119TH CONGRESS
2D SESSION

S. ______

To establish Homeownership Promise Accounts to provide matching downpayment grants, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. MERKLEY introduced the following bill; which was read twice and referred to the Committee on ____________________

A BILL

To establish Homeownership Promise Accounts to provide matching downpayment grants, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Homeownership Promise Act".

SEC. 2. DEFINITIONS.

In this Act:

(1) COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION.—The term "community development financial institution" has the meaning given the term

in section 103 of the Community Development Banking and Financial Institutions Act of 1994 (15 U.S.C. 4702).

(2) ELIGIBLE FAMILY.—The term ''eligible family'' means 1 or 2 first-time homebuyers who are not less than 18 years old.

(3) ELIGIBLE HOME.—The term ''eligible home'' means a principal residence acquired by an eligible family at a purchase price, not including closing costs, that does not exceed the median single-family purchase price for the area as determined by the Secretary with such adjustments for differences in structure, and for new and old housing as the Secretary determines to be appropriate.

(4) FIRST-TIME HOMEBUYER.—The term ''first-time homebuyer'' means an individual who—

(A) has never owned a principal residence; and

(B) has completed a housing counseling program approved by the Department of Housing and Urban Development.

(5) PRINCIPAL RESIDENCE.—The term ''principal residence'' means a dwelling that is—

(A) physically occupied by an eligible family on a permanent basis; and

(B) the address of record for the eligible family for Federal income tax reporting, voter registration, or occupational licensing, if applicable.

(6) SECRETARY.—The term ''Secretary'' means the Secretary of Housing and Urban Development.

SEC. 3. HOMEOWNERSHIP PROMISE ACCOUNTS.

(a) ESTABLISHMENT.—The Secretary shall establish a matching downpayment grant, to be known as a Homeownership Promise Account, that is accessible to eligible families for downpayment expenses at the closing settlement of an eligible home.

(b) ACCOUNT REQUIREMENTS.—

(1) IN GENERAL.—An eligible family may open a Homeownership Promise Account at any participating community development financial institution.

(2) INTEREST ACCRUED.—A community development financial institution that makes Homeownership Promise Accounts available to eligible families shall pay an interest rate comparable to the rate offered to unrestricted savings accounts at the institution.

(3) BALANCE.—The balance of a Homeownership Promise Account—

(A) prior to the closing of an eligible home, shall only contain the personal contributions made by an eligible family; and

(B) may not exceed $60,000 (excluding interest), of which—

(i) not more than $10,000 (excluding interest) may consist of—

(I) personal contributions made by an eligible family, which are not required to be made on a consecutive, yearly basis;

(II) contributions made by the employer of a member of an eligible family on behalf of that member; and

(III) contributions made by a nonprofit organization on behalf of a member of an eligible family; and

(ii) not more than $50,000 may consist of matching contributions made by the Secretary under paragraph (4).

(4) MATCHING REQUIREMENT.—For every $1 made in personal contributions by an eligible family under paragraph (3)(B)(i)(I), the Secretary shall make a matching grant of $5, for a total contribution by the Secretary of not more than $50,000.

(5) EMERGENCY WITHDRAWAL.—An eligible family may make an emergency withdrawal of personal contributions made under paragraph (3)(B)(i)(I) for any reason, including expenses unrelated to the closing of an eligible home, in any amount.

(6) SETTLEMENT.—At the closing for the purchase of an eligible home, not more than 2 eligible families with Homeownership Promise Accounts may contribute amounts to the closing from the accounts.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary such sums as may be necessary to carry out this section.