

What you should know about the **EXTENDED** First-Time Homebuyer Tax Credit

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Congress and the President have extended and expanded the \$8,000 tax credit for first-time buyers. You now have until April 30, 2010 to sign a contract and qualify. AND, starting November 7, many existing home owners also qualify.

- The temporary credit is only available for home purchases that go to contract before May 1, 2010, and that close before July 1, 2010.
- It's equal to 10% of the cost of the home, up to a maximum credit of \$8,000. (For example, a home purchased for \$80,000 or more would qualify for the full \$8,000 credit, while a \$70,000 home would qualify for only 10%, or \$7,000.) But homes that cost more than \$800,000 are ineligible for any tax credit.
- This is a tax credit, which is even better than a tax deduction; it's subtracted directly from your tax liability. If the credit is more than your total tax liability that year, you will receive a refund check for the balance. (Note that a married buyer filing separately is only eligible for up to a \$4,000 credit.)
- Eligible properties include anything that will be used as a principal single-family residence, including condos and townhouses.
- Virginia residents can take advantage of VHDA's extended Homebuyer Tax Credit Plus, which lets borrowers use the tax credit to finance down payment and closing costs up to 5% of the sales price, using a second mortgage. Visit www.VHDA.com to learn more about this and other VHDA loan programs.
- First-time homebuyers can take advantage of the full \$8,000 tax credit. A first-time buyer is defined as an individual who has not owned a home the past three years. For married joint filers, *both* must meet the first-time buyer criteria to take the credit on a joint return.
- Existing homeowners who have lived in their current homes for five consecutive years out of the past eight are eligible for up to a \$6,500 tax credit when they purchase a new home.
- There are income guidelines on the credit. Individuals with an adjusted gross income up to \$125,000 (or \$225,000 if filing jointly) are eligible for the full tax credit. A phase out of the credit begins for those earning more and is not available for those with an income above \$145,000 (or \$245,000 if filing jointly.)

Consult with your REALTOR® or tax advisor and visit www.VARealtor.com to learn more about the tax credit and state and federal loan programs.

