



Form 1098-MA Frequently Asked Questions

Q: What do I do with the form I just received from HHFRI?

A: Your tax preparer will need this form, along with other information, to determine what amount you can claim as a deduction on your 2011 tax return.

Q: What other information do I need to bring with me when I visit my tax preparer?

A: Your tax preparer would need the following information:

- 1) Form 1098-MA (this is the form you are calling about).
- 2) Form 1098 (this shows how much interest was paid on your mortgage during 2011)
- 3) The annual property taxes paid on your home (not the car taxes, just the property taxes) -- if you escrow, your servicer can tell you how much was paid during the year.
- 4) The amount that you paid out of your funds to your mortgage servicer or to Hardest Hit Fund Rhode Island during 2011.

Q: Can you help me to figure out what I can claim on my taxes?

A: It is best if you ask your tax preparer. Everyone's situation is different, and we are not in a position to give you the best advice. Generally, you cannot deduct more than you personally paid on your mortgage during 2011.

Q: I notice that Box No. 1 on the form shows an amount higher than what was used during 2011. Why does it appear like that and what happens to the rest of the funds?

A: In some cases, the full amount of HHFRI assistance was paid to your mortgage servicer in a lump sum, even though the assistance will be used over time. We will send you a reminder in future years of the details of this assistance so you will again provide your tax preparer with the proper information to file your taxes.

Q: Is the amount in Box No. 1 on the form taxable to me as income?

A: No, the IRS has determined that this assistance is not taxable. You can refer to our web site for a copy of the IRS letter stating this, and can direct your tax advisor to this web site as well. There is also a link to the IRS information on the 1098-MA on HHFRI.org as well.

Q: On the form, Box No. 3 says -0- on this form, and I know I paid toward my mortgage last year, why does this box say -0-?

A: If you made your payments directly to your mortgage servicer, even if it is Rhode Island Housing, this box will say -0-. The only payments which would show in this box are payments, which you made directly to Hardest Hit Fund Rhode Island. You should review your record of payments for 2011 to determine how much of your funds were paid toward your mortgage.

Q: If Box No. 1 on the form is higher than what I actually received in assistance this year, will that cause an issue with the IRS?

A: No, the IRS is concerned with the amount you deduct for interest and taxes, which generally should be no more than you paid of your own funds towards your mortgage, including taxes and insurance if escrowed.