

118TH CONGRESS  
2D SESSION

# S. 4261

To direct the Secretary of Housing and Urban Development to award grants to provide financial assistance to certain educators to make down payments on certain homes, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

MAY 2, 2024

Mr. HEINRICH introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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## A BILL

To direct the Secretary of Housing and Urban Development to award grants to provide financial assistance to certain educators to make down payments on certain homes, 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 “Educator Down Pay-  
5       ment Assistance Act of 2024”.

6       **SEC. 2. DEFINITIONS.**

7       In this Act:

1           (1) ELIGIBLE DWELLING.—The term “eligible  
2 dwelling” means a residential property with—

3           (A) not more than 4 dwelling units;

4           (B) an apartment;

5           (C) a condominium; or

6           (D) a manufactured dwelling unit.

7           (2) ELIGIBLE EDUCATOR.—The term “eligible  
8 educator” means a public elementary or secondary  
9 school teacher, principal, paraprofessional, school  
10 leader, or other staff who—

11           (A) is a first-time homebuyer;

12           (B) has served in their position or another  
13 position in the educational system for not fewer  
14 than a total of 3 years (without regard to  
15 whether such years were consecutive);

16           (C) has a qualifying income; and

17           (D) is in good standing.

18           (3) ELIGIBLE ENTITY.—The term “eligible enti-  
19 ty” means—

20           (A) a unit of local government;

21           (B) a State housing finance agency; or

22           (C) a local educational agency.

23           (4) ELIGIBLE RESIDENTIAL MORTGAGE  
24 LOAN.—The term “eligible residential mortgage  
25 loan” means a residential mortgage loan that—

1 (A) meets the underwriting requirements  
2 and dollar amount limitations for acquisition by  
3 the Federal National Mortgage Association or  
4 the Federal Home Loan Mortgage Corporation;

5 (B) is made, insured, or guaranteed under  
6 title II of the National Housing Act (12 U.S.C.  
7 1707 et seq.) or title V of the Housing Act of  
8 1949 (42 U.S.C. 1471 et seq.);

9 (C) is made, insured, or guaranteed under  
10 title VIII of the Native American Housing As-  
11 sistance and Self-Determination Act of 1996  
12 (25 U.S.C. 4221 et seq.);

13 (D) is a qualified mortgage, as defined in  
14 section 129C(b)(2) of the Truth in Lending Act  
15 (15 U.S.C. 1639c(b)(2)); or

16 (E) is guaranteed under section 184 of the  
17 Housing and Community Development Act of  
18 1992 (12 U.S.C. 1715z-13a).

19 (5) EMERGENCY EVENT.—The term “emer-  
20 gency event” includes—

21 (A) military deployment;

22 (B) divorce;

23 (C) death of an eligible educator or spouse;

24 and

1 (D) other similar unforeseen events as de-  
2 termined by the Secretary.

3 (6) ESEA TERMS.—The terms “elementary  
4 school”, “local educational agency”, “other staff”,  
5 “secondary school”, and “Secretary” have the mean-  
6 ings given such terms in section 8101 of the Ele-  
7 mentary and Secondary Education Act of 1965 (20  
8 U.S.C. 7801).

9 (7) FIRST-TIME HOMEBUYER.—The term “first-  
10 time homebuyer” has the meaning given the term in  
11 section 92.2 of title 24, Code of Federal Regulations  
12 (as in effect on the date of the enactment of this  
13 Act), except that any reference in such section to the  
14 American Dream Downpayment Initiative shall be  
15 deemed to be a reference to the grant program es-  
16 tablished under this section.

17 (8) GOOD STANDING.—The term “good stand-  
18 ing” means that, with respect to an eligible educator  
19 and during the 3-year period beginning on the date  
20 on which the educator submits an application under  
21 section 3(b), such educator has not received discipli-  
22 nary action from the local educational agency that  
23 serves the school at which such educator works as  
24 an educator.

1           (9) QUALIFYING INCOME.—The term “quali-  
2       fying income” means—

3           (A) an income that is not greater than 120  
4       percent of the area median income in which the  
5       eligible dwelling to be purchased is located; and

6           (B) if the Secretary determines that the  
7       area described in subparagraph (A) is a high-  
8       cost area, an income that is not greater than  
9       180 percent of the median income of such area.

10          (10) SECRETARY.—The term “Secretary”  
11       means the Secretary of Housing and Urban Develop-  
12       ment.

13 **SEC. 3. FIRST-TIME HOMEBUYER DOWN PAYMENT ASSIST-**  
14 **ANCE PROGRAM.**

15          (a) ESTABLISHMENT.—The Secretary of Housing  
16       and Urban Development shall award grants, on a competi-  
17       tive basis, to eligible entities to provide financial assistance  
18       to eligible educators in accordance with subsection (d).

19          (b) APPLICATION.—An eligible entity seeking a grant  
20       under this section shall submit to the Secretary an appli-  
21       cation in such form, at such time, and containing such  
22       information as the Secretary determines appropriate, in-  
23       cluding an assurance that such entity will use an existing,  
24       or establish a new, down payment assistance program to  
25       provide financial assistance to eligible educators.

