

## ***In the Senate of the United States,***

*April 10, 2008.*

*Resolved,* That the bill from the House of Representatives (H.R. 3221) entitled “An Act moving the United States toward greater energy independence and security, developing innovative new technologies, reducing carbon emissions, creating green jobs, protecting consumers, increasing clean renewable energy production, and modernizing our energy infrastructure, and to amend the Internal Revenue Code of 1986 to provide tax incentives for the production of renewable energy and energy conservation.”, do pass with the following

### **AMENDMENTS:**

Strike out all after the enacting clause and insert:

1 ***SECTION 1. SHORT TITLE; TABLE OF CONTENTS.***

2       (a) *SHORT TITLE.*—*This Act may be cited as the*  
3 *“Foreclosure Prevention Act of 2008”.*

4       (b) *TABLE OF CONTENTS.*—*The table of contents for*  
5 *this Act is as follows:*

*Sec. 1. Short title; table of contents.*

*TITLE I—FHA MODERNIZATION ACT OF 2008*

*Sec. 101. Short title.*

*Subtitle A—Building American Homeownership*

*Sec. 111. Short title.*

*Sec. 112. Maximum principal loan obligation.*

*Sec. 113. Cash investment requirement and prohibition of seller-funded downpayment assistance.*

*Sec. 114. Mortgage insurance premiums.*

*Sec. 115. Rehabilitation loans.*

*Sec. 116. Discretionary action.*

*Sec. 117. Insurance of condominiums.*

*Sec. 118. Mutual Mortgage Insurance Fund.*

*Sec. 119. Hawaiian home lands and Indian reservations.*

*Sec. 120. Conforming and technical amendments.*

*Sec. 121. Insurance of mortgages.*

*Sec. 122. Home equity conversion mortgages.*

*Sec. 123. Energy efficient mortgages program.*

*Sec. 124. Pilot program for automated process for borrowers without sufficient credit history.*

*Sec. 125. Homeownership preservation.*

*Sec. 126. Use of FHA savings for improvements in FHA technologies, procedures, processes, program performance, staffing, and salaries.*

*Sec. 127. Post-purchase housing counseling eligibility improvements.*

*Sec. 128. Pre-purchase homeownership counseling demonstration.*

*Sec. 129. Fraud prevention.*

*Sec. 130. Limitation on mortgage insurance premium increases.*

*Sec. 131. Savings provision.*

*Sec. 132. Implementation.*

*Sec. 133. Moratorium on implementation of risk-based premiums.*

*Subtitle B—Manufactured Housing Loan Modernization*

*Sec. 141. Short title.*

*Sec. 142. Purposes.*

*Sec. 143. Exception to limitation on financial institution portfolio.*

*Sec. 144. Insurance benefits.*

*Sec. 145. Maximum loan limits.*

*Sec. 146. Insurance premiums.*

*Sec. 147. Technical corrections.*

*Sec. 148. Revision of underwriting criteria.*

*Sec. 149. Prohibition against kickbacks and unearned fees.*

*Sec. 150. Leasehold requirements.*

*TITLE II—MORTGAGE FORECLOSURE PROTECTIONS FOR  
SERVICEMEMBERS*

*Sec. 201. Temporary increase in maximum loan guaranty amount for certain housing loans guaranteed by the Secretary of Veterans Affairs.*

*Sec. 202. Counseling on mortgage foreclosures for members of the Armed Forces returning from service abroad.*

*Sec. 203. Enhancement of protections for servicemembers relating to mortgages and mortgage foreclosures.*

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

- Sec. 301. Emergency assistance for the redevelopment of abandoned and foreclosed homes.*
- Sec. 302. Nationwide distribution of resources.*
- Sec. 303. Limitation on use of funds with respect to eminent domain.*
- Sec. 304. Limitation on distribution of funds.*
- Sec. 305. Counseling intermediaries.*

*TITLE IV—HOUSING COUNSELING RESOURCES*

- Sec. 401. Housing counseling resources.*
- Sec. 402. Credit counseling.*

*TITLE V—MORTGAGE DISCLOSURE IMPROVEMENT ACT*

- Sec. 501. Short title.*
- Sec. 502. Enhanced mortgage loan disclosures.*
- Sec. 503. Community Development Investment Authority for depository institutions.*
- Sec. 504. Federal Home loan bank refinancing authority for certain residential mortgage loans.*

*TITLE VI—TAX-RELATED PROVISIONS*

- Sec. 601. Election for 4-year carryback of certain net operating losses and temporary suspension of 90 percent AMT limit.*
- Sec. 602. Modifications on use of qualified mortgage bonds; temporary increased volume cap for certain housing bonds.*
- Sec. 603. Credit for certain home purchases.*
- Sec. 604. Additional standard deduction for real property taxes for nonitemizers.*
- Sec. 605. Election to accelerate AMT and R and D credits in lieu of bonus depreciation.*
- Sec. 606. Use of amended income tax returns to take into account receipt of certain hurricane-related casualty loss grants by disallowing previously taken casualty loss deductions.*
- Sec. 607. Waiver of deadline on construction of GO Zone property eligible for bonus depreciation.*
- Sec. 608. Temporary tax relief for Kiowa County, Kansas and surrounding area.*

*TITLE VII—EMERGENCY DESIGNATION*

- Sec. 701. Emergency designation.*

*TITLE VIII—REIT INVESTMENT DIVERSIFICATION AND  
EMPOWERMENT*

- Sec. 801. Short title; amendment of 1986 Code.*

*Subtitle A—Taxable REIT Subsidiaries*

- Sec. 811. Conforming taxable REIT subsidiary asset test.*

*Subtitle B—Dealer Sales*

- Sec. 821. Holding period under safe harbor.*
- Sec. 822. Determining value of sales under safe harbor.*

*Subtitle C—Health Care REITs*

*Sec. 831. Conformity for health care facilities.*

*Subtitle D—Effective Dates and Sunset*

*Sec. 841. Effective dates and sunset.*

**TITLE IX—VETERANS HOUSING MATTERS**

*Sec. 901. Home improvements and structural alterations for totally disabled members of the Armed Forces before discharge or release from the Armed Forces.*

*Sec. 902. Eligibility for specially adapted housing benefits and assistance for members of the Armed Forces with service-connected disabilities and individuals residing outside the United States.*

*Sec. 903. Specially adapted housing assistance for individuals with severe burn injuries.*

*Sec. 904. Extension of assistance for individuals residing temporarily in housing owned by a family member.*

*Sec. 905. Increase in specially adapted housing benefits for disabled veterans.*

*Sec. 906. Report on specially adapted housing for disabled individuals.*

*Sec. 907. Report on specially adapted housing assistance for individuals who reside in housing owned by a family member on permanent basis.*

*Sec. 908. Definition of annual income for purposes of section 8 and other public housing programs.*

*Sec. 909. Payment of transportation of baggage and household effects for members of the Armed Forces who relocate due to foreclosure of leased housing.*

**TITLE X—CLEAN ENERGY TAX STIMULUS**

*Sec. 1001. Short title; etc.*

*Subtitle A—Extension of Clean Energy Production Incentives*

*Sec. 1011. Extension and modification of renewable energy production tax credit.*

*Sec. 1012. Extension and modification of solar energy and fuel cell investment tax credit.*

*Sec. 1013. Extension and modification of residential energy efficient property credit.*

*Sec. 1014. Extension and modification of credit for clean renewable energy bonds.*

*Sec. 1015. Extension of special rule to implement FERC restructuring policy.*

*Subtitle B—Extension of Incentives to Improve Energy Efficiency*

*Sec. 1021. Extension and modification of credit for energy efficiency improvements to existing homes.*

*Sec. 1022. Extension and modification of tax credit for energy efficient new homes.*

*Sec. 1023. Extension and modification of energy efficient commercial buildings deduction.*

*Sec. 1024. Modification and extension of energy efficient appliance credit for appliances produced after 2007.*

**TITLE XI—SENSE OF THE SENATE**

*Sec. 1101. Sense of the Senate.*

1 **TITLE I—FHA MODERNIZATION**  
2 **ACT OF 2008**

3 **SEC. 101. SHORT TITLE.**

4 *This title may be cited as the “FHA Modernization*  
5 *Act of 2008”.*

6 **Subtitle A—Building American**  
7 **Homeownership**

8 **SEC. 111. SHORT TITLE.**

9 *This subtitle may be cited as the “Building American*  
10 *Homeownership Act of 2008”.*

11 **SEC. 112. MAXIMUM PRINCIPAL LOAN OBLIGATION.**

12 *(a) IN GENERAL.—Paragraph (2) of section 203(b)(2)*  
13 *of the National Housing Act (12 U.S.C. 1709(b)(2)) is*  
14 *amended—*

15 *(1) by amending subparagraphs (A) and (B) to*  
16 *read as follows:*

17 *“(A) not to exceed the lesser of—*

18 *“(i) in the case of a 1-family residence,*  
19 *110 percent of the median 1-family house*  
20 *price in the area, as determined by the Sec-*  
21 *retary; and in the case of a 2-, 3-, or 4-fam-*  
22 *ily residence, the percentage of such median*  
23 *price that bears the same ratio to such me-*  
24 *dian price as the dollar amount limitation*  
25 *in effect for 2007 under section 305(a)(2) of*

1           *the Federal Home Loan Mortgage Corpora-*  
2           *tion Act (12 U.S.C. 1454(a)(2)) for a 2-, 3-*  
3           *, or 4-family residence, respectively, bears to*  
4           *the dollar amount limitation in effect for*  
5           *2007 under such section for a 1-family resi-*  
6           *dence; or*

7           “(ii) 132 percent of the dollar amount  
8           limitation in effect for 2007 under such sec-  
9           tion 305(a)(2) for a residence of the appli-  
10          cable size (without regard to any authority  
11          to increase such limitations with respect to  
12          properties located in Alaska, Guam, Ha-  
13          wahi, or the Virgin Islands), except that  
14          each such maximum dollar amount shall be  
15          adjusted effective January 1 of each year  
16          beginning with 2009, by adding to or sub-  
17          tracting from each such amount (as it may  
18          have been previously adjusted) a percentage  
19          thereof equal to the percentage increase or  
20          decrease, during the most recently completed  
21          12-month or 4-quarter period ending before  
22          the time of determining such annual adjust-  
23          ment, in an housing price index developed  
24          or selected by the Secretary for purposes of  
25          adjustments under this clause;

1           *except that the dollar amount limitation in effect*  
2           *under this subparagraph for any size residence*  
3           *for any area may not be less than the greater of:*  
4           *(I) the dollar amount limitation in effect under*  
5           *this section for the area on October 21, 1998; or*  
6           *(II) 65 percent of the dollar amount limitation*  
7           *in effect for 2007 under such section 305(a)(2)*  
8           *for a residence of the applicable size, as such*  
9           *limitation is adjusted by any subsequent percent-*  
10          *age adjustments determined under clause (i) of*  
11          *this subparagraph; and*

12                     *“(B) not to exceed 100 percent of the ap-*  
13                     *praised value of the property.”; and*

14           *(2) in the matter following subparagraph (B), by*  
15           *striking the second sentence (relating to a definition*  
16           *of “average closing cost”) and all that follows through*  
17           *“section 3103A(d) of title 38, United States Code.”.*

18           *(b) EFFECTIVE DATE.—The amendments made by sub-*  
19           *section (a) shall take effect upon the expiration of the date*  
20           *described in section 202(a) of the Economic Stimulus Act*  
21           *of 2008 (Public Law 110–185).*

1 **SEC. 113. CASH INVESTMENT REQUIREMENT AND PROHIBI-**  
2 **TION OF SELLER-FUNDED DOWNPAYMENT AS-**  
3 **SISTANCE.**

4 *Paragraph 9 of section 203(b) of the National Housing*  
5 *Act (12 U.S.C. 1709(b)(9)) is amended to read as follows:*

6 *“(9) CASH INVESTMENT REQUIREMENT.—*

7 *“(A) IN GENERAL.—A mortgage insured*  
8 *under this section shall be executed by a mort-*  
9 *gagor who shall have paid, in cash, on account*  
10 *of the property an amount equal to not less than*  
11 *3.5 percent of the appraised value of the property*  
12 *or such larger amount as the Secretary may de-*  
13 *termine.*

14 *“(B) FAMILY MEMBERS.—For purposes of*  
15 *this paragraph, the Secretary shall consider as*  
16 *cash or its equivalent any amounts borrowed*  
17 *from a family member (as such term is defined*  
18 *in section 201), subject only to the requirements*  
19 *that, in any case in which the repayment of such*  
20 *borrowed amounts is secured by a lien against*  
21 *the property, that—*

22 *“(i) such lien shall be subordinate to*  
23 *the mortgage; and*

24 *“(ii) the sum of the principal obliga-*  
25 *tion of the mortgage and the obligation se-*

1           cured by such lien may not exceed 100 per-  
2           cent of the appraised value of the property.

3           “(C) *PROHIBITED SOURCES.*—In no case  
4           shall the funds required by subparagraph (A)  
5           consist, in whole or in part, of funds provided by  
6           any of the following parties before, during, or  
7           after closing of the property sale:

8                   “(i) *The seller or any other person or*  
9                   *entity that financially benefits from the*  
10                   *transaction.*

11                   “(ii) *Any third party or entity that is*  
12                   *reimbursed, directly or indirectly, by any of*  
13                   *the parties described in clause (i).”.*

14 **SEC. 114. MORTGAGE INSURANCE PREMIUMS.**

15           Section 203(c)(2) of the National Housing Act (12  
16 *U.S.C. 1709(c)(2)*) is amended—

17                   (1) *in the matter preceding subparagraph (A),*  
18                   *by striking “or of the General Insurance Fund” and*  
19                   *all that follows through “section 234(c),”; and*

20                   (2) *in subparagraph (A)—*

21                           (A) *by striking “2.25 percent” and insert-*  
22                           *ing “3 percent”; and*

23                           (B) *by striking “2.0 percent” and inserting*  
24                           *“2.75 percent”.*

1 **SEC. 115. REHABILITATION LOANS.**

2 *Subsection (k) of section 203 of the National Housing*  
3 *Act (12 U.S.C. 1709(k)) is amended—*

4 *(1) in paragraph (1), by striking “on” and all*  
5 *that follows through “1978”; and*

6 *(2) in paragraph (5)—*

7 *(A) by striking “General Insurance Fund”*  
8 *the first place it appears and inserting “Mutual*  
9 *Mortgage Insurance Fund”; and*

10 *(B) in the second sentence, by striking the*  
11 *comma and all that follows through “General In-*  
12 *surance Fund”.*

13 **SEC. 116. DISCRETIONARY ACTION.**

14 *The National Housing Act is amended—*

15 *(1) in subsection (e) of section 202 (12 U.S.C.*  
16 *1708(e))—*

17 *(A) in paragraph (3)(B), by striking “sec-*  
18 *tion 202(e) of the National Housing Act” and*  
19 *inserting “this subsection”; and*

20 *(B) by redesignating such subsection as sub-*  
21 *section (f);*

22 *(2) by striking paragraph (4) of section 203(s)*  
23 *(12 U.S.C. 1709(s)(4)) and inserting the following*  
24 *new paragraph:*

25 *“(4) the Secretary of Agriculture;” and*

1           (3) by transferring subsection (s) of section 203  
2           (as amended by paragraph (2) of this section) to sec-  
3           tion 202, inserting such subsection after subsection  
4           (d) of section 202, and redesignating such subsection  
5           as subsection (e).

6 **SEC. 117. INSURANCE OF CONDOMINIUMS.**

7           (a) *IN GENERAL.*—Section 234 of the National Hous-  
8           ing Act (12 U.S.C. 1715y) is amended—

9           (1) in subsection (c), in the first sentence—

10                   (A) by striking “and” before “(2)”; and

11                   (B) by inserting before the period at the end  
12                   the following: “, and (3) the project has a blanket  
13                   mortgage insured by the Secretary under sub-  
14                   section (d)”; and

15           (2) in subsection (g), by striking “, except that”  
16           and all that follows and inserting a period.

17           (b) *DEFINITION OF MORTGAGE.*—Section 201(a) of the  
18           National Housing Act (12 U.S.C. 1707(a)) is amended—

19           (1) before “a first mortgage” insert “(A)”;

20           (2) by striking “or on a leasehold (1)” and in-  
21           serting “(B) a first mortgage on a leasehold on real  
22           estate (i)”;

23           (3) by striking “or (2)” and inserting “, or (ii)”;  
24           and

1           (4) *by inserting before the semicolon the fol-*  
2 *lowing: “, or (C) a first mortgage given to secure the*  
3 *unpaid purchase price of a fee interest in, or long-*  
4 *term leasehold interest in, real estate consisting of a*  
5 *one-family unit in a multifamily project, including a*  
6 *project in which the dwelling units are attached, or*  
7 *are manufactured housing units, semi-detached, or de-*  
8 *tached, and an undivided interest in the common*  
9 *areas and facilities which serve the project”.*

10       (c) *DEFINITION OF REAL ESTATE.*—Section 201 of the  
11 *National Housing Act (12 U.S.C. 1707) is amended by add-*  
12 *ing at the end the following new subsection:*

13       “(g) *The term ‘real estate’ means land and all natural*  
14 *resources and structures permanently affixed to the land,*  
15 *including residential buildings and stationary manufac-*  
16 *tured housing. The Secretary may not require, for treatment*  
17 *of any land or other property as real estate for purposes*  
18 *of this title, that such land or property be treated as real*  
19 *estate for purposes of State taxation.”.*

20 **SEC. 118. MUTUAL MORTGAGE INSURANCE FUND.**

21       (a) *IN GENERAL.*—Subsection (a) of section 202 of the  
22 *National Housing Act (12 U.S.C. 1708(a)) is amended to*  
23 *read as follows:*

24       “(a) *MUTUAL MORTGAGE INSURANCE FUND.*—

1           “(1) *ESTABLISHMENT.*—*Subject to the provisions*  
2 *of the Federal Credit Reform Act of 1990, there is*  
3 *hereby created a Mutual Mortgage Insurance Fund*  
4 *(in this title referred to as the ‘Fund’), which shall be*  
5 *used by the Secretary to carry out the provisions of*  
6 *this title with respect to mortgages insured under sec-*  
7 *tion 203. The Secretary may enter into commitments*  
8 *to guarantee, and may guarantee, such insured mort-*  
9 *gages.*

10           “(2) *LIMIT ON LOAN GUARANTEES.*—*The author-*  
11 *ity of the Secretary to enter into commitments to*  
12 *guarantee such insured mortgages shall be effective for*  
13 *any fiscal year only to the extent that the aggregate*  
14 *original principal loan amount under such mort-*  
15 *gages, any part of which is guaranteed, does not ex-*  
16 *ceed the amount specified in appropriations Acts for*  
17 *such fiscal year.*

18           “(3) *FIDUCIARY RESPONSIBILITY.*—*The Sec-*  
19 *retary has a responsibility to ensure that the Mutual*  
20 *Mortgage Insurance Fund remains financially sound.*

21           “(4) *ANNUAL INDEPENDENT ACTUARIAL*  
22 *STUDY.*—*The Secretary shall provide for an inde-*  
23 *pendent actuarial study of the Fund to be conducted*  
24 *annually, which shall analyze the financial position*  
25 *of the Fund. The Secretary shall submit a report an-*

1 *nually to the Congress describing the results of such*  
2 *study and assessing the financial status of the Fund.*  
3 *The report shall recommend adjustments to under-*  
4 *writing standards, program participation, or pre-*  
5 *miums, if necessary, to ensure that the Fund remains*  
6 *financially sound. The report shall also include an*  
7 *evaluation of the quality control procedures and accu-*  
8 *racy of information utilized in the process of under-*  
9 *writing loans guaranteed by the Fund. Such evalua-*  
10 *tion shall include a review of the risk characteristics*  
11 *of loans based not only on borrower information and*  
12 *performance, but on risks associated with loans origi-*  
13 *nated or funded by various entities or financial insti-*  
14 *tutions.*

15 *“(5) QUARTERLY REPORTS.—During each fiscal*  
16 *year, the Secretary shall submit a report to the Con-*  
17 *gress for each calendar quarter, which shall specify*  
18 *for mortgages that are obligations of the Fund—*

19 *“(A) the cumulative volume of loan guar-*  
20 *antee commitments that have been made during*  
21 *such fiscal year through the end of the quarter*  
22 *for which the report is submitted;*

23 *“(B) the types of loans insured, categorized*  
24 *by risk;*

1           “(C) any significant changes between actual  
2           and projected claim and prepayment activity;

3           “(D) projected versus actual loss rates; and

4           “(E) updated projections of the annual sub-  
5           sidy rates to ensure that increases in risk to the  
6           Fund are identified and mitigated by adjust-  
7           ments to underwriting standards, program par-  
8           ticipation, or premiums, and the financial  
9           soundness of the Fund is maintained.

10          *The first quarterly report under this paragraph shall*  
11          *be submitted on the last day of the first quarter of fis-*  
12          *cal year 2008, or on the last day of the first full cal-*  
13          *endar quarter following the enactment of the Building*  
14          *American Homeownership Act of 2008, whichever is*  
15          *later.*

16          “(6) *ADJUSTMENT OF PREMIUMS.—If, pursuant*  
17          *to the independent actuarial study of the Fund re-*  
18          *quired under paragraph (4), the Secretary determines*  
19          *that the Fund is not meeting the operational goals es-*  
20          *tablished under paragraph (7) or there is a substan-*  
21          *tial probability that the Fund will not maintain its*  
22          *established target subsidy rate, the Secretary may ei-*  
23          *ther make programmatic adjustments under this title*  
24          *as necessary to reduce the risk to the Fund, or make*  
25          *appropriate premium adjustments.*

1           “(7) *OPERATIONAL GOALS.*—*The operational*  
2           *goals for the Fund are—*

3                   “(A) *to minimize the default risk to the*  
4                   *Fund and to homeowners by among other actions*  
5                   *instituting fraud prevention quality control*  
6                   *screening not later than 18 months after the date*  
7                   *of enactment of the Building American Home-*  
8                   *ownership Act of 2008; and*

9                   “(B) *to meet the housing needs of the bor-*  
10                   *rowers that the single family mortgage insurance*  
11                   *program under this title is designed to serve.”.*

12           “(b) *OBLIGATIONS OF FUND.*—*The National Housing*  
13           *Act is amended as follows:*

14                   “(1) *HOMEOWNERSHIP VOUCHER PROGRAM MORT-*  
15                   *GAGES.*—*In section 203(v) (12 U.S.C. 1709(v))—*

16                           “(A) *by striking “Notwithstanding section*  
17                           *202 of this title, the” and inserting “The”; and*

18                           “(B) *by striking “General Insurance Fund”*  
19                           *the first place such term appears and all that*  
20                           *follows through the end of the subsection and in-*  
21                           *serting “Mutual Mortgage Insurance Fund.”.*

22                   “(2) *HOME EQUITY CONVERSION MORTGAGES.*—  
23                   *Section 255(i)(2)(A) of the National Housing Act (12*  
24                   *U.S.C. 1715z–20(i)(2)(A)) is amended by striking*

1       “General Insurance Fund” and inserting “Mutual  
2       Mortgage Insurance Fund”.

3       (c) *CONFORMING AMENDMENTS.*—*The National Hous-*  
4 *ing Act is amended—*

5             (1) *in section 205 (12 U.S.C. 1711), by striking*  
6 *subsections (g) and (h); and*

7             (2) *in section 519(e) (12 U.S.C. 1735c(e)), by*  
8 *striking “203(b)” and all that follows through*  
9 *“203(i)” and inserting “203, except as determined by*  
10 *the Secretary”.*

11 **SEC. 119. HAWAIIAN HOME LANDS AND INDIAN RESERVA-**  
12 **TIONS.**

13       (a) *HAWAIIAN HOME LANDS.*—*Section 247(c) of the*  
14 *National Housing Act (12 U.S.C. 1715z–12(c)) is amend-*  
15 *ed—*

16             (1) *by striking “General Insurance Fund estab-*  
17 *lished in section 519” and inserting “Mutual Mort-*  
18 *gage Insurance Fund”; and*

19             (2) *in the second sentence, by striking “(1) all*  
20 *references” and all that follows through “and (2)”.*

21       (b) *INDIAN RESERVATIONS.*—*Section 248(f) of the Na-*  
22 *tional Housing Act (12 U.S.C. 1715z–13(f)) is amended—*

23             (1) *by striking “General Insurance Fund” the*  
24 *first place it appears through “519” and inserting*  
25 *“Mutual Mortgage Insurance Fund”; and*

1           (2) in the second sentence, by striking “(1) all  
2           references” and all that follows through “and (2)”.

