

Congress Extends \$8,000 Tax Credit; Expands Eligibility

Second Chance for Homebuyers Still in the Market

November 18, 2009

If you follow the news at all, you've undoubtedly heard about the \$8,000 Tax Credit that has been available to first-time homebuyers this year. And you probably know that the credit expires in just a few days – on November 30, 2009. Well, *if you're one of those prospective home buyers who feels like you missed out on a great opportunity, there's great news!*

Congress just recently voted to extend the tax credit until April 30, 2010. Plus, eligibility requirements have been broadened to make the *money available to both first-time homebuyers and "repeat" homebuyers* who have owned a home as their primary resident for at least five of the past eight years.

For most people, maximum qualifying earnings is based on their adjusted gross income (see line 37 on the 1040 federal tax form). In most situations, *single buyers can now earn up to \$125,000 per year* and get the full credit; and *joint filers can earn up to \$225,000 per year.* The credit decreases for single buyers who earn between \$125,000 and \$145,000 and for buyers filing jointly who earn between \$225,000 and \$245,000. Home buyers earning more than the maximum qualifying income – over \$145,000 for singles and over \$245,000 for couples – are not eligible for the credit. In either case, you must have a binding purchase contract no later than April 30, 2010, and you must close the transaction by June 30, 2010.

Any home you purchase will qualify for the credit, provided the purchase price does not exceed \$800,000. This includes single-family detached homes, condominiums and other residences. However, you cannot receive the tax credit if you purchase a home from other family members: your parents, grandparents, children, grandchildren, or your spouse's family members.

Members of the uniformed services, members of the Foreign Service and employees of the intelligence community serving outside the U.S. have an extra year to buy a principal residence in the U.S. and qualify for the tax credit, if they serve at least 90 days from Jan. 1, 2009 through April 30, 2010. And unlike homebuyers who must forfeit the tax credit if the home is not used

as their principal residence for at least three years, these service members aren't required to repay the credit if official business requires them to sell the home before the three years of occupancy.

Congress' decision to extend the credit and expand it to a larger home buying group is indeed good news for everyone; not only prospective homebuyers, but home sellers, Realtors, lenders and our community at large. Economists estimate the tax credit has already contributed about \$22 billion to the general economy, and a total of about two million people will take advantage of the tax credit.

The extension and expansion will make it possible for more individuals to take advantage of the low interest rates and affordable prices, and most importantly, invest in their future through home ownership. Contact your Realtor to learn how you can take advantage of this monetary gift. It's truly a great opportunity.

---Reported by the Cincinnati Area Board of Realtors®