

Tax Incentives for First-Time Homebuyers in 2009/2010

In November of 2009 President Obama signed the tax credit extension for a refundable tax credit for qualified first-time homebuyers of up to 10% of a home's purchase price, not to exceed \$8,000. Buyers must sign a purchase agreement before May 1, 2010 and close on the property no later than July 1, 2010.

A tax credit is actually a dollar-for-dollar reduction of your tax bill. And the tax credit is refundable, meaning that homeowners that owe less than \$8,000 in federal income taxes will actually receive a check for the difference.

IMPORTANT CONSIDERATIONS:

- The \$8,000 tax credit is available to first time buyers who are purchasing their primary residence.* The law defines a first-time buyer as someone who has not owned, or been included on title to, a property in the last three years.
- If joint purchasers are not married, at least one of the purchasers must qualify as a first-time buyer. For married buyers, *both* must qualify as first-time buyers. With this extension, all buyers must be at least 18 years of age.
- There are income limits to claim the credit. The tax credit phases out for single taxpayers with adjusted gross income of \$75,000 to \$125,000. For married couples who file jointly, the phase-out is \$150,000 to \$225,000. (These are increases over previous tax credits).
- This tax credit can be claimed on either the 2009 or 2010 tax return. You must submit a copy of the signed HUD-1 statement with your tax return. Consult a tax professional for additional information.
- This tax credit can also be used if buyers are using Mortgage Revenue Bond Programs for down-payment assistance like the *Minnesota Mortgage Program* or the *Community Activity Set Aside program (CASA)*. Consult a Home Stretch Counselor to see if you qualify for any assistance programs.

NOTE

The credit can be used to purchase a new or older home, a co-op, condo or a manufactured home, but must be the buyer's primary residence

* There is a separate \$6,500 credit for some existing homeowners as well. This information is NOT covered in this fact sheet.

The Minnesota Home Ownership Center is committed to making home ownership attainable for Minnesota families. Our network of pre-purchase counselors is available to provide personalized homeownership planning, and help homebuyers understand this tax credit and other options available to first-time homebuyers. For additional information, call today:

(651) 659-9336 or (866) 462 – 6466 or visit hocmn.org.