

**NOTICE OF POTENTIAL RECAPTURE
TAX ON SALE OF HOME**

Because you are receiving a mortgage loan from the proceeds of a tax-exempt bond, you are receiving the benefit of a lower interest rate than is customarily charged on other mortgage loans. If you sell or otherwise dispose of your home, within nine years of purchase, this benefit may be "recaptured." The recapture is accomplished by an increase in your federal income tax for the year in which you sell your home. The recapture only applies, however, if you sell your home at a gain and if your income increases above specified levels.

You may wish to consult a tax advisor or the local office of the Internal Revenue Service at the time you sell your home to determine the amount, if any, of the recapture tax. At the closing of the purchase of your home, you will be given additional information that will be needed to calculate the potential recapture tax.

You may be eligible to receive reimbursement from CHFA if you are required to make a recapture tax payment. To request reimbursement, you must submit a written request to CHFA no later than December 31st of the year the federal recapture tax is owed and paid.

Example:

If your home is sold in 2014 and the tax return is filed in 2015, the request for reimbursement must be filed with CHFA no later than December 31, 2015. (Reimbursement requests must be submitted to CHFA before year end in the same year the tax was owed and paid to the IRS).

Please see the document provided to you at the loan closing entitled Notice to Mortgagor of Maximum Recapture Tax and Method to Compute Recapture Tax on Sale of Home for further information.

The undersigned acknowledges receipt of a copy of this Notice. I/We have read and understood the above disclosure.

If I/we sell or transfer the home being financed with this mortgage loan during the first nine years after the date of closing, I/we have the responsibility of computing and paying the recapture amount, if any, due the federal government.

_____/_____
(Borrower-Signature) (Type/Print Name) Date: _____

_____/_____
(Borrower-Signature) (Type/Print Name) Date: _____

Lender: _____
NMLS ID: _____
Loan Originator: _____
NMLS ID: _____