

Would you flush \$8,000 down the toilet?

... Then why are you still RENTING?



If you are renting, you are paying someone else's mortgage. When you do the math, that's a lot of money down the drain. For example, if your rent is \$650 per month, and you live there for five years, you will have spent a total of \$39,000. In addition, you are foregoing the mortgage interest deduction and lower property taxes. By owning your own home, you gain net worth, and your purchase can be a source of capital.

First time homebuyers have a unique opportunity in 2009. Tax rebates, special downpayment offers, and low interest rates (the lowest since the 1980s) are once in a lifetime offers. So what are you waiting for?

Contact a REALTOR® and buy the house you have always wanted. You'll be surprised how much money you'll save ... and acquire! But hurry! The tax credit will only be available until November 30, 2009.

So how does it work? ...

Congress enacted a \$7,500 tax credit in 2008, as an incentive for first-time homebuyers to purchase a home. This year, Congress has increased the credit to \$8,000 and made several additional improvements. For home purchases on or after January 1, 2009 and before December 1, 2009, eligible homebuyers can receive up to \$8000 in tax credit.

Who is eligible?

Only first-time homebuyers are eligible. A person is considered a first-time buyer if he/she has not had any ownership interest in a home in the three years previous to the day of the 2009 purchase.

How does a tax credit work?

Every dollar of a tax credit reduces income tax liability by a dollar. Credits are claimed on an individual's income tax return. A qualified purchaser calculates his/her total tax bill, and the tax credit is applied to reduce the total tax bill. For example, if the homeowner has total tax liability of \$9,500, an \$8,000 credit would wipe out all but \$1,500 of the tax due. ($\$9,500 - \$8,000 = \$1,500$).

Is there an income restriction?

Yes. The income restriction is based on the tax filing status the purchaser claims when filing his/her income tax return. Individuals filing Form 1040 as Single (or Head of Household) are eligible for the credit if their income is no more than \$75,000. Married couples who file a joint return may have income of no more than \$150,000.

Do I have to repay the 2009 tax credit?

NO. There is no repayment for 2009 tax credit. The 2008 tax credit of \$7,500 must be repaid.

How do I apply for the credit?

There is no pre-purchase authorization, application or similar approval process. All eligible purchasers simply claim the credit on their IRS Form 1040 tax return. The credit will be reflected on a new Form 5405 that will be attached to the 1040. Form 5405 can be found at www.irs.gov.

Can I use the credit amount as part of my downpayment?

No. Congress tried hard to devise a mechanism that would make the funds available for closing costs, but found that pre-funding would require cumbersome processes that would, in effect, bring the IRS into the purchase and settlement phase of the transaction. Though some state Housing Finance Departments have "monetized" the credit so that it can be provided at the settlement table, South Carolina has not yet done so.

What if I purchase later this year but can't close before December 1?

The credit is available for purchases before December 1, 2009. A home is considered as "purchased" when all events have occurred that transfer the title from the seller to the new purchaser. Thus, closings must occur before December 1, 2009 for purchases to be eligible for the credit.

Will I ever have to repay any of the credit back to the government?

If you claim the credit but then sell the property within 3 years of the date of purchase, you are required to pay back the full amount of any credit, including any refund you received from it.

Am I eligible for the credit if I have a home under construction?

Yes, so long as you actually occupy the home before December 1, 2009.

Contact a REALTOR® today! The tax credit will only be available until 11/30/09

Disclaimer: Always discuss your individual financial situation with a financial advisor. Use your REALTOR® to guide you in real estate transactions. Consult your tax accountant and lawyer on your best tax strategies including the \$8000 first time homebuyer tax credit before the November 30, 2009 deadline.

