

AMENDMENT TO H.R. 1
OFFERED BY MR. DAVIS OF TENNESSEE

In section 1301, redesignate subsections (b) and (c) as subsections (c) and (d), respectively, and insert after subsection (a) the following:

1 (b) TRANSFER OF CREDIT IN CONNECTION WITH
2 HOME PURCHASE.—Section 36 of the Internal Revenue
3 Code of 1986 is amended by redesignating subsection (h)
4 as subsection (i) and by inserting after subsection (g) the
5 following new subsection:

6 “(h) TRANSFER OF CREDIT.—

7 “(1) IN GENERAL.—A taxpayer may transfer
8 all or a portion of the credit allowable under sub-
9 section (a) to 1 or more persons as payment of any
10 liability of the taxpayer arising out of—

11 “(A) the down payment of any portion of
12 the purchase price of the principal residence,

13 “(B) mortgage, flood, and hazard insur-
14 ance premiums in connection with the purchase
15 and paid at or before closing,

16 “(C) interest on any debt incurred to pur-
17 chase the residence,

1 “(D) State and local real property taxes
2 paid in connection with the purchase, and

3 “(E) funding fees paid to the Department
4 of Veterans Affairs in connection with the pur-
5 chase.

6 “(2) CREDIT TRANSFER MECHANISM.—

7 “(A) IN GENERAL.—Not more than 60
8 days after the date of the enactment of this
9 subsection, the Secretary shall establish and im-
10 plement a credit transfer mechanism for pur-
11 poses of paragraph (1). Such mechanism shall
12 require the Secretary to—

13 “(i) certify that the taxpayer is eligi-
14 ble to receive the credit provided by this
15 section with respect the purchase of a prin-
16 cipal residence and that the transferee is
17 eligible to receive the credit transfer,

18 “(ii) certify the credit transfer
19 amount which will be paid to the trans-
20 feree, and

21 “(iii) require any transferee that di-
22 rectly receives the credit transfer amount
23 from the Secretary to notify the taxpayer
24 within 14 days of the receipt of such
25 amount.

1 Any check, certificate, or voucher issued by the
2 Secretary pursuant to this paragraph shall in-
3 clude the taxpayer identification number of the
4 taxpayer and the address of the principal resi-
5 dence being purchased. For purposes of deter-
6 mining the credit transfer amount under clause
7 (ii), the Secretary may estimate the taxpayer's
8 modified adjusted gross income for the taxable
9 year (as described in subsection (b)(2)) based
10 on the taxpayer's modified adjusted gross in-
11 come (as so described) for the preceding taxable
12 year.

13 “(B) TIMELY RECEIPT.—The Secretary
14 shall issue the credit transfer amount not more
15 than 30 days after the receipt of an application
16 for a credit transfer.

17 “(3) PAYMENT OF INTEREST.—

18 “(A) IN GENERAL.—Notwithstanding any
19 other provision of this title, the Secretary shall
20 pay interest on any amount which is not paid
21 to a person during the 30-day period described
22 in paragraph (2)(B).

23 “(B) AMOUNT OF INTEREST.—Interest
24 under subparagraph (A) shall be allowed and
25 paid—

1 “(i) from the day after the 30-day pe-
2 riod described in paragraph (2)(B) on the
3 date payment is made, and

4 “(ii) at the overpayment rate estab-
5 lished under section 6621.

6 “(C) EXCEPTION.—This paragraph shall
7 not apply to failures to make payments as a re-
8 sult of any natural disaster or other cir-
9 cumstance beyond the control the Secretary.

10 “(4) RECAPTURE OF TRANSFER AMOUNT.—If
11 the credit transfer amount paid to the transferee ex-
12 ceeds the amount of the credit allowable under sub-
13 section (a) to the taxpayer, the taxpayer’s tax im-
14 posed by this chapter for the taxable year shall be
15 increased by the amount of such excess.

16 “(5) EFFECT ON LEGAL RIGHTS AND OBLIGA-
17 TIONS.—Nothing in this subsection shall be con-
18 strued to—

19 “(A) require or prevent a lender to com-
20 plete a loan transaction before the credit trans-
21 fer amount has been transferred to the lender,
22 or

23 “(B) prevent a lender from altering the
24 terms of a loan (including the rate, points, fees,
25 and other costs) due to changes in market con-

1 ditions or other factors during the period of
2 time between the application by the taxpayer
3 for a credit transfer and the receipt by the
4 lender of the credit transfer amount.”.

