

FIRST-TIME HOMEBUYER TAX CREDIT

On July 30, 2008, President Bush signed a major housing bill (HR 3221) into law. As part of the housing bill, Congress has created a new, temporary tax credit to provide an incentive for first-time homebuyers. The \$7500 tax credit will be available for the purchase of a principal residence on or after April 9, 2008 and before July 1, 2009. See below for additional details.

FEATURE	HR 3221: HOUSING & ECONOMIC RECOVERY ACT OF 2008
Amount of credit:	Ten percent of cost of home, not to exceed \$7500.
Eligible property:	Any single-family residence (including condos, co-ops, and townhouses) that will be used as a principal residence.
Refundable:	Yes. Reduces income tax liability for the year of purchase. Claimed on tax return for that tax year.
Income limit:	Yes. Full amounts of credit available for individuals with adjusted gross income of no more than \$75,000 (\$150,000 on joint return). Phases out above those caps (\$95,000 and \$170,000 respectively).
First-time homebuyer only:	Yes. Purchaser (and purchaser's spouse) may not have owned a principal residence in 3 years previous to purchase.
Recapture:	Yes. Portion (6.67% of credit) to be repaid each year for 15 years. If home is sold before 15 years, then remainder of credit recaptured on sale.
Effective Date:	Purchases on or after April 9, 2008.
Termination:	July 1, 2009
Interaction with Alternative Minimum Tax:	Can be used against AMT, so credit will not throw individual into AMT.