



Summary of H.R. 3221 (Final Version)

Amanda Wahlig, 8/04/08

Division A: Housing Finance Reform

TITLE I: REFORM OF REGULATION OF ENTERPRISES

- Creates a new, independent GSE regulator named the Federal Housing Finance Agency (FHFA).
- Gives the FHFA director banking regulator-type powers over Fannie Mae, Freddie Mac, and the Federal Home Loan Banks (FHLBs).
- Requires the director to establish criteria for the portfolio holdings of the GSEs and to establish risk-based capital requirements for the GSEs and FHLBs.
- Gives Federal Reserve Board a consultative role in advising the new regulator on capital standards and other regulations
- Requires each GSE to obtain approval from the director before offering any new product.
- Sets the conforming loan limits for Fannie Mae and Freddie Mac at \$417,000 for a mortgage on a single-family home. Allows the FHFA to adjust the limit on January 1 of each year to recognize price changes.
- Gives Treasury temporary authority to purchase obligations and securities issued by the GSEs, if Secretary determines the action is necessary to provide stability to financial markets, prevent disruptions in the availability of mortgage finance, and protect the taxpayer.
- Increases Fannie Mae and Freddie Mac's high-cost area loan limits to lesser of 115% of median house price and 150% of the conforming loan limit, or \$625,000, effective January 1, 2009.
- Strengthens Fannie Mae and Freddie Mac's affordable housing goals by lowering the income limit on qualifying mortgages from 100% of area median income (AMI) to 80% of AMI; requiring Fannie Mae and Freddie Mac to serve a variety of underserved markets, such as rural areas, manufactured housing, and preservation; and expanding the regulator's enforcement powers.
- Requires the director to give credit toward the achievement of the multifamily special affordable housing goal to units in multifamily projects that otherwise qualify under the goal and that are financed by tax-exempt or taxable bonds issued by a state or local housing finance agency, if the bonds, in whole or in part, are secured by a guarantee of the enterprise or are not investment grade and are purchased by the enterprise (with the exception that less than full credit may be given for purchases of investment grade bonds, to the extent that such purchases do not provide a new market or add liquidity to the existing market).
- Establishes the Housing Trust Fund and Capital Magnet Fund (see below)

Subtitle A: Improvement of Safety and Soundness Supervision

Subtitle B: Improvement of Mission Supervision

Section 1131: Affordable Housing Programs

(a) Repeals section 1337 of Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. § 4567)

(b) Inserts new sections

- Section 1337 (allocations):

- (a) Fannie Mae and Freddie Mac set aside 4.2 basis points of new business each year. 65% goes to Housing Trust Fund (HTF), 35% to Capital Magnet Fund (CMF)

- (b) Director of new regulating agency can set aside allocation requirements if allocations would contribute to the financial instability of either GSE

- (c) Entities cannot pass on costs to originators of mortgages purchase/secured by GSEs

- (d) Requirements are enforceable

- (e) 25% of the amounts allocated under (a) set aside for Treasury HOPE Reserve Fund

- (f) Cannot use funds in conjunction with property taken by eminent domain

- Section 1338 (Housing Trust Fund):

- (a) Establishes HTF, funded by allocations from section 1337 and other monies as may be appropriated to increase/preserve supply of rental housing for extremely low- and very low-income families and increase homeownership in same groups. Money from this fund is considered federal financial assistance

- (b) For the first three years, money for HTF and CMF diverted to cover potential losses from FHA-backed troubled mortgages: FY2009, 100%, FY2010, 50%, FY 2011, 25%. If there is money left over at the end of the HOPE program, money goes back into the HTF and CMF

- (c) Establishes allocation rules for HTF

- Money goes to states according to formula to be developed by HUD Secretary. States must then develop plan to distribute funds.

