

AMENDMENT NO. \_\_\_\_\_ Calendar No. \_\_\_\_\_

Purpose: To provide a complete substitute.

**IN THE SENATE OF THE UNITED STATES—110th Cong., 2d Sess.**

**H. R. 3221**

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.

Referred to the Committee on \_\_\_\_\_ and  
ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT IN THE NATURE OF A SUBSTITUTE intended  
to be proposed by \_\_\_\_\_

Viz:

- 1 Strike all after the enacting clause and insert the fol-
- 2 lowing:
- 3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**
- 4 (a) SHORT TITLE.—This Act may be cited as the
- 5 “Foreclosure Prevention Act of 2008”.

1 (b) TABLE OF CONTENTS.—The table of contents for  
2 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 down-payment 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.

**TITLE IV—HOUSING COUNSELING RESOURCES**

Sec. 401. Housing counseling resources.

**TITLE V—MORTGAGE DISCLOSURE IMPROVEMENT ACT**

Sec. 501. Short title.

Sec. 502. Enhanced mortgage loan disclosures.

**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 non-itemizers.

**TITLE VII—EMERGENCY DESIGNATION**

Sec. 701. Emergency designation.

**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”.

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

2 (a) IN GENERAL.—Paragraph (2) of section  
3 203(b)(2) of the National Housing Act (12 U.S.C.  
4 1709(b)(2)) is amended—

5 (1) by amending subparagraphs (A) and (B) to  
6 read as follows:

7 “(A) not to exceed the lesser of—

8 “(i) in the case of a 1-family resi-  
9 dence, 110 percent of the median 1-family  
10 house price in the area, as determined by  
11 the Secretary; and in the case of a 2-, 3-  
12 , or 4-family residence, the percentage of  
13 such median price that bears the same  
14 ratio to such median price as the dollar  
15 amount limitation in effect for 2007 under  
16 section 305(a)(2) of the Federal Home  
17 Loan Mortgage Corporation Act (12  
18 U.S.C. 1454(a)(2)) for a 2-, 3-, or 4-family  
19 residence, respectively, bears to the dollar  
20 amount limitation in effect for 2007 under  
21 such section for a 1-family residence; or

22 “(ii) 132 percent of the dollar amount  
23 limitation in effect for 2007 under such  
24 section 305(a)(2) for a residence of the ap-  
25 plicable size (without regard to any author-  
26 ity to increase such limitations with re-

1           spect to properties located in Alaska,  
2           Guam, Hawaii, or the Virgin Islands), ex-  
3           cept that each such maximum dollar  
4           amount shall be adjusted effective January  
5           1 of each year beginning with 2009, by  
6           adding to or subtracting from each such  
7           amount (as it may have been previously  
8           adjusted) a percentage thereof equal to the  
9           percentage increase or decrease, during the  
10          most recently completed 12-month or 4-  
11          quarter period ending before the time of  
12          determining such annual adjustment, in an  
13          housing price index developed or selected  
14          by the Secretary for purposes of adjust-  
15          ments under this clause;

16          except that the dollar amount limitation in ef-  
17          fect under this subparagraph for any size resi-  
18          dence for any area may not be less than the  
19          greater of: (I) the dollar amount limitation in  
20          effect under this section for the area on October  
21          21, 1998; or (II) 65 percent of the dollar  
22          amount limitation in effect for 2007 under such  
23          section 305(a)(2) for a residence of the applica-  
24          ble size, as such limitation is adjusted by any

1 subsequent percentage adjustments determined  
2 under clause (ii) of this subparagraph; and

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

5 (2) in the matter following subparagraph (B),  
6 by striking the second sentence (relating to a defini-  
7 tion of “average closing cost”) and all that follows  
8 through “section 3103A(d) of title 38, United States  
9 Code.”.

10 (b) **EFFECTIVE DATE.**—The amendments made by  
11 subsection (a) shall take effect upon the expiration of the  
12 date described in section 202(a) of the Economic Stimulus  
13 Act of 2008 (Public Law 110-185).

14 **SEC. 113. CASH INVESTMENT REQUIREMENT AND PROHIBI-**  
15 **TION OF SELLER-FUNDED DOWNPAYMENT**  
16 **ASSISTANCE.**

17 Paragraph 9 of section 203(b) of the National Hous-  
18 ing Act (12 U.S.C. 1709(b)(9)) is amended to read as fol-  
19 lows:

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

21 “(A) **IN GENERAL.**—A mortgage insured  
22 under this section shall be executed by a mort-  
23 gator who shall have paid, in cash, on account  
24 of the property an amount equal to not less  
25 than 3.5 percent of the appraised value of the

1 property or such larger amount as the Sec-  
2 retary may determine.

3 “(B) FAMILY MEMBERS.—For purposes of  
4 this paragraph, the Secretary shall consider as  
5 cash or its equivalent any amounts borrowed  
6 from a family member (as such term is defined  
7 in section 201), subject only to the require-  
8 ments that, in any case in which the repayment  
9 of such borrowed amounts is secured by a lien  
10 against the property, that—

11 “(i) such lien shall be subordinate to  
12 the mortgage; and

13 “(ii) the sum of the principal obliga-  
14 tion of the mortgage and the obligation se-  
15 cured by such lien may not exceed 100  
16 percent of the appraised value of the prop-  
17 erty.

18 “(C) PROHIBITED SOURCES.—In no case  
19 shall the funds required by subparagraph (A)  
20 consist, in whole or in part, of funds provided  
21 by any of the following parties before, during,  
22 or after closing of the property sale:

23 “(i) The seller or any other person or  
24 entity that financially benefits from the  
25 transaction.

1                   “(ii) Any third party or entity that is  
2                   reimbursed, directly or indirectly, by any of  
3                   the parties described in clause (i).”.

4 **SEC. 114. MORTGAGE INSURANCE PREMIUMS.**

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

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

10           (2) in subparagraph (A)—

11           (A) by striking “2.25 percent” and insert-  
12           ing “3 percent”; and

13           (B) by striking “2.0 percent” and inserting  
14           “2.75 percent”.

15 **SEC. 115. REHABILITATION LOANS.**

16           Subsection (k) of section 203 of the National Hous-  
17 ing Act (12 U.S.C. 1709(k)) is amended—

18           (1) in paragraph (1), by striking “on” and all  
19           that follows through “1978”; and

20           (2) in paragraph (5)—

21           (A) by striking “General Insurance Fund”  
22           the first place it appears and inserting “Mutual  
23           Mortgage Insurance Fund”; and

1 (B) in the second sentence, by striking the  
2 comma and all that follows through “General  
3 Insurance Fund”.

4 **SEC. 116. DISCRETIONARY ACTION.**

5 The National Housing Act is amended—

6 (1) in subsection (e) of section 202 (12 U.S.C.  
7 1708(e))—

8 (A) in paragraph (3)(B), by striking “sec-  
9 tion 202(e) of the National Housing Act” and  
10 inserting “this subsection”; and

11 (B) by redesignating such subsection as  
12 subsection (f);

13 (2) by striking paragraph (4) of section 203(s)  
14 (12 U.S.C. 1709(s)(4)) and inserting the following  
15 new paragraph:

16 “(4) the Secretary of Agriculture;” and

17 (3) by transferring subsection (s) of section 203  
18 (as amended by paragraph (2) of this section) to  
19 section 202, inserting such subsection after sub-  
20 section (d) of section 202, and redesignating such  
21 subsection as subsection (e).

22 **SEC. 117. INSURANCE OF CONDOMINIUMS.**

23 (a) IN GENERAL.—Section 234 of the National  
24 Housing Act (12 U.S.C. 1715y) is amended—

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

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

2 (B) by inserting before the period at the  
3 end the following: “, and (3) the project has a  
4 blanket mortgage insured by the Secretary  
5 under subsection (d)”; and

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

8 (b) DEFINITION OF MORTGAGE.—Section 201(a) of  
9 the National Housing Act (12 U.S.C. 1707(a)) is amend-  
10 ed—

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

12 (2) by striking “or on a leasehold (1)” and in-  
13 serting “(B) a first mortgage on a leasehold on real  
14 estate (i)”;

15 (3) by striking “or (2)” and inserting “, or  
16 (ii)”; and

17 (4) by inserting before the semicolon the fol-  
18 lowing: “, or (C) a first mortgage given to secure the  
19 unpaid purchase price of a fee interest in, or long-  
20 term leasehold interest in, real estate consisting of  
21 a one-family unit in a multifamily project, including  
22 a project in which the dwelling units are attached,  
23 or are manufactured housing units, semi-detached,  
24 or detached, and an undivided interest in the com-  
25 mon areas and facilities which serve the project”.

1 (c) DEFINITION OF REAL ESTATE.—Section 201 of  
2 the National Housing Act (12 U.S.C. 1707) is amended  
3 by adding at the end the following new subsection:

4 “(g) The term ‘real estate’ means land and all nat-  
5 ural resources and structures permanently affixed to the  
6 land, including residential buildings and stationary manu-  
7 factured housing. The Secretary may not require, for  
8 treatment of any land or other property as real estate for  
9 purposes of this title, that such land or property be treated  
10 as real estate for purposes of State taxation.”.

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

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

15 “(a) MUTUAL MORTGAGE INSURANCE FUND.—

16 “(1) ESTABLISHMENT.—Subject to the provi-  
17 sions of the Federal Credit Reform Act of 1990,  
18 there is hereby created a Mutual Mortgage Insur-  
19 ance Fund (in this title referred to as the ‘Fund’),  
20 which shall be used by the Secretary to carry out the  
21 provisions of this title with respect to mortgages in-  
22 sured under section 203. The Secretary may enter  
23 into commitments to guarantee, and may guarantee,  
24 such insured mortgages.

