

More on the Homebuyer Tax Credit Changes

How the New Homebuyers Tax Credit Works
from RealEstateEconomyWatch.com
by Steve Cook

The extension and expansion of the homebuyers tax credit that passed Congress November 5 allows more first-time buyers to qualify and creates an entirely new credit for existing homeowners who buy a new home.

Both credits expire next spring. Buyers must have a contract on a home before May 1, 2010 and they have until June 30, 2010 to close in order to qualify.

Key Provisions

Amounts:

- The first-buyer credit remains 10 percent of the cost of the home or \$8000, whichever is less.
- The credit for existing homeowners is 10 percent of the value of the new home or \$6500, whichever is less.

Definitions:

- A first-time homebuyer cannot have owned a home during the past three years.
- Existing homeowners must have owned and lived in their current home five out of the preceding eight years.
- Only principal residences qualify. No second homes or investment properties.

Income limits:

- The measure raises the income limits for those claiming the credit to \$125,000 a year for individuals and \$225,000 for couples, up from \$75,000 and \$150,000 in the previous first-time buyer credit. After that, the value of the credit phases out.
- The cost of the new home cannot exceed \$800,000.

Cost:

- Expanding the home buyers' credit will cost about \$11 billion. The total cost of extending the first-time buyer credit and adding the existing owners' credit is \$16.7 billion.

How to Apply::

- Use IRS form 5405, which you file with an amended tax return. For more information on applying, [click here](#)

Chart of Changes:

http://www.buyandsellwithtonya.com/briefcase/25087_12282009101746AM54650.pdf

FAQ's: http://www.buyandsellwithtonya.com/briefcase/25087_12282009101559AM98874.pdf

Source: GMAR



Tonya Thomsen

Phone: (262)901-0866

Fax: (262)783-4885

tthomsen@realtyexecutives.com

BuyAndSellWithTonya.com

Realty Executives Integrity
13005 W. Bluemound Rd.
Brookfield, WI 53005



Information deemed reliable however, not guaranteed