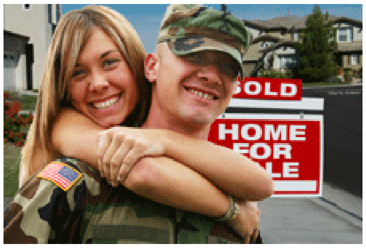
Homebuyer Tax Credit for Individuals on Qualified Extended Duty Service



There are special rules that apply to the homebuyer tax credit if you are a member of the uniformed services, the Foreign Service of the United States, or an employee of the intelligence community.

Here is how it works:

- A "first time home buyer" is defined as someone who has not owned a primary home in the last three years. If you are a "first-time home buyer", your tax credit will amount to 10% of the purchase price of your new home not to exceed $8,000.
- A "long-time resident" is defined as someone who has lived in the same primary home for 5 out of the past 8 years. If you are a "long-time resident", your tax credit will amount to 10% of the purchase price of your new home not to exceed $6,500.
- The tax credit does not need to be paid back if you continue living in the home as your primary residence for three years without selling it. If you sell the home in connection with government orders for official service, the credit does not need to be repaid even if you sell your home within the three year timeframe.
- The home must be purchased for less than $800,000 before May 1, 2010. If you sign a binding contract to purchase a home before May 1st, you would need to close on the transaction before July 1, 2010. If you have served for at least 90 days of the year outside of the United States, you have until May 1, 2011 to purchase your home and receive the tax credit. In that case, if you sign a binding contract to purchase a home before May 1, 2011, you would need to close on the transaction before July 1, 2011.
- Single taxpayers with incomes up to $125,000 and married couples with incomes up to $225,000 qualify for the full tax credit.
- You cannot purchase the home from a related party like a spouse, direct ancestor, or direct lineal descendent (child or grandchild); however, you can still qualify for the credit if you purchase a property from siblings, nephews, nieces, and others.
- If you are married, both spouses must qualify for the credit.
- If more than one unmarried individual is buying the property, the credit can be split up among all the individuals who qualify. However, the total credit taken cannot exceed $8,000 (or $6,500 for "long-time residents"). Alternatively, if only one of the unmarried buyers qualifies for the credit based on their income or past home ownership status, the individual who qualifies for the credit can claim the full credit.
- The credit applies even if you have co-signers on your mortgage loan.
- The credit applies to 1-4 unit homes as long as you live in one of the units as your primary residence - you could live in one unit and rent out the others.

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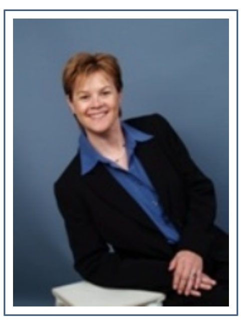
How does the tax credit work?

A tax credit is kind of like a gift certificate that you can use to pay your taxes - it reduces your income tax bill on a dollar for dollar basis. Imagine paying your bill at IRS Restaurant, and then later getting an IRS Restaurant gift certificate. Normally, you would need to go back to IRS Restaurant and buy more food in order to use your new gift certificate. But what if IRS Restaurant allowed you to just turn in your gift certificate for cash? That's how the home buyer tax credit works! All you need to do is file a form with the IRS after you buy your new home and they will send you a refund check for $8,000 (or $6,500) - just like the example of IRS Restaurant that allows you to exchange your gift certificate for cash! Remember though, you'll receive the $8,000 (or $6,500) from the IRS AFTER you purchase your new home, so you cannot use the funds to help with your down payment.

For more information about the home buyer tax credit or other recent updates to the mortgage and real estate markets, just give me a call. I would be happy to assist you with your mortgage in the purchase of your new home!

To ensure compliance with requirements imposed by the Internal Revenue Service, we inform you that any U.S. federal tax advice contained in this communication (including any attachments) was not intended or written to be used, and cannot be used, by any person for the purpose of (i) avoiding tax-related penalties or (ii) promoting, marketing or recommending to another person any transaction or matter addressed in this communication. I recommend that you consult with properly licensed legal, tax and investment advisors for specific advice pertaining to your individual situation.



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