

Homebuyer Tax Credit FAQs!

1. Who Gets What?

First-time homebuyers (that is, people who have not owned a home within the last three years) may be eligible for the tax credit. The credit for FTHBs is 10% of the purchase price of the home, with a maximum available credit of \$8,000. If the amount of the home purchased is \$75,000, the maximum amount the credit can be is \$7,500. If the amount of the home purchased is \$100,000, the amount of the credit may not exceed \$8,000.

The tax credit program now gives those who already own a residence some additional reasons to move to a new home. This tax credit is up to \$6,500 for qualified purchasers who have owned and occupied a primary residence for a period of five consecutive years during the last eight years.

2. What are the New Deadlines?

In order to qualify for the credit, all contracts need to be in effect no later than April 30, 2010 and close no later than June 30, 2010.

3. What are the Income Caps?

Single tax filers who earn up to \$125,000 are eligible for the total credit amount. Those who earn more than this cap up to \$144,999 can receive a partial credit.

Joint filers who earn up to \$225,000 are eligible for the total credit amount. Those who earn more than this cap up to \$244,999 can receive a partial credit.

4. What is the Maximum Purchase Price?

Qualifying buyers may purchase a property with a maximum sale price of \$800,000.

5. What is a Tax Credit?

A tax credit is a direct reduction in tax liability owed by an individual to the Internal Revenue Service (IRS). In the event no taxes are owed, the IRS will issue a check for the amount of the tax credit an individual is owed. Unlike the tax credit that existed in 2008, this credit does not require repayment unless the home, at any time in the first 36 months of ownership, is no longer an individual's primary residence.

6. Who is Eligible for the FTHB Tax Credit?

Anyone who has not owned a primary residence in the previous 36 months, prior to closing and the transfer of title, is eligible. This applies both to single taxpayers and married couples. In the case where there is a married couple, if either spouse has owned a primary residence in the last 36 months, neither would qualify. In the case where an individual has owned property that has not been a primary residence, such as a second home or investment property, that individual would be eligible.

For more information or answers to specific questions, please call or email us today!

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Program rates, terms, and conditions are subject to change at any time. The home must be used as the principal residence and the buyer will not have owned a home in the previous three years. If home is sold within three years of purchase, entire amount of credit is recaptured on sale. Current homeowner must have used the home sold or being sold as a principal residence consecutively for 5 of the previous 8 years. Applies only to homes purchased in 2009-2010. All approvals are subject to underwriting guidelines. Copyright © 2009 Wintrust Mortgage 09113510

