

PRESS RELEASE

Kim Clark – 538-2665
kim@silvercityrealtors.org

The expanded Home Buyer Tax Credit can help you “move up.”

Have you recently been considering purchasing a new home? Thinking about increasing your square footage, moving closer to work or schools, or maybe even considering downsizing? If so, there might be some tax advantages to buying now. As part of its plan to stimulate the U.S. housing market and address the economic challenges facing our nation, Congress and the Administration extended the popular and successful \$8,000 First Time Homebuyer Tax Credit through April 30, 2010. However, they didn't just extend the credit; they also expanded it to include a \$6,500 tax credit for existing “move up” or repeat home buyers who qualify.

For the “move up” buyer this means that if you fit the key criteria – you are a single buyer making up to \$125,000 or a married couple making up to \$225,000 annually, and you have owned and resided in your current home for a consecutive five out of the past eight years – you can claim the credit. If you fit these criteria and are considering purchasing a home you will need to know that you must have a signed contract on the property by April 30 and close the sale by the June 30 expiration date.

Here are a few qualifications of the expanded buyer credit:

The tax credit is equal to 10 percent of the home's purchase price up to a maximum of \$6,500. Only homes under \$800,000 qualify. Buyers do not have to purchase a home that is more expensive than their previous home to qualify for the tax credit. The types of housing that qualify include newly constructed homes, existing single family homes, condos and manufactured homes. The home purchased must become your primary residence. The legislation does not require that you sell your current home; you could rent it, make it a second home or sell it later when the value might be better. If you plan to keep your current home make sure to move into your new home the day you close to alleviate any questions regarding your primary residence status. It is important to note that you cannot purchase a home from, other family members, your ancestors (parents, grandparents, etc.), your lineal descendants (children, grandchildren, etc.) or your spouse or your spouse's family members.

Your local Realtor can guide you through the home buying process and answer any questions you may have about the first time or expanded buyer tax credits. The first time homebuyer tax credit is “refundable,” this means you can earn it even if you owe no federal tax, the credit exceeds your total tax liability, or you have little income. If you have concerns about how the buyer credit will affect your tax circumstances talk to your tax advisor. Congress has required that the IRS more closely scrutinize claims due to instances of fraud with the previous first time homebuyer tax credit. The revised rules require taxpayers to submit copies of their HUD-1 statements along with their IRS Form 5405.

For first time home buyers the \$8,000 tax credit is still available with a signed contract by April 30. Economists cite last year’s first time home buyers tax credit as a major factor contributing to the scores of new home purchasers who entered the market. According to research from the National Association of Realtors, 47 percent of all home sales were entry-level buyers, compared to 41 percent the previous year. NAR data shows that the buyer tax credit contributed to approximately \$22 billion to the general economy. Nationally, each home purchase generates about \$63,000, the equivalent of about one new job.

Talk to your local Realtor about why the utilizing the buyer credit to “move up” is a worthy personal investment. Visit with homeowners who have taken or will take advantage of the credit about how much the tax credit influenced their decision to buy. The \$8,000 first time or \$6,500 repeat home buyer tax credit is a great incentive to consider purchasing your home now rather than later. More information can be found at www.silvercityrealtors.org.

###

Silver City Regional Association of REALTORS®, 1607 N. Gold Street, Silver City, NM 88061