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holder is the original purchaser who is
issued stock of the Federal National
Mortgage Association (FNMA) pursuant
to section 303(c) of the Act and who
appears on the books of FNMA as the
initial holder. See §1.162–19.

(b) Example. The provisions of this
section may be illustrated by the fol-
lowing example:

Example: Pursuant to section 303(c) of the
Federal National Mortgage Association
Charter Act a certificate of FNMA stock is
issued to A as of January 1, 1961. The
issuance price of the stock was $100 and
the fair market value of the stock on the
date of issue was $69. A was required by
section 162(d) to treat $31 as a business
cost for the year 1961. The basis of the
share of stock in the hands of A, the initial
holder, shall be $69, the amount paid for
the stock ($100) reduced by $31.

[T.D. 6690, 28 FR 12254, Nov. 19, 1963]

§ 1.1055–2 Determination of amount re-
alized on the transfer of the right to
hold real property subject to liabilities
under a redeemable ground rent.

In determining the amount realized from
a transfer, occurring on or after April 11,
1963, of the right to hold real property
subject to liabilities under a redeemable
ground rent, such ground rent shall be
accounted for in the same manner as a
mortgage for an amount of

money equal to the redemption price of