



How Does the Housing Tax Credit Work For You?

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The President of the United States has signed a bill into law that will give many home shoppers the extra push they need to get off the fence and into a home of their own. If you are a first-time home buyer, you should definitely investigate the possibilities.

The Housing and Economic Recovery Act of 2008 provides a tax credit of up to \$7,500 if you buy a home. A new Web site, www.FederalHousingTaxCredit.com, explains how this important incentive works. Here are the provisions in a nutshell:

- **Qualifications.** The tax credit is available for first-time home buyers, which under the Act also includes people who have not owned a home for at least three years.
- **Income limits.** The credit can be as much as \$7,500 but is decreased depending on how much money the potential home buyer makes. To receive the full tax credit amount the income limits are \$75,000 a year for single tax payers and \$150,000 for married taxpayers filing joint returns. For partial credit the upper limit is \$95,000 and \$170,000 respectively.
- **Time limits.** To qualify, a home purchase must occur on or after April 9, 2008 and before July 1, 2009. For the purposes of the tax credit, the purchase date is the date when closing occurs – the date when title transfers.
- **The way credits work.** Qualified home buyers claim the credit when they file their income tax return – no additional application or certification is required. A tax credit is a dollar-for-dollar reduction in what the taxpayer owes. A taxpayer who owes \$7,500 in income taxes and who receives a \$7,500 tax credit would owe nothing to the IRS.

- **Payback.** You can look at this tax credit as an interest free loan with up to 15 years to pay it back. For example, a home buyer claiming the full \$7,500 credit would repay the loan at a rate of \$500 a year. There are exceptions, of course, but all that is explained on the Web site.

www.federalhousingtaxcredit.com also includes links to the resources you need to help make buying a home easier, including information on the home buying process, financing and new home listings.

Homeownership has always been the cornerstone of the American dream, and it remains the best way for a family to build wealth over the long term. The Housing and Economic Recovery Act of 2008 is also designed to help struggling home owners avoid foreclosure and keep their homes and provide a boost to the housing market and economy overall.

The new legislation combined with current market conditions gives home buyers the opportunity of a lifetime to get into the home of their dreams. Interest rates are still at near-historic lows, and due to the housing downturn, there is a large selection of homes on the market to choose from, and prices are more competitive than they have been in years.

But this opportunity won't be around forever.

Remember that you need to purchase and settle on your new home before July 1, 2009. As homes currently on the market sell, there won't be a lot to choose from for the next couple of years. And as fuel and material costs and demand for homes goes up, so will prices.

More than two and half million home owners and home buyers will benefit from Housing and Economic Recovery Act of 2008. To find out if it can help you, visit www.FederalHousingTaxCredit.com today.