

117TH CONGRESS
1ST SESSION

S. 254

To establish a Homeowner Assistance Fund at the Department of the Treasury.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 4, 2021

Mr. REED (for himself, Mr. BROWN, Mr. LEAHY, Mr. MENENDEZ, Ms. WARREN, Mr. VAN HOLLEN, Ms. CORTEZ MASTO, Ms. SINEMA, Mrs. MURRAY, Mr. WYDEN, Mr. DURBIN, Mr. CARPER, Mr. SANDERS, Mr. CASEY, Ms. KLOBUCHAR, Mr. WHITEHOUSE, Mr. MERKLEY, Mrs. GILLIBRAND, Mr. BLUMENTHAL, Ms. BALDWIN, Mr. KAINE, Ms. DUCKWORTH, Mr. CARDIN, Mr. BOOKER, Mr. TESTER, Mr. OSSOFF, Ms. SMITH, Mrs. SHAHEEN, Ms. HIRONO, Mr. SCHATZ, and Mr. WARNER) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To establish a Homeowner Assistance Fund at the Department of the Treasury.

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. HOMEOWNER ASSISTANCE FUND.**

4 (a) DEFINITIONS.—In this section:

5 (1) CONFORMING LOAN LIMIT.—The term “con-
6 forming loan limit” means the applicable limitation
7 governing the maximum original principal obligation

1 for a mortgage secured by a single-family residence,
2 a mortgage secured by a 2-family residence, a mort-
3 gage secured by a 3-family residence, or a mortgage
4 secured by a 4-family residence, as determined and
5 adjusted annually under section 302(b)(2) of the
6 Federal National Mortgage Association Charter Act
7 (12 U.S.C. 1717(b)(2)) and section 305(a)(2) of the
8 Federal Home Loan Mortgage Corporation Act (12
9 U.S.C. 1454(a)(2)).

10 (2) ELIGIBLE HOUSEHOLD.—The term “eligible
11 household” means a household whose income does
12 not exceed 150 percent of the area median income
13 for their household size, as determined by the Sec-
14 retary of Housing and Urban Development.

15 (3) MORTGAGE.—The term “mortgage” means
16 a mortgage—

17 (A) that is secured by the principal resi-
18 dence of a borrower; and

19 (B) the unpaid principal balance of which
20 was, at the time of origination, not more than
21 the conforming loan limit.

22 (4) SECRETARY.—The term “Secretary” means
23 the Secretary of the Treasury.

24 (5) STATE.—The term “State” means any
25 State of the United States, the District of Columbia,

1 any territory of the United States, the Common-
2 wealth of Puerto Rico, Guam, American Samoa, the
3 Virgin Islands, and the Northern Mariana Islands.

4 (b) ESTABLISHMENT OF FUND.—There is estab-
5 lished at the Department of the Treasury a Homeowner
6 Assistance Fund to provide such funds as are appro-
7 priated in subsection (f) to State housing finance agencies
8 and any entity named under subsection (j) for the purpose
9 of preventing homeowner mortgage defaults, foreclosures,
10 and displacements of individuals and families experiencing
11 financial hardship after January 21, 2020.

12 (c) ALLOCATION OF FUNDS.—

13 (1) IN GENERAL.—The Secretary shall establish
14 such criteria as are necessary to allocate the funds
15 available within the Homeowner Assistance Fund to
16 each State. The Secretary shall allocate such funds
17 among all States taking into consideration the num-
18 ber of unemployment claims within a State relative
19 to the nation-wide number of unemployment claims.

20 (2) SMALL STATE MINIMUM.—

21 (A) IN GENERAL.—Each State of the
22 United States, the District of Columbia, and
23 the Commonwealth of Puerto Rico shall receive
24 no less than \$250,000,000 for the purposes es-
25 tablished in subsection (b).

1 (B) PRO RATA ADJUSTMENTS.—The Sec-
2 retary shall adjust on a pro rata basis the
3 amount of the payments for each State of the
4 United States, the District of Columbia, and
5 the Commonwealth of Puerto Rico under this
6 subsection without regard to this subparagraph
7 to the extent necessary to comply with the re-
8 quirements of subparagraph (A).