1 (c) GEOGRAPHIC AREAS.—In the case of a geo-  
2 graphic area that is served by an eligible entity that is  
3 a unit of local government and an eligible entity that is  
4 a local educational agency, the Secretary may only award  
5 a grant to 1 such entity in such geographic area.

6 (d) USE OF AMOUNTS TO PROVIDE FINANCIAL AS-  
7 SISTANCE.—

8 (1) IN GENERAL.—An eligible entity that re-  
9 ceives a grant under subsection (a) shall use such  
10 grant funds to provide financial assistance to eligible  
11 educators.

12 (2) APPLICATION.—An eligible educator seeking  
13 a financial assistance under this subsection shall  
14 submit to the eligible entity an application in such  
15 form, at such time, and containing such information  
16 as the eligible entity determines appropriate, includ-  
17 ing an assurance that such educator will—

18 (A) complete the housing counseling re-  
19 quired under paragraph (8); and

20 (B) use an eligible residential mortgage  
21 loan to purchase an eligible dwelling.

22 (3) USE OF FINANCIAL ASSISTANCE.—An eligi-  
23 ble educator who receives financial assistance under  
24 this subsection shall use such financial assistance to  
25 pay, with respect to the purchase of an eligible

1 dwelling using an eligible residential mortgage loan,  
2 for—

3 (A) direct down payment costs associated  
4 with such purchase;

5 (B) closing costs associated with such pur-  
6 chase; and

7 (C) costs related to reducing the rates of  
8 interest on such eligible residential mortgage  
9 loan associated with such purchase.

10 (4) AMOUNT OF FINANCIAL ASSISTANCE.—

11 (A) IN GENERAL.—Except as provided  
12 under subparagraph (B), the amount of finan-  
13 cial assistance awarded to an eligible educator  
14 under this subsection may not be greater than  
15 \$25,000.

16 (B) EXCEPTION.—In the case of an eligi-  
17 ble educator purchasing an eligible dwelling  
18 that is located in an area described in section  
19 305(a)(2) of the Federal Home Loan Mortgage  
20 Corporation Act (12 U.S.C. 1454(a)(2)), the  
21 amount of financial assistance awarded to an  
22 eligible educator under this subsection may be  
23 greater than \$25,000.

1           (5) LIMITATION.—An eligible educator may  
2 only receive financial assistance under this sub-  
3 section 1 time.

4           (6) ADDITIONAL FUNDS.—An eligible entity  
5 may award financial assistance under this subsection  
6 to an eligible educator who is receiving funds from  
7 other sources, including other State, Federal, local,  
8 private, public, and nonprofit sources, for the pur-  
9 pose of purchasing an eligible dwelling.

10          (7) OCCUPANCY REQUIREMENT.—

11           (A) IN GENERAL.—An eligible educator  
12 who is awarded financial assistance under this  
13 subsection shall use the eligible dwelling pur-  
14 chased using such financial assistance as a pri-  
15 mary residence for a period of not fewer than  
16 3 years beginning on the date on which the eli-  
17 gible educator receives financial assistance  
18 under this subsection.

19           (B) ENFORCEMENT.—

20           (i) RETURN OF FUNDS.—An eligible  
21 educator who does not comply with the re-  
22 quirement under subparagraph (A) shall  
23 return to the eligible entity the total  
24 amount of the financial assistance awarded  
25 to such educator under this subsection.



1 (ii) TIMING.—Such funds shall be re-  
2 turned in accordance with clause (i) not  
3 later than 1 year after such educator  
4 ceases to use such dwelling as a primary  
5 residence in violation of the requirement  
6 under subparagraph (A).

7 (iii) EXCEPTION.—An eligible educa-  
8 tor who does not comply with the require-  
9 ment under subparagraph (A) due to an  
10 emergency event shall not be required to  
11 return financial assistance under clause (i).

12 (8) SERVICE REQUIREMENT.—

13 (A) IN GENERAL.—An eligible educator  
14 who is awarded financial assistance under this  
15 subsection shall be required by the Secretary to  
16 continue in their role as a public elementary or  
17 secondary school teacher, principal, paraprofes-  
18 sional, school leader, or other staff for not less  
19 than 3 years after the date on which the eligible  
20 educator is awarded financial assistance.

21 (B) EXCEPTION.—Subparagraph (A) shall  
22 not apply if an eligible educator is a military  
23 spouse, as defined in section 45AA(d)(1) of the  
24 Internal Revenue Code of 1986.

1       (e) REPORTING REQUIREMENTS.—The Secretary  
2 shall submit to Congress an annual report that includes  
3 include a breakdown of financial assistance provided under  
4 this section, by demographic breakdown, mean income,  
5 and mean purchase price.

6       (f) AUTHORIZATION OF APPROPRIATIONS.—There  
7 are authorized to be appropriated to carry out this section  
8 \$30,000,000 for each of fiscal years 2025 through 2030.

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