



2009 First Time Homebuyer Tax Credit

In its efforts to stimulate the economy and revive the housing market, Congress has enacted legislation providing a tax credit of up to \$8,000 for first-time home buyers.

But time is of the essence for buyers who want to take advantage of this opportunity. Only homes purchased on or after January 1, 2009 and before December 1, 2009 are eligible.

\$8,000 Home Buyer Tax Credit at a Glance:

- The tax credit is for first-time home buyers only.
- The tax credit does not have to be repaid.
- The tax credit is equal to 10% of the home's purchase price up to a maximum of \$8,000.
- The credit is available for homes purchased on or after January 1, 2009 and before December 1, 2009.
- Single taxpayers with incomes up to \$75,000 and married couples with incomes up to \$150,000 qualify for the full tax credit.

For full details about the new tax credit, please visit:
<http://www.federalhousingtaxcredit.com>

Information as of 2/25/09

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Important Questions:

- Q. **Who is eligible to claim the tax credit?**
A. First-time home buyers purchasing any kind of home—new or resale—are eligible for the tax credit. To qualify for the tax credit, a home purchase must occur on or after January 1, 2009 and before December 1, 2009. For the purposes of the tax credit, the purchase date is the date when closing occurs and the title to the property transfers to the home owner.
- Q. **What is the definition of a first-time home buyer?**
A. The law defines "first-time home buyer" as a buyer who has not owned a principal residence during the three-year period prior to the purchase. For married taxpayers, the law tests the homeownership history of both the home buyer and his/her spouse.
- Q. **Are there any income limits for claiming the tax credit?**
A. The tax credit amount is reduced for buyers with a modified adjusted gross income (MAGI) of more than \$75,000 for single taxpayers and \$150,000 for married taxpayers filing a joint return. The tax credit amount is reduced to zero for taxpayers with MAGI of more than \$95,000 (single) or \$170,000 (married) and is reduced proportionally for taxpayers with MAGIs between these amounts.
- Q. **How is this home buyer tax credit different from the tax credit that Congress enacted in July of 2008?**
A. The most significant difference is that this tax credit does not have to be repaid. Because it had to be repaid, the previous "credit" was essentially an interest-free loan. This tax incentive is a true tax credit. However, home buyers must use the residence as a principal residence for at least three years or face recapture of the tax credit amount. Certain exceptions apply, visit: www.federalhousingtaxcredit.com
- Q. **How do I claim the tax credit?**
A. It's easy. You claim the tax credit on your federal income tax return. Specifically, home buyers should complete IRS Form 5405 to determine their tax credit amount, and then claim this amount on Line 69 of their 1040 income tax return. No other applications or forms are required, and no pre-approval is necessary.



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