

111TH CONGRESS
1ST SESSION

H. R. 2529

To amend the Federal Deposit Insurance Act to authorize depository institutions and depository institution holding companies to lease foreclosed property held by such institutions and companies for up to 5 years, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 20, 2009

Mr. GARY G. MILLER of California (for himself and Mr. DONNELLY of Indiana) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend the Federal Deposit Insurance Act to authorize depository institutions and depository institution holding companies to lease foreclosed property held by such institutions and companies for up to 5 years, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Neighborhood Preser-
5 vation Act”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds as follows:

1 (1) Depository institutions and affiliates of de-
2 pository institutions currently may control and lease
3 foreclosed property for a limited period of time often
4 subject to safety and soundness considerations,
5 under various Federal laws and the law of some
6 States.

7 (2) Authorizing such institutions and affiliates
8 to enter into a long-term lease with the occupant of
9 the property or any other person would reduce the
10 number of residential properties entering into the
11 housing inventory, which in turn would help to sta-
12 bilize home values and restore confidence in the
13 housing markets.

14 (3) Allowing depository institutions and affili-
15 ates of such institutions to lease foreclosed property
16 will allow the institution or affiliate to dispose of
17 such property into a presumably more stable market
18 at the end of the lease term which would reduce the
19 loss the institution or affiliate may otherwise be re-
20 quired to recognize upon disposition of the property.

21 (4) Providing a means for foreclosed property
22 to remain occupied during the housing downturn will
23 preserve the property itself as well as the aesthetic
24 and economic values of neighboring homes and even
25 whole neighborhoods.

1 (5) Allowing depository institutions to lease
2 foreclosed property gives families the opportunity to
3 remain in the home, causing less disruption to fami-
4 lies, until they have the means to become a home-
5 owner again.

6 **SEC. 3. BANK LEASING OF FORECLOSED PROPERTIES.**

7 (a) IN GENERAL.—Section 18 of the Federal Deposit
8 Insurance Act (U.S.C. 1828) is amended by adding at the
9 end the following new subsection:

10 “(y) LEASING OF FORECLOSED PROPERTY.—

11 “(1) LEASING AUTHORIZED.—Notwithstanding
12 any other provision of law and subject to this sub-
13 section and regulations prescribed under this sub-
14 section, any depository institution, and any affiliate
15 of a depository institution, may lease to any person,
16 including a lease with an option to purchase, for not
17 to exceed 5 years an interest in residential property
18 which—

19 “(A) was or is security for an extension of
20 credit by such depository institution or affiliate;
21 and

22 “(B) came under the ownership or control
23 of the depository institution or affiliate through
24 foreclosure on the extension of credit or the

1 bankruptcy or liquidation of the owner of the
2 property to whom the credit was extended.

3 “(2) SAFETY AND SOUNDNESS REGULATIONS.—

4 The Federal banking agencies shall prescribe regula-
5 tions which—

6 “(A) establish criteria and minimum re-
7 quirements for the leasing activity of any depos-
8 itory institution or affiliate of a depository in-
9 stitution, including minimum capital require-
10 ments, that the agency determines to be appro-
11 priate for the preservation of the safety and
12 soundness of the institution or affiliate;

13 “(B) establish requirements or exceptions
14 that the agency determines are appropriate
15 under this subsection for any such institution
16 or affiliate for any other purpose; and

17 “(C) provide for appropriate actions under
18 section 38 with respect to any such lease if nec-
19 essary to protect the capital or safety and
20 soundness of the institution or affiliate or any
21 other necessary enforcement action.

22 “(3) LENGTH OF LEASE.—If the provision of
23 any Federal or State law, including the Bank Hold-
24 ing Company Act of 1956, governing the leasing ac-
25 tivities of depository institutions or affiliates of de-

1 pository institutions permits an appropriate Federal
2 banking agency to allow any such depository institu-
3 tion or affiliate to lease property described in para-
4 graph (1) to any person for a period of longer than
5 5 years, any lease under paragraph (1) may be ex-
6 tended to the extent permitted by such provision of
7 law.

8 “(4) SUNSET.—This section shall apply only
9 with respect to leases entered into during the 2-year
10 period ending on the date of the enactment of the
11 Neighborhood Preservation Act.”.

12 (b) INTENT OF THE CONGRESS.—It is the intent of
13 the Congress that—

14 (1) no permanent change in policy on leasing
15 foreclosed property is being established with respect
16 to depository institutions and depository institution
17 holding companies; and

18 (2) subsection (y) of section 18 of the Federal
19 Deposit Insurance Act should not apply to leases en-
20 tered into after the sunset date contained in such
21 subsection.

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