



# Federal Homebuyer Tax Credit

The U.S. Congress has enacted legislation to help stimulate the economy and revive the housing market. The American Recovery and Reinvestment Act (ARRA) of 2009 provides tax incentives for first-time homebuyers to:

- help people achieve the dream of homeownership,
- help make homeownership more affordable, and
- help bring new buyers into the market.

Eligible first-time homebuyers can receive a one-time tax credit of up to \$8,000 that they can claim savings on their federal taxes. Buyers do not have to repay the tax credit. The tax credit may be used with any primary purchase mortgage loan including a loan that is financed through proceeds from the sale of tax-exempt mortgage revenue bonds which typically offer below-market interest rates, allowing the homebuyer to benefit from even more savings.

## Qualifications:

- Home must be purchased between Jan. 1, 2009 and Nov. 30, 2009.
- Buyer must be a first-time homebuyer, or not have owned a home for the past three years.
- Home must be principal residence.
- If the homebuyer moves out of the home within three years, they will be required to pay back the credit.

## Income restrictions:

- To benefit from the maximum federal tax credit, unmarried homebuyers must earn less than \$75,000, while couples must earn less than \$150,000. (Higher-income buyers may receive a partial credit.)

## How to apply:

- Homebuyers will need to claim the tax credit on their federal 2008 or 2009 tax return using Form 5405. No other forms or papers have to be filed. Taxpayers who have already completed their 2008 tax return can file an amended return to claim the credit before October 15, 2009 or wait until next April to claim the savings on their 2009 tax return.

For more information about the federal homebuyer tax credit, please visit [www.irs.gov](http://www.irs.gov).

NOTE: First-time buyers who purchased a home between April 9, 2008 and January 1, 2009 may be eligible for a federal tax credit of up to \$7,500. However, in comparison to the \$8,000 tax credit provided under the American Recovery and Reinvestment Act, this previous \$7,500 tax credit provided under the Housing and Economic Recovery Act works more like a short term credit since it has to be repaid over 15 years. For more information about the \$7,500 homebuyer tax credit, please visit [www.irs.gov](http://www.irs.gov).