

# FIRST-TIME HOMEBUYER TAX CREDIT

As Modified in the *American Recovery and Reinvestment Act*

## **Major Modifications Italicized**

February 2009

FEATURE	CREDIT AS CREATED JULY 2008 APPLIES TO ALL QUALIFIED PURCHASES ON OR AFTER APRIL 9, 2008	REVISED CREDIT – EFFECTIVE FOR PURCHASES ON OR AFTER JANUARY 1, 2009 AND BEFORE DECEMBER 1, 2009
<b>Amount of Credit</b>	Lesser of 10% of cost of home or \$7500	<b><i>Maximum credit amount increased to \$8000</i></b>
<b>Eligible Property</b>	Any single family residence (including condos, co-ops, and townhouses) that will be used as a principle residence.	NO CHANGE All principal residences eligible
<b>Refundable</b>	Yes. Reduces (or can eliminate) income tax liability for the year of purchase. Any unused amount of tax credit refunded to purchaser.	NO CHANGE Purchasers will continue to receive refund for unused amount when tax return is filed
<b>Income Limit</b>	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)	NO CHANGE Same income limits continue to apply
<b>1st time Homebuyer Only</b>	Yes. Purchaser (and purchaser's spouse) may not have owned a principal residence in 3 years previous to purchase	NO CHANGE Still available for first-time purchasers only. Three year rule continues to apply.
<b>Revenue Bond Financing</b>	No credit allowed if home financed with state/local bond funding	<b><i>Purchasers who utilize revenue bond financing can use credit.</i></b>
<b>Repayment</b>	Yes. Portion (6.67% of credit or \$500) to be repaid each year for 15 years, starting with 2010 tax filing.	<b><i>NO repayment for purchasers on or after January 1, 2009 and before December 1, 2009</i></b>
<b>Recapture</b>	If home sold before 15 year repayment period ends, then outstanding balance of repayment amount recaptured on sale.	<b><i>If home is sold within three years of purchase, entire amount of credit is recaptured on sale. Applies only to homes purchased in 2009.</i></b>
<b>Termination</b>	July 1, 2009 (But note program changes for 2009)	<b><i>December 1, 2009</i></b>
<b>Effective Date</b>	Purchases on or after April 9, 2008 and before January 1, 2009. Repayment to begin for 2010 tax year.	<b><i>All revisions are effective as of January 1, 2009</i></b>

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