

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 338

To amend the Internal Revenue Code of 1986 to permit penalty-free withdrawals from individual retirement plans for the acquisition of a first home.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 5, 1993

Mrs. ROUKEMA 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 permit penalty-free withdrawals from individual retirement plans for the acquisition of a first home.

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. DISTRIBUTIONS FROM INDIVIDUAL RETIRE-**  
4 **MENT PLANS MAY BE USED WITHOUT PEN-**  
5 **ALTY TO PURCHASE FIRST HOMES.**

6 (a) IN GENERAL.—Paragraph (2) of section 72(t) of  
7 the Internal Revenue Code of 1986 (relating to exceptions  
8 to 10-percent additional tax on early distributions from

1 qualified retirement plans) is amended by adding at the  
2 end thereof the following new subparagraph:

3 “(D) DISTRIBUTIONS FROM CERTAIN  
4 PLANS FOR FIRST HOME PURCHASES.—Dis-  
5 tributions to an individual from an individual  
6 retirement plan which are qualified first-time  
7 homebuyer distributions (as defined in para-  
8 graph (6)).”

9 (b) QUALIFIED FIRST-TIME HOMEBUYER DISTRIBUTIONS.—Section 72(t) of such Code is amended by adding  
10 at the end thereof the following new paragraph:

12 “(6) QUALIFIED FIRST-TIME HOMEBUYER DIS-  
13 TRIBUTIONS.—For purposes of paragraph (2)(D)—

14 “(A) IN GENERAL.—The term ‘qualified  
15 first-time homebuyer distribution’ means any  
16 payment or distribution received by an individ-  
17 ual to the extent such payment or distribution  
18 is used by the individual before the close of the  
19 60th day after the day on which such payment  
20 or distribution is received to pay qualified ac-  
21 quisition costs with respect to a principal resi-  
22 dence of a first-time homebuyer who is such in-  
23 dividual or the spouse, child, or grandchild of  
24 such individual.

1           “(B) QUALIFIED ACQUISITION COSTS.—  
2           For purposes of this paragraph, the term  
3           ‘qualified acquisition costs’ means the costs of  
4           acquiring, constructing, or reconstructing a res-  
5           idence. Such term includes any usual or reason-  
6           able settlement, financing, or other closing  
7           costs.

8           “(C) FIRST-TIME HOMEBUYER; OTHER  
9           DEFINITIONS.—For purposes of this para-  
10          graph—

11           “(i) FIRST-TIME HOMEBUYER.—The  
12          term ‘first-time homebuyer’ means any in-  
13          dividual if—

14                   “(I) such individual (and if mar-  
15                   ried, such individual’s spouse) had no  
16                   present ownership interest in a prin-  
17                   cipal residence during the 3-year pe-  
18                   riod ending on the date of acquisition  
19                   of the principal residence to which  
20                   this paragraph applies, and

21                   “(II) subsection (a)(6), (h), or  
22                   (k) of section 1034 did not suspend  
23                   the running of any period of time  
24                   specified in section 1034 with respect  
25                   to such individual on the day before

1 the date the distribution is applied  
2 pursuant to subparagraph (A)(ii).

3 “(ii) PRINCIPAL RESIDENCE.—The  
4 term ‘principal residence’ has the same  
5 meaning as when used in section 1034.

6 “(iii) DATE OF ACQUISITION.—The  
7 term ‘date of acquisition’ means the date—

8 “(I) on which a binding contract  
9 to acquire the principal residence to  
10 which subparagraph (A) applies is en-  
11 tered into, or

12 “(II) on which construction or re-  
13 construction of such a principal resi-  
14 dence is commenced.

15 “(D) SPECIAL RULE WHERE DELAY IN AC-  
16 QUISSION.—If any distribution from any indi-  
17 vidual retirement plan fails to meet the require-  
18 ments of subparagraph (A) solely by reason of  
19 a delay or cancellation of the purchase or con-  
20 struction of the residence, the amount of the  
21 distribution may be contributed to an individual  
22 retirement plan as provided in section  
23 408(d)(3)(A)(i) (determined by substituting  
24 ‘120 days’ for ‘60 days’ in such section), except  
25 that—

1                   “(i) section 408(d)(3)(B) shall not be  
2                   applied to such contribution, and

3                   “(ii) such amount shall not be taken  
4                   into account in determining whether sec-  
5                   tion 408(d)(3)(A)(i) applies to any other  
6                   amount.”

7           (c) EFFECTIVE DATE.—The amendments made by  
8 this section shall apply to payments and distributions after  
9 the date of the enactment of this Act.

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