3 **SEC. 120. CONFORMING AND TECHNICAL AMENDMENTS.**

4           (a) *REPEALS.*—The following provisions of the Na-  
5           tional Housing Act are repealed:

6           (1) Subsection (i) of section 203 (12 U.S.C.  
7           1709(i)).

8           (2) Subsection (o) of section 203 (12 U.S.C.  
9           1709(o)).

10           (3) Subsection (p) of section 203 (12 U.S.C.  
11           1709(p)).

12           (4) Subsection (q) of section 203 (12 U.S.C.  
13           1709(q)).

14           (5) Section 222 (12 U.S.C. 1715m).

15           (6) Section 237 (12 U.S.C. 1715z–2).

16           (7) Section 245 (12 U.S.C. 1715z–10).

17           (b) *DEFINITION OF AREA.*—Section 203(u)(2)(A) of  
18           the National Housing Act (12 U.S.C. 1709(u)(2)(A)) is  
19           amended by striking “shall” and all that follows and insert-  
20           ing “means a metropolitan statistical area as established  
21           by the Office of Management and Budget;”.

22           (c) *DEFINITION OF STATE.*—Section 201(d) of the Na-  
23           tional Housing Act (12 U.S.C. 1707(d)) is amended by  
24           striking “the Trust Territory of the Pacific Islands” and

1 *inserting “the Commonwealth of the Northern Mariana Is-*  
2 *lands”.*

3 **SEC. 121. INSURANCE OF MORTGAGES.**

4 *Subsection (n)(2) of section 203 of the National Hous-*  
5 *ing Act (12 U.S.C. 1709(n)(2)) is amended—*

6 *(1) in subparagraph (A), by inserting “or subor-*  
7 *dinate mortgage or” before “lien given”; and*

8 *(2) in subparagraph (C), by inserting “or subor-*  
9 *dinate mortgage or” before “lien”.*

10 **SEC. 122. HOME EQUITY CONVERSION MORTGAGES.**

11 *(a) IN GENERAL.—Section 255 of the National Hous-*  
12 *ing Act (12 U.S.C. 1715z–20) is amended—*

13 *(1) in subsection (b)(2), insert “‘real estate,’”*  
14 *after “‘mortgagor,’”;*

15 *(2) by amending subsection (d)(1) to read as fol-*  
16 *lows:*

17 *“(1) have been originated by a mortgagee ap-*  
18 *proved by the Secretary;”;*

19 *(3) by amending subsection (d)(2)(B) to read as*  
20 *follows:*

21 *“(B) has received adequate counseling, as*  
22 *provided in subsection (f), by an independent*  
23 *third party that is not, either directly or indi-*  
24 *rectly, associated with or compensated by a*  
25 *party involved in—*

1           “(i) *originating or servicing the mort-*  
2           *gage;*

3           “(ii) *funding the loan underlying the*  
4           *mortgage; or*

5           “(iii) *the sale of annuities, invest-*  
6           *ments, long-term care insurance, or any*  
7           *other type of financial or insurance prod-*  
8           *uct;”;*

9           (4) *in subsection (f)—*

10           (A) *by striking “(f) INFORMATION SERVICES*  
11           *FOR MORTGAGORS.—” and inserting “(f) COUN-*  
12           *SELING SERVICES AND INFORMATION FOR MORT-*  
13           *GAGORS.—”;* and

14           (B) *by amending the matter preceding*  
15           *paragraph (1) to read as follows: “The Secretary*  
16           *shall provide or cause to be provided adequate*  
17           *counseling for the mortgagor, as described in*  
18           *subsection (d)(2)(B). Such counseling shall be*  
19           *provided by counselors that meet qualification*  
20           *standards and follow uniform counseling proto-*  
21           *cols. The qualification standards and counseling*  
22           *protocols shall be established by the Secretary*  
23           *within 12 months of the date of enactment of the*  
24           *Reverse Mortgage Proceeds Protection Act. The*  
25           *protocols shall require a qualified counselor to*

1           *discuss with each mortgagor information which*  
2           *shall include—”*

3           *(5) in subsection (g), by striking “established*  
4           *under section 203(b)(2)” and all that follows through*  
5           *“located” and inserting “limitation established under*  
6           *section 305(a)(2) of the Federal Home Loan Mortgage*  
7           *Corporation Act for a 1-family residence”;*

8           *(6) in subsection (i)(1)(C), by striking “limita-*  
9           *tions” and inserting “limitation”;*

10          *(7) by striking subsection (l);*

11          *(8) by redesignating subsection (m) as subsection*  
12          *(l);*

13          *(9) by amending subsection (l), as so redesign-*  
14          *ated, to read as follows:*

15          *“(l) FUNDING FOR COUNSELING.—The Secretary may*  
16          *use a portion of the mortgage insurance premiums collected*  
17          *under the program under this section to adequately fund*  
18          *the counseling and disclosure activities required under sub-*  
19          *section (f), including counseling for those homeowners who*  
20          *elect not to take out a home equity conversion mortgage,*  
21          *provided that the use of such funds is based upon accepted*  
22          *actuarial principles.”; and*

23          *(10) by adding at the end the following new sub-*  
24          *section:*

1       “(m) *AUTHORITY TO INSURE HOME PURCHASE*  
2 *MORTGAGE.*—

3           “(1) *IN GENERAL.*—*Notwithstanding any other*  
4 *provision of this section, the Secretary may insure,*  
5 *upon application by a mortgagee, a home equity con-*  
6 *version mortgage upon such terms and conditions as*  
7 *the Secretary may prescribe, when the home equity*  
8 *conversion mortgage will be used to purchase a 1- to*  
9 *4-family dwelling unit, one unit of which the mort-*  
10 *gagor will occupy as a primary residence, and to pro-*  
11 *vide for any future payments to the mortgagor, based*  
12 *on available equity, as authorized under subsection*  
13 *(d)(9).*

14           “(2) *LIMITATION ON PRINCIPAL OBLIGATION.*—*A*  
15 *home equity conversion mortgage insured pursuant to*  
16 *paragraph (1) shall involve a principal obligation*  
17 *that does not exceed the dollar amount limitation de-*  
18 *termined under section 305(a)(2) of the Federal Home*  
19 *Loan Mortgage Corporation Act for a 1-family resi-*  
20 *dence.*

21       “(n) *REQUIREMENTS ON MORTGAGE ORIGINATORS.*—

22           “(1) *IN GENERAL.*—*The mortgagee and any*  
23 *other party that participates in the origination of a*  
24 *mortgage to be insured under this section shall—*

1           “(A) not participate in, be associated with,  
2           or employ any party that participates in or is  
3           associated with any other financial or insurance  
4           activity; or

5           “(B) demonstrate to the Secretary that the  
6           mortgagee or other party maintains, or will  
7           maintain, firewalls and other safeguards de-  
8           signed to ensure that—

9                   “(i) individuals participating in the  
10                   origination of the mortgage shall have no  
11                   involvement with, or incentive to provide  
12                   the mortgagor with, any other financial or  
13                   insurance product; and

14                   “(ii) the mortgagor shall not be re-  
15                   quired, directly or indirectly, as a condition  
16                   of obtaining a mortgage under this section,  
17                   to purchase any other financial or insur-  
18                   ance product.

19           “(2) APPROVAL OF OTHER PARTIES.—All parties  
20           that participate in the origination of a mortgage to  
21           be insured under this section shall be approved by the  
22           Secretary.

23           “(o) PROHIBITION AGAINST REQUIREMENTS TO PUR-  
24           CHASE ADDITIONAL PRODUCTS.—The mortgagee or any  
25           other party shall not be required by the mortgagor or any

1 *other party to purchase an insurance, annuity, or other ad-*  
2 *ditional product as a requirement or condition of eligibility*  
3 *for a mortgage authorized under subsection (c).*

4       “(p) *STUDY TO DETERMINE CONSUMER PROTECTIONS*  
5 *AND UNDERWRITING STANDARDS.—The Secretary shall*  
6 *conduct a study to examine and determine appropriate con-*  
7 *sumer protections and underwriting standards to ensure*  
8 *that the purchase of products referred to in subsection (o)*  
9 *is appropriate for the consumer. In conducting such study,*  
10 *the Secretary shall consult with consumer advocates (in-*  
11 *cluding recognized experts in consumer protection), indus-*  
12 *try representatives, representatives of counseling organiza-*  
13 *tions, and other interested parties.”.*

14       “(b) *MORTGAGES FOR COOPERATIVES.—Subsection (b)*  
15 *of section 255 of the National Housing Act (12 U.S.C.*  
16 *1715z–20(b)) is amended—*

17               (1) *in paragraph (4)—*

18                       (A) *by inserting “a first or subordinate*  
19 *mortgage or lien” before “on all stock”;*

20                       (B) *by inserting “unit” after “dwelling”;*  
21 *and*

22                       (C) *by inserting “a first mortgage or first*  
23 *lien” before “on a leasehold”; and*

24               (2) *in paragraph (5), by inserting “a first or*  
25 *subordinate lien on” before “all stock”.*

1       (c) *LIMITATION ON ORIGINATION FEES.*—Section 255  
2 of the National Housing Act (12 U.S.C. 1715z–20), as  
3 amended by the preceding provisions of this section, is fur-  
4 ther amended by adding at the end the following new sub-  
5 section:

6       “(r) *LIMITATION ON ORIGINATION FEES.*—The Sec-  
7 retary shall establish limits on the origination fee that may  
8 be charged to a mortgagor under a mortgage insured under  
9 this section, which limitations shall—

10           “(1) equal 1.5 percent of the maximum claim  
11 amount of the mortgage unless adjusted thereafter on  
12 the basis of—

13                   “(A) the costs to the mortgagor; and

14                   “(B) the impact of such fees on the reverse  
15 mortgage market;

16           “(2) be subject to a minimum allowable amount;

17           “(3) provide that the origination fee may be  
18 fully financed with the mortgage;

19           “(4) include any fees paid to correspondent  
20 mortgagees approved by the Secretary; and

21           “(5) have the same effective date as subsection  
22 (m)(2) regarding the limitation on principal obliga-  
23 tion.”.

24       (d) *STUDY REGARDING PROGRAM COSTS AND CREDIT*  
25 *AVAILABILITY.*—

1           (1) *IN GENERAL.*—*The Comptroller General of*  
2 *the United States shall conduct a study regarding the*  
3 *costs and availability of credit under the home equity*  
4 *conversion mortgages for elderly homeowners program*  
5 *under section 255 of the National Housing Act (12*  
6 *U.S.C. 1715z–20) (in this subsection referred to as the*  
7 *“program”).*

8           (2) *PURPOSE.*—*The purpose of the study re-*  
9 *quired under paragraph (1) is to help Congress ana-*  
10 *lyze and determine the effects of limiting the amounts*  
11 *of the costs or fees under the program from the*  
12 *amounts charged under the program as of the date of*  
13 *the enactment of this title.*

14           (3) *CONTENT OF REPORT.*—*The study required*  
15 *under paragraph (1) should focus on—*

16                   (A) *the cost to mortgagors of participating*  
17 *in the program;*

18                   (B) *the financial soundness of the program;*

19                   (C) *the availability of credit under the pro-*  
20 *gram; and*

21                   (D) *the costs to elderly homeowners partici-*  
22 *pating in the program, including—*

23                           (i) *mortgage insurance premiums*  
24 *charged under the program;*

1                   (ii) up-front fees charged under the  
2                   program; and

3                   (iii) margin rates charged under the  
4                   program.

5           (4) *TIMING OF REPORT.*—Not later than 12  
6           months after the date of the enactment of this title,  
7           the Comptroller General shall submit a report to the  
8           Committee on Banking, Housing, and Urban Affairs  
9           of the Senate and the Committee on Financial Serv-  
10          ices of the House of Representatives setting forth the  
11          results and conclusions of the study required under  
12          paragraph (1).

13 **SEC. 123. ENERGY EFFICIENT MORTGAGES PROGRAM.**

14          Section 106(a)(2) of the Energy Policy Act of 1992 (42  
15          U.S.C. 12712 note) is amended—

16               (1) by amending subparagraph (C) to read as  
17          follows:

18                   “(C) *COSTS OF IMPROVEMENTS.*—The cost  
19                   of cost-effective energy efficiency improvements  
20                   shall not exceed the greater of—

21                               “(i) 5 percent of the property value  
22                               (not to exceed 5 percent of the limit estab-  
23                               lished under section 203(b)(2)(A)) of the  
24                               National Housing Act (12 U.S.C.  
25                               1709(b)(2)(A)); or

1                   “(ii) 2 percent of the limit established  
2                   under section 203(b)(2)(B) of such Act.”;  
3                   and

4                   (2) by adding at the end the following:

5                   “(D) *LIMITATION.*—In any fiscal year, the  
6                   aggregate number of mortgages insured pursuant  
7                   to this section may not exceed 5 percent of the  
8                   aggregate number of mortgages for 1- to 4-family  
9                   residences insured by the Secretary of Housing  
10                  and Urban Development under title II of the Na-  
11                  tional Housing Act (12 U.S.C. 1707 et seq.) dur-  
12                  ing the preceding fiscal year.”.

13 **SEC. 124. PILOT PROGRAM FOR AUTOMATED PROCESS FOR**  
14                   **BORROWERS WITHOUT SUFFICIENT CREDIT**  
15                   **HISTORY.**

16                  (a) *ESTABLISHMENT.*—Title II of the National Hous-  
17                  ing Act (12 U.S.C. 1707 et seq.) is amended by adding at  
18                  the end the following new section:

19 **“SEC. 257. PILOT PROGRAM FOR AUTOMATED PROCESS FOR**  
20                   **BORROWERS WITHOUT SUFFICIENT CREDIT**  
21                   **HISTORY.**

22                  “(a) *ESTABLISHMENT.*—The Secretary shall carry out  
23                  a pilot program to establish, and make available to mortga-  
24                  gees, an automated process for providing alternative credit  
25                  rating information for mortgagors and prospective mortga-

1 gors under mortgages on 1- to 4-family residences to be in-  
2 sured under this title who have insufficient credit histories  
3 for determining their creditworthiness. Such alternative  
4 credit rating information may include rent, utilities, and  
5 insurance payment histories, and such other information  
6 as the Secretary considers appropriate.

7       “(b) SCOPE.—The Secretary may carry out the pilot  
8 program under this section on a limited basis or scope, and  
9 may consider limiting the program to first-time home-  
10 buyers.

11       “(c) LIMITATION.—In any fiscal year, the aggregate  
12 number of mortgages insured pursuant to the automated  
13 process established under this section may not exceed 5 per-  
14 cent of the aggregate number of mortgages for 1- to 4-family  
15 residences insured by the Secretary under this title during  
16 the preceding fiscal year.

17       “(d) SUNSET.—After the expiration of the 5-year pe-  
18 riod beginning on the date of the enactment of the Building  
19 American Homeownership Act of 2008, the Secretary may  
20 not enter into any new commitment to insure any mort-  
21 gage, or newly insure any mortgage, pursuant to the auto-  
22 mated process established under this section.”.

23       (b) GAO REPORT.—Not later than the expiration of  
24 the two-year period beginning on the date of the enactment  
25 of this subtitle, the Comptroller General of the United States

1 *shall submit to the Congress a report identifying the num-*  
2 *ber of additional mortgagors served using the automated*  
3 *process established pursuant to section 257 of the National*  
4 *Housing Act (as added by the amendment made by sub-*  
5 *section (a) of this section) and the impact of such process*  
6 *and the insurance of mortgages pursuant to such process*  
7 *on the safety and soundness of the insurance funds under*  
8 *the National Housing Act of which such mortgages are obli-*  
9 *gations.*

10 **SEC. 125. HOMEOWNERSHIP PRESERVATION.**

11 *The Secretary of Housing and Urban Development*  
12 *and the Commissioner of the Federal Housing Administra-*  
13 *tion, in consultation with industry, the Neighborhood Rein-*  
14 *vestment Corporation, and other entities involved in fore-*  
15 *closure prevention activities, shall—*

16 *(1) develop and implement a plan to improve the*  
17 *Federal Housing Administration's loss mitigation*  
18 *process; and*

19 *(2) report such plan to the Committee on Bank-*  
20 *ing, Housing, and Urban Affairs of the Senate and*  
21 *the Committee on Financial Services of the House of*  
22 *Representatives.*

1 **SEC. 126. USE OF FHA SAVINGS FOR IMPROVEMENTS IN**  
2 **FHA TECHNOLOGIES, PROCEDURES, PROC-**  
3 **ESSES, PROGRAM PERFORMANCE, STAFFING,**  
4 **AND SALARIES.**

5 (a) *AUTHORIZATION OF APPROPRIATIONS.*—*There is*  
6 *authorized to be appropriated for each of fiscal years 2009*  
7 *through 2013, \$25,000,000, from negative credit subsidy for*  
8 *the mortgage insurance programs under title II of the Na-*  
9 *tional Housing Act, to the Secretary of Housing and Urban*  
10 *Development for increasing funding for the purpose of im-*  
11 *proving technology, processes, program performance, elimi-*  
12 *nating fraud, and for providing appropriate staffing in*  
13 *connection with the mortgage insurance programs under*  
14 *title II of the National Housing Act.*

15 (b) *CERTIFICATION.*—*The authorization under sub-*  
16 *section (a) shall not be effective for a fiscal year unless the*  
17 *Secretary of Housing and Urban Development has, by rule-*  
18 *making in accordance with section 553 of title 5, United*  
19 *States Code (notwithstanding subsections (a)(2), (b)(B),*  
20 *and (d)(3) of such section), made a determination that—*

21 (1) *premiums being, or to be, charged during*  
22 *such fiscal year for mortgage insurance under title II*  
23 *of the National Housing Act are established at the*  
24 *minimum amount sufficient to—*

25 (A) *comply with the requirements of section*  
26 *205(f) of such Act (relating to required capital*

1           *ratio for the Mutual Mortgage Insurance Fund);*  
2           *and*

3                   *(B) ensure the safety and soundness of the*  
4           *other mortgage insurance funds under such Act;*  
5           *and*

6                   *(2) any negative credit subsidy for such fiscal*  
7           *year resulting from such mortgage insurance pro-*  
8           *grams adequately ensures the efficient delivery and*  
9           *availability of such programs.*

10           *(c) STUDY AND REPORT.—The Secretary of Housing*  
11           *and Urban Development shall conduct a study to obtain*  
12           *recommendations from participants in the private residen-*  
13           *tial (both single family and multifamily) mortgage lending*  
14           *business and the secondary market for such mortgages on*  
15           *how best to update and upgrade processes and technologies*  
16           *for the mortgage insurance programs under title II of the*  
17           *National Housing Act so that the procedures for origi-*  
18           *nating, insuring, and servicing of such mortgages conform*  
19           *with those customarily used by secondary market pur-*  
20           *chasers of residential mortgage loans. Not later than the ex-*  
21           *piration of the 12-month period beginning on the date of*  
22           *the enactment of this title, the Secretary shall submit a re-*  
23           *port to the Congress describing the progress made and to*  
24           *be made toward updating and upgrading such processes*

1 *and technology, and providing appropriate staffing for such*  
2 *mortgage insurance programs.*

3 **SEC. 127. POST-PURCHASE HOUSING COUNSELING ELIGI-**  
4 **BILITY IMPROVEMENTS.**

5 *Section 106(c)(4) of the Housing and Urban Develop-*  
6 *ment Act of 1968 (12 U.S.C. 1701x(c)(4)) is amended:*

7 *(1) in subparagraph (C)—*

8 *(A) in clause (i), by striking “; or” and in-*  
9 *serting a semicolon;*

10 *(B) in clause (ii), by striking the period at*  
11 *the end and inserting a semicolon; and*

12 *(C) by adding at the end the following:*

13 *“(iii) a significant reduction in the in-*  
14 *come of the household due to divorce or*  
15 *death; or*

16 *“(iv) a significant increase in basic ex-*  
17 *penses of the homeowner or an immediate*  
18 *family member of the homeowner (including*  
19 *the spouse, child, or parent for whom the*  
20 *homeowner provides substantial care or fi-*  
21 *nancial assistance) due to—*

22 *“(I) an unexpected or significant*  
23 *increase in medical expenses;*

24 *“(II) a divorce;*

1                   “(III) unexpected and significant  
2                   damage to the property, the repair of  
3                   which will not be covered by private or  
4                   public insurance; or

5                   “(IV) a large property-tax in-  
6                   crease; or”;

7                   (2) by striking the matter that follows subpara-  
8                   graph (C); and

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

10                   “(D) the Secretary of Housing and Urban  
11                   Development determines that the annual income  
12                   of the homeowner is no greater than the annual  
13                   income established by the Secretary as being of  
14                   low- or moderate-income.”.

15 **SEC. 128. PRE-PURCHASE HOMEOWNERSHIP COUNSELING**  
16 **DEMONSTRATION.**

17                   (a) **ESTABLISHMENT OF PROGRAM.**—For the period  
18 beginning on the date of enactment of this title and ending  
19 on the date that is 3 years after such date of enactment,  
20 the Secretary of Housing and Urban Development shall es-  
21 tablish and conduct a demonstration program to test the  
22 effectiveness of alternative forms of pre-purchase home-  
23 ownership counseling for eligible homebuyers.

24                   (b) **FORMS OF COUNSELING.**—The Secretary of Hous-  
25 ing and Urban Development shall provide to eligible home-

1 buyers pre-purchase homeownership counseling under this  
2 section in the form of—

3 (1) telephone counseling;

4 (2) individualized in-person counseling;

5 (3) web-based counseling;

6 (4) counseling classes; or

7 (5) any other form or type of counseling that the  
8 Secretary may, in his discretion, determine appro-  
9 priate.

10 (c) *SIZE OF PROGRAM.*—The Secretary shall make  
11 available the pre-purchase homeownership counseling de-  
12 scribed in subsection (b) to not more than 3,000 eligible  
13 homebuyers in any given year.

14 (d) *INCENTIVE TO PARTICIPATE.*—The Secretary of  
15 Housing and Urban Development may provide incentives  
16 to eligible homebuyers to participate in the demonstration  
17 program established under subsection (a). Such incentives  
18 may include the reduction of any insurance premium  
19 charges owed by the eligible homebuyer to the Secretary.

20 (e) *ELIGIBLE HOMEBUYER DEFINED.*—For purposes  
21 of this section an “eligible homebuyer” means a first-time  
22 homebuyer who has been approved for a home loan with  
23 a loan-to-value ratio between 97 percent and 98.5 percent.

