

SUMMARY OF RECAPTURE TAX REQUIREMENTS

Federal tax law may require you to file an IRS form and/or to pay a recapture tax at the time of resale or transfer of your residence if you dispose of it within nine years of your loan closing. This recapture tax is calculated as follows:

STEP 1. To determine the maximum recapture tax, multiply 6.25% times the original loan amount or, in the case of an assumption, the amount assumed.

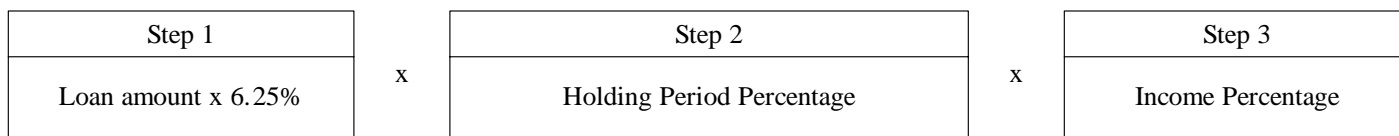
STEP 2. The maximum recapture amount is then multiplied by the following applicable Holding Period Percentage:

No. of full years between the original purchase and the resale or transfer	Holding Period Percentage
Prior to end of 1st full year	20%
1 year	40%
2 years	60%
3 years	80%
4 years	100%
5 years	80%
6 years	60%
7 years	40%
8 years	20%
9 years	0%

STEP 3. No recapture tax will be payable if your modified adjusted gross income [MAGI] (adjusted gross income as shown on IRS Form 1040, plus tax-exempt interest, less gain on the resale or transfer of residence) at the time of resale or transfer does not exceed the applicable Adjusted Qualifying Income shown on the attached Table. NOTE: You must use your household size at time of resale or transfer.

If your MAGI at the time of resale or transfer exceeds the Adjusted Qualifying Income on the Table, you are subject to the recapture tax. If your MAGI exceeds the Adjusted Qualifying Income by \$5,000 or more, you must pay 100% of the recapture tax. If your MAGI exceeds the Adjusted Qualifying Income by less than \$5,000, you must pay a lower percentage of the recapture tax; this percentage is calculated by dividing the amount of the excess by \$5,000 (for example, if your MAGI is \$1,000 in excess of the Adjusted Qualifying Income, then you pay 20% of the recapture tax - i.e. \$1,000 divided by \$5,000 = 20%). This is called the "Income Percentage."

The above calculation can be shown as follows:



Recapture is limited to 50% of the gain on the resale or transfer. Gain on the resale of your residence is generally the sales price (reduced by selling expenses) minus the costs paid by you to purchase the residence and to make any improvements to it. In addition, no recapture is due if the transfer is by reason of death. Please consult a tax advisor or the IRS on filing the IRS form, computation of gain and/or further questions or details.

RECAPTURE CHART

Federal Income Limits – VIRGINIA

For use with the Recapture Provision of the Current Internal Revenue Code

Based on Information Provided by HUD (1.05^n) Federal Income Guidelines Dated March 19, 2009

