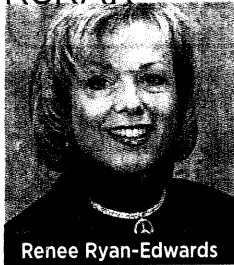


Tips on the tax credit as deadline nears

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The clock is ticking on the federal home-buyer tax credit. While you still have time to buy a home and meet the deadlines, you will need to act now and be proactive. Be sure to work with a Realtor on this important purchase and discuss

your specific goals with him or her.

The homebuyer tax credit is worth 10 percent of the home's sale price, up to \$8,000 for first-time homebuyers (defined for purposes of the credit as buyers who haven't owned a home in the previous three years). It caps at \$6,500 for buyers who have owned and occupied a principal residence for at least five consecutive years during the eight-year period that ends on the day the new home is purchased.

It's a great incentive in a very attractive market for homebuyers this spring. Interest rates remain low and there's a wide variety of homes on the market all over the Kansas City area. So to help give you some of the details, below are tips for buyers wishing to qualify for one of the tax credits as the deadline draws near. As with all tax issues, please ask your tax advisor about your individual circumstances.

Tip: Buyers must enter into a binding contract, signed by both parties, to purchase the home on or before April 30, 2010.

Tip: The purchase must close within 60 days after the binding contract deadline. That means June 30, 2010, according to the Internal Revenue Service.

Tip: Define your must-haves and your wish list and be realistic about what your home search can entail by April 30. Your Realtor can work with you on this and be a great source of advice – they know the market.

Tip: If you're buying a replacement home to become your principal residence, you are not required to sell your current home as part of the \$6,500 credit requirements. Your current home could be used as a rental or a vacation home, for example.

Tip: We might get some harsh early-spring weather, and that may be a help or an obstacle. Buyers who are willing to trudge through snow or rain to find a house may have an advantage over buyers who wait until the weather improves.

Tip: The credits are for buyers of all types of primary residences in the U.S. – single-family homes, condos, mobile homes, townhomes, etc.

Tip: Buyers should be preapproved for a mortgage because glitches such as a mistake on a credit report can cause a delay.

Tip: The IRS has introduced Form 5405 and instructions for taxpayers who want to claim the credit. It can't be filed electronically.

Tip: This is a refundable credit. What that means is that, if the amount of the tax credit exceeds your tax liability, you will get a check in the mail for the difference.

Each transaction is truly unique, so discuss your needs in depth with your own Realtor for "tips" that apply specifically to you. That's always the best advice when buying or selling real estate.

Renee Ryan-Edwards is the president of the Kansas City Regional Association of Realtors. She has the National Association of Realtors designations of Certified Real Estate Broker Manager and Certified Residential Specialist.