



The Housing Assistance Act of 2008

The First-Time Home Buyer Credit Summary

Item	Explanation	Comments
How much is the credit?	The credit is equal to 10% of the purchase price up to a maximum of \$7,500.	Basically, this is an interest free loan from the US Government
Income Limits	If you earn over \$75,000 (single) or \$150,000 (joint return) the credit starts to phase out.	Complete phase out when income exceeds \$95,000 (single) and \$170,000 (joint return)
Do I qualify as a first time homebuyer?	You must not have owned a principal residence in the last three years.	No related party transactions & must be a US Citizen
Do I have to pay it back?	Yes, you must repay 6 2/3 percent (\$500) at tax time over the next 15 years.	Exceptions: Involuntary Disposal of home, or death
What happens when I sell the property or stop using it as my principal residence before the end of the recapture period?	Recapture is accelerated and the balance of the credit must be repaid, but only to the extent of your actual gain.	Report this recapture in the year of the sale.
Is this a refundable tax credit?	Yes, if your tax liability is less than \$7,500, in the year you bought your home, the IRS will send you a check for the difference.	Refundable credits allow taxpayers with little or no tax liability to receive the benefit of the tax credit.
When is this effective?	Applies to homes purchased on or after April 9, 2008 and before July 1, 2009	If you buy your home in 2009 you can elect to take credit on your 2008 tax return.