

How the Mortgage Relief Tax Credit Effects the First Time Home Buyer:

First-Time Home Buyer Tax Credit Fact Sheet

Who is Eligible:

- The \$8,000 tax credit is available for first-time home buyers only.
- The law defines a first-time home buyer as a buyer who has not owned a home during the past three years.
- 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 \$8,000 credit if their annual gross income (AGI) is less than \$75,000.
- For married couples filing a joint return, the income limit doubles to \$150,000.
- Single or head-of-household taxpayers who earn between \$75,000 and \$95,000 are eligible to receive a partial first-time home buyer tax credit.
- Married couples who earn between \$150,000 and \$170,000 are eligible to receive a partial first-time home buyer tax credit.
- The credit is not available for single taxpayers whose AGI is greater than \$95,000 and married couples with an AGI that exceeds \$170,000.

Effective Dates for the Tax Credit:

- First-time home buyers would receive a \$8,000 tax credit for the purchase of any home on or after January 1, 2009 and before December 1, 2009. To qualify, you must actually close on the sale of the home during this period.

Tax Credit is Refundable:

- A refundable credit means that if you pay less than \$8,000 in federal income taxes, then the government will write you a check for the difference.
- For example, if you owe \$5,000 in federal income taxes, you would pay nothing to the IRS and receive a \$3,000 payment from the government.
- If you are due to receive a \$1,000 tax refund from the government, your refund would grow to \$9,000 (\$1,000 plus \$8,000 from the home buyer tax credit).
- Buyers can take the tax credit on their 2009 tax refund.
- If you buy in 2009, you have the option of taking the credit on your 2008 or your 2009 tax returns.

Types of Home that Qualify for the Tax Credit:

- All homes, whether single-family, town homes or condominiums will qualify, provided that the home will be used as a principal residence and the buyer has not owned a home in the prior three years. This also includes newly-constructed homes. Purchasers who utilize revenue bond financing qualify for the credit.

Payback Provisions:

- No repayment for purchases on or after January 1, 2009 and before December 1, 2009.
- If the home is sold within three years of purchase, entire amount of credit is recaptured on sale.

Please contact me if you have further questions:

Jerome Nelson Loan Officer 952.844.6042
Jerome.Nelson@phhonline.com



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