and Formula Provided by the Revenue Reconciliation Act of 1990

Sale Date (Date that you sell your home)	Holding Period Percentage	Non-Targeted or Targeted Area	AREA 1		AREA 2		AREA 3		AREA 4		AREA 5		AREA 6		AREA 7		AREA 8		AREA 9		AREA 10		AREA 11		AREA 12				
			Charlottesville MSA*		Winchester MSA**		Washington-Arlington-Alexandria, DC-VA-MD-WV MSA***		Virginia Beach-Norfolk-Newport News, VA-NC MSA ****		Richmond MSA *****		Warren County*****		Louisa County*****		Culpeper County		King George County		Northumberland County		Rappahannock County		Balance of State				
			(Column 2)		(Column 2)		(Column 2)		(Column 2)		(Column 2)		(Column 2)		(Column 2)		(Column 2)		(Column 2)		(Column 2)		(Column 2)		(Column 2)				
Adjusted Qualifying Income			Number of Family Members Living in Your Home At the Time of Sale		Number of Family Members Living in Your Home At the Time of Sale		Number of Family Members Living in Your Home At the Time of Sale		Number of Family Members Living in Your Home At the Time of Sale		Number of Family Members Living in Your Home At the Time of Sale		Number of Family Members Living in Your Home At the Time of Sale		Number of Family Members Living in Your Home At the Time of Sale		Number of Family Members Living in Your Home At the Time of Sale		Number of Family Members Living in Your Home At the Time of Sale		Number of Family Members Living in Your Home At the Time of Sale		Number of Family Members Living in Your Home At the Time of Sale		Number of Family Members Living in Your Home At the Time of Sale				
2 or less			3 or more			2 or less			3 or more			2 or less			3 or more			2 or less			3 or more			2 or less			3 or more		
Before the 1st anniversary of closing. Closing means closing date of your loan.	20%	Non-Targeted	\$ 87,360.00	\$ 101,920.00	\$ 77,040.00	\$ 89,880.00	\$ 123,240.00	\$ 143,780.00	\$ 81,480.00	\$ 95,060.00	\$ 87,840.00	\$ 102,480.00	\$ 84,000.00	\$ 98,000.00	\$ 73,700.00	\$ 85,260.00	\$ 83,786.31	\$ 96,354.26	\$ 83,344.80	\$ 95,846.53	\$ 80,160.00	\$ 93,520.00	\$ 84,720.00	\$ 98,840.00	\$ 73,700.00	\$ 84,755.00			
		Targeted	\$ 88,400.00	\$ 103,180.00	\$ 88,440.00	\$ 103,180.00	\$ 123,240.00	\$ 143,780.00	\$ 88,440.00	\$ 103,180.00	\$ 88,440.00	\$ 103,180.00	\$ 88,440.00	\$ 103,180.00	\$ 88,440.00	\$ 103,180.00	\$ 88,440.00	\$ 103,180.00	\$ 92,280.00	\$ 107,660.00	\$ 88,440.00	\$ 103,180.00	\$ 88,440.00	\$ 103,180.00	\$ 88,440.00	\$ 103,180.00			
On or after the 1st anniversary of closing, but before the 2nd anniversary.	40%	Non-Targeted	\$ 91,728.00	\$ 107,016.00	\$ 80,892.00	\$ 94,374.00	\$ 129,402.00	\$ 150,969.00	\$ 85,554.00	\$ 99,813.00	\$ 92,232.00	\$ 107,604.00	\$ 88,200.00	\$ 102,900.00	\$ 77,385.00	\$ 89,523.00	\$ 87,975.62	\$ 101,171.97	\$ 87,512.04	\$ 100,638.85	\$ 84,168.00	\$ 98,196.00	\$ 88,956.00	\$ 103,782.00	\$ 77,385.00	\$ 88,992.75			
		Targeted	\$ 92,820.00	\$ 108,339.00	\$ 92,862.00	\$ 108,339.00	\$ 129,402.00	\$ 150,969.00	\$ 92,862.00	\$ 108,339.00	\$ 92,862.00	\$ 108,339.00	\$ 92,862.00	\$ 108,339.00	\$ 92,862.00	\$ 108,339.00	\$ 92,862.00	\$ 108,339.00	\$ 96,894.00	\$ 113,043.00	\$ 92,862.00	\$ 108,339.00	\$ 92,862.00	\$ 108,339.00	\$ 92,862.00	\$ 108,339.00			