- Eligible activities include production, preservation, and rehabilitation of rental housing (at least 75% of the grant must benefit extremely low income-families or families at/below poverty line), limited homeownership help (no more than 10% of amounts allocated to a state can go for homeownership activities)

- Eligible recipients are organizations and entities who have experience, capacity, and knowledge to undertake activity

- States must use money within two years or return the money to HUD

- Certain activities, such as travel or lobbying (among others), are not eligible for funding

- (d) Failure to return misused funds will result in a reduction of future allocations to the state

- (e) Establishes accountability rules for states and grantees

- (f) Definitions

- (g) Authority to Create Regulations

- (h) If another housing trust fund is created in the future, the future fund will receive funds meant for this trust fund
- Section 1339 (Capital Magnet Fund):
 - (a) Establishes CMF within Community Development Financial Institutions Fund
 - (b) Consists of funds under Section 1337 and other appropriated/transferred funds
 - (c) Expenditures are to create a national competitive grant program for 1) development, preservation, rehabilitation, or purchase of affordable housing for extremely low-, very low-, or low-income families, and 2) economic development that would stabilize or revitalize low-income or underserved rural areas.
 - (d) This money is federal financial assistance
 - (e) Eligible grantees include Treasury-certified community development financial institution or nonprofit with at least one principal purpose of development/management of affordable housing
 - (f) Eligible uses include loan loss reserves, capitalizing revolving loan funds, affordable housing funds, or economic development funds, risk-sharing loans
 - (g) Describes application process
 - (h) No one eligible grantee may be awarded more than 15% of aggregate funds during any year, and Secretary shall seek to distribute funds for geographic diversity. Activities such as political activities, advocacy, counseling services, travel, or certain others are prohibited. There are certain accountability requirements grantees must meet.
 - (i) Secretary shall report to Congress, on periodic basis, how this fund is being used
 - (j) Secretary has authority to issue regulations

Subtitle C: Prompt Corrective Actions

Subtitle D: Enforcement Actions

Subtitle E: General Provisions

TITLE II: FEDERAL HOME LOAN BANKS

- Requires new affordable housing goals similar to those that apply to Fannie Mae and Freddie Mac for FHLB mortgage purchase programs and requires the FHLBs to create a public-use database for the programs.
- Allows Treasury-certified Community Development Financial Institutions (CDFIs) to join FHLBs. Allows CDFI FHLB members to use FHLB advances for community development purposes.

TITLE III: TRANSFER OF FUNCTIONS, PERSONNEL, AND PROPERTY OF OFHEO AND THE FEDERAL HOUSING FINANCE BOARD

- Abolishes the Office of Federal Housing Enterprise Oversight and Federal Housing Finance Board in favor of the FHFA.

Subtitle A: OFHEO

Subtitle B: Federal Housing Finance Board

TITLE IV: HOPE FOR HOMEOWNERS

- Authorizes the FHA to insure refinance loans for distressed borrowers to prevent foreclosures.
- Authority goes into effect for mortgage commitments on or after October 1, 2008 and expires September 30, 2011.
- Limits the aggregate original principal obligation of all mortgages insured to \$300 billion.
- Limits mortgage amounts to not more than 90% of the appraised value of the property.
- Requires existing mortgage holders to accept the proceeds of the insured loan as payment in full for all indebtedness.
- Mortgages must bear interest at a single rate that is fixed for the entire term of the mortgage and have a maturity of not less than 30 years.
- The principal obligation amount of each mortgage shall not exceed 132% of the 2007 FHA mortgage insurance program limit for the area in which the property is located.
- Restricts eligibility to mortgages on principal residences.
- Creates a Board, composed of the HUD Secretary, the Secretary of the Treasury, the Chair of the Board of Governors of the Federal Reserve System, and the Chair of the Board of Directors of the Federal Deposit Insurance Corporation, to establish program requirements and standards and to provide necessary guidance.

Requirements for Insured Mortgages

- The mortgagor must lack the capacity to pay the existing mortgage.
- The mortgagor must certify that there was not intentional default on the mortgage or other debt and that no false information was used to obtain any eligible mortgage.
- The mortgagor must have had a mortgage debt-to-income ratio, including all existing mortgages, greater than 31% as of March 1, 2008.
- Requires lenders to waive or forgive all penalties for prepayment or refinancing and all fees and penalties related to default or delinquency on the eligible mortgage.
- A mortgagor may not grant a new second lien on the mortgaged property during the first five years of term of the newly insured mortgage.
- Establishes a 3% upfront mortgage insurance premium and a 1.5% annual premium for all mortgages insured under this program.
- Directs the Board to establish reasonable limits on origination fees and procedures to ensure that interest rates are commensurate with market interest rates.
- Establishes an equity-sharing system applicable if a HOPE mortgage property is sold or refinanced within five years:

