

First-Time Home Buyer Tax Credit *Extended and Expanded*



By Jacqui Tavis

An extension and expansion of the popular tax credit has been approved by President Obama to give both new and repeat buyers a tax incentive to buy a home until at least April 30, 2010.

The new tax credit extends the existing \$8,000 credit for first-time homebuyers, and offers a new credit of up to \$6,500 for existing homeowners. The reduced credit for existing homeowners is available to those who purchase a new primary residence between December 1, 2009 and May 1, 2010, and who have been in their current residence for a consecutive five-year period in the past eight years.

Prospective purchasers with binding contracts in place as of April 30, 2010 will be allowed an additional 60 days to complete the transaction. Military personnel, deployed overseas for a minimum of 90 days in 2008 or 2009, would have until April 30, 2011 to claim the tax credit.

Qualifying income limits are expanded to \$125,000 for single taxpayers and \$225,000 for joint taxpayers, from the current \$75,000 and \$150,000.

The maximum allowed home purchase price will be \$800,000.

The new law includes provisions added to address complaints of fraud. The Internal Revenue Service is given greater authority to oversee the process to root out fraud, and provisions are added in response to past abuses of false sales and underage buyers.



*Note to California Sales Representatives: This flyer is not California Senate Bill 133 compliant, and can only be distributed directly to the consumer.