24 (f) *REPORT TO CONGRESS.*—The Secretary of Housing  
25 and Urban Development shall report to the Committee on

1 *Banking, Housing, and Urban Affairs of the Senate and*  
2 *the Committee on Financial Services of the House of Rep-*  
3 *resentative—*

4           (1) *on an annual basis, on the progress and re-*  
5 *sults of the demonstration program established under*  
6 *subsection (a); and*

7           (2) *for the period beginning on the date of enact-*  
8 *ment of this title and ending on the date that is 5*  
9 *years after such date of enactment, on the payment*  
10 *history and delinquency rates of eligible homebuyers*  
11 *who participated in the demonstration program.*

12 **SEC. 129. FRAUD PREVENTION.**

13       *Section 1014 of title 18, United States Code, is amend-*  
14 *ed in the first sentence—*

15           (1) *by inserting “the Federal Housing Adminis-*  
16 *tration” before “the Farm Credit Administration”;*  
17 *and*

18           (2) *by striking “commitment, or loan” and in-*  
19 *serting “commitment, loan, or insurance agreement or*  
20 *application for insurance or a guarantee”.*

21 **SEC. 130. LIMITATION ON MORTGAGE INSURANCE PREMIUM**  
22 **INCREASES.**

23       (a) *IN GENERAL.—Notwithstanding any other provi-*  
24 *sion of law, including any provision of this title and any*  
25 *amendment made by this title—*

1           (1) *for the period beginning on the date of the*  
2           *enactment of this title and ending on October 1, 2009,*  
3           *the premiums charged for mortgage insurance under*  
4           *multifamily housing programs under the National*  
5           *Housing Act may not be increased above the premium*  
6           *amounts in effect under such program on October 1,*  
7           *2006, unless the Secretary of Housing and Urban De-*  
8           *velopment determines that, absent such increase, in-*  
9           *surance of additional mortgages under such program*  
10          *would, under the Federal Credit Reform Act of 1990,*  
11          *require the appropriation of new budget authority to*  
12          *cover the costs (as such term is defined in section 502*  
13          *of the Federal Credit Reform Act of 1990 (2 U.S.C.*  
14          *661a) of such insurance; and*

15          (2) *a premium increase pursuant to paragraph*  
16          *(1) may be made only if not less than 30 days prior*  
17          *to such increase taking effect, the Secretary of Hous-*  
18          *ing and Urban Development—*

19                 (A) *notifies the Committee on Banking,*  
20                 *Housing, and Urban Affairs of the Senate and*  
21                 *the Committee on Financial Services of the*  
22                 *House of Representatives of such increase; and*

23                 (B) *publishes notice of such increase in the*  
24                 *Federal Register.*

1       (b) *WAIVER.*—*The Secretary of Housing and Urban*  
2 *Development may waive the 30-day notice requirement*  
3 *under subsection (a)(2), if the Secretary determines that*  
4 *waiting 30-days before increasing premiums would cause*  
5 *substantial damage to the solvency of multifamily housing*  
6 *programs under the National Housing Act.*

7 **SEC. 131. SAVINGS PROVISION.**

8       *Any mortgage insured under title II of the National*  
9 *Housing Act before the date of enactment of this subtitle*  
10 *shall continue to be governed by the laws, regulations, or-*  
11 *ders, and terms and conditions to which it was subject on*  
12 *the day before the date of the enactment of this subtitle.*

13 **SEC. 132. IMPLEMENTATION.**

14       *The Secretary of Housing and Urban Development*  
15 *shall by notice establish any additional requirements that*  
16 *may be necessary to immediately carry out the provisions*  
17 *of this subtitle. The notice shall take effect upon issuance.*

18 **SEC. 133. MORATORIUM ON IMPLEMENTATION OF RISK-**  
19 **BASED PREMIUMS.**

20       *For the 12-month period beginning on the date of en-*  
21 *actment of this title, the Secretary of Housing and Urban*  
22 *Development shall not enact, execute, or take any action*  
23 *to make effective the planned implementation of risk-based*  
24 *premiums, which are designed for mortgage lenders to offer*  
25 *borrowers an FHA-insured product that provides a range*

1 of mortgage insurance premium pricing, based on the risk  
2 the insurance contract represents, as such planned imple-  
3 mentation was set forth in the Notice published in the Fed-  
4 eral Register on September 20, 2007 (Vol. 72, No. 182, Page  
5 53872).

6 ***Subtitle B—Manufactured Housing***  
7 ***Loan Modernization***

8 ***SEC. 141. SHORT TITLE.***

9 *This subtitle may be cited as the “FHA Manufactured*  
10 *Housing Loan Modernization Act of 2008”.*

11 ***SEC. 142. PURPOSES.***

12 *The purposes of this subtitle are—*

13 *(1) to provide adequate funding for FHA-insured*  
14 *manufactured housing loans for low- and moderate-*  
15 *income homebuyers during all economic cycles in the*  
16 *manufactured housing industry;*

17 *(2) to modernize the FHA title I insurance pro-*  
18 *gram for manufactured housing loans to enhance par-*  
19 *ticipation by Ginnie Mae and the private lending*  
20 *markets; and*

21 *(3) to adjust the low loan limits for title I man-*  
22 *ufactured home loan insurance to reflect the increase*  
23 *in costs since such limits were last increased in 1992*  
24 *and to index the limits to inflation.*

1 **SEC. 143. EXCEPTION TO LIMITATION ON FINANCIAL INSTI-**  
2 **TUTION PORTFOLIO.**

3 *The second sentence of section 2(a) of the National*  
4 *Housing Act (12 U.S.C. 1703(a)) is amended—*

5 *(1) by striking “In no case” and inserting*  
6 *“Other than in connection with a manufactured home*  
7 *or a lot on which to place such a home (or both), in*  
8 *no case”; and*

9 *(2) by striking “: Provided, That with” and in-*  
10 *serting “. With”.*

11 **SEC. 144. INSURANCE BENEFITS.**

12 *(a) IN GENERAL.—Subsection (b) of section 2 of the*  
13 *National Housing Act (12 U.S.C. 1703(b)), is amended by*  
14 *adding at the end the following new paragraph:*

15 *“(8) INSURANCE BENEFITS FOR MANUFACTURED*  
16 *HOUSING LOANS.—Any contract of insurance with re-*  
17 *spect to loans, advances of credit, or purchases in con-*  
18 *nection with a manufactured home or a lot on which*  
19 *to place a manufactured home (or both) for a finan-*  
20 *cial institution that is executed under this title after*  
21 *the date of the enactment of the FHA Manufactured*  
22 *Housing Loan Modernization Act of 2008 by the Sec-*  
23 *retary shall be conclusive evidence of the eligibility of*  
24 *such financial institution for insurance, and the va-*  
25 *lidity of any contract of insurance so executed shall*  
26 *be incontestable in the hands of the bearer from the*

1       *date of the execution of such contract, except for fraud*  
2       *or misrepresentation on the part of such institution.”.*

3       **(b) APPLICABILITY.**—*The amendment made by sub-*  
4       *section (a) shall only apply to loans that are registered or*  
5       *endorsed for insurance after the date of the enactment of*  
6       *this title.*

7       **SEC. 145. MAXIMUM LOAN LIMITS.**

8       **(a) DOLLAR AMOUNTS.**—*Paragraph (1) of section 2(b)*  
9       *of the National Housing Act (12 U.S.C. 1703(b)(1)) is*  
10       *amended—*

11               *(1) in clause (ii) of subparagraph (A), by strik-*  
12               *ing “\$17,500” and inserting “\$25,090”;*

13               *(2) in subparagraph (C) by striking “\$48,600”*  
14               *and inserting “\$69,678”;*

15               *(3) in subparagraph (D) by striking “\$64,800”*  
16               *and inserting “\$92,904”;*

17               *(4) in subparagraph (E) by striking “\$16,200”*  
18               *and inserting “\$23,226”; and*

19               *(5) by realigning subparagraphs (C), (D), and*  
20               *(E) 2 ems to the left so that the left margins of such*  
21               *subparagraphs are aligned with the margins of sub-*  
22               *paragraphs (A) and (B).*

23       **(b) ANNUAL INDEXING.**—*Subsection (b) of section 2 of*  
24       *the National Housing Act (12 U.S.C. 1703(b)), as amended*

1 *by the preceding provisions of this title, is further amended*  
2 *by adding at the end the following new paragraph:*

3           “(9) *ANNUAL INDEXING OF MANUFACTURED*  
4 *HOUSING LOANS.—The Secretary shall develop a*  
5 *method of indexing in order to annually adjust the*  
6 *loan limits established in subparagraphs (A)(ii), (C),*  
7 *(D), and (E) of this subsection. Such index shall be*  
8 *based on the manufactured housing price data col-*  
9 *lected by the United States Census Bureau. The Sec-*  
10 *retary shall establish such index no later than 1 year*  
11 *after the date of the enactment of the FHA Manufac-*  
12 *tured Housing Loan Modernization Act of 2008.”*

13           “(c) *TECHNICAL AND CONFORMING CHANGES.—Para-*  
14 *graph (1) of section 2(b) of the National Housing Act (12*  
15 *U.S.C. 1703(b)(1)) is amended—*

16           (1) *by striking “No” and inserting “Except as*  
17 *provided in the last sentence of this paragraph, no”;*  
18 *and*

19           (2) *by adding after and below subparagraph (G)*  
20 *the following:*

21           “*The Secretary shall, by regulation, annually increase*  
22 *the dollar amount limitations in subparagraphs (A)(ii),*  
23 *(C), (D), and (E) (as such limitations may have been pre-*  
24 *viously adjusted under this sentence) in accordance with the*  
25 *index established pursuant to paragraph (9).”*

1 **SEC. 146. INSURANCE PREMIUMS.**

2 *Subsection (f) of section 2 of the National Housing Act*  
3 *(12 U.S.C. 1703(f)) is amended—*

4 *(1) by inserting “(1) PREMIUM CHARGES.—”*  
5 *after “(f)”;* and

6 *(2) by adding at the end the following new para-*  
7 *graph:*

8 *“(2) MANUFACTURED HOME LOANS.—Notwith-*  
9 *standing paragraph (1), in the case of a loan, advance of*  
10 *credit, or purchase in connection with a manufactured*  
11 *home or a lot on which to place such a home (or both),*  
12 *the premium charge for the insurance granted under this*  
13 *section shall be paid by the borrower under the loan or ad-*  
14 *vance of credit, as follows:*

15 *“(A) At the time of the making of the loan, ad-*  
16 *vance of credit, or purchase, a single premium pay-*  
17 *ment in an amount not to exceed 2.25 percent of the*  
18 *amount of the original insured principal obligation.*

19 *“(B) In addition to the premium under subpara-*  
20 *graph (A), annual premium payments during the*  
21 *term of the loan, advance, or obligation purchased in*  
22 *an amount not exceeding 1.0 percent of the remaining*  
23 *insured principal balance (excluding the portion of*  
24 *the remaining balance attributable to the premium*  
25 *collected under subparagraph (A) and without taking*  
26 *into account delinquent payments or prepayments).*

1           “(C) *Premium charges under this paragraph*  
2           *shall be established in amounts that are sufficient, but*  
3           *do not exceed the minimum amounts necessary, to*  
4           *maintain a negative credit subsidy for the program*  
5           *under this section for insurance of loans, advances of*  
6           *credit, or purchases in connection with a manufac-*  
7           *tured home or a lot on which to place such a home*  
8           *(or both), as determined based upon risk to the Fed-*  
9           *eral Government under existing underwriting require-*  
10          *ments.*

11           “(D) *The Secretary may increase the limitations*  
12          *on premium payments to percentages above those set*  
13          *forth in subparagraphs (A) and (B), but only if nec-*  
14          *essary, and not in excess of the minimum increase*  
15          *necessary, to maintain a negative credit subsidy as*  
16          *described in subparagraph (C).”.*

17 **SEC. 147. TECHNICAL CORRECTIONS.**

18          (a) *DATES.*—*Subsection (a) of section 2 of the Na-*  
19          *tional Housing Act (12 U.S.C. 1703(a)) is amended—*

20                 (1) *by striking “on and after July 1, 1939,” each*  
21                 *place such term appears; and*

22                 (2) *by striking “made after the effective date of*  
23                 *the Housing Act of 1954”.*

1       **(b) AUTHORITY OF SECRETARY.**—*Subsection (c) of sec-*  
2 *tion 2 of the National Housing Act (12 U.S.C. 1703(c)) is*  
3 *amended to read as follows:*

4       **“(c) HANDLING AND DISPOSAL OF PROPERTY.**—

5           **“(1) AUTHORITY OF SECRETARY.**—*Notwith-*  
6 *standing any other provision of law, the Secretary*  
7 *may—*

8                   **“(A) deal with, complete, rent, renovate,**  
9                   *modernize, insure, or assign or sell at public or*  
10                   *private sale, or otherwise dispose of, for cash or*  
11                   *credit in the Secretary’s discretion, and upon*  
12                   *such terms and conditions and for such consider-*  
13                   *ation as the Secretary shall determine to be rea-*  
14                   *sonable, any real or personal property conveyed*  
15                   *to or otherwise acquired by the Secretary, in*  
16                   *connection with the payment of insurance here-*  
17                   *tofore or hereafter granted under this title, in-*  
18                   *cluding any evidence of debt, contract, claim,*  
19                   *personal property, or security assigned to or held*  
20                   *by him in connection with the payment of insur-*  
21                   *ance heretofore or hereafter granted under this*  
22                   *section; and*

23                   **“(B) pursue to final collection, by way of**  
24                   *compromise or otherwise, all claims assigned to*  
25                   *or held by the Secretary and all legal or equi-*

1           *table rights accruing to the Secretary in connec-*  
2           *tion with the payment of such insurance, includ-*  
3           *ing unpaid insurance premiums owed in connec-*  
4           *tion with insurance made available by this title.*

5           “(2) *ADVERTISEMENTS FOR PROPOSALS.*—*Sec-*  
6           *tion 3709 of the Revised Statutes shall not be con-*  
7           *strued to apply to any contract of hazard insurance*  
8           *or to any purchase or contract for services or supplies*  
9           *on account of such property if the amount thereof does*  
10          *not exceed \$25,000.*

11          “(3) *DELEGATION OF AUTHORITY.*—*The power to*  
12          *convey and to execute in the name of the Secretary,*  
13          *deeds of conveyance, deeds of release, assignments and*  
14          *satisfactions of mortgages, and any other written in-*  
15          *strument relating to real or personal property or any*  
16          *interest therein heretofore or hereafter acquired by the*  
17          *Secretary pursuant to the provisions of this title may*  
18          *be exercised by an officer appointed by the Secretary*  
19          *without the execution of any express delegation of*  
20          *power or power of attorney. Nothing in this sub-*  
21          *section shall be construed to prevent the Secretary*  
22          *from delegating such power by order or by power of*  
23          *attorney, in the Secretary’s discretion, to any officer*  
24          *or agent the Secretary may appoint.”.*

1 **SEC. 148. REVISION OF UNDERWRITING CRITERIA.**

2 (a) *IN GENERAL.*—Subsection (b) of section 2 of the  
3 *National Housing Act (12 U.S.C. 1703(b))*, as amended by  
4 *the preceding provisions of this title*, is further amended  
5 *by adding at the end the following new paragraph:*

6 “(10) *FINANCIAL SOUNDNESS OF MANUFACTURED*  
7 *HOUSING PROGRAM.*—The Secretary shall establish  
8 *such underwriting criteria for loans and advances of*  
9 *credit in connection with a manufactured home or a*  
10 *lot on which to place a manufactured home (or both),*  
11 *including such loans and advances represented by ob-*  
12 *ligations purchased by financial institutions, as may*  
13 *be necessary to ensure that the program under this*  
14 *title for insurance for financial institutions against*  
15 *losses from such loans, advances of credit, and pur-*  
16 *chases is financially sound.”.*

17 (b) *TIMING.*—Not later than the expiration of the 6-  
18 *month period beginning on the date of the enactment of this*  
19 *title, the Secretary of Housing and Urban Development*  
20 *shall revise the existing underwriting criteria for the pro-*  
21 *gram referred to in paragraph (10) of section 2(b) of the*  
22 *National Housing Act (as added by subsection (a) of this*  
23 *section) in accordance with the requirements of such para-*  
24 *graph.*

1 **SEC. 149. PROHIBITION AGAINST KICKBACKS AND UN-**  
2 **EARNED FEES.**

3 *Title I of the National Housing Act is amended by*  
4 *adding at the end of section 9 the following new section:*

5 **“SEC. 10. PROHIBITION AGAINST KICKBACKS AND UN-**  
6 **EARNED FEES.**

7 *“(a) IN GENERAL.—Except as provided in subsection*  
8 *(b), the provisions of sections 3, 8, 16, 17, 18, and 19 of*  
9 *the Real Estate Settlement Procedures Act of 1974 (12*  
10 *U.S.C. 2601 et seq.) shall apply to each sale of a manufac-*  
11 *tured home financed with an FHA-insured loan or exten-*  
12 *sion of credit, as well as to services rendered in connection*  
13 *with such transactions.*

14 *“(b) AUTHORITY OF THE SECRETARY.—The Secretary*  
15 *is authorized to determine the manner and extent to which*  
16 *the provisions of sections 3, 8, 16, 17, 18, and 19 of the*  
17 *Real Estate Settlement Procedures Act of 1974 (12 U.S.C.*  
18 *2601 et seq.) may reasonably be applied to the transactions*  
19 *described in subsection (a), and to grant such exemptions*  
20 *as may be necessary to achieve the purposes of this section.*

21 *“(c) DEFINITIONS.—For purposes of this section—*

22 *“(1) the term ‘federally related mortgage loan’ as*  
23 *used in sections 3, 8, 16, 17, 18, and 19 of the Real*  
24 *Estate Settlement Procedures Act of 1974 (12 U.S.C.*  
25 *2601 et seq.) shall include an FHA-insured loan or*  
26 *extension of credit made to a borrower for the purpose*

1       of purchasing a manufactured home that the borrower  
2       intends to occupy as a personal residence; and

3               “(2) the term ‘real estate settlement service’ as  
4       used in sections 3, 8, 16, 17, 18, and 19 of the Real  
5       Estate Settlement Procedures Act of 1974 (12 U.S.C.  
6       2601 et seq.) shall include any service rendered in  
7       connection with a loan or extension of credit insured  
8       by the Federal Housing Administration for the pur-  
9       chase of a manufactured home.

10       “(d) *UNFAIR AND DECEPTIVE PRACTICES.*—In connec-  
11       tion with the purchase of a manufactured home financed  
12       with a loan or extension of credit insured by the Federal  
13       Housing Administration under this title, the Secretary  
14       shall prohibit acts or practices in connection with loans or  
15       extensions of credit that the Secretary finds to be unfair,  
16       deceptive, or otherwise not in the interests of the borrower.”.

17       **SEC. 150. LEASEHOLD REQUIREMENTS.**

18       Subsection (b) of section 2 of the National Housing  
19       Act (12 U.S.C. 1703(b)), as amended by the preceding pro-  
20       visions of this title, is further amended by adding at the  
21       end the following new paragraph:

22               “(11) *LEASEHOLD REQUIREMENTS.*—No insur-  
23       ance shall be granted under this section to any such  
24       financial institution with respect to any obligation  
25       representing any such loan, advance of credit, or pur-

1 *chase by it, made for the purposes of financing a*  
2 *manufactured home which is intended to be situated*  
3 *in a manufactured home community pursuant to a*  
4 *lease, unless such lease—*

5 *“(A) expires not less than 3 years after the*  
6 *origination date of the obligation;*

7 *“(B) is renewable upon the expiration of the*  
8 *original 3 year term by successive 1 year terms;*  
9 *and*

10 *“(C) requires the lessor to provide the lessee*  
11 *written notice of termination of the lease not less*  
12 *than 180 days prior to the expiration of the cur-*  
13 *rent lease term in the event the lessee is required*  
14 *to move due to the closing of the manufactured*  
15 *home community, and further provides that fail-*  
16 *ure to provide such notice to the mortgagor in a*  
17 *timely manner will cause the lease term, at its*  
18 *expiration, to automatically renew for an addi-*  
19 *tional 1 year term.”.*

1 **TITLE II—MORTGAGE FORE-**  
2 **CLOSURE PROTECTIONS FOR**  
3 **SERVICEMEMBERS**

4 **SEC. 201. TEMPORARY INCREASE IN MAXIMUM LOAN GUAR-**  
5 **ANTY AMOUNT FOR CERTAIN HOUSING**  
6 **LOANS GUARANTEED BY THE SECRETARY OF**  
7 **VETERANS AFFAIRS.**

8 *Notwithstanding subparagraph (C) of section*  
9 *3703(a)(1) of title 38, United States Code, for purposes of*  
10 *any loan described in subparagraph (A)(i)(IV) of such sec-*  
11 *tion that is originated during the period beginning on the*  
12 *date of the enactment of this Act and ending on December*  
13 *31, 2008, the term “maximum guaranty amount” shall*  
14 *mean an amount equal to 25 percent of the higher of—*

15 *(1) the limitation determined under section*  
16 *305(a)(2) of the Federal Home Loan Mortgage Cor-*  
17 *poration Act (12 U.S.C. 1454(a)(2)) for the calendar*  
18 *year in which the loan is originated for a single-fam-*  
19 *ily residence; or*

20 *(2) 125 percent of the area median price for a*  
21 *single-family residence, but in no case to exceed 175*  
22 *percent of the limitation determined under such sec-*  
23 *tion 305(a)(2) for the calendar year in which the loan*  
24 *is originated for a single-family residence.*

1 **SEC. 202. COUNSELING ON MORTGAGE FORECLOSURES FOR**  
2 **MEMBERS OF THE ARMED FORCES RETURN-**  
3 **ING FROM SERVICE ABROAD.**

4 (a) *IN GENERAL.*—*The Secretary of Defense shall de-*  
5 *velop and implement a program to advise members of the*  
6 *Armed Forces (including members of the National Guard*  
7 *and Reserve) who are returning from service on active duty*  
8 *abroad (including service in Operation Iraqi Freedom and*  
9 *Operation Enduring Freedom) on actions to be taken by*  
10 *such members to prevent or forestall mortgage foreclosures.*

11 (b) *ELEMENTS.*—*The program required by subsection*  
12 *(a) shall include the following:*

13 (1) *Credit counseling.*

14 (2) *Home mortgage counseling.*

15 (3) *Such other counseling and information as the*  
16 *Secretary considers appropriate for purposes of the*  
17 *program.*

18 (c) *TIMING OF PROVISION OF COUNSELING.*—*Coun-*  
19 *seling and other information under the program required*  
20 *by subsection (a) shall be provided to a member of the*  
21 *Armed Forces covered by the program as soon as practicable*  
22 *after the return of the member from service as described in*  
23 *subsection (a).*

1 **SEC. 203. ENHANCEMENT OF PROTECTIONS FOR**  
2 **SERVICEMEMBERS RELATING TO MORTGAGES**  
3 **AND MORTGAGE FORECLOSURES.**

4 (a) *EXTENSION OF PERIOD OF PROTECTIONS AGAINST*  
5 *MORTGAGE FORECLOSURES.—*

6 (1) *EXTENSION OF PROTECTION PERIOD.—Sub-*  
7 *section (c) of section 303 of the Servicemembers Civil*  
8 *Relief Act (50 U.S.C. App. 533) is amended by strik-*  
9 *ing “90 days” and inserting “9 months”.*

10 (2) *EXTENSION OF STAY OF PROCEEDINGS PE-*  
11 *RIOD.—Subsection (b) of such section is amended by*  
12 *striking “90 days” and inserting “9 months”.*

13 (b) *TREATMENT OF MORTGAGES AS OBLIGATIONS*  
14 *SUBJECT TO INTEREST RATE LIMITATION.—Section 207 of*  
15 *the Servicemembers Civil Relief Act (50 U.S.C. App. 527)*  
16 *is amended—*

17 (1) *in subsection (a)(1), by striking “in excess of*  
18 *6 percent” the second place it appears and all that*  
19 *follows and inserting “in excess of 6 percent—*

20 *“(A) during the period of military service*  
21 *and one year thereafter, in the case of an obliga-*  
22 *tion or liability consisting of a mortgage, trust*  
23 *deed, or other security in the nature of a mort-*  
24 *gage; or*

1           “(B) during the period of military service,  
2           in the case of any other obligation or liability.”;  
3           and

4           (2) by striking subsection (d) and inserting the  
5           following new subsection:

6           “(d) *DEFINITIONS.—In this section:*

7           “(1) *INTEREST.—The term ‘interest’ includes*  
8           *service charges, renewal charges, fees, or any other*  
9           *charges (except bona fide insurance) with respect to*  
10           *an obligation or liability.*

11           “(2) *OBLIGATION OR LIABILITY.—The term ‘obli-*  
12           *gation or liability’ includes an obligation or liability*  
13           *consisting of a mortgage, trust deed, or other security*  
14           *in the nature of a mortgage.”.*

15           (c) *EFFECTIVE DATE; SUNSET.—*

16           (1) *EFFECTIVE DATE.—The amendment made by*  
17           *subsection (a) shall take effect on the date of the en-*  
18           *actment of this Act.*

19           (2) *SUNSET.—The amendments made by sub-*  
20           *section (a) shall expire on December 31, 2010. Effec-*  
21           *tive January 1, 2011, the provisions of subsections (b)*  
22           *and (c) of section 303 of the Servicemembers Civil Re-*  
23           *lief Act, as in effect on the day before the date of the*  
24           *enactment of this Act, are hereby revived.*

1 **TITLE III—EMERGENCY ASSIST-**  
2 **ANCE FOR THE REDEVELOP-**  
3 **MENT OF ABANDONED AND**  
4 **FORECLOSED HOMES**

5 **SEC. 301. EMERGENCY ASSISTANCE FOR THE REDEVELOP-**  
6 **MENT OF ABANDONED AND FORECLOSED**  
7 **HOMES.**

8 (a) *DIRECT APPROPRIATIONS.*—*There are appro-*  
9 *priated out of any money in the Treasury not otherwise*  
10 *appropriated for the fiscal year 2008, \$4,000,000,000, to*  
11 *remain available until expended, for assistance to States*  
12 *and units of general local government (as such terms are*  
13 *defined in section 102 of the Housing and Community De-*  
14 *velopment Act of 1974 (42 U.S.C. 5302)) for the redevelop-*  
15 *ment of abandoned and foreclosed upon homes and residen-*  
16 *tial properties.*

17 (b) *ALLOCATION OF APPROPRIATED AMOUNTS.*—

18 (1) *IN GENERAL.*—*The amounts appropriated or*  
19 *otherwise made available to States and units of gen-*  
20 *eral local government under this section shall be allo-*  
21 *cated based on a funding formula established by the*  
22 *Secretary of Housing and Urban Development (in*  
23 *this title referred to as the “Secretary”).*

24 (2) *FORMULA TO BE DEVISED SWIFTLY.*—*The*  
25 *funding formula required under paragraph (1) shall*

1 *be established not later than 60 days after the date of*  
2 *enactment of this section.*

3 (3) *CRITERIA.—The funding formula required*  
4 *under paragraph (1) shall ensure that any amounts*  
5 *appropriated or otherwise made available under this*  
6 *section are allocated to States and units of general*  
7 *local government with the greatest need, as such need*  
8 *is determined in the discretion of the Secretary based*  
9 *on—*

10 (A) *the number and percentage of home*  
11 *foreclosures in each State or unit of general local*  
12 *government;*

13 (B) *the number and percentage of homes fi-*  
14 *nanced by a subprime mortgage related loan in*  
15 *each State or unit of general local government;*  
16 *and*

17 (C) *the number and percentage of homes in*  
18 *default or delinquency in each State or unit of*  
19 *general local government.*

20 (4) *DISTRIBUTION.—Amounts appropriated or*  
21 *otherwise made available under this section shall be*  
22 *distributed according to the funding formula estab-*  
23 *lished by the Secretary under paragraph (1) not later*  
24 *than 30 days after the establishment of such formula.*

25 (c) *USE OF FUNDS.—*

1           (1) *IN GENERAL.*—Any State or unit of general  
2 local government that receives amounts pursuant to  
3 this section shall, not later than 18 months after the  
4 receipt of such amounts, use such amounts to pur-  
5 chase and redevelop abandoned and foreclosed homes  
6 and residential properties.