1           “(2) LIMIT ON LOAN GUARANTEES.—The au-  
2           thority of the Secretary to enter into commitments  
3           to guarantee such insured mortgages shall be effec-  
4           tive for any fiscal year only to the extent that the  
5           aggregate original principal loan amount under such  
6           mortgages, any part of which is guaranteed, does  
7           not exceed the amount specified in appropriations  
8           Acts for such fiscal year.

9           “(3) FIDUCIARY RESPONSIBILITY.—The Sec-  
10          retary has a responsibility to ensure that the Mutual  
11          Mortgage Insurance Fund remains financially sound.

12          “(4) ANNUAL INDEPENDENT ACTUARIAL  
13          STUDY.—The Secretary shall provide for an inde-  
14          pendent actuarial study of the Fund to be conducted  
15          annually, which shall analyze the financial position  
16          of the Fund. The Secretary shall submit a report  
17          annually to the Congress describing the results of  
18          such study and assessing the financial status of the  
19          Fund. The report shall recommend adjustments to  
20          underwriting standards, program participation, or  
21          premiums, if necessary, to ensure that the Fund re-  
22          mains financially sound.

23          “(5) QUARTERLY REPORTS.—During each fiscal  
24          year, the Secretary shall submit a report to the Con-

1       gress for each calendar quarter, which shall specify  
2       for mortgages that are obligations of the Fund—

3               “(A) the cumulative volume of loan guar-  
4               antee commitments that have been made during  
5               such fiscal year through the end of the quarter  
6               for which the report is submitted;

7               “(B) the types of loans insured, cat-  
8               egorized by risk;

9               “(C) any significant changes between ac-  
10              tual and projected claim and prepayment activ-  
11              ity;

12              “(D) projected versus actual loss rates;  
13              and

14              “(E) updated projections of the annual  
15              subsidy rates to ensure that increases in risk to  
16              the Fund are identified and mitigated by ad-  
17              justments to underwriting standards, program  
18              participation, or premiums, and the financial  
19              soundness of the Fund is maintained.

20       The first quarterly report under this paragraph shall  
21       be submitted on the last day of the first quarter of  
22       fiscal year 2008, or on the last day of the first full  
23       calendar quarter following the enactment of the  
24       Building American Homeownership Act of 2008,  
25       whichever is later.

1           “(6) ADJUSTMENT OF PREMIUMS.—If, pursu-  
2           ant to the independent actuarial study of the Fund  
3           required under paragraph (4), the Secretary deter-  
4           mines that the Fund is not meeting the operational  
5           goals established under paragraph (7) or there is a  
6           substantial probability that the Fund will not main-  
7           tain its established target subsidy rate, the Secretary  
8           may either make programmatic adjustments under  
9           this title as necessary to reduce the risk to the  
10          Fund, or make appropriate premium adjustments.

11          “(7) OPERATIONAL GOALS.—The operational  
12          goals for the Fund are—

13                 “(A) to minimize the default risk to the  
14                 Fund and to homeowners by among other ac-  
15                 tions instituting fraud prevention quality con-  
16                 trol screening not later than 18 months after  
17                 the date of enactment of the Building American  
18                 Homeownership Act of 2008; and

19                 “(B) to meet the housing needs of the bor-  
20                 rowers that the single family mortgage insur-  
21                 ance program under this title is designed to  
22                 serve.”.

23          (b) OBLIGATIONS OF FUND.—The National Housing  
24          Act is amended as follows:

1           (1) HOMEOWNERSHIP VOUCHER PROGRAM  
2 MORTGAGES.—In section 203(v) (12 U.S.C.  
3 1709(v))—

4           (A) by striking “Notwithstanding section  
5 202 of this title, the” and inserting “The”; and

6           (B) by striking “General Insurance Fund”  
7 the first place such term appears and all that  
8 follows through the end of the subsection and  
9 inserting “Mutual Mortgage Insurance Fund.”.

10          (2) HOME EQUITY CONVERSION MORTGAGES.—  
11 Section 255(i)(2)(A) of the National Housing Act  
12 (12 U.S.C. 1715z–20(i)(2)(A)) is amended by strik-  
13 ing “General Insurance Fund” and inserting “Mu-  
14 tual Mortgage Insurance Fund”.

15          (c) CONFORMING AMENDMENTS.—The National  
16 Housing Act is amended—

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

19           (2) in section 519(e) (12 U.S.C. 1735c(e)), by  
20 striking “203(b)” and all that follows through  
21 “203(i)” and inserting “203, except as determined  
22 by the Secretary”.

1 **SEC. 119. HAWAIIAN HOME LANDS AND INDIAN RESERVA-**  
2 **TIONS.**

3 (a) HAWAIIAN HOME LANDS.—Section 247(c) of the  
4 National Housing Act (12 U.S.C. 1715z–12(c)) is amend-  
5 ed—

6 (1) by striking “General Insurance Fund estab-  
7 lished in section 519” and inserting “Mutual Mort-  
8 gage Insurance Fund”; and

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

11 (b) INDIAN RESERVATIONS.—Section 248(f) of the  
12 National Housing Act (12 U.S.C. 1715z–13(f)) is amend-  
13 ed—

14 (1) by striking “General Insurance Fund” the  
15 first place it appears through “519” and inserting  
16 “Mutual Mortgage Insurance Fund”; and

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

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

20 (a) REPEALS.—The following provisions of the Na-  
21 tional Housing Act are repealed:

22 (1) Subsection (i) of section 203 (12 U.S.C.  
23 1709(i)).

24 (2) Subsection (o) of section 203 (12 U.S.C.  
25 1709(o)).

1           (3) Subsection (p) of section 203 (12 U.S.C.  
2           1709(p)).

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

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

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

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

8           (b) DEFINITION OF AREA.—Section 203(u)(2)(A) of  
9 the National Housing Act (12 U.S.C. 1709(u)(2)(A)) is  
10 amended by striking “shall” and all that follows and in-  
11 serting “means a metropolitan statistical area as estab-  
12 lished by the Office of Management and Budget;”.

13          (c) DEFINITION OF STATE.—Section 201(d) of the  
14 National Housing Act (12 U.S.C. 1707(d)) is amended by  
15 striking “the Trust Territory of the Pacific Islands” and  
16 inserting “the Commonwealth of the Northern Mariana  
17 Islands”.

18 **SEC. 121. INSURANCE OF MORTGAGES.**

19          Subsection (n)(2) of section 203 of the National  
20 Housing Act (12 U.S.C. 1709(n)(2)) is amended—

21           (1) in subparagraph (A), by inserting “or sub-  
22           ordinate mortgage or” before “lien given”; and

23           (2) in subparagraph (C), by inserting “or sub-  
24           ordinate mortgage or” before “lien”.

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

2 (a) IN GENERAL.—Section 255 of the National  
3 Housing Act (12 U.S.C. 1715z–20) is amended—

4 (1) in subsection (b)(2), insert “‘real estate,’”  
5 after “‘mortgagor,’”;

6 (2) in subsection (g), by striking “established  
7 under section 203(b)(2)” and all that follows  
8 through “located” and inserting “limitation estab-  
9 lished under section 305(a)(2) of the Federal Home  
10 Loan Mortgage Corporation Act for a 1-family resi-  
11 dence”;

12 (3) in subsection (i)(1)(C), by striking “limita-  
13 tions” and inserting “limitation”; and

14 (4) by adding at the end the following new sub-  
15 section:

16 “(o) **AUTHORITY TO INSURE HOME PURCHASE**  
17 **MORTGAGE.**—

18 “(1) IN GENERAL.—Notwithstanding any other  
19 provision of this section, the Secretary may insure,  
20 upon application by a mortgagee, a home equity con-  
21 version mortgage upon such terms and conditions as  
22 the Secretary may prescribe, when the home equity  
23 conversion mortgage will be used to purchase a 1- to  
24 4-family dwelling unit, one unit of which that the  
25 mortgagor will occupy as a primary residence, and  
26 to provide for any future payments to the mort-

1       gagor, based on available equity, as authorized  
2       under subsection (d)(9).

3               “(2) LIMITATION ON PRINCIPAL OBLIGATION.—

4       A home equity conversion mortgage insured pursu-  
5       ant to paragraph (1) shall involve a principal obliga-  
6       tion that does not exceed the dollar amount limita-  
7       tion determined under section 305(a)(2) of the Fed-  
8       eral Home Loan Mortgage Corporation Act for a 1-  
9       family residence.”.