9 (3) TERRITORY SET-ASIDE.—Notwithstanding
10 any other provision of this section, of the amounts
11 appropriated under subsection (f), the Secretary
12 shall reserve \$200,000,000 to be disbursed to Guam,
13 American Samoa, the Virgin Islands, and the North-
14 ern Mariana Islands based on each such territory's
15 share of the combined total population of all such
16 territories, as determined by the Secretary. For the
17 purposes of this paragraph, population shall be de-
18 termined based on the most recent year for which
19 data are available from the United States Census
20 Bureau.

21 (4) TRIBAL SET-ASIDE.—The Secretary shall
22 allocate funds to an entity designated under sub-
23 section (j) pursuant to the requirements of that sub-
24 section.

25 (d) DISBURSEMENT OF FUNDS.—

1 (1) INITIAL DISBURSEMENT.—The Secretary
2 shall disburse to the State housing finance agencies
3 and entities designated under subsection (j) not less
4 than $\frac{1}{2}$ of the amount made available pursuant to
5 this section, and in accordance with the allocations
6 established under subsections (c) and (j), not later
7 than 120 days after the date of enactment of this
8 Act. The Secretary or designee shall enter into a
9 contract with each State housing finance agency and
10 each entity designated under subsection (j), which
11 may be amended from time to time, establishing the
12 terms of the use of such funds, in accordance with
13 subsection (e), prior to the disbursement of such
14 funds.

15 (2) SECOND DISBURSEMENT.—The Secretary
16 shall disburse all funds made available pursuant to
17 this section, and in accordance with the allocations
18 established under subsections (c) and (j), not later
19 than 180 days after the date of enactment of this
20 Act.

21 (e) PERMISSIBLE USES OF FUND.—

22 (1) IN GENERAL.—Funds made available to
23 State housing finance agencies and designated enti-
24 ties under subsection (j) pursuant to this section
25 may be used to assist eligible households for the pur-

1 poses established under subsection (b), which may
2 include—

3 (A) mortgage payment assistance;

4 (B) financial assistance to allow a bor-
5 rower to reinstate their mortgage following a
6 period of forbearance;

7 (C) principal reduction;

8 (D) payment assistance for—

9 (i) utilities, including electric, gas,
10 and water;

11 (ii) internet service, including
12 broadband internet access service, as de-
13 fined in section 8.1(b) of title 47, Code of
14 Federal Regulations (or any successor reg-
15 ulation); and

16 (iii) property taxes;

17 (E) any program established under the
18 Housing Finance Agency Innovation Fund for
19 the Hardest Hit Housing Markets;

20 (F) reimbursement of funds expended by a
21 State or local government during the period be-
22 ginning on January 21, 2020, and ending on
23 the date that the first funds are disbursed by
24 the State under the Homeowner Assistance
25 Fund, for the purpose of providing housing or

1 utility payment assistance to individuals or oth-
2 erwise providing funds to prevent foreclosure or
3 eviction of a homeowner or tenant or prevent
4 mortgage delinquency or loss of housing or util-
5 ities as a response to the coronavirus disease
6 2019 (COVID–19) pandemic; and

7 (G) any other assistance to prevent evic-
8 tion, mortgage delinquency or default, fore-
9 closure, or the loss of utility services for an eli-
10 gible household.

11 (2) ADMINISTRATIVE EXPENSES.—Not greater
12 than 10 percent of the amount allocated to a State
13 or an entity pursuant to subsections (c) or (j) may
14 be used by a State housing financing agency or an
15 entity for administrative expenses. Any amounts al-
16 located to administrative expenses that are no longer
17 necessary for administrative expenses may be used
18 in accordance with paragraph (1).

19 (f) APPROPRIATION.—There is appropriated, out of
20 amounts in the Treasury not otherwise appropriated, for
21 the fiscal year ending September 30, 2021, to remain
22 available until expended or transferred or credited under
23 subsection (h) or subsection (j), \$75,000,000,000 to the
24 Homeowner Assistance Fund established under subsection
25 (b).

1 (g) USE OF HOUSING FINANCE AGENCY INNOVATION
2 FUND FOR THE HARDEST HIT HOUSING MARKETS
3 FUNDS.—A State housing finance agency may reallocate
4 any administrative or programmatic funds it has received
5 as an allocation from the Housing Finance Agency Inno-
6 vation Fund for the Hardest Hit Housing Markets created
7 pursuant to section 101(a) of the Emergency Economic
8 Stabilization Act of 2008 (12 U.S.C. 5211(a)) that have
9 not been otherwise allocated or disbursed as of the date
10 of enactment of this Act to supplement any administrative
11 or programmatic funds received from the Homeowner As-
12 sistance Fund. Such reallocated funds shall not be consid-
13 ered when allocating resources from the Homeowner As-
14 sistance Fund using the process established under sub-
15 section (c) and shall remain available for the uses per-
16 mitted in subsection (e) and under the terms and condi-
17 tions established by the contract with the Secretary cre-
18 ated pursuant to subsection (d)(1) and the terms of sub-
19 section (h).

