

[Committee Print]

RECOMMENDATIONS OF THE COMMITTEE ON FINANCIAL SERVICES FOR RECONCILIATION FOR FY06: FHA ASSET DISPOSITION

1 **Subtitle B—FHA Asset Disposition**

2 **SECTION 4101. SHORT TITLE.**

3 This subtitle may be cited as the “FHA Asset Dis-
4 position Act of 2005”.

5 **SEC. 4102. DEFINITIONS.**

6 For purposes of this subtitle, the following definitions
7 shall apply:

8 (1) The term “affordability requirements”
9 means any requirements or restrictions imposed by
10 the Secretary, at the time of sale, on a multifamily
11 real property or a multifamily loan, such as use re-
12 strictions, rent restrictions, and rehabilitation re-
13 quirements.

14 (2) The term “discount sale” means the sale of
15 a multifamily real property in a transaction, such as
16 a negotiated sale, in which the sale price is lower
17 than the property market value and is set outside of
18 a competitive bidding process that has no afford-
19 ability requirements.



1 (3) The term “discount loan sale” means the
2 sale of a multifamily loan in a transaction, such as
3 a negotiated sale, in which the sale price is lower
4 than the loan market value and is set outside of a
5 competitive bidding process that has no affordability
6 requirements.

7 (4) The term “loan market value” means the
8 value of a multifamily loan, without taking into ac-
9 count any affordability requirements.

10 (5) The term “multifamily real property”
11 means any rental or cooperative housing project of
12 5 or more units owned by the Secretary that prior
13 to acquisition by the Secretary was security for a
14 loan or loans insured under title II of the National
15 Housing Act.

16 (6) The term “multifamily loan” means a loan
17 held by the Secretary and secured by a multifamily
18 rental or cooperative housing project of 5 or more
19 units that was formerly insured under title II of the
20 National Housing Act.

21 (7) The term “property market value” means
22 the value of a multifamily real property for its cur-
23 rent use, without taking into account any afford-
24 ability requirements.



1 (8) The term “Secretary” means the Secretary
2 of Housing and Urban Development.

3 **SEC. 4103. APPROPRIATED FUNDS REQUIREMENT FOR**
4 **BELOW MARKET SALES.**

5 (a) DISCOUNT SALES.—Notwithstanding any other
6 provision of law, except for affordability requirements for
7 the elderly and disabled required by statute, disposition
8 by the Secretary of a multifamily real property through
9 a discount sale under sections 207(l) or 246 of the Na-
10 tional Housing Act (12 U.S.C. 1713(l), 1715z-11), section
11 203 of the Housing and Community Development Amend-
12 ments of 1978 (12 U.S.C. 1701z-11), or section 204 of
13 the Departments of Veterans Affairs and Housing and
14 Urban Development, and Independent Agencies Appro-
15 priations Act, 1997 (12 U.S.C. 1715z-11a), shall be sub-
16 ject to the availability of appropriations to the extent that
17 the property value exceeds the sale proceeds. If the multi-
18 family real property is sold for an amount equal to or
19 greater than the property market value then the trans-
20 action is not subject to the availability of appropriations.

21 (b) DISCOUNT LOAN SALES.—Notwithstanding any
22 other provision of law and in accordance with the Federal
23 Credit Reform Act of 1990 (2 U.S.C. 661 et seq.), a dis-
24 count loan sale under section 207(k) of the National
25 Housing Act (12 U.S.C. 1713(k)), section 203(k) of the



1 Housing and Community Development Amendments of
2 1978 (12 U.S.C. 1701z-11(k)), or section 204(a) of the
3 Departments of Veterans Affairs and Housing and Urban
4 Development, and Independent Agencies Appropriations
5 Act, 1997 (12 U.S.C. 1715z-11a(a)), shall be subject to
6 the availability of appropriations to the extent that the
7 loan value exceeds the sale proceeds. If the multifamily
8 loan is sold for an amount equal to or greater than the
9 loan market value then the transaction is not subject to
10 the availability of appropriations.

11 (c) APPLICABILITY.—This section shall not apply to
12 any transaction that formally commences within one year
13 prior to the enactment of this section.

14 **SEC. 4104. UP-FRONT GRANTS.**

15 (a) 1997 Act.—Section 204(a) of the Departments
16 of Veterans Affairs and Housing And Urban Development,
17 and Independent Agencies Appropriations Act, 1997 (12
18 U.S.C. 1715z-11a(a))) is amended by adding at the end
19 the following new sentence: “A grant provided under this
20 subsection shall be available only to the extent that appro-
21 priations are made in advance for such purposes and shall
22 not be derived from the General Insurance Fund.”.

23 (b) 1978 Act.—Section 203(f) of the Housing and
24 Community Development Amendments of 1978 (12 USC
25 1701z-11(f)) is amended by striking paragraph (4).



1 (c) APPLICABILITY.—The amendments made by this
2 section shall not apply to any transaction that formally
3 commences within one year prior to the enactment of this
4 section.

