



Housing Tax Credit Now Open to More Home Buyers

If you've been thinking about buying a home, and weren't eligible for the first-time home buyer tax credit, here's some good news: the housing tax credit has been expanded and extended.

On Nov. 6, 2009, President Obama signed into law the Worker, Homeownership, and Business Assistance Act which enables many more Americans to take advantage of new government incentives to buy a home. In fact, the National Association of Home Builders (NAHB) estimates that close to 70 percent of all potential home buyers should now qualify for some form of the housing tax credit.

The new law extends the popular first-time home buyer credit, which more than 1.4 million taxpayers have already claimed, through April 30, 2010. Buyers who have signed a sales contract by that deadline have until June 30 to close on the home. First-time home buyers—who the IRS defines as someone who has not owned a home in the three years preceding the purchase—can qualify for a credit of 10 percent of the cost of the home, up to \$8,000.

Existing home owners, or those who recently sold their home, may also now qualify for a tax credit of up to 10 percent of the cost of a new principal residence. This new credit is capped at \$6,500. "Repeat" home buyers must have been living in the home they currently own (or previously owned) for five consecutive years out of the eight years prior to buying the new home.

Many buyers in markets with a higher cost of living didn't qualify for the earlier tax credits due to the income limits. Those have been increased and now single taxpayers with incomes up to \$125,000 and married couples earning up to \$225,000 may be eligible for a full credit. Home buyers earning up to \$20,000 more than the limit may be able to claim a partial credit.

Both first-time and repeat buyer credits can only be used with the purchase of a home that will be the buyer's principal residence. It cannot be claimed for the purchase of a vacation home or property to be used as a rental. Homes purchased for more than \$800,000 are not eligible.

NAHB has created a Web site at www.federalhousingtaxcredit.com to provide information about the housing tax credits. It provides basic information about the first-time and repeat buyer credits, detailed question and answer sections, and links to additional home-buying resources.

The new tax credits, combined with today's near record-low interest rates and competitive home prices, make it an ideal time to buy if you've been considering moving up, downsizing, or just moving into a home more suited to your current lifestyle.

Find your new home during the Valley Home Builders Association's Winter Wonderland of Homes or by logging on to www.vhba.com to find a builder who can make your housing dreams come true.