

Federal Recapture Tax

SONYMA Now Provides Reimbursement to Borrowers

Households who finance the purchase of their home with a mortgage provided by SONYMA or use the benefits provided by the Mortgage Credit Certificate are, in rare cases, required to pay what is known as the Federal recapture tax. However, a state law signed in 2007 now allows SONYMA to reimburse its borrowers who become liable for the tax after they sell their home. Any borrower who closes a SONYMA mortgage on or after July 17, 2007 or utilizes the Mortgage Credit Certificate, will be able to obtain this reimbursement.

The form to apply for the reimbursement is available from SONYMA. [Click here](#) to link to the form.

SONYMA created the Federal Recapture Tax Reimbursement program because the tax often causes undue concern among potential applicants as they consider whether to buy their first home with a mortgage provided by SONYMA or to utilize a Mortgage Credit Certificate. While few borrowers ever have to pay the recapture tax, the reimbursement program will put borrowers at ease knowing they will be reimbursed if they have any tax liability.

The Federal recapture tax applies to certain homeowners because Federal law provides that homeowners who receive a loan financed with the sale of tax exempt mortgage revenue bonds (like a SONYMA loan) or receives a Mortgage Credit Certificate may be required, in limited circumstances, to repay a portion of their gain upon sale or transfer of their home.

The objective of the tax is to enable the federal government to collect, or "recapture," all or a portion of benefit received through a mortgage financed through tax-exempt bonds or a Mortgage Credit Certificate.

However, the tax is ONLY due if a home is sold within 9 years of purchase, the borrower's household income has increased (in most cases, the income must increase substantially) and the value of the home increases.

For more detailed information about the Federal recapture tax, borrowers are advised to consult a tax adviser. SONYMA does not provide individual tax advice.

For answers to Frequently Asked Questions regarding the Federal recapture tax, please [click here](#).