

**MEMO# 18015**

September 17, 2004

## **CONFERENCE CALL TO DISCUSS ADVANCE NOTICE OF PROPOSED RULEMAKING ON REMIC INTEREST-ONLY OBLIGATIONS**

[18015] September 17, 2004 TO: TAX COMMITTEE No. 30-04 RE: CONFERENCE CALL TO DISCUSS ADVANCE NOTICE OF PROPOSED RULEMAKING ON REMIC INTEREST-ONLY OBLIGATIONS The Treasury Department and the Internal Revenue Service ("IRS") have issued the attached Advance Notice of Proposed Rulemaking ("ANPRM")<sup>1</sup> requesting comments regarding the timing of income and deductions arising from an interest-only regular interest in a Real Estate Mortgage Investment Conduit ("REMIC IO"). A conference call has been scheduled for Tuesday, September 28th at 2:00 (EDT) to discuss the ANPRM. A REMIC IO generally provides the holder a nominal principal amount and interest at a stated rate based upon a specified portion of the interest payments on the mortgages held by the REMIC. Although a REMIC regular interest is treated as a debt instrument under code section 860B(a), the REMIC IO differs from a traditional debt instrument in that, among other things, the aggregate amount received by the holder may be less than the issue amount of the instrument if the underlying mortgages in the REMIC are prepaid at an unanticipated rate. Treasury and the IRS are considering whether to issue regulations regarding the tax treatment of REMIC IOs for issuers and purchasers (initial and secondary-market) of such instruments. Comments on the ANPRM are due by November 23rd. If you would like to participate in the call, please complete the attached response form and fax or e-mail it to Ezella Wynn by Monday, September 27th at noon. Catherine Barré Associate Counsel Attachment no. 1 (in .pdf format) <sup>1</sup> The ANPRM is attached to the electronic version of the memorandum and is available on-line at <http://a257.g.akamaitech.net/7/257/2422/06jun20041800/edocket.access.gpo.gov/2004/pdf/04-19480.pdf>.

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