



## **FEDERAL RECAPTURE TAX REIMBURSEMENT POLICY DISCLOSURE/APPLICATION**

On the closing date for your Mortgage Loan you received MHFA Form #B001 “Borrower’s Affidavit And Notice of Federal Subsidy Recapture” and Form #B-002 “Calculation of Potential Recapture Subsidy on Sale of Home” which contains information necessary for you to calculate the Recapture Tax if you sell, transfer or otherwise dispose of your home within the first nine years, make a profit on the sale and your income has increased significantly after the closing date. If you refinance your Mortgage Loan within the first nine years, but do not otherwise sell or transfer your home, no Recapture Tax will be due at the time of the refinancing. However, you may have to pay a Recapture Tax if you subsequently sell, transfer or otherwise dispose of your home within the original nine-year period. Please contact your local IRS office or your tax advisor for assistance with calculating the Recapture Tax. MassHousing is not responsible for the calculation, collection or payment of any Recapture Tax to the IRS. However, MassHousing will reimburse you for the amount of any Recapture Tax that you pay, subject to the below Terms, Conditions, and Documentation Requirements.

### **TERMS & CONDITIONS**

**If your Mortgage Loan was closed on or after January 1, 2006** MassHousing will reimburse you for the amount of any Recapture Tax that you actually pay to the IRS if you sell or transfer your home within the first nine years after the closing date for your Mortgage Loan. MassHousing will not reimburse you for any fees, interest, penalties or other expenses that you may incur. Please note that the amount reimbursed to you by MassHousing may constitute taxable income to you. Consult your tax advisor for further information.

### **DOCUMENTATION REQUIREMENTS**

**To obtain reimbursement**, you must contact MassHousing following your payment of the Recapture Tax and furnish MassHousing with the documents listed below by **July 31<sup>st</sup> of the year following the sale or transfer of your home**:

- A copy of the signed HUD-1 Settlement Statement from the sale or transfer of your home;
- IRS Form 4506 (or its equivalent) completed and signed by each Borrower to enable MassHousing to obtain a copy of your federal tax return(s) showing payment of the Recapture Tax;
- IRS Form 1040;
- IRS Form 8828 “Recapture of Federal Mortgage Subsidy”;
- IRS Form W-9;
- Evidence that the tax obligation on Form 1040 has been paid;
- Any other documentation that MassHousing may need to approve the reimbursement.

### **GENERAL INFORMATION**

- **All** of the above documentation is required for MassHousing to process a Recapture Tax Reimbursement and must be sent in **one package** to the following address:

Massachusetts Housing Finance Agency  
HomeOwnership Mortgage Service Center  
One Beacon Street  
Boston, MA 02108-3110  
Attention: Loan Administration

- Please provide your **new mailing address** on the attached application form so that we can mail the reimbursement check to you.
- If you have any questions regarding this information, please contact our HomeOwnership Mortgage Service Center through our toll-free number **888.843.6432 (888-the-MHFA)** between the hours of 9:00 A.M. to 4:00 P.M. (Eastern Standard Time), Monday through Friday.



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This Disclosure/Application must be completed by all borrowers who signed the IRS Form 1040 and paid the Recapture Tax. If there are more than two borrowers/tax payers, please make a copy of this application form.

<b>BORROWER/TAX PAYER INFORMATION</b>			
Borrower's Name <i>(include Jr. or Sr. if applicable)</i>		Borrower's Name <i>(include Jr. or Sr. if applicable)</i>	
Social Security Number		Social Security Number	
Home Phone <i>(include area code)</i>		Home Phone <i>(include area code)</i>	
Business Phone <i>(include area code)</i>		Business Phone <i>(include area code)</i>	
Cell Phone <i>(include area code)</i>		Cell Phone <i>(include area code)</i>	
<b>MASSHOUSING MORTGAGE LOAN INFORMATION</b>			
Loan Number		Property Address <i>(street, city, state, zip)</i>	
<b>BORROWER/TAX PAYER MAILING ADDRESS</b>			
<b>Note: MassHousing will mail a reimbursement check to the borrowers/tax payer(s) if this application is approved. Please indicate below the new mailing address where to send the check.</b>			
Borrower(s) Mailing Address <i>(street, city, state, zip)</i>			
<b>BORROWER/TAX PAYER ACKNOWLEDGMENT AND AGREEMENT</b>			
By signing below I/we acknowledge that I/we have read this entire Federal Recapture Tax Reimbursement Policy Disclosure/Application and acknowledge my/our understanding of all terms and conditions stated herein. I/We certify that the information stated herein is, to the best of my/our knowledge, true and correct as of the dates set forth opposite my/our signature(s) below. I/We further certify that the attached documentation is, to the best of my/our knowledge, true and correct as of the dates that the documents were prepared. I/we acknowledge my/our understanding that any intentional or negligent misrepresentation(s) of the information contained in this application, may result in civil liability and/or criminal penalties and liability for monetary damages to MassHousing, its agents, successors and assigns, insurers and any other person who may suffer any loss due to reliance upon any misrepresentation(s) which I/we have made on this application.			
Borrower's Signature		Borrower's Signature	
Date		Date	
X		X	