposes of determining  
22 the amount of any credit under this chapter (other  
23 than sections 27 and 901) or for purposes of section  
24 55.

1           “(3) ELECTING SMALL BUSINESS TRUSTS.—For  
2 purposes of the determination of adjusted gross in-  
3 come, section 641(c)(1)(A) shall not apply and all  
4 portions of any electing small business trust shall be  
5 treated as a single trust.

6           “(d) REGULATIONS.—The Secretary shall issue such  
7 regulations or other guidance as may be necessary or ap-  
8 propriate to carry out the purposes of this section, includ-  
9 ing regulations or other guidance to prevent the avoidance  
10 of the purposes of this section.”.

11           (b) COORDINATION WITH CERTAIN PROVISIONS.—

12           (1) INTEREST ON CERTAIN DEFERRED TAX LI-  
13 ABILITY.—Section 453A(c) is amended by redesignig-  
14 nating paragraph (6) as paragraph (7) and by in-  
15 sserting after paragraph (5) the following new para-  
16 graph:

17           “(6) SURCHARGE ON HIGH INCOME ESTATES  
18 AND TRUSTS TAKEN INTO ACCOUNT IN DETER-  
19 MINING MAXIMUM RATE OF TAX.—For purposes of  
20 paragraph (3)(B), in the case of an estate or trust,  
21 the maximum rate of tax in effect under section 1  
22 shall be treated as being equal to the sum of such  
23 rate and the rates in effect under paragraphs (1)  
24 and (2) of section 59B(a).”.

25           (2) LIMITATION ON FOREIGN TAX CREDIT.—

1 (A) Section 904(b)(3)(E)(i)(I) is amended  
2 by inserting “increased, in the case of an estate  
3 or trust, by the sum of the rates set forth in  
4 paragraphs (1) and (2) of section 1A(a)” after  
5 “(whichever applies)”.

6 (B) Section 904(d)(2)(F) is amended by  
7 adding at the end the following: “For purposes  
8 of the first sentence of this subparagraph, in  
9 the case of an estate or trust, the highest rate  
10 of tax specified in section 1 shall be treated as  
11 being equal to the sum of such rate and the  
12 rates in effect under paragraphs (1) and (2) of  
13 section 59B(a).”.

14 (3) ELECTION BY INDIVIDUALS TO BE SUBJECT  
15 TO TAX AT CORPORATE RATES.—Section 962(a)(1)  
16 is amended by striking “and 55” and inserting 55“,  
17 and 59B”.

18 (4) INTEREST ON CERTAIN TAX DEFERRAL.—  
19 Section 1291(c)(2) is amended by adding at the end  
20 the following: “For purposes of the preceding sen-  
21 tence, in the case of an estate or trust, the highest  
22 rate of tax in effect under section 1 shall be treated  
23 as being equal to the sum of such rate and the rates  
24 in effect under paragraphs (1) and (2) of section  
25 59B(a).”.

1           (5) WITHHOLDING OF TAX ON FOREIGN PART-  
2           NERS' SHARE OF EFFECTIVELY CONNECTED IN-  
3           COME.—Section 1446(b)(2) is amended by adding at  
4           the end the following flush sentence:

5           “For purposes of subparagraph (A), in the case of  
6           a partner which is an estate or trust, the highest  
7           rate of tax in effect under section 1 shall be treated  
8           as being equal to the sum of such rate and the rates  
9           in effect under paragraphs (1) and (2) of section  
10          59B(a).”.

11          (6) PARTNERSHIP ADJUSTMENTS.—

12           (A) Section 6225(b)(1) is amended by add-  
13           ing at the end the following flush sentence:

14           “For purposes of subparagraph (B), in the case of  
15           an estate or trust, the highest rate of tax in effect  
16           under section 1 shall be treated as being equal to  
17           the sum of such rate and the rates in effect under  
18           paragraphs (1) and (2) of section 59B(a).”.