10       (b) MORTGAGES FOR COOPERATIVES.—Subsection  
11 (b) of section 255 of the National Housing Act (12 U.S.C.  
12 1715z-20(b)) is amended—

13               (1) in paragraph (4)—

14                       (A) by inserting “a first or subordinate  
15                       mortgage or lien” before “on all stock”;

16                       (B) by inserting “unit” after “dwelling”;

17                       and

18                       (C) by inserting “a first mortgage or first  
19                       lien” before “on a leasehold”; and

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

22       (c) LIMITATION ON ORIGINATION FEES.—Section  
23 255 of the National Housing Act (12 U.S.C. 1715z-20),  
24 as amended by the preceding provisions of this section,  
25 is further amended—

1           (1) by redesignating subsections (k), (l), and  
2           (m) as subsections (l), (m), and (n), respectively;  
3           and

4           (2) by inserting after subsection (j) the fol-  
5           lowing new subsection:

6           “(k) 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  
9           under this section, which limitations shall—

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

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

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

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

1 (d) STUDY REGARDING PROGRAM COSTS AND CRED-  
2 IT AVAILABILITY.—

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

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

16 (3) CONTENT OF REPORT.—The study required  
17 under paragraph (1) should focus on—

18 (A) the cost to mortgagors of participating  
19 in the program;

20 (B) the financial soundness of the pro-  
21 gram;

22 (C) the availability of credit under the pro-  
23 gram; and

24 (D) the costs to elderly homeowners par-  
25 ticipating in the program, including—

- 1 (i) mortgage insurance premiums  
2 charged under the program;
- 3 (ii) up-front fees charged under the  
4 program; and
- 5 (iii) margin rates charged under the  
6 program.

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

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

16 Section 106(a)(2) of the Energy Policy Act of 1992  
17 (42 U.S.C. 12712 note) is amended—

18 (1) by amending subparagraph (C) to read as  
19 follows:

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

23 “(i) 5 percent of the property value  
24 (not to exceed 5 percent of the limit estab-  
25 lished under section 203(b)(2)(A)) of the

1 National Housing Act (12 U.S.C.  
2 1709(b)(2)(A); or

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

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

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

15 **SEC. 124. PILOT PROGRAM FOR AUTOMATED PROCESS FOR**  
16 **BORROWERS WITHOUT SUFFICIENT CREDIT**  
17 **HISTORY.**

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

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

24 “(a) ESTABLISHMENT.—The Secretary shall carry  
25 out a pilot program to establish, and make available to

1 mortgagees, an automated process for providing alter-  
2 native credit rating information for mortgagors and pro-  
3 spective mortgagors under mortgages on 1- to 4-family  
4 residences to be insured under this title who have insuffi-  
5 cient credit histories for determining their creditworthi-  
6 ness. Such alternative credit rating information may in-  
7 clude rent, utilities, and insurance payment histories, and  
8 such other information as the Secretary considers appro-  
9 priate.

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

14       “(c) LIMITATION.—In any fiscal year, the aggregate  
15 number of mortgages insured pursuant to the automated  
16 process established under this section may not exceed 5  
17 percent of the aggregate number of mortgages for 1- to  
18 4-family residences insured by the Secretary under this  
19 title during the preceding fiscal year.

20       “(d) SUNSET.—After the expiration of the 5-year pe-  
21 riod beginning on the date of the enactment of the Build-  
22 ing American Homeownership Act of 2008, the Secretary  
23 may not enter into any new commitment to insure any  
24 mortgage, or newly insure any mortgage, pursuant to the  
25 automated process established under this section.”.

1 (b) GAO REPORT.—Not later than the expiration of  
2 the two-year period beginning on the date of the enact-  
3 ment of this subtitle, the Comptroller General of the  
4 United States shall submit to the Congress a report identi-  
5 fying the number of additional mortgagors served using  
6 the automated process established pursuant to section 257  
7 of the National Housing Act (as added by the amendment  
8 made by subsection (a) of this section) and the impact  
9 of such process and the insurance of mortgages pursuant  
10 to such process on the safety and soundness of the insur-  
11 ance funds under the National Housing Act of which such  
12 mortgages are obligations.

13 **SEC. 125. HOMEOWNERSHIP PRESERVATION.**

14 The Secretary of Housing and Urban Development  
15 and the Commissioner of the Federal Housing Adminis-  
16 tration, in consultation with industry, the Neighborhood  
17 Reinvestment Corporation, and other entities involved in  
18 foreclosure prevention activities, shall—

19 (1) develop and implement a plan to improve  
20 the Federal Housing Administration's loss mitiga-  
21 tion process; and

22 (2) report such plan to the Committee on  
23 Banking, Housing, and Urban Affairs of the Senate  
24 and the Committee on Financial Services of the  
25 House of 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  
8 for the mortgage insurance programs under title II of the  
9 National Housing Act, to the Secretary of Housing and  
10 Urban Development for increasing funding for the purpose  
11 of improving technology, processes, program performance,  
12 eliminating fraud, and for providing appropriate staffing  
13 in connection with the mortgage insurance programs  
14 under 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  
17 the Secretary of Housing and Urban Development has, by  
18 rulemaking in accordance with section 553 of title 5,  
19 United States Code (notwithstanding subsections (a)(2),  
20 (b)(B), and (d)(3) of such section), made a determination  
21 that—

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

1 (A) comply with the requirements of sec-  
2 tion 205(f) of such Act (relating to required  
3 capital ratio for the Mutual Mortgage Insur-  
4 ance Fund); and

5 (B) ensure the safety and soundness of the  
6 other mortgage insurance funds under such  
7 Act; and

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

12 (c) STUDY AND REPORT.—The Secretary of Housing  
13 and Urban Development shall conduct a study to obtain  
14 recommendations from participants in the private residen-  
15 tial (both single family and multifamily) mortgage lending  
16 business and the secondary market for such mortgages on  
17 how best to update and upgrade processes and tech-  
18 nologies for the mortgage insurance programs under title  
19 II of the National Housing Act so that the procedures for  
20 originating, insuring, and servicing of such mortgages con-  
21 form with those customarily used by secondary market  
22 purchasers of residential mortgage loans. Not later than  
23 the expiration of the 12-month period beginning on the  
24 date of the enactment of this title, the Secretary shall sub-  
25 mit a report to the Congress describing the progress made

1 and to be made toward updating and upgrading such pro-  
2 cesses and technology, and providing appropriate staffing  
3 for such mortgage insurance programs.

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

6 Section 106(c)(4) of the Housing and Urban Devel-  
7 opment Act of 1968 (12 U.S.C. 1701x(c)(4)) is amended:

8 (1) in subparagraph (C)—

9 (A) in clause (i), by striking “; or” and in-  
10 sserting a semicolon;

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

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

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

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

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

25 “(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 in-  
12                   come of the homeowner is no greater than the  
13                   annual income established by the Secretary as  
14                   being of 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  
21 establish 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  
25 Housing and Urban Development shall provide to eligible

1 homebuyers pre-purchase homeownership counseling  
2 under this 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  
8 the Secretary may, in his discretion, determine ap-  
9 propriate.

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 Hous-  
25 ing and Urban Development shall report to the Committee

1 on Banking, Housing, and Urban Affairs of the Senate  
2 and the Committee on Financial Services of the House of  
3 Representative—

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

7 (2) for the period beginning on the date of en-  
8 actment of this title and ending on the date that is  
9 5 years after such date of enactment, on the pay-  
10 ment history and delinquency rates of eligible home-  
11 buyers who participated in the demonstration pro-  
12 gram.

13 **SEC. 129. FRAUD PREVENTION.**

14 Section 1014 of title 18, United States Code, is  
15 amended in the first sentence—

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

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

1 **SEC. 130. LIMITATION ON MORTGAGE INSURANCE PRE-**  
2 **MIUM INCREASES.**

3 (a) IN GENERAL.—Notwithstanding any other provi-  
4 sion of law, including any provision of this title and any  
5 amendment made by this title—

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

21 (2) a premium increase pursuant to paragraph  
22 (1) may be made only if not less than 30 days prior  
23 to such increase taking effect, the Secretary of  
24 Housing and Urban Development—

25 (A) notifies the Committee on Banking,  
26 Housing, and Urban Affairs of the Senate and

1           the Committee on Financial Services of the  
2           House of Representatives of such increase; and  
3           (B) publishes notice of such increase in the  
4           Federal Register.

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

11       **SEC. 131. SAVINGS PROVISION.**

12          Any mortgage insured under title II of the National  
13          Housing Act before the date of enactment of this subtitle  
14          shall continue to be governed by the laws, regulations, or-  
15          ders, and terms and conditions to which it was subject  
16          on the day before the date of the enactment of this sub-  
17          title.

18       **SEC. 132. IMPLEMENTATION.**

19          The Secretary of Housing and Urban Development  
20          shall by notice establish any additional requirements that  
21          may be necessary to immediately carry out the provisions  
22          of this subtitle. The notice shall take effect upon issuance.

1 **SEC. 133. MORATORIUM ON IMPLEMENTATION OF RISK-**  
2 **BASED PREMIUMS.**

3 For the 12-month period beginning on the date of  
4 enactment of this title, the Secretary of Housing and  
5 Urban Development shall not enact, execute, or take any  
6 action to make effective the planned implementation of  
7 risk-based premiums, which are designed for mortgage  
8 lenders to offer borrowers an FHA-insured product that  
9 provides a range of mortgage insurance premium pricing,  
10 based on the risk the insurance contract represents, as  
11 such planned implementation was set forth in the Notice  
12 published in the Federal Register on September 20, 2007  
13 (Vol. 72, No. 182, Page 53872).

14 **Subtitle B—Manufactured Housing**  
15 **Loan Modernization**

16 **SEC. 141. SHORT TITLE.**

17 This subtitle may be cited as the “FHA Manufac-  
18 tured Housing Loan Modernization Act of 2008”.

19 **SEC. 142. PURPOSES.**

20 The purposes of this subtitle are—

21 (1) to provide adequate funding for FHA-in-  
22 sured manufactured housing loans for low- and mod-  
23 erate-income homebuyers during all economic cycles  
24 in the manufactured housing industry;

25 (2) to modernize the FHA title I insurance pro-  
26 gram for manufactured housing loans to enhance

1 participation by Ginnie Mae and the private lending  
2 markets; and

3 (3) to adjust the low loan limits for title I man-  
4 ufactured home loan insurance to reflect the increase  
5 in costs since such limits were last increased in 1992  
6 and to index the limits to inflation.

