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(Original Signature of Member)

119TH CONGRESS  
2D SESSION

**H. R.** \_\_\_\_\_

To permit the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association to purchase and securitize certain residential construction loans.

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IN THE HOUSE OF REPRESENTATIVES

Mr. FITZGERALD introduced the following bill; which was referred to the Committee on \_\_\_\_\_

\_\_\_\_\_  
**A BILL**

To permit the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association to purchase and securitize certain residential construction loans.

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 “Working Families  
5 Home Construction Act of 2026”.

1 **SEC. 2. PURCHASE OF QUALIFYING CONSTRUCTION LOANS**  
2 **BY FANNIE MAE AND FREDDIE MAC.**

3 (a) IN GENERAL.—Notwithstanding any other provi-  
4 sion of law, the Director of the Federal Housing Finance  
5 Agency (hereafter referred to as the “Director”) shall per-  
6 mit the enterprises to purchase and securitize qualifying  
7 construction loans, as described in this section.

8 (b) QUALIFYING CONSTRUCTION LOAN.—A quali-  
9 fying loan shall have each of the following characteristics:

10 (1) The loan shall be made by a depository in-  
11 stitution, a credit union, a State housing finance  
12 agency, or any other entity as determined by the Di-  
13 rector.

14 (2) The originating institution for the loan shall  
15 verify and document the financial viability, capacity  
16 to complete, and support from the local community  
17 as defined in subsection (d)(4), for the purpose of  
18 providing that information to an enterprise.

19 (3) The loan shall have an interest rate estab-  
20 lished by the Director, which takes into account—

21 (A) affordability for a family described in  
22 paragraph (9); and

23 (B) safety and soundness with respect to  
24 the operating costs and expected losses related  
25 to purchasing qualifying construction loans.

1           (4) The loan shall be made to a builder, home-  
2           builder, or developer.

3           (5) The loan shall be for a construction project  
4           that will result in the building of 1 or more owner-  
5           occupied dwelling units.

6           (6) The recipient of the loan shall contribute  
7           not less than 10 percent of the capital required to  
8           complete the construction project (including the  
9           value of the land on which the project is located) to  
10          be undertaken by the recipient using such loan.

11          (7) The loan shall be—

12                 (A) not more than \$100,000 for each  
13                 dwelling unit to be constructed as part of the  
14                 construction project provided that the amounts  
15                 described in this paragraph represent the max-  
16                 imum amount of supplemental or gap financing  
17                 eligible for purchase and securitization by an  
18                 enterprise under this Act and may be layered  
19                 with other construction financing sources, in-  
20                 cluding commercial construction loans, State or  
21                 local financing, and developer equity contribu-  
22                 tions and shall not be construed to require that  
23                 a qualifying construction loan serve as the sole  
24                 or primary source of financing for any construc-  
25                 tion project; and

1 (B) not more than \$2,400,000 in total for  
2 any single construction project.

3 (8) The loan may be used for—

4 (A) acquiring land;

5 (B) professional services, including engi-  
6 neering services, land use planning services,  
7 surveying, environmental due diligence;

8 (C) developing infrastructure that will  
9 serve such eligible construction project, includ-  
10 ing roads, sewers, sidewalks, grading, water  
11 lines, stormwater management, lighting, and  
12 street landscaping and signage;

13 (D) construction of dwelling units;

14 (E) direct developer incentives; or

15 (F) municipal fees and permits.

16 (9) Each dwelling unit built as part of a con-  
17 struction project financed with a loan shall be sold  
18 to a family whose income is between 90 percent and  
19 130 percent of the area median income in the area  
20 where the dwelling unit is located.

21 (10) When a dwelling unit built as part of a  
22 construction project financed with a loan is sold, the  
23 terms of the sale shall require the purchaser to re-  
24 side in the dwelling unit for not less than 1 year,

1 and shall require developers to include a recorded,  
2 restrictive covenant to that effect.

3 (c) AVAILABILITY OF AMOUNTS.—

4 (1) FREDDIE MAC.—Section 1337 of the Fed-  
5 eral Housing Enterprises Financial Safety and  
6 Soundness Act of 1992 (12 U.S.C. 4567(a)(1)(B)) is  
7 amended in subsection (a)(1)(B)—

8 (A) in clause (i)—

9 (i) by striking “65” and inserting  
10 “53”; and

11 (ii) by striking “and” at the end;

12 (B) in clause (ii), by striking “35” and in-  
13 sserting “25”; and

14 (C) by adding at the end the following:

15 “(iii) 22 percent of such amounts for  
16 the purpose of purchasing and securitizing  
17 qualifying construction loans under the  
18 Working Families Home Construction Act  
19 of 2026; and”.

20 (2) FANNIE MAE.—Section 1337 of the Federal  
21 Housing Enterprises Financial Safety and Sound-  
22 ness Act of 1992 (12 U.S.C. 4567(a)(2)(B)) is  
23 amended in subsection (a)(2)(B)—

24 (A) in clause (i)—

1 (i) by striking “65” and inserting  
2 “53”; and

3 (ii) by striking “and” at the end;

4 (B) in clause (ii)—

5 (i) by striking “35” and inserting  
6 “25”; and

7 (ii) by striking the period at the end  
8 and inserting “; and”; and

9 (C) by adding at the end the following:

10 “(iii) 22 percent of such amounts for  
11 the purpose of purchasing and securitizing  
12 qualifying construction loans under the  
13 Working Families Home Construction Act  
14 of 2026; and”.

15 (d) DEFINITIONS.—In this section:

16 (1) CREDIT UNION.—The term “credit union”  
17 has the meaning given the term “insured credit  
18 union” in section 101 of the Federal Credit Union  
19 Act (12 U.S.C. 1752).

20 (2) DEPOSITORY INSTITUTION.—The term “de-  
21 pository institution” has the meaning given the term  
22 in section 3 of the Federal Deposit Insurance Act  
23 (12 U.S.C. 1813).

24 (3) ENTERPRISE.—The term “enterprise”  
25 means—

1 (A) the Federal Home Loan Mortgage  
2 Corporation; or

3 (B) the Federal National Mortgage Asso-  
4 ciation.

5 (4) SUPPORT FROM THE LOCAL COMMUNITY.—

6 The term “support from the local community”  
7 means formal authorization or endorsement for the  
8 proposed construction project from the relevant local  
9 governmental authority, which shall be deemed satis-  
10 fied by any one of the following:

11 (A) a valid zoning approval issued by the  
12 relevant local government authority for the pro-  
13 posed construction project;

14 (B) a building permit issued by the rel-  
15 evant local government authority for the pro-  
16 posed construction project;

17 (C) a formal resolution or letter of support  
18 from a local elected official with jurisdiction  
19 over the area in which the project is located; or

20 (D) such other documentation as the Di-  
21 rector determines demonstrates formal local  
22 governmental authorization for the proposed  
23 construction project.