



FIRST TIME HOMEBUYER
TAX CREDIT
American Recovery and
Reinvestment Act
February 2009

On Tuesday, February 17, 2009, President Obama signed The Economic Stimulus Bill (The American Recovery and Reinvestment Act of 2009.) The bill contains several items that will be particularly helpful to the real estate market. Chief amongst these is the First-Time Homebuyer Tax credit. This is an \$8,000.00 tax credit that will be available for qualified purchase of a principal residence by a first time homebuyer between January 1, 2009 and December 1, 2009. First time homebuyers are defined as anyone who has not owned a home in the previous 3 years. Individuals who purchase in 2009 using financing assistance from state and local mortgage bonds will be permitted to use the credit, as well. This tax credit will be far more appealing than last year's, in that the \$8,000 credit will not require repayment as long as the recipient keeps the home for more than 3 years. Certain income limits apply. Homebuyers should consult their tax professional to determine their status and, if qualified, take advantage of this offer which expires on December 1, 2009.

If you'd like to get going now to take advantage of the first time homebuyer's tax credit, click [here](#) and we'll have one of our first time homebuyer specialists contact you right away!

<u>FEATURE</u>	<u>CREDIT</u> (Effective for purchases on or after January 1, 2009 and before December 1, 2009)
Amount of Credit	Lesser of 10 percent of cost of home or \$8,000
Eligible Property	Any single family residence (including condos, co-ops, townhouses) that will be used as a principal residence.
Refundable	Yes, reduces (or can eliminate) income tax liability for the year of purchase. Any unused amount of tax credit refunded to purchaser when subsequent returns are filed.
Income Limit	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)
First-time Homebuyer Only	Purchaser (and Purchaser's spouse) may not have owned a principal residence in 3 years previous to purchase.
Revenue Bond Financing	No credit allowed if home financed with state/local bond funding, however purchasers who utilize revenue bond financing can use credit.
Repayment	No repayment for purchase on or after January 1, 2009 and before December 1, 2009, provided holding period is compliant
Recapture	If home is sold within 3 years of purchase, entire amount of credit is recaptured on sale. Applies only to homes purchased in 2009.
Termination	December 1, 2009
Effective Date	All revisions are effective as of January 1, 2009.

This table is provided as an overview of certain portions of the American Recovery and Reinvestment Act of 2009. It is not to be relied upon in lieu of professional tax or legal advice. Restaino & Associates recommends that all home buyers consult with a tax or legal professional in their home buying endeavors. © Restaino & Associates 2009.