

110TH CONGRESS
2D SESSION

S. 2574

To amend the Internal Revenue Code of 1986 to allow the use of qualified mortgage revenue bonds for refinancing mortgages and to provide a temporary increase in the volume cap for such bonds.

IN THE SENATE OF THE UNITED STATES

JANUARY 30, 2008

Mr. REID (for Mrs. CLINTON) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to allow the use of qualified mortgage revenue bonds for refinancing mortgages and to provide a temporary increase in the volume cap for such bonds.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Mortgage Refinancing
5 Initiative Act of 2008”.

6 **SEC. 2. USE OF MORTGAGE BONDS FOR REFINANCINGS.**

7 (a) TEMPORARY USE OF QUALIFIED MORTGAGE
8 BONDS PROCEEDS FOR REFINANCING EXISTING MORT-

1 GAGES.—Section 143(k) of the Internal Revenue Code of
 2 1986 (relating to other definitions and special rules) is
 3 amended by adding at the end the following new para-
 4 graph:

5 “(12) CERTAIN MORTGAGE REFINANCINGS AL-
 6 LOWED.—

7 “(A) IN GENERAL.—Notwithstanding the
 8 requirements of subsection (i)(1), the proceeds
 9 of a qualified mortgage issue may be used to re-
 10 finance an existing mortgage.

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

15 “(i) subsection (a)(2)(D)(i) shall be
 16 applied by substituting ‘12-month period’
 17 for ‘42-month period’ each place it ap-
 18 pears,

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

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

1 “(C) TERMINATION.—This paragraph shall
2 not apply to any bonds issued after December
3 31, 2009.”.

4 (b) INCREASED VOLUME CAP FOR REFINANCINGS.—

5 (1) IN GENERAL.—Subsection (d) of section
6 146 of the Internal Revenue Code of 1986 is amend-
7 ed by adding at the end the following new para-
8 graph:

9 “(5) TEMPORARY INCREASE AND SET ASIDE
10 FOR MORTGAGE REFINANCING.—

11 “(A) IN GENERAL.—The State ceiling for
12 any State for any calendar year shall be in-
13 creased by the amount allocated to such State
14 by the Secretary under subparagraph (C).

15 “(B) LIMITATION.—There is a national
16 limitation of the increase under this paragraph
17 for all State ceiling for any calendar year. Such
18 limitation is—

19 “(i) \$5,000,000 for calendar year
20 2008,

21 “(ii) \$5,000,000 for calendar year
22 2009, and

23 “(iii) zero for any calendar year after
24 2009.

1 “(C) ALLOCATION BY SECRETARY.—Not
2 later than 45 days after the date of the enact-
3 ment of this paragraph, the Secretary shall pre-
4 scribe regulations for allocating the amount de-
5 scribed in subparagraph (B) to States. In deter-
6 mining the allocation of such amounts, the Sec-
7 retary shall take into consideration, among
8 other things, the severity of the foreclosure
9 rates in the States on the date of the enactment
10 of this paragraph.

11 “(D) SET ASIDE.—Not less than an
12 amount equal to each State’s allocable share of
13 the increase in the State ceiling under subpara-
14 graph (A) shall be used solely for the purpose
15 of issuing bonds the proceeds of which are used
16 to refinance existing mortgages.”.

17 (2) CARRYFORWARD OF UNUSED LIMITA-
18 TIONS.—Subsection (f) of section 146 of such Code
19 is amended by adding at the end the following new
20 paragraph:

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

23 “(A) IN GENERAL.—No amount which is
24 attributable to the increase under subsection

1 (d)(5) may be used for a carryforward purpose
2 other than issuing qualified mortgage bonds.

3 “(B) CARRYFORWARD PERIOD.—In apply-
4 ing paragraph (3) to any carryforward which is
5 attributable to the increase under subsection
6 (d)(5), ‘the next calendar year’ shall be sub-
7 stituted for ‘the 3 calendar years’ in subpara-
8 graph (A) thereof.”.

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to bonds issued after December
11 31, 2007.

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