

The Expanded & Extended Homebuyer Tax Credit

Bringing the Dream of Homeownership Within Reach

Q What is the amount of the new tax credit?

A Up to \$8,000 for First Time Homebuyers. Up to \$6,500 for existing homeowners.

Q What is the deadline to qualify?

A Qualified first time homebuyers or existing homeowners who contract on a home by April 30 and settle by June 30, 2010.

Q What are the details of the new tax credit?

A The incentive is a refundable tax credit (or up to 10% of the purchase price). This means that if your total tax liability in the given year is less than \$8,000 for first timer buyers or \$6,500 for existing buyers, the IRS will send a refund for the balance.

Q Do I have to pay back the credit?

A No. If you occupy your home for three years, you will not have to pay back the credit. However, if the property is sold during this three-year period, the full amount of the credit will be recouped on the sale.

Q Who qualifies for the credit?

A To qualify as a first-time homebuyer, the purchaser or his/her spouse may not have owned a residence during the three years prior to the purchase (settlement).

To qualify as an existing homeowner, you must have used the home being sold or vacated as a principal residence for five consecutive years within the last eight.

Q Who cannot take the credit?

A Purchasers with any of these circumstances cannot take the credit:

- Your single income exceeds \$145,000 or joint income exceeds \$245,000.
- You stop using your home as your main home.
- You buy your house from a close relative. This includes your spouse, parent, grandparent, child or grandchild.

Q Is the value of the Tax Credit the same for everyone who qualifies?

A No. Each home buyer's tax credit is determined by two additional factors: The price of the home and 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. **NOTE:** These income limits have changed from the 2009 First-Time Home Buyer Tax Credit limits.

Q If the buyer(s) income exceeds these limits can he/she still get a credit?

A 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.

Q How does a qualified homebuyer file for the credit?

A Buyers purchasing their home in 2009 can claim the credit on their 2009 return. Buyers purchasing in 2010 will have the option to:

1. Claim the credit on their 2009 return, even if the purchase is completed after December 31, 2009;
2. File an amended return for 2009 if their purchase is completed after April 15, 2010; or,
3. Claim the credit on their 2010 tax returns.

Q Who do I contact if I have questions about the credit?

A Contact your REALTOR[®], your tax preparer, or call the IRS toll-free at (800) 829-1040 for more information on the tax credit.



Laurence E. Ostrom
Office: 610-783-1102
Cell: 610-564-5815
email: Ostrom@PRC-PA.net
www.prc-pa.net

SUBURBAN WEST REALTORS[®] ASSOCIATION
PROFESSIONALISM • INTEGRITY • SERVICE