

**AMENDMENT TO H.R. 5072, AS REPORTED  
OFFERED BY MR. FLAKE OF ARIZONA**

At the end of the bill, add the following new section:

**1 SEC. 16. FEDERAL ASSISTANCE DOWNPAYMENT REFORM.**

2 (a) DOWNPAYMENT REQUIREMENT FOR RURAL  
3 HOUSING SERVICE SINGLE-FAMILY HOME LOAN PRO-  
4 GRAMS.—Section 501 of the Housing Act of 1949 (42  
5 U.S.C. 1471) is amended by adding at the end the fol-  
6 lowing new subsection:

7 “(k) DOWNPAYMENT REQUIREMENT.—The Secretary  
8 may not make a loan under section 502 to any borrower,  
9 or provide a guarantee under section 502(h) for any loan  
10 to any borrower, unless the borrower under the loan has  
11 paid, in cash or its equivalent, on account of the property  
12 to be acquired or refinanced with the proceeds of such loan  
13 an amount equal to not less than 3.5 percent of the ap-  
14 praised value of the property or such larger amount as  
15 the Secretary may determine.”

16 (b) REPEAL OF DOWNPAYMENT ASSISTANCE INITIA-  
17 TIVE.—Title II of the Cranston-Gonzalez National Afford-  
18 able Housing Act is amended by striking subtitle E (42  
19 U.S.C. 12821 et seq.).

1 (c) PROHIBITION OF USE OF CERTAIN FUNDS FOR  
2 DOWNPAYMENT ASSISTANCE.—

3 (1) COMMUNITY DEVELOPMENT BLOCK GRANT  
4 PROGRAM.—Section 105 of the Housing and Com-  
5 munity Development Act of 1974 (42 U.S.C. 5305)  
6 is amended by adding at the end the following new  
7 subsection:

8 “(i) PROHIBITION ON USE OF ASSISTANCE FOR  
9 DOWNPAYMENTS.—Notwithstanding any other provision  
10 of law (including subparagraph (D) of section 105(a)(25)  
11 of this title, as in effect pursuant to Public Law 104–204  
12 (110 Stat. 2887)), no amount from a grant made under  
13 this title may be used to provide downpayment assistance  
14 on behalf of any family or person for the acquisition of  
15 a residence.”.

16 (2) NEIGHBORHOOD STABILIZATION PRO-  
17 GRAM.—Subsection (d) of section 2301 of the Hous-  
18 ing and Economic Recovery Act of 2008 (42 U.S.C.  
19 5301 note) is amended by adding at the end the fol-  
20 lowing new paragraph:

21 “(4) PROHIBITION ON USE OF ASSISTANCE FOR  
22 DOWNPAYMENTS.—Notwithstanding any other provi-  
23 sion of law, no amounts made available under this  
24 section may be used to provide downpayment assist-

1       ance on behalf of any family or person for the acqui-  
2       sition of a residence.”.

