

# HomeBuyer Tax Credit UPDATE

Presented by Larry Hathcock, CHOICE REALTY, DaltonGA.com

## Bringing the Dream of Homeownership Within Reach

As part of its plan to stimulate the U.S. housing market and address the economic challenges facing our nation, Congress has passed new legislation that:

- **Extends the First-Time Home Buyer Tax Credit** of up to \$8,000 to first-time home buyers until April 30, 2010.
- **Expands the credit to grant up to \$6,500 credit to current home owners** purchasing a new or existing home between November 7, 2009 and April 30, 2010.

Here is more information about how the Extended Home Buyer Tax Credit can help prospective home buyers become part of the American dream. **If you have specific questions or need additional information, please contact a tax professional or the Internal Revenue Service at 800-829-1040.**

## Who Qualifies for the Extended Credit?

- First-time home buyers who purchase homes between November 7, 2009 and April 30, 2010.
- Current home owners purchasing a home between November 7, 2009 and April 30, 2010, who have used the home being sold or vacated as a principal residence for five *consecutive* years within the last eight.

To qualify as a "first-time home buyer" the purchaser or his/her spouse may not have owned a residence during the three years prior to the purchase.

## Which Properties Are Eligible?

The Extended Home Buyer Tax Credit may be applied to primary residences, including: single-family homes, condos, townhomes, and co-ops.

## How Much Is Available?

The maximum allowable credit for first-time home buyers is \$8,000.

The maximum allowable credit for current homeowners is \$6,500.

## How is a Buyer's Credit Amount Determined?

Each home buyer's tax credit is determined by two additional factors:

1. The price of the home.
2. The buyer's income.

## Price

Under the Extended Home Buyer Tax Credit, credit may only be awarded on homes purchased for \$800,000 or less.

## Buyer Income

Under the Extended Home Buyer Tax Credit, which is effective on November 7, 2009, single buyers with incomes up to \$125,000 and married couples with incomes up to \$225,000—may receive the maximum tax credit.

These income limits have changed from the 2009 First-Time Home Buyer Tax Credit limits.

## **If the Buyer(s)' Income Exceeds These Limits, Can He/She Still Get a Credit?**

Yes, some buyers may still be eligible for the credit.

The credit decreases for buyers who earn between \$125,000 and \$145,000 for single buyers and between \$225,000 and \$245,000 for home buyers filing jointly. The amount of the tax credit decreases as his/her income approaches the maximum limit. Home buyers earning more than the maximum qualifying income—over \$145,000 for singles and over \$245,000 for couples are not eligible for the credit.

## **Can a Buyer Still Qualify If He/She Closes After April 30, 2010?**

Under the Extended Home Buyer Tax Credit, as **long as a written binding contract to purchase is in effect on April 30, 2010**, the purchaser will have until July 1, 2010 to close.

## **Will the Tax Credit Need to Be Repaid?**

No. The buyer does not need to repay the tax credit, if he/she occupies the home for three years or more. However, if the property is sold during this three-year period, the full amount credit will be recouped on the sale.

*Compliments of* Larry Hathcock, *Choice Realty*

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