7           (2) *PRIORITY.*—Any State or unit of general  
8 local government that receives amounts pursuant to  
9 this section shall in distributing such amounts give  
10 priority emphasis and consideration to those metro-  
11 politan areas, metropolitan cities, urban areas, rural  
12 areas, low- and moderate-income areas, and other  
13 areas with the greatest need, including those—

14                   (A) with the greatest percentage of home  
15 foreclosures;

16                   (B) with the highest percentage of homes fi-  
17 nanced by a subprime mortgage related loan;  
18 and

19                   (C) identified by the State or unit of gen-  
20 eral local government as likely to face a signifi-  
21 cant rise in the rate of home foreclosures.

22           (3) *ELIGIBLE USES.*—Amounts made available  
23 under this section may be used to—

24                   (A) establish financing mechanisms for pur-  
25 chase and redevelopment of foreclosed upon

1           *homes and residential properties, including such*  
2           *mechanisms as soft-seconds, loan loss reserves,*  
3           *and shared-equity loans for low- and moderate-*  
4           *income homebuyers;*

5           *(B) purchase and rehabilitate homes and*  
6           *residential properties that have been abandoned*  
7           *or foreclosed upon, in order to sell, rent, or rede-*  
8           *velop such homes and properties;*

9           *(C) establish land banks for homes that have*  
10          *been foreclosed upon; and*

11          *(D) demolish blighted structures.*

12        *(d) LIMITATIONS.—*

13           *(1) ON PURCHASES.—Any purchase of a fore-*  
14           *closed upon home or residential property under this*  
15           *section shall be at a discount from the current market*  
16           *appraised value of the home or property, taking into*  
17           *account its current condition, and such discount shall*  
18           *ensure that purchasers are paying below-market value*  
19           *for the home or property.*

20           *(2) SALE OF HOMES.—If an abandoned or fore-*  
21           *closed upon home or residential property is pur-*  
22           *chased, redeveloped, or otherwise sold to an individual*  
23           *as a primary residence, then such sale shall be in an*  
24           *amount equal to or less than the cost to acquire and*

1        *redevelop or rehabilitate such home or property up to*  
2        *a decent, safe, and habitable condition.*

3            (3) *REINVESTMENT OF PROFITS.—*

4                    (A) *PROFITS FROM SALES, RENTALS, AND*  
5                    *REDEVELOPMENT.—*

6                            (i) *5-YEAR REINVESTMENT PERIOD.—*

7                    *During the 5-year period following the date*  
8                    *of enactment of this Act, any revenue gen-*  
9                    *erated from the sale, rental, redevelopment,*  
10                   *rehabilitation, or any other eligible use that*  
11                   *is in excess of the cost to acquire and rede-*  
12                   *velop (including reasonable development*  
13                   *fees) or rehabilitate an abandoned or fore-*  
14                   *closed upon home or residential property*  
15                   *shall be provided to and used by the State*  
16                   *or unit of general local government in ac-*  
17                   *cordance with, and in furtherance of, the*  
18                   *intent and provisions of this section.*

19                            (ii) *DEPOSITS IN THE TREASURY.—*

20                            (I) *PROFITS.—Upon the expira-*  
21                            *tion of the 5-year period set forth*  
22                            *under clause (i), any revenue generated*  
23                            *from the sale, rental, redevelopment,*  
24                            *rehabilitation, or any other eligible use*  
25                            *that is in excess of the cost to acquire*

1           *and redevelop (including reasonable*  
2           *development fees) or rehabilitate an*  
3           *abandoned or foreclosed upon home or*  
4           *residential property shall be deposited*  
5           *in the Treasury of the United States as*  
6           *miscellaneous receipts, unless the Sec-*  
7           *retary approves a request to use the*  
8           *funds for purposes under this Act.*

9                         *(II) OTHER AMOUNTS.—Upon the*  
10           *expiration of the 5-year period set*  
11           *forth under clause (i), any other rev-*  
12           *enue not described under subclause (I)*  
13           *generated from the sale, rental, redev-*  
14           *opment, rehabilitation, or any other el-*  
15           *igible use of an abandoned or foreclosed*  
16           *upon home or residential property*  
17           *shall be deposited in the Treasury of*  
18           *the United States as miscellaneous re-*  
19           *ceipts.*

20                         *(B) OTHER REVENUES.—Any revenue gen-*  
21           *erated under subparagraphs (A), (C) or (D) of*  
22           *subsection (c)(3) shall be provided to and used by*  
23           *the State or unit of general local government in*  
24           *accordance with, and in furtherance of, the in-*  
25           *tent and provisions of this section.*

1       (e) *RULES OF CONSTRUCTION.*—

2           (1) *IN GENERAL.*—*Except as otherwise provided*  
3 *by this section, amounts appropriated, revenues gen-*  
4 *erated, or amounts otherwise made available to States*  
5 *and units of general local government under this sec-*  
6 *tion shall be treated as though such funds were com-*  
7 *munity development block grant funds under title I of*  
8 *the Housing and Community Development Act of*  
9 *1974 (42 U.S.C. 5301 et seq.).*

10          (2) *NO MATCH.*—*No matching funds shall be re-*  
11 *quired in order for a State or unit of general local*  
12 *government to receive any amounts under this section.*

13       (f) *AUTHORITY TO SPECIFY ALTERNATIVE REQUIRE-*  
14 *MENTS.*—

15           (1) *IN GENERAL.*—*In administering any*  
16 *amounts appropriated or otherwise made available*  
17 *under this section, the Secretary may specify alter-*  
18 *native requirements to any provision under title I of*  
19 *the Housing and Community Development Act of*  
20 *1974 (except for those related to fair housing, non-*  
21 *discrimination, labor standards, and the environ-*  
22 *ment) in accordance with the terms of this section*  
23 *and for the sole purpose of expediting the use of such*  
24 *funds.*

1           (2) *NOTICE.*—*The Secretary shall provide writ-*  
2           *ten notice of its intent to exercise the authority to*  
3           *specify alternative requirements under paragraph (1)*  
4           *to the Committee on Banking, Housing and Urban*  
5           *Affairs of the Senate and the Committee on Financial*  
6           *Services of the House of Representatives not later*  
7           *than 10 business days before such exercise of author-*  
8           *ity is to occur.*

9           (3) *LOW AND MODERATE INCOME REQUIRE-*  
10          *MENT.*—

11           (A) *IN GENERAL.*—*Notwithstanding the au-*  
12          *thority of the Secretary under paragraph (1)—*

13           (i) *all of the funds appropriated or*  
14          *otherwise made available under this section*  
15          *shall be used with respect to individuals*  
16          *and families whose income does not exceed*  
17          *120 percent of area median income; and*

18           (ii) *not less than 25 percent of the*  
19          *funds appropriated or otherwise made*  
20          *available under this section shall be used for*  
21          *the purchase and redevelopment of aban-*  
22          *doned or foreclosed upon homes or residen-*  
23          *tial properties that will be used to house in-*  
24          *dividuals or families whose incomes do not*  
25          *exceed 50 percent of area median income.*



1 *less eminent domain is employed only for a public use: Pro-*  
2 *vided, That for purposes of this section, public use shall not*  
3 *be construed to include economic development that pri-*  
4 *marily benefits private entities.*

5 **SEC. 304. LIMITATION ON DISTRIBUTION OF FUNDS.**

6 (a) *IN GENERAL.—None of the funds made available*  
7 *under this title or title IV shall be distributed to—*

8 (1) *an organization which has been indicted for*  
9 *a violation under Federal law relating to an election*  
10 *for Federal office; or*

11 (2) *an organization which employs applicable*  
12 *individuals.*

13 (b) *APPLICABLE INDIVIDUALS DEFINED.—In this sec-*  
14 *tion, the term “applicable individual” means an individual*  
15 *who—*

16 (1) *is—*

17 (A) *employed by the organization in a per-*  
18 *manent or temporary capacity;*

19 (B) *contracted or retained by the organiza-*  
20 *tion; or*

21 (C) *acting on behalf of, or with the express*  
22 *or apparent authority of, the organization; and*

23 (2) *has been indicted for a violation under Fed-*  
24 *eral law relating to an election for Federal office.*

1 **SEC. 305. COUNSELING INTERMEDIARIES.**

2       *Notwithstanding any other provision of this Act, the*  
3 *amount appropriated under section 301(a) of this Act shall*  
4 *be \$3,920,000,000 and the amount appropriated under sec-*  
5 *tion 401 of this Act shall be \$180,000,000: Provided, That*  
6 *of amounts appropriated under such section 401*  
7 *\$30,000,000 shall be used by the Neighborhood Reinvestment*  
8 *Corporation (referred to in this section as the “NRC”) to*  
9 *make grants to counseling intermediaries approved by the*  
10 *Department of Housing and Urban Development or the*  
11 *NRC to hire attorneys to assist homeowners who have legal*  
12 *issues directly related to the homeowner’s foreclosure, delin-*  
13 *quency or short sale. Such attorneys shall be capable of as-*  
14 *sisting homeowners of owner-occupied homes with mort-*  
15 *gages in default, in danger of default, or subject to or at*  
16 *risk of foreclosure and who have legal issues that cannot*  
17 *be handled by counselors already employed by such inter-*  
18 *mediaries: Provided, That of the amounts provided for in*  
19 *the prior provisos the NRC shall give priority consideration*  
20 *to counseling intermediaries and legal organizations that*  
21 *(1) provide legal assistance in the 100 metropolitan statis-*  
22 *tical areas (as defined by the Director of the Office of Man-*  
23 *agement and Budget) with the highest home foreclosure*  
24 *rates, and (2) have the capacity to begin using the financial*  
25 *assistance within 90 days after receipt of the assistance:*  
26 *Provided further, That no funds provided under this Act*

1 *shall be used to provide, obtain, or arrange on behalf of*  
2 *a homeowner, legal representation involving or for the pur-*  
3 *poses of civil litigation.*

4                   **TITLE IV—HOUSING**  
5                   **COUNSELING RESOURCES**

6 **SEC. 401. HOUSING COUNSELING RESOURCES.**

7           *There are appropriated out of any money in the Treas-*  
8 *ury not otherwise appropriated for the fiscal year 2008, for*  
9 *an additional amount for the “Neighborhood Reinvestment*  
10 *Corporation—Payment to the Neighborhood Reinvestment*  
11 *Corporation” \$100,000,000, to remain available until Sep-*  
12 *tember 30, 2008, for foreclosure mitigation activities under*  
13 *the terms and conditions contained in the second undesig-*  
14 *nated paragraph (beginning with the phrase “For an addi-*  
15 *tional amount”) under the heading “Neighborhood Rein-*  
16 *vestment Corporation—Payment to the Neighborhood Rein-*  
17 *vestment Corporation” of Public Law 110–161.*

18 **SEC. 402. CREDIT COUNSELING.**

19           *(a) IN GENERAL.—Entities approved by the Neighbor-*  
20 *hood Reinvestment Corporation or the Secretary and State*  
21 *housing finance entities receiving funds under this title*  
22 *shall work to identify and coordinate with non-profit orga-*  
23 *nizations operating national or statewide toll-free fore-*  
24 *closure prevention hotlines, including those that—*

1           (1) *serve as a consumer referral source and data*  
2           *repository for borrowers experiencing some form of de-*  
3           *linquency or foreclosure;*

4           (2) *connect callers with local housing counseling*  
5           *agencies approved by the Neighborhood Reinvestment*  
6           *Corporation or the Secretary to assist with working*  
7           *out a positive resolution to their mortgage delin-*  
8           *quency or foreclosure; or*

9           (3) *facilitate or offer free assistance to help*  
10          *homeowners to understand their options, negotiate so-*  
11          *lutions, and find the best resolution for their par-*  
12          *ticular circumstances.*

13 **TITLE V—MORTGAGE DISCLO-**  
14 **SURE IMPROVEMENT ACT**

15 **SEC. 501. SHORT TITLE.**

16          *This title may be cited as the “Mortgage Disclosure*  
17 *Improvement Act of 2008”.*

18 **SEC. 502. ENHANCED MORTGAGE LOAN DISCLOSURES.**

19          (a) *TRUTH IN LENDING ACT DISCLOSURES.—Section*  
20 *128(b)(2) of the Truth in Lending Act (15 U.S.C.*  
21 *1638(b)(2)) is amended—*

22           (1) *by inserting “(A)” before “In the”;*

23           (2) *by striking “a residential mortgage trans-*  
24 *action, as defined in section 103(w)” and inserting*

1       *“any extension of credit that is secured by the dwell-*  
2       *ing of a consumer”;*

3             *(3) by striking “before the credit is extended, or”;*

4             *(4) by inserting “, which shall be at least 7 busi-*  
5       *ness days before consummation of the transaction”*  
6       *after “written application”;*

7             *(5) by striking “, whichever is earlier”; and*

8             *(6) by striking “If the” and all that follows*  
9       *through the end of the paragraph and inserting the*  
10       *following:*

11            *“(B) In the case of an extension of credit that is*  
12       *secured by the dwelling of a consumer, the disclosures*  
13       *provided under subparagraph (A), shall be in addi-*  
14       *tion to the other disclosures required by subsection*  
15       *(a), and shall—*

16            *“(i) state in conspicuous type size and for-*  
17       *mat, the following: ‘You are not required to com-*  
18       *plete this agreement merely because you have re-*  
19       *ceived these disclosures or signed a loan applica-*  
20       *tion.’; and*

21            *“(ii) be provided in the form of final disclo-*  
22       *tures at the time of consummation of the trans-*  
23       *action, in the form and manner prescribed by*  
24       *this section.*

1           “(C) In the case of an extension of credit that is  
2           secured by the dwelling of a consumer, under which  
3           the annual rate of interest is variable, or with respect  
4           to which the regular payments may otherwise be vari-  
5           able, in addition to the other disclosures required by  
6           subsection (a), the disclosures provided under this  
7           subsection shall do the following:

8                   “(i) Label the payment schedule as follows:  
9                   ‘Payment Schedule: Payments Will Vary Based  
10                  on Interest Rate Changes’.

11                  “(ii) State in conspicuous type size and for-  
12                  mat examples of adjustments to the regular re-  
13                  quired payment on the extension of credit based  
14                  on the change in the interest rates specified by  
15                  the contract for such extension of credit. Among  
16                  the examples required to be provided under this  
17                  clause is an example that reflects the maximum  
18                  payment amount of the regular required pay-  
19                  ments on the extension of credit, based on the  
20                  maximum interest rate allowed under the con-  
21                  tract, in accordance with the rules of the Board.  
22                  Prior to issuing any rules pursuant to this  
23                  clause, the Board shall conduct consumer testing  
24                  to determine the appropriate format for pro-  
25                  viding the disclosures required under this sub-

1           *paragraph to consumers so that such disclosures*  
2           *can be easily understood.*

3           “(D) *In any case in which the disclosure state-*  
4           *ment under subparagraph (A) contains an annual*  
5           *percentage rate of interest that is no longer accurate,*  
6           *as determined under section 107(c), the creditor shall*  
7           *furnish an additional, corrected statement to the bor-*  
8           *rower, not later than 3 business days before the date*  
9           *of consummation of the transaction.*

10           “(E) *The consumer shall receive the disclosures*  
11           *required under this paragraph before paying any fee*  
12           *to the creditor or other person in connection with the*  
13           *consumer’s application for an extension of credit that*  
14           *is secured by the dwelling of a consumer. If the disclo-*  
15           *tures are mailed to the consumer, the consumer is*  
16           *considered to have received them 3 business days after*  
17           *they are mailed. A creditor or other person may im-*  
18           *pose a fee for obtaining the consumer’s credit report*  
19           *before the consumer has received the disclosures under*  
20           *this paragraph, provided the fee is bona fide and rea-*  
21           *sonable in amount.*

22           “(F) *WAIVER OF TIMELINESS OF DISCLO-*  
23           *SURES.—To expedite consummation of a transaction,*  
24           *if the consumer determines that the extension of credit*  
25           *is needed to meet a bona fide personal financial emer-*

1     *gency, the consumer may waive or modify the timing*  
2     *requirements for disclosures under subparagraph (A),*  
3     *provided that—*

4             *“(i) the term ‘bona fide personal emergency’*  
5             *may be further defined in regulations issued by*  
6             *the Board;*

7             *“(ii) the consumer provides to the creditor*  
8             *a dated, written statement describing the emer-*  
9             *gency and specifically waiving or modifying*  
10            *those timing requirements, which statement shall*  
11            *bear the signature of all consumers entitled to re-*  
12            *ceive the disclosures required by this paragraph;*  
13            *and*

14            *“(iii) the creditor provides to the consumers*  
15            *at or before the time of such waiver or modifica-*  
16            *tion, the final disclosures required by paragraph*  
17            *(1).*

18            *“(G) The requirements of subparagraphs (B),*  
19            *(C), (D) and (E) shall not apply to extensions of*  
20            *credit relating to plans described in section 101(53D)*  
21            *of title 11, United States Code.”.*

22     **(b) CIVIL LIABILITY.**—*Section 130(a) of the Truth in*  
23     *Lending Act (15 U.S.C. 1640(a)) is amended—*

1           (1) in paragraph (2)(A)(iii), by striking “not  
2           less than \$200 or greater than \$2,000” and inserting  
3           “not less than \$400 or greater than \$4,000”; and

4           (2) in the penultimate sentence of the undesignated  
5           matter following paragraph (4)—

6                   (A) by inserting “or section  
7                   128(b)(2)(C)(ii),” after “128(a),”; and

8                   (B) by inserting “or section  
9                   128(b)(2)(C)(ii)” before the period.

10          (c) *EFFECTIVE DATES.*—

11           (1) *GENERAL DISCLOSURES.*—Except as provided in paragraph (2), the amendments made by  
12           subsection (a) shall become effective 12 months after  
13           the date of enactment of this Act.  
14

15           (2) *VARIABLE INTEREST RATES.*—Subparagraph  
16           (C) of section 128(b)(2) of the Truth in Lending Act  
17           (15 U.S.C. 1638(b)(2)(C)), as added by subsection (a)  
18           of this section, shall become effective on the earlier  
19           of—

20                   (A) the compliance date established by the  
21                   Board for such purpose, by regulation; or

22                   (B) 30 months after the date of enactment  
23                   of this Act.

1 **SEC. 503. COMMUNITY DEVELOPMENT INVESTMENT AU-**  
2 **THORITY FOR DEPOSITORY INSTITUTIONS.**

3 (a) *DEPOSITORY INSTITUTION COMMUNITY DEVELOP-*  
4 *MENT INVESTMENTS.*—

5 (1) *NATIONAL BANKS.*—*The first sentence of the*  
6 *paragraph designated as the “Eleventh” of section*  
7 *5136 of the Revised Statutes of the United States (12*  
8 *U.S.C. 24) (as amended by section 305(a) of the Fi-*  
9 *nancial Services Regulatory Relief Act of 2006) is*  
10 *amended by striking “promotes the public welfare by*  
11 *benefitting primarily” and inserting “is designed pri-*  
12 *marily to promote the public welfare, including the*  
13 *welfare of”.*

14 (2) *STATE MEMBER BANKS.*—*The first sentence*  
15 *of the 23rd paragraph of section 9 of the Federal Re-*  
16 *serve Act (12 U.S.C. 338a) is amended by striking*  
17 *“promotes the public welfare by benefitting pri-*  
18 *marily” and inserting “is designed primarily to pro-*  
19 *mote the public welfare, including the welfare of”.*

20 **SEC. 504. FEDERAL HOME LOAN BANK REFINANCING AU-**  
21 **THORITY FOR CERTAIN RESIDENTIAL MORT-**  
22 **GAGE LOANS.**

23 *Section 10(j)(2) of the Federal Home Loan Bank Act*  
24 *(12 U.S.C. 1430(j)(2) is amended—*

25 (1) *in subparagraph (A), by striking “or” at the*  
26 *end;*

1           (2) *in subparagraph (B), by striking the period*  
 2 *at the end and inserting “; or”; and*

3           (3) *by adding at the end the following:*

4                   “(C) *during the 2-year period beginning on*  
 5 *the date of enactment of this subparagraph, refi-*  
 6 *nance loans that are secured by a first mortgage*  
 7 *on a primary residence of any family having an*  
 8 *income at or below 80 percent of the median in-*  
 9 *come for the area.”.*

10           **TITLE VI—TAX-RELATED**  
 11                   **PROVISIONS**

12   **SEC. 601. ELECTION FOR 4-YEAR CARRYBACK OF CERTAIN**  
 13                   **NET OPERATING LOSSES AND TEMPORARY**  
 14                   **SUSPENSION OF 90 PERCENT AMT LIMIT.**

15           (a) *IN GENERAL.—*

16                   (1) *4-YEAR CARRYBACK OF CERTAIN LOSSES.—*  
 17 *Subparagraph (H) of section 172(b)(1) of the Internal*  
 18 *Revenue Code of 1986 (relating to years to which loss*  
 19 *may be carried) is amended to read as follows:*

20                           “(H) *ADDITIONAL CARRYBACK OF CERTAIN*  
 21 *LOSSES.—*

22                                   “(i) *TAXABLE YEARS ENDING DURING*  
 23 *2001 AND 2002.—In the case of a net oper-*  
 24 *ating loss for any taxable year ending dur-*  
 25 *ing 2001 or 2002, subparagraph (A)(i) shall*

1           *be applied by substituting ‘5’ for ‘2’ and*  
2           *subparagraph (F) shall not apply.*

3           “(i) *TAXABLE YEARS ENDING DURING*  
4           *2008 AND 2009.—In the case of a net oper-*  
5           *ating loss with respect to any eligible tax-*  
6           *payer (within the meaning of section*  
7           *168(k)(4)) for any taxable year ending dur-*  
8           *ing 2008 or 2009—*

9                   “(I) *subparagraph (A)(i) shall be*  
10                  *applied by substituting ‘4’ for ‘2’,*

11                   “(II) *subparagraph (E)(ii) shall*  
12                  *be applied by substituting ‘3’ for ‘2’,*  
13                  *and*

14                   “(III) *subparagraph (F) shall not*  
15                  *apply.”.*

16           (2) *TEMPORARY SUSPENSION OF 90 PERCENT*  
17           *LIMIT ON CERTAIN NOL CARRYBACKS AND*  
18           *CARRYOVERS.—*

19                   (A) *IN GENERAL.—Section 56(d) of the In-*  
20                  *ternal Revenue Code of 1986 (relating to defini-*  
21                  *tion of alternative tax net operating loss deduc-*  
22                  *tion) is amended by adding at the end the fol-*  
23                  *lowing new paragraph:*

24                   “(3) *ADDITIONAL ADJUSTMENTS.—For purposes*  
25                  *of paragraph (1)(A), in the case of an eligible tax-*

1     *payer (within the meaning of section 168(k)(4)), the*  
2     *amount described in subclause (I) of paragraph*  
3     *(1)(A)(ii) shall be increased by the amount of the net*  
4     *operating loss deduction allowable for the taxable year*  
5     *under section 172 attributable to the sum of—*

6             *“(A) carrybacks of net operating losses from*  
7             *taxable years ending during 2008 and 2009, and*

8             *“(B) carryovers of net operating losses to*  
9             *taxable years ending during 2008 or 2009.”.*

10            *(B) CONFORMING AMENDMENT.—Subclause*  
11            *(I) of section 56(d)(1)(A)(i) of such Code is*  
12            *amended by inserting “amount of such” before*  
13            *“deduction described in clause (ii)(I)”.*

14            *(3) EFFECTIVE DATES.—*

15            *(A) NET OPERATING LOSSES.—The amend-*  
16            *ments made by paragraph (1) shall apply to net*  
17            *operating losses arising in taxable years ending*  
18            *in 2008 or 2009.*

19            *(B) SUSPENSION OF AMT LIMITATION.—The*  
20            *amendments made by paragraph (2) shall apply*  
21            *to taxable years ending after December 31, 1997.*

22            *(4) ANTI-ABUSE RULES.—The Secretary of*  
23            *Treasury or the Secretary’s designee shall prescribe*  
24            *such rules as are necessary to prevent the abuse of the*  
25            *purposes of the amendments made by this subsection,*

1 *including anti-stuffing rules, anti-churning rules (in-*  
2 *cluding rules relating to sale-leasebacks), and rules*  
3 *similar to the rules under section 1091 of the Internal*  
4 *Revenue Code of 1986 relating to losses from wash*  
5 *sales.*

6 *(b) ELECTION AMONG STIMULUS INCENTIVES.—*

7 *(1) IN GENERAL.—*

8 *(A) BONUS DEPRECIATION.—Section 168(k)*  
9 *of the Internal Revenue Code of 1986 (relating to*  
10 *special allowance for certain property acquired*  
11 *after December 31, 2007, and before January 1,*  
12 *2009), as amended by the Economic Stimulus*  
13 *Act of 2008, is amended—*

14 *(i) in paragraph (1), by inserting*  
15 *“placed in service by an eligible taxpayer”*  
16 *after “any qualified property”, and*

17 *(ii) by adding at the end the following*  
18 *new paragraph:*

19 *“(4) ELIGIBLE TAXPAYER.—*

20 *“(A) IN GENERAL.—At such time and in*  
21 *such manner as the Secretary shall prescribe,*  
22 *each taxpayer may elect to be an eligible tax-*  
23 *payer with respect to 1 (and only 1) of the fol-*  
24 *lowing:*

1                   “(i) This subsection and section  
2                   179(b)(7).

