

# \$7,500 First-Time Home Buyer Tax Credit



In our quest to consistently provide you with excellence, we have laid out the key points of the First-Time Home Buyer Tax Credit that became law through the H.R. 3221 Housing and Economic Recovery Act of 2008. Contact Jim Duffy at 678-362-8156 for more information.

Feature	H.R. 3221 Housing and Economic Recovery Act of 2008
Amount of Credit	Ten percent of the cost of the home, not to exceed \$7,500 <u>Examples:</u> <ul style="list-style-type: none"> <li>• If a home costs \$65,000, the allowable credit would be \$6,500.</li> <li>• If a home costs \$120,000, the allowable credit would be \$7,500.</li> </ul>
Eligible Property	Any single-family residence (including condos) to be used as a primary residence. Reduces income tax liability for the year of purchase, claimed on tax return for that tax year. Individuals should consult a professional tax advisor for exact tax calculations <u>Examples:</u> <ul style="list-style-type: none"> <li>• If an individual's actual tax liability was \$5,000, then after the tax credit is applied the purchaser would receive a total refund of \$2,500. The refundable amount is the difference between the \$7,500 tax credit and the amount of the tax liability.</li> <li>• If an individual's actual tax refund was \$2,000, then after the tax credit is applied the purchaser would receive a total refund of \$9,500.</li> </ul>
Income Limit	Individuals whose Form 1040 filing status is single (or head of household) are eligible for the tax credit if their income is no more than \$75,000. Individuals who file a joint return may have no more than \$150,000 in income. Individuals with incomes between \$75,001 and \$94,000 (single) or \$150,001 and \$169,999 (joint returns) are eligible for a partial tax credit. Individuals with incomes greater than \$95,000 (single) or \$170,000 (joint return) are not eligible for this tax credit.
First-time Home Buyer	Purchaser (and purchaser's spouse) may not have owned a principal residence in three-years prior to the purchase.
Recapture	A portion (6.67% of credit) is to be repaid each year for 15 years. If a home is sold before 15 years, then the remainder of credit is due in the year of the sale. <ul style="list-style-type: none"> <li>• If a home buyer claims the \$7,500 credit in 2009 on their federal income tax return for a closing that occurred in 2008, then the credit is received in 2009 so repayment begins in 2010 with an annual repayment amt. of approx. \$500 per year.</li> <li>• If the homeowner dies, their heirs do not have to pay back the remaining balance.</li> <li>• If the house is sold before fifteen years have passed and the home's appreciation is less than the amount needed to be paid back, the loan is forgiven.</li> <li>• If the home is turned into a rental or investment property, the payback balance is due in that year.</li> </ul>

Effective Dates Purchases on or after April 9, 2008 until July 1, 2009



Jim Duffy, Sr. Loan Officer  
 Phoenix Global Mortgage  
 (770) 518-2440 Office  
 (678)362-8156 Mobile  
[jduffy@phoenixglobalmortgage.com](mailto:jduffy@phoenixglobalmortgage.com)

