

\$8,000 Homebuyer Tax Credit



To entice first-time homebuyers into the marketplace, an updated First-Time Home Buyer Tax Credit has been enacted, for eligible home purchases between January 1, 2009 and November 30, 2009, which requires no repayment as long as the home is not sold within 3 years from purchase. First-time homebuyers are defined as a person who has not owned his or her own home over the past 3 years. Additional criteria listed below also apply, such as income limits and the home used as a principal residence.

Key aspects of this tax credit:

FIRST-TIME HOMEBUYER TAX CREDIT

As Modified in the American Recovery and Reinvestment Act

FEATURE	EFFECTIVE FOR PURCHASES ON OR AFTER JANUARY 1, 2009 AND BEFORE DECEMBER 1, 2009
Amount of Credit	Lesser of 10 percent of cost of home or a maximum of \$8,000.
Eligible Property	Any single-family residence (including condos) that will be used as a principal residence
Refundable	Yes. Reduces (or can eliminate) income tax liability for the year of purchase. Any unused amount of tax credit refunded to purchaser. Refunded to purchaser by check or direct deposit.
Income Limit	Yes. Full amount of credit available for individuals with adjusted gross income of no more than \$75,000 (\$150,000 on a joint return). Phases out gradually above those caps to \$95,000 and \$170,000.
First-time Homebuyer Only	Yes. Purchaser (and purchaser's spouse) may not have owned a principal residence in 3 years previous to purchase date.
Revenue Bond Financing	Purchasers who utilize revenue bond financing can use credit.
Repayment	No tax credit repayment for purchases on or after January 1, 2009 and before December 1, 2009
Recapture	If home is sold within three years of purchase, entire amount of credit is recaptured on sale. Applies only to homes purchased in 2009.
Termination	November 30, 2009 is the final date you must close by to claim the

tax credit

Effective Date	All revisions are effective as of January 1, 2009
Down Payment Options	Several options may be available depending on a borrower's situation.
IRS Form	The IRS requires Form 5405 (First Time Homebuyer Credit) to be filed with your Federal Income Tax 1040 form to claim the First-Time Home Buyer Tax Credit . The same form is for those taking the 2008 or 2009 version, and can be used toward 2008 or 2009 taxes. If you have already filed your 2008 taxes, use IRS Form 1040X along with Form 5405 to Amend your 2008 tax return. For amendment questions and how to use Form 1040X, see Instructions for Form 1040X . If you already received the \$7,500 First Time Home Buyer Tax Credit for a home purchase in 2009, use these same forms to receive the additional \$500.

Ready to begin? First step is to qualify for a mortgage, and then begin your homesearch! We can help you with the process. Contact Coldwell Banker Kaiser at (317) 844-1131.

CAVEAT: THIS INFORMATION IS BELIEVED TO BE ACCURATE, BASED ON INFORMATION AVAILABLE AS OF FEBRUARY 16, 2009. AS WITH ANY TAX LAW CHANGE, CHECK WITH A TAX ADVISOR IF THERE ARE QUESTIONS ABOUT USING THIS PROVISION.