

# First-Time Homebuyer Tax Credit Comparison

The chart below provides a high-level comparison between the 2008 tax credit enacted in July 2008 and the 2009 tax credit that was included in the American Recovery and Reinvestment Act of February 2009.\*

## Major Modifications *Italicized*

Feature	Original credit created July 2008	Revised credit – February 2009
<b>Definition of first-time homebuyer</b>	Buyer (and buyer's spouse) may not have owned a principal residence for 3 years prior to purchase	No change
<b>Amount of tax credit</b>	10% of the purchase price or \$7,500, whichever is less	<i>Maximum credit amount increased to \$8,000</i>
<b>True credit or repayment?</b>	The credit must be repaid—6.67% of credit or \$500 each year for 15 years, starting with 2010 tax filing; if the home is sold before this, the balance must be repaid at closing	<i>True credit—unless the home is sold within three years, at which point the first-time homebuyer (who is now the seller) must repay the entire amount to the IRS at closing</i>
<b>Effective dates</b>	Applies to homes purchased between April 9, 2008 and December 30, 2008 with repayment starting in 2010	<i>Applies to homes purchased between January 1, 2009 and November 30, 2009</i>
<b>Tax implications</b>	Reduces (or can eliminate) income tax liability for the year of purchase; e.g., buyers will pay less tax or receive a bigger refund	No change
<b>Eligible properties</b>	Any single family residence (including condos, co-ops, townhouses, etc.) that will be used as a principal residence	No change
<b>Income limits</b>	Full credit for individuals with a modified adjusted gross income of \$75,000 or less (\$150,000 on a joint return); partial credit for income from \$75,000 to \$95,000 (\$150,000 to \$170,000 on a joint return)	No change

For more information, contact your local Mortgage Advisor.



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