

**VERMONT HOUSING FINANCE AGENCY
MORTGAGOR DISCLOSURE OF RECAPTURE TAX**

Mortgagor/Borrower Name: _____ VHFA Loan Number: _____
Mortgagor/Co-Borrower Name: _____
Mortgagor/Non-Borrowing Spouse Name: _____
Property Address: _____

Because you are receiving a mortgage loan from the proceeds of a tax-exempt bond or a Mortgage Credit Certificate, the benefit you receive may be recaptured by the Internal Revenue Service in the event you sell or otherwise dispose of your home during the next nine years.

The recapture is accomplished by an increase in your federal income tax for the year in which you sell or dispose of your home. The recapture only applies if you sell your home during the next nine years at a gain and if your income exceeds the Adjusted Qualifying Income reflected on the table included in this notice. The Internal Revenue Service Form 8828 must be completed and returned with your federal tax return for the tax year that you sell or dispose of your home.

You may wish to consult a tax advisor or the local office of the Internal Revenue Service at the time you sell or dispose of your home to determine the amount, if any, of the recapture tax. In this notice you are being given additional information that will be needed to calculate the recapture tax.

In limited circumstances, if you are required to pay recapture tax because you received the benefit of tax-exempt financing you may be eligible for reimbursement from the Vermont Housing Finance Agency (VHFA). Reimbursement **does not** apply to a Mortgage Credit Certificate with or without VHFA financing. VHFA will determine your eligibility for reimbursement. A reimbursement request can be submitted to VHFA after the tax is paid and no later than December 31 of the calendar year immediately following the tax year that the recapture tax was due and paid. A reimbursement request can be accessed on www.vhfa.org or by contacting VHFA at 800-339-5866 or homeownershipdept@vhfa.org.

NOTICE OF MAXIMUM RECAPTURE TAX AND OF METHOD TO COMPUTE RECAPTURE TAX UPON SALE OF HOME

A. Introduction.

1. General. When you sell your home, you may have to pay a recapture tax to the Internal Revenue Service. The recapture tax may also apply if you dispose of your home in some other way. Any references in this disclosure to the "sale" of your home also includes other ways of disposing of your home. For instance, you may owe the recapture tax if you give your home to a relative. In all cases, you should consult with a tax advisor.
2. Exceptions. In the following situations, recapture tax may not be applicable:
 - a) You dispose of your home later than nine years after you close your mortgage loan;
 - b) Your home is disposed of as a result of your death;
 - c) You transfer your home either to your spouse or to your former spouse incident to divorce;
 - d) You dispose of your home at no gain or at a loss; or
 - e) Your income is below the adjusted federal qualifying income listed in the attached Adjusted Qualifying Income Table for the county in which the property is located.

B. Maximum Recapture Tax. The maximum recapture tax that you may be required to pay in addition to your federal income tax is 6.25% of the highest principal amount of your mortgage loan referred to as the Federally Subsidized Amount. The maximum amount of 6.25% occurs in year four and is reflected as 100% on the Recapture Table.

C. Determining Recapture Tax. The recapture tax owed, if any, can only be determined when you sell your home, and is the lesser of 50% of your gain on the sale of your home, regardless of whether you must include that gain in your income for federal income tax purposes. To determine if the recapture tax is applicable and the amount owed, refer to the Internal Revenue Service Form 8828 instructions or consult a tax professional.

D. Limitations and Special Rules on Recapture Tax.

1. If you give your home away (other than to your spouse or ex-spouse incident to divorce), you must determine the recapture tax due as if you had sold your home for its fair market value.
2. If your home is destroyed by fire, storm, flood, or other casualty, there generally is no recapture tax if, within two years, you purchase additional property for, or reconstruct, your principal residence on the site of the home financed with your original subsidized mortgage loan.
3. In general, except as may be provided in future regulations, if two or more persons own a home and are jointly liable for the subsidized mortgage loan, the actual recapture tax is determined separately for each person based on his or her interest in the home.
4. If you repay your loan in full during the first four years of the nine-year recapture period and you sell your home during the next five years of this period, your Holding Period Percentage may be reduced under the special rule in Section 143(m)(4)(C)(ii) of the Internal Revenue Code.

