

First Time Homebuyer Tax Credit

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

On November 6, 2009, President Obama signed legislation that revises and extends the tax credit provisions of **The First Time Home Buyer Tax Credit** for qualified purchasers from January 1, 2009 - April 30, 2010.

The Tax Credit will continue to be administered by the IRS and provides a reduction in the tax liability of a home buyer in the year the credit is claimed and is refundable if the credit exceeds the taxpayer's liability.

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. What is the First Time Home Buyer Credit? A federal income tax credit of 10% of the purchase price up to \$8,000.

2. What is the definition of a first time home buyer? Generally, a buyer who has not owned a residence during the three-year period prior to purchase.

3. Who is eligible to claim the tax credit? Qualified first time home buyers purchasing any kind of home—new or resale.



4. 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.*

5. 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.

6. If my MAGI is above the limit, do I still qualify for a credit? Possibly. A partial credit of less than \$8,000 are available for some taxpayers subject to phase-out limits.

7. 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.

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

9. Is the credit available for homebuyers who receive government sponsored down-payment assistance? Yes!

10. 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 \$8,000.

Manufactured Homes in Leased Communities are Eligible Too!!



DISCLAIMER: The information provided in this pamphlet and on AHA's website—www.azhousing.org—is not intended, and should not be construed, to be legal, tax or investment advice. Before taking any action based on this information you are strongly encouraged to, and should, consult with a qualified legal, tax and/or investment professional to whom you have provided all pertinent facts and information as to your individual situation. The information in this pamphlet and on AHA's website is intended to be general information only and, as such, it is provided with no guarantee as to its timeliness, completeness or accuracy. You should consult with your chosen advisor for the most complete and up-to-date information and guidance concerning the provisions of H.R. 3221.