

TEXT OF AMENDMENTS -- (Senate - April 03, 2008)

SA 4387. Mr. DODD (for himself and Mr. *Shelby*) submitted an amendment intended to be proposed by him to the bill 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; as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) *Short Title.*--This Act may be cited as the ``Foreclosure Prevention Act of 2008''.

(b) *Table of Contents.*--The table of contents for this Act is as follows:

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

TITLE I--FHA MODERNIZATION ACT OF 2008

Sec..101..Short title.

Subtitle A--Building American Homeownership

Sec..111..Short title.

Sec..112..Maximum principal loan obligation.

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

Sec..114..Mortgage insurance premiums.

Sec..115..Rehabilitation loans.

Sec..116..Discretionary action.

Sec..117..Insurance of condominiums.

Sec..118..Mutual Mortgage Insurance Fund.

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

Sec..120..Conforming and technical amendments.

Sec..121..Insurance of mortgages.

Sec..122..Home equity conversion mortgages.

Sec..123..Energy efficient mortgages program.

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

Sec..125..Homeownership preservation.

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

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

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

Sec..129..Fraud prevention.

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

Sec..131..Savings provision.

Sec..132..Implementation.

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

Subtitle B--Manufactured Housing Loan Modernization

Sec..141..Short title.

Sec..142..Purposes.

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

Sec..144..Insurance benefits.

Sec..145..Maximum loan limits.

Sec..146..Insurance premiums.

Sec..147..Technical corrections.

Sec..148..Revision of underwriting criteria.

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

Sec..150..Leasehold requirements.

TITLE II--MORTGAGE FORECLOSURE PROTECTIONS FOR SERVICEMEMBERS

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

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

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

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

Sec..301..Emergency assistance for the redevelopment of abandoned and foreclosed homes.

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 nonitemizers.

TITLE VII--EMERGENCY DESIGNATION

Sec..701..Emergency designation.

TITLE I--FHA MODERNIZATION ACT OF 2008

SEC. 101. SHORT TITLE.

This title may be cited as the ``FHA Modernization Act of 2008".

Subtitle A--Building American Homeownership

SEC. 111. SHORT TITLE.

This subtitle may be cited as the ``Building American Homeownership Act of 2008".

SEC. 112. MAXIMUM PRINCIPAL LOAN OBLIGATION.

(a) *In General.*--Paragraph (2) of section 203(b)(2) of the National Housing Act (12 U.S.C. 1709(b)(2)) is amended--

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

``(A) not to exceed the lesser of--

``(i) in the case of a 1-family residence, 110 percent of the median 1-family house price in the area, as determined by the Secretary; and in the case of a 2-, 3-, or 4-family residence, the percentage of such median price that bears the same ratio to such median price as the dollar amount limitation in effect for 2007 under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)) for a 2-, 3-, or 4-family residence, respectively, bears to the dollar amount limitation in effect for 2007 under such section for a 1-family residence; or

``(ii) 132 percent of the dollar amount limitation in effect for 2007 under such section 305(a)(2) for a residence of the applicable size (without regard to any authority to increase such limitations with respect to properties located in Alaska, Guam, Hawaii, or the Virgin Islands), except that each such maximum dollar amount shall be adjusted effective January 1 of each year beginning with 2009, by adding to or subtracting from each such amount (as it may have been previously adjusted) a percentage thereof equal to the percentage increase or decrease, during the most recently completed 12-month or 4-quarter period ending before the time of determining such annual

adjustment, in an housing price index developed or selected by the Secretary for purposes of adjustments under this clause;

except that the dollar amount limitation in effect under this subparagraph for any size residence for any area may not be less than the greater of: (I) the dollar amount limitation in effect under this section for the area on October 21, 1998; or (II) 65 percent of the dollar amount limitation in effect for 2007 under such section 305(a)(2) for a residence of the applicable size, as such limitation is adjusted by any subsequent percentage adjustments determined under clause (ii) of this subparagraph; and

``(B) not to exceed 100 percent of the appraised value of the property."; and

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

(b) *Effective Date.*--The amendments made by subsection (a) shall take effect upon the expiration of the date described in section 202(a) of the Economic Stimulus Act of 2008 (Public Law 110-185).

SEC. 113. CASH INVESTMENT REQUIREMENT AND PROHIBITION OF SELLER-FUNDED DOWNPAYMENT ASSISTANCE.

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

``(9) **CASH INVESTMENT REQUIREMENT.**--

``(A) **IN GENERAL.**--A mortgage insured under this section shall be executed by a mortgagor who shall have paid, in cash, on account of the property an amount equal to not less than 3.5 percent of the appraised value of the property or such larger amount as the Secretary may determine.

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

``(i) such lien shall be subordinate to the mortgage; and

`` (ii) the sum of the principal obligation of the mortgage and the obligation secured by such lien may not exceed 100 percent of the appraised value of the property.

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`` (C) **PROHIBITED SOURCES.**--In no case shall the funds required by subparagraph (A) consist, in whole or in part, of funds provided by any of the following parties before, during, or after closing of the property sale:

`` (i) The seller or any other person or entity that financially benefits from the transaction.

`` (ii) Any third party or entity that is reimbursed, directly or indirectly, by any of the parties described in clause (i)."

SEC. 114. MORTGAGE INSURANCE PREMIUMS.

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

(1) in the matter preceding subparagraph (A), by striking ``or of the General Insurance Fund" and all that follows through ``section 234(c),,"; and

(2) in subparagraph (A)--

(A) by striking ``2.25 percent" and inserting ``3 percent"; and

(B) by striking ``2.0 percent" and inserting ``2.75 percent".

SEC. 115. REHABILITATION LOANS.

Subsection (k) of section 203 of the National Housing Act (12 U.S.C. 1709(k)) is amended--

(1) in paragraph (1), by striking ``on" and all that follows through ``1978"; and

(2) in paragraph (5)--

(A) by striking ``General Insurance Fund" the first place it appears and inserting ``Mutual Mortgage Insurance Fund"; and

(B) in the second sentence, by striking the comma and all that follows through ``General Insurance Fund".

SEC. 116. DISCRETIONARY ACTION.

The National Housing Act is amended--

(1) in subsection (e) of section 202 (12 U.S.C. 1708(e))--

(A) in paragraph (3)(B), by striking ``section 202(e) of the National Housing Act" and inserting ``this subsection"; and

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

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

``(4) the Secretary of Agriculture"; and

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

SEC. 117. INSURANCE OF CONDOMINIUMS.

(a) *In General.*--Section 234 of the National Housing Act (12 U.S.C. 1715y) is amended--

(1) in subsection (c), in the first sentence--

(A) by striking ``and" before ``(2)"; and

(B) by inserting before the period at the end the following: `` , and (3) the project has a blanket mortgage insured by the Secretary under subsection (d)"; and

(2) in subsection (g), by striking `` , except that" and all that follows and inserting a period.

(b) *Definition of Mortgage.*--Section 201(a) of the National Housing Act (12 U.S.C. 1707(a)) is amended--

(1) before ``a first mortgage" insert ``(A)";

(2) by striking ``or on a leasehold (1)" and inserting ``(B) a first mortgage on a leasehold on real estate (i)";

(3) by striking ``or (2)" and inserting `` , or (ii)"; and

(4) by inserting before the semicolon the following: `` , or (C) a first mortgage given to secure the unpaid purchase price of a fee interest in, or long-term leasehold interest in, real estate consisting of a one-family unit in a multifamily project, including a project in which the

dwelling units are attached, or are manufactured housing units, semi-detached, or detached, and an undivided interest in the common areas and facilities which serve the project".