3                   “(ii) The application of section  
4                   56(d)(1)(A)(ii)(I) and section  
5                   172(b)(1)(H)(ii) in connection with net op-  
6                   erating losses relating to taxable years end-  
7                   ing during 2008 and 2009.

8                   “(B) *ELIGIBLE TAXPAYER*.—For purposes of  
9                   each of the provisions described in subparagraph  
10                  (A), a taxpayer shall only be treated as an eligi-  
11                  ble taxpayer with respect to the provision with  
12                  respect to which the taxpayer made the election  
13                  under subparagraph (A).

14                  “(C) *ELECTION IRREVOCABLE*.—An election  
15                  under subparagraph (A) may not be revoked ex-  
16                  cept with the consent of the Secretary.”.

17                  “(B) *EFFECTIVE DATE*.—The amendments  
18                  made by this paragraph shall take effect as if in-  
19                  cluded in section 103 of the Economic Stimulus  
20                  Act of 2008.

21                  “(2) *ELECTION FOR INCREASED EXPENSING*.—

22                  “(A) *IN GENERAL*.—Paragraph (7) of section  
23                  179(b) of the Internal Revenue Code of 1986 (re-  
24                  lating to limitations), as added by the Economic

1           *Stimulus Act of 2008, is amended to read as fol-*  
2           *lows:*

3           “(7) *SPECIAL RULE FOR ELIGIBLE TAXPAYERS IN*  
4           *2008.—In the case of any taxable year of any eligible*  
5           *taxpayer (within the meaning of section 168(k)(4))*  
6           *beginning in 2008—*

7                   “(A) *the dollar limitation under paragraph*  
8                   *(1) shall be \$250,000,*

9                   “(B) *the dollar limitation under paragraph*  
10                   *(2) shall be \$800,000, and*

11                   “(C) *the amounts described in subpara-*  
12                   *graphs (A) and (B) shall not be adjusted under*  
13                   *paragraph (5).”.*

14                   “(B) *EFFECTIVE DATE.—The amendment*  
15                   *made by this paragraph shall take effect as if in-*  
16                   *cluded in section 102 of the Economic Stimulus*  
17                   *Act of 2008.*

18   **SEC. 602. MODIFICATIONS ON USE OF QUALIFIED MORT-**  
19                   **GAGE BONDS; TEMPORARY INCREASED VOL-**  
20                   **UME CAP FOR CERTAIN HOUSING BONDS.**

21           “(a) *USE OF QUALIFIED MORTGAGE BONDS PROCEEDS*  
22           *FOR SUBPRIME REFINANCING LOANS.—Section 143(k) of*  
23           *the Internal Revenue Code of 1986 (relating to other defini-*  
24           *tions and special rules) is amended by adding at the end*  
25           *the following new paragraph:*

1           “(12) *SPECIAL RULES FOR SUBPRIME*  
2 *REFINANCINGS.*—

3           “(A) *IN GENERAL.*—*Notwithstanding the re-*  
4 *quirements of subsection (i)(1), the proceeds of a*  
5 *qualified mortgage issue may be used to refi-*  
6 *nance a mortgage on a residence which was*  
7 *originally financed by the mortgagor through a*  
8 *qualified subprime loan.*

9           “(B) *SPECIAL RULES.*—*In applying this*  
10 *paragraph to any case in which the proceeds of*  
11 *a qualified mortgage issue are used for any refi-*  
12 *nancing described in subparagraph (A)—*

13           “(i) *subsection (a)(2)(D)(i) (relating to*  
14 *proceeds must be used within 42 months of*  
15 *date of issuance) shall be applied by sub-*  
16 *stituting ‘12-month period’ for ‘42-month*  
17 *period’ each place it appears,*

18           “(ii) *subsection (d) (relating to 3-year*  
19 *requirement) shall not apply, and*

20           “(iii) *subsection (e) (relating to pur-*  
21 *chase price requirement) shall be applied by*  
22 *using the market value of the residence at*  
23 *the time of refinancing in lieu of the acqui-*  
24 *sition cost.*

1           “(C) *QUALIFIED SUBPRIME LOAN.*—*The*  
2           *term ‘qualified subprime loan’ means an adjust-*  
3           *able rate single-family residential mortgage loan*  
4           *originated after December 31, 2001, and before*  
5           *January 1, 2008, that the bond issuer determines*  
6           *would be reasonably likely to cause financial*  
7           *hardship to the borrower if not refinanced.*

8           “(D) *TERMINATION.*—*This paragraph shall*  
9           *not apply to any bonds issued after December*  
10           *31, 2010.”.*

11       (b) *INCREASED VOLUME CAP FOR CERTAIN BONDS.*—

12           (1) *IN GENERAL.*—*Subsection (d) of section 146*  
13           *of the Internal Revenue Code of 1986 (relating to*  
14           *State ceiling) is amended by adding at the end the*  
15           *following new paragraph:*

16           “(5) *INCREASE AND SET ASIDE FOR HOUSING*  
17           *BONDS FOR 2008.*—

18           “(A) *INCREASE FOR 2008.*—*In the case of*  
19           *calendar year 2008, the State ceiling for each*  
20           *State shall be increased by an amount equal to*  
21           *the greater of—*

22                   “(i) *\$10,000,000,000 multiplied by a*  
23                   *fraction—*

24                           “(I) *the numerator of which is the*  
25                           *population of such State, and*

1                   “(II) the denominator of which is  
2                   the total population of all States, or

3                   “(ii) the amount determined under  
4                   subparagraph (B).

5                   “(B) *MINIMUM AMOUNT.*—The amount de-  
6                   termined under this subparagraph is—

7                   “(i) in the case of a State (other than  
8                   a possession), \$90,300,606, and

9                   “(ii) in the case of a possession of the  
10                  United States with a population less than  
11                  the least populous State (other than a pos-  
12                  session), the product of—

13                  “(I) a fraction the numerator of  
14                  which is \$90,300,606 and the denomi-  
15                  nator of which is population of the  
16                  least populous State (other than a pos-  
17                  session), and

18                  “(II) the population of such pos-  
19                  session.

20                  In the case of any possession of the United  
21                  States not described in clause (ii), the  
22                  amount determined under this subpara-  
23                  graph shall be zero.

24                  “(C) *SET ASIDE.*—

1           “(i) *IN GENERAL.*—Any amount of the  
2           State ceiling for any State which is attrib-  
3           utable to an increase under this paragraph  
4           shall be allocated solely for one or more  
5           qualified purposes.

6           “(ii) *QUALIFIED PURPOSE.*—For pur-  
7           poses of this paragraph, the term ‘qualified  
8           purpose’ means—

9                   “(I) the issuance of exempt facil-  
10                  ity bonds used solely to provide quali-  
11                  fied residential rental projects, or

12                  “(II) a qualified mortgage issue  
13                  (determined by substituting ‘12-month  
14                  period’ for ‘42-month period’ each  
15                  place it appears in section  
16                  143(a)(2)(D)(i)).”.

17           (2) *CARRYFORWARD OF UNUSED LIMITATIONS.*—  
18           Subsection (f) of section 146 of such Code (relating to  
19           elective carryforward of unused limitation for speci-  
20           fied purpose) is amended by adding at the end the fol-  
21           lowing new paragraph:

22                   “(6) *SPECIAL RULES FOR INCREASED VOLUME*  
23           *CAP UNDER SUBSECTION (d)(5).*—

1           “(A) *IN GENERAL.*—No amount which is at-  
2           tributable to the increase under subsection (d)(5)  
3           may be used—

4                     “(i) for a carryforward purpose other  
5                     than a qualified purpose (as defined in sub-  
6                     section (d)(5)), and

7                     “(ii) to issue any bond after calendar  
8                     year 2010.

9           “(B) *ORDERING RULES.*—For purposes of  
10           subparagraph (A), any carryforward of an  
11           issuing authority’s volume cap for calendar year  
12           2008 shall be treated as attributable to such in-  
13           crease to the extent of such increase.”.

14           (c) *ALTERNATIVE MINIMUM TAX EXEMPTION FOR*  
15 *QUALIFIED MORTGAGE BONDS, QUALIFIED VETERANS’*  
16 *MORTGAGE BONDS, AND BONDS FOR QUALIFIED RESIDEN-*  
17 *TIAL RENTAL PROJECTS.*—

18                     (1) *IN GENERAL.*—Clause (ii) of section  
19                     57(a)(5)(C) of the Internal Revenue Code of 1986 (re-  
20                     lating to specified private activity bonds) is amended  
21                     by striking “shall not include” and all that follows  
22                     and inserting “shall not include—

23                             “(I) any qualified 501(c)(3) bond  
24                             (as defined in section 145), or

1                   “(II) any qualified mortgage bond  
2                   (as defined in section 143(a)), any  
3                   qualified veterans’ mortgage bond (as  
4                   defined in section 143(b)), or any ex-  
5                   empt facility bond (as defined in sec-  
6                   tion 142(a)) issued as part of an issue  
7                   95 percent or more of the net proceeds  
8                   of which are to be used to provide  
9                   qualified residential rental projects (as  
10                  defined in section 142(d)), but only if  
11                  such bond is issued after the date of the  
12                  enactment of this subclause and before  
13                  January 1, 2011.

14                  Subclause (II) shall not apply to a refund-  
15                  ing bond unless such subclause applied to  
16                  the refunded bond (or in the case of a series  
17                  of refundings, the original bond).”.

18                  (2) CONFORMING AMENDMENT.—The heading for  
19                  section 57(a)(5)(C)(ii) of such Code is amended by  
20                  striking “QUALIFIED 501(c)(3) BONDS” and inserting  
21                  “CERTAIN BONDS”.

22                  (d) EFFECTIVE DATE.—The amendments made by this  
23                  section shall apply to bonds issued after the date of the en-  
24                  actment of this Act.

1 **SEC. 603. CREDIT FOR CERTAIN HOME PURCHASES.**

2 (a) *ALLOWANCE OF CREDIT.*—Subpart A of part IV  
3 of subchapter A of chapter 1 of the Internal Revenue Code  
4 of 1986 (relating to nonrefundable personal credits) is  
5 amended by inserting after section 25D the following new  
6 section:

7 **“SEC. 25E. CREDIT FOR CERTAIN HOME PURCHASES.**

8 “(a) *ALLOWANCE OF CREDIT.*—

9 “(1) *IN GENERAL.*—In the case of an individual  
10 who is a purchaser of a qualified principal residence  
11 during the taxable year, there shall be allowed as a  
12 credit against the tax imposed by this chapter an  
13 amount equal to so much of the purchase price of the  
14 residence as does not exceed \$7,000.

15 “(2) *ALLOCATION OF CREDIT AMOUNT.*—The  
16 amount of the credit allowed under paragraph (1)  
17 shall be equally divided among the 2 taxable years be-  
18 ginning with the taxable year in which the purchase  
19 of the qualified principal residence is made.

20 “(b) *LIMITATIONS.*—

21 “(1) *DATE OF PURCHASE.*—The credit allowed  
22 under subsection (a) shall be allowed only with re-  
23 spect to purchases made—

24 “(A) after the date of the enactment of this  
25 section, and

1           “(B) before the date that is 12 months after  
2           such date.

3           “(2) *LIMITATION BASED ON AMOUNT OF TAX.*—  
4           *In the case of a taxable year to which section 26(a)(2)*  
5           *does not apply, the credit allowed under subsection*  
6           *(a) for any taxable year shall not exceed the excess*  
7           *of—*

8                   “(A) *the sum of the regular tax liability (as*  
9                   *defined in section 26(b)) plus the tax imposed by*  
10                   *section 55, over*

11                   “(B) *the sum of the credits allowable under*  
12                   *this subpart (other than this section and section*  
13                   *23) for the taxable year.*

14           “(3) *ONE-TIME ONLY.*—

15                   “(A) *IN GENERAL.*—*If a credit is allowed*  
16                   *under this section in the case of any individual*  
17                   *(and such individual’s spouse, if married) with*  
18                   *respect to the purchase of any qualified principal*  
19                   *residence, no credit shall be allowed under this*  
20                   *section in any taxable year with respect to the*  
21                   *purchase of any other qualified principal resi-*  
22                   *dence by such individual or a spouse of such in-*  
23                   *dividual.*

24                   “(B) *JOINT PURCHASE.*—*In the case of a*  
25                   *purchase of a qualified principal residence by 2*

1            *or more unmarried individuals or by 2 married*  
2            *individuals filing separately, no credit shall be*  
3            *allowed under this section if a credit under this*  
4            *section has been allowed to any of such individ-*  
5            *uals in any taxable year with respect to the pur-*  
6            *chase of any other qualified principal residence.*

7            *“(c) QUALIFIED PRINCIPAL RESIDENCE.—For pur-*  
8            *poses of this section—*

9                    *“(1) IN GENERAL.—The term ‘qualified prin-*  
10                    *icipal residence’ means an eligible single-family resi-*  
11                    *dence that is purchased to be the principal residence*  
12                    *of the purchaser.*

13                    *“(2) ELIGIBLE SINGLE-FAMILY RESIDENCE.—*

14                            *“(A) IN GENERAL.—The term ‘eligible sin-*  
15                            *gle-family residence’ means a single-family*  
16                            *structure that is a residence—*

17                                    *“(i) upon which foreclosure has been*  
18                                    *filed pursuant to the laws of the State in*  
19                                    *which the residence is located, and*

20    *“(ii) which—*

21    *“(I) is a new previously unoccu-*  
22     *pied residence for which a building*  
23     *permit was issued and construction*  
24     *began on or before September 1, 2007,*  
25     *or*

1                   “(II) was occupied as a principal  
2                   residence by the mortgagor for at least  
3                   1 year prior to the foreclosure filing.

4                   “(B) CERTIFICATION.—In the case of an eli-  
5                   gible single-family residence described in sub-  
6                   paragraph (A)(ii)(I), no credit shall be allowed  
7                   under this section unless the purchaser submits  
8                   a certification by the seller of such residence that  
9                   such residence meets the requirements of such  
10                  subparagraph.

11                  “(3) PRINCIPAL RESIDENCE.—The term ‘prin-  
12                  cipal residence’ has the same meaning as when used  
13                  in section 121.

14                  “(d) DENIAL OF DOUBLE BENEFIT.—No credit shall  
15                  be allowed under this section for any purchase for which  
16                  a credit is allowed under section 1400C.

17                  “(e) RECAPTURE IN THE CASE OF CERTAIN DISPOSI-  
18                  TIONS.—In the event that a taxpayer—

19                         “(1) disposes of the qualified principal residence  
20                         with respect to which a credit is allowed under sub-  
21                         section (a), or

22                         “(2) fails to occupy such residence as the tax-  
23                         payer’s principal residence,

24                         at any time within 24 months after the date on which the  
25                         taxpayer purchased such residence, then the remaining por-

1 *tion of the credit allowed under subsection (a) shall be dis-*  
2 *allowed in the taxable year during which such disposition*  
3 *occurred or in which the taxpayer failed to occupy the resi-*  
4 *dence as a principal residence, and in any subsequent tax-*  
5 *able year in which the remaining portion of the credit*  
6 *would, but for this subsection, have been allowed.*

7 “(f) *SPECIAL RULES.—*

8 “(1) *JOINT PURCHASE.—*

9 “(A) *MARRIED INDIVIDUALS FILING SEPA-*  
10 *RATELY.—In the case of 2 married individuals*  
11 *filing separately, subsection (a) shall be applied*  
12 *to each such individual by substituting ‘\$3,500’*  
13 *for ‘\$7,000’ in paragraph (1) thereof.*

14 “(B) *UNMARRIED INDIVIDUALS.—If 2 or*  
15 *more individuals who are not married purchase*  
16 *a qualified principal residence, the amount of*  
17 *the credit allowed under subsection (a) shall be*  
18 *allocated among such individuals in such man-*  
19 *ner as the Secretary may prescribe, except that*  
20 *the total amount of the credits allowed to all*  
21 *such individuals shall not exceed \$7,000.*

22 “(2) *PURCHASE; PURCHASE PRICE.—Rules simi-*  
23 *lar to the rules of paragraphs (2) and (3) of section*  
24 *1400C(e) (as in effect on the date of the enactment of*  
25 *this section) shall apply for purposes of this section.*

1           “(3) *REPORTING REQUIREMENT.*—*Rules similar*  
2           *to the rules of section 1400C(f) (as so in effect) shall*  
3           *apply for purposes of this section.*

4           “(g) *BASIS ADJUSTMENT.*—*For purposes of this sub-*  
5           *title, if a credit is allowed under this section with respect*  
6           *to the purchase of any residence, the basis of such residence*  
7           *shall be reduced by the amount of the credit so allowed.”.*

8           (b) *CONFORMING AMENDMENTS.*—

9           (1) *Section 24(b)(3)(B) of the Internal Revenue*  
10          *Code of 1986 is amended by striking “and 25B” and*  
11          *inserting “, 25B, and 25E”.*

12          (2) *Section 25(e)(1)(C)(ii) of such Code is*  
13          *amended by inserting “25E,” after “25D,”.*

14          (3) *Section 25B(g)(2) of such Code is amended*  
15          *by striking “section 23” and inserting “sections 23*  
16          *and 25E”.*

17          (4) *Section 25D(c)(2) of such Code is amended*  
18          *by striking “and 25B” and inserting “25B, and*  
19          *25E”.*

20          (5) *Section 26(a)(1) of such Code is amended by*  
21          *striking “and 25B” and inserting “25B, and 25E”.*

22          (6) *Section 904(i) of such Code is amended by*  
23          *striking “and 25B” and inserting “25B, and 25E”.*

24          (7) *Subsection (a) of section 1016 of such Code*  
25          *is amended by striking “and” at the end of para-*

1 *graph (36), by striking the period at the end of para-*  
2 *graph (37) and inserting “, and”, and by adding at*  
3 *the end the following new paragraph:*

4 *“(38) to the extent provided in section 25E(g).”.*

5 *(8) Section 1400C(d)(2) of such Code is amended*  
6 *by striking “and 25D” and inserting “25D, and*  
7 *25E”.*

8 *(c) CLERICAL AMENDMENT.—The table of sections for*  
9 *subpart A of part IV of subchapter A of chapter 1 of the*  
10 *Internal Revenue Code of 1986 is amended by inserting*  
11 *after the item relating to section 25D the following new*  
12 *item:*

*“Sec. 25E. Credit for certain home purchases.”.*

13 *(d) EFFECTIVE DATE.—The amendments made by this*  
14 *section shall apply to purchases in taxable years ending*  
15 *after the date of the enactment of this Act.*

16 *(e) APPLICATION OF EGTRRA SUNSET.—The amend-*  
17 *ment made by subsection (b)(1) shall be subject to title IX*  
18 *of the Economic Growth and Tax Relief Reconciliation Act*  
19 *of 2001 in the same manner as the provisions of such Act*  
20 *to which such amendment relates.*

21 **SEC. 604. ADDITIONAL STANDARD DEDUCTION FOR REAL**  
22 **PROPERTY TAXES FOR NONITEMIZERS.**

23 *(a) IN GENERAL.—Section 63(c)(1) of the Internal*  
24 *Revenue Code of 1986 (defining standard deduction) is*  
25 *amended by striking “and” at the end of subparagraph (A),*

1 *by striking the period at the end of subparagraph (B) and*  
2 *inserting “, and”, and by adding at the end the following*  
3 *new subparagraph:*

4           “(C) *in the case of any taxable year begin-*  
5           *ning in 2008, the real property tax deduction.”.*

6       (b) *DEFINITION.—Section 63(c) of the Internal Rev-*  
7 *enue Code of 1986 is amended by adding at the end the*  
8 *following new paragraph:*

9           “(8) *REAL PROPERTY TAX DEDUCTION.—*

10           “(A) *IN GENERAL.—For purposes of para-*  
11 *graph (1), the real property tax deduction is so*  
12 *much of the amount of the eligible State and*  
13 *local real property taxes paid or accrued by the*  
14 *taxpayer during the taxable year which do not*  
15 *exceed \$500 (\$1,000 in the case of a joint re-*  
16 *turn).*

17           “(B) *ELIGIBLE STATE AND LOCAL REAL*  
18 *PROPERTY TAXES.—For purposes of subpara-*  
19 *graph (A), the term ‘eligible State and local real*  
20 *property taxes’ means State and local real prop-*  
21 *erty taxes (within the meaning of section 164),*  
22 *but only if the rate of tax for all residential real*  
23 *property taxes in the jurisdiction has not been*  
24 *increased at any time after April 2, 2008, and*  
25 *before January 1, 2009.”.*

1       (c) *EFFECTIVE DATE.*—*The amendments made by this*  
2 *section shall apply to taxable years beginning after Decem-*  
3 *ber 31, 2007.*

4 **SEC. 605. ELECTION TO ACCELERATE AMT AND R AND D**  
5 **CREDITS IN LIEU OF BONUS DEPRECIATION.**

6       (a) *IN GENERAL.*—*Section 168(k), as amended by this*  
7 *Act, is amended by adding at the end the following new*  
8 *paragraph:*

9               “(5) *ELECTION TO ACCELERATE AMT AND R AND*  
10 *D CREDITS IN LIEU OF BONUS DEPRECIATION.*—

11               “(A) *IN GENERAL.*—*If a corporation which*  
12 *is an eligible taxpayer (within the meaning of*  
13 *paragraph (4)) for purposes of this subsection*  
14 *elects to have this paragraph apply—*

15                       “(i) *no additional depreciation shall be*  
16 *allowed under paragraph (1) for any quali-*  
17 *fied property placed in service during any*  
18 *taxable year to which paragraph (1) would*  
19 *otherwise apply, and*

20                       “(ii) *the limitations described in sub-*  
21 *paragraph (B) for such taxable year shall*  
22 *be increased by an aggregate amount not in*  
23 *excess of the bonus depreciation amount for*  
24 *such taxable year.*

1           “(B) *LIMITATIONS TO BE INCREASED.*—*The*  
2           *limitations described in this subparagraph are—*

3                     “(i) *the limitation under section 38(c),*

4                     *and*

5                     “(ii) *the limitation under section*  
6                     *53(c).*

7           “(C) *BONUS DEPRECIATION AMOUNT.*—*For*  
8           *purposes of this paragraph—*

9                     “(i) *IN GENERAL.*—*The bonus depre-*  
10                     *ciation amount for any applicable taxable*  
11                     *year is an amount equal to the product of*  
12                     *20 percent and the excess (if any) of—*

13                             “(I) *the aggregate amount of de-*  
14                             *preciation which would be determined*  
15                             *under this section for property placed*  
16                             *in service during the taxable year if no*  
17                             *election under this paragraph were*  
18                             *made, over*

19                             “(II) *the aggregate amount of de-*  
20                             *preciation allowable under this section*  
21                             *for property placed in service during*  
22                             *the taxable year.*

23           *In the case of property which is a passenger*  
24           *aircraft, the amount determined under sub-*  
25           *clause (I) shall be calculated without regard*

1           to the written binding contract limitation  
2           under paragraph (2)(A)(iii)(I).

