

A Great Time to Buy a Home

First-time homebuyers
can receive a tax credit
up to \$8,000!

NEW TAX CREDIT

Current homeowners
may be eligible for a
tax credit up to \$6,500!



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Tax Credit Overview

- In 2008, Congress created a tax credit for first-time homebuyers.
- The tax credit was extremely successful in generating home sales and stimulating the overall economy.
- Realizing the importance of homeownership for individuals and the greater economy, the government enhanced and extended the homebuyer tax credit.
- On Nov. 6, President Obama signed a bill that extended the existing tax credit for first-time buyers and created a new provision for eligible move-up buyers.



The NEW First-Time Buyer Tax Credit

Amount	10 percent of the cost of the home, not to exceed \$8,000
Property	Any home that will be used as a principal residence including single-family homes, condos, townhomes and co-ops; not to exceed \$800,000
Refundable	Reduces income tax liability for the year of purchase
Income Limit	Adjusted gross income of \$125,000 for single or \$225,000 for joint tax returns <u>INCREASED (Effective Nov. 7, 2009)!</u>
First-Time	Must not have owned a principal residence in three years prior to purchase
Limitation	If home is sold within three years of purchase, entire amount of credit is recaptured
Effective Date	Purchases with closing/settlement between Nov. 7, 2009, and June 30, 2010 <u>EXTENDED!</u>
Deadline	Written binding contract on or before April 30, 2010, with closing/settlement by June 30, 2010 <u>EXTENDED!</u>



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The NEW Current Homeowner Tax Credit

Amount	Up to \$6,500
Eligibility	Must have used the home sold or being sold as a principal residence consecutively for 5 of the previous 8 years
Purchased Home	Any home that will be used as a principal residence including single-family homes, condos, townhomes and co-ops; not to exceed \$800,000
Refundable	Reduces income tax liability for the year of purchase
Income Limit	Adjusted gross income of \$125,000 for single or \$225,000 for joint tax returns
Recapture	If home is sold within three years of purchase, entire amount of credit is recaptured
Effective Date	Purchases with closing/settlement between Nov. 7, 2009, and June 30, 2010
Deadline	Written binding contract on or before April 30, 2010, with closing/settlement by June 30, 2010



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Tax Credit FAQs



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What Are the Deadlines for Claiming the Credit?

- A written binding contract to purchase must be in effect no later than **April 30, 2010**.
- The purchase transaction must close by **June 30, 2010**.



What if You Exceed the Income Limits?

- Individuals with adjusted gross income of up to \$125,000 and married couples with income up to \$225,000 can claim the full credit.
- The amount of the tax credit decreases as incomes reach the maximum limits of \$145,000 for singles and \$245,000 for couples.
- Singles earning more than \$145,000 and couples earning more than \$245,000 are not eligible for the credit.



What Properties are Eligible?

- To claim the tax credit, the property must be used as a principal residence. This is generally considered to be the home where you spend 50 percent or more of your time. It can be a condo, single-family detached home, co-op, townhouse or something similar.
- The home must be located in the United States.
- Vacation homes and rental properties are not eligible.
- For new construction, the purchase date is the date you occupy the home. As a result, you must move in by June 30, 2010, to claim the credit.



When Can You Claim the Credit?

- Buyers purchasing homes on or before Dec. 31, 2009, may claim the credit on their 2009 tax returns.
- Buyers purchasing in 2010 will have the option to:
 - Claim the credit on their 2009 return, even if the purchase is completed after Dec. 31, 2009;
 - File an amended return for 2009 if their purchase is completed after April 15, 2010; or,
 - Claim the credit on their 2010 tax returns.



Any Other Questions?



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