RECAPTURE TAX ADJUSTED QUALIFYING INCOME TABLE

Effective for mortgage closings July 14, 2025

County	Holding Period	Holding Period %	Family Size 1-2	Family size 3+	Holding Period and	Holding Period %	Family Size 1-2	Family Size 3+
Addison	Before 1 st anniversary	20%	\$ 116,100	\$ 133,515	On/after 5 th anniversary before 6 th anniversary	80%	\$ 148,176	\$ 170,402
	On/after 1 st anniversary before 2 nd anniversary	40%	\$ 121,905	\$ 140,190	On/after 6 th anniversary before 7 th anniversary	60%	\$ 155,585	\$ 178,922
	On/after 2 nd anniversary before 3 rd anniversary	60%	\$ 128,000	\$ 147,200	On/after 7 th anniversary before 8 th anniversary	40%	\$ 163,364	\$ 187,869
	On/after 3 rd anniversary before 4 th anniversary	80%	\$ 134,400	\$ 154,560	On after 8 th anniversary before 9 th anniversary	20%	\$ 171,532	\$ 197,262
	On/after 4 th anniversary before 5 th anniversary	100%	\$ 141,120	\$ 162,288				
Bennington, Windsor	Before 1 st anniversary	20%	\$ 113,200	\$ 130,180	On/after 5 th anniversary before 6 th anniversary	80%	\$ 144,475	\$ 166,146
	On/after 1 st anniversary before 2 nd anniversary	40%	\$ 118,860	\$ 136,689	On/after 6 th anniversary before 7 th anniversary	60%	\$ 151,698	\$ 174,453
	On/after 2 nd anniversary before 3 rd anniversary	60%	\$ 124,803	\$ 143,523	On/after 7 th anniversary before 8 th anniversary	40%	\$ 159,283	\$ 183,176
	On/after 3 rd anniversary before 4 th anniversary	80%	\$ 131,043	\$ 150,699	On/after 8 th anniversary before 9 th anniversary	20%	\$ 167,247	\$ 192,335
	On/after 4 th anniversary before 5 th anniversary	100%	\$ 137,595	\$ 158,234				
Caledonia, Essex, Lamoille, Orange, Orleans, Rutland, Washington, Windham	Before 1 st anniversary	20%	\$ 135,840	\$ 158,480	On/after 5 th anniversary before 6 th anniversary	80%	\$ 173,370	\$ 202,265
	On/after 1 st anniversary before 2 nd anniversary	40%	\$ 142,632	\$ 166,404	On/after 6 th anniversary before 7 th anniversary	60%	\$ 182,038	\$ 212,378
	On/after 2 nd anniversary before 3 rd anniversary	60%	\$ 149,763	\$ 174,724	On/after 7 th anniversary before 8 th anniversary	40%	\$ 191,140	\$ 222,997
	On/after 3 rd anniversary before 4 th anniversary	80%	\$ 157,251	\$ 183,460	On/after 8 th anniversary before 9 th anniversary	20%	\$ 200,697	\$ 234,147
	On/after 4 th anniversary before 5 th anniversary	100%	\$ 165,114	\$ 192,633				
Chittenden, Grand Isle	Before 1 st anniversary	20%	\$ 129,800	\$ 149,270	On/after 5 th anniversary before 6 th anniversary	80%	\$ 165,661	\$ 190,510
	On/after 1 st anniversary Before 2 nd anniversary	40%	\$ 136,290	\$ 156,733	On/after 6 th anniversary before 7 th anniversary	60%	\$ 173,944	\$ 200,036
	On/after 2 nd anniversary Before 3 rd anniversary	60%	\$ 143,104	\$ 164,570	On/after 7 th anniversary before 8 th anniversary	40%	\$ 182,641	\$ 210,037
	On/after 3 rd anniversary before 4 th anniversary	80%	\$ 150,259	\$ 172,798	On/after 8 th anniversary before 9 th anniversary	20%	\$ 191,773	\$ 220,539
	On/after 4 th anniversary Before 5 th anniversary	100%	\$ 157,772	\$ 181,438				
Franklin and Burlington Targeted Area (Census Tract 4 and 10)	Before 1 st anniversary	20%	\$ 155,760	\$ 181,720	On/after 5 th anniversary before 6 th anniversary	80%	\$ 198,793	\$ 231,925
	On/after 1 st anniversary Before 2 nd anniversary	40%	\$ 163,548	\$ 190,806	On/after 6 th anniversary before 7 th anniversary	60%	\$ 208,733	\$ 243,522
	On/after 2 nd anniversary Before 3 rd anniversary	60%	\$ 171,725	\$ 200,346	On/after 7 th anniversary before 8 th anniversary	40%	\$ 219,169	\$ 255,698
	On/after 3 rd anniversary before 4 th anniversary	80%	\$ 180,311	\$ 210,363	On/after 8 th anniversary before 9 th anniversary	20%	\$ 230,128	\$ 268,483
	On/after 4 th anniversary Before 5 th anniversary	100%	\$ 189,327	\$ 220,881				

You should consult with a tax advisor or the local office of the Internal Revenue Service when you sell or otherwise dispose of your home to determine the amount, if any, of your actual Recapture Tax. See Section 143(m) of the Internal Revenue Code generally. **VHFA does not provide tax advice or guidance**, and no information included in this document should be construed as such.

I received and signed the applicable affidavit prior to closing and received this Mortgagor Disclosure of Recapture Tax at the closing of our loan. I have read the requirements concerning recapture of federal subsidies and understand that if I sell, transfer or otherwise dispose of the home within 9 years after the date of our loan closing, I have the responsibility of computing and paying any recapture tax amount due to the Internal Revenue Service and to be considered for reimbursement of any legitimate amount paid, I will follow the requirements set forth by VHFA.

Date

Mortgagor/Borrower

Date

Mortgagor/Co-Borrower/Non-Borrowing Spouse Name