



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

OFFICE OF THE CHIEF COUNSEL

January 3, 2012

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CC:ITA:B04:  
GENIN-148141-11

Dear \_\_\_\_\_ :

This letter responds to your e-mail of December 8, 2011 regarding whether certain tax disclosure statements that your organization, a mortgage servicer, will include with Form 1098, *Mortgage Interest Statement*, constitutes adequate disclosure under Notice 2011-14, 2011-11 I.R.B. 544 to avoid the imposition of penalties under §§ 6721 and 6722 of the Internal Revenue Code.

Your organization services mortgages for which homeowners have received government subsidy payments under programs described in Notice 2011-14. These programs are certain HFA Hardest Hit Fund Programs described in the Appendix to Notice 2011-14 (State Programs), the Emergency Homeowners' Loan Program (EHLP), and state programs substantially similar to the EHLP (SSSPs). You inquired whether the following statements that you will include with the Form 1098 constitute adequate disclosure under Notice 2011-14:

The amount reported in Box 1 is overstated because it includes government funds.

You should receive a separate statement for the payment made with government funds. You may wish to consult a tax professional to

determine the accurate amount, if any, that you may deduct as mortgage interest for this tax year.

Because you have not followed the procedures under Rev. Proc. 2012-1, 2012-1 I.R.B. 1, for obtaining a letter ruling, we cannot provide you with a letter ruling as defined in section 2.01 of that procedure. As a matter of general information, however, the statements that you propose to include with the Form 1098 should constitute adequate disclosure under Notice 2011-14.

I hope that this general information is helpful to you. If you have any questions, please call me at ( ) .

Sincerely,

Michael J. Montemurro  
Chief, Branch 4  
Office of Associate Chief Counsel  
(Income Tax & Accounting)