(c) *Definition of Real Estate.*--Section 201 of the National Housing Act (12 U.S.C. 1707) is amended by adding at the end the following new subsection:

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

SEC. 118. MUTUAL MORTGAGE INSURANCE FUND.

(a) *In General.*--Subsection (a) of section 202 of the National Housing Act (12 U.S.C. 1708(a)) is amended to read as follows:

“(a) *Mutual Mortgage Insurance Fund.*--

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

“(2) **LIMIT ON LOAN GUARANTEES.**--The authority of the Secretary to enter into commitments to guarantee such insured mortgages shall be effective for any fiscal year only to the extent that the aggregate original principal loan amount under such mortgages, any part of which is guaranteed, does not exceed the amount specified in appropriations Acts for such fiscal year.

“(3) **FIDUCIARY RESPONSIBILITY.**--The Secretary has a responsibility to ensure that the Mutual Mortgage Insurance Fund remains financially sound.

“(4) **ANNUAL INDEPENDENT ACTUARIAL STUDY.**--The Secretary shall provide for an independent actuarial study of the Fund to be conducted annually, which shall analyze the financial position of the Fund. The Secretary shall submit a report annually to the Congress describing the results of such study and assessing the financial status of the Fund. The report shall recommend adjustments to underwriting

standards, program participation, or premiums, if necessary, to ensure that the Fund remains financially sound.

`` (5) **QUARTERLY REPORTS.**--During each fiscal year, the Secretary shall submit a report to the Congress for each calendar quarter, which shall specify for mortgages that are obligations of the Fund--

`` (A) the cumulative volume of loan guarantee commitments that have been made during such fiscal year through the end of the quarter for which the report is submitted;

`` (B) the types of loans insured, categorized by risk;

`` (C) any significant changes between actual and projected claim and prepayment activity;

`` (D) projected versus actual loss rates; and

`` (E) updated projections of the annual subsidy rates to ensure that increases in risk to the Fund are identified and mitigated by adjustments to underwriting standards, program participation, or premiums, and the financial soundness of the Fund is maintained.

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

`` (6) **ADJUSTMENT OF PREMIUMS.**--If, pursuant to the independent actuarial study of the Fund required under paragraph (4), the Secretary determines that the Fund is not meeting the operational goals established under paragraph (7) or there is a substantial probability that the Fund will not maintain its established target subsidy rate, the Secretary may either make programmatic adjustments under this title as necessary to reduce the risk to the Fund, or make appropriate premium adjustments.

`` (7) **OPERATIONAL GOALS.**--The operational goals for the Fund are--

`` (A) to minimize the default risk to the Fund and to homeowners by among other actions instituting fraud prevention quality control screening not later than 18 months after the date of enactment of the Building American Homeownership Act of 2008; and

`` (B) to meet the housing needs of the borrowers that the single family mortgage insurance program under this title is designed to serve.".

(b) *Obligations of Fund.*--The National Housing Act is amended as follows:

(1) **HOMEOWNERSHIP VOUCHER PROGRAM MORTGAGES.**--In section 203(v) (12 U.S.C. 1709(v))--

(A) by striking ``Notwithstanding section 202 of this title, the" and inserting ``The"; and

(B) by striking ``General Insurance Fund" the first place such term appears and all that follows through the end of the subsection and inserting ``Mutual Mortgage Insurance Fund".

(2) **HOME EQUITY CONVERSION MORTGAGES.**--Section 255(i)(2)(A) of the National Housing Act (12 U.S.C. 1715z-20(i)(2)(A)) is amended by striking ``General Insurance Fund" and inserting ``Mutual Mortgage Insurance Fund".

(c) *Conforming Amendments.*--The National Housing Act is amended--

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

(2) in section 519(e) (12 U.S.C. 1735c(e)), by striking ``203(b)" and all that follows through ``203(i)" and inserting ``203, except as determined by the Secretary".

SEC. 119. HAWAIIAN HOME LANDS AND INDIAN RESERVATIONS.

(a) *Hawaiian Home Lands.*--Section 247(c) of the National Housing Act (12 U.S.C. 1715z-12(c)) is amended--

(1) by striking ``General Insurance Fund established in section 519" and inserting ``Mutual Mortgage Insurance Fund"; and

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

(b) *Indian Reservations.*--Section 248(f) of the National Housing Act (12 U.S.C. 1715z-13(f)) is amended--

(1) by striking "General Insurance Fund" the first place it appears through "519" and inserting "Mutual Mortgage Insurance Fund"; and

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

SEC. 120. CONFORMING AND TECHNICAL AMENDMENTS.

(a) *Repeals.*--The following provisions of the National Housing Act are repealed:

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

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

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

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

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

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

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

(b) *Definition of Area.*--Section 203(u)(2)(A) of the National Housing Act (12 U.S.C. 1709(u)(2)(A)) is amended by striking "shall" and all that follows and inserting

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"means a metropolitan statistical area as established by the Office of Management and Budget;"

(c) *Definition of State.*--Section 201(d) of the National Housing Act (12 U.S.C. 1707(d)) is amended by striking "the Trust Territory of the Pacific Islands" and inserting "the Commonwealth of the Northern Mariana Islands".

SEC. 121. INSURANCE OF MORTGAGES.

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

(1) in subparagraph (A), by inserting "or subordinate mortgage or" before "lien given"; and

(2) in subparagraph (C), by inserting "or subordinate mortgage or" before "lien".

SEC. 122. HOME EQUITY CONVERSION MORTGAGES.

(a) *In General.*--Section 255 of the National Housing Act (12 U.S.C. 1715z-20) is amended--

(1) in subsection (b)(2), insert `` ` real estate,' " after `` ` mortgagor','";

(2) in subsection (g), by striking `` ` established under section 203(b)(2)" and all that follows through `` ` located" and inserting `` ` limitation established under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act for a 1-family residence";

(3) in subsection (i)(1)(C), by striking `` ` limitations" and inserting `` ` limitation"; and

(4) by adding at the end the following new subsection:

`` (o) *Authority To Insure Home Purchase Mortgage.*--

`` (1) **IN GENERAL.**--Notwithstanding any other provision of this section, the Secretary may insure, upon application by a mortgagee, a home equity conversion mortgage upon such terms and conditions as the Secretary may prescribe, when the home equity conversion mortgage will be used to purchase a 1- to 4-family dwelling unit, one unit of which that the mortgagor will occupy as a primary residence, and to provide for any future payments to the mortgagor, based on available equity, as authorized under subsection (d)(9).

`` (2) **LIMITATION ON PRINCIPAL OBLIGATION.**--A home equity conversion mortgage insured pursuant to paragraph (1) shall involve a principal obligation that does not exceed the dollar amount limitation determined under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act for a 1-family residence.".

(b) *Mortgages for Cooperatives.*--Subsection (b) of section 255 of the National Housing Act (12 U.S.C. 1715z-20(b)) is amended--

(1) in paragraph (4)--

(A) by inserting `` ` a first or subordinate mortgage or lien" before `` ` on all stock";

(B) by inserting `` ` unit" after `` ` dwelling"; and

(C) by inserting `` ` a first mortgage or first lien" before `` ` on a leasehold"; and

(2) in paragraph (5), by inserting `` a first or subordinate lien on" before `` all stock".