HOPE Fund

- Establishes within FHA a revolving fund called the Home Ownership Preservation Entity (HOPE) Fund to be used for mortgage insurance obligations.
- Requires the Board to submit monthly reports to Congress identifying progress of the HOPE for Homeowners Program.
- Authorizes Ginnie Mae to guarantee securities based on and backed by a trust or pool composed of HOPE mortgages.
- Authorizes HUD to insure mortgages under this program effective for commitments made on or after October 1, 2008 and on or before September 30, 2011.

Study of Auction or Bulk Refinance Program

- Directs the Board to study the need for an auction or bulk refinancing mechanism to refinance existing mortgages that are at risk of foreclosure.

TITLE V: S.A.F.E. MORTGAGE LICENSING ACT

- Encourages the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators to create a Nationwide Mortgage Licensing System and Registry that would establish minimum national standards for all residential mortgage brokers and lenders.
- Requires that the federal banking agencies create a system for registering employees of depository institutions or subsidiaries as registered loan originators with the nationwide system and registry.
- Requires states to establish state licensing and registration systems.
- Prohibits lenders from issuing loans if they have not registered with the national and state systems.
- Grants HUD the authority and enforcement power to back up the national system and registry or create its own nationwide system and registry if the above nationwide system fails or is not established.
- Requires the Secretary to submit, within 12 months of enactment, a report to Congress on the root causes of default and foreclosure of home loans.

TITLE VI: MISCELLANEOUS

Sec. 1603: Conversion of HUD Contracts

- (a) Secretary may, at request of owner of multifamily housing project over 5,000 units with project-based Section 8 and RAP contract, convert everything to project-based Section 8 contract
- (b) When request made at least 90 days before conversion, Secretary may treat resulting contract as eligible for initial renewal

Division B: Foreclosure Prevention

TITLE I: FHA MODERNIZATION ACT OF 2008

Subtitle A: Building American Homeownership

- Increases the FHA loan limit from 95% to 115% of area median home price, up to 150% of the GSE conforming loan limit, or \$625,000, effective January 1, 2009.
- Requires a down payment of at least 3.5% for any FHA loan.
- Places a 12-month moratorium on HUD implementation of risk-based premiums.
- Prohibits seller-financed down payments.
- Allows down payment assistance from family members.
- Imposes 100% combined loan-to-value ratio cap. If down payment assistance repayment is secured by a lien, the lien must be subordinate to the mortgage and the sum of the principal obligation of the mortgage and the lien must not exceed 100% of the appraised property value.
- Expands HUD's Home Equity Conversion Mortgage (HECM) program.
- Establishes a pilot program to test alternative automated underwriting systems for borrowers without sufficient credit history.

- Directs HUD to consult with industry, the Neighborhood Reinvestment Corporation (NRC), and other entities involved in foreclosure prevention activities to develop and implement a plan to improve FHA's loss mitigation process.
- Establishes a three-year pre-purchase homeownership counseling demonstration.
- Prevents HUD from increasing FHA multifamily premiums until October 1, 2009.

Subtitle B: Manufactured Housing Loan Modernization

- Restructures FHA's manufactured housing insurance program and increases consumer protections for manufactured home residents.

TITLE II: MORTGAGE FORECLOSURE PROTECTIONS FOR SERVICEMEMBERS

- Temporarily increases the maximum loan guarantee for Veterans Affairs-guaranteed loans to 25% of the higher of the applicable GSE loan limit and 125% of the area median price for a single-family residence (provided the amount does not exceed 175% of the conforming loan limit), whichever is higher.
- Directs the Secretary of Defense to develop and implement a program to advise members of the Armed Forces who are returning from service on active duty abroad on actions to take to prevent or forestall foreclosure.
- Extends, effective from date of enactment until December 31, 2010, the period a lender must wait before starting foreclosure proceedings from three months to nine months after a serviceperson returns from service.
- Suspends increases in mortgage interest rates in excess of 6% during the service period and for one year after a serviceperson ends his/her service.
 - Interest includes service charges, renewal charges, fees, or any other charges (excepting bona fide insurance) with respect to an obligation or liability.
 - This provision sunsets on January 1, 2011.

