



**Homebuyer Tax Credit
New Hampshire Housing's
Mortgage Credit Certificate (MCC) Program**

Notice to Applicant(s) Potential Recapture Tax

Because you are receiving a Mortgage Credit Certificate (MCC) with your mortgage loan, you are potentially receiving the benefit of a dollar-for-dollar credit against your federal income tax liability. As a result, pursuant to Section 143 (m) of the Internal Revenue Code of 1986 (the "Code"), if you sell, exchange or otherwise dispose of your property (Disposition) during the next nine years, a portion of this benefit may be subject to recapture (The Recapture Tax) by the Internal Revenue Service (IRS).

The Recapture Tax is based on the gain from the sale or Disposition of the property.

THERE IS NO RECAPTURE TAX IF:

- 1) **The property is sold nine (9) or more years after the date the loan is closed;**
- 2) **There is no gain on the sale of the property; or**
- 3) **At the time you sell the property, your household income is below the federal qualifying limits.**

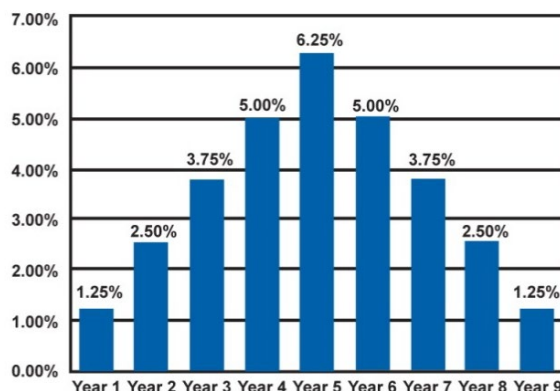
NOTE: Income limits may be adjusted from time to time for inflation and household size.

You may wish to consult with a tax advisor or the local office of the IRS at the time of Disposition of your home to determine the amount, if any, of the Recapture Tax you owe to the IRS. Right now, there is no way to predict the amount of Recapture Tax Applicant(s) may be required to pay. Also, New Hampshire Housing will not calculate the amount of Recapture Tax you may owe upon Disposition of your property.

Factors that affect Recapture Tax:


- 1) You are subject to the Recapture Tax if a disposition of your property occurs within the first full nine years of your mortgage loan.
- 2) In no event may the amount of Recapture Tax exceed fifty (50%) percent of the gain on the Disposition of the property. The Recapture Tax also will never exceed the original mortgage loan amount times the holding percentage period shown in the graph below;
- 3) The holding percentage period is determined based on the length of time you own your home prior to its Disposition. The percentages are as follows:


RECAPTURE TAX SCALE



The maximum Recapture Tax amount will be adjusted to reflect the holding period of the home that is financed. Other special rules may apply in particular circumstances, including if you refinance your home. Again, you should consult with a tax advisor or an office of the IRS if you refinance, sell or otherwise dispose of your property.

The Recapture Tax amount may also be reduced or eliminated based on a comparison of the Mortgagor's "modified adjusted gross household income" for the year in which the sale of the house takes place. The modified adjusted gross household income is equal to the federal adjusted gross household income increased by any earned tax-exempt interest and decreased by the gain on the sale of the house. The adjusted qualifying income for each year based on the year of the sale and the size of the household are as follows:

 FEDERAL RECAPTURE REQUIREMENT INCOME LIMITS – 2023 NON-TARGETED AREAS		
<u>Date of Resale</u>	Number of Family Members Living in Your Home at the Time of Sale	
	<u>1 – 2 Persons</u>	<u>3 or More Persons</u>
Prior to the first anniversary of original mortgage closing	\$ 121,400	\$ 139,600
On or after the first anniversary	\$ 127,470	\$ 146,580
On or after the second anniversary	\$ 133,844	\$ 153,909
On or after the third anniversary	\$ 140,536	\$ 161,604
On or after the fourth anniversary	\$ 147,562	\$ 169,685
On or after the fifth anniversary	\$ 154,941	\$ 178,169
On or after the sixth anniversary	\$ 162,688	\$ 187,078
On or after the seventh anniversary	\$ 170,822	\$ 196,432
On or after the eighth anniversary	\$ 179,363	\$ 206,253

 FEDERAL RECAPTURE REQUIREMENT INCOME LIMITS – 2023 TARGETED AREAS		
<u>Date of Resale</u>	Number of Family Members Living in Your Home at the Time of Sale	
	<u>1 – 2 Persons</u>	<u>3 or More Persons</u>
Prior to the first anniversary of original mortgage closing	\$ 145,600	\$ 169,900
On or after the first anniversary	\$ 152,880	\$ 178,395
On or after the second anniversary	\$ 160,524	\$ 187,315
On or after the third anniversary	\$ 168,550	\$ 196,680
On or after the fourth anniversary	\$ 176,978	\$ 206,515
On or after the fifth anniversary	\$ 185,827	\$ 216,840
On or after the sixth anniversary	\$ 195,118	\$ 227,682
On or after the seventh anniversary	\$ 204,874	\$ 239,066
On or after the eighth anniversary	\$ 215,118	\$ 251,020

TARGETED AREAS: BERLIN, CLAREMONT, CONCORD, DOVER, GOFFSTOWN, LACONIA, LANCASTER, LITTLETON, MANCHESTER, NEWMARKET, PITTSFIELD, PORTSMOUTH, ROCHESTER, SOMERSWORTH, WHITEFIELD

Effective Date: 6/01/2023