(c) *Limitation on Origination Fees.*--Section 255 of the National Housing Act (12 U.S.C. 1715z-20), as amended by the preceding provisions of this section, is further amended--

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

(2) by inserting after subsection (j) the following new subsection:

`` (k) *Limitation on Origination Fees.*--The Secretary shall establish limits on the origination fee that may be charged to a mortgagor under a mortgage insured under this section, which limitations shall--

`` (1) equal 1.5 percent of the maximum claim amount of the mortgage unless adjusted thereafter on the basis of--

`` (A) the costs to the mortgagor; and

`` (B) the impact of such fees on the reverse mortgage market;

`` (2) be subject to a minimum allowable amount;

`` (3) provide that the origination fee may be fully financed with the mortgage;

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

`` (5) have the same effective date as subsection (o)(2) regarding the limitation on principal obligation.".

(d) *Study Regarding Program Costs and Credit Availability.*--

(1) **IN GENERAL.**--The Comptroller General of the United States shall conduct a study regarding the costs and availability of credit under the home equity conversion mortgages for elderly homeowners program under section 255 of the National Housing Act (12 U.S.C. 1715z-20) (in this subsection referred to as the `` program").

(2) **PURPOSE.**--The purpose of the study required under paragraph (1) is to help Congress analyze and determine the effects of limiting the amounts of the costs or fees under the program from the amounts charged under the program as of the date of the enactment of this title.

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

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

(B) the financial soundness of the program;

(C) the availability of credit under the program; and

(D) the costs to elderly homeowners participating in the program, including--

(i) mortgage insurance premiums charged under the program;

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

(iii) margin rates charged under the program.

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

SEC. 123. ENERGY EFFICIENT MORTGAGES PROGRAM.

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

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

``(C) **COSTS OF IMPROVEMENTS.**--The cost of cost-effective energy efficiency improvements shall not exceed the greater of--

``(i) 5 percent of the property value (not to exceed 5 percent of the limit established under section 203(b)(2)(A)) of the National Housing Act (12 U.S.C. 1709(b)(2)(A); or

``(ii) 2 percent of the limit established under section 203(b)(2)(B) of such Act."; and

(2) by adding at the end the following:

``(D) **LIMITATION.**--In any fiscal year, the aggregate number of mortgages insured pursuant to this section may not exceed 5 percent of the aggregate number of mortgages for 1- to 4-family residences insured by the Secretary of Housing and Urban Development under

title II of the National Housing Act (12 U.S.C. 1707 et seq.) during the preceding fiscal year."

SEC. 124. PILOT PROGRAM FOR AUTOMATED PROCESS FOR BORROWERS WITHOUT SUFFICIENT CREDIT HISTORY.

(a) *Establishment.*--Title II of the National Housing Act (12 U.S.C. 1707 et seq.) is amended by adding at the end the following new section:

SEC. 257. PILOT PROGRAM FOR AUTOMATED PROCESS FOR BORROWERS WITHOUT SUFFICIENT CREDIT HISTORY.

(a) *Establishment.*--The Secretary shall carry out a pilot program to establish, and make available to mortgagees, an automated process for providing alternative credit rating information for mortgagors and prospective mortgagors under mortgages on 1- to 4-family residences to be insured under this title who have insufficient credit histories for determining their creditworthiness. Such alternative credit rating information may include rent, utilities, and insurance payment histories, and such other information as the Secretary considers appropriate.

(b) *Scope.*--The Secretary may carry out the pilot program under this section on a limited basis or scope, and may consider limiting the program to first-time homebuyers.

(c) *Limitation.*--In any fiscal year, the aggregate number of mortgages insured pursuant to the automated process established under this section may not exceed 5 percent of the aggregate number of mortgages for 1- to 4-family residences insured by the Secretary under this title during the preceding fiscal year.

(d) *Sunset.*--After the expiration of the 5-year period beginning on the date of the enactment of the Building American Homeownership Act of 2008, the Secretary may not enter into any new commitment to insure any mortgage, or newly insure any mortgage, pursuant to the automated process established under this section."

(b) *GAO Report.*--Not later than the expiration of the two-year period beginning on the date of the enactment of this subtitle, the Comptroller General of the United States shall submit to the Congress a report identifying the number of additional mortgagors served using the automated process established pursuant to section 257 of the National Housing Act (as added by the amendment made by subsection (a) of this section) and the impact of such process and the

insurance of mortgages pursuant to such process on the safety and soundness of the insurance funds under the National Housing Act of which such mortgages are obligations.

SEC. 125. HOMEOWNERSHIP PRESERVATION.

The Secretary of Housing and Urban Development and the Commissioner of the Federal Housing Administration, in consultation with industry, the Neighborhood Reinvestment Corporation, and other entities involved in foreclosure prevention activities, shall--

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

(2) report such plan to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives.

SEC. 126. USE OF FHA SAVINGS FOR IMPROVEMENTS IN FHA TECHNOLOGIES, PROCEDURES, PROCESSES, PROGRAM PERFORMANCE, STAFFING, AND SALARIES.

(a) *Authorization of Appropriations.*--There is authorized to be appropriated for each of fiscal years 2009 through 2013, \$25,000,000, from negative credit subsidy for the mortgage insurance programs under title II of the National Housing Act, to the Secretary of Housing and Urban Development for increasing funding for the purpose of improving technology, processes, program performance, eliminating fraud, and for providing appropriate staffing in connection with the mortgage insurance programs under title II of the National Housing Act.

(b) *Certification.*--The authorization under subsection (a) shall not be effective for a fiscal year unless the Secretary of Housing and Urban Development has, by rulemaking

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in accordance with section 553 of title 5, United States Code (notwithstanding subsections (a)(2), (b)(B), and (d)(3) of such section), made a determination that--

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

(A) comply with the requirements of section 205(f) of such Act (relating to required capital ratio for the Mutual Mortgage Insurance Fund); and

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

(2) any negative credit subsidy for such fiscal year resulting from such mortgage insurance programs adequately ensures the efficient delivery and availability of such programs.

(c) *Study and Report.*--The Secretary of Housing and Urban Development shall conduct a study to obtain recommendations from participants in the private residential (both single family and multifamily) mortgage lending business and the secondary market for such mortgages on how best to update and upgrade processes and technologies for the mortgage insurance programs under title II of the National Housing Act so that the procedures for originating, insuring, and servicing of such mortgages conform with those customarily used by secondary market purchasers of residential mortgage loans. Not later than the expiration of the 12-month period beginning on the date of the enactment of this title, the Secretary shall submit a report to the Congress describing the progress made and to be made toward updating and upgrading such processes and technology, and providing appropriate staffing for such mortgage insurance programs.

SEC. 127. POST-PURCHASE HOUSING COUNSELING ELIGIBILITY IMPROVEMENTS.

Section 106(c)(4) of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701x(c)(4)) is amended:

(1) in subparagraph (C)--

(A) in clause (i), by striking "` ` ; or" and inserting a semicolon;

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

(C) by adding at the end the following:

` ` (iii) a significant reduction in the income of the household due to divorce or death; or

` ` (iv) a significant increase in basic expenses of the homeowner or an immediate family member of the homeowner (including the spouse, child, or parent for whom the homeowner provides substantial care or financial assistance) due to--

` ` (I) an unexpected or significant increase in medical expenses;

` ` (II) a divorce;

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

` ` (IV) a large property-tax increase; or";

(2) by striking the matter that follows subparagraph (C); and

(3) by adding at the end the following:

` ` (D) the Secretary of Housing and Urban Development determines that the annual income of the homeowner is no greater than the annual income established by the Secretary as being of low- or moderate-income."