TITLE III: EMERGENCY ASSISTANCE FOR THE REDEVELOPMENT OF ABANDONED AND FORECLOSED HOMES

- Appropriates \$3.92 billion for grants to states and localities for the redevelopment of abandoned and foreclosed homes and \$180 million for housing counseling.
- Requires HUD to establish a funding allocation formula based on the number and percentage of home foreclosures, subprime mortgages, and homes in default or delinquency in each state or locality.
- Amounts appropriated will be treated as though such funds were community development block grant (CDBG) funds. This implies 70% of the funds will be distributed to localities and 30% to states, as under the CDBG program.
- Establishes a minimum state allocation of 0.5% of the funds (\$19.6 million based on \$3.92 billion amount).
- Requires all funds be used with respect to individuals and families whose income does not exceed 120% of area median income (AMI).
- Requires that at least 25% of the funds be used for the purchase and redevelopment of homes and properties that will be used to house individuals and families with incomes not greater than 50% of AMI.

- Requires states and local governments to give priority emphasis and consideration to areas with the greatest need, including those: with the greatest percentage of home foreclosures, the highest percentage of subprime mortgages, and those at risk of increased foreclosures.
- Directs states and local governments to use their allocation within 18 months of receipt.
- Directs entities approved by HUD or the Neighborhood Reinvestment Corporation (NRC) and state housing finance entities receiving foreclosure mitigation counseling funds to identify and coordinate with nonprofit organizations operating national or statewide toll-free foreclosure prevention hotlines.
- Allows funds to be used for establishing financing mechanisms for purchase and redevelopment of foreclosed homes, purchasing and rehabilitating properties that have been abandoned or foreclosed, establishing land banks for foreclosed homes, demolishing blighted structures, and redeveloping demolished or vacant properties.
- Purchases of foreclosed homes must be at a discount from the current market appraised value of the home or property.
- Sales of these homes and properties to an individual as a primary residence must be in an amount equal or less than the cost to acquire and rehabilitate such home or property.
- Creates a five-year reinvestment period in which revenue from the sale, rental, redevelopment, rehabilitation, or other eligible use in excess of the cost to acquire and rehabilitate the home or property must be used by the state or locality.
- No matching funds are required.
- Requires the Secretary ensure, to the maximum extent practicable and for the longest feasible term, that the homes and properties remain affordable.

TITLE IV: HOUSING COUNSELING RESOURCES

- Appropriates \$180 million to the NRC to remain available until September 30, 2008 for foreclosure mitigation activities.
- Requires the NRC to use \$30 million of the \$180 million in counseling funds to make grants to counseling intermediaries or to hire attorneys and assist homeowners with legal issues directly related to the homeowner's foreclosure, delinquency, or short sale.
- Requires at least 15% of counseling funds be provided to counseling organizations that target loss mitigation counseling services to minority and low-income homeowners or provide such services in neighborhoods with high concentrations of minority and low-income homeowners

TITLE V: MORTGAGE DISCLOSURE IMPROVEMENT ACT

- Amends the Truth-in-Lending Act (TILA) to expand the types of home loans subject to early disclosures and improve loan disclosures given to individuals and families on original and refinancing home loans.
- Requires that mortgage loan terms be disclosed no later than seven days before closing, and if terms change, not later than three, including the maximum loan payment for adjustable rate mortgages.

TITLE VI: VETERANS HOUSING MATTERS

- Provides special assistance for veterans who need help modifying their homes to accommodate disabilities
- Excludes from income for eligibility and rent determinations lump sum payments of veterans disability benefits, treating them as Social Security disability lump sum payments

TITLE VII: SMALL PUBLIC HOUSING AUTHORITIES PAPERWORK REDUCTION ACT

- Reduces certain paperwork requirements for small PHAs.

TITLE VIII: HOUSING PRESERVATION

Subtitle A: Preservation Under Federal Housing Programs

Provides certain preservation benefits to specific projects around the country.

