

What Every Homebuyer Needs to Know

2009-2010 First-Time Homebuyer Credit

How Much is the Credit?

- *10 % of the purchase price of the home, maximum of \$8,000
- *To keep the credit, you must use the home as your principal residence for 36 months. If you sell your home before the end of that period, you will be required to repay the full amount of the credit with the return for the year the home ceased being your principal residence.

How Do I Qualify?

- *You must be 18 years old on the purchase date (or married and at least one spouse is 18)
- *You (and your spouse, if married) may not have owned a principal residence in the three years prior to purchase.
- *You must buy, or enter a binding contract to buy, by April 30, 2010 and close by June 30, 2010. If you construct a home the purchase date is considered to be the first date you occupy the home.
- *If you're modified adjusted gross income is \$125,000 (\$225,000 for married filing jointly), the credit begins to phase out.
- *You must have purchased the home from someone other than a close relative (spouse, parent, grandparent, child or grandchild) or a corporation or partnership of which you own directly or indirectly more than 50 %.

How do I claim the Credit?

- *File a form 5405 with the 1040 of the year you purchased the home.
- *File an amended prior year tax return. This allows you to claim the homebuyer credit without waiting until filing the current year return to claim it.

A \$6,5000 credit is available for taxpayers purchasing a home after November 6, 2009 (and before the dates mentioned above) who have owned and used the same residence for five consecutive years out of the eight-year period ending on the date of purchase of a subsequent principal residence. The credit is not available where the purchase price exceeds \$800,000 and the credit phases out at the same income levels mentioned above.