SEC. 128. PRE-PURCHASE HOMEOWNERSHIP COUNSELING DEMONSTRATION.

(a) *Establishment of Program.*--For the period beginning on the date of enactment of this title and ending on the date that is 3 years after such date of enactment, the Secretary of Housing and Urban Development shall establish and conduct a demonstration program to test the effectiveness of alternative forms of pre-purchase homeownership counseling for eligible homebuyers.

(b) *Forms of Counseling.*--The Secretary of Housing and Urban Development shall provide to eligible homebuyers pre-purchase homeownership counseling under this section in the form of--

(1) telephone counseling;

(2) individualized in-person counseling;

(3) web-based counseling;

(4) counseling classes; or

(5) any other form or type of counseling that the Secretary may, in his discretion, determine appropriate.

(c) *Size of Program.*--The Secretary shall make available the pre-purchase homeownership counseling described in subsection (b) to not more than 3,000 eligible homebuyers in any given year.

(d) *Incentive to Participate.*--The Secretary of Housing and Urban Development may provide incentives to eligible homebuyers to participate in the demonstration program established under subsection (a). Such incentives may include the reduction of any insurance premium charges owed by the eligible homebuyer to the Secretary.

(e) *Eligible Homebuyer Defined.*--For purposes of this section an "eligible homebuyer" means a first-time homebuyer who has been approved for a home loan with a loan-to-value ratio between 97 percent and 98.5 percent.

(f) *Report to Congress.*--The Secretary of Housing and Urban Development shall report to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representative--

(1) on an annual basis, on the progress and results of the demonstration program established under subsection (a); and

(2) for the period beginning on the date of enactment of this title and ending on the date that is 5 years after such date of enactment, on the payment history and delinquency rates of eligible homebuyers who participated in the demonstration program.

SEC. 129. FRAUD PREVENTION.

Section 1014 of title 18, United States Code, is amended in the first sentence--

(1) by inserting "the Federal Housing Administration" before "the Farm Credit Administration"; and

(2) by striking "commitment, or loan" and inserting "commitment, loan, or insurance agreement or application for insurance or a guarantee".

SEC. 130. LIMITATION ON MORTGAGE INSURANCE PREMIUM INCREASES.

(a) *In General.*--Notwithstanding any other provision of law, including any provision of this title and any amendment made by this title--

(1) for the period beginning on the date of the enactment of this title and ending on October 1, 2009, the premiums charged for mortgage insurance under multifamily housing programs under the National Housing Act may not be increased above the premium amounts in effect under such program on October 1, 2006, unless the Secretary of Housing and Urban Development determines that, absent such increase, insurance of additional mortgages under such program would, under the Federal Credit Reform Act of 1990, require the appropriation of new budget authority to cover the costs (as such term

is defined in section 502 of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a) of such insurance; and

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

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

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

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

SEC. 131. SAVINGS PROVISION.

Any mortgage insured under title II of the National Housing Act before the date of enactment of this subtitle shall continue to be governed by the laws, regulations, orders, and terms and conditions to which it was subject on the day before the date of the enactment of this subtitle.

SEC. 132. IMPLEMENTATION.

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

SEC. 133. MORATORIUM ON IMPLEMENTATION OF RISK-BASED PREMIUMS.

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

Subtitle B--Manufactured Housing Loan Modernization

SEC. 141. SHORT TITLE.

This subtitle may be cited as the "FHA Manufactured Housing Loan Modernization Act of 2008".

SEC. 142. PURPOSES.

The purposes of this subtitle are--

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

(2) to modernize the FHA title I insurance program for manufactured housing loans to enhance participation by Ginnie Mae and the private lending markets; and

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

SEC. 143. EXCEPTION TO LIMITATION ON FINANCIAL INSTITUTION PORTFOLIO.

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

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

(2) by striking "":

Provided, That with" and inserting ". With".

SEC. 144. INSURANCE BENEFITS.

(a) *In General.*--Subsection (b) of section 2 of the National Housing Act (12 U.S.C. 1703(b)), is amended by adding at the end the following new paragraph:

"(8) **INSURANCE BENEFITS FOR MANUFACTURED HOUSING LOANS.**--Any contract of insurance with respect to loans, advances of

credit, or purchases in connection with a manufactured home or a lot on which to place a manufactured home (or both) for a financial institution that is executed under this title after the date of the enactment of the FHA Manufactured Housing Loan Modernization Act of 2008 by the Secretary shall be conclusive evidence of the eligibility of such financial institution for insurance, and the validity of any contract of insurance so executed shall be incontestable in the hands of the bearer from the date of the execution of such contract, except for fraud or misrepresentation on the part of such institution."

(b) *Applicability.*--The amendment made by subsection (a) shall only apply to loans that are registered or endorsed for insurance after the date of the enactment of this title.

SEC. 145. MAXIMUM LOAN LIMITS.

(a) *Dollar Amounts.*--Paragraph (1) of section 2(b) of the National Housing Act (12 U.S.C. 1703(b)(1)) is amended--

(1) in clause (ii) of subparagraph (A), by striking "\$17,500" and inserting "\$25,090";

(2) in subparagraph (C) by striking "\$48,600" and inserting "\$69,678";

(3) in subparagraph (D) by striking "\$64,800" and inserting "\$92,904";

(4) in subparagraph (E) by striking "\$16,200" and inserting "\$23,226"; and

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

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

(9) **ANNUAL INDEXING OF MANUFACTURED HOUSING LOANS.**--The Secretary shall develop a method of indexing in order to annually adjust the loan limits established in subparagraphs (A)(ii), (C), (D), and (E) of this subsection. Such index shall be based on the manufactured housing price data collected by the United States Census Bureau. The Secretary shall establish such index no later than

1 year after the date of the enactment of the FHA Manufactured Housing Loan Modernization Act of 2008."

(c) *Technical and Conforming Changes.*--Paragraph (1) of section 2(b) of the National Housing Act (12 U.S.C. 1703(b)(1)) is amended--

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

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

"The Secretary shall, by regulation, annually increase the dollar amount limitations in subparagraphs (A)(ii), (C), (D), and (E) (as such limitations may have been previously adjusted under this sentence) in accordance with the index established pursuant to paragraph (9)."

SEC. 146. INSURANCE PREMIUMS.

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

(1) by inserting "(1) **PREMIUM CHARGES.**--" after "(f)"; and

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

"(2) *Manufactured Home Loans.*--Notwithstanding paragraph (1), in the case of a loan, advance of credit, or purchase in connection with a manufactured home or a lot on which to place such a home (or both), the premium charge for the insurance granted under this section shall be paid by the borrower under the loan or advance of credit, as follows:

(A) At the time of the making of the loan, advance of credit, or purchase, a single premium payment in an amount not to exceed 2.25 percent of the amount of the original insured principal obligation.

(B) In addition to the premium under subparagraph (A), annual premium payments during the term of the loan, advance, or obligation purchased in an amount not exceeding 1.0 percent of the remaining insured principal balance (excluding the portion of the remaining balance attributable to the premium collected under subparagraph (A) and without taking into account delinquent payments or prepayments).

(C) Premium charges under this paragraph shall be established in amounts that are sufficient, but do not exceed the minimum amounts necessary, to maintain a negative credit subsidy for the program under this section for insurance of loans, advances of credit, or purchases in connection with a manufactured home or a lot on which to place such

a home (or both), as determined based upon risk to the Federal Government under existing underwriting requirements.

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

SEC. 147. TECHNICAL CORRECTIONS.

