

TAX CREDIT FACTS

The tax credit is for first-time buyers or those who have not owned a home in the past three years.

The tax credit does not have to be repaid unless you move out of the home within 3 years of purchase.

The tax credit is equal to 10% of the home's purchase price up to \$8,000.

The credit is available for homes purchased on or after January 1, 2009 and before April 30, 2010.

Single taxpayers with incomes up to \$75,000 and married couples with incomes up to \$150,000 qualify for the full tax credit.

Principal residences only.

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MORE

HOW TO BUY A HOME

1. Let HNCU help you identify an affordable home price range
2. Review your credit reports for errors and request corrections; visit www.annualcreditreport.com
3. Pay down credit cards and keep all bill payments current
4. Don't apply for new credit cards or close current accounts
5. Make the highest down payment possible
6. Don't change jobs
7. Budget for closing costs and loan points
8. Gather info for your application.
 - Last year's tax return
 - A recent pay stub
 - A recent bank statement
 - List of current creditors with account numbers
 - Addresses where you have lived over past 5 years
 - Employment history with salary data
 - A complete list of assets (savings and investment accounts, car, etc.)

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HOW
THE
\$8,000
TAX
credit
can help you
buy your
first home.

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Take advantage of a once-in-a-lifetime opportunity.

We can help.

What homes qualify for the tax credit?

Any home that is purchased for \$80,000 or more qualifies for the full \$8,000 tax credit. If the house costs less than \$80,000, the credit will be 10% of the cost. Thus, if you purchase a home for \$75,000, the credit would be \$7,500. It is available for the purchase of a principal residence on or after January 1, 2009 and before April 30, 2010.

Who is eligible?

Only first-time buyers are eligible. A person or couple is considered a first-time buyer if they have not had any ownership interest in a home in the three years previous to the day of the 2009/2010 purchase.

How does a tax credit work?*

Every dollar of a tax credit reduces income taxes by a dollar. Credits are claimed on an individual's income tax return. A qualified purchaser would figure out all the income items and exemptions and make all the calculations required to determine his total tax due. Then, once the total tax owed has been computed, tax credits are applied to reduce the total tax bill. For example: If, before taking any credits on a tax return a person has total tax liability of \$9500, an \$8000 credit would wipe out all but \$1500 of the tax due.

What happens if I'm eligible for the \$8000 credit but my entire income tax liability for the year is only \$6000?

This tax credit is "refundable". If your total tax liability is \$6000 and you have paid \$6000 in taxes through your paychecks all year to meet your tax obligation, the IRS would send you a check for \$8000.

Is there an income restriction?

Yes, income restrictions are based on the tax filing status the purchaser claims when filing his/their income tax return. Individuals filing Form 1040 as Single (or Head of Household) are eligible for the credit if their income is no more than \$75,000. Married couples who file a joint return may have income of no more than \$150,000.

Do I have to repay the 2009 tax credit?

No. There is no repayment for the 2009/2010 tax credit as long as you do not sell the house within 3 years of the date of purchase. If you sell it before that time, you are required to pay back the full amount of any credit, including any refund you received from it.

How do I apply?

There is no authorization, application or similar approval process. All eligible purchasers claim the credit on their IRS Form 1040 tax return. The credit will be reflected on the new Form 5405 that will be attached to the 1040. Find Form 5405 at www.irs.gov. If you have already filed your 2008 taxes, you can file an amendment to claim the tax credit.

I have a home under construction. Am I eligible for the credit?

Yes, so long as you actually occupy the home before April 30, 2010

It's a great time to buy.

Let HNCU help you decide if now is the time to buy a home! Right now the market is flooded with unsold homes; interest rates are at record lows; and government-backed loan programs are requiring minimal down payments and allowing gift money to be used as down payments. It's one of the most favorable times ever to be a first time home buyer and it won't last forever. At HNCU we've worked with generations of home buyers and we know how confusing and overwhelming buying a home, especially a first home, can be. Let us help you clarify how much you can afford to pay for a home and estimate monthly payments. Once you're qualified for a loan amount you'll have even more bargaining power.*

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*Consult your tax advisor for your specific situation.