

113TH CONGRESS
2D SESSION

H. R. 4062

To amend the Internal Revenue Code of 1986 to extend the income exclusion for discharge of qualified principal residence indebtedness, to provide exclusions from income for certain payments under the National Mortgage Settlement, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 14, 2014

Mr. McDERMOTT introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to extend the income exclusion for discharge of qualified principal residence indebtedness, to provide exclusions from income for certain payments under the National Mortgage Settlement, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Homeowner Tax Fair-
5 ness Act”.

1 **SEC. 2. EXTENSION OF INCOME EXCLUSION FOR DIS-**
 2 **CHARGE OF QUALIFIED PRINCIPAL RESI-**
 3 **DENCE INDEBTEDNESS.**

4 (a) IN GENERAL.—Subparagraph (E) of section
 5 108(a)(1) of the Internal Revenue Code of 1986 is amend-
 6 ed by striking “January 1, 2014” and inserting “January
 7 1, 2017”.

8 (b) APPLICATION TO CERTAIN AGREEMENTS.—Sub-
 9 paragraph (E) of section 108(a)(1) of such Code, as
 10 amended by subsection (a), is amended by inserting before
 11 the period the following: “, or which is discharged after
 12 such date pursuant to an agreement entered into before
 13 such date under the programs created pursuant to, or
 14 using funds authorized by the Emergency Economic Sta-
 15 bilization Act of 2008”.

16 (c) EFFECTIVE DATE.—

17 (1) SUBSECTION (a).—The amendment made
 18 by subsection (a) shall apply to discharges in taxable
 19 years beginning after December 31, 2013.

20 (2) SUBSECTION (b).—The amendment made
 21 by subsection (b) shall take effect on the date of the
 22 enactment of this Act.

23 **SEC. 3. EXTENSION OF DEDUCTION FOR MORTGAGE INSUR-**
 24 **ANCE PREMIUMS.**

25 (a) IN GENERAL.—Subclause (I) of section
 26 163(h)(3)(E)(iv) of the Internal Revenue Code of 1986

1 is amended by striking “December 31, 2013” and insert-
 2 ing “December 31, 2015”.

3 (b) EFFECTIVE DATE.—The amendment made by
 4 this section shall apply to amounts paid or accrued after
 5 December 31, 2013.

6 **SEC. 4. EXCLUSIONS RELATING TO NATIONAL MORTGAGE**
 7 **SETTLEMENT PAYMENTS.**

8 (a) IN GENERAL.—Part III of subchapter B of chap-
 9 ter 1 of the Internal Revenue Code of 1986 (relating to
 10 items specifically excluded from gross income) is amended
 11 by inserting before section 140 the following new section:

12 **“SEC. 139F. NATIONAL MORTGAGE SETTLEMENT.**

13 “(a) GENERAL RULE.—In the case of an individual,
 14 gross income shall not include any National Mortgage Set-
 15 tlement amount.

16 “(b) NATIONAL MORTGAGE SETTLEMENT AMOUNT
 17 DEFINED.—For purposes of subsection (a), the term ‘Na-
 18 tional Mortgage Settlement amount’ means, with respect
 19 to any amount received under the National Mortgage Set-
 20 tlement, an amount which is—

21 “(1) a payment for transitional assistance,

22 “(2) a payment from the Borrower Payment
 23 Fund under the National Mortgage Settlement to a
 24 borrower whose qualified principal residence was

1 sold or taken in foreclosure after December 31,
2 2007, and before January 1, 2014, or

3 “(3) a payment received as a result of a fore-
4 closure or excess charge of interest that the United
5 States Department of Justice has determined was
6 not in compliance with the Servicemembers Civil Re-
7 lief Act.

8 “(c) DISREGARD OF REFUND OF EXCESS MORTGAGE
9 INTEREST AND RELATED DAMAGES.—In the case of an
10 individual, the amount of interest refunded and damages
11 paid under the National Mortgage Settlement for excess
12 charges of mortgage interest described in subsection
13 (b)(3)—

14 “(1) shall be disregarded for purposes of this
15 chapter, and

16 “(2) no adjustment of the deduction allowable
17 under section 163(h) shall be made as a result of
18 such refund.

19 “(d) NATIONAL MORTGAGE SETTLEMENT.—For pur-
20 poses of this section, the term ‘National Mortgage Settle-
21 ment’ means any consent agreement entered into in settle-
22 ment of the action entitled ‘The United States of America,
23 et al. against Bank of America Corporation, et al.’, filed
24 in the United States District Court for the District of Co-

1 lumbia on March 12, 2012 (case numbered 1:12-cv-
2 00361-RMC).”.

3 (b) CLERICAL AMENDMENT.—The table of sections
4 for such part III is amended by inserting before the item
5 relating to section 140 the following new item:

“Sec. 139F. National Mortgage Settlement.”.

6 (c) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to amounts paid on or after Feb-
8 ruary 9, 2012, in taxable years ending after such date.

9 **SEC. 5. DENIAL OF BUSINESS DEDUCTION FOR NATIONAL**
10 **MORTGAGE SETTLEMENT PAYMENTS.**

11 (a) IN GENERAL.—Section 162 of such Code is
12 amended by redesignating subsection (q) as subsection (r)
13 and by inserting after subsection (p) the following new
14 subsection:

15 “(q) NATIONAL MORTGAGE SETTLEMENT.—

16 “(1) IN GENERAL.—No deduction shall be al-
17 lowed under this chapter for any National Mortgage
18 Settlement amount that was paid in exchange for a
19 full release of the United States potential civil claims
20 under the Servicemembers Civil Relief Act.

21 “(2) NATIONAL MORTGAGE SETTLEMENT
22 AMOUNT.—The term ‘National Mortgage Settlement
23 amount’ has the meaning given such term by section
24 139F.”.

1 (b) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to amounts paid in taxable years
3 ending after February 1, 2014.

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