

AMENDMENT TO H.R. 5297
OFFERED BY MR. MILLER OF NORTH CAROLINA

Add at the end the following new section:

1 **SEC. 13. RESIDENTIAL CONSTRUCTION LOAN GUARANTEE**
2 **PROGRAM.**

3 (a) ESTABLISHMENT.—There is established within
4 the Department of the Treasury a program to be known
5 as the “Residential Construction Loan Guarantee Pro-
6 gram” (hereinafter referred to in this section as the “Loan
7 Guarantee Program”).

8 (b) LOAN GUARANTEE PROGRAM.—

9 (1) PURPOSE.—The purpose of the Loan Guar-
10 antee Program is to guarantee loans made to eligible
11 home building companies for viable building projects.

12 (2) APPLICATION.—An insured depository insti-
13 tution that wishes to make loans that are guaran-
14 teed under the Loan Guarantee Program may sub-
15 mit an application to the Secretary in such form and
16 manner and containing such information as the Sec-
17 retary may require.

18 (3) SELECTION CRITERIA.—

19 (A) IN GENERAL.—The Secretary shall ap-
20 prove any insured depository institution submit-

1 ting a full and complete application under para-
2 graph (2) for participation in the Loan Guar-
3 antee Program, and shall guarantee loans on a
4 first-come-first-served basis.

5 (B) SUBMISSION OF LOANS.— Insured de-
6 pository institutions approved for participation
7 in the Loan Guarantee Program shall submit
8 each loan made by such institution as part of
9 the Loan Guarantee Program to the Secretary
10 so the Secretary may confirm that such loan
11 complies with the requirements of this section.

12 (4) OVERSIGHT.—

13 (A) LOAN TERMS.—Not later than 7 days
14 after a loan guaranteed under the Loan Guar-
15 antee Program is originated; the insured depos-
16 itory institution making such loan shall submit
17 all information about the terms and conditions
18 of such loan to the Secretary.

19 (B) SUSPENSION AND TERMINATION AU-
20 THORITY.—Notwithstanding paragraph (3), the
21 Secretary shall, not less than yearly, review all
22 of the loans made by each insured depository
23 institution that are guaranteed under the Loan
24 Guarantee Program, and may suspend or termi-
25 nate any insured depository institution's future

1 participation in the Loan Guarantee Program if
2 the Secretary finds that such institution has en-
3 gaged in fraud or abuse with respect to the
4 Loan Guarantee Program, or has consistently
5 made loans guaranteed under the Loan Guar-
6 antee Program that are not repaid by the bor-
7 rower in accordance with the terms of the loan.

8 (5) LOAN ELIGIBILITY.—A loan may only be
9 guaranteed under the Loan Guarantee Program if it
10 meets the following criteria:

11 (A) VIABLE BUILDING PROJECT.—The
12 loan must be made for a viable building project,
13 as determined by the Secretary. In making such
14 determination, the Secretary shall consider
15 housing demand, local government support, per-
16 centage of workforce, and speculative units.

17 (B) ELIGIBLE HOME BUILDING COM-
18 PANY.—The loan must be made to an eligible
19 home building company, as determined by the
20 Secretary. In making such determination, the
21 Secretary shall consider whether such company
22 is creditworthy, reputable, and has a record of
23 successful residential building projects.

24 (C) LOAN GUARANTEE AMOUNT LIMITA-
25 TION.—The eligible home building company, or

1 its principals, must have a minimum net worth
2 equal to the loan amount to be guaranteed.

3 (D) USE OF LOAN.—The loan must only
4 be used for the acquisition, development, and
5 construction of residential developments that
6 have locally-approved development plans and
7 create immediate job opportunities.

8 (E) TERM REQUIREMENTS.—

9 (i) IN GENERAL.—The term of the
10 loan must be no more than 5 years, with
11 an option to extend.

12 (ii) LOAN AMOUNT LIMITATIONS.—
13 The loan will be for an amount not to ex-
14 ceed—

15 (I) 75 percent loan-to-value on
16 the land;

17 (II) 100 percent for construction
18 and development costs; and

19 (III) 80 percent of the market
20 value of the building project.

21 (F) INTEREST RATES.—Notwithstanding
22 the provisions of the constitution of any State
23 or the laws of any State limiting the rate or
24 amount of interest which may be charged,
25 taken, received, or reserved, the maximum legal

1 rate of interest on the loan shall not sub-
2 stantively differ from the current average mar-
3 ket yield on outstanding marketable obligations
4 of similar privately held loans with remaining
5 periods to maturity comparable to such loan.

6 (6) MULTIPLE GUARANTEES PERMITTED; AG-
7 GREGATE DOLLAR AMOUNT LIMITATION.—A single
8 eligible home building company is permitted to have
9 more than one loan guaranteed under the Loan
10 Guarantee Program, but the aggregate amount of all
11 such loans guaranteed for a single eligible home
12 building company may not exceed the net worth of
13 such company. The Secretary may exempt an eligible
14 home building company from the net worth limita-
15 tion of this paragraph if the Secretary determines
16 doing so will advance the purpose of this Loan
17 Guarantee Program.

18 (7) GOVERNMENT GUARANTEE.—

19 (A) LEVEL OF PARTICIPATION.—Loans
20 guaranteed under the Loan Guarantee Program
21 shall be guaranteed at 80 percent of the loan
22 amount.

23 (B) PAYMENT OF ACCRUED INTEREST.—

24 (i) IN GENERAL.—Any insured deposi-
25 tory institution making a claim for pay-

1 ment on the guaranteed portion of a loan
2 guaranteed under the Loan Guarantee
3 Program shall be paid the accrued interest
4 due on the loan from the earliest date of
5 default to the date of payment of the claim
6 at a rate not to exceed the rate of interest
7 on the loan on the date of default, minus
8 one percent.

9 (ii) LOANS SOLD ON SECONDARY MAR-
10 KET.—If a loan described under clause (i)
11 is sold on the secondary market, the
12 amount of interest paid to an insured de-
13 pository institution described in that clause
14 from the earliest date of default to the
15 date of payment of the claim shall be no
16 more than the agreed upon rate, minus one
17 percent.

18 (iii) INTEREST RATE.—The rate of in-
19 terest to be paid on a claim for payment
20 on the guaranteed portion of a loan guar-
21 anteed under the Loan Guarantee Pro-
22 gram shall be established commensurate
23 with Federal Housing Administration
24 rates, based on safety and soundness.

1 (8) ONE-THIRD OF GUARANTEES TO BE MADE
2 IN AREAS WITH GREATEST UNMET NEED.—Notwith-
3 standing any other provision of this section, not less
4 than one-third of the funds made available under
5 this section to guarantee loans shall be used to guar-
6 anteed loans in areas of the United States that have
7 the greatest unmet need for residential construction
8 financing, as determined by the Secretary.

9 (9) REGULATIONS.—The Secretary shall pro-
10 mulgate any regulations needed to carry out this
11 section through a notice and public comment period
12 of not more than 60 days.

13 (c) AUTHORIZATION OF APPROPRIATIONS.—There
14 are authorized to be appropriated to the Secretary
15 \$15,000,000,000 to carry out this section.

16 (d) TERMINATION OF AUTHORITY.—The Secretary's
17 authority to make new loan guarantees under the Loan
18 Guarantee Program shall terminate after the 3-year pe-
19 riod beginning on the date of the enactment of this sec-
20 tion.

