

# Recapture of Federal Mortgage Subsidy

▶ Attach to Form 1040. ▶ See separate instructions.

Name(s) \_\_\_\_\_ Social security number (as shown on page 1 of your tax return) \_\_\_\_\_

## Part I Description of Home Subject to Federally Subsidized Debt

- 1 Address of property (number and street, city or town, state, and ZIP code) \_\_\_\_\_
  
- 2 Check the box that describes the type of federal subsidy you had on the loan for your home.
  - a  Mortgage loan from the proceeds of a tax-exempt bond
  - b  Mortgage credit certificate

**Note.** If neither box applies, you are not subject to recapture tax on the sale or other disposition of your home. **Do not** complete this form.
- 3 Name of the bond or certificate issuer \_\_\_\_\_  
 State \_\_\_\_\_ Political subdivision (city, county, etc.) \_\_\_\_\_ Agency, if any \_\_\_\_\_
- 4 Name and address of original lending institution \_\_\_\_\_
- 5 Date of closing of the original loan \_\_\_\_\_  
 Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_

**Note.** If the date of closing of the loan was before January 1, 1991, recapture tax does not apply. **Do not** complete this form. If you (1) checked the box on line 2b (mortgage credit certificate), (2) refinanced your home, and (3) received a reissued mortgage credit certificate, see **Refinancing your home** on page 1 of the instructions.

- 6 Date of sale or other disposition of your interest in the home \_\_\_\_\_  
 Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_
- 7 Number of years and full months between original closing date (line 5) and date of sale or disposition (line 6): \_\_\_\_\_  
 Years \_\_\_\_\_ Full months \_\_\_\_\_
- 8 Date of full repayment of the original loan including a refinancing other than one for which a replacement mortgage credit certificate was issued (see instructions) \_\_\_\_\_  
 Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_

## Part II Computation of Recapture Tax

|    |   |    |   |
|----|---|----|---|
| 9  | Sales price of your interest in the home sold or disposed of (see instructions)   | 9  |   |
| 10 | Expenses of sale. Include sales commissions, advertising, legal fees, etc.  | 10 |   |
| 11 | Amount realized. Subtract line 10 from line 9   | 11 |   |
| 12 | Adjusted basis of your interest in the home sold or disposed of (see instructions)  | 12 |   |
| 13 | Gain or (loss) from sale or disposition. Subtract line 12 from line 11. If a loss, <b>stop</b> here and attach this form to your Form 1040. You <b>do not</b> owe recapture tax                             | 13 |   |
| 14 | Multiply line 13 by 50% (.50)   | 14 |   |
| 15 | Modified adjusted gross income (see instructions)   | 15 |   |
| 16 | Adjusted qualifying income (see instructions)   | 16 |   |
| 17 | Subtract line 16 from line 15. If zero or less, <b>stop</b> here and attach this form to your Form 1040. You <b>do not</b> owe recapture tax  | 17 |   |
| 18 | Income percentage. If the amount on line 17 is \$5,000 or more, enter "100." Otherwise, divide the amount on line 17 by \$5,000 and enter the result as a percentage. Round to the nearest whole percentage | 18 | % |
| 19 | Federally subsidized amount (see instructions)  | 19 |   |
| 20 | Holding period percentage (see instructions)  | 20 | % |
| 21 | Multiply line 19 by the percentage on line 20   | 21 |   |
| 22 | Recapture amount. Multiply line 21 by the percentage on line 18   | 22 |   |
| 23 | Tax. Enter the <b>smaller</b> of line 14 or line 22. Also, include this amount on the line for total tax on Form 1040. For details, see the Instructions for Form 1040                                      | 23 |   |