

Iowa Finance Authority - Home Buyer Document

Notice of Potential Recapture

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 during the next nine years, this benefit may be "recaptured."

The Internal Revenue Service (the "IRS") recaptures this benefit by increasing your federal income tax for the year in which you sell your home (the "Recapture Tax"). You must pay the Recapture Tax, however, only 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 IRS at the time you sell your home to determine the amount, if any, of the recapture tax. Additional information needed to calculate recapture tax is located on IFA's website (www.IowaFinanceAuthority.gov).

If you are required to pay any Recapture Tax upon the sale or disposition of your home and you submit a reimbursement request by July 15th following the year in which you sold your home, Iowa Finance Authority (IFA) will reimburse you for the actual amount of any recapture tax you pay. Instructions for reimbursement request are located on IFA's website (www.IowaFinanceAuthority.gov).

Notice to Buyers as to Assumption of Mortgage

Your home purchase is being financed with a mortgage made available with the assistance of the Iowa Finance Authority (IFA). This mortgage is made at an interest rate below what may usually be charged. As part of IFA's Program, you cannot sell your home to a party ineligible under the IFA's guidelines for this Program unless you pay your loan in full.

If you sell your home to a party ineligible under the IFA's guidelines for this Program and allow the buyer to make your payments for you (assume your loan), the Lender (which includes any successor or assignee of the lender which makes the loan) may refuse to allow the sale and demand that you immediately repay the loan. This could result in foreclosure or repossession of the property. In addition, if you rent the property or committed fraud or intentionally misrepresented yourself when you applied for the loan, the Lender may foreclose your mortgage and repossess the property. If the Lender takes your home through a foreclosure of the mortgage because of these reasons, FHA, VA, RD or Fannie Mae/Freddie Mac (government agencies) will not be able to help you.

If the money received from the foreclosure sale is not enough to pay the remaining amount of money you owe on the loan, the Lender may obtain a deficiency judgment against you (a court ruling that you must pay whatever money is still owed on the loan after the foreclosure sale). If your mortgage is an FHA, VA, RD or Fannie Mae/Freddie Mac mortgage, such judgment will be taken over by said government agency if the Lender files a claim because of the foreclosure. Such government agency may then bring an action against you to collect the judgment.

You may avoid such actions by paying your loan in full when you sell your home or for FHA or VA mortgage by obtaining the written consent of the Lender prior to such sale and loan assumption if the person purchasing your home meets the necessary qualifications established by IFA. In general those requirements for assumption of the loan are:

- i. the purchaser intends to occupy the residence as a principal residence within 60 days after the assumption;
- ii. the purchaser had no present ownership interest in a principal residence at any time during the three-year period prior to the date on which the mortgage is assumed, unless the home is in a Targeted Area or the purchaser is an exempt Veteran (defined in the Affidavit of Purchaser, MBR 01 document);
- iii. the purchase price of the residence paid by the purchaser does not exceed the applicable limits set by the IFA; and
- iv. the purchaser has an income which does not exceed the then current applicable limits set by the IFA.

Iowa Finance Authority

NOTICE TO APPLICANT THAT IFA WILL REIMBURSE FOR ANY FEDERAL RECAPTURE TAX ACTUALLY PAID BY APPLICANT

A. General. If your IFA-financed mortgage loan is closed on or after November 14, 2011 and you are required to pay to the IRS a Recapture Tax as calculated a above, IFA will reimburse you for the actual amount of the Recapture Tax paid by you to the IRS.

B. Reimbursement Procedures and Conditions.

1. In order to be reimbursed for your Recapture Tax payment, you must send your written request to IFA no later than July 15 immediately following the calendar year in which you sold or otherwise disposed of your home. For example, if you sell your home on August 1, 2012, IFA must receive your written request for reimbursement no later than July 15, 2013.

Your written request for reimbursement must include the following:

- (i) IFA's Request for Recapture Tax Reimbursement form (available online at [www.IowaFinance Authority.gov](http://www.IowaFinanceAuthority.gov)) completed and signed by each Applicant;
- (ii) Copy of your Federal Tax Return including 8828 where you paid the Recapture. Your Return must be signed and dated.
- (iii) IRS Form 4506 (or its equivalent) completed and signed by each Applicant, permitting IFA to obtain a copy of each Applicant's federal tax return, including IRS Form 8828 (or its equivalent); IFA will pay any fees associated with obtaining a copy of your tax return Transcripts from the IRS; and
- (iv) Any other documentation IFA may need to approve your reimbursement.

Each of these items must be signed by each Applicant and must have original signatures. IFA will not accept copies or facsimiles of these items.

2. In addition to receiving the items described above, IFA's approval of your Recapture Tax reimbursement is subject to the following terms and conditions:
 - (i) Your IFA-financed mortgage loan must be outstanding at the time you sell your home (i.e. IFA will not reimburse you for any Recapture Tax if the mortgage loan has been refinanced).
 - (ii) IFA will reimburse you for the actual amount of the recapture tax you paid; IFA will not reimburse for any fees, interest, expenses or penalties incurred.
 - (iii) IFA will not calculate the amount of any Recapture Tax you may owe upon the sale or disposition of your home; if you need assistance, you should consult a personal tax advisor or the IRS.
 - (iv) You may submit only one request for reimbursement; IFA will not reimburse you for any additional Recapture Tax you may owe under an amended tax return.
3. IFA's reimbursement of your Recapture Tax may constitute income to you for federal and/or state income tax purposes. You may owe taxes on this additional income. IFA will not provide you with additional moneys to pay such taxes. If you have questions regarding the treatment of the reimbursement of the Recapture Tax for tax purposes, you should consult with your personal tax advisor or the IRS.

