

AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 1803
OFFERED BY MR PAPPAS

Strike all after the enacting clause and insert the following:

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Fair Access to Co-
3 ops for Veterans Act of 2026”.

4 **SEC. 2. IMPROVEMENT OF DEPARTMENT OF VETERANS AF-**
5 **FAIRS LOAN GUARANTEE FOR PURCHASE OF**
6 **RESIDENTIAL COOPERATIVE HOUSING**
7 **UNITS.**

8 (a) LOANS FOR THE PURCHASE OF STOCK OR MEM-
9 BERSHIP IN A COOPERATIVE HOUSING CORPORATION.—

10 (1) IN GENERAL.—Section 3710 of title 38,
11 United States Code, is amended—

12 (A) in subsection (a)(12), by striking
13 “With respect to a loan guaranteed after the
14 date of the enactment of this paragraph and be-
15 fore the date that is five years after that date,
16 to” and inserting “To”; and

17 (B) by striking subsection (h) and insert-
18 ing the following new subsection (h):

1 “(h) LOANS FOR THE PURCHASE OF STOCK OR MEM-
2 BERSHIP IN A COOPERATIVE HOUSING CORPORATION.—

3 (1) The Secretary shall prescribe regulations setting forth
4 requirements for underwriting, loan processing, project
5 standards, share eligibility, valuation, and such other cri-
6 teria applicable to loans guaranteed under subsection
7 (a)(12) as the Secretary determines necessary. The Sec-
8 retary shall ensure that such regulations are consistent,
9 to the extent the Secretary determines suitable, with the
10 requirements of the Government National Mortgage Asso-
11 ciation for the purchase or securitization of cooperative
12 housing loans.

13 “(2) If a cooperative housing corporation in which a
14 veteran holds stock or membership guaranteed under sub-
15 section (a)(12) becomes insolvent or is dissolved through
16 no fault of the veteran, the Secretary may provide relief
17 consistent with the purposes of this chapter.

18 “(3)(A) The Secretary shall establish procedures for
19 the termination, default resolution, and guaranty claim
20 process applicable to loans guaranteed under subsection
21 (a)(12), accounting for the unique ownership structure of
22 cooperative housing.

23 “(B) The procedures established by the Secretary
24 under paragraph (1) shall—

1 “(i) provide for valuation and liquidation of co-
2 operative shares or membership interests without re-
3 quiring the Secretary to assume ownership or share-
4 holder status; and

5 “(ii) ensure that guaranty payments, loss miti-
6 gation, and recovery processes are consistent with
7 the purposes of this chapter.”.

8 (2) TIMELINE FOR IMPLEMENTATION.—

9 (A) IN GENERAL.—Not later than 180
10 days after the date of the enactment of this
11 Act, the Secretary shall prescribe regulations to
12 carry out subsection (h) of section 3710 of title
13 38, United States Code, as added by paragraph
14 (1). Before prescribing such regulations, the
15 Secretary shall consult with cooperative housing
16 experts and mortgage finance experts.

17 (B) INTERIM PERIOD.—Notwithstanding
18 section 501 of title 38, United States Code, the
19 Secretary may issue guidance to implement
20 such subsection before prescribing such regula-
21 tions.

22 (b) LOAN FEES.—Section 3729(b) of such title is
23 amended—

1 (1) in paragraph (1), by striking “The amount”
2 and inserting “Except as provided in paragraph (5),
3 the amount”; and

4 (2) by adding at the end the following new
5 paragraph:

6 “(5) In the case of a loan guaranteed under section
7 3710(a)(12) of this title, the amount of the fee shall be—

8 “(A) the amount determined from the loan fee
9 table under paragraph (2), plus

10 “(B) 3.25 percent of the total amount of the
11 loan guaranteed, insured, or made, or, in the case of
12 a loan assumption, the unpaid principal balance of
13 the loan on the date of the transfer of the prop-
14 erty.”.

15 (c) AMOUNT OF LOAN.—Section
16 3703(a)(1)(A)(i)(IV) of such title is amended by striking
17 “or (8)” and inserting “(8), or (12)”.

18 (d) TREATMENT AS RESIDENTIAL PROPERTY.—Such
19 title is further amended—

20 (1) in section 3704(c), by adding at the end the
21 following new paragraph:

22 “(3) For purposes of this subsection, stock or mem-
23 bership in a cooperative housing corporation (as defined
24 in section 216(b) of the Internal Revenue Code of 1986)
25 for the purpose of entitling a person to occupy for dwelling

1 purposes a single family residential unit in a development,
2 project, or structure owned or leased by such corporation
3 shall be treated as residential property.”; and

4 (2) in section 3714, by adding at the end the
5 following new subsection:

6 “(g) For purposes of this section, stock or member-
7 ship in a cooperative housing corporation (as defined in
8 section 216(b) of the Internal Revenue Code of 1986) for
9 the purpose of entitling a person to occupy for dwelling
10 purposes a single family residential unit in a development,
11 project, or structure owned or leased by such corporation
12 shall be treated as residential property.”.

13 (e) **AUTHORITY TO ADVERTISE.**—The Secretary of
14 Veterans Affairs shall use the authority of the Secretary
15 under section 532 of title 38, United States Code, to ad-
16 vertise the availability of loan guarantees for housing co-
17 operative share loans under section 3710(a)(12) of such
18 title and shall take such other appropriate actions as may
19 be necessary, including by the issuance of guidance, to no-
20 tify eligible veterans, participating lenders, and interested
21 realtors of the availability of such loan guarantees and the
22 procedures and requirements that apply to the obtaining
23 of such guarantees.

