CONTRA COSTA COUNTY
DEPARTMENT OF CONSERVATION AND DEVELOPMENT
Mortgage Credit Certificate Program
30 Muir Road
Martinez, CA 94553
925-674-7885

MCC NO: _____
NAME: _____
SOCIAL SECURITY: _____
NAME: _____
SOCIAL SECURITY: _____

NOTICE OF POTENTIAL RECAPTURE TAX ON SALE OF HOME

(To be delivered to and signed by Mortgagor before an MCC commitment will be issued)

Because you are receiving a Mortgage Credit Certificate with your mortgage 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 next nine years, 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 specific levels.

(The recapture was enacted in 1988. 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 five (5) percent per year, you will likely not incur a recapture liability.)

You may wish to consult a tax advisor or the local office of the Internal Revenue Service at the time you sell 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 Notice of Potential Recapture Tax on Sale of Home.

Date:_____ By_____
(Mortgagor)

By _____
(Mortgagor)