7 **SEC. 143. EXCEPTION TO LIMITATION ON FINANCIAL INSTI-  
8 TUTION PORTFOLIO.**

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

11 (1) by striking “In no case” and inserting  
12 “Other than in connection with a manufactured  
13 home or a lot on which to place such a home (or  
14 both), in no case”; and

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

17 **SEC. 144. INSURANCE BENEFITS.**

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

21 “(8) INSURANCE BENEFITS FOR MANUFAC-  
22 TURED HOUSING LOANS.—Any contract of insurance  
23 with respect to loans, advances of credit, or pur-  
24 chases in connection with a manufactured home or  
25 a lot on which to place a manufactured home (or

1       both) for a financial institution that is executed  
2       under this title after the date of the enactment of  
3       the FHA Manufactured Housing Loan Moderniza-  
4       tion Act of 2008 by the Secretary shall be conclusive  
5       evidence of the eligibility of such financial institution  
6       for insurance, and the validity of any contract of in-  
7       surance so executed shall be incontestable in the  
8       hands of the bearer from the date of the execution  
9       of such contract, except for fraud or misrepresenta-  
10      tion on the part of such institution.”.

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

15      **SEC. 145. MAXIMUM LOAN LIMITS.**

16      (a) **DOLLAR AMOUNTS.**—Paragraph (1) of section  
17      2(b) of the National Housing Act (12 U.S.C. 1703(b)(1))  
18      is amended—

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

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

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

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

3 (5) by realigning subparagraphs (C), (D), and  
4 (E) 2 ems to the left so that the left margins of  
5 such subparagraphs are aligned with the margins of  
6 subparagraphs (A) and (B).

7 (b) ANNUAL INDEXING.—Subsection (b) of section 2  
8 of the National Housing Act (12 U.S.C. 1703(b)), as  
9 amended by the preceding provisions of this title, is fur-  
10 ther amended by adding at the end the following new para-  
11 graph:

12 “(9) ANNUAL INDEXING OF MANUFACTURED  
13 HOUSING LOANS.—The Secretary shall develop a  
14 method of indexing in order to annually adjust the  
15 loan limits established in subparagraphs (A)(ii), (C),  
16 (D), and (E) of this subsection. Such index shall be  
17 based on the manufactured housing price data col-  
18 lected by the United States Census Bureau. The  
19 Secretary shall establish such index no later than 1  
20 year after the date of the enactment of the FHA  
21 Manufactured Housing Loan Modernization Act of  
22 2008.”

23 (c) TECHNICAL AND CONFORMING CHANGES.—Para-  
24 graph (1) of section 2(b) of the National Housing Act (12  
25 U.S.C. 1703(b)(1)) is amended—

1           (1) by striking “No” and inserting “Except as  
2           provided in the last sentence of this paragraph, no”;  
3           and

4           (2) by adding after and below subparagraph  
5           (G) the following:

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

11   **SEC. 146. INSURANCE PREMIUMS.**

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

14               (1) by inserting “(1) PREMIUM CHARGES.—”  
15               after “(f)”; and

16               (2) by adding at the end the following new  
17               paragraph:

18               “(2) MANUFACTURED HOME LOANS.—Notwith-  
19               standing paragraph (1), in the case of a loan, advance of  
20               credit, or purchase in connection with a manufactured  
21               home or a lot on which to place such a home (or both),  
22               the premium charge for the insurance granted under this  
23               section shall be paid by the borrower under the loan or  
24               advance of credit, as follows:

1           “(A) At the time of the making of the loan, ad-  
2           vance of credit, or purchase, a single premium pay-  
3           ment in an amount not to exceed 2.25 percent of the  
4           amount of the original insured principal obligation.

5           “(B) In addition to the premium under sub-  
6           paragraph (A), annual premium payments during  
7           the term of the loan, advance, or obligation pur-  
8           chased in an amount not exceeding 1.0 percent of  
9           the remaining insured principal balance (excluding  
10          the portion of the remaining balance attributable to  
11          the premium collected under subparagraph (A) and  
12          without taking into account delinquent payments or  
13          prepayments).

14          “(C) Premium charges under this paragraph  
15          shall be established in amounts that are sufficient,  
16          but do not exceed the minimum amounts necessary,  
17          to maintain a negative credit subsidy for the pro-  
18          gram under this section for insurance of loans, ad-  
19          vances of credit, or purchases in connection with a  
20          manufactured home or a lot on which to place such  
21          a home (or both), as determined based upon risk to  
22          the Federal Government under existing underwriting  
23          requirements.

24          “(D) The Secretary may increase the limita-  
25          tions on premium payments to percentages above

1 those set forth in subparagraphs (A) and (B), but  
2 only if necessary, and not in excess of the minimum  
3 increase necessary, to maintain a negative credit  
4 subsidy as described in subparagraph (C).”.

5 **SEC. 147. TECHNICAL CORRECTIONS.**

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

8 (1) by striking “on and after July 1, 1939,”  
9 each place such term appears; and

10 (2) by striking “made after the effective date of  
11 the Housing Act of 1954”.

12 (b) AUTHORITY OF SECRETARY.—Subsection (c) of  
13 section 2 of the National Housing Act (12 U.S.C. 1703(c))  
14 is amended to read as follows:

15 “(c) HANDLING AND DISPOSAL OF PROPERTY.—

16 “(1) AUTHORITY OF SECRETARY.—Notwith-  
17 standing any other provision of law, the Secretary  
18 may—

19 “(A) deal with, complete, rent, renovate,  
20 modernize, insure, or assign or sell at public or  
21 private sale, or otherwise dispose of, for cash or  
22 credit in the Secretary’s discretion, and upon  
23 such terms and conditions and for such consid-  
24 eration as the Secretary shall determine to be  
25 reasonable, any real or personal property con-

1           veyed to or otherwise acquired by the Secretary,  
2           in connection with the payment of insurance  
3           heretofore or hereafter granted under this title,  
4           including any evidence of debt, contract, claim,  
5           personal property, or security assigned to or  
6           held by him in connection with the payment of  
7           insurance heretofore or hereafter granted under  
8           this section; and

9           “(B) pursue to final collection, by way of  
10          compromise or otherwise, all claims assigned to  
11          or held by the Secretary and all legal or equi-  
12          table rights accruing to the Secretary in con-  
13          nection with the payment of such insurance, in-  
14          cluding unpaid insurance premiums owed in  
15          connection with insurance made available by  
16          this title.

17          “(2) ADVERTISEMENTS FOR PROPOSALS.—Sec-  
18          tion 3709 of the Revised Statutes shall not be con-  
19          strued to apply to any contract of hazard insurance  
20          or to any purchase or contract for services or sup-  
21          plies on account of such property if the amount  
22          thereof does not exceed \$25,000.

23          “(3) DELEGATION OF AUTHORITY.—The power  
24          to convey and to execute in the name of the Sec-  
25          retary, deeds of conveyance, deeds of release, assign-

1       ments and satisfactions of mortgages, and any other  
2       written instrument relating to real or personal prop-  
3       erty or any interest therein heretofore or hereafter  
4       acquired by the Secretary pursuant to the provisions  
5       of this title may be exercised by an officer appointed  
6       by the Secretary without the execution of any ex-  
7       press delegation of power or power of attorney.  
8       Nothing in this subsection shall be construed to pre-  
9       vent the Secretary from delegating such power by  
10      order or by power of attorney, in the Secretary's dis-  
11      cretion, to any officer or agent the Secretary may  
12      appoint.”.

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

14       (a) IN GENERAL.—Subsection (b) of section 2 of the  
15      National Housing Act (12 U.S.C. 1703(b)), as amended  
16      by the preceding provisions of this title, is further amend-  
17      ed by adding at the end the following new paragraph:

18           “(10) FINANCIAL SOUNDNESS OF MANUFAC-  
19      TURED HOUSING PROGRAM.—The Secretary shall es-  
20      tablish such underwriting criteria for loans and ad-  
21      vances of credit in connection with a manufactured  
22      home or a lot on which to place a manufactured  
23      home (or both), including such loans and advances  
24      represented by obligations purchased by financial in-  
25      stitutions, as may be necessary to ensure that the

1 program under this title for insurance for financial  
2 institutions against losses from such loans, advances  
3 of credit, and purchases is financially sound.”.

4 (b) **TIMING.**—Not later than the expiration of the 6-  
5 month period beginning on the date of the enactment of  
6 this title, the Secretary of Housing and Urban Develop-  
7 ment shall revise the existing underwriting criteria for the  
8 program referred to in paragraph (10) of section 2(b) of  
9 the National Housing Act (as added by subsection (a) of  
10 this section) in accordance with the requirements of such  
11 paragraph.

12 **SEC. 149. PROHIBITION AGAINST KICKBACKS AND UN-**  
13 **EARNED FEES.**

14 Title I of the National Housing Act is amended by  
15 adding at the end of section 9 the following new section:

16 **“SEC. 10. PROHIBITION AGAINST KICKBACKS AND UN-**  
17 **EARNED FEES.**

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

1           “(b) AUTHORITY OF THE SECRETARY.—The Sec-  
2 retary is authorized to determine the manner and extent  
3 to which the provisions of sections 3, 8, 16, 17, 18, and  
4 19 of the Real Estate Settlement Procedures Act of 1974  
5 (12 U.S.C. 2601 et seq.) may reasonably be applied to  
6 the transactions described in subsection (a), and to grant  
7 such exemptions as may be necessary to achieve the pur-  
8 poses of this section.

