

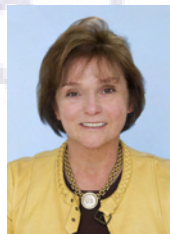
First Time Homebuyer Tax Credit

(As Modified in the American Recovery and Reinvestment Act)
February 2009

Feature	For 2008	For 2009
Effective Date	Individuals need to purchase a residence after April 9, 2008, and before January 1, 2009.	Individuals will need to purchase a residence after January 1, 2009 and before December 1, 2009.
Amount of Credit	Lesser of 10% of the cost of the home up to \$7,500. (\$3,750 for married couples filing separate returns or unmarried persons who buy residence together.) Required to be paid back over 15 years.	Lesser of 10% of the costs of the home up to \$8,000. (\$4,000 for married couples filing separate returns or unmarried persons who buy residence together.) The credit does <u>not</u> need to be paid back.
Eligible Property	Any single family residence (including condos, co-ops, townhomes, house-boats, or mobile homes) that will be used as a principal residence. Individuals may qualify for the tax credit even if they own a vacation home or rental property, as long as those properties were <u>not</u> their primary residence for at least three years preceding the purchase of their new home.	Any single family residence (including condos, co-ops, townhomes, house-boats, or mobile homes) that will be used as a principal residence. Individuals may qualify for the tax credit even if they own a vacation home or rental property, as long as those properties were <u>not</u> their primary residence for at least three years preceding the purchase of their new home.
Refundable	Yes. Reduces (or can eliminate) income tax liability for the year of purchase. Any unused amount of tax credit refunded to purchaser when tax return is filed.	Yes. Reduces (or can eliminate) income tax liability for the year of purchase. Any unused amount of tax credit refunded to purchaser when tax return is filed.
Income Limit	The credit is phased out for individuals with modified adjusted gross income between \$75,000 and \$95,000. For married couples filing a joint return, the phase out range is \$150,000 to \$170,000. (see IRS Guidelines.)	The credit is phased out for individuals with modified adjusted gross income between \$75,000 and \$95,000. For married couples filing a joint return, the phase out range is \$150,000 to \$170,000. (See IRS Guidelines.)
First Time Homebuyer Only	For the purpose of this tax credit, a first-time homebuyer is defined as a purchaser (and purchaser's spouse) who has not owned a primary residence in the three-year period ending on the date of purchasing the home.	For the purpose of this tax credit, a first-time homebuyer is defined as a purchaser (and purchaser's spouse) who has not owned a primary residence in the three-year period ending on the date of purchasing the home.
Revenue Bond Financing	No credit allowed if home financed with state/local bond funding.	Purchasers who utilize revenue bond financing can still use credit.
Repayment	Unlike any other tax credit, the first-time homebuyer credit must be repaid. The credit works as a refund when the 2008 tax return is filed. The credit repayment is taken as an additional tax on the tax returns for the next fifteen years, starting with the 2010 tax return. This tax credit amounts to an interest-free 15-year loan for first-time homebuyers. The credit will also need to be repaid in full if the taxpayer sells the house within the fifteen-year repayment period, or if the property is no longer the taxpayer's primary residence. The credit will be disallowed if a taxpayer sells the house before the end of the same year in which the house was purchased.	If the home is sold within three (3) years of purchase, or ceases to be the taxpayer's primary residence, the entire amount of the credit is to be repaid. The credit will also be disallowed if a taxpayer sells the house before the end of the same year in which the house was purchased.
Claiming the Credit	Taxpayers will be able to claim the credit on their 2008 tax return for homes purchased in 2008.	For homes purchased in 2009, the IRS will allow the purchasers to file an amended 2008 return to claim the credit. (See IRS Guidelines or consult your tax professional.)

Be sure to consult your Tax Professional or get free assistance from the IRS when filing for the First Time Homebuyer Credit to make sure you receive the full benefit for your homebuying situation!

Courtesy of...



DIANA DINEEN - (619) 884-5640

REALTOR®, DRE #00714410
diana_dineen@yahoo.com
www.DianaDineen.com



**Your Mortgage Can Be
Less Than Your Rent!**

	TOTAL RENT PAID		
MONTHLY	1ST YR	2ND YR	3RD YR
\$800	\$9,600	\$19,200	\$28,800
\$1,000	\$12,000	\$24,000	\$36,000
\$1,200	\$14,400	\$28,800	\$43,200