Nine Year Recapture Income Limits
June 2011 - Revised 6/2011

COUNTY/CITY NAME	FAMILY SIZE	< 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	5 - 6 years	6 - 7 years	7 - 8 years	8 - 9 years
	Non-Targeted									
Adair	1-2 Persons	68,138	71,545	75,122	78,878	82,822	86,963	91,311	95,877	100,671
	3+ Persons	78,359	82,277	86,391	90,710	95,246	100,008	105,009	110,259	115,772
	Non-Targeted									
Adams	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Non-Targeted									
Allamakee	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Non-Targeted									
Appanoose	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Non-Targeted									
Audubon	1-2 Persons	68,378	71,797	75,387	79,156	83,114	87,270	91,633	96,215	101,025
	3+ Persons	78,635	82,567	86,695	91,030	95,581	100,360	105,378	110,647	116,180
	Non-Targeted									
Benton	1-2 Persons	68,400	71,820	75,411	79,182	83,141	87,298	91,663	96,246	101,058
	3+ Persons	78,660	82,593	86,723	91,059	95,612	100,392	105,412	110,683	116,217
	Non-Targeted									
Black Hawk	1-2 Persons	67,678	71,062	74,615	78,346	82,263	86,376	90,695	95,230	99,991
	3+ Persons	77,830	81,722	85,808	90,098	94,603	99,333	104,300	109,515	114,990
	Targeted									
Waterloo CT 1 & 9	1-2 Persons	76,800	80,640	84,672	88,906	93,351	98,018	102,919	108,065	113,469
	3+ Persons	89,600	94,080	98,784	103,723	108,909	114,355	120,073	126,076	132,380
	Non-Targeted									
Boone	1-2 Persons	66,978	70,327	73,843	77,535	81,412	85,483	89,757	94,245	98,957
	3+ Persons	77,025	80,876	84,920	89,166	93,624	98,306	103,221	108,382	113,801
	Non-Targeted									
Bremer	1-2 Persons	68,600	72,030	75,632	79,413	83,384	87,553	91,931	96,527	101,353
	3+ Persons	78,890	82,835	86,976	91,325	95,891	100,686	105,720	111,006	116,556
	Non-Targeted									
Buchanan	1-2 Persons	67,618	70,999	74,549	78,276	82,190	86,300	90,615	95,145	99,903

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	3+ Persons	77,761	81,649	85,732	90,018	94,519	99,245	104,207	109,418	114,888
	Non Targeted									
Buena Vista	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Non-Targeted									
Butler	1-2 Persons	68,138	71,545	75,122	78,878	82,822	86,963	91,311	95,877	100,671
	3+ Persons	78,359	82,277	86,391	90,710	95,246	100,008	105,009	110,259	115,772
	Non Targeted									
Calhoun	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Non-Targeted									
Carroll	1-2 Persons	67,058	70,411	73,931	77,628	81,509	85,585	89,864	94,357	99,075
	3+ Persons	77,117	80,973	85,021	89,273	93,736	98,423	103,344	108,511	113,937
	Non-Targeted									
Cass	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Non-Targeted									
Cedar	1-2 Persons	67,098	70,453	73,976	77,674	81,558	85,636	89,918	94,414	99,134
	3+ Persons	77,163	81,021	85,072	89,326	93,792	98,482	103,406	108,576	114,005
	Non-Targeted									
Cerro Gordo	1-2 Persons	67,578	70,957	74,505	78,230	82,141	86,249	90,561	95,089	99,843
	3+ Persons	77,715	81,601	85,681	89,965	94,463	99,186	104,146	109,353	114,820
	Non-Targeted									
Cherokee	1-2 Persons	68,318	71,734	75,321	79,087	83,041	87,193	91,553	96,130	100,937
	3+ Persons	78,566	82,494	86,619	90,950	95,497	100,272	105,286	110,550	116,078
	Non-Targeted									
Chickasaw	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Non-Targeted									
Clarke	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214

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	Non Targeted									
Clay	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Non-Targeted									
Clayton	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Non-Targeted									
Clinton	1-2 Persons	68,318	71,734	75,321	79,087	83,041	87,193	91,553	96,130	100,937
	3+ Persons	78,566	82,494	86,619	90,950	95,497	100,272	105,286	110,550	116,078
	Non-Targeted									
Crawford	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Non-Targeted									
Dallas	1-2 Persons	74,500	78,225	82,136	86,243	90,555	95,083	99,837	104,829	110,070
	3+ Persons	85,675	89,959	94,457	99,180	104,138	109,345	114,813	120,553	126,581
	Non-Targeted									
Davis	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Non-Targeted									
Decatur	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Non-Targeted									
Delaware	1-2 Persons	68,138	71,545	75,122	78,878	82,822	86,963	91,311	95,877	100,671
	3+ Persons	78,359	82,277	86,391	90,710	95,246	100,008	105,009	110,259	115,772
	Non-Targeted									
Des Moines	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Non Targeted									
Dickinson	1-2 Persons	67,638	71,020	74,571	78,299	82,214	86,325	90,641	95,173	99,932
	3+ Persons	77,784	81,673	85,757	90,045	94,547	99,274	104,238	109,450	114,922
	Non Targeted									
Dubuque	1-2 Persons	67,358	70,726	74,262	77,975	81,874	85,968	90,266	94,779	99,518

