



# September 2009

## Tax Credit due to expire November 30, 2009!

With low interest rates, a large inventory of homes, and decreasing home prices, there's never been a better opportunity for first-time homebuyers, who are financially able, to purchase a home. In fact, the National Associates of REALTORS® predicted 53.5% of homebuyers in 2009 will be first-timers; due in most part to the \$8,000 tax credit. But who qualifies as a "first-time homebuyer" and what are the exact provisions surrounding the tax credit? Keep reading for a short FAQ and find out why you need to act now if you plan on taking advantage of this great government incentive!

### 1. Who exactly qualifies as a first-time homebuyer?

The law defines "first-time home buyer" as a buyer who has not owned a principal residence during the three-year period prior to the purchase. For married taxpayers, the law tests the homeownership history of both the home buyer and his/her spouse.

### 2. How is the amount of the tax credit determined?

The tax credit is equal to 10 percent of the home's purchase price up to a maximum of \$8,000.

### 3. Are there any income limits for claiming the tax credit?

Yes. The income limit for single taxpayers is \$75,000; the limit is \$150,000 for married taxpayers filing a joint return.

### 4. How is this home buyer tax credit different from the tax credit that Congress enacted in July of 2008?

The most significant difference is that this tax credit does not have to be repaid. Because it had to be repaid, the previous "credit" was essentially an interest-free loan. This tax incentive is a true tax credit. However, home buyers must use the residence as a principal residence for at least three years or face recapture of the tax credit amount. Certain exceptions apply.

### 5. How do I claim the tax credit? Do I need to complete a form or application?

Participating in the tax credit program is easy. You claim the tax credit on your federal income tax return. Specifically, home buyers should complete IRS Form 5405 to determine their tax credit amount, and then claim this amount on line 67 of the 1040 income tax form for 2009 returns (line 69 of the 1040 income tax form for 2008 returns).

### 6. What types of homes will qualify for the tax credit?

Any home that will be used as a principal residence will qualify for the credit. This includes single-family detached homes, attached homes like townhouses and condominiums, manufactured homes (also known as mobile homes) and houseboats. The definition of principal residence is identical to the one used to determine whether you may qualify for the \$250,000 / \$500,000 capital gain tax exclusion for principal residences.

### 7. I heard that some buyers are eligible to use the loan toward closing costs, is this true?

Yes. Buyers applying for FHA-backed financing with an FHA-approved lender that offers a bridge-loan program can get a bridge loan to bring down the upfront costs of buying a home. Though, these same buyers will still have to come up with the minimum 3.5 percent down payment.

Advantages like this are hard to beat. If you are seriously considering owning your first home – and you qualify – let's talk. I'll go over the basics and answer any questions you may have about the home buying process. I also have contacts within the mortgage industry and can put you in contact with a lender who will determine if you financially qualify.



## A Look at Labor Day



Celebrated on the first Monday in September, Labor Day honors the contributions workers have made to strengthen the prosperity and well-being of America. While today's holiday is marked with leisurely activities including parades, picnics and pool-time, a look back at history reveals the struggles many individuals endured to achieve the American dream.

**1900 – 1909:** Union members worked for passage of legislation banning child labor while craft and automobile workers were among the first to join together in unions.

**1910 – 1919:** Trade unionists from around the post-World War 1 world created the International Labor Organization in 1919.

**1920 – 1929:** Women won the right to vote in 1920, but the hundreds and thousands who lost their jobs in the Great Depression era joined in bread lines across the nation.

**1930 – 1939:** Strikes were commonplace among miners and steel working during this period after The National Labor Relations Act, signed by President Roosevelt in 1935, protected the right of American Workers to organize and bargain collectively.

**1940 – 1949:** Despite a veto by President Truman, Congress in 1946 enacted the Taft-Hartley Act, which bans secondary boycotts and closed shops, and makes union leaders liable for strike-related damages. Union workers also increased their efforts to represent workers of all races.

**1950 – 1959:** 1955 merger of the AFL and the CIO strengthened the efforts of union members to win living wages for all American workers, and historically low-paid service workers joined unions to demand decent wages and working conditions.

**1960 – 1969:** Unions helped craft Title VII of the Civil Rights Act of 1964, which prohibits job discrimination based on race, color, religion, gender and national origin.

**1970 – 1979:** In 1979 federal workers demonstrated in 40 cities against pay caps and proposals to reduce future salaries and benefits. Congress also passed the Occupational Safety and Health Act in 1970, which imposed far-reaching standards and enforcement mechanisms to achieve safer workplaces.

**1980 – 1989:** In 1981, 400,000 workers packed in the Mall in Washington, DC., in the first Solidarity day protest against the administration's attack on workers, exemplified most dramatically when President Reagan fired striking air traffic controllers.

**1990 – 1999:** Town-hall meetings and rallies were part of the AFL-CIO America Needs a Raise campaign, which, beginning in 1996, helped win a minimum-wage increase and advocated for better jobs. This era was also marked with efforts by workers at Caterpillar, public school teachers and rubber and steel workers to change their working conditions.

Source: <http://www.aflcio.org/aboutus/history/history/100years.cfm>



If you are currently working with another Broker please do not consider this a solicitation.

