

Bulletin # 115

Feb. 13, 2017

To: CHFA Lenders
From: Single Family Underwriting
Subject: CHFA Federal Recapture Tax Form Updates

The Recapture Tax liability “Table” on two of the documents which Lenders are required to provide to borrowers have been updated; the first column title has been changed from **“If Date of the Sale is within the:”** to **“How long did you own the Home”** to better describe the number of years the property has been owned. Information in (Column 1) and (Column 2) will remain the same.

I. Federal Recapture Tax – Notice to Mortgagor of Maximum Recapture Tax and Method to Compute Recapture Tax on Sale of Home – CHFA Form #052-1195-S

(Lender Document Library Name: Recapture Tax (The Federal) Notice to Mortgagor-Method to Compute 052-1195-S Rev 2-17)

This is a “sample” of the form generated by the CHFA LOS at Commitment. This document provides applicant(s) legal notice of the tax due upon the sale of the home they are purchasing during the Recapture Tax period. This document must be executed by the borrower(s) at the loan closing.

The LOS version of this form for CHFA LEAN Lenders only, **CHFA Form #052-1195A LOS “Federal Recapture Tax – Notice to Mortgagor – Method to Compute”** will also reflect these changes.

II. Federal Recapture Tax – Threshold Income Limits Chart” – CHFA Form #048-0405

(Lender Document Library Name: Recapture Tax (The Federal) Threshold Income Limits Chart 048-045 Rev 2-17)

This chart lists the threshold income limits for Recapture Tax liability based on the geographic location of the home and the number of years of ownership.

The Revised forms will go into effect immediately and will be published under “Quick Links” in “Lender Forms” found on the CHFA website homepage at chfa.org and in the CHFA Lender Document Library and are available for immediate use.

The new forms are completed by CHFA and provided to Lenders with the CHFA Commitment Letter for borrower(s) signatures at closing.

Notice of Potential Recapture Tax on Sale of Home - CHFA Form #051-0597 Rev 6-16

This is the disclosure document Lenders are required to provide to borrowers at the time of application. This document informs applicants of the potential Recapture Tax liability associated with CHFA mortgage loan financing. ***This form has not been revised.***

All questions regarding this Bulletin should be directed to Valencia Taft-Jackson at (860) 571-4224 or valencia.taft-jackson@chfa.org or Norbert J. Deslauriers at (860)571-4374 at norbert.deslauriers@chfa.org.