(a) *Dates.*--Subsection (a) of section 2 of the National Housing Act (12 U.S.C. 1703(a)) is amended--

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

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

(b) *Authority of Secretary.*--Subsection (c) of section 2 of the National Housing Act (12 U.S.C. 1703(c)) is amended to read as follows:

“(c) *Handling and Disposal of Property.*--

“(1) **AUTHORITY OF SECRETARY.**--Notwithstanding any other provision of law, the Secretary may--

“(A) deal with, complete, rent, renovate, modernize, insure, or assign or sell at public or private sale, or otherwise dispose of, for cash or credit in the Secretary's discretion, and upon such terms and conditions and for such consideration as the Secretary shall determine to be reasonable, any real or personal property conveyed to or otherwise acquired by the Secretary, in connection with the payment of insurance heretofore or hereafter granted under this title, including any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of insurance heretofore or hereafter granted under this section; and

“(B) pursue to final collection, by way of compromise or otherwise, all claims assigned to or held by the Secretary and all legal or equitable rights accruing to the Secretary in connection with the payment of such insurance, including unpaid insurance premiums owed in connection with insurance made available by this title.

`` (2) **ADVERTISEMENTS FOR PROPOSALS.**--Section 3709 of the Revised Statutes shall not be construed to apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of such property if the amount thereof does not exceed \$25,000.

`` (3) **DELEGATION OF AUTHORITY.**--The power to convey and to execute in the name of the Secretary, deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real or personal property or any interest therein heretofore or hereafter acquired by the Secretary pursuant to the provisions of this title may be exercised by an officer appointed by the Secretary without the execution of any express delegation of power or power of attorney. Nothing in this subsection shall be construed to prevent the Secretary from delegating such power by order or by power of attorney, in the Secretary's discretion, to any officer or agent the Secretary may appoint."

SEC. 148. REVISION OF UNDERWRITING CRITERIA.

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

`` (10) **FINANCIAL SOUNDNESS OF MANUFACTURED HOUSING PROGRAM.**--The Secretary shall establish such underwriting criteria for loans and advances of credit in connection with a manufactured home or a lot on which to place a manufactured home (or both), including such loans and advances represented by obligations purchased by financial institutions, as may be necessary to ensure that the program under this title for insurance for financial institutions against losses from such loans, advances of credit, and purchases is financially sound."

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

SEC. 149. PROHIBITION AGAINST KICKBACKS AND UNEARNED FEES.

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

SEC. 10. PROHIBITION AGAINST KICKBACKS AND UNEARNED FEES.

(a) *In General.*--Except as provided in subsection (b), the provisions of sections 3, 8, 16, 17, 18, and 19 of the Real Estate Settlement Procedures Act of 1974 (12 U.S.C. 2601 et seq.) shall apply to each sale of a manufactured home financed with an FHA-insured loan or extension of credit, as well as to services rendered in connection with such transactions.

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

(c) *Definitions.*--For purposes of this section--

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

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

(d) *Unfair and Deceptive Practices.*--In connection with the purchase of a manufactured home financed with a loan or extension

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of credit insured by the Federal Housing Administration under this title, the Secretary shall prohibit acts or practices in connection with loans or extensions of credit that the Secretary finds to be unfair, deceptive, or otherwise not in the interests of the borrower."

SEC. 150. LEASEHOLD REQUIREMENTS.

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

“(11) **LEASEHOLD REQUIREMENTS.**--No insurance shall be granted under this section to any such financial institution with respect to any obligation representing any such loan, advance of credit, or purchase by it, made for the purposes of financing a manufactured home which is intended to be situated in a manufactured home community pursuant to a lease, unless such lease--

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

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

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

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.

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

(1) the limitation determined under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)) for the calendar year in which the loan is originated for a single-family residence; or

(2) 125 percent of the area median price for a single-family residence, but in no case to exceed 175 percent of the limitation

determined under such section 305(a)(2) for the calendar year in which the loan is originated for a single-family residence.

SEC. 202. COUNSELING ON MORTGAGE FORECLOSURES FOR MEMBERS OF THE ARMED FORCES RETURNING FROM SERVICE ABROAD.

(a) *In General.*--The Secretary of Defense shall develop and implement a program to advise members of the Armed Forces (including members of the National Guard and Reserve) who are returning from service on active duty abroad (including service in Operation Iraqi Freedom and Operation Enduring Freedom) on actions to be taken by such members to prevent or forestall mortgage foreclosures.

(b) *Elements.*--The program required by subsection (a) shall include the following:

(1) Credit counseling.

(2) Home mortgage counseling.

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

(c) *Timing of Provision of Counseling.*--Counseling and other information under the program required by subsection (a) shall be provided to a member of the Armed Forces covered by the program as soon as practicable after the return of the member from service as described in subsection (a).

SEC. 203. ENHANCEMENT OF PROTECTIONS FOR SERVICEMEMBERS RELATING TO MORTGAGES AND MORTGAGE FORECLOSURES.

(a) *Extension of Period of Protections Against Mortgage Foreclosures.*--

(1) **EXTENSION OF PROTECTION PERIOD.**--Subsection (c) of section 303 of the Servicemembers Civil Relief Act (50 U.S.C. App. 533) is amended by striking ``90 days'' and inserting ``9 months''.

(2) **EXTENSION OF STAY OF PROCEEDINGS PERIOD.**--Subsection (b) of such section is amended by striking ``90 days'' and inserting ``9 months''.

(b) *Treatment of Mortgages as Obligations Subject to Interest Rate Limitation.*--Section 207 of the Servicemembers Civil Relief Act (50 U.S.C. App. 527) is amended--

(1) in subsection (a)(1), by striking "in excess of 6 percent" and all that follows and inserting "in excess of 6 percent--

"(A) during the period of military service and one year thereafter, in the case of an obligation or liability consisting of a mortgage, trust deed, or other security in the nature of a mortgage; or

"(B) during the period of military service, in the case of any other obligation or liability."; and

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

"(d) *Definitions.*--In this section:

"(1) **INTEREST.**--The term 'interest' includes service charges, renewal charges, fees, or any other charges (except bona fide insurance) with respect to an obligation or liability.

"(2) **OBLIGATION OR LIABILITY.**--The term 'obligation or liability' includes an obligation or liability consisting of a mortgage, trust deed, or other security in the nature of a mortgage.".

(c) *Effective Date; Sunset.*--

(1) **EFFECTIVE DATE.**--The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

(2) **SUNSET.**--The amendments made by subsection (a) shall expire on December 31, 2010. Effective January 1, 2011, the provisions of subsections (b) and (c) of section 303 of the Servicemembers Civil Relief Act, as in effect on the day before the date of the enactment of this Act, are hereby revived.

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

SEC. 301. EMERGENCY ASSISTANCE FOR THE REDEVELOPMENT OF ABANDONED AND FORECLOSED HOMES.

(a) *Direct Appropriations.*--There are appropriated out of any money in the Treasury not otherwise appropriated for the fiscal year 2008, \$4,000,000,000, to remain available until expended, for

assistance to States and units of general local government (as such terms are defined in section 102 of the Housing and Community Development Act of 1974 (42 U.S.C. 5302)) for the redevelopment of abandoned and foreclosed upon homes and residential properties.

(b) Allocation of Appropriated Amounts.--

(1) **IN GENERAL.**--The amounts appropriated or otherwise made available to States and units of general local government under this section shall be allocated based on a funding formula established by the Secretary of Housing and Urban Development (in this title referred to as the "Secretary").