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	3+ Persons	77,462	81,335	85,402	89,672	94,156	98,863	103,806	108,997	114,447
	Targeted									
Dubuque CT 1	1-2 Persons	76,800	80,640	84,672	88,906	93,351	98,018	102,919	108,065	113,469
	3+ Persons	89,600	94,080	98,784	103,723	108,909	114,355	120,073	126,076	132,380
	Non Targeted									
Emmet	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Non Targeted									
Fayette	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Non Targeted									
Floyd	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Non Targeted									
Franklin	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Non Targeted									
Fremont	1-2 Persons	67,938	71,335	74,902	78,647	82,579	86,708	91,043	95,596	100,375
	3+ Persons	78,129	82,035	86,137	90,444	94,966	99,715	104,700	109,935	115,432
	Non Targeted									
Greene	1-2 Persons	68,138	71,545	75,122	78,878	82,822	86,963	91,311	95,877	100,671
	3+ Persons	78,359	82,277	86,391	90,710	95,246	100,008	105,009	110,259	115,772
	Non Targeted									
Grundy	1-2 Persons	67,678	71,062	74,615	78,346	82,263	86,376	90,695	95,230	99,991
	3+ Persons	77,830	81,722	85,808	90,098	94,603	99,333	104,300	109,515	114,990
	Non Targeted									
Guthrie	1-2 Persons	74,500	78,225	82,136	86,243	90,555	95,083	99,837	104,829	110,070
	3+ Persons	85,675	89,959	94,457	99,180	104,138	109,345	114,813	120,553	126,581
	Non Targeted									
Hamilton	1-2 Persons	67,618	70,999	74,549	78,276	82,190	86,300	90,615	95,145	99,903
	3+ Persons	77,761	81,649	85,732	90,018	94,519	99,245	104,207	109,418	114,888

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	Non Targeted									
Hancock	1-2 Persons	68,178	71,587	75,166	78,925	82,871	87,014	91,365	95,933	100,730
	3+ Persons	78,405	82,325	86,442	90,764	95,302	100,067	105,070	110,324	115,840
	Non Targeted									
Hardin	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Non Targeted									
Harrison	1-2 Persons	70,600	74,130	77,837	81,728	85,815	90,105	94,611	99,341	104,308
	3+ Persons	81,190	85,250	89,512	93,988	98,687	103,621	108,802	114,242	119,955
	Non Targeted									
Henry	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Non Targeted									
Howard	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Non Targeted									
Humboldt	1-2 Persons	68,058	71,461	75,034	78,786	82,725	86,861	91,204	95,764	100,553
	3+ Persons	78,267	82,180	86,289	90,604	95,134	99,891	104,885	110,130	115,636
	Non Targeted									
Ida	1-2 Persons	68,138	71,545	75,122	78,878	82,822	86,963	91,311	95,877	100,671
	3+ Persons	78,359	82,277	86,391	90,710	95,246	100,008	105,009	110,259	115,772
	Non Targeted									
Iowa	1-2 Persons	67,000	70,350	73,868	77,561	81,439	85,511	89,786	94,276	98,990
	3+ Persons	77,050	80,903	84,948	89,195	93,655	98,337	103,254	108,417	113,838
	Non-Targeted									
Jackson	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Non-Targeted									
Jasper	1-2 Persons	67,878	71,272	74,835	78,577	82,506	86,631	90,963	95,511	100,287
	3+ Persons	78,060	81,963	86,061	90,364	94,882	99,627	104,608	109,838	115,330
	Non-Targeted									
Jefferson	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055

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	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Non-Targeted									
Johnson	1-2 Persons	79,200	83,160	87,318	91,684	96,268	101,081	106,136	111,442	117,014
	3+ Persons	91,080	95,634	100,416	105,436	110,708	116,244	122,056	128,159	134,567
	Targeted									
Iowa City CT 21	1-2 Persons	95,040	99,792	104,782	110,021	115,522	121,298	127,363	133,731	140,417
	3+ Persons	110,880	116,424	122,245	128,357	134,775	141,514	148,590	156,019	163,820
	Non-Targeted									
Jones	1-2 Persons	68,078	71,482	75,056	78,809	82,749	86,887	91,231	95,793	100,582
	3+ Persons	78,290	82,205	86,315	90,630	95,162	99,920	104,916	110,162	115,670
	Non-Targeted									
Keokuk	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Non-Targeted									
Kossuth	1-2 Persons	68,138	71,545	75,122	78,878	82,822	86,963	91,311	95,877	100,671
	3+ Persons	78,359	82,277	86,391	90,710	95,246	100,008	105,009	110,259	115,772
	Non-Targeted									
Lee	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Non-Targeted									
Linn	1-2 Persons	70,100	73,605	77,285	81,150	85,207	89,467	93,941	98,638	103,570
	3+ Persons	80,615	84,646	88,878	93,322	97,988	102,887	108,032	113,433	119,105
	Non-Targeted									
Louisa	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Non-Targeted									
Lucas	1-2 Persons	68,138	71,545	75,122	78,878	82,822	86,963	91,311	95,877	100,671
	3+ Persons	78,359	82,277	86,391	90,710	95,246	100,008	105,009	110,259	115,772
	Non-Targeted									
Lyon	1-2 Persons	67,778	71,167	74,725	78,462	82,385	86,504	90,829	95,370	100,139
	3+ Persons	77,945	81,842	85,934	90,231	94,743	99,480	104,454	109,676	115,160