Subtitle B: Coordination of Federal Housing Programs and Tax Incentives for Housing

Section 2831: Short Title

Names bill as the "Housing Tax Credit Coordination Act of 2008."

Section 2832: Approvals by Department of Housing and Urban Development

- Requires HUD, within six months, to implement administrative and procedural changes to expedite approval of HUD multifamily projects funded in conjunction with housing tax credits or tax-exempt housing bonds. Lists types of actions HUD may take to do so.
- Requires HUD to consult with the IRS and to take actions as appropriate to simplify coordination of rules, regs, forms and approval requirements for combined funding.
- Requires HUD to solicit recommendations from stakeholders to carry out these duties.
- Requires HUD to submit a report, no later than 9 months from bill enactment, identifying actions taken and stakeholder recommendations, & making legislative recommendations.

Section 2833: Project Approvals by Rural Housing Service

Requires Agriculture Secretary to (a) take action to facilitate timely approval of requests to transfer ownership or control of Section 515 projects for the purpose of rehabilitation or preservation, and (b) consult with IRS and take actions to simplify coordination of rules, regulations, forms and approval requirements for projects combining 515 assistance and tax credits or bonds.

Section 2834: Use of FHA Loans with Housing Tax Credits

Includes provisions to streamline use of FHA-insured multifamily loans with housing tax credits:

- Eliminates need for HUD subsidy layering review of FHA-financed projects involving low income housing tax credits which undergo a tax credit subsidy layering review.
- Eliminates HUD cost certification requirement for FHA multifamily housing loans which also use housing tax credits in cases where the loan-to-cost ratio is less than 80%.
- Bars HUD from requiring escrowing of tax credit proceeds or posting of a letter of credit for FHA loans involving tax credits. Exempts FHA multifamily loans that utilize housing tax credits from required periodic inspections. Permits HUD to rely on tax credit allocating agency compliance monitoring. Requires HUD to establish a

pilot program for streamlined review of FHA multifamily mortgage insurance loan approvals, through appointment of designated underwriters.

Section 2835: Other HUD programs

- (a) Section 8 Assistance. Measures 25% limit on share of units that may receive project-based voucher assistance based on project, not per building. Increases maximum Section 8 voucher contract from 10 years to 15 years. Permits project-based voucher rents in tax credit projects up to the normally allowed voucher maximum rent. Eliminates need for HUD subsidy layering review for project-based vouchers if a state or locality has performed such review for tax credit purposes. Provides that PHAs shall not be required to undertake any environmental review for housing assistance payments contracts unless otherwise required in law or reg. Authorizes project-based vouchers in coops and buildings with elevators. Establishes clearer standards for voucher rent reasonableness for projects using housing tax credits.
- (b) Section 202 Housing for Elderly Persons. Requires delegated processing of all new Section 202 elderly housing grants that also use other non-HUD funding sources.
- (c) McKinney-Vento Homeless Assistance. Extends time period for completion of Shelter Plus Care projects that also use funding from housing tax credits. Authorizes 15 year terms for renewal of Shelter Plus Care permanent housing assistance contracts
- (d) Data Collection on Tenants of Housing Tax Credit Projects. Requires state agencies administering housing tax credits to submit information to HUD annually regarding characteristics of projects financed through such tax credits. Authorizes \$2.5 million in FY09 and \$900,000 in FY 2010 through 2013 for the costs of this subsection.

TITLE IX: MISCELLANEOUS

- Increases authorization for McKinney-Vento Homeless Assistance Act educational programs to \$100 million and requires emergency help for children who have become homeless due to foreclosure
- Also requires HUD to consult with other agencies in removing barriers to increasing availability of energy efficient mortgages and to carry out an education and outreach campaign.

