Important 2025 Tax Information

For holders of REMIC securities

Included with your 2025 Consolidated Forms 1099 Statement is information on your REMICs (real estate mortgage investment conduits) and certain CMOs (collateralized mortgage obligations) as required by IRS regulations. REMIC accrual rates are determined by the projected and actual principal payments of the underlying mortgages. It is important to note that REMICs and CMOs are not subject to cost basis reporting requirements.

This document will familiarize you with the information provided on Forms 1099-OID, Forms 1099-INT, and the Supplemental Tax Statement. The following information is divided into three main sections. The first section includes general information about REMICs and CMOs. The second section lists information that is included in this statement and highlights the information reported to the IRS. The third section explains how to make adjustments to the Form 1099-OID figures.

1. General information about REMICs and CMOs

REMIC and CMO interest and OID income must be reported on an accrual basis, that is, by income earned rather than by income paid. For instance, you may have received an interest payment on January 15, 2026 that accrued in 2025. This must be reported to the IRS on your 2025 tax return even though it is not paid until 2026. This may cause the interest reported on your Form 1099-OID and 1099-INT not to match the year-to-date interest shown on your regular December statement.

REMIC and CMO OID information will be found on your Form 1099-OID. REMIC and CMO interest information will be found on your Form 1099-INT.

For each period, the reportable REMIC 1099-INT and 1099-OID are calculated by multiplying the number of bonds you own by the number of days held and then by the daily interest and OID accrual rates provided by the issuer. (Quantity x days x daily rates = reportable interest/OID.) The IRS deadline for mailing REMIC Forms 1099-OID and 1099-INT statements is March 15 (If the IRS deadline falls on a Saturday, Sunday or a recognized holiday, the deadline becomes the next business day).

2. Information included on your Forms 1099

The Summary of Reportable Tax Information will include totals across all Forms 1099. The transaction total amounts are composed of the item(s) listed in the Reportable Tax Information section on later pages of the Consolidated Forms 1099 document.

The total amount of OID and interest is being reported to the IRS and must be included in the interest income amounts used in filing your income tax return. Total OID and interest income should be included in the reporting on Form 1040, with Wells Fargo Clearing Services, LLC listed as the payer. It is important to use the exact figures provided on your Forms 1099-OID and 1099-INT.

Any adjustments, such as allocation of premium or discount, should be made separately as explained in Section 3—OID Adjustments.

Each principal payment is reported on Form 1099-B. The cost basis on your REMIC security is reduced at the time the principal payment is credited to your account. It is generally assumed that the cost basis is equal to the principal payment resulting in no gain or loss. However, once adjusted basis is reduced to zero, future principal payments will be taxable. Because clients have the ability to make additional cost basis adjustments to account for OID, the basis is not reported with the principal payment on Form 1099-B.

If the issuer announced accrual rates, the Supplemental Tax Statement section will include the REMIC Additional Written Statement which provides monthly details for each security held during 2025. This section shows how the totals were derived and includes supplemental information you may elect (after consulting with your tax advisor) to use for adjusting your OID and income.

3. OID adjustments

The income reported by Wells Fargo Clearing Services, LLC on your Form 1099-OID is accurate for bonds trading at the adjusted issue price on the date you purchased them. If your bonds were purchased at a price higher or lower than the adjusted issue price, you have two alternatives:

a. You may report the income exactly as shown on your Form 1099-OID and account for any premium (or discount) when you dispose of the bonds. To do this, simply calculate your new cost basis by adding the OID reported each year that you held the bonds to your purchase cost and subtracting any principal received. If your bond reports all income as OID, calculate cost basis by adding OID reported and subtracting any interest payments and any principal received. (In this situation, the interest payments received are regarded as principal.) This new cost basis should be compared with the sale or redemption proceeds to establish a gain or loss.

b. You may recalculate the income and add an OID adjustment line to your income tax return each year, usually on Form 1040. If you purchased your REMIC or CMO through Wells Fargo Clearing Services, LLC, the results of the calculations have been completed for you and provided as supplemental information within the Details of Reportable Tax Information for each payment period.

Where to go for more information

If you or your tax advisor has additional questions, please refer to the IRS Publication 550 at **irs.gov**. (Wells Fargo Clearing Services, LLC has provided this link for your convenience but does not control or endorse the website and is not responsible for the products, services, content, links, privacy policy, or security policy of this website.)

Our firm does not provide tax or legal advice. Be sure to consult with your own tax and legal advisors before taking any action that would have tax consequences.

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