Nine Year Recapture Income Limits
June 2011 - Revised 6/2011

COUNTY/CITY NAME	FAMILY SIZE	< 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	5 - 6 years	6 - 7 years	7 - 8 years	8 - 9 years
	Non-Targeted									
Madison	1-2 Persons	74,500	78,225	82,136	86,243	90,555	95,083	99,837	104,829	110,070
	3+ Persons	85,675	89,959	94,457	99,180	104,138	109,345	114,813	120,553	126,581
	Non-Targeted									
Mahaska	1-2 Persons	68,258	71,671	75,254	79,017	82,968	87,116	91,472	96,046	100,848
	3+ Persons	78,497	82,422	86,543	90,870	95,414	100,184	105,193	110,453	115,976
	Non-Targeted									
Marion	1-2 Persons	68,400	71,820	75,411	79,182	83,141	87,298	91,663	96,246	101,058
	3+ Persons	78,660	82,593	86,723	91,059	95,612	100,392	105,412	110,683	116,217
	Non-Targeted									
Marshall	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Non-Targeted									
Mills	1-2 Persons	70,600	74,130	77,837	81,728	85,815	90,105	94,611	99,341	104,308
	3+ Persons	81,190	85,250	89,512	93,988	98,687	103,621	108,802	114,242	119,955
	Non-Targeted									
Mitchell	1-2 Persons	68,138	71,545	75,122	78,878	82,822	86,963	91,311	95,877	100,671
	3+ Persons	78,359	82,277	86,391	90,710	95,246	100,008	105,009	110,259	115,772
	Non-Targeted									
Monona	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Non-Targeted									
Monroe	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Non-Targeted									
Montgomery	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Non-Targeted									
Muscatine	1-2 Persons	67,338	70,705	74,240	77,952	81,850	85,942	90,239	94,751	99,489
	3+ Persons	77,439	81,311	85,376	89,645	94,128	98,834	103,776	108,964	114,413
	Non Targeted									
O'Brien	1-2 Persons	68,238	71,650	75,232	78,994	82,944	87,091	91,445	96,018	100,819

Nine Year Recapture Income Limits
June 2011 - Revised 6/2011

COUNTY/CITY NAME	FAMILY SIZE	< 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	5 - 6 years	6 - 7 years	7 - 8 years	8 - 9 years
	3+ Persons	78,474	82,398	86,518	90,843	95,386	100,155	105,163	110,421	115,942
	Non Targeted									
Osceola	1-2 Persons	68,198	71,608	75,188	78,948	82,895	87,040	91,392	95,961	100,760
	3+ Persons	78,428	82,349	86,467	90,790	95,330	100,096	105,101	110,356	115,874
	Non-Targeted									
Page	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Non-Targeted									
Palo Alto	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3 + Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Non-Targeted									
Plymouth	1-2 Persons	67,900	71,295	74,860	78,603	82,533	86,660	90,992	95,542	100,319
	3 + Persons	78,085	81,989	86,089	90,393	94,913	99,658	104,641	109,873	115,367
	Non-Targeted									
Pocahontas	1-2 Persons	68,198	71,608	75,188	78,948	82,895	87,040	91,392	95,961	100,760
	3 + Persons	78,428	82,349	86,467	90,790	95,330	100,096	105,101	110,356	115,874
	Non-Targeted									
Polk	1-2 Persons	74,500	78,225	82,136	86,243	90,555	95,083	99,837	104,829	110,070
	3 + Persons	85,675	89,959	94,457	99,180	104,138	109,345	114,813	120,553	126,581
	Targeted									
Des Moines	1-2 Persons	89,400	93,870	98,564	103,492	108,666	114,100	119,805	125,795	132,085
CT 49,50 & 52	3 + Persons	104,300	109,515	114,991	120,740	126,777	133,116	139,772	146,761	154,099
	Non-Targeted									
Pottawattamie	1-2 Persons	70,600	74,130	77,837	81,728	85,815	90,105	94,611	99,341	104,308
	3 + Persons	81,190	85,250	89,512	93,988	98,687	103,621	108,802	114,242	119,955
	Non-Targeted									
Poweshiek	1-2 Persons	67,398	70,768	74,306	78,022	81,923	86,019	90,320	94,836	99,578
	3+ Persons	77,508	81,383	85,453	89,725	94,211	98,922	103,868	109,062	114,515
	Non-Targeted									
Ringgold	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214

