

104TH CONGRESS
1ST SESSION

H. R. 1076

To amend the Internal Revenue Code of 1986 to allow the installment method to be used to report income from the sale of certain residential real property, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 28, 1995

Mr. GOODLING (for himself, Mr. UNDERWOOD, Mr. McDADE, Mr. GENE GREEN of Texas, Mr. FATTAH, Mr. GRAHAM, Mr. SHUSTER, Mr. PAYNE of Virginia, Mrs. MORELLA, Mr. BARCIA, Mr. FOX of Pennsylvania, Mr. ROMERO-BARCELÓ, Mr. BORSKI, and Mr. FALEOMAVEGA) 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 allow the installment method to be used to report income from the sale of certain residential real property, and for other purposes.

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 “First-Time Home-
5 buyers Assistance Act”.

1 **SEC. 2. APPLICABILITY OF INSTALLMENT METHOD OF AC-**
2 **COUNTING TO CERTAIN SALES OF RESIDEN-**
3 **TIAL REAL PROPERTY.**

4 (a) IN GENERAL.—Paragraph (2) of section 453(l)
5 of the Internal Revenue Code of 1986 (relating to excep-
6 tions to dealer dispositions) is amended by redesignating
7 subparagraph (C) as subparagraph (D) and by inserting
8 after subparagraph (B) the following new subparagraph:

9 “(C) CERTAIN RESIDENCES.—The disposi-
10 tion on the installment plan of any 1-family res-
11 idential real property in the ordinary course of
12 the taxpayer’s business if—

13 “(i) the acquisition cost (as defined in
14 section 143(k)(3)) does not exceed 75 per-
15 cent of the median purchase price for
16 newly constructed 1-family residential real
17 property for the statistical area (as defined
18 in section 143(k)(2)) in which the property
19 is located (95 percent in the case of a
20 property in a targeted area within the
21 meaning of section 143(j)),

22 “(ii) the face amount of any obliga-
23 tion held by the taxpayer and arising from
24 the disposition does not exceed 20 percent
25 of such acquisition cost,

1 “(iii) the purchaser of the property is
2 financially qualified to assume 100 percent
3 of the obligations arising from the dispo-
4 sition (without regard to whether such obli-
5 gations are held by the taxpayer),

6 “(iv) the property is to be used by
7 such purchaser as a principal residence
8 (within the meaning of section 1034), and

9 “(v) such purchaser had no present
10 ownership interest in such a principal resi-
11 dence during the 3-year period ending on
12 the date of acquisition of the property.”

13 (b) EFFECT OF PLEDGE OF INSTALLMENT OBLIGA-
14 TION.—Paragraph (1) of section 453A(d) of such Code
15 (relating to pledges, etc., of installment obligations) is
16 amended by inserting after “this section applies” the fol-
17 lowing: “(or any installment obligation arising from a dis-
18 position described in section 453(l)(2)(C))”.

19 (c) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to sales after the date of the enact-
21 ment of this Act.

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