Division C: Tax-Related Provisions

TITLE I: HOUSING TAX INCENTIVES

Subtitle A: Multi-Family Housing

Part I: Low-Income Housing Tax Credit

Sec. 3001: Temporary increase in volume cap for low-income housing tax credit

For 2008 and 2009 (calendar years), per capita housing credit cap amount increased by \$0.20, and small state minimum increased by 10%, rounded to next lowest multiple of \$5,000

Sec. 3002: Determination of Credit Rate

- ☆ (a) Non-federally subsidized buildings placed in service after enactment and before Dec. 31, 2013 will have an applicable percentage no less than 9%

- ☆ (b) Modifies definition of federally subsidized by removing below-market Federal loan from the definition, allowing 9% credit for all federally subsidized properties (except tax-exempt bond financed properties)

Sec. 3003: Modifications to definition of eligible basis

- (a) Modifies 42(d)(5)(C): buildings designated by state housing credit agency as needing credit increase to be feasible as part of qualified low-income housing project shall be treated as located in a difficult development area (for buildings placed in service after effective date)
- (b) Increases from the minimum rehab expenditures in a 24-month period to 20% of adjusted basis (from 10%) or \$6,000 per unit (from \$3,000) along with various inflation adjustments
- (c) Increases the space allowable for community service facilities in small projects
- (d) Eligible basis of a building will not include costs financed with a federally funded grant (for buildings placed in service after effective date)
- ☆ (e) Relaxes housing credit related party rule (for buildings placed in service after effective date) to allow related party interest to 50%, up from 10%
- ☆ (f) 10-year nonacquisition period for existing buildings waived for federally or state-assisted buildings (for buildings placed in service after effective date)

Sec. 3004: Other simplification and reform of low-income housing tax incentives

- ☆ (a) Repeals prohibition on credits for moderate rehab assistance
- ☆ (b) Extends time limit for incurring 10% of project cost from 6 months to 1 year
- ☆ (c) Repeals recapture bond rule on disposition of a building continuing as qualified low-income building and if taxpayer subjects himself to new longer statute of limitations
- (d) Includes energy efficiency and historic nature of buildings in making credit allocations for allocations after Dec. 31, 2008
- (e) Extends housing credit apartment eligibility for students who received foster care help
- ☆ (f) For rural projects, income limitation for 9% credit developments will be measured by reference to area median gross income or national non-metropolitan median income
- ☆ (g) Clarifies general public use requirement as not excluding buildings restricted to individuals with special needs, share common occupation/interests or members of a group based on federal, state, or local programs/requirements
- (h) Requires GAO report by Dec. 31, 2012 analyzing distribution of credit allocations before and after modifications from this bill

Sec. 3005: Treatment of military basic pay

Excludes housing allowances from income determinations for qualified military housing in counties with military base (or adjacent counties) that had population grow by 20% or more between Dec. 31, 2005 and June 1, 2008

Part II: Modifications to Tax-Exempt Housing Bond Rules

Sec. 3007: Recycling of tax-exempt debt for financing residential rental projects

- (a) Certain bonds issued to refinance loans will be treated as a refunding issue
- (b) Extends such financing to LIHTC under 42(h)(4)(A)

Sec. 3008: Coordination of certain rules applicable to low-income housing credit and qualified residential rental project exempt facility bonds

- (a) Modifies determination of next available unit to align them with credit rules
- (b) Provides special rules for students, making them consistent with credit rules
- ☆ (c) Allows single-room occupancy units to be considered residential units for housing bond purposes

Part III: Reforms Related to the Low-Income Housing Credit and Tax-Exempt Housing Bonds

☆ Sec. 3009: Hold Harmless for reductions in area median gross income

Determination of area median gross income for projects after 2008 will not be less than area median gross income for the project for the calendar year prior to the determination; for HUD hold harmless impacted projects, area median gross income is greater of sum of area median gross income for 2008 plus increase with respect to such project

Sec. 3010: Exception to annual current income determination requirement where determination not relevant

Annual determination requirement waived if there is no new resident with income exceeding applicable income limit

Subtitle B: Single Family Housing

Sec. 3011: First-time homebuyer credit

Establishes a first-time homebuyer credit equal to 10% of purchase price of resident not to exceed \$7,500

- First-time homebuyer defined as one with no present ownership interest in principal residence during 3-year period prior to purchase
- Phases out credit for incomes over \$75,000 (\$150,000 joint)
- Purchases on/after Apr. 9, 2008 and before Apr. 1, 2009
- Must repay over 15 years as surcharge on annual income tax

Sec. 3012: Additional standard deduction for real property taxes for non-itemizers