Nine Year Recapture Income Limits
June 2011 - Revised 6/2011

COUNTY/CITY NAME	FAMILY SIZE	< 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	5 - 6 years	6 - 7 years	7 - 8 years	8 - 9 years
	Non Targeted									
Sac	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Non Targeted									
Scott	1-2 Persons	67,278	70,642	74,174	77,883	81,777	85,866	90,159	94,667	99,400
	3+ Persons	77,370	81,239	85,300	89,565	94,044	98,746	103,683	108,867	114,311
	Targeted									
Davenport CT 108 & 109	1-2 Persons	76,920	80,766	84,804	89,045	93,497	98,172	103,080	108,234	113,646
	3+ Persons	89,740	94,227	98,938	103,885	109,080	114,534	120,260	126,273	132,587
	Non Targeted									
Shelby	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Non-Targeted									
Sioux	1-2 Persons	67,658	71,041	74,593	78,323	82,239	86,351	90,668	95,202	99,962
	1-2 Persons	77,807	81,697	85,782	90,071	94,575	99,304	104,269	109,482	114,956
	Non-Targeted									
Story	1-2 Persons	77,400	81,270	85,334	89,600	94,080	98,784	103,723	108,910	114,355
	1-2 Persons	89,010	93,461	98,134	103,040	108,192	113,602	119,282	125,246	131,508
					0					
	Targeted									
Ames CT 5	1-2 Persons	92,880	97,524	102,400	107,520	112,896	118,541	124,468	130,691	137,226
	3+ Persons	108,360	113,778	119,467	125,440	131,712	138,298	145,213	152,473	160,097
	Non-Targeted									
Tama	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Non-Targeted									
Taylor	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Non-Targeted									
Union	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Non-Targeted									
Van Buren	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055

Nine Year Recapture Income Limits
June 2011 - Revised 6/2011

COUNTY/CITY NAME	FAMILY SIZE	< 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	5 - 6 years	6 - 7 years	7 - 8 years	8 - 9 years
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Non-Targeted									
Wapello	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Non-Targeted									
Warren	1-2 Persons	74,500	78,225	82,136	86,243	90,555	95,083	99,837	104,829	110,070
	3+ Persons	85,676	89,960	94,458	99,181	104,140	109,347	114,814	120,555	126,582
	Non-Targeted									
Washington	1-2 Persons	67,498	70,873	74,417	78,137	82,044	86,146	90,454	94,976	99,725
	3+ Persons	77,623	81,504	85,579	89,858	94,351	99,069	104,022	109,223	114,685
	Non-Targeted									
Wayne	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Non-Targeted									
Webster	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Targeted									
Fort Dodge CT 7	1-2 Persons	76,800	80,640	84,672	88,906	93,351	98,018	102,919	108,065	113,469
	3+ Persons	89,600	94,080	98,784	103,723	108,909	114,355	120,073	126,076	132,380
	Non-Targeted									
Winnebago	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214
	Non-Targeted									
Winneshiek	1-2 Persons	67,698	71,083	74,637	78,369	82,287	86,402	90,722	95,258	100,021
	3+ Persons	77,853	81,746	85,833	90,125	94,631	99,362	104,330	109,547	115,024
	Non-Targeted									
Woodbury	1-2 Persons	68,338	71,755	75,343	79,110	83,065	87,219	91,579	96,158	100,966
	3+ Persons	78,589	82,518	86,644	90,977	95,525	100,302	105,317	110,583	116,112
	Targeted									
Sioux City CT 15 & 16	1-2 Persons	76,800	80,640	84,672	88,906	93,351	98,018	102,919	108,065	113,469
	3+ Persons	89,600	94,080	98,784	103,723	108,909	114,355	120,073	126,076	132,380

Nine Year Recapture Income Limits
June 2011 - Revised 6/2011

COUNTY/CITY NAME	FAMILY SIZE	< 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	5 - 6 years	6 - 7 years	7 - 8 years	8 - 9 years
	Non-Targeted									
Worth	1-2 Persons	68,138	71,545	75,122	78,878	82,822	86,963	91,311	95,877	100,671
	3+ Persons	78,359	82,277	86,391	90,710	95,246	100,008	105,009	110,259	115,772
	Non-Targeted									
Wright	1-2 Persons	68,398	71,818	75,409	79,179	83,138	87,295	91,660	96,243	101,055
	3+ Persons	78,658	82,591	86,720	91,056	95,609	100,390	105,409	110,680	116,214

RECAPTURE TAX

In 1990, Congress passed a law that provides for a recapture tax on the gain from the sale of a residence financed with mortgage revenue bond proceeds. The recapture tax applies to all loans closed after December 1, 1990 and is an additional tax liability, payable with the homeowner's federal income tax, in accordance with the Internal Revenue Code of 1986.

Why a recapture tax?

The objective of recapture tax is to enable the federal government to collect or "recapture" the subsidy received by the borrower in below-market interest rates and down payment assistance, financed with tax-exempt mortgage revenue bonds.

