

FIRST-TIME HOMEBUYER TAX CREDIT BASICS

As Modified in the American Recovery and Reinvestment Act

Major Modifications Italicized
February 2009

REVISED CREDIT – EFFECTIVE FOR PURCHASES ON OR AFTER JANUARY 1, 2009 AND BEFORE DECEMBER 1, 2009

Amount of Credit

Maximum credit amount increased to \$8000

Eligible Property

Any single family residence (including condos, co-ops, townhouses) that will be used as a principal residence. All principal residences eligible.

Refundable

Yes. Reduces (or can eliminate) income tax liability for the year of purchase. Any unused amount of tax credit refunded to purchaser. Purchasers will continue to receive refund for unused amount when tax return is filed.

Income Limit

Yes. Full amount of credit available for individuals with adjusted gross income of no more than \$75,000 (\$150,000 on a joint return). Phases out above those caps (\$95,000 and \$170,000).

First-time Homebuyer Only

Yes. Purchaser (and purchaser's spouse) may not have owned a principal residence in 3 years previous to purchase.

Revenue Bond Financing

Portion (6.67% of credit or \$500) to be repaid each year for 15 years, starting with 2010 tax filing. No repayment for purchases on or after January 1, 2009 and before December 1, 2009

Recapture

If home is sold within three years of purchase, entire amount of credit is recaptured on sale. Applies only to homes purchased in 2009.

Termination

December 1, 2009. Please note: Buyers will have to close by Monday, November 30th in order to obtain the credit this year.

Effective Date

Original credit: Purchases on or after April 9, 2008 and before January 1, 2009. Repayment to begin for 2010 tax year. All revisions are effective as of January 1, 2009.