



# San Diego Funding

Member Mortgage Bankers Association of America  
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## First-Time Home Buyer Tax Credit

The tax credit available to first time home buyers was increased from \$7,500 to \$8,000 for homes purchased between January 1, 2009, and December 1, 2009. Also, **the credit no longer needs to be paid back** as long as the buyers live in the home without selling it for at least 3 years. The previous version of the credit required home buyers to pay the funds back over a 15 year time frame.

A first time home buyer is defined as someone who has not owned a home for at least 3 years. It also seeks to prevent misuse by only allowing purchases of a principle residence and by recapturing the credit if the home is sold within two years of purchase.

The income limitations remain the same (\$75,000 for single tax payers claiming the full credit and \$150,000 for married tax payers), as do most other qualification requirements. Also, the credit remains refundable. This means that first-time home buyers who owe less than \$8,000 in taxes for the year are still eligible for the full \$8,000 credit when they file their tax returns, and the IRS will write them a check for the difference between \$8,000 and their actual tax bill. In fact, the credit can be claimed on your 2008 tax returns that you file by April 15 of this year, even if you bought the home in 2009.

There is one catch, however: if you bought the home in 2008, the credit remains \$7,500, and it still needs to be paid back over 15 years beginning in 2011 when you file your 2010 returns.<sup>1</sup>

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<sup>1</sup> <http://www.smallerindiana.com/profiles/blogs/stimulus-bill-2009-for-home>