3           “(ii) *ELIGIBLE QUALIFIED PROP-*  
4           *ERTY.*—For purposes of clause (i), the term  
5           ‘eligible qualified property’ means qualified  
6           property under paragraph (2), except that  
7           in applying paragraph (2) for purposes of  
8           this clause—

9                       “(I) ‘March 31, 2008’ shall be  
10                      substituted for ‘December 31, 2007’  
11                      each place it appears in subparagraph  
12                      (A) and clauses (i) and (ii) of sub-  
13                      paragraph (E) thereof,

14                     “(II) only adjusted basis attrib-  
15                     utable to manufacture, construction, or  
16                     production after March 31, 2008, and  
17                     before January 1, 2009, shall be taken  
18                     into account under subparagraph  
19                     (B)(ii) thereof, and

20                     “(III) in the case of property  
21                     which is a passenger aircraft, the writ-  
22                     ten binding contract limitation under  
23                     subparagraph (A)(iii)(I) thereof shall  
24                     not apply.

1           “(iii) *MAXIMUM AMOUNT.*—*The bonus*  
2           *depreciation amount for any applicable tax-*  
3           *able year shall not exceed the applicable*  
4           *limitation under clause (iv), reduced (but*  
5           *not below zero) by the bonus depreciation*  
6           *amount for any preceding taxable year.*

7           “(iv) *APPLICABLE LIMITATION.*—*For*  
8           *purposes of clause (iii), the term ‘applicable*  
9           *limitation’ means, with respect to any eligi-*  
10           *ble taxpayer, the lesser of—*

11                   “(I) *\$40,000,000, or*

12                   “(II) *10 percent of the sum of the*  
13                   *amounts determined with respect to the*  
14                   *eligible taxpayer under clauses (ii) and*  
15                   *(iii) of subparagraph (D).*

16           “(v) *AGGREGATION RULE.*—*All cor-*  
17           *porations which are treated as a single em-*  
18           *ployer under section 52(a) shall be treated*  
19           *as 1 taxpayer for purposes of applying the*  
20           *limitation under this subparagraph and de-*  
21           *termining the applicable limitation under*  
22           *clause (iv).*

23           “(D) *ALLOCATION OF BONUS DEPRECIATION*  
24           *AMOUNTS.*—

1           “(i) *IN GENERAL.*—Subject to clauses  
2           (ii) and (iii), the taxpayer shall, at such  
3           time and in such manner as the Secretary  
4           may prescribe, specify the portion (if any)  
5           of the bonus depreciation amount which is  
6           to be allocated to each of the limitations de-  
7           scribed in subparagraph (B).

8           “(ii) *BUSINESS CREDIT LIMITATION.*—  
9           The portion of the bonus depreciation  
10          amount allocated to the limitation described  
11          in subparagraph (B)(i) shall not exceed an  
12          amount equal to the portion of the credit al-  
13          lowable under section 38 for the taxable  
14          year which is allocable to business credit  
15          carryforwards to such taxable year which  
16          are—

17                   “(I) from taxable years beginning  
18                   before January 1, 2006, and

19                   “(II) properly allocable (deter-  
20                   mined under the rules of section 38(d))  
21                   to the research credit determined under  
22                   section 41(a).

23          “(iii) *ALTERNATIVE MINIMUM TAX*  
24          *CREDIT LIMITATION.*—The portion of the  
25          bonus depreciation amount allocated to the

1           *limitation described in subparagraph*  
2           *(B)(i) shall not exceed an amount equal to*  
3           *the portion of the minimum tax credit al-*  
4           *lowable under section 53 for the taxable*  
5           *year which is allocable to the adjusted min-*  
6           *imum tax imposed for taxable years begin-*  
7           *ning before January 1, 2006.*

8           “(E) *CREDIT REFUNDABLE.*—*Any aggregate*  
9           *increases in the credits allowed under section 38*  
10           *or 53 by reason of this paragraph shall, for pur-*  
11           *poses of this title, be treated as a credit allowed*  
12           *to the taxpayer under subpart C of part IV of*  
13           *subchapter A.*

14           “(F) *OTHER RULES.*—

15           “(i) *ELECTION.*—*Any election under*  
16           *this paragraph (including any allocation*  
17           *under subparagraph (D)) may be revoked*  
18           *only with the consent of the Secretary.*

19           “(ii) *DEDUCTION ALLOWED IN COM-*  
20           *PUTING MINIMUM TAX.*—*Notwithstanding*  
21           *this paragraph, paragraph (2)(G) shall*  
22           *apply with respect to the deduction com-*  
23           *puted under this section (after application*  
24           *of this paragraph) with respect to property*

1           *placed in service during any applicable tax-*  
2           *able year.”.*

3           **(b) EFFECTIVE DATE.**—*The amendments made by this*  
4 *section shall apply to property placed in service after De-*  
5 *cember 31, 2007, in taxable years ending after such date.*

6 **SEC. 606. USE OF AMENDED INCOME TAX RETURNS TO**  
7 **TAKE INTO ACCOUNT RECEIPT OF CERTAIN**  
8 **HURRICANE-RELATED CASUALTY LOSS**  
9 **GRANTS BY DISALLOWING PREVIOUSLY**  
10 **TAKEN CASUALTY LOSS DEDUCTIONS.**

11           **(a) IN GENERAL.**—*Notwithstanding any other provi-*  
12 *sion of the Internal Revenue Code of 1986, if a taxpayer*  
13 *claims a deduction for any taxable year with respect to a*  
14 *casualty loss to a personal residence (within the meaning*  
15 *of section 121 of such Code) resulting from Hurricane*  
16 *Katrina, Hurricane Rita, or Hurricane Wilma and in a*  
17 *subsequent taxable year receives a grant under Public Law*  
18 *109–148, 109–234, or 110–116 as reimbursement for such*  
19 *loss, such taxpayer may elect to file an amended income*  
20 *tax return for the taxable year in which such deduction was*  
21 *allowed and disallow such deduction. If elected, such*  
22 *amended return must be filed not later than the due date*  
23 *for filing the tax return for the taxable year in which the*  
24 *taxpayer receives such reimbursement or the date that is*  
25 *4 months after the date of the enactment of this Act, which-*

1 *ever is later. Any increase in Federal income tax resulting*  
2 *from such disallowance if such amended return is filed—*

3           (1) *shall be subject to interest on the underpaid*  
4 *tax for one year at the underpayment rate determined*  
5 *under section 6621(a)(2) of such Code; and*

6           (2) *shall not be subject to any penalty under*  
7 *such Code.*

8           (b) *EMERGENCY DESIGNATION.—For purposes of Sen-*  
9 *ate enforcement, all provisions of this section are designated*  
10 *as emergency requirements and necessary to meet emer-*  
11 *gency needs pursuant to section 204 of S. Con. Res. 21*  
12 *(110th Congress), the concurrent resolution on the budget*  
13 *for fiscal year 2008.*

14 **SEC. 607. WAIVER OF DEADLINE ON CONSTRUCTION OF GO**  
15 **ZONE PROPERTY ELIGIBLE FOR BONUS DE-**  
16 **PRECIATION.**

17           (a) *IN GENERAL.—Subparagraph (B) of section*  
18 *1400N(d)(3) of the Internal Revenue Code of 1986 is*  
19 *amended to read as follows:*

20                           *“(B) without regard to ‘and before January*  
21 *1, 2009’ in clause (i) thereof.”.*

22           (b) *EFFECTIVE DATE.—The amendment made by this*  
23 *section shall apply to property placed in service after De-*  
24 *cember 31, 2007.*

1       (c) *EMERGENCY DESIGNATION.*—For purposes of Sen-  
2     ate enforcement, all provisions of this section are designated  
3     as emergency requirements and necessary to meet emer-  
4     gency needs pursuant to section 204 of S. Con. Res. 21  
5     (110th Congress), the concurrent resolution on the budget  
6     for fiscal year 2008.

7     **SEC. 608. TEMPORARY TAX RELIEF FOR KIOWA COUNTY,**  
8                           **KANSAS AND SURROUNDING AREA.**

9       (a) *IN GENERAL.*—The following provisions of or relat-  
10    ing to the Internal Revenue Code of 1986 shall apply, in  
11    addition to the areas described in such provisions, to an  
12    area with respect to which a major disaster has been de-  
13    clared by the President under section 401 of the Robert T.  
14    Stafford Disaster Relief and Emergency Assistance Act  
15    (FEMA–1699–DR, as in effect on the date of the enactment  
16    of this Act) by reason of severe storms and tornados begin-  
17    ning on May 4, 2007, and determined by the President to  
18    warrant individual or individual and public assistance  
19    from the Federal Government under such Act with respect  
20    to damages attributed to such storms and tornados:

21           (1) *SUSPENSION OF CERTAIN LIMITATIONS ON*  
22            *PERSONAL CASUALTY LOSSES.*—Section 1400S(b)(1)  
23            of the Internal Revenue Code of 1986, by substituting  
24            “May 4, 2007” for “August 25, 2005”.

1           (2) *EXTENSION OF REPLACEMENT PERIOD FOR*  
2 *NONRECOGNITION OF GAIN.*—Section 405 of the  
3 *Katrina Emergency Tax Relief Act of 2005*, by sub-  
4 *stituting “on or after May 4, 2007, by reason of the*  
5 *May 4, 2007, storms and tornados” for “on or after*  
6 *August 25, 2005, by reason of Hurricane Katrina”.*

7           (3) *EMPLOYEE RETENTION CREDIT FOR EMPLOY-*  
8 *ERS AFFECTED BY MAY 4 STORMS AND TORNADOS.*—  
9 *Section 1400R(a) of the Internal Revenue Code of*  
10 *1986—*

11           (A) *by substituting “May 4, 2007” for “Au-*  
12 *gust 28, 2005” each place it appears,*

13           (B) *by substituting “January 1, 2008” for*  
14 *“January 1, 2006” both places it appears, and*

15           (C) *only with respect to eligible employers*  
16 *who employed an average of not more than 200*  
17 *employees on business days during the taxable*  
18 *year before May 4, 2007.*

19           (4) *SPECIAL ALLOWANCE FOR CERTAIN PROP-*  
20 *ERTY ACQUIRED ON OR AFTER MAY 5, 2007.*—Section  
21 *1400N(d) of such Code—*

22           (A) *by substituting “qualified Recovery As-*  
23 *sistance property” for “qualified Gulf Oppor-*  
24 *tunity Zone property” each place it appears,*

1           (B) by substituting “May 5, 2007” for “Au-  
2           gust 28, 2005” each place it appears,

3           (C) by substituting “December 31, 2008” for  
4           “December 31, 2007” in paragraph (2)(A)(v),

5           (D) by substituting “December 31, 2009”  
6           for “December 31, 2008” in paragraph (2)(A)(v),

7           (E) by substituting “May 4, 2007” for “Au-  
8           gust 27, 2005” in paragraph (3)(A),

9           (F) by substituting “January 1, 2009” for  
10          “January 1, 2008” in paragraph (3)(B), and

11          (G) determined without regard to para-  
12          graph (6) thereof.

13          (5) *INCREASE IN EXPENSING UNDER SECTION*  
14          *179.—Section 1400N(e) of such Code, by substituting*  
15          *“qualified section 179 Recovery Assistance property”*  
16          *for “qualified section 179 Gulf Opportunity Zone*  
17          *property” each place it appears.*

18          (6) *EXPENSING FOR CERTAIN DEMOLITION AND*  
19          *CLEAN-UP COSTS.—Section 1400N(f) of such Code—*

20                 (A) by substituting “qualified Recovery As-  
21                 sistance clean-up cost” for “qualified Gulf Op-  
22                 portunity Zone clean-up cost” each place it ap-  
23                 pears, and

24                 (B) by substituting “beginning on May 4,  
25                 2007, and ending on December 31, 2009” for

1           *“beginning on August 28, 2005, and ending on*  
2           *December 31, 2007” in paragraph (2) thereof.*

3           (7) *TREATMENT OF PUBLIC UTILITY PROPERTY*  
4           *DISASTER LOSSES.—Section 1400N(o) of such Code.*

5           (8) *TREATMENT OF NET OPERATING LOSSES AT-*  
6           *TRIBUTABLE TO STORM LOSSES.—Section 1400N(k) of*  
7           *such Code—*

8                   (A) *by substituting “qualified Recovery As-*  
9                   *istance loss” for “qualified Gulf Opportunity*  
10                   *Zone loss” each place it appears,*

11                   (B) *by substituting “after May 3, 2007, and*  
12                   *before on January 1, 2010” for “after August 27,*  
13                   *2005, and before January 1, 2008” each place it*  
14                   *appears,*

15                   (C) *by substituting “May 4, 2007” for “Au-*  
16                   *gust 28, 2005” in paragraph (2)(B)(i)(I) there-*  
17                   *of,*

18                   (D) *by substituting “qualified Recovery As-*  
19                   *istance property” for “qualified Gulf Oppor-*  
20                   *tunity Zone property” in paragraph (2)(B)(iv)*  
21                   *thereof, and*

22                   (E) *by substituting “qualified Recovery As-*  
23                   *istance casualty loss” for “qualified Gulf Op-*  
24                   *portunity Zone casualty loss” each place it ap-*  
25                   *pears.*

1           (9) *TREATMENT OF REPRESENTATIONS REGARD-*  
2 *ING INCOME ELIGIBILITY FOR PURPOSES OF QUALI-*  
3 *FIED RENTAL PROJECT REQUIREMENTS.—Section*  
4 *1400N(n) of such Code.*

5           (10) *SPECIAL RULES FOR USE OF RETIREMENT*  
6 *FUNDS.—Section 1400Q of such Code—*

7           (A) *by substituting “qualified Recovery As-*  
8 *sistance distribution” for “qualified hurricane*  
9 *distribution” each place it appears,*

10           (B) *by substituting “on or after May 4,*  
11 *2007, and before January 1, 2009” for “on or*  
12 *after August 25, 2005, and before January 1,*  
13 *2007” in subsection (a)(4)(A)(i),*

14           (C) *by substituting “qualified storm dis-*  
15 *tribution” for “qualified Katrina distribution”*  
16 *each place it appears,*

17           (D) *by substituting “after November 4,*  
18 *2006, and before May 5, 2007” for “after Feb-*  
19 *ruary 28, 2005, and before August 29, 2005” in*  
20 *subsection (b)(2)(B)(ii),*

21           (E) *by substituting “beginning on May 4,*  
22 *2007, and ending on November 5, 2007” for “be-*  
23 *ginning on August 25, 2005, and ending on Feb-*  
24 *ruary 28, 2006” in subsection (b)(3)(A),*

1           (F) by substituting “qualified storm indi-  
2           vidual” for “qualified Hurricane Katrina indi-  
3           vidual” each place it appears,

4           (G) by substituting “December 31, 2007”  
5           for “December 31, 2006” in subsection (c)(2)(A),

6           (H) by substituting “beginning on June 4,  
7           2007, and ending on December 31, 2007” for  
8           “beginning on September 24, 2005, and ending  
9           on December 31, 2006” in subsection  
10          (c)(4)(A)(i),

11          (I) by substituting “May 4, 2007” for “Au-  
12          gust 25, 2005” in subsection (c)(4)(A)(ii), and

13          (J) by substituting “January 1, 2008” for  
14          “January 1, 2007” in subsection (d)(2)(A)(ii).

15          (b) *EMERGENCY DESIGNATION.*—For purposes of Sen-  
16          ate enforcement, all provisions of this section are designated  
17          as emergency requirements and necessary to meet emer-  
18          gency needs pursuant to section 204 of S. Con. Res. 21  
19          (110th Congress), the concurrent resolution on the budget  
20          for fiscal year 2008.

## 21                   **TITLE VII—EMERGENCY** 22                   **DESIGNATION**

### 23          **SEC. 701. EMERGENCY DESIGNATION.**

24           For purposes of Senate enforcement, all provisions of  
25          this Act are designated as emergency requirements and nec-

1 *essary to meet emergency needs pursuant to section 204 of*  
 2 *S. Con. Res. 21 (110th Congress), the concurrent resolution*  
 3 *on the budget for fiscal year 2008.*

4 **TITLE VIII—REIT INVESTMENT**  
 5 **DIVERSIFICATION AND EM-**  
 6 **POWERMENT**

7 **SEC. 801. SHORT TITLE; AMENDMENT OF 1986 CODE.**

8 (a) *SHORT TITLE.*—*This title may be cited as the*  
 9 *“REIT Investment Diversification and Empowerment Act*  
 10 *of 2008”.*

11 (b) *AMENDMENT OF 1986 CODE.*—*Except as otherwise*  
 12 *expressly provided, whenever in this title an amendment*  
 13 *or repeal is expressed in terms of an amendment to, or re-*  
 14 *peal of, a section or other provision, the reference shall be*  
 15 *considered to be made to a section or other provision of the*  
 16 *Internal Revenue Code of 1986.*

17 **Subtitle A—Taxable REIT**  
 18 **Subsidiaries**

19 **SEC. 811. CONFORMING TAXABLE REIT SUBSIDIARY ASSET**

20 **TEST.**

21 *Section 856(c)(4)(B)(ii) is amended by striking “20*  
 22 *percent” and inserting “25 percent”.*

## ***Subtitle B—Dealer Sales***

### **SEC. 821. HOLDING PERIOD UNDER SAFE HARBOR.**

Section 857(b)(6) (relating to income from prohibited transactions) is amended—

(1) by striking “4 years” in subparagraphs (C)(i), (C)(iv), and (D)(i) and inserting “2 years”,

(2) by striking “4-year period” in subparagraphs (C)(ii), (D)(ii), and (D)(iii) and inserting “2-year period”, and

(3) by striking “real estate asset” and all that follows through “if” in the matter preceding clause (i) of subparagraphs (C) and (D), respectively, and inserting “real estate asset (as defined in section 856(c)(5)(B)) and which is described in section 1221(a)(1) if”.

### **SEC. 822. DETERMINING VALUE OF SALES UNDER SAFE HARBOR.**

Section 857(b)(6) is amended—

(1) by striking the semicolon at the end of subparagraph (C)(iii) and inserting “, or (III) the fair market value of property (other than sales of foreclosure property or sales to which section 1033 applies) sold during the taxable year does not exceed 10 percent of the fair market value of all of the assets of the trust as of the beginning of the taxable year;”, and

1           (2) by adding “or” at the end of subclause (II)  
2 of subparagraph (D)(iv) and by adding at the end of  
3 such subparagraph the following new subclause:

4                   “(III) the fair market value of prop-  
5 erty (other than sales of foreclosure property  
6 or sales to which section 1033 applies) sold  
7 during the taxable year does not exceed 10  
8 percent of the fair market value of all of the  
9 assets of the trust as of the beginning of the  
10 taxable year.”.

