

Homebuyer Tax Credit

Funding from ARRA

For More Information

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Program Overview

The Homebuyer Tax Credit is credit offered through the Internal Revenue Service (IRS). It is not an OHCS program.

As a way to help first-time home buyers and stimulate the economy, ARRA revised the Homebuyer Tax Credit.

The homebuyer credit was established in July of 2008. Homebuyers closing on a home would file for the credit with their following year federal taxes. The credit was equal to 10 percent of the price of the home, up to a maximum of \$7,500 (\$3,750 for a married individual filing separately). The program required the homebuyer to repay the credit amount over a 15 year period.

ARRA Funding

Through ARRA, the credit was modified. The new program enables “first-time” homebuyers to receive a tax credit of 10 percent of the purchase price of the home, up to a maximum of \$8,000 (\$4,000 for a married individual filing separately). The credit will still be received through the filing of federal taxes following the closing on the home. However, there is no repayment requirement for this credit award if the home remains the principal residence of the taxpayer for 36 months. If the taxpayer disposes of the home or changes principal residence, the recapture requirements for the credit will apply.

Eligibility

Originally, the credit was allowed for qualifying home purchases on or after April 9, 2008, and before July 1, 2009. ARRA extends the credit for qualifying home purchases before December 1, 2009.

The credit phases out for individual taxpayers with modified adjusted gross income between \$75,000 and \$95,000 (\$150,000 and \$170,000 for joint filers) for the year of purchase.

ARRA removes the prohibition on claiming the credit if the residence was financed by the proceeds of a mortgage revenue bond, enabling the credit to be claimed on loans through the OHCS single family loan program.

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Other Requirements/Criteria

An election is provided to treat a home purchased in the eligible period in 2009 as if purchased on December 31, 2008, for purposes of claiming the credit on the 2008 tax return and for establishing the beginning of the recapture period. Taxpayers may amend their returns for this purpose.

Implementation Process/Steps

Taxpayers interested in claiming the homebuyer tax credit should carefully review all IRS requirements regarding the credit.

For more information on the state's single family loan programs, see:

http://www.ohcs.oregon.gov/OHCS/SFF_Homebuying_Low_Interest_Home_Loans.shtml

OHCS is the state housing finance agency, providing financial and program support to create and preserve opportunities for quality, affordable housing for lower income Oregonians. The agency also administers federal and state antipoverty, homeless and energy assistance community service programs.