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

10           “(1) the term ‘federally related mortgage loan’  
11 as used in sections 3, 8, 16, 17, 18, and 19 of the  
12 Real Estate Settlement Procedures Act of 1974 (12  
13 U.S.C. 2601 et seq.) shall include an FHA-insured  
14 loan or extension of credit made to a borrower for  
15 the purpose of purchasing a manufactured home  
16 that the borrower intends to occupy as a personal  
17 residence; and

18           “(2) the term ‘real estate settlement service’ as  
19 used in sections 3, 8, 16, 17, 18, and 19 of the Real  
20 Estate Settlement Procedures Act of 1974 (12  
21 U.S.C. 2601 et seq.) shall include any service ren-  
22 dered in connection with a loan or extension of cred-  
23 it insured by the Federal Housing Administration  
24 for the purchase of a manufactured home.

1           “(d) UNFAIR AND DECEPTIVE PRACTICES.—In con-  
2 nection with the purchase of a manufactured home fi-  
3 nanced with a loan or extension of credit insured by the  
4 Federal Housing Administration under this title, the Sec-  
5 retary shall prohibit acts or practices in connection with  
6 loans or extensions of credit that the Secretary finds to  
7 be unfair, deceptive, or otherwise not in the interests of  
8 the borrower.”.

9 **SEC. 150. LEASEHOLD REQUIREMENTS.**

10           Subsection (b) of section 2 of the National Housing  
11 Act (12 U.S.C. 1703(b)), as amended by the preceding  
12 provisions of this title, is further amended by adding at  
13 the end the following new paragraph:

14           “(11) LEASEHOLD REQUIREMENTS.—No insur-  
15 ance shall be granted under this section to any such  
16 financial institution with respect to any obligation  
17 representing any such loan, advance of credit, or  
18 purchase by it, made for the purposes of financing  
19 a manufactured home which is intended to be situ-  
20 ated in a manufactured home community pursuant  
21 to a lease, unless such lease—

22                           “(A) expires not less than 3 years after the  
23 origination date of the obligation;

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

4           “(C) requires the lessor to provide the les-  
5           see written notice of termination of the lease  
6           not less than 180 days prior to the expiration  
7           of the current lease term in the event the lessee  
8           is required to move due to the closing of the  
9           manufactured home community, and further  
10          provides that failure to provide such notice to  
11          the mortgagor in a timely manner will cause the  
12          lease term, at its expiration, to automatically  
13          renew for an additional 1 year term.”.

14 **TITLE II—MORTGAGE FORE-**  
15 **CLOSURE PROTECTIONS FOR**  
16 **SERVICEMEMBERS**

17 **SEC. 201. TEMPORARY INCREASE IN MAXIMUM LOAN GUAR-**  
18 **ANTY AMOUNT FOR CERTAIN HOUSING**  
19 **LOANS GUARANTEED BY THE SECRETARY OF**  
20 **VETERANS AFFAIRS.**

21          Notwithstanding subparagraph (C) of section  
22 3703(a)(1) of title 38, United States Code, for purposes  
23 of any loan described in subparagraph (A)(i)(IV) of such  
24 section that is originated during the period beginning on  
25 the date of the enactment of this Act and ending on De-

1 cember 31, 2008, the term “maximum guaranty amount”  
2 shall mean an amount equal to 25 percent of the higher  
3 of—

4 (1) the limitation determined under section  
5 305(a)(2) of the Federal Home Loan Mortgage Cor-  
6 poration Act (12 U.S.C. 1454(a)(2)) for the cal-  
7 endar year in which the loan is originated for a sin-  
8 gle-family residence; or

9 (2) 125 percent of the area median price for a  
10 single-family residence, but in no case to exceed 175  
11 percent of the limitation determined under such sec-  
12 tion 305(a)(2) for the calendar year in which the  
13 loan is originated for a single-family residence.

14 **SEC. 202. COUNSELING ON MORTGAGE FORECLOSURES**  
15 **FOR MEMBERS OF THE ARMED FORCES RE-**  
16 **TURNING FROM SERVICE ABROAD.**

17 (a) IN GENERAL.—The Secretary of Defense shall  
18 develop and implement a program to advise members of  
19 the Armed Forces (including members of the National  
20 Guard and Reserve) who are returning from service on  
21 active duty abroad (including service in Operation Iraqi  
22 Freedom and Operation Enduring Freedom) on actions to  
23 be taken by such members to prevent or forestall mortgage  
24 foreclosures.

1 (b) ELEMENTS.—The program required by sub-  
2 section (a) shall include the following:

3 (1) Credit counseling.

4 (2) Home mortgage counseling.

5 (3) Such other counseling and information as  
6 the Secretary considers appropriate for purposes of  
7 the program.

8 (c) TIMING OF PROVISION OF COUNSELING.—Coun-  
9 seling and other information under the program required  
10 by subsection (a) shall be provided to a member of the  
11 Armed Forces covered by the program as soon as prac-  
12 ticable after the return of the member from service as de-  
13 scribed in subsection (a).

14 **SEC. 203. ENHANCEMENT OF PROTECTIONS FOR**  
15 **SERVICEMEMBERS RELATING TO MORT-**  
16 **GAGES AND MORTGAGE FORECLOSURES.**

17 (a) EXTENSION OF PERIOD OF PROTECTIONS  
18 AGAINST MORTGAGE FORECLOSURES.—

19 (1) EXTENSION OF PROTECTION PERIOD.—Sub-  
20 section (c) of section 303 of the Servicemembers  
21 Civil Relief Act (50 U.S.C. App. 533) is amended by  
22 striking “90 days” and inserting “9 months”.

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

1 (b) TREATMENT OF MORTGAGES AS OBLIGATIONS  
2 SUBJECT TO INTEREST RATE LIMITATION.—Section 207  
3 of the Servicemembers Civil Relief Act (50 U.S.C. App.  
4 527) is amended—

5 (1) in subsection (a)(1), by striking “in excess  
6 of 6 percent” and all that follows and inserting “in  
7 excess of 6 percent—

8 “(A) during the period of military service  
9 and one year thereafter, in the case of an obli-  
10 gation or liability consisting of a mortgage,  
11 trust deed, or other security in the nature of a  
12 mortgage; or

13 “(B) during the period of military service,  
14 in the case of any other obligation or liability.”;  
15 and

16 (2) by striking subsection (d) and inserting the  
17 following new subsection:

18 “(d) DEFINITIONS.—In this section:

19 “(1) INTEREST.—The term ‘interest’ includes  
20 service charges, renewal charges, fees, or any other  
21 charges (except bona fide insurance) with respect to  
22 an obligation or liability.

23 “(2) OBLIGATION OR LIABILITY.—The term  
24 ‘obligation or liability’ includes an obligation or li-

1 ability consisting of a mortgage, trust deed, or other  
2 security in the nature of a mortgage.”.

3 (c) EFFECTIVE DATE; SUNSET.—

4 (1) EFFECTIVE DATE.—The amendment made  
5 by subsection (a) shall take effect on the date of the  
6 enactment of this Act.

7 (2) SUNSET.—The amendments made by sub-  
8 section (a) shall expire on December 31, 2010. Ef-  
9 fective January 1, 2011, the provisions of sub-  
10 sections (b) and (c) of section 303 of the  
11 Servicemembers Civil Relief Act, as in effect on the  
12 day before the date of the enactment of this Act, are  
13 hereby revived.

14 **TITLE III—EMERGENCY ASSIST-**  
15 **ANCE FOR THE REDEVELOP-**  
16 **MENT OF ABANDONED AND**  
17 **FORECLOSED HOMES**

18 **SEC. 301. EMERGENCY ASSISTANCE FOR THE REDEVELOP-**  
19 **MENT OF ABANDONED AND FORECLOSED**  
20 **HOMES.**

21 (a) DIRECT APPROPRIATIONS.—There are appro-  
22 priated out of any money in the Treasury not otherwise  
23 appropriated for the fiscal year 2008, \$4,000,000,000, to  
24 remain available until expended, for assistance to States  
25 and units of general local government (as such terms are

1 defined in section 102 of the Housing and Community De-  
2 velopment Act of 1974 (42 U.S.C. 5302)) for the redevel-  
3 opment of abandoned and foreclosed upon homes and resi-  
4 dential properties.

5 (b) ALLOCATION OF APPROPRIATED AMOUNTS.—

6 (1) IN GENERAL.—The amounts appropriated  
7 or otherwise made available to States and units of  
8 general local government under this section shall be  
9 allocated based on a funding formula established by  
10 the Secretary of Housing and Urban Development  
11 (in this title referred to as the “Secretary”).

12 (2) FORMULA TO BE DEVISED SWIFTLY.—The  
13 funding formula required under paragraph (1) shall  
14 be established not later than 60 days after the date  
15 of enactment of this section.

16 (3) CRITERIA.—The funding formula required  
17 under paragraph (1) shall ensure that any amounts  
18 appropriated or otherwise made available under this  
19 section are allocated to States and units of general  
20 local government with the greatest need, as such  
21 need is determined in the discretion of the Secretary  
22 based on—

23 (A) the number and percentage of home  
24 foreclosures in each State or unit of general  
25 local government;

1 (B) the number and percentage of homes  
2 financed by a subprime mortgage related loan  
3 in each State or unit of general local govern-  
4 ment; and

5 (C) the number and percentage of homes  
6 in default or delinquency in each State or unit  
7 of general local government.