## 11           ***Subtitle C—Health Care REITs***

### 12           ***SEC. 831. CONFORMITY FOR HEALTH CARE FACILITIES.***

13           (a) *RELATED PARTY RENTALS.*—Subparagraph (B) of  
14 section 856(d)(8) (relating to special rule for taxable REIT  
15 subsidiaries) is amended to read as follows:

16                   “(B) *EXCEPTION FOR CERTAIN LODGING FA-*  
17                   *CILITIES AND HEALTH CARE PROPERTY.*—The  
18 requirements of this subparagraph are met with  
19 respect to an interest in real property which is  
20 a qualified lodging facility (as defined in para-  
21 graph (9)(D)) or a qualified health care property  
22 (as defined in subsection (e)(6)(D)(i)) leased by  
23 the trust to a taxable REIT subsidiary of the  
24 trust if the property is operated on behalf of such  
25 subsidiary by a person who is an eligible inde-

1            *pendent contractor. For purposes of this section,*  
2            *a taxable REIT subsidiary is not considered to*  
3            *be operating or managing a qualified health care*  
4            *property or qualified lodging facility solely be-*  
5            *cause it—*

6                    *“(i) directly or indirectly possesses a*  
7                    *license, permit, or similar instrument ena-*  
8                    *bling it to do so, or*

9                    *“(ii) employs individuals working at*  
10                   *such property or facility located outside the*  
11                   *United States, but only if an eligible inde-*  
12                   *pendent contractor is responsible for the*  
13                   *daily supervision and direction of such in-*  
14                   *dividuals on behalf of the taxable REIT*  
15                   *subsidiary pursuant to a management*  
16                   *agreement or similar service contract.”.*

17            *(b) ELIGIBLE INDEPENDENT CONTRACTOR.—Subpara-*  
18            *graphs (A) and (B) of section 856(d)(9) (relating to eligible*  
19            *independent contractor) are amended to read as follows:*

20                    *“(A) IN GENERAL.—The term ‘eligible inde-*  
21                    *pendent contractor’ means, with respect to any*  
22                    *qualified lodging facility or qualified health care*  
23                    *property (as defined in subsection (e)(6)(D)(i)),*  
24                    *any independent contractor if, at the time such*  
25                    *contractor enters into a management agreement*

1            *or other similar service contract with the taxable*  
2            *REIT subsidiary to operate such qualified lodg-*  
3            *ing facility or qualified health care property,*  
4            *such contractor (or any related person) is ac-*  
5            *tively engaged in the trade or business of oper-*  
6            *ating qualified lodging facilities or qualified*  
7            *health care properties, respectively, for any per-*  
8            *son who is not a related person with respect to*  
9            *the real estate investment trust or the taxable*  
10           *REIT subsidiary.*

11            “(B) *SPECIAL RULES.*—*Solely for purposes*  
12            *of this paragraph and paragraph (8)(B), a per-*  
13            *son shall not fail to be treated as an independent*  
14            *contractor with respect to any qualified lodging*  
15            *facility or qualified health care property (as so*  
16            *defined) by reason of the following:*

17            “(i) *The taxable REIT subsidiary*  
18            *bears the expenses for the operation of such*  
19            *qualified lodging facility or qualified health*  
20            *care property pursuant to the management*  
21            *agreement or other similar service contract.*

22            “(ii) *The taxable REIT subsidiary re-*  
23            *ceives the revenues from the operation of*  
24            *such qualified lodging facility or qualified*  
25            *health care property, net of expenses for*

1           *such operation and fees payable to the oper-*  
2           *ator pursuant to such agreement or con-*  
3           *tract.*

4           “(iii) *The real estate investment trust*  
5           *receives income from such person with re-*  
6           *spect to another property that is attrib-*  
7           *utable to a lease of such other property to*  
8           *such person that was in effect as of the later*  
9           *of—*

10                   “(I) *January 1, 1999, or*

11                   “(II) *the earliest date that any*  
12                   *taxable REIT subsidiary of such trust*  
13                   *entered into a management agreement*  
14                   *or other similar service contract with*  
15                   *such person with respect to such quali-*  
16                   *fied lodging facility or qualified health*  
17                   *care property.”.*

18           (c) *TAXABLE REIT SUBSIDIARIES.—The last sentence*  
19 *of section 856(l)(3) is amended—*

20                   (1) *by inserting “or a health care facility” after*  
21                   *“a lodging facility”, and*

22                   (2) *by inserting “or health care facility” after*  
23                   *“such lodging facility”.*





1 *such disability if the Secretary determines that such mem-*  
 2 *ber is likely to be discharged or released from the Armed*  
 3 *Forces for such disability.*

4 “(2) *The furnishing of improvements and alterations*  
 5 *under paragraph (1) in connection with the furnishing of*  
 6 *medical services described in subparagraph (A) or (B) of*  
 7 *subsection (a)(2) shall be subject to the limitation specified*  
 8 *in the applicable subparagraph.”.*

9 **SEC. 902. ELIGIBILITY FOR SPECIALLY ADAPTED HOUSING**  
 10 **BENEFITS AND ASSISTANCE FOR MEMBERS**  
 11 **OF THE ARMED FORCES WITH SERVICE-CON-**  
 12 **NECTED DISABILITIES AND INDIVIDUALS RE-**  
 13 **SIDING OUTSIDE THE UNITED STATES.**

14 (a) *ELIGIBILITY.*—Chapter 21 of title 38, United  
 15 States Code, is amended by inserting after section 2101 the  
 16 following new section:

17 **“§2101A. Eligibility for benefits and assistance: mem-**  
 18 **bers of the Armed Forces with service-con-**  
 19 **nected disabilities; individuals residing**  
 20 **outside the United States**

21 “(a) *MEMBERS WITH SERVICE-CONNECTED DISABIL-*  
 22 *ITIES.*—(1) *The Secretary may provide assistance under*  
 23 *this chapter to a member of the Armed Forces serving on*  
 24 *active duty who is suffering from a disability that meets*  
 25 *applicable criteria for benefits under this chapter if the dis-*

1 *ability is incurred or aggravated in line of duty in the ac-*  
2 *tive military, naval, or air service. Such assistance shall*  
3 *be provided to the same extent as assistance is provided*  
4 *under this chapter to veterans eligible for assistance under*  
5 *this chapter and subject to the same requirements as vet-*  
6 *erans under this chapter.*

7       “(2) *For purposes of this chapter, any reference to a*  
8 *veteran or eligible individual shall be treated as a reference*  
9 *to a member of the Armed Forces described in subsection*  
10 *(a) who is similarly situated to the veteran or other eligible*  
11 *individual so referred to.*

12       “(b) *BENEFITS AND ASSISTANCE FOR INDIVIDUALS*  
13 *RESIDING OUTSIDE THE UNITED STATES.—(1) Subject to*  
14 *paragraph (2), the Secretary may, at the Secretary’s discre-*  
15 *tion, provide benefits and assistance under this chapter*  
16 *(other than benefits under section 2106 of this title) to any*  
17 *individual otherwise eligible for such benefits and assistance*  
18 *who resides outside the United States.*

19       “(2) *The Secretary may provide benefits and assist-*  
20 *ance to an individual under paragraph (1) only if—*

21               “(A) *the country or political subdivision in*  
22 *which the housing or residence involved is or will be*  
23 *located permits the individual to have or acquire a*  
24 *beneficial property interest (as determined by the Sec-*  
25 *retary) in such housing or residence; and*

1           “(B) *the individual has or will acquire a bene-*  
2           *ficial property interest (as so determined) in such*  
3           *housing or residence.*

4           “(c) *REGULATIONS.—Benefits and assistance under*  
5           *this chapter by reason of this section shall be provided in*  
6           *accordance with such regulations as the Secretary may pre-*  
7           *scribe.*”.

8           (b) *CONFORMING AMENDMENTS.—*

9           (1) *REPEAL OF SUPERSEDED AUTHORITY.—Sec-*  
10          *tion 2101 of such title is amended—*

11                   (A) *by striking subsection (c); and*

12                   (B) *by redesignating subsection (d) as sub-*  
13                   *section (c).*

14          (2) *LIMITATIONS ON ASSISTANCE.—Section 2102*  
15          *of such title is amended—*

16                   (A) *in subsection (a)—*

17                           (i) *by striking “veteran” each place it*  
18                           *appears and inserting “individual”; and*

19                           (ii) *in paragraph (3), by striking “vet-*  
20                           *eran’s” and inserting “individual’s”;*

21                   (B) *in subsection (b)(1), by striking “a vet-*  
22                   *eran” and inserting “an individual”;*

23                   (C) *in subsection (c)—*

24                           (i) *by striking “a veteran” and insert-*  
25                           *ing “an individual”; and*

1                   (ii) by striking “the veteran” each  
2                   place it appears and inserting “the indi-  
3                   vidual”; and

4                   (D) in subsection (d), by striking “a vet-  
5                   eran” each place it appears and inserting “an  
6                   individual”.

7                   (3) ASSISTANCE FOR INDIVIDUALS TEMPORARILY  
8                   RESIDING IN HOUSING OF FAMILY MEMBER.—Section  
9                   2102A of such title is amended—

10                   (A) by striking “veteran” each place it ap-  
11                   pears (other than in subsection (b)) and insert-  
12                   ing “individual”;

13                   (B) in subsection (a), by striking “vet-  
14                   eran’s” each place it appears and inserting “in-  
15                   dividual’s”; and

16                   (C) in subsection (b), by striking “a vet-  
17                   eran” each place it appears and inserting “an  
18                   individual”.

19                   (4) FURNISHING OF PLANS AND SPECIFICA-  
20                   TIONS.—Section 2103 of such title is amended by  
21                   striking “veterans” both places it appears and insert-  
22                   ing “individuals”.

23                   (5) CONSTRUCTION OF BENEFITS.—Section 2104  
24                   of such title is amended—

1           (A) in subsection (a), by striking “veteran”  
2 each place it appears and inserting “indi-  
3 vidual”; and

4           (B) in subsection (b)—

5                 (i) in the first sentence, by striking “A  
6 veteran” and inserting “An individual”;

7                 (ii) in the second sentence, by striking  
8 “a veteran” and inserting “an individual”;  
9 and

10                (iii) by striking “such veteran” each  
11 place it appears and inserting “such indi-  
12 vidual”.

13           (6) *VETERANS’ MORTGAGE LIFE INSURANCE.*—

14           Section 2106 of such title is amended—

15           (A) in subsection (a)—

16                 (i) by striking “any eligible veteran”  
17 and inserting “any eligible individual”;  
18 and

19                 (ii) by striking “the veterans’” and in-  
20 serting “the individual’s”;

21           (B) in subsection (b), by striking “an eligi-  
22 ble veteran” and inserting “an eligible indi-  
23 vidual”;

24           (C) in subsection (e), by striking “an eligi-  
25 ble veteran” and inserting “an individual”;

1           (D) in subsection (h), by striking “each vet-  
2           eran” and inserting “each individual”;

3           (E) in subsection (i), by striking “the vet-  
4           eran’s” each place it appears and inserting “the  
5           individual’s”;

6           (F) by striking “the veteran” each place it  
7           appears and inserting “the individual”; and

8           (G) by striking “a veteran” each place it  
9           appears and inserting “an individual”.

10          (7) *HEADING AMENDMENTS.*—(A) *The heading of*  
11          *section 2101 of such title is amended to read as fol-*  
12          *lows:*

13          **“§2101. Acquisition and adaptation of housing: eligi-**  
14                  **ble veterans”.**

15          (B) *The heading of section 2102A of such title is*  
16          *amended to read as follows:*

17          **“§2102A. Assistance for individuals residing tempo-**  
18                  **rarily in housing owned by a family mem-**  
19                  **ber”.**

20          (8) *CLERICAL AMENDMENTS.*—*The table of sec-*  
21          *tions at the beginning of chapter 21 of such title is*  
22          *amended—*

23                  (A) *by striking the item relating to section*  
24                  *2101 and inserting the following new item:*

*“2101. Acquisition and adaptation of housing: eligible veterans.”;*

1                   (B) by inserting after the item relating to  
 2                   section 2101, as so amended, the following new  
 3                   item:

“2101A. Eligibility for benefits and assistance: members of the Armed Forces with  
 service-connected disabilities; individuals residing outside the  
 United States.”;

4                   and

5                   (C) by striking the item relating to section  
 6                   2102A and inserting the following new item:

“2102A. Assistance for individuals residing temporarily in housing owned by a  
 family member.”.

7   **SEC. 903. SPECIALLY ADAPTED HOUSING ASSISTANCE FOR**  
 8                   **INDIVIDUALS WITH SEVERE BURN INJURIES.**

9                   Section 2101 of title 38, United States Code, is amend-  
 10 ed—

11                   (1) in subsection (a)(2), by adding at the end the  
 12 following new subparagraph:

13                   “(E) The disability is due to a severe burn in-  
 14 jury (as determined pursuant to regulations pre-  
 15 scribed by the Secretary).”; and

16                   (2) in subsection (b)(2)—

17                   (A) by striking “either” and inserting  
 18 “any”; and

19                   (B) by adding at the end the following new  
 20 subparagraph:

21                   “(C) The disability is due to a severe burn in-  
 22 jury (as so determined).”.

1 **SEC. 904. EXTENSION OF ASSISTANCE FOR INDIVIDUALS**  
2 **RESIDING TEMPORARILY IN HOUSING OWNED**  
3 **BY A FAMILY MEMBER.**

4 *Section 2102A(e) of title 38, United States Code, is*  
5 *amended by striking “after the end of the five-year period*  
6 *that begins on the date of the enactment of the Veterans’*  
7 *Housing Opportunity and Benefits Improvement Act of*  
8 *2006” and inserting “after December 31, 2011”.*

9 **SEC. 905. INCREASE IN SPECIALLY ADAPTED HOUSING BEN-**  
10 **EFITS FOR DISABLED VETERANS.**

11 *(a) IN GENERAL.—Section 2102 of title 38, United*  
12 *States Code, is amended—*

13 *(1) in subsection (b)(2), by striking “\$10,000”*  
14 *and inserting “\$12,000”;*

15 *(2) in subsection (d)—*

16 *(A) in paragraph (1), by striking “\$50,000”*  
17 *and inserting “\$60,000”; and*

18 *(B) in paragraph (2), by striking*  
19 *“\$10,000” and inserting “\$12,000”; and*

20 *(3) by adding at the end the following new sub-*  
21 *section:*

22 *“(e)(1) Effective on October 1 of each year (beginning*  
23 *in 2009), the Secretary shall increase the amounts described*  
24 *in subsection (b)(2) and paragraphs (1) and (2) of sub-*  
25 *section (d) in accordance with this subsection.*

1       “(2) *The increase in amounts under paragraph (1) to*  
2 *take effect on October 1 of a year shall be by an amount*  
3 *of such amounts equal to the percentage by which—*

4               “(A) *the residential home cost-of-construction*  
5 *index for the preceding calendar year, exceeds*

6               “(B) *the residential home cost-of-construction*  
7 *index for the year preceding the year described in*  
8 *subparagraph (A).*

9       “(3) *The Secretary shall establish a residential home*  
10 *cost-of-construction index for the purposes of this subsection.*  
11 *The index shall reflect a uniform, national average change*  
12 *in the cost of residential home construction, determined on*  
13 *a calendar year basis. The Secretary may use an index de-*  
14 *veloped in the private sector that the Secretary determines*  
15 *is appropriate for purposes of this subsection.”.*

16       (b) *EFFECTIVE DATE.—The amendments made by this*  
17 *section shall take effect on July 1, 2008, and shall apply*  
18 *with respect to payments made in accordance with section*  
19 *2102 of title 38, United States Code, on or after that date.*

20 **SEC. 906. REPORT ON SPECIALLY ADAPTED HOUSING FOR**  
21 **DISABLED INDIVIDUALS.**

22       (a) *IN GENERAL.—Not later than December 31, 2008,*  
23 *the Secretary of Veterans Affairs shall submit to the Com-*  
24 *mittee on Veterans’ Affairs of the Senate and the Committee*  
25 *on Veterans’ Affairs of the House of Representatives a report*

1 *that contains an assessment of the adequacy of the authori-*  
2 *ties available to the Secretary under law to assist eligible*  
3 *disabled individuals in acquiring—*

4           (1) *suitable housing units with special fixtures*  
5 *or movable facilities required for their disabilities,*  
6 *and necessary land therefor;*

7           (2) *such adaptations to their residences as are*  
8 *reasonably necessary because of their disabilities; and*

9           (3) *residences already adapted with special fea-*  
10 *tures determined by the Secretary to be reasonably*  
11 *necessary as a result of their disabilities.*

12       (b) *FOCUS ON PARTICULAR DISABILITIES.—The report*  
13 *required by subsection (a) shall set forth a specific assess-*  
14 *ment of the needs of—*

15           (1) *veterans who have disabilities that are not*  
16 *described in subsections (a)(2) and (b)(2) of section*  
17 *2101 of title 38, United States Code; and*

18           (2) *other disabled individuals eligible for spe-*  
19 *cially adapted housing under chapter 21 of such title*  
20 *by reason of section 2101A of such title (as added by*  
21 *section 902(a) of this Act) who have disabilities that*  
22 *are not described in such subsections.*

1 **SEC. 907. REPORT ON SPECIALLY ADAPTED HOUSING AS-**  
2 **SISTANCE FOR INDIVIDUALS WHO RESIDE IN**  
3 **HOUSING OWNED BY A FAMILY MEMBER ON**  
4 **PERMANENT BASIS.**

5 *Not later than December 31, 2008, the Secretary of Vet-*  
6 *erans Affairs shall submit to the Committee on Veterans'*  
7 *Affairs of the Senate and the Committee on Veterans' Af-*  
8 *fairs of the House of Representatives a report on the advis-*  
9 *ability of providing assistance under section 2102A of title*  
10 *38, United States Code, to veterans described in subsection*  
11 *(a) of such section, and to members of the Armed Forces*  
12 *covered by such section 2102A by reason of section 2101A*  
13 *of title 38, United States Code (as added by section 902(a)*  
14 *of this Act), who reside with family members on a perma-*  
15 *nent basis.*

16 **SEC. 908. DEFINITION OF ANNUAL INCOME FOR PURPOSES**  
17 **OF SECTION 8 AND OTHER PUBLIC HOUSING**  
18 **PROGRAMS.**

19 *Section 3(b)(4) of the United States Housing Act of*  
20 *1937 (42 U.S.C. 1437a(3)(b)(4)) is amended by inserting*  
21 *“or any deferred Department of Veterans Affairs disability*  
22 *benefits that are received in a lump sum amount or in pro-*  
23 *spective monthly amounts” before “may not be considered”.*

1 **SEC. 909. PAYMENT OF TRANSPORTATION OF BAGGAGE**  
 2 **AND HOUSEHOLD EFFECTS FOR MEMBERS OF**  
 3 **THE ARMED FORCES WHO RELOCATE DUE TO**  
 4 **FORECLOSURE OF LEASED HOUSING.**

5 *Section 406 of title 37, United States Code, is amend-*  
 6 *ed—*

7 *(1) by redesignating subsections (k) and (l) as*  
 8 *subsections (l) and (m), respectively; and*

9 *(2) by inserting after subsection (j) the following*  
 10 *new subsection (k):*

11 *“(k) A member of the armed forces who relocates from*  
 12 *leased or rental housing by reason of the foreclosure of such*  
 13 *housing is entitled to transportation of baggage and house-*  
 14 *hold effects under subsection (b)(1) in the same manner, and*  
 15 *subject to the same conditions and limitations, as similarly*  
 16 *circumstanced members entitled to transportation of bag-*  
 17 *gage and household effects under that subsection.”.*

18 **TITLE X—CLEAN ENERGY TAX**  
 19 **STIMULUS**

20 **SEC. 1001. SHORT TITLE; ETC.**

21 *(a) SHORT TITLE.—This title may be cited as the*  
 22 *“Clean Energy Tax Stimulus Act of 2008”.*

23 *(b) AMENDMENT OF 1986 CODE.—Except as otherwise*  
 24 *expressly provided, whenever in this title an amendment*  
 25 *or repeal is expressed in terms of an amendment to, or re-*  
 26 *peal of, a section or other provision, the reference shall be*

1 *considered to be made to a section or other provision of the*  
 2 *Internal Revenue Code of 1986.*

3       ***Subtitle A—Extension of Clean***  
 4       ***Energy Production Incentives***

5 ***SEC. 1011. EXTENSION AND MODIFICATION OF RENEWABLE***  
 6       ***ENERGY PRODUCTION TAX CREDIT.***

7       *(a) EXTENSION OF CREDIT.—Each of the following*  
 8 *provisions of section 45(d) (relating to qualified facilities)*  
 9 *is amended by striking “January 1, 2009” and inserting*  
 10 *“January 1, 2010”:*

11           *(1) Paragraph (1).*

12           *(2) Clauses (i) and (ii) of paragraph (2)(A).*

13           *(3) Clauses (i)(I) and (ii) of paragraph (3)(A).*

14           *(4) Paragraph (4).*

15           *(5) Paragraph (5).*

16           *(6) Paragraph (6).*

17           *(7) Paragraph (7).*

18           *(8) Paragraph (8).*

19           *(9) Subparagraphs (A) and (B) of paragraph*  
 20 *(9).*

21       *(b) PRODUCTION CREDIT FOR ELECTRICITY PRO-*  
 22 *DUCED FROM MARINE RENEWABLES.—*

23           *(1) IN GENERAL.—Paragraph (1) of section 45(c)*  
 24 *(relating to resources) is amended by striking “and”*  
 25 *at the end of subparagraph (G), by striking the period*

1 at the end of subparagraph (H) and inserting “,  
2 and”, and by adding at the end the following new  
3 subparagraph:

4 “(I) marine and hydrokinetic renewable en-  
5 ergy.”.

6 (2) MARINE RENEWABLES.—Subsection (c) of  
7 section 45 is amended by adding at the end the fol-  
8 lowing new paragraph:

9 “(10) MARINE AND HYDROKINETIC RENEWABLE  
10 ENERGY.—

11 “(A) IN GENERAL.—The term ‘marine and  
12 hydrokinetic renewable energy’ means energy de-  
13 rived from—

14 “(i) waves, tides, and currents in  
15 oceans, estuaries, and tidal areas,

16 “(ii) free flowing water in rivers, lakes,  
17 and streams,

18 “(iii) free flowing water in an irriga-  
19 tion system, canal, or other man-made  
20 channel, including projects that utilize non-  
21 mechanical structures to accelerate the flow  
22 of water for electric power production pur-  
23 poses, or

24 “(iv) differentials in ocean temperature  
25 (ocean thermal energy conversion).

1           “(B) *EXCEPTIONS.*—Such term shall not in-  
2           clude any energy which is derived from any  
3           source which utilizes a dam, diversionary struc-  
4           ture (except as provided in subparagraph  
5           (A)(iii)), or impoundment for electric power pro-  
6           duction purposes.”.

7           (3) *DEFINITION OF FACILITY.*—Subsection (d) of  
8           section 45 is amended by adding at the end the fol-  
9           lowing new paragraph:

10           “(11) *MARINE AND HYDROKINETIC RENEWABLE*  
11           *ENERGY FACILITIES.*—In the case of a facility pro-  
12           ducing electricity from marine and hydrokinetic re-  
13           newable energy, the term ‘qualified facility’ means  
14           any facility owned by the taxpayer—

15           “(A) which has a nameplate capacity rat-  
16           ing of at least 150 kilowatts, and

17           “(B) which is originally placed in service  
18           on or after the date of the enactment of this  
19           paragraph and before January 1, 2010.”.

20           (4) *CREDIT RATE.*—Subparagraph (A) of section  
21           45(b)(4) is amended by striking “or (9)” and insert-  
22           ing “(9), or (11)”.

23           (5) *COORDINATION WITH SMALL IRRIGATION*  
24           *POWER.*—Paragraph (5) of section 45(d), as amended  
25           by subsection (a), is amended by striking “January

1       1, 2010” and inserting “the date of the enactment of  
2       paragraph (11)”.

3       (c) *SALES OF ELECTRICITY TO REGULATED PUBLIC*  
4 *UTILITIES TREATED AS SALES TO UNRELATED PER-*  
5 *SONS.*—Section 45(e)(4) (relating to related persons) is  
6 amended by adding at the end the following new sentence:  
7 “A taxpayer shall be treated as selling electricity to an un-  
8 related person if such electricity is sold to a regulated public  
9 utility (as defined in section 7701(a)(33)).”.

10       (d) *TRASH FACILITY CLARIFICATION.*—Paragraph (7)  
11 of section 45(d) is amended—

12               (1) by striking “facility which burns” and in-  
13       serting “facility (other than a facility described in  
14       paragraph (6)) which uses”, and

15               (2) by striking “COMBUSTION”.

16       (e) *EFFECTIVE DATES.*—

17               (1) *EXTENSION.*—The amendments made by sub-  
18       section (a) shall apply to property originally placed  
19       in service after December 31, 2008.

20               (2) *MODIFICATIONS.*—The amendments made by  
21       subsections (b) and (c) shall apply to electricity pro-  
22       duced and sold after the date of the enactment of this  
23       Act, in taxable years ending after such date.

24               (3) *TRASH FACILITY CLARIFICATION.*—The  
25       amendments made by subsection (d) shall apply to

1       *electricity produced and sold before, on, or after De-*  
2       *cember 31, 2007.*

3   **SEC. 1012. EXTENSION AND MODIFICATION OF SOLAR EN-**  
4               **ERGY AND FUEL CELL INVESTMENT TAX**  
5               **CREDIT.**

6       *(a) EXTENSION OF CREDIT.—*

7               *(1) SOLAR ENERGY PROPERTY.—Paragraphs*  
8       *(2)(A)(i)(II) and (3)(A)(ii) of section 48(a) (relating*  
9       *to energy credit) are each amended by striking “Jan-*  
10       *uary 1, 2009” and inserting “January 1, 2017”.*

11              *(2) FUEL CELL PROPERTY.—Subparagraph (E)*  
12       *of section 48(c)(1) (relating to qualified fuel cell prop-*  
13       *erty) is amended by striking “December 31, 2008”*  
14       *and inserting “December 31, 2017”.*

15              *(3) QUALIFIED MICROTURBINE PROPERTY.—Sub-*  
16       *paragraph (E) of section 48(c)(2) (relating to quali-*  
17       *fied microturbine property) is amended by striking*  
18       *“December 31, 2008” and inserting “December 31,*  
19       *2017”.*

20       *(b) ALLOWANCE OF ENERGY CREDIT AGAINST ALTER-*  
21       *NATIVE MINIMUM TAX.—Subparagraph (B) of section*  
22       *38(c)(4) (relating to specified credits) is amended by strik-*  
23       *ing “and” at the end of clause (iii), by striking the period*  
24       *at the end of clause (iv) and inserting “, and”, and by add-*  
25       *ing at the end the following new clause:*

1                   “(v) the credit determined under sec-  
2                   tion 46 to the extent that such credit is at-  
3                   tributable to the energy credit determined  
4                   under section 48.”.

5           (c) *REPEAL OF DOLLAR PER KILOWATT LIMITATION*  
6 *FOR FUEL CELL PROPERTY.*—

7           (1) *IN GENERAL.*—Section 48(c)(1) (relating to  
8           qualified fuel cell), as amended by subsection (a)(2),  
9           is amended by striking subparagraph (B) and by re-  
10           designating subparagraphs (C), (D), and (E) as sub-  
11           paragraphs (B), (C), and (D), respectively.

12           (2) *CONFORMING AMENDMENT.*—Section 48(a)(1)  
13           is amended by striking “paragraphs (1)(B) and  
14           (2)(B) of subsection (c)” and inserting “subsection  
15           (c)(2)(B)”.

16           (d) *PUBLIC ELECTRIC UTILITY PROPERTY TAKEN*  
17 *INTO ACCOUNT.*—

18           (1) *IN GENERAL.*—Paragraph (3) of section  
19           48(a) is amended by striking the second sentence  
20           thereof.

