

\$8,000 CLOSER TO HOME



Getting Your Fair Share
of the Tax Credit with
Your First Home



Get your personal stimulus payment here

It's not every day that someone dangles an \$8,000 carrot under our noses. Especially during challenging economic times. But today is one of those special days. So if you're interested, I have one heck of a deal for you to consider.

And here it is. How would you feel about buying your own home and, in the process, getting a check for up to 8,000 clams?

Of course, buying a home is a major life decision. It's one millions of Americans happily make every day. And one you can make too. But let me share a little secret: rarely do new homeowners get up from the closing table knowing they'll be sent \$8,000 in the mail. You can, and with a big smile on your face.

The pages that follow explain what the \$8,000 first-time buyer tax credit is and how to qualify for it.

Close on a home before November 30, 2009, and get up to \$8,000 through the 2009 tax credit. But you must act quickly to find and buy your home *before* this legislation expires.

Contact your Keller Williams agent today to get started!





The 2009 tax credit story

2009 is a tough time economically. Tough times sometimes call for government intervention. (If you're smart, this can work to your benefit. And you are smart. So read on.)

To help stabilize the U.S. housing market and provide a boost to our economy during the challenging downturn often referred to as “The Great Recession,” the U.S. Congress enacted the **American Recovery and Reinvestment Act of 2009**. President Obama signed the bill into law in February 2009, and it provides for a one time tax credit of up to \$8,000 for first-time home buyers who stay in their new home for 36 consecutive months.

It can put up to \$8,000 in your pocket for FREE. But you must act soon.

The Recovery Act offers an \$8,000 tax credit for first-time homebuyers – defined as individuals or married couples who have not bought a primary residence in the last three years. To get the tax credit, you must close on your purchase by November 30, 2009, and you must live in

the home for 36 months. (Again, a primary or principle residence is defined as the property or dwelling where you, as the owner, live the majority of the time. It may include any type of residence, such as a house, apartment, condo, mobile home, houseboat, large shoe, or anything in between. We're kidding about the shoe.)

It has an income restriction. So read this part carefully.

If you file your taxes as an individual, you will qualify as long as your income does not exceed \$75,000 (up to \$95,000 adjusted gross income). If you file jointly, you and your spouse will qualify as long as your income does not exceed \$150,000 (up to \$170,000 adjusted gross income).

Let's recap. You qualify for the credit. You close on a home. You fill out and mail paperwork to the IRS. You get a check for up to \$8,000.

You'll work with your real estate professional to find and eventually buy a home. Upon closing, keys and title are transferred and you'll fill out and mail IRS tax form 5405. The fine folks at the IRS will then review your file. If it's approved, they'll send you a check for up to \$8,000 in 30–60 days. It's that easy. BUT, keep in mind that if you owe the government taxes, they will take whatever monies you owe first, and cut you a check for the remainder. There are many scenarios, but let's take a look at two of the more common ones.



The 2009 tax credit story continued ...

Example A

Samuel owes the IRS \$2,000 in taxes for 2008. He has never owned a home. He works with his real estate agent, finds a great home across from a park, and buys it for \$180,000. 30–60 days later the government sends him a check for about \$6,000 (\$8,000 minus \$2,000 less any late fees or penalties).

Example B

Tanya overpaid her taxes by \$1,200 in 2008. She is due a refund. She and her spouse work with their agent to buy a home for \$200,000. Neither has owned a home in the past three years. They qualify for the credit, and in 30–60 days after filing their paperwork, the government sends them a check for \$9,200 (\$8,000 + 1,200).

Historical Advantages

For the \$8,000 tax credit passed in 2009, buyers DO NOT have to pay the money back as long as they own and live in the home for three years. So plan on staying put for three years at least. You'll keep the money and set yourself up for potential value appreciation, in addition to other benefits, such as equity buildup and tax advantages. And if you have to move, then you'll repay the money. But you can always keep your home as a rental property or sell it.

It's retroactive.

Have you already purchased a home since January 1, 2009, but claimed the old \$7,500 credit or not claimed any credit in your 2008 tax filings? Despair not. As long as you qualify as a first-time buyer, you may file an amended return to claim the full tax credit.

For more scenarios or information, talk to your real estate professional and visit:

www.kw.com/kw/2009TaxCredit.html



Even more reasons to buy in 2009

Here are three solid reasons to buy your home sooner rather than later.

1. Mortgage rates sit near their lowest levels in history (and they won't stay low forever).
2. Home prices are approaching decade lows in many markets.
3. There is a great selection of homes still available, including many distressed properties such as foreclosures and bank owned properties (often referred to as REOs).

And here's a fourth reason, as shown in the graphic below. If you look at the tail end of the graph and the diagonal black trend line, you'll notice that home prices have corrected to more normalized levels or even overcorrected. With housing affordability at its best level ever, those who missed out during the pricey run-up now have an opportunity to buy. That means the long-term picture for value appreciation is solid. And over the next 5–10 years, inflation alone should have a positive effect on home prices.

