

Homebuyer Tax Credit

A benefit that makes a new home more affordable!

Under the American Recovery Reinvestment Act of 2009, a tax credit is available for first-time homebuyers. First-time homebuyers are defined as anyone who did not own a home at anytime during the three years prior to the date of purchase. If you buy a home between January 1, 2009 and November 30, 2009 you may be eligible to receive a tax credit for 10% of the purchase price—up to \$8000.



Highlights and Restrictions

- The new credit is an \$8,000 refundable tax credit (or up to 10% of the purchase price). Refundable means that if the total tax liability in the given year is less than \$8,000, the IRS will send a refund for the balance.
- Tax credit can be used on closing costs or to increase the size of the down payment. This is a recent development approved by U.S. Department of Housing and Urban Development. The home buyer must still have the minimum 3.5 percent down payment. Check with your FHA approved lenders for specifics and qualifications.
- Any individual (and, if married, their spouse) who has had no ownership interest in a home during the last three years is eligible.
- Full credit for single taxpayers with incomes up to \$75,000 (\$150,000 on a joint return); partial credit for incomes up to \$95,000 (\$170,000 joint return)
- Available only for the purchase of a single-family home that will be used as a principal residence. Principle residence is generally considered to be the home where the buyer spends 50% or more of their time.
- It can be claimed on your 2008 tax return by amending your 2008 tax return or you can file it on your 2009 tax return
- If the home is sold before owning it for three years, the first-time homebuyer must pay the IRS the entire amount of the tax credit at closing

You are not eligible for the tax credit if any of the following conditions apply

1. Your income exceeds the phase-out range which means joint filers with modified adjusted gross income of \$170,000 and above and other taxpayers with modified adjusted gross income of \$95,000 and above
2. You buy your home from a close relative including spouse, parent, grandparent, child or grandchild
3. You stop using your home as your main home
4. You sell your home before the end of three years
5. You are a nonresident alien

**For more detailed information
on this money saving tax credit consult your realtor or an FHA approved lender.**



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