21           (2) *CONFORMING AMENDMENTS.*—

22           (A) Paragraph (1) of section 48(c), as  
23           amended by this section, is amended by striking  
24           subparagraph (C) and redesignating subpara-  
25           graph (D) as subparagraph (C).

1           (B) Paragraph (2) of section 48(c), as  
2           amended by subsection (a)(3), is amended by  
3           striking subparagraph (D) and redesignating  
4           subparagraph (E) as subparagraph (D).

5       (e) *EFFECTIVE DATES.*—

6           (1) *EXTENSION.*—The amendments made by sub-  
7           section (a) shall take effect on the date of the enact-  
8           ment of this Act.

9           (2) *ALLOWANCE AGAINST ALTERNATIVE MINIMUM*  
10          *TAX.*—The amendments made by subsection (b) shall  
11          apply to credits determined under section 46 of the  
12          Internal Revenue Code of 1986 in taxable years begin-  
13          ning after the date of the enactment of this Act and  
14          to carrybacks of such credits.

15          (3) *FUEL CELL PROPERTY AND PUBLIC ELECTRIC*  
16          *UTILITY PROPERTY.*—The amendments made by sub-  
17          sections (c) and (d) shall apply to periods after the  
18          date of the enactment of this Act, in taxable years  
19          ending after such date, under rules similar to the  
20          rules of section 48(m) of the Internal Revenue Code  
21          of 1986 (as in effect on the day before the date of the  
22          enactment of the Revenue Reconciliation Act of 1990).

1 **SEC. 1013. EXTENSION AND MODIFICATION OF RESIDEN-**  
 2 **TIAL ENERGY EFFICIENT PROPERTY CREDIT.**

3 (a) *EXTENSION.*—Section 25D(g) (relating to termi-  
 4 nation) is amended by striking “December 31, 2008” and  
 5 inserting “December 31, 2009”.

6 (b) *NO DOLLAR LIMITATION FOR CREDIT FOR SOLAR*  
 7 *ELECTRIC PROPERTY.*—

8 (1) *IN GENERAL.*—Section 25D(b)(1) (relating to  
 9 maximum credit) is amended by striking subpara-  
 10 graph (A) and by redesignating subparagraphs (B)  
 11 and (C) as subparagraphs (A) and (B), respectively.

12 (2) *CONFORMING AMENDMENTS.*—Section  
 13 25D(e)(4) is amended—

14 (A) by striking clause (i) in subparagraph  
 15 (A),

16 (B) by redesignating clauses (ii) and (iii)  
 17 in subparagraph (A) as clauses (i) and (ii), re-  
 18 spectively, and

19 (C) by striking “, (2),” in subparagraph  
 20 (C).

21 (c) *CREDIT ALLOWED AGAINST ALTERNATIVE MIN-*  
 22 *IMUM TAX.*—

23 (1) *IN GENERAL.*—Subsection (c) of section 25D  
 24 is amended to read as follows:

25 “(c) *LIMITATION BASED ON AMOUNT OF TAX;*  
 26 *CARRYFORWARD OF UNUSED CREDIT.*—

1           “(1) *LIMITATION BASED ON AMOUNT OF TAX.—*  
2           *In the case of a taxable year to which section 26(a)(2)*  
3           *does not apply, the credit allowed under subsection*  
4           *(a) for the taxable year shall not exceed the excess*  
5           *of—*

6                     “(A) *the sum of the regular tax liability (as*  
7                     *defined in section 26(b)) plus the tax imposed by*  
8                     *section 55, over*

9                     “(B) *the sum of the credits allowable under*  
10                    *this subpart (other than this section) and section*  
11                    *27 for the taxable year.*

12           “(2) *CARRYFORWARD OF UNUSED CREDIT.—*

13                     “(A) *RULE FOR YEARS IN WHICH ALL PER-*  
14                     *SONAL CREDITS ALLOWED AGAINST REGULAR*  
15                     *AND ALTERNATIVE MINIMUM TAX.—In the case of*  
16                     *a taxable year to which section 26(a)(2) applies,*  
17                     *if the credit allowable under subsection (a) ex-*  
18                     *ceeds the limitation imposed by section 26(a)(2)*  
19                     *for such taxable year reduced by the sum of the*  
20                     *credits allowable under this subpart (other than*  
21                     *this section), such excess shall be carried to the*  
22                     *succeeding taxable year and added to the credit*  
23                     *allowable under subsection (a) for such suc-*  
24                     *ceeding taxable year.*

1           “(B) *RULE FOR OTHER YEARS.*—*In the case*  
2           *of a taxable year to which section 26(a)(2) does*  
3           *not apply, if the credit allowable under sub-*  
4           *section (a) exceeds the limitation imposed by*  
5           *paragraph (1) for such taxable year, such excess*  
6           *shall be carried to the succeeding taxable year*  
7           *and added to the credit allowable under sub-*  
8           *section (a) for such succeeding taxable year.”.*

9           (2) *CONFORMING AMENDMENTS.*—

10           (A) *Section 23(b)(4)(B) is amended by in-*  
11           *serting “and section 25D” after “this section”.*

12           (B) *Section 24(b)(3)(B) is amended by*  
13           *striking “and 25B” and inserting “, 25B, and*  
14           *25D”.*

15           (C) *Section 25B(g)(2) is amended by strik-*  
16           *ing “section 23” and inserting “sections 23 and*  
17           *25D”.*

18           (D) *Section 26(a)(1) is amended by striking*  
19           *“and 25B” and inserting “25B, and 25D”.*

20           (d) *EFFECTIVE DATE.*—

21           (1) *IN GENERAL.*—*The amendments made by*  
22           *this section shall apply to taxable years beginning*  
23           *after December 31, 2007.*

24           (2) *APPLICATION OF EGTRRA SUNSET.*—*The*  
25           *amendments made by subparagraphs (A) and (B) of*



1       are public power providers nor more than  $\frac{1}{3}$  of such  
2       limitation to finance qualified projects of qualified  
3       borrowers which are mutual or cooperative electric  
4       companies described in section 501(c)(12) or section  
5       1381(a)(2)(C)”.

6       (c) *PUBLIC POWER PROVIDERS DEFINED.*—Section  
7       54(j) is amended—

8               (1) by adding at the end the following new para-  
9       graph:

10               “(6) *PUBLIC POWER PROVIDER.*—The term ‘pub-  
11       lic power provider’ means a State utility with a serv-  
12       ice obligation, as such terms are defined in section  
13       217 of the Federal Power Act (as in effect on the date  
14       of the enactment of this paragraph).”, and

15               (2) by inserting “; *PUBLIC POWER PROVIDER*”  
16       before the period at the end of the heading.

17       (d) *TECHNICAL AMENDMENT.*—The third sentence of  
18       section 54(e)(2) is amended by striking “subsection (l)(6)”  
19       and inserting “subsection (l)(5)”.

20       (e) *EFFECTIVE DATE.*—The amendments made by this  
21       section shall apply to bonds issued after the date of the en-  
22       actment of this Act.

1 **SEC. 1015. EXTENSION OF SPECIAL RULE TO IMPLEMENT**  
2 **FERC RESTRUCTURING POLICY.**

3 (a) *QUALIFYING ELECTRIC TRANSMISSION TRANS-*  
4 *ACTION.—*

5 (1) *IN GENERAL.—Section 451(i)(3) (defining*  
6 *qualifying electric transmission transaction) is*  
7 *amended by striking “January 1, 2008” and insert-*  
8 *ing “January 1, 2010”.*

9 (2) *EFFECTIVE DATE.—The amendment made by*  
10 *this subsection shall apply to transactions after De-*  
11 *cember 31, 2007.*

12 (b) *INDEPENDENT TRANSMISSION COMPANY.—*

13 (1) *IN GENERAL.—Section 451(i)(4)(B)(ii) (de-*  
14 *fining independent transmission company) is amend-*  
15 *ed by striking “December 31, 2007” and inserting*  
16 *“the date which is 2 years after the date of such*  
17 *transaction”.*

18 (2) *EFFECTIVE DATE.—The amendment made by*  
19 *this subsection shall take effect as if included in the*  
20 *amendments made by section 909 of the American*  
21 *Jobs Creation Act of 2004.*

1 ***Subtitle B—Extension of Incentives***  
2 ***to Improve Energy Efficiency***

3 ***SEC. 1021. EXTENSION AND MODIFICATION OF CREDIT FOR***  
4 ***ENERGY EFFICIENCY IMPROVEMENTS TO EX-***  
5 ***ISTING HOMES.***

6 (a) *EXTENSION OF CREDIT.*—Section 25C(g) (relating  
7 to termination) is amended by striking “December 31,  
8 2007” and inserting “December 31, 2009”.

9 (b) *QUALIFIED BIOMASS FUEL PROPERTY.*—

10 (1) *IN GENERAL.*—Section 25C(d)(3) is amend-  
11 ed—

12 (A) by striking “and” at the end of sub-  
13 paragraph (D),

14 (B) by striking the period at the end of sub-  
15 paragraph (E) and inserting “, and”, and

16 (C) by adding at the end the following new  
17 subparagraph:

18 “(F) a stove which uses the burning of bio-  
19 mass fuel to heat a dwelling unit located in the  
20 United States and used as a residence by the  
21 taxpayer, or to heat water for use in such a  
22 dwelling unit, and which has a thermal effi-  
23 ciency rating of at least 75 percent.”.

1           (2) *BIOMASS FUEL*.—Section 25C(d) (relating to  
2           residential energy property expenditures) is amended  
3           by adding at the end the following new paragraph:

4           “(6) *BIOMASS FUEL*.—The term ‘biomass fuel’  
5           means any plant-derived fuel available on a renew-  
6           able or recurring basis, including agricultural crops  
7           and trees, wood and wood waste and residues (includ-  
8           ing wood pellets), plants (including aquatic plants),  
9           grasses, residues, and fibers.”.

10          (c) *MODIFICATIONS OF STANDARDS FOR ENERGY-EF-*  
11 *FICIENT BUILDING PROPERTY*.—

12           (1) *ELECTRIC HEAT PUMPS*.—Subparagraph (B)  
13           of section 25C(d)(3) is amended to read as follows:

14           “(A) an electric heat pump which achieves  
15           the highest efficiency tier established by the Con-  
16           sortium for Energy Efficiency, as in effect on  
17           January 1, 2008.”.

18           (2) *CENTRAL AIR CONDITIONERS*.—Section  
19           25C(d)(3)(D) is amended by striking “2006” and in-  
20           serting “2008”.

21           (3) *WATER HEATERS*.—Subparagraph (E) of  
22           section 25C(d) is amended to read as follows:

23           “(E) a natural gas, propane, or oil water  
24           heater which has either an energy factor of at

1           *least 0.80 or a thermal efficiency of at least 90*  
2           *percent.”.*

3           (4) *OIL FURNACES AND HOT WATER BOILERS.—*  
4           *Paragraph (4) of section 25C(d) is amended to read*  
5           *as follows:*

6           “(4) *QUALIFIED NATURAL GAS, PROPANE, AND*  
7           *OIL FURNACES AND HOT WATER BOILERS.—*

8                   “(A) *QUALIFIED NATURAL GAS FURNACE.—*  
9                   *The term ‘qualified natural gas furnace’ means*  
10                   *any natural gas furnace which achieves an an-*  
11                   *annual fuel utilization efficiency rate of not less*  
12                   *than 95.*

13                   “(B) *QUALIFIED NATURAL GAS HOT WATER*  
14                   *BOILER.—The term ‘qualified natural gas hot*  
15                   *water boiler’ means any natural gas hot water*  
16                   *boiler which achieves an annual fuel utilization*  
17                   *efficiency rate of not less than 90.*

18                   “(C) *QUALIFIED PROPANE FURNACE.—The*  
19                   *term ‘qualified propane furnace’ means any pro-*  
20                   *pane furnace which achieves an annual fuel uti-*  
21                   *lization efficiency rate of not less than 95.*

22                   “(D) *QUALIFIED PROPANE HOT WATER*  
23                   *BOILER.—The term ‘qualified propane hot water*  
24                   *boiler’ means any propane hot water boiler*

1           *which achieves an annual fuel utilization effi-*  
2           *ciency rate of not less than 90.*

3           “(E) *QUALIFIED OIL FURNACES.*—*The term*  
4           *‘qualified oil furnace’ means any oil furnace*  
5           *which achieves an annual fuel utilization effi-*  
6           *ciency rate of not less than 90.*

7           “(F) *QUALIFIED OIL HOT WATER BOILER.*—  
8           *The term ‘qualified oil hot water boiler’ means*  
9           *any oil hot water boiler which achieves an an-*  
10           *annual fuel utilization efficiency rate of not less*  
11           *than 90.”.*

12           (d) *EFFECTIVE DATE.*—*The amendments made this*  
13           *section shall apply to expenditures made after December 31,*  
14           *2007.*

15           **SEC. 1022. EXTENSION AND MODIFICATION OF TAX CREDIT**  
16           **FOR ENERGY EFFICIENT NEW HOMES.**

17           (a) *EXTENSION OF CREDIT.*—*Subsection (g) of section*  
18           *45L (relating to termination) is amended by striking “De-*  
19           *cember 31, 2008” and inserting “December 31, 2010”.*

20           (b) *ALLOWANCE FOR CONTRACTOR’S PERSONAL RESI-*  
21           *DENCE.*—*Subparagraph (B) of section 45L(a)(1) is amend-*  
22           *ed to read as follows:*

23                           *“(B)(i) acquired by a person from such eli-*  
24                           *gible contractor and used by any person as a res-*  
25                           *idence during the taxable year, or*

1           “(i) used by such eligible contractor as a  
2           residence during the taxable year.”.

3           (c) *EFFECTIVE DATE.*—The amendments made by this  
4 section shall apply to homes acquired after December 31,  
5 2008.

6 **SEC. 1023. EXTENSION AND MODIFICATION OF ENERGY EF-**  
7 **FICIENT COMMERCIAL BUILDINGS DEDUC-**  
8 **TION.**

9           (a) *EXTENSION.*—Section 179D(h) (relating to termi-  
10 nation) is amended by striking “December 31, 2008” and  
11 inserting “December 31, 2009”.

12           (b) *ADJUSTMENT OF MAXIMUM DEDUCTION*  
13 *AMOUNT.*—

14           (1) *IN GENERAL.*—Subparagraph (A) of section  
15 179D(b)(1) (relating to maximum amount of deduc-  
16 tion) is amended by striking “\$1.80” and inserting  
17 “\$2.25”.

18           (2) *PARTIAL ALLOWANCE.*—Paragraph (1) of sec-  
19 tion 179D(d) is amended—

20           (A) by striking “\$.60” and inserting  
21 “\$0.75”, and

22           (B) by striking “\$1.80” and inserting  
23 “\$2.25”.

1       (c) *EFFECTIVE DATE.*—*The amendments made by this*  
 2 *section shall apply to property placed in service after the*  
 3 *date of the enactment of this Act.*

4 **SEC. 1024. MODIFICATION AND EXTENSION OF ENERGY EF-**  
 5 **FICIENT APPLIANCE CREDIT FOR APPLI-**  
 6 **ANCES PRODUCED AFTER 2007.**

7       (a) *IN GENERAL.*—*Subsection (b) of section 45M (re-*  
 8 *lating to applicable amount) is amended to read as follows:*

9       “(b) *APPLICABLE AMOUNT.*—*For purposes of sub-*  
 10 *section (a)—*

11           “(1) *DISHWASHERS.*—*The applicable amount*  
 12 *is—*

13                   “(A) *\$45 in the case of a dishwasher which*  
 14 *is manufactured in calendar year 2008 or 2009*  
 15 *and which uses no more than 324 kilowatt hours*  
 16 *per year and 5.8 gallons per cycle, and*

17                   “(B) *\$75 in the case of a dishwasher which*  
 18 *is manufactured in calendar year 2008, 2009, or*  
 19 *2010 and which uses no more than 307 kilowatt*  
 20 *hours per year and 5.0 gallons per cycle (5.5 gal-*  
 21 *lons per cycle for dishwashers designed for great-*  
 22 *er than 12 place settings).*

23           “(2) *CLOTHES WASHERS.*—*The applicable*  
 24 *amount is—*

1           “(A) \$75 in the case of a residential top-  
2           loading clothes washer manufactured in calendar  
3           year 2008 which meets or exceeds a 1.72 modi-  
4           fied energy factor and does not exceed a 8.0  
5           water consumption factor,

6           “(B) \$125 in the case of a residential top-  
7           loading clothes washer manufactured in calendar  
8           year 2008 or 2009 which meets or exceeds a 1.8  
9           modified energy factor and does not exceed a 7.5  
10          water consumption factor,

11          “(C) \$150 in the case of a residential or  
12          commercial clothes washer manufactured in cal-  
13          endar year 2008, 2009, or 2010 which meets or  
14          exceeds 2.0 modified energy factor and does not  
15          exceed a 6.0 water consumption factor, and

16          “(D) \$250 in the case of a residential or  
17          commercial clothes washer manufactured in cal-  
18          endar year 2008, 2009, or 2010 which meets or  
19          exceeds 2.2 modified energy factor and does not  
20          exceed a 4.5 water consumption factor.

21          “(3) REFRIGERATORS.—The applicable amount  
22          is—

23                 “(A) \$50 in the case of a refrigerator which  
24                 is manufactured in calendar year 2008, and con-  
25                 sumes at least 20 percent but not more than 22.9

1           *percent less kilowatt hours per year than the*  
2           *2001 energy conservation standards,*

3           *“(B) \$75 in the case of a refrigerator which*  
4           *is manufactured in calendar year 2008 or 2009,*  
5           *and consumes at least 23 percent but no more*  
6           *than 24.9 percent less kilowatt hours per year*  
7           *than the 2001 energy conservation standards,*

8           *“(C) \$100 in the case of a refrigerator*  
9           *which is manufactured in calendar year 2008,*  
10          *2009, or 2010, and consumes at least 25 percent*  
11          *but not more than 29.9 percent less kilowatt*  
12          *hours per year than the 2001 energy conserva-*  
13          *tion standards, and*

14          *“(D) \$200 in the case of a refrigerator man-*  
15          *ufactured in calendar year 2008, 2009, or 2010*  
16          *and which consumes at least 30 percent less en-*  
17          *ergy than the 2001 energy conservation stand-*  
18          *ards.”.*

19          *(b) ELIGIBLE PRODUCTION.—*

20                 *(1) SIMILAR TREATMENT FOR ALL APPLI-*  
21                 *ANCES.—Subsection (c) of section 45M (relating to el-*  
22                 *igible production) is amended—*

23                         *(A) by striking paragraph (2),*

1           (B) by striking “(1) IN GENERAL” and all  
2           that follows through “the eligible” and inserting  
3           “The eligible”, and

4           (C) by moving the text of such subsection in  
5           line with the subsection heading and redesign-  
6           ating subparagraphs (A) and (B) as para-  
7           graphs (1) and (2), respectively.

8           (2) MODIFICATION OF BASE PERIOD.—Para-  
9           graph (2) of section 45M(c), as amended by para-  
10          graph (1) of this section, is amended by striking “3-  
11          calendar year” and inserting “2-calendar year”.

12          (c) TYPES OF ENERGY EFFICIENT APPLIANCES.—Sub-  
13          section (d) of section 45M (defining types of energy efficient  
14          appliances) is amended to read as follows:

15          “(d) TYPES OF ENERGY EFFICIENT APPLIANCE.—For  
16          purposes of this section, the types of energy efficient appli-  
17          ances are—

18                 “(1) dishwashers described in subsection (b)(1),  
19                 “(2) clothes washers described in subsection  
20                 (b)(2), and  
21                 “(3) refrigerators described in subsection  
22                 (b)(3).”.

23          (d) AGGREGATE CREDIT AMOUNT ALLOWED.—

1           (1) *INCREASE IN LIMIT.*—Paragraph (1) of sec-  
2           tion 45M(e) (relating to aggregate credit amount al-  
3           lowed) is amended to read as follows:

4           “(1) *AGGREGATE CREDIT AMOUNT ALLOWED.*—  
5           The aggregate amount of credit allowed under sub-  
6           section (a) with respect to a taxpayer for any taxable  
7           year shall not exceed \$75,000,000 reduced by the  
8           amount of the credit allowed under subsection (a) to  
9           the taxpayer (or any predecessor) for all prior taxable  
10          years beginning after December 31, 2007.”.

11          (2) *EXCEPTION FOR CERTAIN REFRIGERATOR*  
12          *AND CLOTHES WASHERS.*—Paragraph (2) of section  
13          45M(e) is amended to read as follows:

14          “(2) *AMOUNT ALLOWED FOR CERTAIN REFRIG-*  
15          *ERATORS AND CLOTHES WASHERS.*—Refrigerators de-  
16          scribed in subsection (b)(3)(D) and clothes washers  
17          described in subsection (b)(2)(D) shall not be taken  
18          into account under paragraph (1).”.

19          (e) *QUALIFIED ENERGY EFFICIENT APPLIANCES.*—

20          (1) *IN GENERAL.*—Paragraph (1) of section  
21          45M(f) (defining qualified energy efficient appliance)  
22          is amended to read as follows:

23          “(1) *QUALIFIED ENERGY EFFICIENT APPLI-*  
24          *ANCE.*—The term ‘qualified energy efficient appliance’  
25          means—

1           “(A) any dishwasher described in subsection  
2           (b)(1),

3           “(B) any clothes washer described in sub-  
4           section (b)(2), and

5           “(C) any refrigerator described in sub-  
6           section (b)(3).”.

7           (2) *CLOTHES WASHER*.—Section 45M(f)(3) (de-  
8           fining clothes washer) is amended by inserting “com-  
9           mercial” before “residential” the second place it ap-  
10          pears.

11          (3) *TOP-LOADING CLOTHES WASHER*.—Sub-  
12          section (f) of section 45M (relating to definitions) is  
13          amended by redesignating paragraphs (4), (5), (6),  
14          and (7) as paragraphs (5), (6), (7), and (8), respec-  
15          tively, and by inserting after paragraph (3) the fol-  
16          lowing new paragraph:

17          “(4) *TOP-LOADING CLOTHES WASHER*.—The  
18          term ‘top-loading clothes washer’ means a clothes  
19          washer which has the clothes container compartment  
20          access located on the top of the machine and which  
21          operates on a vertical axis.”.

22          (4) *REPLACEMENT OF ENERGY FACTOR*.—Section  
23          45M(f)(6), as redesignated by paragraph (3), is  
24          amended to read as follows:

1           “(6) *MODIFIED ENERGY FACTOR.*—*The term*  
2           *‘modified energy factor’ means the modified energy*  
3           *factor established by the Department of Energy for*  
4           *compliance with the Federal energy conservation*  
5           *standard.’.*”

6           (5) *GALLONS PER CYCLE; WATER CONSUMPTION*  
7           *FACTOR.*—*Section 45M(f) (relating to definitions), as*  
8           *amended by paragraph (3), is amended by adding at*  
9           *the end the following:*

10           “(9) *GALLONS PER CYCLE.*—*The term ‘gallons*  
11           *per cycle’ means, with respect to a dishwasher, the*  
12           *amount of water, expressed in gallons, required to*  
13           *complete a normal cycle of a dishwasher.*”

14           “(10) *WATER CONSUMPTION FACTOR.*—*The term*  
15           *‘water consumption factor’ means, with respect to a*  
16           *clothes washer, the quotient of the total weighted per-*  
17           *cycle water consumption divided by the cubic foot (or*  
18           *liter) capacity of the clothes washer.’.*”

19           (f) *EFFECTIVE DATE.*—*The amendments made by this*  
20           *section shall apply to appliances produced after December*  
21           *31, 2007.*

1           **TITLE XI—SENSE OF THE**  
2                           **SENATE**

3 **SEC. 1101. SENSE OF THE SENATE.**

4           *It is the sense of the Senate that in implementing or*  
5 *carrying out any provision of this Act, or any amendment*  
6 *made by this Act, the Senate supports a policy of noninter-*  
7 *ference regarding local government requirements that the*  
8 *holder of a foreclosed property maintain that property.*

          Amend the title so as to read: “An Act to provide  
needed housing reform and for other purposes.”.

Attest:

*Secretary.*

110<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**H.R. 3221**

---

---

**AMENDMENTS**