

First-Time Home Buyer Tax Credit Summary

Who is Eligible

- First-time home buyers, who are defined by the law as buyers who have not owned a principal residence during the three-year period prior to the purchase, may be eligible for a tax credit of 10% of the home purchase price, up to a maximum of \$8,000.
- All U.S. citizens who file taxes are eligible to participate in the program.

Income Limits

- Home buyers who file as single or head-of-household taxpayers can claim the full credit (\$8,000 for first-time buyers and \$6,500 for repeat buyers) if their modified adjusted gross income (MAGI) is less than \$125,000.
- For married couples filing a joint return, the combined income limit is \$225,000.
- Single or head-of-household taxpayers who earn between \$125,000 and \$145,000, and married couples who earn between \$225,000 and \$245,000 are eligible to receive a partial credit.
- The credit is not available for single taxpayers whose MAGI is greater than \$145,000 and married couples with a MAGI that exceeds \$245,000.

Effective Dates

- The eligibility period for the tax credit is for homes purchased after Nov. 6, 2009, and before May 1, 2010. However, home purchases subject to a binding sales contract signed by April 30, 2010, will qualify for the tax credit provided closing occurs prior to July 1, 2010.

Types of Homes that Qualify

- All homes with a purchase price of less than \$800,000 qualify, including newly-constructed or resale, and single-family detached, townhomes or condominiums, provided that the home will be used as their principal residence. Vacation home and rental property purchases do NOT qualify.

Tax Credit is Refundable

- A refundable credit means that if the amount of income taxes you owe is less than the credit amount you qualify for, the government will send you a check for the difference.
- For example:
 - A first-time buyer who qualifies for the full \$8,000 credit who owes \$5,000 in federal income taxes would pay nothing to the IRS and receive a \$3,000 payment from the government. If you are due to receive a \$1,000 refund, you would receive \$9,000 (\$1,000 plus the \$8,000 tax credit).
- All qualified home buyers can take the tax credit on their 2009 or 2010 income tax return.

Payback Provisions

- The tax credit is a true credit. It does not have to be repaid unless the home owner sells or stops using the home as their principal residence within three years after the purchase.

Information provided by the National Association of Home Builders, www.nahb.org.