

Union Calendar No. 223

110TH CONGRESS
1ST SESSION

H. R. 3002

[Report No. 110-363]

To establish a demonstration program to authorize the Secretary of Housing and Urban Development to guarantee obligations issued by Indian tribes to finance community and economic development activities.

IN THE HOUSE OF REPRESENTATIVES

JULY 11, 2007

Mr. PEARCE (for himself, Mr. BOREN, Mr. FRANK of Massachusetts, Mr. KILDEE, and Mr. RENZI) introduced the following bill; which was referred to the Committee on Financial Services

OCTOBER 2, 2007

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italics]

[For text of introduced bill, see copy of bill as introduced on July 11, 2007]

A BILL

To establish a demonstration program to authorize the Secretary of Housing and Urban Development to guarantee obligations issued by Indian tribes to finance community and economic development activities.

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

1 of a guarantee under this section shall be used for the sup-
2 port of activities that benefit low-income Indian families
3 (as such term is defined for purposes of the Native American
4 Housing Assistance and Self-Determination Act of 1996) on
5 Indian reservations and other Indian areas.

6 (c) *FINANCIAL SOUNDNESS.*—The Secretary shall es-
7 tablish underwriting criteria for guarantees under this sec-
8 tion, including fees for such guarantees, as may be nec-
9 essary to ensure that the program under this section for
10 such guarantees is financially sound. Such fees shall be es-
11 tablished in amounts that are sufficient, but do not exceed
12 the minimum amounts necessary, to maintain a negative
13 credit subsidy for such program, as determined based upon
14 risk to the Federal Government under such underwriting
15 requirements.

16 (d) *TERMS OF OBLIGATIONS.*—Notes or other obliga-
17 tions guaranteed pursuant to this section shall be in such
18 form and denominations, have such maturities, and be sub-
19 ject to such conditions as may be prescribed by regulations
20 issued by the Secretary. The Secretary may not deny a
21 guarantee under this section on the basis of the proposed
22 repayment period for the note or other obligation, unless
23 the period is more than 20 years or the Secretary deter-
24 mines that the period causes the guarantee to constitute an
25 unacceptable financial risk.

1 (e) *LIMITATION ON PERCENTAGE.*—A guarantee made
2 under this section shall guarantee repayment of 95 percent
3 of the unpaid principal and interest due on the notes or
4 other obligations guaranteed.

5 (f) *SECURITY AND REPAYMENT.*—

6 (1) *REQUIREMENTS ON ISSUER.*—To ensure the
7 repayment of notes or other obligations and charges
8 incurred under this section and as a condition for re-
9 ceiving such guarantees, the Secretary shall require
10 the Indian tribe or housing entity issuing such notes
11 or obligations to—

12 (A) enter into a contract, in a form accept-
13 able to the Secretary, for repayment of notes or
14 other obligations guaranteed under this section;

15 (B) demonstrate that the extent of such
16 issuance and guarantee under this section is
17 within the financial capacity of the tribe; and

18 (C) furnish, at the discretion of the Sec-
19 retary, such security as may be deemed appro-
20 priate by the Secretary in making such guaran-
21 tees, including increments in local tax receipts
22 generated by the activities assisted by a guar-
23 antee under this section or disposition proceeds
24 from the sale of land or rehabilitated property,
25 except that such security may not include any

1 *grant amounts received or for which the issuer*
2 *may be eligible under title I of the Native Amer-*
3 *ican Housing Assistance and Self-Determination*
4 *Act of 1996.*

5 (2) *FULL FAITH AND CREDIT.*—*The full faith*
6 *and credit of the United States is pledged to the pay-*
7 *ment of all guarantees made under this section. Any*
8 *such guarantee made by the Secretary shall be conclu-*
9 *sive evidence of the eligibility of the obligations for*
10 *such guarantee with respect to principal and interest,*
11 *and the validity of any such guarantee so made shall*
12 *be incontestable in the hands of a holder of the guar-*
13 *anteed obligations.*

14 (g) *TRAINING AND INFORMATION.*—*The Secretary, in*
15 *cooperation with Indian tribes and tribally designated*
16 *housing entities, shall carry out training and information*
17 *activities with respect to the guarantee program under this*
18 *section.*

19 (h) *LIMITATIONS ON AMOUNT OF GUARANTEES.*—

20 (1) *AGGREGATE FISCAL YEAR LIMITATION.*—*Not-*
21 *withstanding any other provision of law and subject*
22 *only to the absence of qualified applicants or proposed*
23 *activities and to the authority provided in this sec-*
24 *tion, to the extent approved or provided in appro-*
25 *priations Acts, the Secretary may enter into commit-*

1 *ments to guarantee notes and obligations under this*
2 *section with an aggregate principal amount not to ex-*
3 *ceed \$200,000,000 for each of fiscal years 2008*
4 *through 2012.*

5 (2) *AUTHORIZATION OF APPROPRIATIONS FOR*
6 *CREDIT SUBSIDY.—There are authorized to be appro-*
7 *priated to cover the costs (as such term is defined in*
8 *section 502 of the Congressional Budget Act of 1974)*
9 *of guarantees under this section such sums as may be*
10 *necessary for each of fiscal years 2008 through 2012.*
11 *No funds appropriated under this Act shall be ex-*
12 *pended for the benefit of the Cherokee Nation of Okla-*
13 *homa until the Secretary shall have certified to the*
14 *Congress that the Cherokee Nation of Oklahoma is in*
15 *compliance with the Treaty of 1866 and fully recog-*
16 *nizes all Cherokee Freedmen and their descendants as*
17 *citizens of the Cherokee Nation.*

18 (3) *AGGREGATE OUTSTANDING LIMITATION.—The*
19 *total amount of outstanding obligations guaranteed*
20 *on a cumulative basis by the Secretary pursuant to*
21 *this section shall not at any time exceed*
22 *\$1,000,000,000 or such higher amount as may be au-*
23 *thorized to be appropriated for this section for any*
24 *fiscal year.*

1 (4) *FISCAL YEAR LIMITATIONS ON TRIBES.*—The
2 Secretary shall monitor the use of guarantees under
3 this section by Indian tribes. If the Secretary finds
4 that 50 percent of the aggregate guarantee authority
5 under paragraph (3) has been committed, the Sec-
6 retary may—

7 (A) impose limitations on the amount of
8 guarantees pursuant to this section that any one
9 Indian tribe may receive in any fiscal year of
10 \$25,000,000; or

11 (B) request the enactment of legislation in-
12 creasing the aggregate outstanding limitation on
13 guarantees under this section.

14 (i) *REPORT.*—Not later than the expiration of the 4-
15 year period beginning on the date of the enactment of this
16 Act, the Secretary shall submit a report to the Congress re-
17 garding the utilization of the authority under this section
18 by Indian tribes and tribally designated housing entities,
19 identifying the extent of such utilization and the types of
20 projects and activities financed using such authority and
21 analyzing the effectiveness of such utilization in carrying
22 out the purposes of this section.

23 (j) *TERMINATION.*—The authority of the Secretary
24 under this section to make new guarantees for notes and
25 obligations shall terminate on October 1, 2012.

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