20 (h) RESCISSION OF FUNDS.—Any funds that have
21 not been allocated by a State housing finance agency to
22 provide assistance as described under subsection (e) by
23 December 31, 2030, shall be reallocated by the Secretary
24 in the following manner:

1 (1) 65 percent shall be transferred or credited
2 to the Housing Trust Fund established under sec-
3 tion 1338 of the Federal Housing Enterprises Fi-
4 nancial Safety and Soundness Act of 1992 (12
5 U.S.C. 4568).

6 (2) 35 percent shall be transferred or credited
7 to the Capital Magnet Fund under section 1339 of
8 the Federal Housing Enterprises Financial Safety
9 and Soundness Act of 1992 (12 U.S.C. 4569).

10 (i) REPORTING REQUIREMENTS.—The Secretary
11 shall provide public reports not less frequently than quar-
12 terly regarding the use of funds provided by the Home-
13 owner Assistance Fund. Such reports shall include the fol-
14 lowing data by State or entity receiving funds pursuant
15 to subsection (j) and by program within each State or enti-
16 ty receiving funds pursuant to subsection (j), both for the
17 past quarter and for the life of the program—

18 (1) the amount of funds allocated;

19 (2) the amount of funds disbursed;

20 (3) the number of households and individuals
21 assisted;

22 (4) the acceptance rate of applicants;

23 (5) the average amount of assistance provided
24 per household receiving assistance;

1 (6) the average length of assistance provided
2 per household receiving assistance;

3 (7) the income ranges of households for each
4 household receiving assistance;

5 (8) demographic information about each house-
6 hold receiving assistance, including race, ethnicity,
7 and service member status; and

8 (9) the outcome 12 months after the household
9 has received assistance.

10 (j) TRIBAL SET-ASIDE.—

11 (1) DEFINITIONS.—In this subsection:

12 (A) DEPARTMENT OF HAWAIIAN HOME
13 LANDS.—The term “Department of Hawaiian
14 Home Lands” has the meaning given the term
15 in section 801 of the Native American Housing
16 Assistance and Self-Determination Act of 1996
17 (42 U.S.C. 4221).

18 (B) ELIGIBLE RECIPIENT.—The term “eli-
19 gible recipient” means any entity eligible to re-
20 ceive a grant under section 101 of the Native
21 American Housing Assistance and Self-Deter-
22 mination Act of 1996 (25 U.S.C. 4111).

23 (2) SET-ASIDE.—

24 (A) IN GENERAL.—Notwithstanding any
25 other provision of this section, of the amounts

1 appropriated under subsection (f), the Secretary
2 shall use 5 percent to make grants to eligible
3 recipients for the purposes described in sub-
4 section (e)(1).

5 (B) NATIVE HAWAIIAN SET-ASIDE.—Of the
6 funds set aside under subparagraph (A), the
7 Secretary shall use 0.3 percent to make grants
8 to the Department of Hawaiian Home Lands
9 for the purposes described in subsection (e)(1).

10 (3) REQUIREMENTS.—

11 (A) ALLOCATION.—Except for the funds
12 set aside under paragraph (2)(B), the Secretary
13 shall allocate the funds set aside under para-
14 graph (2)(A) using the allocation formula de-
15 scribed in subpart D of part 1000 of title 24,
16 Code of Federal Regulations (or successor regu-
17 lations).

18 (B) NATIVE HAWAIIANS.—The Secretary
19 shall use the funds made available under para-
20 graph (2)(B) in accordance with part 1006 of
21 title 24, Code of Federal Regulations (or suc-
22 cessor regulations).

23 (4) RESCISSION.—The Secretary shall transfer
24 any funds made available under paragraph (2) that
25 have not been allocated by an eligible recipient or

1 the Department of Hawaiian Home Lands, as appli-
2 cable, to provide the assistance described in sub-
3 section (e)(1) by December 31, 2030, to the Sec-
4 retary of Housing and Urban Development to carry
5 out the Native American Housing Assistance and
6 Self-Determination Act of 1996 (25 U.S.C. 4101 et
7 seq.).

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