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(Original Signature of Member)

110TH CONGRESS
2D SESSION

H. R.

To amend the Internal Revenue Code of 1986 to exclude from gross income gain from the sale of troubled assets.

IN THE HOUSE OF REPRESENTATIVES

Mr. SALI introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to exclude from gross income gain from the sale of troubled assets.

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. EXCLUSION OF GAIN FROM SALE OR EX-**
4 **CHANGE OF CERTAIN MORTGAGES AND**
5 **MORTGAGE-RELATED SECURITIES.**

6 (a) IN GENERAL.—Part I of subchapter P of chapter
7 1 of the Internal Revenue Code of 1986 (relating to treat-
8 ment of capital gains) is amended by adding at the end:

1 **“SEC. 1203. EXCLUSION OF GAIN FROM SALE OR EXCHANGE**
2 **OF CERTAIN MORTGAGES AND MORTGAGE-**
3 **RELATED SECURITIES.**

4 “(a) IN GENERAL.—There shall be excluded from
5 gross income gain from the sale or exchange of a qualified
6 mortgage or mortgage-related security held for more than
7 1 year.

8 “(b) QUALIFIED MORTGAGE OR MORTGAGE-RE-
9 LATED SECURITY.—For purposes of this section, the term
10 ‘qualified mortgage or mortgage-related security’ means
11 any residential or commercial mortgage (or any security,
12 obligation, or other instrument which is based on or re-
13 lated to such a mortgage) which in each case—

14 “(1) was originated or issued on or before
15 March 14, 2008, and

16 “(2) was acquired by the taxpayer after the
17 date of the enactment of this section and before
18 January 1, 2009.

19 “(c) RELATED PARTIES.—Subsection (a) shall not
20 apply to any sale to, or exchange with, any person who
21 bears a relationship to the taxpayer which is described in
22 section 267(b) or 707(b).”.

23 (b) CLERICAL AMENDMENT.—The table of sections
24 for part I of subchapter P of chapter 1 of such Code is
25 amended by adding at the end the following new item:

“Sec. 1203. Gain on troubled assets.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to sales and exchanges after the
3 date of the enactment of this Act.