Generally, recapture tax is due on the sale or disposition of the property; however, NO recapture tax is due if one or more of the following conditions are met:

- 1) The property is transferred to a spouse or a former spouse as a result of divorce.
- 2) The property is transferred as a result of the borrower's death.
- 3) There is an involuntary transfer or a destruction of the property due to fire or other casualty, as long as a replacement home is purchased on the site of the original residence.
- 4) There is no gain on the sale of the property.
- 5) The borrower's actual gross income in the year the property is sold does not exceed the modified adjusted gross income (as defined below).
- 6) The sale occurs more than nine years after the mortgage loan was closed.

TO SUMMARIZE RECAPTURE TAX

Recapture Tax is Due If

- ◆ the property is sold within 9 years after the mortgage closed;
- AND
- ◆ there is a gain (net profit) on the sale of the home;
- AND
- ◆ borrowers experience substantial increases in their income, above the modified adjusted gross income

NO Recapture Tax is Due if

- ◆ the property is sold 9 years or more after the mortgage closed;
- OR
- ◆ there is no gain on the sale of the property;
- OR
- ◆ borrowers actual gross income in the year the property sells does not exceed the modified adjusted gross income

Note: The borrower should consult a tax advisor or the local office of the IRS for any in-depth questions about recapture-or when the property is sold or otherwise disposed of-to determine the amount, if any, of the recapture tax owed.

Calculation of Recapture Tax

The maximum recapture tax that can ever be paid is the lesser of:

- ◆ 6.25% of the original mortgage amount OR
- ◆ 50% of the gain realized on the sale of the residence.

Recapture tax is calculated when the home is sold. The following information is needed:

- 1) Original loan amount
- 2) Original borrower income when the loan was made
- 3) Program income limit when the loan was made
- 4) Number of years the loan was outstanding
- 5) Borrower's adjusted gross income from tax returns
- 6) Borrower's gain on the sale of the property

Steps in Calculating the Actual Recapture Tax

Step 1

Calculate the **Maximum Recapture Tax** by multiplying the original mortgage loan amount by the maximum recapture percentage of 6.25%.

_____ (Loan Amount) X 6.25% = _____ (Maximum Recapture Tax)

Step 2

Find the **Holding Period Percentage** from the table below. To do this, round up the number of years the loan was held from the date of closing (i.e., If held for 6 years and 2 months, then the holding period would be based on 7 years or 60% of the maximum recapture).

Number of Years Held	Appropriate Holding Period Percentages
1 Year	20% of the maximum recapture
2 Years	40% of the maximum recapture
3 Years	60% of the maximum recapture
4 Years	80% of the maximum recapture
5 Years	100% of the maximum recapture
6 Years	80% of the maximum recapture
7 Years	60% of the maximum recapture
8 Years	40% of the maximum recapture
9 Years	20% of the maximum recapture
10 Years	Recapture no longer applicable

_____ (Maximum Recapture Tax from Step 1) X _____ (Holding Period Percentage)
 = _____ (Maximum Recapture Tax for Holding Period)

Step 3

Adjust the qualifying income limit that was in effect at the time the loan was made upward by a factor of 1.05 for each year the loan was held. This is referred to as the Adjusted Qualifying Income.

Example: \$40,400.00 (Year 0 to 1)
 \$40,400.00 x 1.05 = \$42,420.00 (Year 1 to 2)
 \$42,420.00 x 1.05 = \$44,541.00 (Year 2 to 3)
 \$44,541.00 x 1.05 = \$46,768.05 (Year 3 to 4)

If the program limit at the time the loan was closed was \$40,400.00 and you held the mortgage for 3 1/2 years, then the Adjusted Qualifying Income would be \$46,768.05.

Step 4

Subtract the Adjusted Qualifying Income calculated in Step 3 above from the borrower's Modified Adjusted Gross Income at the time of sale or disposition. The Modified Gross Income is the Adjusted Gross Income reflected on the borrower's tax return, increased by any interest earned on tax-exempt bonds that was excluded in calculating Adjusted Gross Income and decreased by the amount of any gain included in income by reason of the sale of the residence.

- ◆ If the Modified Adjusted Gross Income at the time the property is sold is less than the applicable Adjusted Qualifying Income, then the Income Percentage is zero; and, thus, no recapture tax is owed by the borrower.
- ◆ If the Modified Adjusted Gross Income exceeds the Adjusted Qualifying Income by less than \$5,000, then divide the difference by \$5,000 to obtain the Income Percentage (rounded to the nearest whole percentage point).
- ◆ If the Modified Adjusted Gross Income equals or exceeds the Adjusted Qualifying Income by \$5,000, then the Income Percentage is 100%; and the Maximum Recapture Tax is, therefore, equal to the Maximum Recapture Tax for the holding period, calculated in Step 2 above.

Step 5

The Actual Recapture Tax the borrower must pay is the lesser of:

- ◆ 50% of the gain on the sale of the home OR
- ◆ The recapture amount determined by multiplying the Maximum Recapture Tax for Holding Period (Step 2) by the Income Percentage (Step 4).

RECAPTURE TAX WORKSHEET

Original Loan Amount _____
 Adjusted Gross Income Per Tax Return _____
 Program Qualify Income Limit at Time Loan Close _____
 Number of Years Loan Held (Round Up) _____
 Borrower's Gain on the Sale _____

_____ (Loan Amount) X 6.25% = _____ (Maximum Recapture Tax)
 _____ (Maximum Recapture Tax) X _____ (Holding Period Percentage)
 = _____ (Maximum Recapture Tax for Holding Period)

To calculate the Adjusted Qualifying Income multiply the initial Program Qualifying Income Limit by a factor of 1.05 for each year the loan was held.