(2) **FORMULA TO BE DEvised SWIFTLY.**--The funding formula required under paragraph (1) shall be established not later than 60 days after the date of enactment of this section.

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

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

(B) the number and percentage of homes financed by a subprime mortgage related loan in each State or unit of general local government; and

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

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

(c) Use of Funds.--

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

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

(A) with the greatest percentage of home foreclosures;

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

(C) identified by the State or unit of general local government as likely to face a significant rise in the rate of home foreclosures.

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

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

(B) purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties;

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

(D) demolish blighted structures.

(d) *Limitations.*--

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

(2) **SALE OF HOMES.**--If an abandoned or foreclosed upon home or residential property is purchased, redeveloped, or otherwise sold to an individual as a primary residence, then such sale shall be in an amount equal to or less than the cost to acquire and redevelop or rehabilitate such home or property up to a decent, safe, and habitable condition.

(3) **REINVESTMENT OF PROFITS.**--

(A) **REVENUES GENERATED FROM SALES.**--Any revenue generated from the sale, rental,

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redevelopment, rehabilitation, or any other eligible use that is in excess of the cost to acquire and redevelop (including reasonable development fees) or rehabilitate an abandoned or foreclosed upon home or residential property shall be provided to and used by the State or unit of general local government in accordance with, and in furtherance of, the intent and provisions of this section.

(B) **OTHER REVENUES.**--Any revenue generated under subparagraphs (A), (C) or (D) of subsection (c)(3) shall be provided to and used by the State or unit of general local government in accordance with, and in furtherance of, the intent and provisions of this section.

(e) *Rules of Construction.*--

(1) **IN GENERAL.**--Except as otherwise provided by this section, amounts appropriated, revenues generated, or amounts otherwise made available to States and units of general local government under this section shall be treated as though such funds were community development block grant funds under title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.).

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

(f) *Authority to Specify Alternative Requirements.*--

(1) **IN GENERAL.**--In administering any amounts appropriated or otherwise made available under this section, the Secretary may specify alternative requirements to any provision under title I of the Housing and Community Development Act of 1974 (except for those related to fair housing, nondiscrimination, labor standards, and the environment) in accordance with the terms of this section and for the sole purpose of expediting the use of such funds.

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

(3) **LOW AND MODERATE INCOME REQUIREMENT.**--

(A) **IN GENERAL.**--Notwithstanding the authority of the Secretary under paragraph (1)--

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

(ii) not less than 25 percent of the funds appropriated or otherwise made available under this section shall be used for the purchase and redevelopment of abandoned or foreclosed upon homes or residential properties that will be used to house individuals or families whose incomes do not exceed 50 percent of area median income.

(B) **RECURRENT REQUIREMENT.**--The Secretary shall, by rule or order, ensure, to the maximum extent practicable and for the longest feasible term, that the sale, rental, or redevelopment of abandoned and foreclosed upon homes and residential properties under this section remain affordable to individuals or families described in subparagraph (A).

(g) *Periodic Audits.*--In consultation with the Secretary of Housing and Urban Development, the Comptroller General of the United States shall conduct periodic audits to ensure that funds appropriated, made available, or otherwise distributed under this section are being used in a manner consistent with the criteria provided in this section.

TITLE IV--HOUSING COUNSELING RESOURCES

SEC. 401. HOUSING COUNSELING RESOURCES.

There are appropriated out of any money in the Treasury not otherwise appropriated for the fiscal year 2008, for an additional amount for the ``Neighborhood Reinvestment Corporation--Payment to the Neighborhood Reinvestment Corporation'' \$100,000,000, to remain available until September 30, 2008, for foreclosure mitigation activities under the terms and conditions contained in the second undesignated paragraph (beginning with the phrase ``For an additional amount'') under the heading ``Neighborhood Reinvestment Corporation--Payment to the Neighborhood Reinvestment Corporation'' of Public Law 110-161.

TITLE V--MORTGAGE DISCLOSURE IMPROVEMENT ACT

SEC. 501. SHORT TITLE.

This title may be cited as the "Mortgage Disclosure Improvement Act of 2008".

SEC. 502. ENHANCED MORTGAGE LOAN DISCLOSURES.

(a) *Truth in Lending Act Disclosures.*--Section 128(b)(2) of the Truth in Lending Act (15 U.S.C. 1638(b)(2)) is amended--

(1) by inserting "(A)" before "In the";

(2) by striking "a residential mortgage transaction, as defined in section 103(w)" and inserting "any extension of credit that is secured by the dwelling of a consumer";

(3) by striking "shall be made in accordance" and all that follows through "extended, or"; and

(4) by striking "If the" and all that follows through the end of the paragraph and inserting the following:

(B) In the case of an extension of credit that is secured by the dwelling of a consumer, in addition to the other disclosures required by subsection (a), the disclosures provided under this paragraph shall--

(i) state in conspicuous type size and format, the following: "You are not required to complete this agreement merely because you have received these disclosures or signed a loan application."; and

(ii) be furnished to the borrower not later than 7 business days before the date of consummation of the transaction, and at the time of consummation of the transaction, subject to subparagraph (D).

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

(i) Label the payment schedule as follows: "Payment Schedule: Payments Will Vary Based on Interest Rate Changes".

(ii) State in conspicuous type size and format examples of adjustments to the regular required payment on the extension of credit based on the change in the interest rates specified by the contract for such extension of credit. Among the examples required to be provided under this clause is an example that reflects the maximum payment amount of the regular required payments on the extension of

credit, based on the maximum interest rate allowed under the contract, in accordance with the rules of the Board. Prior to issuing any rules pursuant to this clause, the Board shall conduct consumer testing to determine the appropriate format for providing the disclosures required under this subparagraph to consumers so that such disclosures can be easily understood.

``(D) In any case in which the disclosure statement provided 7 business days before the date of consummation of the transaction contains an annual percentage rate of interest that is no longer accurate, as determined under section 107(c), the creditor shall furnish an additional, corrected statement to the borrower, not later than 3 business days before the date of consummation of the transaction. A consumer may modify or waive receipt of the additional, corrected statement 3 business days before the date of consummation of the transaction in order to meet a bona fide personal financial emergency, only if the consumer provides the creditor a dated, written statement that--

``(i) describes the emergency;

``(ii) specifically modifies or waives the right; and

``(iii) bears the signature of all the consumers entitled to receive the disclosure.

``(E) The consumer shall receive the disclosures required under this subsection before paying any fee to the creditor or other person in connection with the consumer's application for a residential mortgage transaction. If the disclosures are mailed to the consumer, the consumer is considered to have received them 3 business days after they are mailed. A creditor or other person may impose a fee for obtaining the consumer's credit report before the consumer has received the disclosures under this subsection, provided the fee is bona fide and reasonable in amount."

(b) *Civil Liability*.--Section 130(a) of the Truth in Lending Act (15 U.S.C. 1640(a)) is amended--

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

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

(A) by inserting `` or section 128(b)(2)(C)(ii),"after `` 128(a),";
and

(B) by inserting `` or section 128(b)(2)(C)(ii)" before the period.

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.

(a) *In General.*--

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

`` (H) **ADDITIONAL CARRYBACK OF CERTAIN LOSSES.**--

`` (i) **TAXABLE YEARS ENDING DURING 2001 AND 2002.**--In the case of a net operating loss for any taxable year ending during 2001 or 2002, subparagraph (A)(i) shall be applied by substituting `5' for `2' and subparagraph (F) shall not apply.