On or after the 2nd anniversary of closing, but before the 3rd anniversary.	60%	Non-Targeted	\$ 96,314.40	\$ 112,366.80	\$ 84,936.60	\$ 99,092.70	\$ 135,872.10	\$ 158,517.45	\$ 89,831.70	\$ 104,803.65	\$ 96,843.60	\$ 112,984.20	\$ 92,610.00	\$ 108,045.00	\$ 81,254.25	\$ 93,999.15	\$ 92,374.40	\$ 106,230.57	\$ 91,887.64	\$ 105,670.79	\$ 88,376.40	\$ 103,105.80	\$ 93,403.80	\$ 108,971.10	\$ 81,254.25	\$ 93,442.38			
		Targeted	\$ 97,461.00	\$ 113,755.95	\$ 97,505.10	\$ 113,755.95	\$ 135,872.10	\$ 158,517.45	\$ 97,505.10	\$ 113,755.95	\$ 97,505.10	\$ 113,755.95	\$ 97,505.10	\$ 113,755.95	\$ 97,505.10	\$ 113,755.95	\$ 97,505.10	\$ 113,755.95	\$ 101,738.70	\$ 118,695.15	\$ 97,505.10	\$ 113,755.95	\$ 97,505.10	\$ 113,755.95	\$ 97,505.10	\$ 113,755.95			
On or after the 3rd anniversary of closing, but before the 4th anniversary.	80%	Non-Targeted	\$ 101,130.12	\$ 117,985.14	\$ 89,183.43	\$ 104,047.33	\$ 142,665.70	\$ 166,443.32	\$ 94,323.28	\$ 110,043.83	\$ 101,685.78	\$ 118,633.41	\$ 97,240.50	\$ 113,447.25	\$ 85,316.96	\$ 98,699.10	\$ 96,993.12	\$ 111,542.10	\$ 96,482.02	\$ 110,954.33	\$ 92,795.22	\$ 108,261.09	\$ 98,073.99	\$ 114,419.65	\$ 85,316.96	\$ 98,114.50			
		Targeted	\$ 102,334.05	\$ 119,443.74	\$ 102,380.35	\$ 119,443.74	\$ 142,665.70	\$ 166,443.32	\$ 102,380.35	\$ 119,443.74	\$ 102,380.35	\$ 119,443.74	\$ 102,380.35	\$ 119,443.74	\$ 102,380.35	\$ 119,443.74	\$ 102,380.35	\$ 119,443.74	\$ 106,825.63	\$ 124,629.90	\$ 102,380.35	\$ 119,443.74	\$ 102,380.35	\$ 119,443.74	\$ 102,380.35	\$ 119,443.74			
On or after the 4th anniversary of closing, but before the 5th anniversary.	100%	Non-Targeted	\$ 106,186.62	\$ 123,884.39	\$ 93,642.60	\$ 109,249.70	\$ 149,798.99	\$ 174,765.48	\$ 99,039.44	\$ 115,546.02	\$ 106,770.06	\$ 124,565.08	\$ 102,102.52	\$ 119,119.61	\$ 89,582.81	\$ 103,634.06	\$ 101,842.78	\$ 117,119.20	\$ 101,306.12	\$ 116,502.05	\$ 97,434.98	\$ 113,674.14	\$ 102,977.68	\$ 120,140.63	\$ 89,582.81	\$ 103,020.23			
		Targeted	\$ 107,450.75	\$ 125,415.93	\$ 107,499.37	\$ 125,415.93	\$ 149,798.99	\$ 174,765.48	\$ 107,499.37	\$ 125,415.93	\$ 107,499.37	\$ 125,415.93	\$ 107,499.37	\$ 125,415.93	\$ 107,499.37	\$ 125,415.93	\$ 107,499.37	\$ 125,415.93	\$ 112,166.91	\$ 130,861.40	\$ 107,499.37	\$ 125,415.93	\$ 107,499.37	\$ 125,415.93	\$ 107,499.37	\$ 125,415.93			
On or after the 5th anniversary of closing, but before the 6th anniversary.	80%	Non-Targeted	\$ 111,495.95	\$ 130,078.61	\$ 98,324.73	\$ 114,712.18	\$ 157,288.93	\$ 183,503.76	\$ 103,991.42	\$ 121,323.32	\$ 112,108.57	\$ 130,793.33	\$ 107,207.65	\$ 125,075.59	\$ 94,061.95	\$ 108,815.76	\$ 106,934.92	\$ 122,975.16	\$ 106,371.43	\$ 122,327.15	\$ 102,306.73	\$ 119,357.85	\$ 108,126.57	\$ 126,147.66	\$ 94,061.95	\$ 108,171.24			
		Targeted	\$ 112,823.29	\$ 131,686.73	\$ 112,874.34	\$ 131,686.73	\$ 157,288.93	\$ 183,503.76	\$ 112,874.34	\$ 131,686.73	\$ 112,874.34	\$ 131,686.73	\$ 112,874.34	\$ 131,686.73	\$ 112,874.34	\$ 131,686.73	\$ 112,874.34	\$ 131,686.73	\$ 117,775.26	\$ 137,404.47	\$ 112,874.34	\$ 131,686.73	\$ 112,874.34	\$ 131,686.73	\$ 112,874.34	\$ 131,686.73			
On or after the 6th anniversary of closing, but before the 7th anniversary.	60%	Non-Targeted	\$ 117,070.75	\$ 136,582.54	\$ 103,240.96	\$ 120,447.79	\$ 165,153.38	\$ 192,678.95	\$ 109,190.99	\$ 127,389.49	\$ 117,714.00	\$ 137,333.00	\$ 112,568.03	\$ 131,329.37	\$ 98,765.04	\$ 114,256.55	\$ 112,281.66	\$ 129,123.92	\$ 111,690.00	\$ 128,443.51	\$ 107,422.06	\$ 125,325.74	\$ 113,532.90	\$ 132,455.05	\$ 98,765.04	\$ 113,579.80			
