Governmental Affairs

2009 First Time Homebuyers Tax Credit

The Basics

• First-time home buyers who purchase and close on a home to be used as a primary residence before December 1, 2009 are eligible for a tax credit equal to 10% of the value of their home purchase up to $8,000.

• To qualify as a "first-time buyer" the purchaser and his/her spouse (if applicable) may not have owned a residence during the 3 years prior to the purchase.

• Tax credit does not need to be repaid—unless it ceases to be the primary residence of the tax credit recipient within 3 years after the purchase. In that case, the credit recipient will owe the full amount of the credit at the time the income tax return for the year the home ceased to be the principal residence is due.

• Tax credit cannot be claimed until a tax return is filed after a home has been purchased. However, FHA lenders may be able to monetize the credit for certain purposes at closing, if the buyer qualifies for FHA funding.

Income requirements:

<u>Single buyers:</u>
* Receive the maximum tax credit with incomes up to $75,000
* Receive a lesser tax credit with income between $75,000 and $95,000
* Not eligible if income is greater than $95,000

<u>Married couples who file jointly:</u>
* Receive the maximum tax credit with incomes up to $150,000
* Receive a lesser tax credit with income between $150,000 and $170,000
* Not eligible if income is greater than $170,000

More resources available at:

IRS
www.irs.gov1
www.irs.gov2

FHA
www.hud.gov

NAR
www.realtor.org1
www.realtor.org2