

MCC # \_\_\_\_\_

**CAPITAL AREA HOUSING FINANCE CORPORATION (the "Issuer")  
MORTGAGE CREDIT CERTIFICATE PROGRAM**

**NOTICES TO BUYERS**

**NOTICE OF POTENTIAL RECAPTURE**

I/We am/are applying for a Mortgage Credit Certificate (MCC) of the Issuer's program and, therefore, am/are receiving a federal income tax benefit. If the residence is sold or otherwise disposed of during the next 9 years, this benefit may be "recaptured". Such recapture is accomplished by an increase in my/our federal income tax for the year in which the residence is disposed of or sold. This recapture only applies if there is a gain resulting from the sale or disposition of the residence and the total annual household income increases above specified levels. Applicants may wish to consult a tax advisor or the Internal Revenue Service at the time of sale or disposition of the residence to determine the amount, if any, of the recapture tax. Following loan closing, Applicants will be provided additional information that will be needed to calculate the maximum recapture tax liability at the time of sale or disposition of the residence.

**IMPORTANT INFORMATION REGARDING YOUR  
MORTGAGE CREDIT CERTIFICATE**

MCC recipients are permitted to use a percentage of each year's mortgage interest paid as a federal income tax credit for the term of the mortgage as long as the property for which the MCC was issued continues to be their principal residence. Each year when the MCC holder files federal income taxes, they will use Form 8396 or any form that the IRS designates that may succeed it to claim the MCC benefit. If the full amount of the credit in any year cannot be used, the unused amount may be carried forward for up to the next three tax years. Each year the percentage of mortgage interest not used as the MCC credit may continue to be used as a deduction on federal income tax returns.

If the property is refinanced, the MCC holder may apply for a continuation of the MCC benefit. The MCC will be reissued for the amount of the remaining principal balance of the original mortgage. So, if the refinance, results in an increased mortgage amount, the MCC holder will not receive the MCC benefit on any amount over the remaining balance of the original loan. The MCC is not transferable.

**DISCLOSURE OF BORROWER INFORMATION**

The Applicant(s) hereby consent and agree that all information furnished by them to the Lender, the Administrator and the Issuer, including but not limited to, non public personal and financial information (the "Information"), in connection with the application for mortgage loan(s) under this program, may be disclosed to any person or other third parties in connection with the processing of the their application for a Mortgage Credit Certificate, verification of information concerning the loan or the Borrower/Applicant and for any other purpose in furtherance of or connected with the Issuer's program.

I/We have read and understand this Notices to Buyers.

Date: \_\_\_\_\_

\_\_\_\_\_  
APPLICANT SIGNATURE

\_\_\_\_\_  
APPLICANT SIGNATURE

**Notices to Buyers, Completed at Application; Original in Compliance File; Copies: One to Borrower and One to Participant; Attach Recapture Brochure to Borrower's Copy**