`` (ii) **TAXABLE YEARS ENDING DURING 2008 AND 2009.**--In the case of a net operating loss with respect to any eligible taxpayer (within the meaning of section 168(k)(4)) for any taxable year ending during 2008 or 2009--

`` (I) subparagraph (A)(i) shall be applied by substituting `4' for `2',

`` (II) subparagraph (E)(ii) shall be applied by substituting `3' for `2', and

`` (III) subparagraph (F) shall not apply."

(2) TEMPORARY SUSPENSION OF 90 PERCENT LIMIT ON CERTAIN NOL CARRYBACKS AND CARRYOVERS.--

(A) **IN GENERAL.**--Section 56(d) of the Internal Revenue Code of 1986 (relating to definition of alternative tax net operating loss deduction) is amended by adding at the end the following new paragraph:

`` (3) **ADDITIONAL ADJUSTMENTS.**--For purposes of paragraph (1)(A), in the case of an eligible taxpayer (within the meaning of section 168(k)(4)), the amount described in subclause (I) of paragraph (1)(A)(ii) shall be increased by the amount of the net operating

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loss deduction allowable for the taxable year under section 172 attributable to the sum of--

`` (A) carrybacks of net operating losses from taxable years ending during 2008 and 2009, and

`` (B) carryovers of net operating losses to taxable years ending during 2008 or 2009."

(B) **CONFORMING AMENDMENT.**--Subclause (I) of section 56(d)(1)(A)(i) of such Code is amended by inserting `` amount of such" before `` deduction described in clause (ii)(I)".

(3) **EFFECTIVE DATES.**--

(A) **NET OPERATING LOSSES.**--The amendments made by paragraph (1) shall apply to net operating losses arising in taxable years ending in 2008 or 2009.

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

(4) **ANTI-ABUSE RULES.**--The Secretary of Treasury or the Secretary's designee shall prescribe such rules as are necessary to prevent the abuse of the purposes of the amendments made by this subsection, including anti-stuffing rules, anti-churning rules (including rules relating to sale-leasebacks), and rules similar to the rules under section 1091 of the Internal Revenue Code of 1986 relating to losses from wash sales.

(b) *Election Among Stimulus Incentives.*--

(1) **IN GENERAL.**--

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

(i) in paragraph (1), by inserting "placed in service by an eligible taxpayer" after "any qualified property", and

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

(4) ELIGIBLE TAXPAYER.--

(A) IN GENERAL.--At such time and in such manner as the Secretary shall prescribe, each taxpayer may elect to be an eligible taxpayer with respect to 1 (and only 1) of the following:

(i) This subsection and section 179(b)(7).

(ii) The application of section 56(d)(1)(A)(ii)(I) and section 172(b)(1)(H)(ii) in connection with net operating losses relating to taxable years ending during 2008 and 2009.

(B) ELIGIBLE TAXPAYER.--For purposes of each of the provisions described in subparagraph (A), a taxpayer shall only be treated as an eligible taxpayer with respect to the provision with respect to which the taxpayer made the election under subparagraph (A).

(C) ELECTION IRREVOCABLE.--An election under subparagraph (A) may not be revoked except with the consent of the Secretary."

(B) EFFECTIVE DATE.--The amendments made by this paragraph shall take effect as if included in section 103 of the Economic Stimulus Act of 2008.

(2) ELECTION FOR INCREASED EXPENSING.--

(A) IN GENERAL.--Paragraph (7) of section 179(b) of the Internal Revenue Code of 1986 (relating to limitations), as added by the Economic Stimulus Act of 2008, is amended to read as follows:

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

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

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

(C) the amounts described in subparagraphs (A) and (B) shall not be adjusted under paragraph (5)."

(B) **EFFECTIVE DATE.**--The amendment made by this paragraph shall take effect as if included in section 102 of the Economic Stimulus Act of 2008.

SEC. 602. MODIFICATIONS ON USE OF QUALIFIED MORTGAGE BONDS; TEMPORARY INCREASED VOLUME CAP FOR CERTAIN HOUSING BONDS.

(a) *Use of Qualified Mortgage Bonds Proceeds for Subprime Refinancing Loans.*--Section 143(k) of the Internal Revenue Code of 1986 (relating to other definitions and special rules) is amended by adding at the end the following new paragraph:

“(12) **SPECIAL RULES FOR SUBPRIME REFINANCINGS.**--

“(A) **IN GENERAL.**--Notwithstanding the requirements of subsection (i)(1), the proceeds of a qualified mortgage issue may be used to refinance a mortgage on a residence which was originally financed by the mortgagor through a qualified subprime loan.

“(B) **SPECIAL RULES.**--In applying this paragraph to any case in which the proceeds of a qualified mortgage issue are used for any refinancing described in subparagraph (A)--

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

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

“(iii) subsection (e) (relating to purchase price requirement) shall be applied by using the market value of the residence at the time of refinancing in lieu of the acquisition cost.

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

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

(b) *Increased Volume Cap for Certain Bonds.*--

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

(5) INCREASE AND SET ASIDE FOR HOUSING BONDS FOR 2008.--

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

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

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

(B) **SET ASIDE.**--

(i) **IN GENERAL.**--Any amount of the State ceiling for any State which is attributable to an increase under this paragraph shall be allocated solely for one or more qualified purposes.

(ii) **QUALIFIED PURPOSE.**--For purposes of this paragraph, the term 'qualified purpose' means--

(I) the issuance of exempt facility bonds used solely to provide qualified residential rental projects, or

(II) a qualified mortgage issue (determined by substituting '12-month period' for '42-month period' each place it appears in section 143(a)(2)(D)(i))."

(2) **CARRYFORWARD OF UNUSED LIMITATIONS.**--Subsection (f) of section 146 of such Code (relating to elective carryforward of unused limitation for specified purpose) is amended by adding at the end the following new paragraph:

(6) SPECIAL RULES FOR INCREASED VOLUME CAP UNDER SUBSECTION (d)(5).--

(A) **IN GENERAL.**--No amount which is attributable to the increase under subsection (d)(5) may be used--

(i) for a carryforward purpose other than a qualified purpose (as defined in subsection (d)(5)), and

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

(B) **ORDERING RULES.**--For purposes of subparagraph (A), any carryforward of an issuing authority's volume cap for calendar year

2008 shall be treated as attributable to such increase to the extent of such increase."

(c) Alternative Minimum Tax Exemption for Qualified Mortgage Bonds, Qualified Veterans'

Mortgage Bonds, and Bonds for Qualified Residential Rental Projects.--

(1) **IN GENERAL.**--Clause (ii) of section 57(a)(5)(C) of the Internal Revenue Code of 1986 (relating to specified private activity bonds) is amended by striking ``shall not include" and all that follows and inserting ``shall not include--

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

``(II) any qualified mortgage bond (as defined in section 143(a)), any qualified veterans' mortgage bond (as defined in section 143(b)), or any exempt facility bond (as defined in section 142(a)) issued as part of an issue 95 percent or more of the net proceeds of which are to be used to provide qualified residential rental projects (as defined in section 142(d)), but only if such bond is issued after the date of the enactment of this subclause and before January 1, 2011.

Subclause (II) shall not apply to a refunding bond unless such subclause applied to the refunded bond (or in the case of a series of refundings, the original bond)."

(2) **CONFORMING AMENDMENT.**--The heading for section 57(a)(5)(C)(ii) of such Code is amended by striking ``**QUALIFIED 501(c)(3) BONDS**" and inserting ``**CERTAIN BONDS**".

(d) *Effective Date.*--The amendments made by this section shall apply to bonds issued after the date of the enactment of this Act.