8 (4) DISTRIBUTION.—Amounts appropriated or  
9 otherwise made available under this section shall be  
10 distributed according to the funding formula estab-  
11 lished by the Secretary under paragraph (1) not  
12 later than 30 days after the establishment of such  
13 formula.

14 (c) USE OF FUNDS.—

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

21 (2) PRIORITY.—Any State or unit of general  
22 local government that receives amounts pursuant to  
23 this section shall in distributing such amounts give  
24 priority emphasis and consideration to those metro-  
25 politan areas, metropolitan cities, urban areas, rural

1 areas, low- and moderate-income areas, and other  
2 areas with the greatest need, including those—

3 (A) with the greatest percentage of home  
4 foreclosures;

5 (B) with the highest percentage of homes  
6 financed by a subprime mortgage related loan;  
7 and

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

11 (3) ELIGIBLE USES.—Amounts made available  
12 under this section may be used to—

13 (A) establish financing mechanisms for  
14 purchase and redevelopment of foreclosed upon  
15 homes and residential properties, including such  
16 mechanisms as soft-seconds, loan loss reserves,  
17 and shared-equity loans for low- and moderate-  
18 income homebuyers;

19 (B) purchase and rehabilitate homes and  
20 residential properties that have been abandoned  
21 or foreclosed upon, in order to sell, rent, or re-  
22 develop such homes and properties;

23 (C) establish land banks for homes that  
24 have been foreclosed upon; and

25 (D) demolish blighted structures.

1 (d) LIMITATIONS.—

2 (1) ON PURCHASES.—Any purchase of a fore-  
3 closed upon home or residential property under this  
4 section shall be at a discount from the current mar-  
5 ket appraised value of the home or property, taking  
6 into account its current condition, and such discount  
7 shall ensure that purchasers are paying below-mar-  
8 ket value for the home or property.

9 (2) SALE OF HOMES.—If an abandoned or fore-  
10 closed upon home or residential property is pur-  
11 chased, redeveloped, or otherwise sold to an indi-  
12 vidual as a primary residence, then such sale shall  
13 be in an amount equal to or less than the cost to  
14 acquire and redevelop or rehabilitate such home or  
15 property up to a decent, safe, and habitable condi-  
16 tion.

17 (3) REINVESTMENT OF PROFITS.—

18 (A) REVENUES GENERATED FROM  
19 SALES.—Any revenue generated from the sale,  
20 rental, redevelopment, rehabilitation, or any  
21 other eligible use that is in excess of the cost  
22 to acquire and redevelop (including reasonable  
23 development fees) or rehabilitate an abandoned  
24 or foreclosed upon home or residential property  
25 shall be provided to and used by the State or

1 unit of general local government in accordance  
2 with, and in furtherance of, the intent and pro-  
3 visions of this section.

4 (B) OTHER REVENUES.—Any revenue gen-  
5 erated under subparagraphs (A), (C) or (D) of  
6 subsection (c)(3) shall be provided to and used  
7 by the State or unit of general local government  
8 in accordance with, and in furtherance of, the  
9 intent and provisions of this section.

10 (e) RULES OF CONSTRUCTION.—

11 (1) IN GENERAL.—Except as otherwise pro-  
12 vided by this section, amounts appropriated, reve-  
13 nues generated, or amounts otherwise made avail-  
14 able to States and units of general local government  
15 under this section shall be treated as though such  
16 funds were community development block grant  
17 funds under title I of the Housing and Community  
18 Development Act of 1974 (42 U.S.C. 5301 et seq.).

19 (2) NO MATCH.—No matching funds shall be  
20 required in order for a State or unit of general local  
21 government to receive any amounts under this sec-  
22 tion.

23 (f) AUTHORITY TO SPECIFY ALTERNATIVE REQUIRE-  
24 MENTS.—

1           (1) IN GENERAL.—In administering any  
2 amounts appropriated or otherwise made available  
3 under this section, the Secretary may specify alter-  
4 native requirements to any provision under title I of  
5 the Housing and Community Development Act of  
6 1974 (except for those related to fair housing, non-  
7 discrimination, labor standards, and the environ-  
8 ment) in accordance with the terms of this section  
9 and for the sole purpose of expediting the use of  
10 such funds.

11           (2) NOTICE.—The Secretary shall provide writ-  
12 ten notice of its intent to exercise the authority to  
13 specify alternative requirements under paragraph (1)  
14 to the Committee on Banking, Housing and Urban  
15 Affairs of the Senate and the Committee on Finan-  
16 cial Services of the House of Representatives not  
17 later than 10 business days before such exercise of  
18 authority is to occur.

19           (3) LOW AND MODERATE INCOME REQUIRE-  
20 MENT.—

21           (A) IN GENERAL.—Notwithstanding the  
22 authority of the Secretary under paragraph  
23 (1)—

24                   (i) all of the funds appropriated or  
25 otherwise made available under this section

1 shall be used with respect to individuals  
2 and families whose income does not exceed  
3 120 percent of area median income; and

4 (ii) not less than 25 percent of the  
5 funds appropriated or otherwise made  
6 available under this section shall be used  
7 for the purchase and redevelopment of  
8 abandoned or foreclosed upon homes or  
9 residential properties that will be used to  
10 house individuals or families whose in-  
11 comes do not exceed 50 percent of area  
12 median income.

13 (B) RECURRENT REQUIREMENT.—The  
14 Secretary shall, by rule or order, ensure, to the  
15 maximum extent practicable and for the longest  
16 feasible term, that the sale, rental, or redevelop-  
17 ment of abandoned and foreclosed upon homes  
18 and residential properties under this section re-  
19 main affordable to individuals or families de-  
20 scribed in subparagraph (A).

21 (g) PERIODIC AUDITS.—In consultation with the Sec-  
22 retary of Housing and Urban Development, the Comp-  
23 troller General of the United States shall conduct periodic  
24 audits to ensure that funds appropriated, made available,  
25 or otherwise distributed under this section are being used

1 in a manner consistent with the criteria provided in this  
2 section.

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

5 **SEC. 401. HOUSING COUNSELING RESOURCES.**

6 There are appropriated out of any money in the  
7 Treasury not otherwise appropriated for the fiscal year  
8 2008, for an additional amount for the “Neighborhood Re-  
9 investment Corporation—Payment to the Neighborhood  
10 Reinvestment Corporation” \$100,000,000, to remain  
11 available until September 30, 2008, for foreclosure mitiga-  
12 tion activities under the terms and conditions contained  
13 in the second undesignated paragraph (beginning with the  
14 phrase “For an additional amount”) under the heading  
15 “Neighborhood Reinvestment Corporation—Payment to  
16 the Neighborhood Reinvestment Corporation” of Public  
17 Law 110–161.

18 **TITLE V—MORTGAGE DISCLO-**  
19 **SURE IMPROVEMENT ACT**

20 **SEC. 501. SHORT TITLE.**

21 This title may be cited as the “Mortgage Disclosure  
22 Improvement Act of 2008”.

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

2 (a) TRUTH IN LENDING ACT DISCLOSURES.—Sec-  
3 tion 128(b)(2) of the Truth in Lending Act (15 U.S.C.  
4 1638(b)(2)) is amended—

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

6 (2) by striking “a residential mortgage trans-  
7 action, as defined in section 103(w)” and inserting  
8 “any extension of credit that is secured by the dwell-  
9 ing of a consumer”;

10 (3) by striking “shall be made in accordance”  
11 and all that follows through “extended, or”; and

12 (4) by striking “If the” and all that follows  
13 through the end of the paragraph and inserting the  
14 following:

15 “(B) In the case of an extension of credit that  
16 is secured by the dwelling of a consumer, in addition  
17 to the other disclosures required by subsection (a),  
18 the disclosures provided under this paragraph  
19 shall—

20 “(i) state in conspicuous type size and for-  
21 mat, the following: ‘You are not required to  
22 complete this agreement merely because you  
23 have received these disclosures or signed a loan  
24 application.’; and

25 “(ii) be furnished to the borrower not later  
26 than 7 business days before the date of con-

1 summation of the transaction, and at the time  
2 of consummation of the transaction, subject to  
3 subparagraph (D).

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

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

14 “(ii) State in conspicuous type size and  
15 format examples of adjustments to the regular  
16 required payment on the extension of credit  
17 based on the change in the interest rates speci-  
18 fied by the contract for such extension of credit.  
19 Among the examples required to be provided  
20 under this clause is an example that reflects the  
21 maximum payment amount of the regular re-  
22 quired payments on the extension of credit,  
23 based on the maximum interest rate allowed  
24 under the contract, in accordance with the rules  
25 of the Board. Prior to issuing any rules pursu-

1           ant to this clause, the Board shall conduct con-  
2           sumer testing to determine the appropriate for-  
3           mat for providing the disclosures required  
4           under this subparagraph to consumers so that  
5           such disclosures can be easily understood.

6           “(D) In any case in which the disclosure state-  
7           ment provided 7 business days before the date of  
8           consummation of the transaction contains an annual  
9           percentage rate of interest that is no longer accu-  
10          rate, as determined under section 107(c), the cred-  
11          itor shall furnish an additional, corrected statement  
12          to the borrower, not later than 3 business days be-  
13          fore the date of consummation of the transaction. A  
14          consumer may modify or waive receipt of the addi-  
15          tional, corrected statement 3 business days before  
16          the date of consummation of the transaction in order  
17          to meet a bona fide personal financial emergency,  
18          only if the consumer provides the creditor a dated,  
19          written statement that—

20                   “(i) describes the emergency;

21                   “(ii) specifically modifies or waives the  
22                   right; and

23                   “(iii) bears the signature of all the con-  
24                   sumers entitled to receive the disclosure.



