

COUNTY OF SANTA CLARA  
**Reissued MCC PROGRAM**  
2310 N. First Street Suite 100  
San Jose, CA 95131

Applicant(s): \_\_\_\_\_  
\_\_\_\_\_

**REISSUED MORTGAGE CREDIT CERTIFICATE**  
**NOTICE OF POTENTIAL RECAPTURE TAX ON SALE OF HOME**  
(Only for RMCCs with respect to Old Loans closing after December 31, 1990.)

Because you are receiving a reissued mortgage credit certificate with your refinancing loan (the "New Loan"), you are receiving the benefit of a credit against your federal income taxes. If you sell or otherwise dispose of your home during the nine years subsequent to the closing of the original refinanced loan (the "Old Loan"), part or all of 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.

(The recapture was enacted in 1988 and affects only those homebuyers who closed and recorded their old loans after December 31, 1990, regardless of the date of closing of the New Loan. According to the United States General Accounting Office, the purpose of the recapture is to retrieve the subsidy from owners who experience rapid income increases after purchasing their homes and, as a result, do not need the subsidy to remain homeowners. If your income does not increase more than 5 percent per year, you will likely not incur a recapture liability.)

You are encouraged to consult a tax advisor at the time of sale of your home to determine the amount, if any, of your actual recapture tax. (See Section 143(m) of the Internal Revenue Code generally.) Along with this notice, you are being given additional information that will be needed to calculate the recapture tax.

The undersigned Mortgagor(s) has (have) received and read a duplicate copy of the foregoing Reissued Mortgage Credit Certificate Notice of Potential Recapture Tax on Sale of Home.

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Signature of Applicant

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Signature of Applicant