SEC. 603. CREDIT FOR CERTAIN HOME PURCHASES.

(a) *Allowance of Credit.*--Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to nonrefundable personal credits) is amended by inserting after section 25D the following new section:

``**SEC. 25E. CREDIT FOR CERTAIN HOME PURCHASES.**

``(a) *Allowance of Credit.*--

``(1) **IN GENERAL.**--In the case of an individual who is a purchaser of a qualified principal residence during the taxable year,

there shall be allowed as a credit against the tax imposed by this chapter an amount equal to so much of the purchase price of the residence as does not exceed \$7,000.

``(2) **ALLOCATION OF CREDIT AMOUNT.**--The amount of the credit allowed under paragraph (1) shall be equally divided among the 2 taxable years beginning with the taxable year in which the purchase of the qualified principal residence is made.

``(b) *Limitations.*--

``(1) **DATE OF PURCHASE.**--The credit allowed under subsection (a) shall be allowed only with respect to purchases made--

``(A) after the date of the enactment of this section, and

``(B) before the date that is 12 months after such date.

``(2) **LIMITATION BASED ON AMOUNT OF TAX.**--In the case of a taxable year to which section 26(a)(2) does not apply, the credit allowed under subsection (a) for any taxable year shall not exceed the excess of--

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``(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

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

``(3) **ONE-TIME ONLY.**--

``(A) **IN GENERAL.**--If a credit is allowed under this section in the case of any individual (and such individual's spouse, if married) with respect to the purchase of any qualified principal residence, no credit shall be allowed under this section in any taxable year with respect to the purchase of any other qualified principal residence by such individual or a spouse of such individual.

``(B) **JOINT PURCHASE.**--In the case of a purchase of a qualified principal residence by 2 or more unmarried individuals or by 2 married individuals filing separately, no credit shall be allowed under this section if a credit under this section has been allowed to any of such individuals in any taxable year with respect to the purchase of any other qualified principal residence.

``(c) *Qualified Principal Residence.*--For purposes of this section--

`` (1) **IN GENERAL.**--The term `qualified principal residence' means an eligible single-family residence that is purchased to be the principal residence of the purchaser.

`` (2) **ELIGIBLE SINGLE-FAMILY RESIDENCE.**--

`` (A) **IN GENERAL.**--The term `eligible single-family residence' means a single-family structure that is a residence--

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

`` (ii) which--

`` (I) is a new previously unoccupied residence for which a building permit was issued and construction began on or before September 1, 2007, or

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

`` (B) **CERTIFICATION.**--In the case of an eligible single-family residence described in subparagraph (A)(ii)(I), no credit shall be allowed under this section unless the purchaser submits a certification by the seller of such residence that such residence meets the requirements of such subparagraph.

`` (3) **PRINCIPAL RESIDENCE.**--The term `principal residence' has the same meaning as when used in section 121.

`` (d) *Denial of Double Benefit.*--No credit shall be allowed under this section for any purchase for which a credit is allowed under section 1400C.

`` (e) *Recapture in the Case of Certain Dispositions.*--In the event that a taxpayer--

`` (1) disposes of the qualified principal residence with respect to which a credit is allowed under subsection (a), or

`` (2) fails to occupy such residence as the taxpayer's principal residence,

at any time within 24 months after the date on which the taxpayer purchased such residence, then the remaining portion of the credit allowed under subsection (a) shall be disallowed in the taxable year during which such disposition occurred or in which the taxpayer failed to occupy the residence as a principal residence, and in any

subsequent taxable year in which the remaining portion of the credit would, but for this subsection, have been allowed.

`` (f) *Special Rules.*--

`` (1) **JOINT PURCHASE.**--

`` (A) **MARRIED INDIVIDUALS FILING SEPARATELY.**--In the case of 2 married individuals filing separately, subsection (a) shall be applied to each such individual by substituting ` \$3,500' for ` \$7,000' in paragraph (1) thereof.

`` (B) **UNMARRIED INDIVIDUALS.**--If 2 or more individuals who are not married purchase a qualified principal residence, the amount of the credit allowed under subsection (a) shall be allocated among such individuals in such manner as the Secretary may prescribe, except that the total amount of the credits allowed to all such individuals shall not exceed \$7,000.

`` (2) **PURCHASE; PURCHASE PRICE.**--Rules similar to the rules of paragraphs (2) and (3) of section 1400C(e) (as in effect on the date of the enactment of this section) shall apply for purposes of this section.

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

`` (g) *Basis Adjustment.*--For purposes of this subtitle, if a credit is allowed under this section with respect to the purchase of any residence, the basis of such residence shall be reduced by the amount of the credit so allowed."

(b) *Conforming Amendments.*--

(1) Section 24(b)(3)(B) of the Internal Revenue Code of 1986 is amended by striking `` and 25B" and inserting `` , 25B, and 25E".

(2) Section 25(e)(1)(C)(ii) of such Code is amended by inserting `` 25E," after `` 25D,".

(3) Section 25B(g)(2) of such Code is amended by striking `` section 23" and inserting `` sections 23 and 25E".

(4) Section 25D(c)(2) of such Code is amended by striking `` and 25B" and inserting `` 25B, and 25E".

(5) Section 26(a)(1) of such Code is amended by striking `` and 25B'' and inserting `` 25B, and 25E''.

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

(7) Subsection (a) of section 1016 of such Code is amended by striking `` and'' at the end of paragraph (36), by striking the period at the end of paragraph (37) and inserting `` , and'', and by adding at the end the following new paragraph:

`` (38) to the extent provided in section 25E(g).''.

(8) Section 1400C(d)(2) of such Code is amended by striking `` and 25D'' and inserting `` 25D, and 25E''.

(c) *Clerical Amendment.*--The table of sections for subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after the item relating to section 25D the following new item:

`` Sec..25E..Credit for certain home purchases.''.

(d) *Effective Date.*--The amendments made by this section shall apply to purchases in taxable years ending after the date of the enactment of this Act.

(e) *Application of EGTRRA Sunset.*--The amendment made by subsection (b)(1) shall be subject to title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 in the same manner as the provisions of such Act to which such amendment relates.

SEC. 604. ADDITIONAL STANDARD DEDUCTION FOR REAL PROPERTY TAXES FOR NONITEMIZERS.

(a) *In General.*--Section 63(c)(1) of the Internal Revenue Code of 1986 (defining standard deduction) is amended by striking `` and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting `` , and'', and by adding at the end the following new subparagraph:

`` (C) in the case of any taxable year beginning in 2008, the real property tax deduction.''.

(b) *Definition.*--Section 63(c) of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

`` (8) **REAL PROPERTY TAX DEDUCTION.**--

` `(A) **IN GENERAL.**--For purposes of paragraph (1), the real property tax deduction is so much of the amount of the eligible State and local real property taxes paid or accrued by the taxpayer during the taxable year which do not exceed \$500 (\$1,000 in the case of a joint return).

` `(B) **ELIGIBLE STATE AND LOCAL REAL PROPERTY TAXES.**--For purposes of subparagraph (A), the term `eligible State and local real property taxes' means State and local real property taxes (within the meaning of section 164), but only if the rate of tax for all residential real property taxes in the jurisdiction has not been increased at any time after April 2, 2008, and before January 1, 2009."

(c) *Effective Date.*--The amendments made by this section shall apply to taxable years beginning after December 31, 2007.

TITLE VII--EMERGENCY DESIGNATION

SEC. 701. EMERGENCY DESIGNATION.

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