

FIRST-TIME HOMEBUYER TAX CREDIT

GOOD ONLY UNTIL DECEMBER 1, 2009

Escrow must be closed on or before termination date of 12/1/2009

As Modified in the **American Recovery and Reinvestment Act** *Major Modifications Italicized* February 2009

FEATURE	CREDIT AS CREATED JULY 2008 APPLIES TO ALL QUALIFIED PURCHASES ON OR AFTER APRIL 9, 2008	REVISED CREDIT – EFFECTIVE FOR PURCHASES ON OR AFTER JANUARY 1, 2009 AND BEFORE DECEMBER 1, 2009
Amount of Credit	Lesser of 10 percent of cost of home or \$7500	Maximum credit amount increased to \$8000
Eligible Property	Any single family residence (including condos, co-ops, townhouses) that will be used as a principal residence.	No change All principal residences eligible.
Refundable	Yes. Reduces (or can eliminate) income tax liability for the year of purchase. Any unused amount of tax credit refunded to purchaser.	No change Purchasers will continue to receive refund for unused amount when tax return is filed.
Income Limit	Yes. Full amount of credit available for individuals with adjusted gross income of no more than \$75,000 (\$150,000 on a joint return). Phases out above those caps (\$95,000 and \$170,000).	No change Same income limits continue to apply.
First-time Homebuyer Only	Yes. Purchaser (and purchaser's spouse) may not have owned a principal residence in 3 years previous to purchase.	No change Still available for first-time purchasers only. Three-year rule continues to apply.
Revenue Bond Financing	No credit allowed if home financed with state/local bond funding.	Purchasers who utilize revenue bond financing can use credit.
Repayment	Yes. Portion (6.67% of credit or \$500) to be repaid each year for 15 years, starting with 2010 tax filing.	No repayment for purchases on or after January 1, 2009 and before December 1, 2009
Recapture	If home sold before 15-year repayment period ends, then outstanding balance of repayment amount recaptured on sale.	If home is sold within three years of purchase, entire amount of credit is recaptured on sale. Applies only to homes purchased in 2009.
Termination	July 1, 2009 (But note program changes for 2009)	December 1, 2009
Effective Date	Purchases on or after April 9, 2008 and before January 1, 2009. Repayment to begin for 2010 tax year.	All revisions are effective as of January 1, 2009

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Resources:

[National Association of Realtors Website](http://www.realtor.org/government_affairs/gapublic/american_recovery_reinvestment_act_home#taxcredit) -

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[IRS Website](http://search.irs.gov/web/query.html?col=allirs&charset=utf-8&qp=&qs=-Wct%3A%22Internal+Revenue+Manual%22&qc=&qm=0&rf=0&oq=&qt=first+time+homebuyers+credit) -

<http://search.irs.gov/web/query.html?col=allirs&charset=utf-8&qp=&qs=-Wct%3A%22Internal+Revenue+Manual%22&qc=&qm=0&rf=0&oq=&qt=first+time+homebuyers+credit>