1                   **TITLE VI—TAX-RELATED**  
2                   **PROVISIONS**

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

6           (a) IN GENERAL.—

7               (1) 4-YEAR CARRYBACK OF CERTAIN LOSSES.—

8           Subparagraph (H) of section 172(b)(1) of the Inter-  
9           nal Revenue Code of 1986 (relating to years to  
10           which loss may be carried) is amended to read as  
11           follows:

12                   “(H) ADDITIONAL CARRYBACK OF CER-  
13                   TAIN LOSSES.—

14                           “(i) TAXABLE YEARS ENDING DURING  
15                           2001 AND 2002.—In the case of a net oper-  
16                           ating loss for any taxable year ending dur-  
17                           ing 2001 or 2002, subparagraph (A)(i)  
18                           shall be applied by substituting ‘5’ for ‘2’  
19                           and subparagraph (F) shall not apply.

20                           “(ii) TAXABLE YEARS ENDING DUR-  
21                           ING 2008 AND 2009.—In the case of a net  
22                           operating loss with respect to any eligible  
23                           taxpayer (within the meaning of section  
24                           168(k)(4)) for any taxable year ending  
25                           during 2008 or 2009—

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

3                   “(II) subparagraph (E)(ii) shall  
4                   be applied by substituting ‘3’ for ‘2’,  
5                   and

6                   “(III) subparagraph (F) shall not  
7                   apply.”.

8                   (2) TEMPORARY SUSPENSION OF 90 PERCENT  
9                   LIMIT ON CERTAIN NOL CARRYBACKS AND  
10                  CARRYOVERS.—

11                  (A) IN GENERAL.—Section 56(d) of the  
12                  Internal Revenue Code of 1986 (relating to def-  
13                  inition of alternative tax net operating loss de-  
14                  duction) is amended by adding at the end the  
15                  following new paragraph:

16                  “(3) ADDITIONAL ADJUSTMENTS.—For pur-  
17                  poses of paragraph (1)(A), in the case of an eligible  
18                  taxpayer (within the meaning of section 168(k)(4)),  
19                  the amount described in subclause (I) of paragraph  
20                  (1)(A)(ii) shall be increased by the amount of the  
21                  net operating loss deduction allowable for the tax-  
22                  able year under section 172 attributable to the sum  
23                  of—

1           “(A) carrybacks of net operating losses  
2           from taxable years ending during 2008 and  
3           2009, and

4           “(B) carryovers of net operating losses to  
5           taxable years ending during 2008 or 2009.”.

6           (B) CONFORMING AMENDMENT.—Sub-  
7           clause (I) of section 56(d)(1)(A)(i) of such Code  
8           is amended by inserting “amount of such” be-  
9           fore “deduction described in clause (ii)(I)”.

10          (3) EFFECTIVE DATES.—

11           (A) NET OPERATING LOSSES.—The  
12           amendments made by paragraph (1) shall apply  
13           to net operating losses arising in taxable years  
14           ending in 2008 or 2009.

15           (B) SUSPENSION OF AMT LIMITATION.—  
16           The amendments made by paragraph (2) shall  
17           apply to taxable years ending after December  
18           31, 1997.

19          (4) ANTI-ABUSE RULES.—The Secretary of  
20          Treasury or the Secretary’s designee shall prescribe  
21          such rules as are necessary to prevent the abuse of  
22          the purposes of the amendments made by this sub-  
23          section, including anti-stuffing rules, anti-churning  
24          rules (including rules relating to sale-leasebacks),  
25          and rules similar to the rules under section 1091 of

1 the Internal Revenue Code of 1986 relating to losses  
2 from wash sales.

3 (b) ELECTION AMONG STIMULUS INCENTIVES.—

4 (1) IN GENERAL.—

5 (A) BONUS DEPRECIATION.—Section  
6 168(k) of the Internal Revenue Code of 1986  
7 (relating to special allowance for certain prop-  
8 erty acquired after December 31, 2007, and be-  
9 fore January 1, 2009), as amended by the Eco-  
10 nomic Stimulus Act of 2008, is amended—

11 (i) in paragraph (1), by inserting  
12 “placed in service by an eligible taxpayer”  
13 after “any qualified property”, and

14 (ii) by adding at the end the following  
15 new paragraph:

16 “(4) ELIGIBLE TAXPAYER.—

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

22 “(i) This subsection and section  
23 179(b)(7).

24 “(ii) The application of section  
25 56(d)(1)(A)(ii)(I) and section

1                   172(b)(1)(H)(ii) in connection with net op-  
2                   erating losses relating to taxable years  
3                   ending during 2008 and 2009.

4                   “(B) ELIGIBLE TAXPAYER.—For purposes  
5                   of each of the provisions described in subpara-  
6                   graph (A), a taxpayer shall only be treated as  
7                   an eligible taxpayer with respect to the provi-  
8                   sion with respect to which the taxpayer made  
9                   the election under subparagraph (A).

10                  “(C) ELECTION IRREVOCABLE.—An elec-  
11                  tion under subparagraph (A) may not be re-  
12                  voked except with the consent of the Sec-  
13                  retary.”.

14                  (B) EFFECTIVE DATE.—The amendments  
15                  made by this paragraph shall take effect as if  
16                  included in section 103 of the Economic Stim-  
17                  ulus Act of 2008.

18                  (2) ELECTION FOR INCREASED EXPENSING.—

19                  (A) IN GENERAL.—Paragraph (7) of sec-  
20                  tion 179(b) of the Internal Revenue Code of  
21                  1986 (relating to limitations), as added by the  
22                  Economic Stimulus Act of 2008, is amended to  
23                  read as follows:

24                  “(7) SPECIAL RULE FOR ELIGIBLE TAXPAYERS  
25                  IN 2008.—In the case of any taxable year of any eli-

1 gible taxpayer (within the meaning of section  
2 168(k)(4)) beginning in 2008—

3 “(A) the dollar limitation under paragraph  
4 (1) shall be \$250,000,

5 “(B) the dollar limitation under paragraph  
6 (2) shall be \$800,000, and

7 “(C) the amounts described in subpara-  
8 graphs (A) and (B) shall not be adjusted under  
9 paragraph (5).”.

10 (B) EFFECTIVE DATE.—The amendment  
11 made by this paragraph shall take effect as if  
12 included in section 102 of the Economic Stim-  
13 ulus Act of 2008.

14 **SEC. 602. MODIFICATIONS ON USE OF QUALIFIED MORT-**  
15 **GAGE BONDS; TEMPORARY INCREASED VOL-**  
16 **UME CAP FOR CERTAIN HOUSING BONDS.**

17 (a) USE OF QUALIFIED MORTGAGE BONDS PRO-  
18 CEEDS FOR SUBPRIME REFINANCING LOANS.—Section  
19 143(k) of the Internal Revenue Code of 1986 (relating to  
20 other definitions and special rules) is amended by adding  
21 at the end the following new paragraph:

22 “(12) SPECIAL RULES FOR SUBPRIME  
23 REFINANCINGS.—

24 “(A) IN GENERAL.—Notwithstanding the  
25 requirements of subsection (i)(1), the proceeds

1 of a qualified mortgage issue may be used to re-  
2 finance a mortgage on a residence which was  
3 originally financed by the mortgagor through a  
4 qualified subprime loan.

5 “(B) SPECIAL RULES.—In applying this  
6 paragraph to any case in which the proceeds of  
7 a qualified mortgage issue are used for any refi-  
8 nancing described in subparagraph (A)—

9 “(i) subsection (a)(2)(D)(i) (relating  
10 to proceeds must be used within 42  
11 months of date of issuance) shall be ap-  
12 plied by substituting ‘12-month period’ for  
13 ‘42-month period’ each place it appears,

14 “(ii) subsection (d) (relating to 3-year  
15 requirement) shall not apply, and

16 “(iii) subsection (e) (relating to pur-  
17 chase price requirement) shall be applied  
18 by using the market value of the residence  
19 at the time of refinancing in lieu of the ac-  
20 quisition cost.

21 “(C) QUALIFIED SUBPRIME LOAN.—The  
22 term ‘qualified subprime loan’ means an adjust-  
23 able rate single-family residential mortgage loan  
24 originated after December 31, 2001, and before  
25 January 1, 2008, that the bond issuer deter-

1           mines would be reasonably likely to cause finan-  
2           cial hardship to the borrower if not refinanced.

3           “(D) TERMINATION.—This paragraph  
4           shall not apply to any bonds issued after De-  
5           cember 31, 2010.”.

6           (b) INCREASED VOLUME CAP FOR CERTAIN  
7           BONDS.—

8           (1) IN GENERAL.—Subsection (d) of section  
9           146 of the Internal Revenue Code of 1986 (relating  
10          to State ceiling) is amended by adding at the end  
11          the following new paragraph:

12          “(5) INCREASE AND SET ASIDE FOR HOUSING  
13          BONDS FOR 2008.—

14                 “(A) INCREASE FOR 2008.—In the case of  
15                 calendar year 2008, the State ceiling for each  
16                 State shall be increased by an amount equal to  
17                 \$10,000,000,000 multiplied by a fraction—

18                         “(i) the numerator of which is the  
19                         population of such State, and

20                         “(ii) the denominator of which is the  
21                         total population of all States.

