

112TH CONGRESS
1ST SESSION

H. R. 1526

To amend the Internal Revenue Code of 1986 to except from the early distribution penalty certain qualified retirement plan distributions used to purchase a residence that has been in foreclosure for a year or more.

IN THE HOUSE OF REPRESENTATIVES

APRIL 13, 2011

Mr. POSEY introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to except from the early distribution penalty certain qualified retirement plan distributions used to purchase a residence that has been in foreclosure for a year or more.

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 “Housing Recovery Act
5 of 2011”.

1 **SEC. 2. EXCEPTION TO EARLY DISTRIBUTION PENALTY FOR**
2 **DISTRIBUTION TO BUY A RESIDENCE IN**
3 **FORECLOSURE.**

4 (a) IN GENERAL.—Paragraph (2) of section 72(t) of
5 the Internal Revenue Code of 1986 is amended by adding
6 at the end the following new subparagraph:

7 “(H) HOME FORECLOSURE DISTRIBUTION.—
8 TION.—

9 “(i) IN GENERAL.—Any distribution
10 to an individual to the extent such dis-
11 tribution is used by the individual before
12 the close of the 120th day after the day on
13 which such distribution is received to pay
14 the cost of acquiring (within the meaning
15 of paragraph (8)(C)) a residence which has
16 been in foreclosure for the entire 1-year
17 period ending on the date of such acquisi-
18 tion.

19 “(ii) REQUIRED 2-YEAR HOLDING PE-
20 RIOD.—If during the 2 year-period begin-
21 ning on the date of such acquisition the in-
22 dividual disposes of such residence, then
23 the individual shall be treated as having
24 distributed from a qualified retirement
25 plan the amount to which clause (i) applied

1 with respect to such residence in the tax-
2 able year of such disposition.

3 “(iii) INTEREST.—Any increase in tax
4 under paragraph (1) by reason of clause
5 (ii) shall include interest at the under-
6 payment rate established under section
7 6621 on such increase for the period be-
8 ginning on the due date for filing the re-
9 turn for the taxable year for which clause
10 (i) applied with respect to such residence.”.

11 (b) CONFORMING AMENDMENT.—Clause (i) of sec-
12 tion 401(k)(2)(B) of such Code is amended by striking
13 “or” at the end of subclause (IV), by striking “and” at
14 the end of subclause (V) and inserting “or”, and by insert-
15 ing after subclause (V) the following new subclause:

16 “(VI) as provided in section
17 72(t)(2)(H), and”.

18 (c) EFFECTIVE DATE.—The amendment made by
19 this section shall apply to distributions made after the
20 date of the enactment of this Act.

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