

FREE REPORT

*Everything You Need to Know
About the New Home Buying
Tax Credit EXTENSION*

The much-anticipated extension recently passed regarding the Home Buying Tax Credit portion of the Federal Stimulus Package brings with it a host of changes, additions and new deadlines. In an effort to help consumers just like you better understand what all these changes can mean for you and your family, we're happy to provide this **FREE REPORT!** I encourage you to read through it carefully, forward to your friends and family members who may be thinking of purchasing a home, and of course, call me with any additional questions you might have!

What YOU need to know about the **Tax Credit Extension:**

- 1. Amount of credits:** The tax credit of up to 10% of the home value and a cap of \$8,000 is still available to NEW home buyers for any contract in effect no later than April 30, 2010 and closes no later than June 30, 2010.

In addition, **current** home owners who wish to purchase a new home are now eligible for a tax credit of up to \$6,500 if they've owned and occupied a primary residence for at least five of the last eight consecutive years.

- 2. Income caps are now higher!** Single tax filers who earn up to \$125,000 are eligible for the full amount of the credit, those who earn up to \$145,000 may be eligible for partial credit. Single tax filers who earn more than \$145,000 are ineligible.

Joint filers who earn up to \$225,000 are eligible for a full credit, with those who earn up to \$245,000 possibly eligible for a partial credit. Those earning above the \$245,000 are ineligible.

- 3. Eligibility factors:** For the first time home buyer credit, filers may not have had an interest in a principal residence for three full years prior to purchase. Current homeowners must have owned and occupied a primary residence for at least five consecutive years of the eight year period ending on the date of purchase of a new home as a principal residence. Please note that homes with a purchase price of more than \$800,000 are ineligible as well.

- 4. Tax credit, not a tax deduction.** It's important to note that this incentive is indeed a credit, which means rather than a reduction of your tax liability that would save you a portion on your taxes, the tax credit is a dollar for dollar tax reduction.

- 5. The new credit is refundable.** Qualified buyers can take advantage of this even if they don't have much tax liability. In other words, tax filers see a refund of the full \$8,000 (or \$6,500 for current home owners purchasing a new home) even if their total tax bill, (the amount of withholding they pay during the year, plus anything they paid to file their returns,) was less than that amount. For example if a tax filer had a total liability of \$6,000 and had \$7,000 in withholding, they would normally receive a refund of \$1,000. In this instance he or she would receive \$8,000.

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6. Beware of tax fraud. Buyers and sellers both need to be wary of anyone approaching with “too good to be true” claims. Unfortunately, the lure of “free money” seen by some can bring out the less than reputable in society. Before signing **anything**, you should have the advice of a qualified, licensed professional such as a REALTOR, your CPA or tax attorney. Should you have questions, I’m happy to guide you in the right direction. You may also consider the following national sources for more information:

- The National Association of REALTORS®
- National Association of Home Builders
- IRS.gov

7. Time is of the essence. Under the **Extended Home Buyer Tax Credit**, as long as a written binding contract to purchase is in effect on April 30, 2010, the purchaser will have until July 1, 2010 to close on their property and receive the credit. Please note however that buying and selling a home is not an overnight process, especially if you’ve considered purchasing bank-owned, foreclosure, or short sale properties.

Almost every indicator would show that this will be the last extension of this economic plan, so savvy buyers will be out in force through the holiday seasons and early in the new year to ensure they can not only get their new home under contract, but allow enough time to actually close before the final deadlines. To map out a timeline that would work best for you and your family, we invite you to call us today to learn how long each step in the process can take.

FEEL FREE TO CONTACT US IF YOU HAVE ANY ADDITIONAL QUESTIONS OR NEED CLARIFICATION CONCERNING THIS OUTSTANDING LIMITED-TIME OPPORTUNITY. WE WOULD BE HAPPY TO SIT DOWN AND DISCUSS YOUR ELIGIBILITY AND YOUR OPTIONS WITH YOU. WE’RE HERE TO HELP