22          “(B) SET ASIDE.—

23                 “(i) IN GENERAL.—Any amount of  
24                 the State ceiling for any State which is at-  
25                 tributable to an increase under this para-

1 graph shall be allocated solely for one or  
2 more qualified purposes.

3 “(ii) QUALIFIED PURPOSE.—For pur-  
4 poses of this paragraph, the term ‘qualified  
5 purpose’ means—

6 “(I) the issuance of exempt facil-  
7 ity bonds used solely to provide quali-  
8 fied residential rental projects, or

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

14 (2) CARRYFORWARD OF UNUSED LIMITA-  
15 TIONS.—Subsection (f) of section 146 of such Code  
16 (relating to elective carryforward of unused limita-  
17 tion for specified purpose) is amended by adding at  
18 the end the following new paragraph:

19 “(6) SPECIAL RULES FOR INCREASED VOLUME  
20 CAP UNDER SUBSECTION (d)(5).—

21 “(A) IN GENERAL.—No amount which is  
22 attributable to the increase under subsection  
23 (d)(5) may be used—



1 exempt facility bond (as defined in  
2 section 142(a)) issued as part of an  
3 issue 95 percent or more of the net  
4 proceeds of which are to be used to  
5 provide qualified residential rental  
6 projects (as defined in section  
7 142(d)), but only if such bond is  
8 issued after the date of the enactment  
9 of this subclause and before January  
10 1, 2011.

11 Subclause (II) shall not apply to a refund-  
12 ing bond unless such subclause applied to  
13 the refunded bond (or in the case of a se-  
14 ries of refundings, the original bond).”.

15 (2) CONFORMING AMENDMENT.—The heading  
16 for section 57(a)(5)(C)(ii) of such Code is amended  
17 by striking “QUALIFIED 501(c)(3) BONDS” and in-  
18 serting “CERTAIN BONDS”.

19 (d) EFFECTIVE DATE.—The amendments made by  
20 this section shall apply to bonds issued after the date of  
21 the enactment of this Act.

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

23 (a) ALLOWANCE OF CREDIT.—Subpart A of part IV  
24 of subchapter A of chapter 1 of the Internal Revenue Code  
25 of 1986 (relating to nonrefundable personal credits) is

1 amended by inserting after section 25D the following new  
2 section:

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

4 “(a) ALLOWANCE OF CREDIT.—

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

11 “(2) ALLOCATION OF CREDIT AMOUNT.—The  
12 amount of the credit allowed under paragraph (1)  
13 shall be equally divided among the 2 taxable years  
14 beginning with the taxable year in which the pur-  
15 chase of the qualified principal residence is made.

16 “(b) LIMITATIONS.—

17 “(1) DATE OF PURCHASE.—The credit allowed  
18 under subsection (a) shall be allowed only with re-  
19 spect to purchases made—

20 “(A) after the date of the enactment of  
21 this section, and

22 “(B) before the date that is 12 months  
23 after such date.

24 “(2) LIMITATION BASED ON AMOUNT OF  
25 TAX.—In the case of a taxable year to which section

1       26(a)(2) does not apply, the credit allowed under  
2       subsection (a) for any taxable year shall not exceed  
3       the excess of—

4               “(A) the sum of the regular tax liability  
5               (as defined in section 26(b)) plus the tax im-  
6               posed by section 55, over

7               “(B) the sum of the credits allowable  
8               under this subpart (other than this section and  
9               section 23) for the taxable year.

10       “(3) ONE-TIME ONLY.—

11               “(A) IN GENERAL.—If a credit is allowed  
12               under this section in the case of any individual  
13               (and such individual’s spouse, if married) with  
14               respect to the purchase of any qualified prin-  
15               cipal residence, no credit shall be allowed under  
16               this section in any taxable year with respect to  
17               the purchase of any other qualified principal  
18               residence by such individual or a spouse of such  
19               individual.

20               “(B) JOINT PURCHASE.—In the case of a  
21               purchase of a qualified principal residence by 2  
22               or more unmarried individuals or by 2 married  
23               individuals filing separately, no credit shall be  
24               allowed under this section if a credit under this  
25               section has been allowed to any of such individ-

1           uals in any taxable year with respect to the  
2           purchase of any other qualified principal resi-  
3           dence.

4           “(c) QUALIFIED PRINCIPAL RESIDENCE.—For pur-  
5 poses of this section—

6           “(1) IN GENERAL.—The term ‘qualified prin-  
7           cipal residence’ means an eligible single-family resi-  
8           dence that is purchased to be the principal residence  
9           of the purchaser.

10          “(2) ELIGIBLE SINGLE-FAMILY RESIDENCE.—

11           “(A) IN GENERAL.—The term ‘eligible sin-  
12           gle-family residence’ means a single-family  
13           structure that is a residence—

14           “(i) upon which foreclosure has been  
15           filed pursuant to the laws of the State in  
16           which the residence is located, and

17           “(ii) which—

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

23           “(II) was occupied as a principal  
24           residence by the mortgagor for at

1                   least 1 year prior to the foreclosure  
2                   filing.

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

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

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

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

18                         “(1) disposes of the qualified principal resi-  
19                         dence with respect to which a credit is allowed under  
20                         subsection (a), or

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

23                  at any time within 24 months after the date on which the  
24                  taxpayer purchased such residence, then the remaining  
25                  portion of the credit allowed under subsection (a) shall be

1 disallowed in the taxable year during which such disposi-  
2 tion occurred or in which the taxpayer failed to occupy  
3 the residence as a principal residence, and in any subse-  
4 quent taxable year in which the remaining portion of the  
5 credit would, but for this subsection, have been allowed.

6 “(f) SPECIAL RULES.—

7 “(1) JOINT PURCHASE.—

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

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

21 “(2) PURCHASE; PURCHASE PRICE.—Rules  
22 similar to the rules of paragraphs (2) and (3) of sec-  
23 tion 1400C(e) (as in effect on the date of the enact-  
24 ment of this section) shall apply for purposes of this  
25 section.

1           “(3) REPORTING REQUIREMENT.—Rules similar  
2           to the rules of section 1400C(f) (as so in effect)  
3           shall 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 resi-  
7           dence shall be reduced by the amount of the credit so al-  
8           lowed.”.

9           (b) CONFORMING AMENDMENTS.—

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

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

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

18           (4) Section 25D(c)(2) of such Code is amended  
19           by striking “and 25B” and inserting “25B, and  
20           25E”.

21           (5) Section 26(a)(1) of such Code is amended  
22           by striking “and 25B” and inserting “25B, and  
23           25E”.

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

1           (7) Subsection (a) of section 1016 of such Code  
2           is amended by striking “and” at the end of para-  
3           graph (36), by striking the period at the end of  
4           paragraph (37) and inserting “, and”, and by add-  
5           ing at the end the following new paragraph:

6           “(38) to the extent provided in section  
7           25E(g).”.

8           (8) Section 1400C(d)(2) of such Code is  
9           amended by striking “and 25D” and inserting  
10          “25D, and 25E”.

11          (c) CLERICAL AMENDMENT.—The table of sections  
12          for subpart A of part IV of subchapter A of chapter 1  
13          of the Internal Revenue Code of 1986 is amended by in-  
14          serting after the item relating to section 25D the following  
15          new item:

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

16          (d) EFFECTIVE DATE.—The amendments made by  
17          this section shall apply to purchases in taxable years end-  
18          ing after the date of the enactment of this Act.

19          (e) APPLICATION OF EGTRRA SUNSET.—The  
20          amendment made by subsection (b)(1) shall be subject to  
21          title IX of the Economic Growth and Tax Relief Reconcili-  
22          ation Act of 2001 in the same manner as the provisions  
23          of such Act to which such amendment relates.

1 **SEC. 604. ADDITIONAL STANDARD DEDUCTION FOR REAL**  
2 **PROPERTY TAXES FOR NONITEMIZERS.**

3 (a) IN GENERAL.—Section 63(c)(1) of the Internal  
4 Revenue Code of 1986 (defining standard deduction) is  
5 amended by striking “and” at the end of subparagraph  
6 (A), by striking the period at the end of subparagraph  
7 (B) and inserting “, and”, and by adding at the end the  
8 following new subparagraph:

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

11 (b) DEFINITION.—Section 63(c) of the Internal Rev-  
12 enue Code of 1986 is amended by adding at the end the  
13 following new paragraph:

14 “(8) REAL PROPERTY TAX DEDUCTION.—

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

22 “(B) ELIGIBLE STATE AND LOCAL REAL  
23 PROPERTY TAXES.—For purposes of subpara-  
24 graph (A), the term ‘eligible State and local  
25 real property taxes’ means State and local real  
26 property taxes (within the meaning of section

1           164), but only if the rate of tax for all residen-  
2           tial real property taxes in the jurisdiction has  
3           not been increased at any time after April 2,  
4           2008, and before January 1, 2009.”.

5           (c) EFFECTIVE DATE.—The amendments made by  
6 this section shall apply to taxable years beginning after  
7 December 31, 2007.

8                           **TITLE VII—EMERGENCY**  
9                           **DESIGNATION**

10 **SEC. 701. EMERGENCY DESIGNATION.**

11           For purposes of Senate enforcement, all provisions of  
12 this Act are designated as emergency requirements and  
13 necessary to meet emergency needs pursuant to section  
14 204 of S. Con. Res. 21 (110th Congress), the concurrent  
15 resolution on the budget for fiscal year 2008.