

111<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 1629

To amend the Internal Revenue Code of 1986 to provide penalty free distributions and loans from certain retirement plans for the purchase and refinancing of principal residences.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 19, 2009

Mr. McCOTTER (for himself and Mr. MARCHANT) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to provide penalty free distributions and loans from certain retirement plans for the purchase and refinancing of principal residences.

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 “Helping Americans  
5 Keep Their Homes Act of 2009”.

1 **SEC. 2. MODIFICATION OF WAIVER OF TAX ON EARLY DIS-**  
2 **TRIBUTIONS FROM CERTAIN RETIREMENT**  
3 **PLANS FOR PURCHASE OF PRINCIPAL RESI-**  
4 **DENCE.**

5 (a) INCREASE IN DOLLAR LIMITATION.—Clause (i)  
6 of section 72(t)(8)(B) of the Internal Revenue Code of  
7 1986 is amended by striking “\$10,000” and inserting  
8 “\$15,000”.

9 (b) TEMPORARY WAIVER OF FIRST-TIME HOME-  
10 BUYER REQUIREMENT.—Subparagraph (D) of section  
11 72(t)(8) of such Code is amended by adding at the end  
12 the following new clause:

13 “(iv) TEMPORARY WAIVER OF FIRST-  
14 TIME HOMEBUYER REQUIREMENT.—In the  
15 case of distributions made before January  
16 1, 2011, all individuals shall be treated as  
17 first-time homebuyers.”.

18 (c) EXPANSION OF PENALTY WAIVER TO ALL QUALI-  
19 FIED RETIREMENT PLANS.—Subparagraph (F) of section  
20 72(t)(2) of such Code is amended by striking “from an  
21 individual retirement plan” and inserting “from a quali-  
22 fied retirement plan (as defined in section 4974(c))”.

23 (d) EFFECTIVE DATE.—The amendments made by  
24 this section shall apply to distributions made after the  
25 date of the enactment of this Act.

1 **SEC. 3. LOANS FROM INDIVIDUAL RETIREMENT PLANS FOR**  
2 **REFINANCING OF A PRINCIPAL RESIDENCE.**

3 (a) IN GENERAL.—Subsection (e) of section 408 of  
4 the Internal Revenue Code of 1986 (relating to tax treat-  
5 ment of accounts and annuities) is amended by adding at  
6 the end the following new paragraph:

7 “(7) EXCEPTION FOR LOANS FROM INDIVIDUAL  
8 RETIREMENT PLANS FOR QUALIFIED PRINCIPAL  
9 RESIDENCE REFINANCING.—

10 “(A) IN GENERAL.—Paragraphs (2) and  
11 (3) of this subsection and section 4975 shall  
12 not apply with respect to any qualified principal  
13 residence refinancing loan from an individual  
14 retirement plan to the individual for whose ben-  
15 efit the plan is maintained to the extent that  
16 such loan (when added to the outstanding bal-  
17 ance of all other such loans) does not exceed  
18 \$5,000 reduced by the excess (if any) of—

19 “(i) the highest outstanding balance  
20 of such loans during the 1-year period end-  
21 ing on the day before the date on which  
22 such loan was made, over

23 “(ii) the outstanding balance of such  
24 loans on the date on which such loan was  
25 made.

1           “(B) QUALIFIED PRINCIPAL RESIDENCE  
2           REFINANCING LOAN.—For purposes of this  
3           paragraph, the term ‘qualified principal resi-  
4           dence refinancing loan’ means a loan the pro-  
5           ceeds of which are used by the individual for  
6           whose benefit the individual retirement plan is  
7           established to pay costs associated with the refi-  
8           nancing of indebtedness which is secured by the  
9           principal residence (within the meaning of sec-  
10          tion 121) of the taxpayer (including payment of  
11          such indebtedness if such payment is in connec-  
12          tion with the refinancing of the remaining in-  
13          debtedness).

14          “(C) REQUIREMENTS RELATED TO LOAN  
15          REPAYMENTS.—

16                 “(i) REQUIREMENT THAT LOAN BE  
17                 REPAID WITHIN 5 YEARS.—Paragraph (1)  
18                 shall not apply to any loan unless such  
19                 loan is required, by its terms, to be repaid  
20                 within 5 years.

21                 “(ii) REQUIREMENT OF LEVEL AMOR-  
22                 TIZATION.—Rules similar to the rules of  
23                 section 72(p)(2)(C) shall apply for pur-  
24                 poses of this subsection.

1                   “(iii) FAILURE TO REPAY TREATED AS  
2                   DISTRIBUTION.—A qualified principal resi-  
3                   dence refinancing loan shall not be treated  
4                   as a distribution from the individual retire-  
5                   ment plan except that any repayment of a  
6                   qualified principal residence refinancing  
7                   loan which is not made on the date that  
8                   such payment is due shall be treated as a  
9                   distribution from the individual retirement  
10                  plan on such date.

11                  “(D) TERMINATION.—Subparagraph (A)  
12                  shall not apply to any loan made after Decem-  
13                  ber 31, 2010.”.

14                  (b) EFFECTIVE DATE.—The amendments made by  
15                  this section shall apply to loans made after the date of  
16                  the enactment of this Act.

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