

## **RECAPTURE REIMBURSEMENT**

### **Recapture – Idaho Housing will Reimburse You for Recapture Payments**

Recapture\*, a term used in connection with Idaho Housing and Finance Association (“IHFA”) loans, is often misunderstood or misrepresented. It is a federal tax that affects borrowers only if all of the following conditions are satisfied.

1. Your household income must rapidly increase, and
2. Your home must be sold within nine years of the closing of the Mortgage Loan, and
3. You must make a net profit on the sale of your home.

IHFA has eliminated the worry of recapture tax for those borrowers who may owe this tax by reimbursing them for recapture tax paid or for the reduction in their tax refund due to recapture taxes (the “Recapture Amount”).

IHFA’s reimbursement is effective for Mortgage Loans closing on or after May 19, 2004 and is subject to the following requirements:

1. IHFA will only reimburse the Recapture Amount and will not reimburse you for fees, interest, expenses or penalties incurred.
2. IHFA will not calculate the Recapture Amount, if any, upon sale or disposition of the residence. If you need assistance, consult your personal tax advisor or the IRS.
3. For the one year period following the date of closing of your IHFA Mortgage Loan, there can have been no additional income earning occupant residing with you, the undersigned, in your home financed by your IHFA Mortgage Loan.
4. A written request to IHFA must be received by July 15<sup>th</sup> of the calendar year after the residence is sold and include the following items:
  - IRS form 4506 (or its equivalent) completed and signed by each borrower to enable IHFA to obtain a copy of each borrower’s federal tax return.
  - Copy of the signed HUD-1 Settlement Statement or Closing Disclosure from the sale or disposition of the property.
  - Any other documentation IHFA may need to approve the reimbursement.

In the event of such reimbursement by IHFA, IHFA will furnish you with an IRS Form 1099 to the extent the same is required under applicable law.

\*For a complete description of Recapture and its calculation, obtain from a Participating Lender the most recent IHFA (Recapture Brochure).

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date