

The Tax Credit has been extended. The opportunities have been expanded.

See if you qualify.

On November 6, 2009, President Obama signed into law a bill to extend the \$8,000 first-time homebuyer tax credit and expand the tax credit to include repeat buyers and those with higher income levels.

■ Who qualifies?

■ First-time buyers

The bill extends the \$8,000 tax credit to first-time buyers who purchase a principal residence. Homes must be under contract by April 30, 2010 and close no later than June 30, 2010.

First-time buyers are defined as any taxpayer who has not owned a home during the three years prior to date of purchase.

■ Repeat buyers

The bill creates a \$6,500 tax credit for repeat buyers who purchase a principal residence after living in their current residence for at least five consecutive years in the past eight years. Homes must be under contract by April 30, 2010 and close no later than June 30, 2010.

■ Are there income restrictions?

Yes, but they have been extended from the previous tax credit. The adjusted gross income cap for first-time buyers or repeat buyers is \$125,000 for single filers and \$225,000 for joint filers.

■ Is the amount of the credit tied to the price of the home?

Yes. The credit is for 10 percent of the cost of the home, up to a limit of \$8,000, for first-time buyers, and up to a \$6,500 limit for repeat buyers. The credits cannot be used on homes costing more than \$800,000.

■ What's the definition of "principal residence?"

Generally, a principal residence is the home where an individual spends most of his/her time. The term includes single-family detached housing, condos or co-ops, townhouses or any similar type of dwelling. It does not include second homes or vacation property.

■ Are there restrictions on the location of the property?

Yes. Eligible property must be located in the United States. Property outside the U.S. is not eligible for the credits.

What's the deadline for qualifying?

**Purchase agreements must
be signed by April 30, 2010,
and closings must be final
by June 30, 2010.**

■ What is different from the prior credit?

The first-time homebuyer credit is the same as the previous credit which would have expired on November 30, 2009. However, the income caps have been increased. The previous credit did not offer a provision for repeat buyers.

Both the \$8,000 first-time home buyer credit and the \$6,500 repeat buyer credit are true tax credits and do not have to be paid back unless the home is sold within three years.

■ How do I apply for the credit?

Taxpayers can claim the credit on their federal income tax returns filed for the year they purchase their home. If the credit exceeds their tax bill, the government will issue a payment. Taxpayers purchasing a home in 2009 who want immediate refunds can amend their 2008 tax returns to claim the credit.

Source: Joint Committee on Taxation, National Association of Realtors



Allen Tate Mortgage Making Home Affordable

In March 2009, President Obama's administration announced two federal programs designed to help current homeowners better manage costs associated with home ownership. Up to 9 million Americans may qualify for the Making Home

Affordable Program, which offers a home refinance with a lower rate or a loan modification option, to help families reduce their mortgage payments and direct more money in their monthly budgets.

■ Refinancing

If you are a homeowner who is current on your mortgage payment yet have been unable to take advantage of refinancing with lower interest rates, the **Making Home Affordable Refinance Program** may be an option for you. A simple self-assessment test allows you to determine if this program could help you refinance your home.

■ Modification

The Making Home Affordable Modification Program is an option for homeowners facing one or more financial challenges. By working directly with their mortgage servicer, homeowners may be able to lower their monthly mortgage payment under this program.