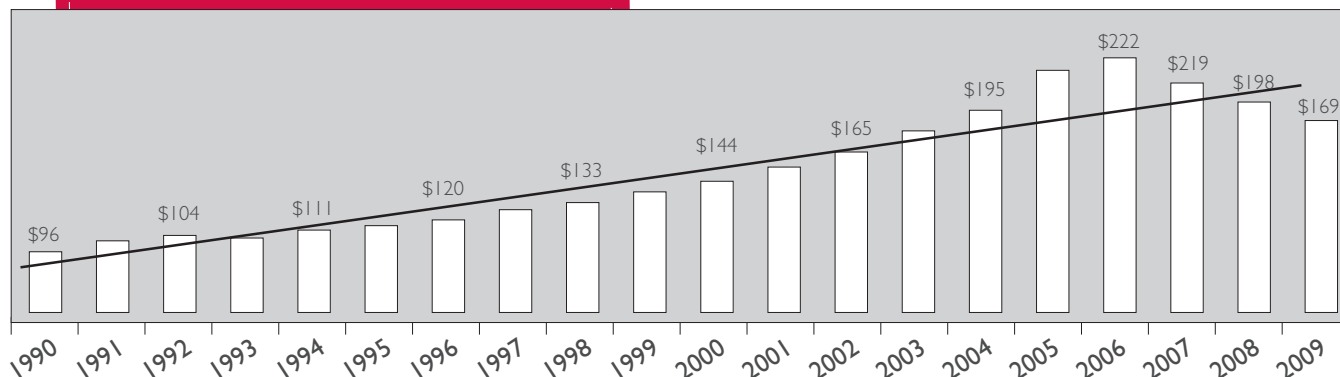
And here is yet another reason. We've said it before, but we think it's worth repeating: You can receive up to \$8,000 if you qualify as a first-time buyer (defined as anyone who has not purchased a primary or principle residence in the last three years). It's that simple.

But there are some key points about timing that you should keep in mind.

1. It can take time to secure financing, from a few hours up to several weeks, largely dependent on your credit score and proof of income.
2. Finding a home you love might take several weeks or longer.
3. Making an offer, negotiating your deal and closing on your home all take time.

If you are thinking about buying, we hope you're noticing a pattern here. NOW is the time to get off the fence — not tomorrow or next Thursday at 2:00 p.m. after a strong latte. Begin your search for a home today. Otherwise, you might miss out on the historic \$8,000 tax credit, the low mortgage rates, the great selection, and the many other fine benefits of home ownership, such as, well, paying yourself rent.

Median Home Price in Thousands





Go for the gold: How to put the \$8,000 in your pocket

Need more inspiration? Here's a real life success story.

To illustrate the beauty of the tax credit, take the example of Laura K. and her husband of Austin, Texas.

Laura, an exotic animal veterinarian, and her husband, a book editor, had spent much of 2008 in search of the elusive perfect home. They worked with their real estate agent over several months and found two homes they really loved. But unfortunately, two consecutive deals fell through and their dreams of home ownership were put on hold. "It was exhausting and unfortunate," says Laura. "I really had had enough."

Reassured by her husband, who hated paying rent toward someone else's mortgage, and inspired by her mother, who had found great success investing in real estate over the years, Laura let patience guide her toward a better opportunity. By March of 2009 she and her husband had saved up more money and were ready to pounce. Their patience proved fruitful as their real estate



agent found them a bank-owned condo within their preapproved price range in a fabulous neighborhood just a five-minute walk from downtown. (Five minutes from downtown! Woo-hoo!)

They secured financing and entered into a scary multiple-offer situation. As fate would have it, they beat out two other buyers when their offer was accepted. Armed with 30-year conventional financing at a rate of 5 percent, they were now sitting pretty with very manageable monthly

mortgage payments. And here's the kicker: They earned themselves a big, fat check for eight grand from Uncle Sam. With the money they received, they could now fully furnish their new apartment, make a donation to their favorite charity, and Laura could treat herself to monthly pedicures. All this and her husband embarked on a variety of challenging landscaping projects. Laura is now thrilled to be a homeowner. "The tax credit was a

gift. Even though our previous offers fell through, I could not be happier."

So there's some real-life inspiration for you. Now go get that home of your own and the \$8,000. And maybe you too can enjoy pedicures as often as you like.



Go for the gold: How to put the \$8,000 in your pocket

continued ...

Want the \$8,000 tax credit? Just follow five easy steps.



Step 1: Make sure you qualify as a first-time buyer.

Step 2: Hire a great real estate agent to help you.

Step 3: Work with a lender to secure financing.

Step 4: Find and close on your home.

Step 5: Once the closing contract is signed, fill out IRS Form 5405 and mail it to the Internal Revenue Service.

The end result?

A few weeks later, the postal carrier arrives in a horse-drawn chariot (or maybe on foot) with a check in hand from your favorite Uncle Sam. The beauty of the tax credit, beyond the fact it's totally legal, is that your government is actually paying you to become a homeowner. Does that not strike you as special? So call it your personal stimulus check or whatever you like. Take it to the bank. And enjoy your own home.

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