19           (B) Section 6225(c)(4)(A) is amended—

20           (i) by striking “subsection (b)(1)(A)”  
21           and inserting “subsection (b)(1)(B)”, and

22           (ii) by striking “or” at the end of  
23           clause (i), by adding “or” at the end of  
24           clause (ii), and by inserting after clause  
25           (ii) the following new clause:

1                   “(iii) is not an estate or trust subject  
2                   to one or both of the rates of tax in effect  
3                   under paragraphs (1) and (2) of section  
4                   59B(a),”.

5                   (7) REQUIRED PAYMENTS FOR ENTITIES  
6                   ELECTING NOT TO HAVE REQUIRED TAXABLE  
7                   YEAR.—The second sentence of section 7519(b) is  
8                   amended by inserting “and, in the case of an estate  
9                   or trust, increased by the sum of the rates in effect  
10                  under paragraphs (1) and (2) of section 59B(a)” be-  
11                  fore the period at the end.

12                  (c) CLERICAL AMENDMENT.—The table of parts for  
13                  subchapter A of chapter 1 is amended by adding at the  
14                  end the following new item:

                  “PART VIII—SURCHARGE ON HIGH INCOME ESTATES AND TRUSTS”.

15                  (d) EFFECTIVE DATE.—The amendments made by  
16                  this section shall apply to taxable years beginning after  
17                  the date of the enactment of this Act.

18                  **SEC. 410. MODIFICATION OF RULES FOR VALUE OF CER-**  
19                  **TAIN FARM, ETC., REAL PROPERTY.**

20                  (a) IN GENERAL.—Paragraph (2) of section  
21                  2032A(a) of the Internal Revenue Code of 1986 is amend-  
22                  ed by striking “\$750,000” and inserting “\$3,000,000”.

23                  (b) INFLATION ADJUSTMENT.—Paragraph (3) of sec-  
24                  tion 2032A(a) of such Code is amended—

25                         (1) by striking “1998” and inserting “2026”,

1           (2) by striking “\$750,000” each place it ap-  
2           pears and inserting “\$3,000,000”, and

3           (3) by striking “calendar year 1997” and in-  
4           serting “calendar year 2025” in subparagraph (B).

5           (c) EFFECTIVE DATE.—The amendments made by  
6 this section shall apply to estates of decedents dying, and  
7 gifts made, after December 31, 2025.

8 **SEC. 411. MODIFICATION OF ESTATE TAX RULES WITH RE-**  
9 **SPECT TO LAND SUBJECT TO CONSERVATION**  
10 **EASEMENTS.**

11          (a) MODIFICATION OF EXCLUSION LIMITATION.—  
12 Subparagraph (B) of section 2031(c)(1) of the Internal  
13 Revenue Code of 1986 is amended by striking “\$500,000”  
14 and inserting “\$2,000,000”.

15          (b) MODIFICATION OF APPLICABLE PERCENTAGE.—  
16 Paragraph (2) of section 2031(c) of the Internal Revenue  
17 Code of 1986 is amended by striking “40 percent” and  
18 inserting “60 percent”.

19          (c) EFFECTIVE DATE.—The amendments made by  
20 this section shall apply to estates of decedents dying, and  
21 gifts made, after December 31, 2025.

1           **TITLE V—ACCESSIBILITY**  
2                           **REQUIREMENTS**

3 **SEC. 501. ACCESSIBILITY REQUIREMENTS.**

4           In the case of housing that is constructed, altered,  
5 or otherwise assisted using amounts made available to the  
6 Secretary of Housing and Urban Development under this  
7 Act or an amendment made by this Act, sections 8.22 and  
8 8.23 of title 24, Code of Federal Regulations (or any suc-  
9 cessor regulations) shall be applied such that the number  
10 of dwelling units required to be accessible under those sec-  
11 tions is twice the number that would otherwise be required  
12 to be accessible under those sections.