

## Homebuyer Tax Credit FAQ

*Q: I owned a home for 20 years, but due to divorce became a renter in 2008, would I qualify for the \$6,500 credit for current home owners?*

A: Yes, so long as all of the other qualifications are met. The new credit requires buyers claiming this credit to have owned a home they maintained as their primary residence for 5 consecutive years out of the last 8.

*Q: Our income level exceeds the limit in the previous credit, but we would qualify under the new limits. Should we wait until after November 30 to close or do we qualify now?*

A: No need to wait. The new income limit (\$125,000 for individuals and \$225,000 for married couples) are effective after November 7, 2009. The new credit makes the date November 30, 2009 completely irrelevant.

*Q: If my income exceeds the income limits, is it possible for me to still be eligible for a smaller credit?*

A: It's possible. Like in the previous credit, a \$20,000 phase out is provided with the new limits. For example an individual making \$140,000 exceeds the new income limit by \$15,000. Because \$15,000 uses up  $\frac{3}{4}$  (0.75) of that \$20,000 phase out, that buyer could qualify for the other 25% of the credit, or \$2,000 for a first time buyer or \$1,625 for a current home owner. The phase out is \$20,000 for both individuals and married couples.

*Q: Are the income limits different for the first time home buyer credit versus the current home buyer credit?*

A: No, the limits are the same.

*Q: I heard there was something included in the new credit to crack down on fraudulent claims, how will that affect me?*

A: It requires you to submit a HUD-1 settlement form (closing statement) with your taxes when you claim the credit.

*Q: Is there any sort of phase out for the limit on home purchase price in the new credit?*

A: No. The phase out is only for income limits. The \$800,000 cap on purchase price is firm. Any purchase with a price of more than \$800,000 is ineligible.