- (a) Adds real property tax deduction for tax year beginning in 2008 as part of standard deduction
- (b) Defines real property tax deduction as lesser of deductible amount for state and local taxes or \$500 (\$1,000 for joint return)

Subtitle C: General Provisions

Sec. 3021: Temporary liberalization of tax-exempt housing bond rules

- (a) Increases set aside for housing bonds in 2008 to fraction of \$11 billion
- (b) Proceeds of qualified mortgage bond proceeds for bonds issued prior to Dec. 31, 2010 may be used to refinance qualified subprime mortgages (adjustable rate single-family residential mortgage made after Dec. 31, 2001 and before Jan. 1, 2008)

Sec. 3022: Repeal of alternative minimum tax limitations on tax-exempt housing bonds, low-income housing tax credit, and rehabilitation credit

- (a) Exempts tax-exempt interest on certain housing bonds from alternative minimum tax

- (b) Allows a low-income housing credit against alternative minimum tax
- (c) Allows a rehabilitation credit against alternative minimum tax

Sec. 3023: Bonds guaranteed by Federal home loan banks eligible for treatment as tax-exempt bonds

- (a) Guarantee by Federal home loan bank from enactment through Dec. 31, 2010 may be tax exempt
- (b) Adds safety and soundness requirements for federal home loan banks

Sec. 3024: Modification of rules pertaining to FIRPTA nonforeign affidavits

- (a) Allows for an alternative procedure for furnishing a nonforeign affidavit (a qualified substitute may provide the appropriate statement to transferee)
- (b) Defines qualified substitute as agent or other person responsible for closing the transaction

Sec. 3025: Modification of definition of tax-exempt use property for purposes of the rehabilitation credit

Raises percentage of property that must be for tax-exempt use from 35% to 50%

Sec. 3026: Extension of special rule for mortgage revenue bonds for residences located in disaster areas

Extends special rule (143(k)(11)) to bonds issued between May 1, 2008 and Jan. 1, 2010.

Sec. 3027: Transfer of Funds Appropriated to Carry Out 2008 Recovery Rebates for Individuals

Secretary of Treasury may use funds from section 101(e)(1)(A) of 2008 Economic Stimulus Act for the acceleration of the 10% tax bracket. But Congress has to be notified in advance of transfers, and transfers over \$5 million must be approved by both Committees on Appropriations

TITLE II: REFORMS RELATED TO REAL ESTATE INVESTMENT TRUSTS

- Updates the REIT provisions to liberalize REIT regulation.

Subtitle A: Foreign Currency and Other Qualified Activities

Subtitle B: Taxable REIT Subsidiaries

Subtitle C: Dealer Sales

Subtitle D: Health Care REITs

Subtitle E: Effective Dates

TITLE III: REVENUE PROVISIONS

Subtitle A: General Provisions

Sec. 3081: Election to accelerate amt and r and d credits in lieu of bonus depreciation

- (a) Allows corporations to elect to accelerate credits instead of bonus depreciation
- (b) Applies the credit acceleration to eligible automobile partnerships

Sec. 3082: Certain GO Zone incentives

- (a) If taxpayer claims deduction for any year for a casualty loss of principal residence from Hurricanes Katrina, Rita, or Wilma and later gets a grant for the loss, taxpayer may file an amended income tax return for the year with the deduction and reduce the amount of the deduction by reimbursement amount without penalty/interest if tax is paid within one year of filing amended return
- ☆ (b) Waives construction deadline for GO Zone property for bonus depreciation
- (c) Adds Colbert Co., Alabama and Dallas Co., Alabama to GO Zone

Sec. 3083: Increase in Statutory Limit on the Public Debt

Increases limit to \$10.615 trillion.

Subtitle B: Revenue Offsets

Sec. 3091: Returns relating to payments made in settlement of payment card and third party network transactions

Requires payment settlement entities (merchant acquiring banks or third party settlement organizations) to file returns reporting certain transactions and their amounts

Sec. 3092: Gain from sale of principal residence allocated to nonqualified use not excluded from income

Sec. 3093: Delay in Application of Worldwide Allocation of Interest

Sec. 3094: Time for Payment of Corporate Estimated Taxes

Additional Summary Provided by NCSHA, House Financial Services Committee