



# KD

"Treating YOUR Loan Like MY Very Own"

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## \$7500 First Time Homebuyer Tax Credit

In our quest to continue to provide excellence to you, please find below the key points of the First Time Homebuyer Tax Credit that became law through the H.R. 3221 Housing and Economic Recovery Act of 2008. Please feel free to contact me should you have further questions. If this information is not applicable to you, feel free to pass it on to your friends and family. We appreciate your trust.

Feature	H.R. 3221 Housing and Economic Recovery Act of 2008
Amount of Credit	Ten Percent of the cost of home, not to exceed \$7500. <b>Examples:</b> <ul style="list-style-type: none"> <li>➤ If a home costs \$65,000, the allowable credit would be \$6,500.</li> <li>➤ If a home costs \$120,000, then the allowable credit would be \$7,500.</li> </ul>
Eligible Property	Any single-family residence (including condos) that will be used as a primary residence.
Refundable	Reduces income tax liability for the year of purchase. Claimed on tax return for that tax year. Individuals should consult a professional tax advisor for exact tax calculations. <b>Examples:</b> <ul style="list-style-type: none"> <li>➤ If an individual's actual tax liability was \$5,000, then after the tax credit is applied the purchaser would receive a total refund of \$2,500. The refundable amount is the difference between the \$7,500 tax credit and the amount of one's tax liability.</li> <li>➤ If an individual's actual tax refund was \$2,000, then after the tax credit is applied the purchaser would receive a total refund of \$9,500.</li> </ul>
Income Limit	Individuals whose Form 1040 filing status is single (or head of household) are eligible for the tax credit if their income is no more than \$75,000. Individuals who file a joint return may have no more than \$150,000 in income. Individuals with incomes between \$75,001 and 94,999 (single) or \$150,001 and \$169,999 (joint returns) are eligible for a partial tax credit. Individuals with incomes greater than \$95,000 (single) or \$170,000 (joint return) are not eligible for this tax credit.
First-time Homebuyer Only	Purchaser (and purchaser's spouse) may not have owned a principal residence in three years previous to purchase.
Recapture	A portion (6.67% of credit) is to be repaid each year for 15 years. If home is sold before 15 years, then remainder of credit is due in the year of the sale. <ul style="list-style-type: none"> <li>➤ If a homebuyer claims the \$7,500 credit in 2009 on their federal income tax return for a closing that occurred in 2008, then the credit is received in 2009, so repayment begins in 2010 with an annual repayment amount of approximately \$500 a year.</li> <li>➤ If the homeowner dies, their heirs do not have to pay back the remaining balance.</li> <li>➤ If the house is sold before fifteen years have passed and the home's appreciation is less than the amount needed to be to paid back, the loan is forgiven.</li> <li>➤ If the home is turned into a rental or investment property, the pay back balance is due in that year.</li> </ul>
Effective Date	Purchases on or after April 9, 2008 until July 1, 2009

Again, when we can be of further assistance or answer any questions.  
Please do not hesitate to contact us at 770-293-1730.  
You can reach me directly at 678-773-0651.