

# First-Time Homebuyer TAX CREDIT

The Stimulus Plan was signed into law by President Obama, containing a new tax credit for first-time homebuyers. Essentially, first-time homebuyers within certain income limits who purchase a home in 2009 before December 1, 2009 will receive a tax credit of up to \$8,000.

## Who qualifies for the credit programs?

While the Stimulus Plan was still being debated, the Senate version originally included a \$15,000 tax credit for all homebuyers. To lower the cost of the Stimulus Plan, the final version of the Plan contained this smaller tax credit, and this tax credit is applicable only to first-time homebuyers.

## To qualify for the program:

- 1) The purchaser (and the purchaser's spouse) may not have owned a home in the three years prior to the purchase date of the home.
- 2) Single-family homes qualify for the program.
- 3) The home must be the primary residence.

The tax credit is subject to an adjusted gross income limitation (full credit for AGI less than \$75,000 single/\$150,000 joint, phased out for AGI up to \$95,000 single/ \$170,000 joint).

## What is the credit amount?

The amount for the credit is the lesser of 10% of the home purchase price or \$8,000, as applicable.



## Do I have to repay the credits?

The \$8,000 credit will not need to be repaid.

No portion of the \$8,000 credit is due upon sale of the home, if the home is owned for more than three years. If the home is sold within the first three years, the full amount of the credit is due upon sale.



## Will I need to claim the credits on my taxes?

Under the \$8,000 program, the credit will be claimed on the purchaser's income taxes. Any amount in excess of taxes owed will be refunded to the purchaser.

Additional information about the tax credit can be found on the websites of the National Association of Realtors ([www.realtor.org](http://www.realtor.org)).



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