Number of Years	Family Size/Original Limit	
	2 or Less	3 or More
0	_____	_____
1	_____	_____
2	_____	_____
3	_____	_____
4	_____	_____
5	_____	_____
6	_____	_____
7	_____	_____
8	_____	_____
9	_____	_____

Enter Adjusted Gross Income Per Tax Return _____
 Less: Adjusted Qualifying Income - _____
 Difference = _____

Divide Difference by \$5,000 to obtain Income Percentage
 (However, if the difference is less then \$0, then Income Percentage is zero;
 and if the difference is greater than \$5,000 then the Income Percentage is 100%)

_____ (Maximum Recapture Tax For Holding Period) X _____ (Income Percentage)
 = _____ (Maximum Recapture Tax to be paid)

The actual recapture tax the borrower must pay is the lesser of.
 50% of the gain on the sales of the home OR the recapture amount determined above
**IN NO EVENT MAY THE AMOUNT OF RECAPTURE TAX EXCEED 50% OF THE GAIN ON
 THE SALE OR DISPOSITION OF THE PROPERTY.**

Recapture Tax to be paid based on the lesser of the two: _____

EXAMPLES OF RECAPTURE TAX

Example 1

Income Increase/Gain on the House Sale/Sold in the Fourth Year

Original Loan Amount	\$65,000
Adjusted Gross Income Per Tax Return	<u>\$52,000</u>
Program Qualify Income Limit at Time Loan Close	<u>\$39,500 NT & \$45,425 T</u>
Number of Years Loan Held (Round Up)	<u>4</u>
Borrower's Gain on the Sale	<u>\$8,700 (50% = \$4,350)</u>

$$\begin{array}{r}
 \$65,000 \text{ (Loan Amount)} \times 6.25\% = \$4,062.50 \text{ (Maximum Recapture Tax)} \\
 \$4,062.50 \text{ (Maximum Recapture Tax)} \times 80\% \text{ (Holding Period Percentage)} \\
 = \underline{\$3,250.00} \text{ (Maximum Recapture Tax for Holding Period)}
 \end{array}$$

To calculate the Adjusted Qualifying Income multiply the initial Program Qualifying Income Limit by a factor of 1.05 for each year the loan was held.

Number of Years	Family Size/Original Limit	
	2 or Less	3 or More
0	<u>\$39,500.00</u>	<u>\$45,425.00</u>
1	<u>\$41,475.00</u>	<u>\$47,696.25</u>
2	<u>\$43,548.75</u>	<u>\$50,081.06</u>
3	<u>\$45,726.19</u>	<u>\$52,585.12</u>
4	<u>\$48,012.50</u>	<u>\$55,214.37</u>
5	<u>\$50,413.12</u>	<u>\$57,975.09</u>
6	<u>\$52,933.78</u>	<u>\$60,873.84</u>
7	<u>\$55,580.47</u>	<u>\$63,917.54</u>
8	<u>\$58,359.49</u>	<u>\$67,113.41</u>
9	<u>\$61,277.46</u>	<u>\$70,469.08</u>

Enter Adjusted Gross Income Per Tax Return	\$52,000.00
Less: Adjusted Qualifying Income	<u>- \$48,012.50</u>
Difference	<u>= \$3,987.50</u>

Divide Difference by \$5,000 to obtain Income Percentage 80%
 (However, if the difference is less then \$0, then Income Percentage is zero;
 and if the difference is greater than \$5,000 then the Income Percentage is 100%)

$$\begin{array}{r}
 \$3,250.00 \text{ (Maximum Recapture Tax For Holding Period)} \times 80\% \text{ (Income Percentage)} \\
 = \underline{\$2,600.00} \text{ (Maximum Recapture Tax to be paid)}
 \end{array}$$

The actual recapture tax the borrower must pay is the lesser of.
 50% of the gain on the sales of the home OR the recapture amount determined above
**IN NO EVENT MAY THE AMOUNT OF RECAPTURE TAX EXCEED 50% OF THE GAIN ON
 THE SALE OR DISPOSITION OF THE PROPERTY.**

Recapture Tax to be paid based on the lesser of the two: \$2,600.00

EXAMPLES OF RECAPTURE TAX

Example 2

No Income Increase/Gain on House Sale/Sold in the Fifth Year

Original Loan Amount	\$65,000
Adjusted Gross Income Per Tax Return	<u>\$38,000</u>
Program Qualify Income Limit at Time Loan Close	<u>\$39,500 NT & \$45,425 T</u>
Number of Years Loan Held (Round Up)	<u>5</u>
Borrower's Gain on the Sale	<u>\$10,000 (50% = \$5,000)</u>

$$\frac{\$65,000}{\$4,062.50} \text{ (Loan Amount) } \times 6.25\% = \$4,062.50 \text{ (Maximum Recapture Tax)}$$

$$\frac{\$4,062.50}{\$4,062.50} \text{ (Maximum Recapture Tax) } \times 100\% = 100\% \text{ (Holding Period Percentage)}$$

$$= \frac{\$4,062.50}{\$4,062.50} \text{ (Maximum Recapture Tax for Holding Period)}$$

To calculate the Adjusted Qualifying Income multiply the initial Program Qualifying Income Limit by a factor of 1.05 for each year the loan was held.

