



UNITED STATES SENATE COMMITTEE *on*
BANKING, HOUSING, & URBAN AFFAIRS

★ RANKING MEMBER TIM SCOTT ★

Title 1 – Improving Financial Literacy

Sec. 101. Reforms to housing counseling and financial literacy programs.

Updates the requirement that housing counseling agencies be certified by requiring housing counselors to understand sustainable homeownership and to recertify housing counselors. Also requires suspension of housing counselors whose share of defaulting borrowers they counsel exceeds the average share of defaulting borrowers counseled by housing counselors in their areas until they are recertified, and provides the Secretary authority to deny future housing counseling assistance to an organization employing a counselor whose counseled borrowers default at higher-than-average rates in the area compared to other housing counselors.

Prohibits housing counseling agencies applying for or receiving grants from lobbying or political advocacy. Also requires that a share of appropriated grant funds for housing counseling be set aside to organizations providing rental counseling or pre-foreclosure counseling and requires that the grants be made to organizations serving households across the country, including rural areas.

Requires pre-purchase counseling for all borrowers financing the purchase of their homes with government insured or guaranteed mortgages and all borrowers in default status.

Title 2 – Increasing Access to Housing

Sec. 201. Rental assistance demonstration program.

Eliminates the cap on the number of public housing units that may be converted under the Rental Assistance Demonstration (RAD) to allow for other forms of federal assistance which provide opportunity for private investment that is unavailable for public housing.

Sec. 202. Creating incentives for small dollar loan originators.

Directs the Bureau of Consumer Financial Protection (CFPB) to update Regulation Z and allow for salaried originators of mortgage loans insured by the Federal Housing Administration (FHA) or acquired by Fannie Mae or Freddie Mac (collectively, GSEs) that only serve borrowers looking for small dollar loans of not more than \$70,000.

Sec. 203. Small Dollar Mortgage Points and Fees

Directs the CFPB, in consultation with HUD and FHFA, to revise CFPB regulations in such a way that encourages additional lending to borrowers seeking small dollar loans of not more than \$70,000.

Title 3 – Regulatory Flexibility

Sec. 301. Authorization of Moving to Work Program.

Fully authorizes the Moving to Work (MTW) Demonstration, and requires evaluation of housing reforms undertaken by MTW participants to identify replicable program models to improve cost-efficiency and outcomes for families in HUD-assisted housing.

Sec. 302. Updating the definition of manufactured home.

Updates the definition of manufactured home, which is limited to structures that are built on a permanent chassis, to include other modular or prefabricated housing by striking the limitation.

Sec. 303. Rescission of Public and Indian Housing Notice 2021–18.

Directs HUD to reinstate the solicitation for applications from Public Housing Authorities (PHAs) volunteering in a study evaluating the impact of work requirements for HUD-assisted residents served by PHAs as part of the MTW Program.

Title 4 – Serving the Most Vulnerable

Sec. 401. Incentivizing local solutions to homelessness.

Authorizes the Secretary to pay-for-success with a ten percent set aside of funds made available for grantees of the Continuum of Care and Emergency Solutions Grants Program if they can measurably improve outcomes for the homeless individuals served by those programs, as determined by the Secretary.

Title 5 – Promoting Opportunity

Sec. 501. Increasing housing in opportunity zones.

Require the Secretary to prioritize awarding of all HUD grants to recipients located in or primarily serve communities designated as Opportunity Zones.

Title 6 – Good Governance

Sec. 601. Requiring annual testimony and oversight from housing regulators.

Requires the HUD Secretary to annually testify before Congress on the status of all programs carried out by the Department. The bill additionally requires annual testimony from officials administering government guaranteed or insured mortgage programs, including the President of the Government National Mortgage Association (Ginnie Mae), the FHA Commissioner, and the Administrator of the Rural Housing Service (RHS).

Sec. 602. FHA reporting requirements on safety and soundness.

Amends the National Housing Act to require more frequent, monthly reporting to Congress by HUD on the strength of the Mutual Mortgage Insurance (MMI) Fund, which, under current law, must maintain sufficient capital reserves and a capital ratio above two percent. The bill further requires

HUD to notify Congress as soon as practicable when the MMI Fund capital ratio falls below two percent.

Sets the definition of first-time homebuyer for all federally insured or guaranteed mortgages to be a borrower whose credit report does not include a tradeline indicating the borrower already has or had a loan for a residential, single-family property.

Directs the Government Accountability Office (GAO) to study and recommend to Congress whether FHA should set parameters and define sustainable homeownership that considers how borrowers fare with FHA-insured loans, including whether they default, refinance into a conventional loan, return to renting, and other factors that may measure how FHA successfully serves its intended borrowers, including first-time homebuyers as redefined in this section.

Sec. 603. United States Interagency Council on Homelessness.

Requires annual testimony before Congress from the United States Interagency Council on Homelessness (USICH) and submission of an annual report to Congress by USICH that describes how USICH is executing its statutorily required National Strategic Plan to End Homelessness, whether any changes were made to the plan as well as justifications for such changes, and an estimate of when homelessness will be ended.