



First-Time Homebuyer Credit Extended to April 30, 2010 Some Current Homeowners Now Also Qualify

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WASHINGTON — A new law that went into effect Nov. 6 extends the first-time homebuyer credit five months and expands the eligibility requirements for purchasers.

The Worker, Homeownership, and Business Assistance Act of 2009 extends the deadline for qualifying home purchases from Nov. 30, 2009, to April 30, 2010. Additionally, if a buyer enters into a binding contract by April 30, 2010, the buyer has until June 30, 2010, to settle on the purchase.

The maximum credit amount remains at \$8,000 for a first-time homebuyer — that is, a buyer who has not owned a primary residence during the three years up to the date of purchase.

But the new law also provides a “long-time resident” credit of up to \$6,500 to others who do not qualify as “first-time homebuyers.” To qualify this way, a buyer must have owned and used the same home as a principal or 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 primary residence.

Income Limits Rise

The new law raises the income limits for people who purchase homes after Nov. 6. The full credit will be available to taxpayers with modified adjusted gross incomes (MAGI) up to \$125,000, or \$225,000 for joint filers. Those with MAGI between \$125,000 and \$145,000, or \$225,000 and \$245,000 for joint filers, are eligible for a reduced credit. Those with higher incomes do not qualify.

For homes purchased prior to Nov. 7, 2009, existing MAGI limits remain in place. The full credit is available to taxpayers with MAGI up to \$75,000, or \$150,000 for joint filers. Those with MAGI between \$75,000 and \$95,000, or \$150,000 and \$170,000 for joint filers, are eligible for a reduced credit. Those with higher incomes do not qualify.

New Requirements

Several new restrictions on purchases that occur after Nov. 6 go into effect with the new law:

- Dependents are not eligible to claim the credit.
- No credit is available if the purchase price of a home is more than \$800,000.
- A purchaser must be at least 18 years of age on the date of purchase.

For Members of the Military

Members of the Armed Forces and certain federal employees serving outside the U.S. have an extra year to buy a principal residence in the U.S. and still qualify for the credit. An eligible taxpayer must buy or enter into a binding contract to buy a home by April 30, 2011, and settle on the purchase by June 30, 2011.

This information has been directly copied from the United States IRS website: www.irs.gov.

Please review your options and any updates to the tax laws carefully with your Tax Advisor.

Source: IRS, United States Department of the Treasury <http://www.irs.gov/newsroom/article/0,,id=215791,00.html>