Number of Years	Family Size/Original Limit	
	2 or Less	3 or More
0	<u>\$39,500.00</u>	<u>\$45,425.00</u>
1	<u>\$41,475.00</u>	<u>\$47,696.25</u>
2	<u>\$43,548.75</u>	<u>\$50,081.06</u>
3	<u>\$45,726.19</u>	<u>\$52,585.12</u>
4	<u>\$48,012.50</u>	<u>\$55,214.37</u>
5	<u>\$50,413.12</u>	<u>\$57,975.09</u>
6	<u>\$52,933.78</u>	<u>\$60,873.84</u>
7	<u>\$55,580.47</u>	<u>\$63,917.54</u>
8	<u>\$58,359.49</u>	<u>\$67,113.41</u>
9	<u>\$61,277.46</u>	<u>\$70,469.08</u>

Enter Adjusted Gross Income Per Tax Return	\$38,000.00
Less: Adjusted Qualifying Income	<u>- \$50,413.12</u>
Difference	<u>= (\$12,413.12)</u>

Divide Difference by \$5,000 to obtain Income Percentage 0%
 (However, if the difference is less than \$0, then Income Percentage is zero;
 and if the difference is greater than \$5,000 then the Income Percentage is 100%)

$$\frac{\$4,062.50}{\$4,062.50} \text{ (Maximum Recapture Tax For Holding Period) } \times 0\% \text{ (Income Percentage)}$$

$$= \frac{\$0.00}{\$4,062.50} \text{ (Maximum Recapture Tax to be paid)}$$

The actual recapture tax the borrower must pay is the lesser of.
 50% of the gain on the sales of the home OR the recapture amount determined above
**IN NO EVENT MAY THE AMOUNT OF RECAPTURE TAX EXCEED 50% OF THE GAIN ON
 THE SALE OR DISPOSITION OF THE PROPERTY.**

Recapture Tax to be paid based on the lesser of the two: \$0.00

EXAMPLES OF RECAPTURE TAX

Example 3

Income Increase/Gain on House Sale/Sold in the Eighth Year

Original Loan Amount	\$65,000
Adjusted Gross Income Per Tax Return	<u>\$70,000</u>
Program Qualify Income Limit at Time Loan Close	<u>\$39,500 NT & \$45,425 T</u>
Number of Years Loan Held (Round Up)	<u>8</u>
Borrower's Gain on the Sale	<u>\$9,500 (50% = \$4,750)</u>

$$\begin{aligned}
 & \$65,000 \text{ (Loan Amount)} \times 6.25\% = \$4,062.50 \text{ (Maximum Recapture Tax)} \\
 & \$4,062.50 \text{ (Maximum Recapture Tax)} \times 40\% \text{ (Holding Period Percentage)} \\
 = & \underline{\$1,625.00} \text{ (Maximum Recapture Tax for Holding Period)}
 \end{aligned}$$

To calculate the Adjusted Qualifying Income multiply the initial Program Qualifying Income Limit by a factor of 1.05 for each year the loan was held.

<u>Number of Years</u>	<u>Family Size/Original Limit</u>	
	<u>2 or Less</u>	<u>3 or More</u>
0	<u>\$39,500.00</u>	<u>\$45,425.00</u>
1	<u>\$41,475.00</u>	<u>\$47,696.25</u>
2	<u>\$43,548.75</u>	<u>\$50,081.06</u>
3	<u>\$45,726.19</u>	<u>\$52,585.12</u>
4	<u>\$48,012.50</u>	<u>\$55,214.37</u>
5	<u>\$50,413.12</u>	<u>\$57,975.09</u>
6	<u>\$52,933.78</u>	<u>\$60,873.84</u>
7	<u>\$55,580.47</u>	<u>\$63,917.54</u>
8	<u>\$58,359.49</u>	<u>\$67,113.41</u>
9	<u>\$61,277.46</u>	<u>\$70,469.08</u>

Enter Adjusted Gross Income Per Tax Return	\$70,000.00
Less: Adjusted Qualifying Income	<u>- \$58,359.49</u>
Difference	<u>= \$11,640.51</u>

Divide Difference by \$5,000 to obtain Income Percentage 100%
 (However, if the difference is less than \$0, then Income Percentage is zero;
 and if the difference is greater than \$5,000 then the Income Percentage is 100%)

$$\begin{aligned}
 & \$1,625.00 \text{ (Maximum Recapture Tax For Holding Period)} \times 0\% \text{ (Income Percentage)} \\
 = & \underline{\$1,625.00} \text{ (Maximum Recapture Tax to be paid)}
 \end{aligned}$$

The actual recapture tax the borrower must pay is the lesser of.
 50% of the gain on the sales of the home OR the recapture amount determined above
**IN NO EVENT MAY THE AMOUNT OF RECAPTURE TAX EXCEED 50% OF THE GAIN ON
 THE SALE OR DISPOSITION OF THE PROPERTY.**

Recapture Tax to be paid based on the lesser of the two: \$1,625.00