

Homebuyer Tax Credit for Existing Homeowners

for homes purchased after January 1, 2009 and before April 30, 2010

On November 6, 2009, President Obama signed legislation extends the First Time Home Buyer Tax Credit and created a new tax credit for existing homeowners purchasing a new home.

The Tax Credit will be administered by the IRS and provides a refundable tax credit equal to 10% of the homes purchase price up to \$6,500.

This brochure is intended to highlight some key provisions of the credit.

The Arizona Housing Association (AHA) recognizes that each homebuyer has specific tax concerns

and suggests that you consult with a qualified tax advisor.



All Homes are Eligible! HUD Code or Factory-Built!

For more information, refer to the National Home Builders website: <http://www.federalhousingtaxcredit.com/faq1.php> or the IRS website: <http://www.irs.gov>.

Frequently Asked Questions

1. Who is eligible to claim the tax credit?

The law defines a tax credit qualified home buyer as a home owner who has owned and resided in the same home for at least 5 consecutive years of the 8 years prior to the purchase date. For married taxpayers, the law tests the homeownership history of both the home buyer and his/her spouse. Repeat homebuyers do not have to purchase a home that is more expensive than their previous home to qualify for the tax credit.

2. What types of homes will qualify for the tax credit?

Any home purchased by an eligible first time home buyer, used as a principal residence. *The home may be a manufactured or modular home; may be real or personal property; and may be on owned land or leased land.*

3. Are there income limits to determine who is eligible to take the tax credit?

Yes. Modified adjusted gross income (MAGI) of up to \$125,000 for single or head-of-household buyers and \$250,000 for joint tax payers.

4. If my MAGI is above the limit, do I still qualify for a credit?

Possibly. A partial credit of less than \$6,500 are available for some taxpayers subject to phase-out limits.

5. I heard the tax credit is refundable.

What does that mean? Refundable means that it can be claimed even if the taxpayer has little or no federal income to offset. Should that be the case, the IRS will issue a check to the home buyer for the difference between the tax due and the amount of the tax credit.



6. Does the tax credit have to be paid back to the government? Only if the home is sold within three years of receiving the credit.

7. Is there a deadline to get the credit?

You must have a signed purchase agreement by April 30, 2010 and close prior to June 30, 2010.

8. How do you claim the credit?

On line 69 of Form 1040 enter the amount of the credit as determined by filling out Form 5405. The credit generally will be equal to 10% of the purchase price up to a maximum credit of \$6,500.

Manufactured Homes in Leased Communities are Eligible Too!!



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