		Targeted	\$ 118,464.45	\$ 138,271.06	\$ 118,518.05	\$ 138,271.06	\$ 165,153.38	\$ 192,678.95	\$ 118,518.05	\$ 138,271.06	\$ 118,518.05	\$ 138,271.06	\$ 118,518.05	\$ 138,271.06	\$ 118,518.05	\$ 138,271.06	\$ 118,518.05	\$ 138,271.06	\$ 123,664.02	\$ 144,274.69	\$ 118,518.05	\$ 138,271.06	\$ 118,518.05	\$ 138,271.06	\$ 118,518.05	\$ 138,271.06			
On or after the 7th anniversary of closing, but before the 8th anniversary.	40%	Non-Targeted	\$ 122,924.29	\$ 143,411.67	\$ 108,403.01	\$ 126,470.18	\$ 173,411.05	\$ 202,312.89	\$ 114,650.54	\$ 133,758.96	\$ 123,599.70	\$ 144,199.65	\$ 118,196.43	\$ 137,895.84	\$ 103,703.30	\$ 119,969.38	\$ 117,895.75	\$ 135,580.11	\$ 117,274.50	\$ 134,865.69	\$ 112,793.16	\$ 131,592.03	\$ 119,209.54	\$ 139,077.80	\$ 103,703.30	\$ 119,258.79			
		Targeted	\$ 124,387.67	\$ 145,184.62	\$ 124,443.96	\$ 145,184.62	\$ 173,411.05	\$ 202,312.89	\$ 124,443.96	\$ 145,184.62	\$ 124,443.96	\$ 145,184.62	\$ 124,443.96	\$ 145,184.62	\$ 124,443.96	\$ 145,184.62	\$ 124,443.96	\$ 145,184.62	\$ 129,847.22	\$ 151,488.43	\$ 124,443.96	\$ 145,184.62	\$ 124,443.96	\$ 145,184.62	\$ 124,443.96	\$ 145,184.62			
On or after the 8th anniversary of closing, but before the 9th anniversary.	20%	Non-Targeted	\$ 129,070.50	\$ 150,582.25	\$ 113,823.16	\$ 132,793.69	\$ 182,081.60	\$ 212,428.54	\$ 120,383.06	\$ 140,446.91	\$ 129,779.68	\$ 151,409.63	\$ 124,106.25	\$ 144,790.63	\$ 108,888.46	\$ 125,967.85	\$ 123,790.53	\$ 142,359.12	\$ 123,138.22	\$ 141,608.97	\$ 118,432.82	\$ 138,171.63	\$ 125,170.02	\$ 146,031.69	\$ 108,888.46	\$ 125,221.73			
		Targeted	\$ 130,607.06	\$ 152,443.85	\$ 130,666.15	\$ 152,443.85	\$ 182,081.60	\$ 212,428.54	\$ 130,666.15	\$ 152,443.85	\$ 130,666.15	\$ 152,443.85	\$ 130,666.15	\$ 152,443.85	\$ 130,666.15	\$ 152,443.85	\$ 130,666.15	\$ 152,443.85	\$ 136,339.58	\$ 159,062.85	\$ 130,666.15	\$ 152,443.85	\$ 130,666.15	\$ 152,443.85	\$ 130,666.15	\$ 152,443.85			

* Charlottesville MSA contains Albemarle County, Fluvanna County, Greene County, Nelson County, and Charlottesville City.

**Winchester MSA contains Frederick County and Winchester City

***Washington-Arlington-Alexandria, DC-VA-MD-WV MSA area contains Arlington County, Clarke County, Fairfax County, Fauquier County, Loudoun County, Prince William County, Spotsylvania County, Stafford County, Alexandria City, Fairfax City, Falls Church City, Fredericksburg City, Manassas City and Manassas Park City.

****Virginia Beach-Norfolk-Newport News MSA contains Gloucester County, Isle of Wight County, James City County, Mathews County, York County, Chesapeake City, Hampton City, Newport News City, Norfolk City, Poquoson City, Portsmouth City, Surry County, Suffolk City, Virginia Beach City and Williamsburg City.

***** Richmond MSA contains Amelia County, Caroline County, Charles City, Chesterfield County, Cumberland County, Dinwiddie County, Goochland County, Hanover County, Henrico County, King and Queen County, King William County, New Kent County, Powhatan County, Prince George County, Sussex County, Colonial Heights City, Hopewell City, Petersburg City, Richmond City

*****Warren County is part of Washington-Arlington-Alexandria MSA

*****Louisa County is part of Richmond MSA