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- CLIENT ALERT -

**DATE:** June 9, 2009

**PERTAINS TO:** First-Time Homebuyers

**SUBJECT MATTER:** \$8,000 First-time Homebuyer Credit

**ACTION REQUIRED:** Purchase Residence Before 12/1/09

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## Tax Credit Provides Opportunity for First-time Home Buyers

A tax credit of up to \$8,000 is available for qualified first-time homebuyers purchasing a principal residence before December 1, 2009.

Here are the important points -

- This is only for first-time homebuyers. This means someone who has not owned a principal residence during the last 3 years.
- The residence must be the buyer's principal residence.
- Amount of the credit is the lesser of (a) 10% of the price or (b) \$8,000. The amount is phased out when modified AGI is between \$75,000 and \$95,000 for single filers and between \$150,000 and \$170,000 for married filers.
- The credit can be claimed on a return for either 2008 or 2009.
- It's a "refundable" credit. This means that if the buyer's US income tax is less than \$8,000, IRS will refund a full \$8,000.
- Closing must occur before 12/1/09.
- The credit is not recaptured unless the residence is sold within 3 years, and then the credit is recaptured only to the extent of gain.

If you would like more details, please call Larry Staat at (312) 621-4400.