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# Homebuyer tax credits extended and expanded

In the Kansas City area, recently passed legislation that extends and expands homebuyer tax credits is great news for home buyers and sellers as well as our community's economy.

The credit, previously only for first-time homebuyers, was changed with a new law passed Nov. 6. The new law vastly expands the number of people eligible for homebuyer credits by boosting the income eligibility limits, giving buyers more time, and creating a \$6,500 credit for longtime homeowners.

Many of the details are outlined below and a Realtor in your area is the best source of information about purchasing a home to take advantage of this opportunity. As with other tax issues, please consult a tax professional about your individual circumstances and how these points apply to you.

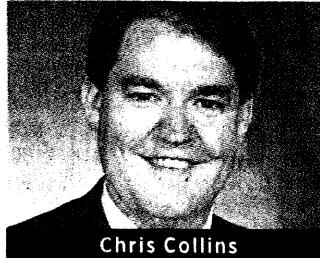
## The \$8,000 credit

If you thought you missed this credit because you weren't able to close a home purchase by Nov. 30, there's good news. The time to buy and be eligible for the credit has been extended. Now you need to have a binding contract signed by both parties, the buyer and the seller, by April 30, 2010. Then you have until June 30, 2010 to close the transaction.

If you were locked out of the first-time homebuyer credit in the past simply because you earned too much, there's more good news. Now you can qualify for the full \$8,000 first-time homebuyer credit with a single income of up to \$125,000 and married income of up to \$225,000 for joint filers. This is a big boost from the previous law.

Some other eligibility rules state

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that to be considered a first-time buyer you must not have owned another home for at least the previous three years. You cannot be claimed as a dependent by any other tax payer and the property you purchase cannot be acquired from a relative. You also must continue to own the new home as your primary residence for at least three years.

## The \$6,500 credit

The new law contains an additional credit for current homeowners. If you've owned and lived in a home for at least five consecutive years of the last eight, you could qualify for a credit up to \$6,500. You'll need to have a binding contract signed by April 30, 2010 to claim the credit.

The "five-of-eight" requirement means this credit could go to people who sold a house and didn't immediately purchase another one. For example, if you've rented for a year but owned a home for five consecutive years prior to that, you could be eligible.

You do not have to sell your residence to qualify for this \$6,500 credit on a newly purchased one. The home you purchase must become your principal residence, but you can keep your existing residence as a second home or

rental.

This credit also phases out for singles earning more than \$125,000 and married couples filing jointly who earn more than \$225,000. It's estimated that over 60 percent of current home owners will be eligible for a tax credit of up to \$6,500 if they purchase a home by April 30, 2010.

The extended and expanded homebuyer tax credit promises to be a stimulus that will continue to work for our economy. A robust housing market is essential to our economic health. Benefits of home sales spurred by this incentive will flow to many industries in our area: insurance companies, property maintenance and repair businesses, and building supply retailers are some of the business types that will directly benefit.

And repeated studies show that when people move, they shop. The average new resident spends \$7,300 on everything from window treatments to takeout meals in the three months following a move. They spend an average of 52 percent more than non-movers on home décor and furnishings in the first year in their new home.

The tax credits are available for purchases under contract by April 30, 2010. Legislators do not expect to extend them beyond that date, so contact a Realtor soon for advice about starting your home search.

*Chris Collins is the president of the Kansas City Regional Association of Realtors. He has the National Association of Realtors' designations of Accredited Buyer Representative, Certified Residential Specialist and Graduate Realtor Institute.*