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**Serving Alameda County California**

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**First Time Home Buyer Tax Credit as amended by the  
American Recovery and Reinvestment Act of 2009**

**2/17/2009**

**Information about first time home buyer tax credits as amended by the  
American Recovery and Reinvestment Act of 2009 (HR 1).**

**Please consult your tax advisor / accountant to determine whether you are eligible for this tax credit before making any decisions or changes to your tax status. All information should be verified by a tax professional.**

**The 3 changes to the first-time home buyers tax credit program include:**

- **Tax credit has been increased to \$8,000.**
- **Homes have to be purchased between January 1, 2009 and December 31, 2009**
- **No repayment/recapture clause for homes sold after 36 months of occupancy and ownership.**

**More Details:**

- 1. The Tax Credit is for home buyers (either spouse if filing jointly) who have NOT owned a principle residence during the three-year period prior to the purchase. Ownership of vacation property or rental property does not disqualify home buyers from this program.**
- 2. The maximum credit is \$8,000 or 10% of the home purchase, whichever is less.**
- 3. The credit is available for homes purchased on or after January 1, 2009 and before December 31, 2009.**
- 4. To qualify for the full tax credit, married couples' modified adjusted gross income (MAGI) should be under \$150,000 and single filers' MAGI should be less than \$75,000. Partial tax credits may be available for married couples with MAGI incomes of over \$150,000 but under \$170,000 and single filers with incomes over \$75,000 but under \$95,000. If married couples who qualify for the first-time tax credit file separately, they would both claim 5% of the home purchase or \$4,000 each (whichever is less) on their tax returns.**
- 5. Home buyers who qualify for this program, but who do not intend to purchase a home till the end of 2009, may elect to alter their tax withholdings (up to the amount of the of the tax credit) in order to save up money for a down payment. However, if the purchase of the home does not occur, the taxes must be repaid to the IRS.**
- 6. There is no recapture or repayment clause IF the home is owned for at least 36 months.**

- 7. The effective date of purchase for new construction (even if buyer owns title to the lot) is the date the owner first occupies the house. So even if construction began in 2008, as long as the home and buyers qualify for the tax credit, they will be eligible if they take possession any time during 2009. However, new construction bought from the builder is only eligible if the settlement date (closing) takes place between January 1, 2009 and December 31, 2009.**
  
- 8. The law allows taxpayers to elect to treat qualified 2009 purchases as a 2008 purchase so that they can receive the tax credit on their 2008 tax returns.**
  
- 9. The full amount of the eligible tax credit is refunded to the buyer, regardless of whether the buyer has paid an equivalent amount in taxes.**